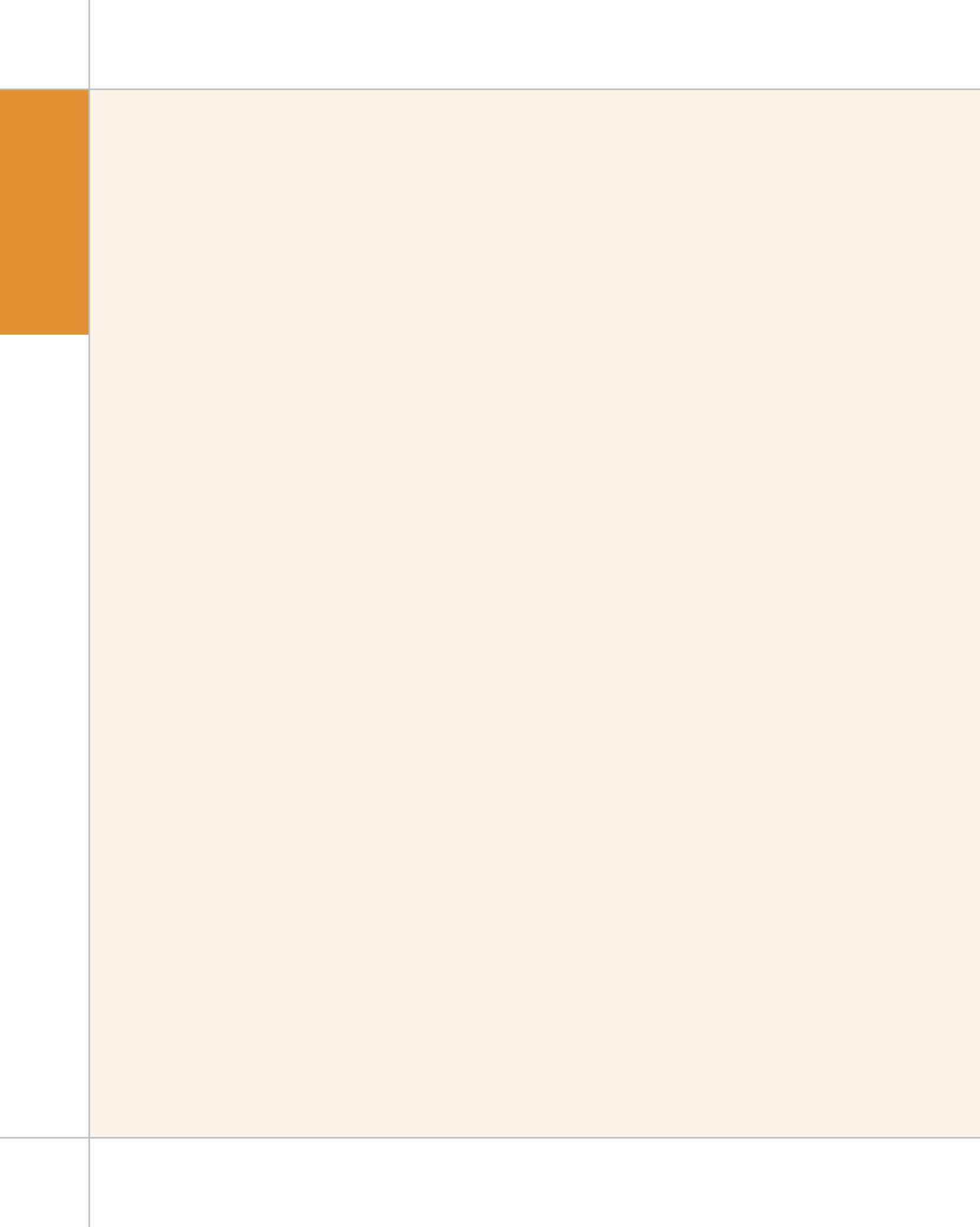




YTL  
E-SOLUTIONS  
BERHAD 236137-K

the journey continues...

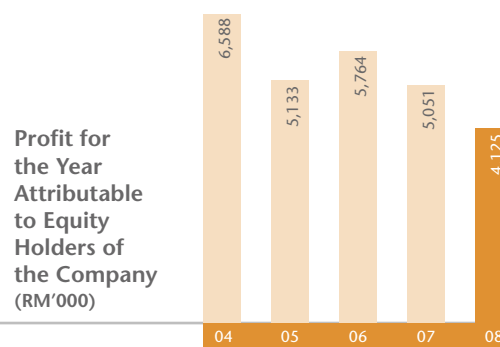
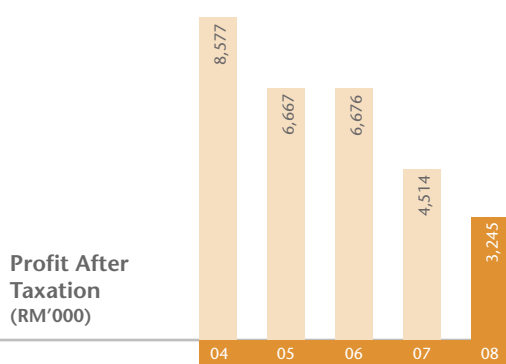
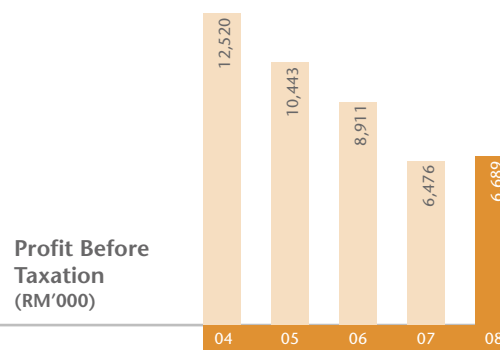
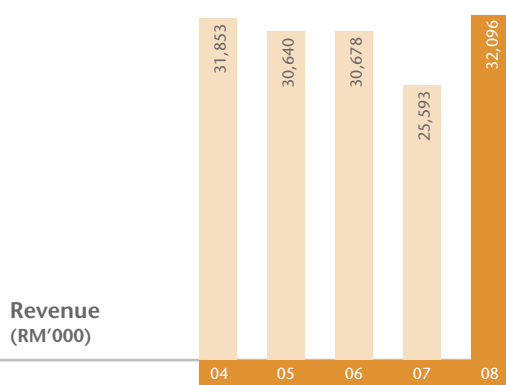
annual report **2008**



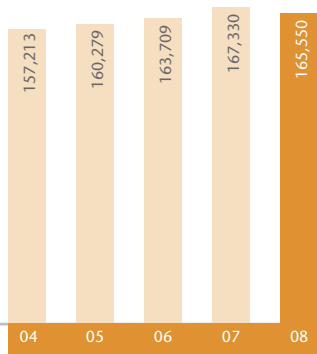
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# Financial Highlights

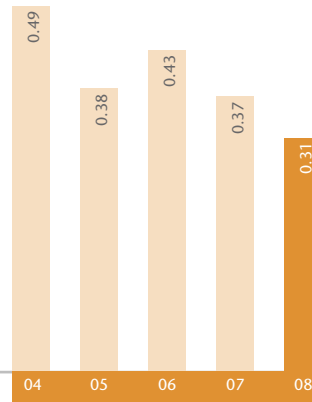
	2008	2007	2006	2005	2004
Revenue (RM'000)	<b>32,096</b>	25,593	30,678	30,640	31,853
Profit Before Taxation (RM'000)	<b>6,689</b>	6,476	8,911	10,443	12,520
Profit After Taxation (RM'000)	<b>3,245</b>	4,514	6,676	6,667	8,577
Profit for the Year Attributable to Equity Holders of the Company (RM'000)	<b>4,125</b>	5,051	5,764	5,133	6,588
Shareholders' Fund (RM'000)	<b>165,550</b>	167,330	163,709	160,279	157,213
Earnings per Share (Sen)	<b>0.31</b>	0.37	0.43	0.38	0.49
Dividend per Share (Sen)	<b>0.30</b>	0.30	0.20	0.20	0.20
Total Assets (RM'000)	<b>196,612</b>	193,533	178,784	176,832	172,219
Net Assets per Share (RM)	<b>0.12</b>	0.12	0.12	0.12	0.12



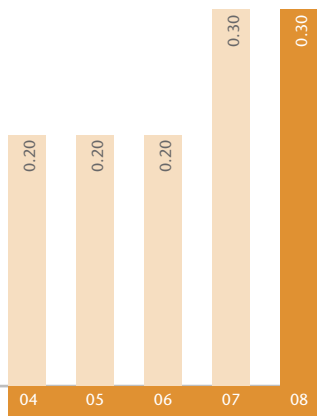
Shareholders' Funds (RM'000)



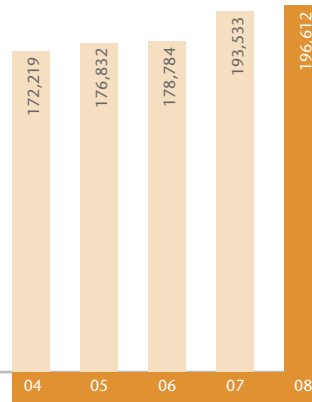
Earnings per Share (Sen)



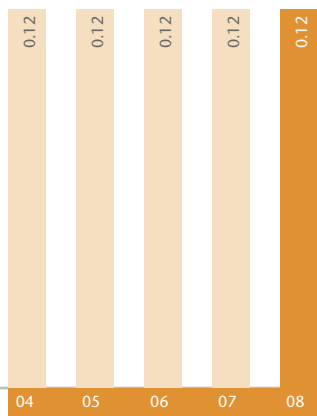
Dividend per Share (Sen)



Total Assets (RM'000)



Net Assets per Share (RM)



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 2008.



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

## OVERVIEW

The Malaysian economy remained relatively resilient during the year under review, with real gross domestic product (GDP) projected to grow by 5.7% by the end of the 2008 calendar year, compared to actual GDP growth of 6.3% achieved in 2007 (source: Economic Report 2008/2009). In the information and communications technology ("ICT") sector, the Government reiterated its commitment to developing a knowledge-based economy, through targets such as the achievement of broadband coverage encompassing 50% of households by 2010, in its mid-term review of the Ninth Malaysia Plan in June this year, and this continues to present the Group with good development opportunities, as the bulk of YTL e-Solutions' activities are concentrated in this area.

The Group registered another year of satisfactory performance in light of current operating conditions. Global and domestic economic uncertainties and rising inflation continue to dampen consumer sentiment and business activity, and the local information technology ("IT") and e-commerce sectors have not escaped unscathed.

The roll-out of the Group's Worldwide Interoperability for Microwave Access ("WiMAX") services got underway in August 2008. Y-Max Networks Sdn Bhd ("Y-Max Networks"), a subsidiary of YTL e-Solutions, announced a WiMAX enterprise connectivity service to selected businesses in the Bukit Bintang area of Kuala Lumpur, an introductory service focused on providing high-speed enterprise data and wireless internet broadband access to a selected number of corporate customers. This service from Y-Max Networks provides high-speed connectivity and dedicated bandwidth speeds catering specifically to the needs of these demanding corporate customers.

Y-Max Networks also announced a strategic alliance with Sprint-Nextel Corp (“Sprint”) of the USA for the deployment of WiMAX infrastructure and services in the country. A leader in the development and deployment of the next generation of broadband technology, Sprint is playing a major role in Y-Max Networks’ establishment of a WiMAX ecosystem in Malaysia, providing strategic technical and business development support.

## FINANCIAL PERFORMANCE

The Group’s revenue for the financial year ended 30 June 2008 grew 25.4% to RM32.096 million compared to RM25.593 million for the financial year ended 30 June 2007, mainly due to higher demand for the Group’s ICT products and services, revenue growth recorded by the Group’s narrowcasting and digital media operations, and the consolidation of a full year’s results from Y-Max Networks, which became a subsidiary of the Group on 26 March 2007. The higher revenue is also partially due to the consolidation of Airzed Broadband Sdn Bhd (“Airzed Broadband”) which became a subsidiary of the Group on 2 November 2007.

Meanwhile, profit before taxation increased by 3.3% to RM6.689 million compared to RM6.476 million in the previous financial year, with growth partially offset by higher operating expenses during the year under review.

## 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 2008.

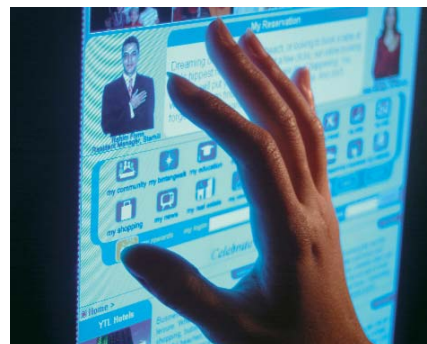
## SIGNIFICANT CORPORATE DEVELOPMENTS

On 25 March 2008, YTL e-Solutions acquired an additional 2.7 million ordinary shares of RM1.00 each representing a 10% interest in Y-Max Networks for a cash consideration of RM1.5 million, increasing the Group’s shareholding in Y-Max Networks to 60%.

## REVIEW OF OPERATIONS

The Group’s main operations continued to perform well during the year under review. These comprise Alternative Voice Service Provider (“AVSP”) services carried out by Extiva Communications Sdn Bhd (“Extiva”), and digital media applications under Infoscreen Networks Plc (“INP”) and its wholly-owned subsidiary, YTL Info Screen Sdn Bhd (“YTLIS”). In addition, the Group has also progressed well in its WiMAX/broadband initiatives during the year.

In June 2008, YTL e-Solutions entered into an agreement with Sprint’s XOHM business unit to leverage XOHM’s WiMAX experience in the USA, further ensuring a successful nationwide rollout of the Group’s WiMAX network in Peninsular Malaysia. As a leader in the development and deployment of mobile WiMAX, the next generation of broadband technology, XOHM will play a major role in the establishment of the Group’s WiMAX ecosystem, including assigning a support team of specialists. XOHM will provide the expertise and the experience it has gained from the rollout of its own US-based WiMAX operations in key areas including ecosystem strategy, infrastructure design and network deployment.



6

WiMAX mobility enables end-users to enjoy a significantly enhanced roaming experience, making WiMAX a major platform for next generation converged communication services. In Malaysia, Y-Max Networks' target is to deliver an affordable WiMAX package with fast, wide-coverage, and ubiquitous and always-connected voice, data and video convergence services, catering to and complementing the communication needs of consumers from all walks of life, including the enterprise community.

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.

In the Group's digital media division, INP and its subsidiary YTLIS, an innovator of digital narrowcast media sector in Malaysia, achieved good levels of advertising revenue during the year under review, derived primarily from advertising via its digital narrowcast media networks in the Bintang Walk area of Kuala Lumpur, including shopping centres such as Sungei Wang Plaza, and on the Kuala Lumpur Express Rail Link (KLIA Ekspres) trains.

Extiva, meanwhile performed well in the challenging conditions prevailing in the AVSP market. The division's cost cutting strategy ensured that despite flat revenues during the period, the company achieved profit growth well into double digits. In cognizance of the challenging market conditions, Extiva continues to explore new technologies and initiatives that are synergistic to its current services.

### 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, which has 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.

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.



**19 June 2008**

#### WiMAX Strategic Collaboration between YTL e-Solutions Berhad & Sprint Nextel

Ms Teresa Kellet, Director of Global Development, Sprint Nextel, and Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, Executive Chairman and Managing Director of YTL e-Solutions Berhad, at the signing ceremony for the collaboration between YTL e-Solutions Berhad and Sprint Nextel's XOHM business unit.



## FUTURE PROSPECTS

The Malaysian economy is expected to experience a slow down in GDP growth for the 2009 calendar year, with fluctuating oil prices and other global inflationary pressures continuing to impact the domestic economy, dampening consumer and business activities (sources: Economic Report 2008/2009, Bank Negara Malaysia).

Through its investments in Y-Max Networks and companies such as Airzed Broadband, YTL e-Solutions expects its exposure to the nascent fixed wireless broadband and mobile WiMAX industry to provide the Group with important new revenue streams and good growth potential in future years, positioning the Group to benefit from the impending convergence revolution in the technology, media and telecommunications industry.

The Group will continue to actively pursue investment opportunities synergistic to its core knowledge competencies and in key overseas markets, in addition to leveraging on its availability of funds to identify new evolving and market demand technologies.

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, FICE, SIMP, DPMS, DPMP, JMN, JP*



### 15-19 March 2008

#### Corporate Visit to Motorola Headquarters, United States of America

Front row (beginning third from left): Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, Executive Chairman and Managing Director, YTL e-Solutions Berhad; Mr Dan Maloney, President, Home & Networks Mobility, Motorola; Dato' Yeoh Seok Hong, Executive Director, YTL e-Solutions Berhad; Dato' Michael Yeoh Sock Siong, Executive Director, YTL e-Solutions Berhad (front row, far left); and Mr Jacob Yeoh Keong Yeow, Director of Syarikat Pembinaan Yeoh Tiong Lay Sdn Bhd, a wholly-owned subsidiary of YTL e-Solutions Berhad's parent company, YTL Corporation Berhad (back row, 6th from left).

# Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN THAT** the Sixteenth 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 Tuesday, the 2nd day of December, 2008 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 2008 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 2008; **Resolution 2**
3. To re-elect the following Directors who retire pursuant to Article 83 of the Company's Articles of Association:
  - (i) Tan Sri Dato' (Dr) Francis Yeoh Sock Ping **Resolution 3**
  - (ii) Dato' Mark Yeoh Seok Kah **Resolution 4**
  - (iii) Syed Abdullah Bin Syed Abd. Kadir **Resolution 5**
4. To approve the payment of Directors' fees amounting to RM175,000 for the financial year ended 30 June 2008; **Resolution 6**
5. To re-appoint the Auditors and to authorise the Directors to fix their remuneration. **Resolution 7**

## AS SPECIAL BUSINESS

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

## ORDINARY RESOLUTION 1

### 6. 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 8**

## ORDINARY RESOLUTION 2

### 7. 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 Annual General Meeting held on 7 December 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 2008, the audited Retained Profits and Share Premium Account of the Company were RM6,358,150.00 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, whichever occurs first, 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 9**

# Notice of Annual General Meeting

## ORDINARY RESOLUTION 3

### 8. 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 major shareholder, as specified in section 2.1.2 of the Circular to Shareholders dated 10 November 2008 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 10**

## 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 10 December 2008 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 2008 as recommended by the Directors on 19 August 2008.

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 10 December 2008 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 2008, if approved by the shareholders at the forthcoming Sixteenth Annual General Meeting, shall be on 26 December 2008.

By Order of the Board,

**HO SAY KENG**

Company Secretary

KUALA LUMPUR

10 November 2008

#### 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 25 November 2008. Only a depositor whose name appears on the General Meeting Record of Depositors as at 25 November 2008 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 8 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 9, further information on the Share Buy-Back is set out in the Share Buy-Back Statement dated 10 November 2008 which is despatched together with the Company's Annual Report 2008.

#### Resolution pertaining to the Recurrent Related Party Transactions

For Resolution 10, further information on the Recurrent Related Party Transactions is set out in the Circular to Shareholders dated 10 November 2008 which is despatched together with the Company's Annual Report 2008.

## Statement Accompanying Notice of Annual General Meeting

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

#### DETAILS OF INDIVIDUALS WHO ARE STANDING FOR ELECTION AS DIRECTORS

No individual is seeking election as a Director at the Sixteenth 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, FICE, SIMP, DPMS, DPMP, JMN, JP  
Hon DEng (Kingston), BSc (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**

BSc (Engineering Production), BCom (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  
55 Jalan Bukit Bintang  
55100 Kuala Lumpur  
Tel • 603 2117 0088  
603 2142 6633  
Fax • 603 2141 2703

## 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  
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 54, 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 in 2002 and CNBC Asia Pacific named him Malaysia CEO of the Year in 2005.

He was appointed as member of Barclays Asia-Pacific Advisory Committee in 2005. In 2006, he was awarded the Commander of the Most Excellent Order of the British Empire (CBE) by Her Majesty Queen Elizabeth II. In 2008, he was appointed Chairman for South East Asia of the International Friends of the Louvre and he also received a prestigious professional accolade when made a Fellow of the Institute of Civil Engineers in London.

**Tan Sri Datuk Seri Panglima Dr. Abu Hassan Bin Othman**, Malaysian, aged 68, 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) Second Class Upper from University of Malaya ("UM"), and 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 of National Productivity Corporation. On the international front, he represented Malaysia as Chairman of the Council of the University Mobility of Asia Pacific, Chairman of the Malaysian-Australian Vice Chancellors Committee, Board Member of the Association of Commonwealth Universities as well as Board Member of the Association of South East Asian Institutions of Higher Learning. He was the Chairman of both Permai Polyclinic Group Sdn Bhd and the Malaysian-American Commission on Educational Exchange. 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, as well as Chairman of Management & Science University Foundation and Meteor Doc. Sdn Bhd.

## Profile of the Board of Directors

**Dato' Cheong Keap Tai**, Malaysian, aged 60, 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. Dato' Cheong 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 Group Berhad, Gromutual Berhad and several private limited companies.

**Dato' Yeoh Seok Hong**, Malaysian, aged 49, 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 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. His other achievements include the construction of the Express Rail Link between the Kuala Lumpur International Airport and the Kuala Lumpur Sentral Station. He is also responsible for developing the power and utility businesses of the YTL Power International Berhad Group. He is 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 YTL Industries Berhad, YTL Foundation, Wessex Water Limited and Wessex Water Services Limited.

**Dato' Michael Yeoh Sock Siong**, Malaysian, aged 48, 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 the YTL Group 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 43, was appointed to the Board on 26 April 2000 as an Executive Director. He graduated from King's College, University of London with a 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 YTL Vacation Club Berhad and private utilities company, Wessex Water Limited.

**Syed Abdullah Bin Syed Abd. Kadir**, Malaysian, aged 54, 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, from November 1994 to February 1996, 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. 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 41, 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 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, working on capital raising transactions on behalf of YTL Corporation Berhad, YTL Power International Berhad, Litrak Berhad and Petronas Gas, amongst others. In 1998, he was appointed Associate Sales Director of HSBC Securities Pte. Ltd. in Singapore, eventually leaving to found a high technology manufacturing company.

**Mohamad Zaid Bin Dato' Hj Mohd Zainal Abidin**, Malaysian, aged 29, 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.

**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 6 Board meetings were held and the details of attendance are as follows:

	Attendance
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping	6
Tan Sri Datuk Seri Panglima Dr. Abu Hassan Bin Othman	5
Dato' Cheong Keap Tai	5
Dato' Yeoh Seok Hong	6
Dato' Michael Yeoh Sock Siong	5
Dato' Mark Yeoh Seok Kah	5
Syed Abdullah Bin Syed Abd. Kadir	6
Amarjit Singh Chhina	6
Mohamad Zaid Bin Dato' Hj Mohd Zainal Abidin	6

## 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 2008, 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 Companies Act 1965 and MASB 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 or approved by Bursa Malaysia Securities Berhad ("Bursa Securities").
3. The Board must ensure that no 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

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## 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, the internal auditors or both, excluding the attendance of other directors and employees 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, competency 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 2008 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 that material findings are adequately addressed by management.
4. Review of the quarterly results and annual financial statements to ensure compliance with the Listing Requirements of Bursa Securities for the Mesdaq Market, applicable approved accounting standards and other statutory and regulatory requirements prior to recommending for approval by the Board of Directors.
5. Review of the related party transactions entered into by the Group.

## INTERNAL AUDIT ACTIVITIES

The activities of the internal audit function during the year under review include:

1. Developing the annual internal audit plan and proposing this plan to the Audit Committee.
2. Conducting scheduled internal audit engagements, focusing primarily on the effectiveness of internal controls and recommending improvements where necessary.
3. Conducting follow-up reviews to assess if appropriate action has been taken to address issues highlighted in previous audit reports.
4. Presenting audit findings to the Audit Committee for consideration.

## NUMBER OF MEETINGS HELD AND DETAILS OF ATTENDANCE

During the financial year, a total of 5 Audit Committee Meetings 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	4
Amarjit Singh Chhina	5
Mohamad Zaid Bin Dato' Hj Mohd Zainal Abidin	5

# Statement on Corporate Governance & Internal Control

The Board of Directors ("Board") of YTL e-Solutions Berhad ("YTL e-Solutions" or "Company") remains firmly committed to ensuring an appropriate and sound system of corporate governance throughout the Company and its subsidiaries ("YTL e-Solutions Group"). In implementing its governance system and ensuring full compliance with the Listing Requirements of the MESDAQ Market of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements"), the Board has been guided by the measures recommended by the Malaysian Code on Corporate Governance ("Code"), which was revised on 1 October 2007, and Guidance Note 11 on Disclosure in relation to the Malaysian Code on Corporate Governance and the State of Internal Control ("Guidance Note"), contained in the Listing Requirements.

Good corporate governance is a fundamental part of the Board's responsibility 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 all stakeholders. This section of the Annual Report details the measures implemented by the YTL e-Solutions Group to strengthen 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 9 Directors, comprising 6 executive members and 3 non-executive members, all of whom are independent. This is in compliance with the Listing Requirements, which require one-third of the Board to be independent.

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, day-to-day running of the business, implementation of Board policies and making of operational decisions. The Managing Director and the Executive Directors are 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 Independent Non-Executive Directors have the experience and business acumen necessary to carry sufficient weight in the Board's decisions and the presence of these Independent Non-Executive Directors brings an additional element of balance to the Board as they do not participate in the day-to-day running of the Company. 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 issues of strategy, performance and resources brought before the Board.

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 of this size. 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 full deliberation of issues affecting the YTL e-Solutions Group by all members of the Board and shareholders is encouraged.

# Statement on Corporate Governance & Internal Control

## Directors' Training

Throughout the financial year under review, the Directors attended various conferences, seminars and programmes, including speaking engagements, to enhance their knowledge and expertise. In this regard, the Board will continue to evaluate and determine the training needs of its Directors on an ongoing basis.

## Board Meetings & Access to Information

Board meetings are scheduled in advance at least 5 times in a year in order to review and approve the annual and interim financial results. Additional meetings may also be held as and when significant issues arise relating to the YTL e-Solutions Group's operations and activities. The Board met 6 times during the financial year ended 30 June 2008. 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 clarifications, where necessary, in order to be properly briefed before each meeting. A record of the Board's deliberations of the issues discussed and conclusions reached in discharging its duties and responsibilities is captured in the minutes of each meeting, prepared by the Company Secretary.

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 the 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 its deliberations, the Board is required to take into account the integrity, professionalism, skill, knowledge, expertise and experience of the proposed candidate. In accordance with the Board's procedures, deliberations and conclusions in this process reached will be recorded by the Company Secretary. During the year under review, there were no new appointments to the Board.

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") and may offer themselves for re-election. Directors who are appointed by the Board during the financial year are subject to re-election by 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. The names and details of Directors seeking re-election at the forthcoming AGM are disclosed in the Notice of AGM and the Profile of the Board of Directors, respectively, in this Annual Report.

## Directors' Remuneration

Directors' remuneration is decided in line with the objective 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 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 and the Executive Directors meet with analysts, institutional shareholders and investors throughout the year to provide updates on strategies and new developments. Presentations based on permissible disclosures are made to explain the YTL e-Solutions Group's performance and major development programs. However, information that is price-sensitive or that may be regarded as undisclosed material information about the YTL e-Solutions Group is 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 Managing Director and Executive Directors respond to shareholders' questions during the meeting, 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 is 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 3 Non-Executive Directors and 1 Executive Director. In accordance with the Code and the Listing Requirements, the Company will ensure that the Audit Committee is comprised fully of Non-Executive Directors by 31 January 2009 or any other deadline set out by Bursa Securities.

The Audit Committee holds quarterly meetings to review matters including the YTL e-Solutions Group's financial reporting, the audit plans for the year and recurrent related party transactions, as well as to deliberate the findings of the internal and external auditors.

The Audit Committee met 5 times during the financial year ended 30 June 2008. 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 in this Annual Report.

### Financial Reporting

The Directors are responsible for ensuring that financial statements are drawn up in accordance with the Companies Act 1965 and MASB 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. The external auditors also attend each AGM in order to address clarifications sought pertaining to the audited accounts by shareholders.

# 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 YTL e-Solutions Group's internal audit function is co-sourced by the YTL Corporation Berhad Group Internal Audit department ("YTLIA") and IBDC (Malaysia) Sdn Bhd ("IBDC"). Both YTLIA and IBDC report directly to the Audit Committee. A description of the activities of the internal audit function can be found in the Audit Committee Report included in this Annual Report.

Costs amounting to approximately RM68,000.00 were incurred in relation to the internal audit function for the financial year ended 30 June 2008.

None of the internal control weaknesses or issues identified during this review have resulted in non-compliance with any relevant policies or procedures, listing requirements or recommended industry practices that would require disclosure in the Company's Annual Report.

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;

- Delegation of authority levels for major tenders, capital expenditure projects, acquisitions and disposals of businesses and other significant transactions to the Executive Directors. 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; and
- 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 Retention Policies:** 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.
- **Share Buy-Back Programme:** Details of the Company's share buy-back exercises for the year under review have also been included in this Annual Report.

The Board is satisfied that the Company has, in all material aspects, complied with the best practices of the Code as at 30 June 2008.

This statement was approved by the Board of Directors on 16 October 2008.

# Disclosure of Recurrent Related Party Transactions of a Revenue or Trading Nature

for the financial year ended 30 June 2008

At the last Annual General Meeting of YTL e-Solutions Berhad (“YTL e-Solutions”) held on 7 December 2007, 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 2008 pursuant to the said shareholders’ mandate are as follows:

## Companies in the

### YTL e-Solutions

#### Group involved

#### in the Recurrent

#### Transactions

Companies in the YTL e-Solutions Group involved in the Recurrent Transactions	Related Party	Nature of Transactions	Interested Related Parties	Nature of Relationship	Value of Transactions RM'000
YTL e-Solutions, Extiva Communications Sdn Bhd,	<sup>(6)</sup> YTL Corporation Berhad (“YTL Corporation”) and its subsidiaries <sup>(7)</sup> and associate companies	Provision of information technology hardware and/or software, wireless broadband network, system connectivity, portal development & management services, tele-communications, and related services to Related Party;	Yeoh Tiong Lay & Sons Holdings Sdn Bhd (“YTLSH”);	Major Shareholder/ Person Connected <sup>(1)(2)</sup>	14,349
YTL Info Screen Sdn Bhd,			YTL Corporation;		
Y-Max Networks Sdn Bhd		Provision of graphic design, digital imaging services, info screen and other advertising services to Related Party;	Tan Sri Dato’ Seri (Dr) Yeoh Tiong Lay [“Tan Sri Yeoh Tiong Lay”]	Major Share-holder/ Person Connected <sup>(1)(2)(3)</sup>	
		Provision of graphic design, digital imaging services, info screen and other advertising services to Related Party;	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”]	Directors <sup>(1)(2)(3)(4)</sup>	
		Renting of 324 sq. ft premises located at 213 Jalan Bukit Gambir, Bukit Jambul, 11950 Penang for RM800 per month from Related Party;	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 [collectively referred to as the “Other Yeoh Family”]	Person Connected <sup>(5)</sup>	
		Provision of renovation works by Related Party;			

(continued next page)

# Disclosure of Recurrent Related Party Transactions of a Revenue or Trading Nature

for the financial year ended 30 June 2008

Companies in the  
YTL e-Solutions  
Group involved  
in the Recurrent  
Transactions

Related  
Party

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;

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 development and maintenance of websites and software to Related Party;

Provision of equipment maintenance, technical and repair support services to Related Party;

Rental of room and facilities from Related Party;

Provision of parking facilities by Related Party;

*(continued next page)*

**Companies in the  
YTL e-Solutions  
Group involved  
in the Recurrent  
Transactions**

<b>Related Party</b>	<b>Nature of Transactions</b>	<b>Interested Related Parties</b>	<b>Nature of Relationship</b>	<b>Value of Transactions RM'000</b>
	Provision of software maintenance and/or hosting services to Related Party;			
	Provision of broadband services, equipment and/or related services to Related Party;			
	Employee share options expenses charged by 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) Other Yeoh Family 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 is a 52.86% (as at 30 June 2008) owned subsidiary of YTL SH. YTL Corporation Berhad holds 74.29% (as at 30 June 2008) direct interests in YTL e-Solutions.
- (7) Subsidiaries of YTL Corporation include YTL Power International Berhad, YTL Cement Berhad, YTL Land & Development Berhad and their subsidiaries and associate companies.

# Analysis of Shareholdings as at 30 September 2008

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	194	2.00	4,117	0.00
100 – 1,000	978	10.07	751,647	0.06
1,001 – 10,000	5,835	60.09	31,879,511	2.37
10,001 – 100,000	2,427	25.00	75,849,568	5.64
100,001 to less than 5% of issued shares	274	2.82	159,351,057	11.84
5% and above of issued shares	2	0.02	1,077,498,000	80.09
<b>Total</b>	<b>9,710</b>	<b>100.00</b>	<b>1,345,333,900</b>	<b>100.00</b>

## 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	74.33
2 DB (Malaysia) Nominee (Asing) Sdn Bhd - Exempt An for Deutsche Bank Ag Singapore (PWM Asing)	77,498,000	5.76
3 UOBM Nominees (Asing) Sdn Bhd - Deutsche Bank Ag Singapore Branch (PBD) for Velvet Properties Limited	26,737,000	1.99
4 UOBM Nominees (Asing) Sdn Bhd - Deutsche Bank Ag Singapore Branch (PBD) for Orchestral Harmony Limited	17,622,000	1.31
5 UOBM Nominees (Asing) Sdn Bhd - Deutsche Bank Ag Singapore Branch (PBD) for Water City Limited	16,322,000	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 Law Chin Wat	1,628,700	0.12
12 Elewinton Investment Limited	1,487,000	0.11
13 Public Nominees (Tempatan) Sdn Bhd - Pledged Securities A/c for Tan Ting Wong (KLC/HLG)	1,305,600	0.10
14 Tan Chong Jun	1,116,500	0.08
15 HLB Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Tan Ting Wong	1,063,000	0.08
16 Pacific & Orient Insurance Co Berhad	1,000,000	0.07
17 Seri Yakin Sdn Bhd	962,000	0.07
18 Foo Chit Seong	874,000	0.06

Name	No. of Shares	%#
19 Mayban Nominees (Tempatan) Sdn Bhd - Pledged Securities A/c for Lim Seat Hoe	850,000	0.06
20 Heah Gaik Kooi	800,000	0.06
21 Ding Hock Hing	768,000	0.06
22 Yap Chu	744,000	0.06
23 Ng Soon Kiat	717,200	0.05
24 Citigroup Nominees (Asing) Sdn Bhd - CBNY for Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc	713,500	0.05
25 Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd - Pledged Securities A/c for Tan Yong Thai	707,000	0.05
26 CIMSEC Nominees (Tempatan) Sdn Bhd - DMG & Partners Securities Pte Ltd for Yeap Lean Seng Sdn Bhd	689,000	0.05
27 Jong Sek Phing	670,000	0.05
28 Annie Loo Yean Lay	663,857	0.05
29 Hoh Chee Choy	640,000	0.05
30 Public Nominees (Tempatan) Sdn Bhd - Pledged Securities A/c for Kong Loi Kin (E-KKU)	632,900	0.05
<b>Total</b>	<b>1,183,071,157</b>	<b>87.92</b>

#### 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	1,000,145,900 <sup>①</sup>	74.34
YTL Corporation Berhad	1,000,145,900	74.34	–	–
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	–	–	1,002,227,600 <sup>②</sup>	74.49

<sup>①</sup> Deemed interested by virtue of its interests in YTL Corporation Berhad pursuant to section 6A of the Companies Act, 1965.

<sup>②</sup> 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.

# Based on the issued and paid-up share capital of the Company of RM135,000,000.00 comprising 1,350,000,000 ordinary shares and after deduction of 4,666,100 treasury shares retained by the Company as per Record of Depositors.

# Statement of Directors' Interests

in the Company and related corporations as at 30 September 2008

## The Company

### YTL e-Solutions Berhad

Name	Direct	No. of Shares Held		%
		%	Indirect	
Dato' Michael Yeoh Sock Siong	–	–	30,000 <sup>(2)</sup>	*
Syed Abdullah Bin Syed Abd Kadir	300,000	0.02	–	–
Amarjit Singh Chhina	75,000	0.01	–	–
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	%	Options
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	14,203,652	0.95	–	–	5,000,000
Dato' Yeoh Seok Hong	5,036,490	0.34	3,228,126 <sup>(1)</sup>	0.22	3,000,000
Dato' Michael Yeoh Sock Siong	4,577,997	0.31	2,526,451 <sup>(2)</sup>	0.17	3,000,000
Dato' Mark Yeoh Seok Kah	3,246,248	0.22	611,133 <sup>(2)</sup>	0.04	3,000,000
Syed Abdullah Bin Syed Abd Kadir	752,611	0.05	2,937 <sup>(2)</sup>	*	3,000,000
Amarjit Singh Chhina	–	–	–	–	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, FICE	2,285,472	0.87	–	–
Dato' Yeoh Seok Hong	648,372	0.25	–	–
Dato' Michael Yeoh Sock Siong	550,110	0.21	547,180 <sup>(2)</sup>	0.21
Dato' Mark Yeoh Seok Kah	271,800	0.10	–	–
Syed Abdullah Bin Syed Abd Kadir	600	*	674 <sup>(2)</sup>	*

## 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, FICE	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, FICE	2,042,923	0.44	–	–	1,400,000
Dato' Yeoh Seok Hong	225,634	0.05	45,123 <sup>(2)</sup>	0.01	–
Dato' Michael Yeoh Sock Siong	1,265,634	0.27	1,109,388 <sup>(2)</sup>	0.24	1,000,000
Dato' Mark Yeoh Seok Kah	187,200	0.04	135,200 <sup>(2)</sup>	0.03	–
Mohamad Zaid Bin Dato' Hj Mohd Zainal Abidin	7,600	*	–	–	–

**No. of Irredeemable Convertible Unsecured  
Loan Stocks 2005/2015 Held**

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

**YTL Land & Development Berhad**

**No. of Irredeemable Convertible  
Preference Shares 2001/2011 Held**

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

**YTL Power International Berhad**

Name	Direct	No. of Shares Held		No. of Share Options	
		%	Indirect	%	
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	14,945,040	0.26	–	–	7,000,000
Dato' Yeoh Seok Hong	8,648,863	0.15	2,459,947 <sup>(1)</sup>	0.04	5,000,000
Dato' Michael Yeoh Sock Siong	4,601,744	0.08	919,291 <sup>(2)</sup>	0.02	3,000,000
Dato' Mark Yeoh Seok Kah	5,784,713	0.10	825,233 <sup>(2)</sup>	0.01	3,000,000
Syed Abdullah Bin Syed Abd Kadir	2,181,203	0.04	524 <sup>(2)</sup>	*	3,000,000
Mohamad Zaid Bin Dato' Hj Mohd Zainal Abidin	2,132	*	–	–	–

## Statement of Directors' Interests

in the Company and related corporations as at 30 September 2008

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

Name	No. of Warrants 2008/2018 Held			
	Direct	%	Indirect	%
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	4,860,175	0.32	–	–
Dato' Yeoh Seok Hong	8,861,405	0.59	799,982 <sup>(1)</sup>	0.05
Dato' Michael Yeoh Sock Siong	1,496,502	0.10	298,956 <sup>(2)</sup>	0.02
Dato' Mark Yeoh Seok Kah	1,881,207	0.12	268,368 <sup>(2)</sup>	0.02
Mohamad Zaid Bin Dato' Hj Mohd Zainal Abidin	693	*	–	–

\* Negligible

<sup>(1)</sup> Deemed interested by virtue of Shares/Warrants held by his spouse and children.

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

## Schedule of Share Buy-Back for the financial year ended 30 June 2008

Save as disclosed below, there are no purchase for other months during the financial year:

Monthly Breakdown	No. of Shares Purchased And Retained As Treasury Shares	Purchase Price Per Share (RM)		Average Cost Per Share (RM)	Total Cost (RM)
		Lowest	Highest		
October 2007	50,100	0.615	0.625	0.6262	31,373.47
February 2008	121,000	0.510	0.530	0.5230	63,281.99
May 2008	577,300	0.440	0.450	0.4494	259,418.78
June 2008	2,980,200	0.400	0.500	0.4625	1,378,334.88
<b>Total</b>	<b>3,728,600</b>			<b>0.4646</b>	<b>1,732,409.12</b>

During the financial year, all the shares purchased by the Company were retained as treasury shares. As at 30 June 2008, a total of 3,728,600 ordinary shares were held as treasury shares. None of the treasury shares were resold or cancelled during the financial year.



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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 2008.

## 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 of the financial statements.

There has been no significant change in the nature of these activities during the financial year.

## FINANCIAL RESULTS

	Group RM'000	Company RM'000
Profit for the financial year	3,245	908
Attributable to:-		
Equity holders of the Company	4,125	908
Minority interests	(880)	-
Profit for the financial year	3,245	908

## 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 2007 as reported in the Directors' Report of that financial year:-

	RM'000
First and final dividend of 3% less 27% tax, paid on 31 December 2007	2,956

The Board of Directors has recommended a first and final dividend of 3% less Malaysian income tax for the financial year ended 30 June 2008 subject to the approval of the shareholders at the forthcoming Annual General Meeting.

## RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year except as disclosed in the Notes to the financial statements.

## SHARE CAPITAL

### Repurchase of shares

The shareholders of the Company granted the authority to the Directors to repurchase its own shares at an Extraordinary General Meeting held on 30 August 2007, of which the mandate was subsequently renewed at the Annual General Meeting held on 7 December 2007. The Directors of the Company are committed to enhance the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interest of the Company and its shareholders.

The Company's repurchase of its own shares on the MESDAQ Market of Bursa Malaysia Securities Berhad are summarised as follows:-

	No. of shares repurchased	Average purchase price RM/share	Total consideration RM'000
<b>Financial year ended 30 June 2008</b>	<b>3,728,600</b>	<b>0.46</b>	<b>1,732</b>

The repurchase transactions were financed by internally generated funds. The repurchased shares are being held as treasury shares in accordance with the requirement of Section 67A of the Companies Act 1965.

## 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, FICE  
Tan Sri Datuk Seri Panglima Dr. Abu Hassan Bin Othman  
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' Report

## 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 30.6.2008
	Balance at 1.7.2007	Acquired	Disposed	
<b>Direct Interests</b>				
Syed Abdullah Bin Syed Abd. Kadir	300,000	-	-	300,000
Amarjit Singh Chhina	-	75,000	-	75,000
Mohamad Zaid Bin Dato' Hj Mohd Zainal Abidin	110,000	-	-	110,000
<b>Deemed Interests</b>				
Dato' Michael Yeoh Sock Siong	-	30,000	-	30,000 *

### HOLDING COMPANY YTL CORPORATION BERHAD

	Number of ordinary shares of RM0.50 each			Balance at 30.6.2008
	Balance at 1.7.2007	Acquired	Disposed	
<b>Direct Interests</b>				
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	14,203,652	-	-	14,203,652
Dato' Yeoh Seok Hong	5,036,490	-	-	5,036,490
Dato' Michael Yeoh Sock Siong	4,577,997	-	-	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	40,000	-	(40,000)	-
Mohamad Zaid Bin Dato' Hj Mohd Zainal Abidin	1,000	-	-	1,000
<b>Deemed Interests</b>				
Dato' Yeoh Seok Hong	3,228,126 *	-	-	3,228,126 *
Dato' Michael Yeoh Sock Siong	2,526,451 *	-	-	2,526,451 *
Dato' Mark Yeoh Seok Kah	611,133 *	-	-	611,133 *
Syed Abdullah Bin Syed Abd. Kadir	2,937 *	-	-	2,937 *



**HOLDING COMPANY**  
**YTL CORPORATION BERHAD**

	Number of Warrants 1999/2009			Balance at 30.6.2008
	Balance at 1.7.2007	Acquired	Exercised/ Disposed	
<b>Direct Interests</b>				
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	2,285,472	–	–	2,285,472
Dato' Yeoh Seok Hong	648,372	–	–	648,372
Dato' Michael Yeoh Sock Siong	550,110	–	–	550,110
Dato' Mark Yeoh Seok Kah	271,800	–	–	271,800
Syed Abdullah Bin Syed Abd. Kadir	600	–	–	600
<b>Deemed Interests</b>				
Dato' Michael Yeoh Sock Siong	547,180 *	–	–	547,180 *
Syed Abdullah Bin Syed Abd. Kadir	674 *	–	–	674 *

	Number of options over ordinary shares of RM0.50 each			Balance at 30.6.2008
	Balance at 1.7.2007	Granted	Exercised	
<b>Direct Interests</b>				
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	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 30.6.2008
	Balance at 1.7.2007	Acquired	Disposed	
<b>Direct Interests</b>				
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	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

# Directors' Report

## RELATED COMPANIES

### YTL POWER INTERNATIONAL BERHAD

#### Number of ordinary shares of RM0.50 each

	Balance at 1.7.2007	Acquired	Disposed	Balance at 30.6.2008
<b>Direct Interests</b>				
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	13,109,251	1,471,278	–	14,580,529
Dato' Yeoh Seok Hong	6,540,529	597,387	–	7,137,916
Dato' Michael Yeoh Sock Siong	4,023,374	466,133	–	4,489,507
Dato' Mark Yeoh Seok Kah	5,218,469	425,154	–	5,643,623
Syed Abdullah Bin Syed Abd. Kadir	2,045,990	82,013	–	2,128,003
Amarjit Singh Chhina	26,240	5,795	(32,035)	–
Mohamad Zaid Bin Dato' Hj Mohd Zainal Abidin	2,000	80	–	2,080
<b>Deemed Interests</b>				
Dato' Yeoh Seok Hong	2,100,362 *	299,587	–	2,399,949 *
Dato' Michael Yeoh Sock Siong	700,424 *	196,446	–	896,870 *
Dato' Mark Yeoh Seok Kah	734,966 *	70,140	–	805,106 *
Syed Abdullah Bin Syed Abd. Kadir	305 *	207 *	–	512 *

#### Number of Warrants

	Balance at 1.7.2007	Acquired	Exercised/ Disposed	Balance at 30.6.2008
<b>Direct Interests</b>				
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE				
- Warrants 2008/2018	–	4,860,175	–	4,860,175
Dato' Yeoh Seok Hong				
- Warrants 2008/2018	–	8,861,405	–	8,861,405
Dato' Michael Yeoh Sock Siong				
- Warrants 2008/2018	–	1,496,502	–	1,496,502
Dato' Mark Yeoh Seok Kah				
- Warrants 2008/2018	–	1,881,207	–	1,881,207
Syed Abdullah Bin Syed Abd. Kadir				
- Warrants 2000/2010	87,000	–	–	87,000
Mohamad Zaid Bin Dato' Hj Mohd Zainal Abidin				
- Warrants 2008/2018	–	693	–	693
<b>Deemed Interests</b>				
Dato' Yeoh Seok Hong				
- Warrants 2008/2018	–	799,982	–	799,982 *
Dato' Michael Yeoh Sock Siong				
- Warrants 2000/2010	100,000 *	–	–	100,000 *
- Warrants 2008/2018	–	298,956	–	298,956 *
Dato' Mark Yeoh Seok Kah				
- Warrants 2008/2018	–	268,368	–	268,368 *

**RELATED COMPANIES****YTL POWER INTERNATIONAL BERHAD**

	Number of options over ordinary shares of RM0.50 each			Balance at 30.6.2008
	Balance at 1.7.2007	Granted	Exercised	
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	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

**YTL CEMENT BERHAD**

	Number of ordinary shares of RM0.50 each			Balance at 30.6.2008
	Balance at 1.7.2007	Acquired	Disposed	
<b>Direct Interests</b>				
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	2,042,923	–	–	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
<b>Deemed Interests</b>				
Dato' Yeoh Seok Hong	45,123 *	–	–	45,123 *
Dato' Michael Yeoh Sock Siong	1,109,388 *	–	–	1,109,388 *
Dato' Mark Yeoh Seok Kah	135,200 *	–	–	135,200 *

	Number of Irredeemable Convertible Unsecured Loan Stocks (ICULS)			Balance at 30.6.2008
	Balance at 1.7.2007	Acquired	Converted/ Disposed	
<b>Direct Interests</b>				
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	1,727,423	–	–	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
<b>Deemed Interests</b>				
Dato' Yeoh Seok Hong	45,123 *	–	–	45,123 *
Dato' Michael Yeoh Sock Siong	1,109,388 *	–	–	1,109,388 *
Dato' Mark Yeoh Seok Kah	135,200 *	–	–	135,200 *

# Directors' Report

## RELATED COMPANIES YTL CEMENT BERHAD

	Number of options over ordinary shares of RM0.50 each			Balance at 30.6.2008
	Balance at 1.7.2007	Granted	Exercised	
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	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 30.6.2008
	Balance at 1.7.2007	Acquired	Exercised/ Disposed	
<b>Direct Interests</b>				
Dato' Yeoh Seok Kian	240,000	-	-	240,000
Mohamad Zaid Bin Dato' Hj Mohd Zainal Abidin	20,000	-	-	20,000

## INFOSCREEN NETWORKS PLC ^

	Number of ordinary shares of £0.01 each			Balance at 30.6.2008
	Balance at 1.7.2007	Acquired	Disposed	
<b>Direct interests</b>				
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	100	-	-	100

## YTL CORPORATION (UK) PLC ^

	Number of ordinary shares of £0.25 each			Balance at 30.6.2008
	Balance at 1.7.2007	Acquired	Disposed	
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	1	-	-	1

^ Incorporated in United Kingdom

**RELATED COMPANIES****SYARIKAT PELANCONGAN SERI ANDALAN (M) SDN BHD**

	Number of ordinary shares of RM1.00 each			Balance at 30.6.2008
	Balance at 1.7.2007	Acquired	Disposed	
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	1	–	–	1

**YTL CONSTRUCTION (S) PTE LTD #**

	Number of ordinary shares			Balance at 30.6.2008
	Balance at 1.7.2007	Acquired	Disposed	
<b>Direct interests</b>				
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	2	–	–	2

# Incorporated in Singapore

**YTL CONSTRUCTION (THAILAND) LIMITED +**

	Number of ordinary shares of THB100 each			Balance at 30.6.2008
	Balance at 26.11.2007	Acquired	Disposed	
<b>Direct interests</b>				
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	–	1	–	1
Dato' Yeoh Seok Hong	–	1	–	1
Dato' Michael Yeoh Sock Siong	–	1	–	1
Dato' Mark Yeoh Seok Kah	–	1	–	1

+ YTL Construction (Thailand) Limited, a company incorporated in Thailand became a related company on 26 November 2007.

\* Deemed interests by virtue of interests held by spouse and/or children pursuant to Section 134(12)(c) of the Companies Act 1965.

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 related companies.

## STATUTORY 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 ON THE FINANCIAL STATEMENTS**

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.

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

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

**Amarjit Singh Chhina**

Dated: 16 October 2008  
Kuala Lumpur

## Statement by Directors

We, TAN SRI DATO' (DR) FRANCIS YEOH SOCK PING, CBE, FICE 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 Companies Act 1965 and 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 2008 and of the results of the operations and cash flows of the Group and of the Company for the financial year ended on that date.

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

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

**Amarjit Singh Chhina**

Dated: 16 October 2008  
Kuala Lumpur

## Statutory Declaration

I, TAN SRI DATO' (DR) FRANCIS YEOH SOCK PING, CBE, FICE, 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, FICE**

Subscribed and solemnly declared by the abovenamed  
TAN SRI DATO' (DR) FRANCIS YEOH SOCK PING, CBE, FICE  
at Kuala Lumpur on 16 October 2008

Before me:

**Soh Ah Kau, AMN**  
Commissioner for Oaths



# Independent Auditors' Report

to the members of YTL e-Solutions Berhad (Company No: 236137-K)

## Report on the Financial Statements

We have audited the financial statements of YTL e-SOLUTIONS BERHAD, which comprise the Balance Sheets of the Group and of the Company as at 30 June 2008, and the Income Statements, Statements of Changes in Equity and Cash Flow Statements of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 49 to 91.

## Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities and the Companies Act 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

## Auditors' Responsibility

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

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

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

## Opinion

In our opinion, the financial statements have been properly drawn up in accordance with MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 30 June 2008 and of their financial performance and cash flows for the financial year then ended.

# Independent Auditors' Report

to the members of YTL e-Solutions Berhad (Company No: 236137-K)

## Report on Other Legal and Regulatory Requirements

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

- (a) In our opinion the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 14 to the financial statements.
- (c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations as required by us for these purposes.
- (d) The auditors' report on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174 (3) of the Act.

## Other Matters

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

### HLB LER LUM

(Firm Number : AF 0276)

Chartered Accountants

### LER CHENG CHYE

871/3/09(J/PH)

Chartered Accountant

Dated: 16 October 2008

Kuala Lumpur

# Income Statements

for the financial year ended 30 June 2008

	Note	Group		Company	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Revenue	4	32,096	25,593	7,320	5,640
Cost of sales		(15,994)	(14,457)	(3,895)	(2,853)
Gross profit		16,102	11,136	3,425	2,787
Other operating income		6,645	7,733	2,633	4,083
Administration expenses		(16,015)	(12,331)	(4,374)	(5,951)
Finance costs	5	(43)	(62)	(13)	(23)
Profit before tax	6	6,689	6,476	1,671	896
Income tax expense	7	(3,444)	(1,962)	(763)	(738)
Profit for the financial year		3,245	4,514	908	158
Attributable to:-					
Equity holders of the Company		4,125	5,051	908	158
Minority interests		(880)	(537)	-	-
Profit for the financial year		3,245	4,514	908	158
Earnings per ordinary share					
Basic (sen)	8	0.31	0.37		
Gross dividend per share recognised as distribution to ordinary equity holders of the Company (sen)					
	9	0.30	0.20		

The notes set out on pages 57 to 91 form an integral part of these financial statements.

# Balance Sheets as at 30 June 2008

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	Note	Group		Company	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
<b>ASSETS</b>					
Non-current assets					
Property, plant & equipment	10	11,425	3,744	1,084	1,290
Goodwill on consolidation	11	2,821	1,029	–	–
Development expenditure	12	–	–	–	–
Other intangible assets	13	789	953	12	12
Investment in subsidiaries	14(a)	–	–	63,950	61,943
Unquoted investment	15	–	–	–	–
Fixed deposit	16	437	424	–	–
		<b>15,472</b>	<b>6,150</b>	<b>65,046</b>	<b>63,245</b>
Current assets					
Inventories	17	414	276	97	9
Trade receivables	18	3,966	3,603	696	134
Other receivables, deposits & prepayments	19	2,684	1,789	234	342
Income tax assets		4	448	–	–
Amount due from ultimate holding company	20	–	1	–	1
Amount due from holding company	20	337	474	332	437
Amount due from subsidiaries	14(d)	–	–	5,291	1,684
Amount due from related companies	21	3,416	2,705	1,765	2,272
Fixed deposits	16	166,604	176,865	68,326	77,437
Cash & bank balances	16	3,715	1,222	691	559
		<b>181,140</b>	<b>187,383</b>	<b>77,432</b>	<b>82,875</b>
<b>Total assets</b>		<b>196,612</b>	<b>193,533</b>	<b>142,478</b>	<b>146,120</b>

The notes set out on pages 57 to 91 form an integral part of these financial statements.

	Note	Group		Company	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
<b>EQUITY AND LIABILITIES</b>					
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	(954)	263	–	–
Unappropriated profits		31,761	30,592	6,358	8,406
Treasury shares, at cost	22	(1,732)	–	(1,732)	–
		<b>165,550</b>	<b>167,330</b>	<b>141,101</b>	<b>144,881</b>
Minority interests		<b>20,627</b>	<b>18,678</b>	<b>–</b>	<b>–</b>
<b>Total equity</b>		<b>186,177</b>	<b>186,008</b>	<b>141,101</b>	<b>144,881</b>
Non-current liabilities					
Hire purchase payables	24	42	218	–	148
Deferred tax liabilities	25	300	303	219	219
		<b>342</b>	<b>521</b>	<b>219</b>	<b>367</b>
Current liabilities					
Trade payables	26	1,713	2,004	279	207
Other payables & accruals	27	6,469	4,080	431	355
Amount due to a subsidiary	14(d)	–	–	29	–
Amount due to related companies	21	87	73	71	69
Hire purchase payables	24	239	269	148	181
Bank overdraft	16 & 29	170	378	–	–
Post-employment defined contribution obligations	28(a)	198	153	70	57
Income tax liabilities		1,217	47	130	3
		<b>10,093</b>	<b>7,004</b>	<b>1,158</b>	<b>872</b>
<b>Total liabilities</b>		<b>10,435</b>	<b>7,525</b>	<b>1,377</b>	<b>1,239</b>
<b>Total equity and liabilities</b>		<b>196,612</b>	<b>193,533</b>	<b>142,478</b>	<b>146,120</b>

The notes set out on pages 57 to 91 form an integral part of these financial statements.

# Consolidated Statement of Changes in Equity

for the financial year ended 30 June 2008

Group	Attributable to Shareholders						Minority interests RM'000	Total equity RM'000
	Non distributable			Distributable				
	Share capital RM'000	Share premium RM'000	Other reserves RM'000	Unappropriated profits RM'000	Treasury shares RM'000	Total RM'000		
Balance as at 1 July 2006	135,000	1,475	(278)	27,512	–	163,709	8,534	172,243
Currency translation differences	–	–	541	–	–	541	1	542
Expense recognised directly in equity	–	–	541	–	–	541	1	542
Profit for the financial year	–	–	–	5,051	–	5,051	(537)	4,514
Total recognised income/(expense) for the financial year	–	–	541	5,051	–	5,592	(536)	5,056
Increase arising from subsidiary acquired	–	–	–	–	–	–	16,097	16,097
Reduction arising from additional shares acquired in an existing subsidiary	–	–	–	–	–	–	(5,417)	(5,417)
Dividend paid	–	–	–	(1,971)	–	(1,971)	–	(1,971)
Balance as at 30 June 2007	135,000	1,475	263	30,592	–	167,330	18,678	186,008
Currency translation differences	–	–	(1,217)	–	–	(1,217)	(3)	(1,220)
Expense recognised directly in equity	–	–	(1,217)	–	–	(1,217)	(3)	(1,220)
Profit for the financial year	–	–	–	4,125	–	4,125	(880)	3,245
Total recognised (expense)/income for the financial year	–	–	(1,217)	4,125	–	2,908	(883)	2,025
Increase arising from subsidiaries acquired	–	–	–	–	–	–	2,868	2,868
Reduction arising from additional shares acquired in an existing subsidiary	–	–	–	–	–	–	(36)	(36)
Treasury shares	–	–	–	–	(1,732)	(1,732)	–	(1,732)
Dividend paid	–	–	–	(2,956)	–	(2,956)	–	(2,956)
Balance as at 30 June 2008	135,000	1,475	(954)	31,761	(1,732)	165,550	20,627	186,177

The notes set out on pages 57 to 91 form an integral part of these financial statements.

# Statement of Changes in Equity

for the financial year ended 30 June 2008

Company	Share capital RM'000	Non-distributable	Distributable		Total equity RM'000
		Share premium RM'000	Unappropriated profits RM'000	Treasury shares RM'000	
Balance at 1 July 2006	135,000	1,475	10,219	–	146,694
Profit for the financial year, representing total recognised income and expense for the financial year	–	–	158	–	158
Dividend paid	–	–	(1,971)	–	(1,971)
Balance at 30 June 2007	135,000	1,475	8,406	–	144,881
Profit for the financial year, representing total recognised income and expense for the financial year	–	–	908	–	908
Treasury shares	–	–	–	(1,732)	(1,732)
Dividend paid	–	–	(2,956)	–	(2,956)
Balance at 30 June 2008	135,000	1,475	6,358	(1,732)	141,101

The notes set out on pages 57 to 91 form an integral part of these financial statements.

# Cash Flow Statements for the financial year ended 30 June 2008

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Cash flows from operating activities				
Profit before tax	6,689	6,476	1,671	896
Adjustments for:-				
Allowance for diminution in value				
- subsidiary	-	-	-	180
- unquoted investment	-	331	-	331
Allowance for doubtful debts	479	108	-	11
Amortisation of intangible assets	152	79	4	3
Bad debts recovered	(1)	(2)	-	-
Bad debts written off	75	36	-	-
Depreciation	2,093	1,325	238	295
Development expenditure charged to Income Statement	-	16	-	16
Gain on disposal of property, plant & equipment	(17)	(52)	(16)	(41)
(Gain)/Loss on disposal of shares in subsidiaries	-	(4)	-	73
Impairment loss on development expenditure	-	1,008	-	-
Impairment loss on goodwill	490	-	-	-
Inter-company balance waived	-	-	-	1,166
Interest expenses	43	62	13	23
Interest income	(6,493)	(6,251)	(2,610)	(4,042)
Inventories written off	43	15	-	-
Negative goodwill recognised in Income Statement	-	(1,401)	-	-
Property, plant & equipment written off	10	51	4	30
Unrealised (gain)/loss on foreign exchange	(107)	1	(3)	1
Operating profit/(loss) before changes in working capital	3,456	1,798	(699)	(1,058)

The notes set out on pages 57 to 91 form an integral part of these financial statements.



	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
(Increase)/Decrease in inventories	(138)	60	(88)	43
(Increase)/Decrease in receivables	(1,111)	273	(354)	619
(Decrease)/Increase in payables	(1,141)	60	161	(115)
Net changes in ultimate holding company	1	(1)	1	(1)
Net changes in holding company	138	95	105	100
Net changes in subsidiaries	-	-	(3,575)	(1,140)
Net changes in related companies	(697)	(494)	509	(550)
Cash generated from/(absorbed by) operations	508	1,791	(3,940)	(2,102)
Interest paid	(43)	(62)	(13)	(23)
Interest received	6,331	6,057	2,509	3,893
Tax paid	(1,824)	(2,607)	(635)	(1,100)
Net cash from/ (used in) operating activities	4,972	5,179	(2,079)	668
Cash flows from investing activities				
Acquisition of subsidiaries (net of cash acquired)	123	14,974	-	(36,350)
Acquisition of additional shares in an existing subsidiary	(1,507)	(4,016)	(1,507)	(4,016)
Subscription of additional shares in a subsidiary	-	-	(500)	-
Proceeds from disposal of property, plant & equipment	28	167	17	83
Proceeds from disposal of subsidiaries (net of cash disposed)	-	26	-	-
Purchase of property, plant & equipment	(4,939)	(1,273)	(37)	(188)
Purchase of intangible assets	(21)	(668)	(4)	(15)
Net cash (used in)/from investing activities	(6,316)	9,210	(2,031)	(40,486)

The notes set out on pages 57 to 91 form an integral part of these financial statements.

## Cash Flow Statements for the financial year ended 30 June 2008

	Note	Group		Company	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Cash flows from financing activities					
Dividend paid		(2,956)	(1,971)	(2,956)	(1,971)
Repayment of finance lease liabilities		–	(74)	–	–
Repayment of hire purchase payables		(272)	(275)	(181)	(171)
Purchase of own shares (at net)		(1,732)	–	(1,732)	–
Net cash used in financing activities		(4,960)	(2,320)	(4,869)	(2,142)
Net changes in cash and cash equivalents		(6,304)	12,069	(8,979)	(41,960)
Effects of exchange rate changes		(1,243)	547	–	–
Cash and cash equivalents brought forward		178,133	165,517	77,996	119,956
Cash and cash equivalents carried forward	16	170,586	178,133	69,017	77,996

### NOTE TO CASH FLOW STATEMENTS

Analysis of acquisition of property, plant & equipment:-

Cash paid	4,939	1,273	37	188
Hire purchase payables	66	–	–	–
	5,005	1,273	37	188

The notes set out on pages 57 to 91 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 of the financial statements.

The Company is a limited liability company, incorporated and domiciled in Malaysia and is listed on the MESDAQ Market 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:-

Levels 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 cover 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.

### (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.

# Notes to the Financial Statements

## (d) Liquidity and cash flow risk

The Group and the Company practise 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 Companies Act 1965 and MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities.

The preparation of financial statements in conformity with MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities and the Companies Act 1965 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 judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed as Note 3(b).

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

The Malaysian Accounting Standards Board has issued following new or revised Financial Reporting Standards ("FRS") and IC Interpretations ("IC Int"):-

		Effective for financial periods beginning on or after
FRS 117	Leases	1 October 2006
FRS 124	Related Party Disclosures	1 October 2006
FRS 6	Exploration for and Evaluation of Mineral Resources	1 January 2007
Amendments to FRS 119 <sub>2004</sub>	Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures	1 January 2007
FRS 107	Cash Flow Statements	1 July 2007
FRS 111	Construction Contracts	1 July 2007
FRS 112	Income Taxes	1 July 2007
FRS 118	Revenue	1 July 2007
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance	1 July 2007
FRS 134	Interim Financial Reporting	1 July 2007
FRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 July 2007
Amendments to FRS 121	The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation	1 July 2007

		Effective for financial periods beginning on or after
IC Int 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 July 2007
IC Int 2	Members' Shares in Co-operative Entities and Similar Instruments	1 July 2007
IC Int 5	Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Fund	1 July 2007
IC Int 6	Liabilities Arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment	1 July 2007
IC Int 7	Applying the Restatement Approach under FRS 129 <sup>2004</sup> Financial Reporting in Hyperinflationary Economies	1 July 2007
IC Int 8	Scope of FRS 2	1 July 2007

The adoption of the above FRSs and IC Interpretations which are relevant does not have significant financial impact on the Group and the Company other than additional disclosure requirements.

The Group and the Company have not adopted FRS 139 Financial Instruments: Recognition and Measurement which has been issued but not yet effective. The impact of applying FRS 139 on the financial statements has not been disclosed by virtue of an exemption stipulated in the said FRS.

#### (b) Significant accounting estimates and judgements

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

##### (i) Impairment test on goodwill

The Group tests goodwill for impairment annually, in accordance with its accounting policy as disclosed in Note 3(d). 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.

##### (ii) Impairment of property, plant & equipment

Determining whether the property, plant & equipment are impaired requires an estimation of value-in-use of the property, plant & equipment. The value-in-use calculation requires the management to estimate the future cash flows and an appropriate discount rate in order to calculate the present value of future cash flows. The management has evaluated such estimates and is confident that no allowance for impairment is necessary.

##### (iii) Estimated residual values and useful lives of property, plant & equipment

The Group's and the Company's businesses are fairly capital intensive and the annual depreciation of property, plant & equipment forms a significant component of total costs charged to the Income Statement. The Group and the Company review the residual values and useful lives of property, plant & equipment at each balance sheet date in accordance with the accounting policy. The review is based on factors such as expected level of usage, business plans and strategies and future regulatory changes. The estimation of the residual values and useful lives involves significant judgement.

### (iv) 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.

### (v) Income tax

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.

### (c) 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 at 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(d).

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.

**(d) Goodwill**

Goodwill represents the excess of the cost of acquisition of subsidiaries over 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.

**(e) 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.

**(f) Property, plant & equipment**

Property, plant & 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 property, plant & 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	12.5%
Musical instrument	20%
Office renovation & fittings	10%
Telecommunications equipment	10% - 20%

Capital work-in-progress represents construction of computer infrastructure which are not ready for commercial use at the balance sheet date. Capital work-in-progress is stated at cost, and is transferred to the relevant category of assets and depreciated accordingly when the assets are completed and ready for commercial use.

Where applicable, capital work-in-progress includes cost, related expenditure and interest cost on borrowings taken to finance the acquisition of the assets to the date that assets are completed and put into use.

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 & equipment.

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

### (g) 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.

### (h) 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.

**(i) 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 & equipment. Software which are not an integral 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 financial 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 financial 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 & coverage**

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

**(j) 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.

**(k) Income tax and deferred tax**

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

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the financial 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 unabsorbed tax losses can be utilised.

Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantively 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.

## (l) 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.

## (m) 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 (or at the average rate for the period when this is a reasonable approximation). Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement.

## (n) 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 financial year 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.

## (o) Ordinary share capital

Ordinary shares are recorded at the nominal value and proceeds in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Costs incurred directly attributable to the issuance of shares are accounted for as a deduction from share premium. Otherwise they are charged to the Income Statement.

Dividends to shareholders are recognised in equity in the period in which they are declared and approved.

### *Purchase of own shares*

Shares repurchased by the Company are held as treasury shares and are accounted for on the cost method. The amount of the consideration paid, including directly attributable costs, is recognised as cost and set off against equity. Should such shares be cancelled, reissued or disposed of, their nominal amounts will be eliminated, and the differences between their cost and nominal amounts will be taken to reserves, as appropriate. Where the treasury shares are subsequently distributed as dividends to shareholders, the cost of the treasury shares is applied as reduction of the share premium account or the distributable retained profits or both.

**(p) Revenue recognition**

Revenue is recognised to the extent that it is probable that the 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 sheet 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.

**(q) Deferred revenue and deferred credit**

Deferred revenue, which is included in other payables & accruals, relates to unutilised airtime of prepaid broadband packages and 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 & accruals, comprises deferred revenue from future advertising services to be rendered to customers and is recognised over the period of the relevant contracts.

**(r) 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.

### (s) Finance lease

Leases of property, plant & 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 & 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.

### (t) 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 Statement to give a constant periodic rate of interest on the remaining hire purchase liabilities.

### (u) 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.

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the Income Statement as incurred. 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.

**(v) Interest-bearing borrowings**

Interest-bearing bank loans and overdrafts are recorded at the amount of proceeds received.

Borrowing costs are recognised as an expense in the Income Statement in the period in which they are incurred.

**(w) 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. For the purpose of the Cash Flow Statements, cash and cash equivalents are presented net of bank overdrafts.

**4. REVENUE**

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Sale of goods	4,028	2,443	4,289	2,994
Services rendered	28,068	23,150	3,031	2,646
	32,096	25,593	7,320	5,640

# Notes to the Financial Statements

## 5. FINANCE COSTS

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Bank overdraft interest	23	25	–	–
Finance lease interest	–	1	–	–
Hire purchase interest	20	36	13	23
	43	62	13	23

## 6. PROFIT BEFORE TAX

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Profit before tax is stated after charging (other than those disclosed in Note 5):-				
Auditors' remuneration				
- current financial year	109	89	7	7
- prior financial year	(1)	6	–	–
- other	1	–	–	–
Allowance for diminution in value				
- subsidiary (included in administration expenses)	–	–	–	180
- unquoted investment (included in administration expenses)	–	331	–	331
Allowance for doubtful debts	479	108	–	11
Amortisation of intangible assets	152	79	4	3
Bad debts written off	75	36	–	–
Depreciation	2,093	1,325	238	295
Development expenditure charged to Income Statement	–	16	–	16
Directors' remuneration				
- fees	175	162	175	162
- emoluments	298	265	298	265
Impairment loss on goodwill	490	–	–	–
Impairment loss of development expenditure (included in administration expenses)	–	1,008	–	–
Inter-company balance waived	–	–	–	1,166
Inventories written off	43	15	–	–
Loss on disposal of shares in a subsidiary	–	–	–	73
Loss on foreign exchange				
- realised	1	1	1	–
- unrealised	–	1	–	1
Property, plant & equipment written off	10	51	4	30
Rental of office equipment	22	17	16	13
Rental of premises	1,245	868	405	304
Staff costs (excluding Directors' remuneration) ^	6,902	5,061	2,208	2,107

^ Included in staff costs are the following:-

Defined contribution plan expenses	704	519	218	214
Charges for share options of YTL Corporation Berhad granted to employees	211	125	119	85

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
And crediting (other than those disclosed in Note 4):-				
Bad debt recovered	(1)	(2)	-	-
Fixed deposit interest	(6,493)	(6,251)	(2,610)	(4,042)
Gain on disposal of property, plant & equipment	(17)	(52)	(16)	(41)
Gain on disposal of shares in a subsidiary	-	(4)	-	-
Gain on foreign exchange - unrealised	(107)	-	(3)	-
Negative goodwill recognised in Income Statement	-	(1,401)	-	-

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

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Cost of inventories	3,941	2,996	3,886	2,867

The aggregate remuneration of Directors categorised into appropriate components for the financial year ended 30 June 2008 are as follows:-

Group/Company	Fees RM'000	Salaries RM'000	Bonus RM'000	Others RM'000	Total RM'000
Executive Directors	100	201	30	36 *	367
Non-executive Directors	75	-	-	31	106

\* Included in this category are defined contribution plan expenses and charges arising from share options of YTL Corporation Berhad granted to Directors of the Company of RM27,780 (2007: RM24,720) and RM7,798 (2007: RM7,798) respectively.

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 2008 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	-

# Notes to the Financial Statements

## 7. INCOME TAX EXPENSE

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
<b>In Malaysia</b>				
Income tax based on profit for the current financial year	3,062	1,954	679	872
Under/(Over)-provision in prior financial years	167	(153)	84	(134)
Deferred tax (Note 25)				
- Origination and reversal of temporary differences	-	(40)	-	-
	<b>3,229</b>	<b>1,761</b>	<b>763</b>	<b>738</b>
<b>Outside Malaysia</b>				
Income tax based on profit for the current financial year	197	200	-	-
Under-provision in prior financial years	18	1	-	-
	<b>3,444</b>	<b>1,962</b>	<b>763</b>	<b>738</b>

A reconciliation of income tax expense applicable to profit before tax 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	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Profit before tax	6,689	6,476	1,671	896
Income tax using Malaysian tax rate of 26% (2006: 27%)	1,739	1,749	434	242
Non deductible expenses	924	658	194	606
Non-taxable income	-	(378)	-	-
Under/(Over)-provision in prior financial years	185	(152)	84	(134)
Tax effect of tax rate at 20% on first RM500,000 of chargeable income	12	(41)	-	-
Tax effect of unrecognised reduction in deferred tax liabilities during the financial year	34	14	51	24
Tax effect of unrecognised increase in deferred tax assets during the financial year	529	92	-	-
Expenses eligible for double tax deduction	(2)	-	-	-
Different tax rates in other countries	23	20	-	-
	<b>3,444</b>	<b>1,962</b>	<b>763</b>	<b>738</b>

Subject to agreement with the Inland Revenue Board, the Company has exempt income estimated at RM160,663 (2007: RM160,663), from which tax exempt dividends can be declared.



Prior to the year of assessment 2008, Malaysian companies adopted the full imputation system. On 1 January 2008, the single-tier tax system came into effect in Malaysia. Under this system, companies are not required to have tax credits under Section 108 of the Income Tax Act 1967 for dividend payment purposes. Dividends paid under the single-tier system are tax exempt in the hands of shareholders. Companies can make an irrevocable election to disregard the Section 108 balance and opt to pay dividends under the single-tier tax system.

The Company did not make an election to disregard the Section 108 balance, and may continue to pay franked dividends until the Section 108 credits are exhausted or 31 December 2013, whichever is earlier.

Based on estimated tax credits available under Section 108 of the Income Tax Act 1967 and the tax exempt account mentioned above, the entire unappropriated profits of the Company as at 30 June 2008 is available for distribution by way of dividends without incurring additional tax liability. This is, however, subject to confirmation by the Inland Revenue Board.

## 8. EARNINGS PER SHARE (EPS)

	2008	Group	2007
Basic EPS			
Profit for the financial year attributable to equity holders of the Company (RM'000)	4,125		5,051
Weighted average number of shares in issue for basic EPS ('000)	1,349,758		1,350,000
Basic EPS (sen)	0.31		0.37

Basic EPS is calculated by dividing the 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 financial year.

## 9. DIVIDENDS

	Group/Company			
	2008			2007
	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) Financial year ended 30 June 2006 - first and final, less 27% tax	-	-	0.20	1,971
(b) Financial year ended 30 June 2007 - first and final, less 27% tax	0.30	2,956	-	-
Proposed first and final dividend, less 25% tax (2007: 27% tax)	0.30	3,029	0.30	2,956

## Notes to the Financial Statements

At the forthcoming Annual General Meeting, a first and final gross dividend in respect of the financial year ended 30 June 2008 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 2009.

### 10. PROPERTY, PLANT & EQUIPMENT

Group - 2008	Computer infrastructure & equipment RM	Furniture, fixtures & equipment RM	Motor vehicles RM	Telecommunications equipment RM	Office renovation & fittings RM	Capital work-in-progress RM	Total RM
Cost							
At 1.7.2007	9,194	275	973	1,189	882	–	12,513
Acquisitions through business combination	5,800	11	–	–	8	–	5,819
Additions	783	78	73	190	306	3,575	5,005
Disposals	(28)	–	(49)	(1)	–	–	(78)
Write-off	(23)	(1)	–	–	–	–	(24)
<b>At 30.6.2008</b>	<b>15,726</b>	<b>363</b>	<b>997</b>	<b>1,378</b>	<b>1,196</b>	<b>3,575</b>	<b>23,235</b>
Accumulated Depreciation							
At 1.7.2007	6,912	147	258	1,023	429	–	8,769
Acquisitions through business combination	1,020	5	–	–	4	–	1,029
Charge for the financial year	1,803	46	75	109	120	–	2,153
Disposals	(17)	–	(49)	(1)	–	–	(67)
Write-off	(14)	–	–	–	–	–	(14)
Adjustment *	–	(1)	(59)	–	–	–	(60)
<b>At 30.6.2008</b>	<b>9,704</b>	<b>197</b>	<b>225</b>	<b>1,131</b>	<b>553</b>	<b>–</b>	<b>11,810</b>
Net Book Value							
<b>At 30.6.2008</b>	<b>6,022</b>	<b>166</b>	<b>772</b>	<b>247</b>	<b>643</b>	<b>3,575</b>	<b>11,425</b>

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

Group - 2007	Computer infrastructure & equipment RM	Furniture, fixtures & equipment RM	Motor vehicles RM	Telecom- munications equipment RM	Office renovation & fittings RM	Musical instrument RM	Total RM
Cost							
At 1.7.2006	6,711	240	1,185	1,164	941	1	10,242
Acquisitions through business combination	1,564	26	–	–	10	–	1,600
Additions	1,183	11	17	42	20	–	1,273
Disposals	(164)	(2)	(229)	(13)	(40)	–	(448)
Write-off	(100)	–	–	(4)	(49)	(1)	(154)
At 30.6.2007	9,194	275	973	1,189	882	–	12,513
Accumulated Depreciation							
At 1.7.2006	5,042	100	433	911	372	1	6,859
Acquisitions through business combination	1,002	14	–	–	5	–	1,021
Charge for the financial year	1,055	34	113	125	88	–	1,415
Disposals	(109)	(1)	(198)	(9)	(16)	–	(333)
Write-off	(78)	–	–	(4)	(20)	(1)	(103)
Adjustment *	–	–	(90)	–	–	–	(90)
At 30.6.2007	6,912	147	258	1,023	429	–	8,769
Net Book Value							
At 30.6.2007	2,282	128	715	166	453	–	3,744

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

## Notes to the Financial Statements

<b>Company - 2008</b>	<b>Computer infrastructure &amp; equipment RM</b>	<b>Furniture, fixtures &amp; equipment RM</b>	<b>Motor vehicles RM</b>	<b>Telecom- munications equipment RM</b>	<b>Office renovation &amp; fittings RM</b>	<b>Total RM</b>
<b>Cost</b>						
At 1.7.2007	2,328	158	643	31	872	4,032
Additions	11	8	–	–	18	37
Disposals	(13)	–	(49)	–	–	(62)
Write-off	(14)	–	–	–	–	(14)
<b>At 30.6.2008</b>	<b>2,312</b>	<b>166</b>	<b>594</b>	<b>31</b>	<b>890</b>	<b>3,993</b>
<b>Accumulated Depreciation</b>						
At 1.7.2007	2,044	83	182	10	423	2,742
Charge for the financial year	115	16	50	3	89	273
Disposals	(12)	–	(49)	–	–	(61)
Write-off	(10)	–	–	–	–	(10)
Adjustment *	–	–	(35)	–	–	(35)
<b>At 30.6.2008</b>	<b>2,137</b>	<b>99</b>	<b>148</b>	<b>13</b>	<b>512</b>	<b>2,909</b>
<b>Net Book Value</b>						
<b>At 30.6.2008</b>	<b>175</b>	<b>67</b>	<b>446</b>	<b>18</b>	<b>378</b>	<b>1,084</b>
<b>Company - 2007</b>						
<b>Cost</b>						
At 1.7.2006	2,195	157	791	28	941	4,112
Additions	146	2	17	3	20	188
Disposals	(13)	(1)	(165)	–	(39)	(218)
Write-off	–	–	–	–	(50)	(50)
<b>At 30.6.2007</b>	<b>2,328</b>	<b>158</b>	<b>643</b>	<b>31</b>	<b>872</b>	<b>4,032</b>
<b>Accumulated Depreciation</b>						
At 1.7.2006	1,881	67	317	7	372	2,644
Charge for the financial year	172	16	69	3	87	347
Disposals	(9)	–	(151)	–	(16)	(176)
Write-off	–	–	–	–	(20)	(20)
Adjustment *	–	–	(53)	–	–	(53)
<b>At 30.6.2007</b>	<b>2,044</b>	<b>83</b>	<b>182</b>	<b>10</b>	<b>423</b>	<b>2,742</b>
<b>Net Book Value</b>						
<b>At 30.6.2007</b>	<b>284</b>	<b>75</b>	<b>461</b>	<b>21</b>	<b>449</b>	<b>1,290</b>

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

Included in property, plant & equipment of the Group are motor vehicles with net book value of RM728,824 (2007: RM715,611) held under hire purchase arrangements.

Included in property, plant & equipment of the Company are motor vehicles with net book value of RM446,213 (2007: RM460,553) held under hire purchase arrangements.

## 11. GOODWILL ON CONSOLIDATION

	Group	
	2008 RM'000	2007 RM'000
<b>Cost</b>		
At beginning of the financial year	1,029	811
Arising from the acquisition of new subsidiaries	812	253
Arising from acquisition of additional shares in an existing subsidiary	1,470	–
Derecognised on disposal of a subsidiary	–	(35)
<b>At end of the financial year</b>	<b>3,311</b>	<b>1,029</b>
<b>Accumulated Impairment Losses</b>		
At beginning of the financial year	–	–
Impairment loss recognised in the financial year	(490)	–
<b>At end of the financial year</b>	<b>(490)</b>	<b>–</b>
<b>Carrying Amount</b>		
<b>At end of the financial year</b>	<b>2,821</b>	<b>1,029</b>
<b>At beginning of the financial year</b>	<b>1,029</b>	<b>811</b>

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	
	2008 RM'000	2007 RM'000
Infoscreen Networks Plc	767	767
Y-Max Networks Sdn. Bhd.	1,723	253
Others	331	9
<b>At end of the financial year</b>	<b>2,821</b>	<b>1,029</b>

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.

The recoverable amount of goodwill attributed to Y-Max Networks Sdn. Bhd. is based on value-in-use calculations. The value-in-use calculations apply a discounted cash flow model using cash flow projections based on financial forecasts covering the period ending June 2013. The discount rate applied to the value-in-use calculations was 5.06% (pre-tax) and was derived from the cost of capital of Y-Max Networks Sdn. Bhd. plus a reasonable risk premium at the date of assessment.

# Notes to the Financial Statements

## 12. DEVELOPMENT EXPENDITURE

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

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
At beginning of the financial year	-	1,024	-	16
Less:-				
- Charged to Income Statement	-	(16)	-	(16)
- Impairment loss	-	(1,008)	-	-
At end of the financial year	-	-	-	-
Cost	2,133	2,133	1,125	1,125
Less : Accumulated amortisation	(1,125)	(1,125)	(1,125)	(1,125)
Less : Accumulated impairment loss	(1,008)	(1,008)	-	-
Net book value	-	-	-	-

## 13. OTHER INTANGIBLE ASSETS

Group	Computer software RM'000	Investment in programmes for future sale RM'000	Broadband network customer base & coverage RM'000	Total RM'000
Cost				
At 1.7.2007	29	639	364	1,032
Additions	21	-	-	21
Exchange differences	-	(37)	-	(37)
At 30.6.2008	50	602	364	1,016
Accumulated Amortisation				
At 1.7.2007	6	64	9	79
Charge for the financial year	10	120	22	152
Exchange differences	-	(4)	-	(4)
At 30.6.2008	16	180	31	227
Net Book Value				
At 30.6.2008	34	422	333	789

<b>Group</b>	<b>Computer software RM'000</b>	<b>Investment in programmes for future sale RM'000</b>	<b>Broadband network customer base &amp; coverage RM'000</b>	<b>Total RM'000</b>
<b>Cost</b>				
At 1.7.2006	–	–	–	–
Acquisition through business combination	–	–	364	364
Additions	29	639	–	668
<b>At 30.6.2007</b>	<b>29</b>	<b>639</b>	<b>364</b>	<b>1,032</b>
<b>Accumulated Amortisation</b>				
At 1.7.2006	–	–	–	–
Charge for the financial year	6	64	9	79
<b>At 30.6.2007</b>	<b>6</b>	<b>64</b>	<b>9</b>	<b>79</b>
<b>Net Book Value</b>				
<b>At 30.6.2007</b>	<b>23</b>	<b>575</b>	<b>355</b>	<b>953</b>

<b>Company</b>	<b>Computer Software RM'000</b>	<b>Total RM'000</b>
<b>Cost</b>		
At 1.7.2007	15	15
Additions	4	4
<b>At 30.6.2008</b>	<b>19</b>	<b>19</b>
<b>Accumulated Amortisation</b>		
At 1.7.2007	3	3
Charge for the financial year	4	4
<b>At 30.6.2008</b>	<b>7</b>	<b>7</b>
<b>Net Book Value</b>		
<b>At 30.6.2008</b>	<b>12</b>	<b>12</b>

## Notes to the Financial Statements

Company	Computer Software RM'000	Total RM'000
Cost		
At 1.7.2006	–	–
Additions	15	15
At 30.6.2007	15	15
Accumulated Amortisation		
At 1.7.2006	–	–
Charge for the financial year	3	3
At 30.6.2007	3	3
Net Book Value		
At 30.6.2007	12	12

### 14. SUBSIDIARIES

(a)

	Company	
	2008 RM'000	2007 RM'000
Unquoted shares, at cost	43,999	41,992
Less : Allowance for diminution in value	(1,500)	(1,500)
	42,499	40,492
Quoted shares, at cost	21,451	21,451
	63,950	61,943
Market value - Quoted shares	48,727	77,644



The shares of all subsidiaries except for Airzed Broadband Sdn. Bhd., Bizsurf MSC Sdn. Bhd., YMax Sdn. Bhd. and 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	
			2008 %	2007 %
Airzed Broadband Sdn. Bhd.	Malaysia	Providing wire line & wireless broadband internet access services & developing, producing, marketing, selling & maintaining software applications, research & development, consultancy & related services	49	–
Bizsurf MSC Sdn. Bhd.	Malaysia	Providing wireless network distribution equipment & services, broadband & internet services & other internet related services	60	–
Extiva Communications Sdn. Bhd.	Malaysia	Developing & marketing of VoIP telephony services	90	90
Intellectual Learning Sdn. Bhd.	Malaysia	Education & training using advanced technology	100	100
PropertyNetAsia (Malaysia) Sdn. Bhd.	Malaysia	Developing & operating a property portal known as PropertyNetAsia.com.my & the provision of related services	60	60
YMax Sdn. Bhd.	Malaysia	Providing broadband internet access & related services	68	–
Y-Max Infra Sdn. Bhd.	Malaysia	Providing wire line & wireless broadband access services	100	–
YMax Solutions Holdings Sdn. Bhd.	Malaysia	Investment holding	70	70
YTL Info Screen Sdn. Bhd.	Malaysia	Creating, providing & advertising content, media, web media, & 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	
			2008 %	2007 %
Y-Max Networks Sdn. Bhd.	Malaysia	Providing computer networking & related information technology services	60	50 <sup>@</sup>
* Infoscreen Networks Plc	United Kingdom	Investment holding	99.78	99.78
* Wimax Capital Management Limited	United Kingdom	Principally engaged in acquiring WiMAX spectrum & undertaking activities utilising WiMAX related technologies	80	–

@ 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

On 2 November 2007, Y-Max Solutions Holdings Sdn. Bhd. ("YSHSB"), a 70% owned subsidiary of the Company, completed the subscription of 1,400,000 ordinary shares of par value RM1.00 each and 5,600,000 Redeemable Convertible Preference Shares ("RCPS A") of par value RM0.10 each in Airzed Broadband Sdn. Bhd. ("AZB") at the issue price of RM1.00 per ordinary share and RM1.00 per RCPS A respectively, representing 70% of the issued and paid-up share capital of AZB. As a result of the subscription, AZB became an indirect subsidiary of the Company.

In addition to the above, the Group also completed the acquisition of other subsidiaries, namely Bizsurf MSC Sdn. Bhd., YMax Sdn. Bhd., Y-Max Infra Sdn. Bhd. and Wimax Capital Management Limited. All 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:-

	2008 RM'000	2007 RM'000
Revenue	1,360	696
Loss for the financial year	(2,027)	(376)

If the acquisitions had occurred on 1 July 2007, the Group's revenue and profit for the financial year would have been RM32,802,224 (2007: RM26,718,149) and RM3,660,070 (2007: RM4,445,065) respectively.

(ii) The assets & liabilities arising from the acquisitions are as follows:-

	Fair value recognised on acquisition RM'000	Acquirees' carrying amount RM'000
Property, plant & equipment	4,790	4,790
Inventories	42	42
Receivables	430	430
Cash & cash equivalents	7,125	7,125
Payables	(3,332)	(3,332)
Deferred tax liabilities	3	3
<b>Fair value of net assets</b>	<b>9,058</b>	<b>9,058</b>
Less: Minority interest	(2,868)	
Group's share of net assets	6,190	
Goodwill on consolidation *	812	
Consideration paid, satisfied in cash	7,002	
Cash acquired	(7,125)	
<b>Net cash inflow</b>	<b>(123)</b>	

\* Goodwill recognised on consolidation is attributable mainly to the broadband businesses acquired and their synergies with the Group's existing businesses.

#### (c) Acquisition of minority interest

In March 2008, the Group acquired an additional 10% equity interest in Y-Max Networks Sdn. Bhd. ("Y-Max Networks") for a cash consideration of RM1,500,000 and incurred RM6,561 in incidental costs, increasing its equity interest from 50% to 60%. The carrying amount of Y-Max Networks' net assets on the date of the acquisition was RM367,400. The purchase consideration exceeded the fair value of net assets acquired through this transaction by RM1,469,821 ("goodwill"). In accordance with FRS 3 *Business Combinations*, the Group recognised the goodwill in its Balance Sheet. In addition, the Group recognised a decrease in minority interest of RM36,740.

#### (d) 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.

# Notes to the Financial Statements

## 15. UNQUOTED INVESTMENT

	Group/Company	
	2008 RM'000	2007 RM'000
Unquoted shares, at cost	331	331
Less: Allowance for diminution in value	(331)	(331)
	-	-

## 16. CASH & CASH EQUIVALENTS

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Fixed deposits				
- Licensed banks	167,041	177,289	68,326	77,437
Cash & bank balances	3,715	1,222	691	559
Bank overdrafts	(170)	(378)	-	-
	170,586	178,133	69,017	77,996

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

	Group		Company	
	2008 %	2007 %	2008 %	2007 %
Fixed deposits				
- Licensed banks	3.70	3.74	3.53	3.49

Deposits of the Group and of the Company have maturities ranging from 4 days to 32 days (2007: 4 days to 46 days) and 4 days to 32 days (2007: 4 days to 46 days) respectively. Bank balances are deposits held at call with banks.

A deposit with a licensed bank of the Group amounting to RM437,143 (2007: RM424,166) was pledged as security for borrowings as disclosed in Note 29.

## 17. INVENTORIES

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Finished goods				
- at cost	414	276	97	9

## 18. TRADE RECEIVABLES

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Trade receivables	4,713	3,871	707	145
Less : Allowance for doubtful debts	(747)	(268)	(11)	(11)
	<b>3,966</b>	<b>3,603</b>	<b>696</b>	<b>134</b>

The normal credit terms of the Group and of the Company granted to trade receivables ranged from 7 days to 30 days (2007: 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.

## 19. OTHER RECEIVABLES, DEPOSITS & PREPAYMENTS

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Other receivables	1,938	889	221	211
Deposits	82	50	13	13
Prepayments	664	850	–	118
	<b>2,684</b>	<b>1,789</b>	<b>234</b>	<b>342</b>

## 20. HOLDING COMPANIES

The Company is a 74.29% (2007: 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 amounts 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.

## 21. AMOUNTS DUE FROM/TO RELATED COMPANIES

The amounts 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

## 22. SHARE CAPITAL

	Group/Company	
	2008 RM'000	2007 RM'000
<b>Authorised:-</b>		
10,000,000,000 ordinary shares of RM0.10 each	1,000,000	1,000,000
<b>Issued and fully paid:-</b>		
1,350,000,000 ordinary shares of RM0.10 each	135,000	135,000

### TREASURY SHARES

The shareholders of the Company granted the authority to the Directors to repurchase its own shares at an Extraordinary General Meeting held on 30 August 2007, of which the mandate was subsequently renewed at the Annual General Meeting held on 7 December 2007. The Directors of the Company are committed to enhance the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interest of the Company and its shareholders.

The Company's repurchase of its own shares on the MESDAQ Market of Bursa Malaysia Securities Berhad are summarised as follows:-

	No. of shares repurchased	Average purchase price RM/share	Total consideration RM'000
Financial year ended 30 June 2008	3,728,600	0.46	1,732

The repurchase transactions were financed by internally generated funds. The repurchased shares are being held as treasury shares in accordance with the requirement of Section 67A of the Companies Act 1965.

## 23. OTHER RESERVES

	Group	
	2008 RM'000	2007 RM'000
Exchange difference reserve	(1,188)	29
Capital reserve	234	234
	(954)	263

## 24. HIRE PURCHASE PAYABLES

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
<b>Minimum hire purchase payments:-</b>				
Repayable not later than 1 year	247	289	151	194
Repayable later than 1 year and not later than 2 years	24	223	-	152
Repayable later than 2 years and not later than 5 years	20	-	-	-
	291	512	151	346
Less : Financing charges	(10)	(25)	(3)	(17)
Present value of minimum hire purchase payments	281	487	148	329
<b>Present value of minimum hire purchase payments:-</b>				
Repayable not later than 1 year	239	269	148	181
Repayable later than 1 year and not later than 2 years	23	218	-	148
Repayable later than 2 years and not later than 5 years	19	-	-	-
	281	487	148	329
<b>Represented by:-</b>				
Current	239	269	148	181
Non-current	42	218	-	148
	281	487	148	329

The hire purchase payables of the Group and of the Company carried interest rates at the balance sheet date ranging from 2.53% to 3.9% (2007: 2.6% to 3.9%) per annum.

## 25. DEFERRED TAX LIABILITIES

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
At beginning of the financial year	303	316	219	219
Acquisition through business combination	(3)	27	-	-
Credited to Income Statement (Note 7)	-	(40)	-	-
At end of the financial year	300	303	219	219

## Notes to the Financial Statements

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	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Deferred tax provided are in respect of:-				
<u>Deferred tax assets</u>				
Deferred revenue	(77)	(60)	-	-
Others	(3)	(19)	-	-
	<b>(80)</b>	<b>(79)</b>	<b>-</b>	<b>-</b>
<u>Deferred tax liabilities</u>				
Property, plant & equipment				
- Capital allowances in excess of depreciation	251	282	112	127
Interest receivables	30	40	26	41
Others	99	60	81	51
At end of the financial year (after offsetting)	<b>300</b>	<b>303</b>	<b>219</b>	<b>219</b>

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

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Property, plant & equipment				
- Capital allowances in excess of depreciation	(2,150)	(673)	-	-
Unabsorbed tax losses	2,503	935	-	-
Unutilised capital allowances	4,243	856	623	216
Others	2	-	-	-
	<b>4,598</b>	<b>1,118</b>	<b>623</b>	<b>216</b>
Potential tax benefits calculated at a tax rate of 20% and 26% (2007: 20% and 27%)	<b>1,143</b>	<b>239</b>	<b>162</b>	<b>58</b>

### 26. TRADE PAYABLES

The normal credit terms of trade payables granted to the Group and the Company vary from 30 days to 60 days (2007: 30 days to 60 days).



## 27. OTHER PAYABLES & ACCRUALS

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Other payables *	3,947	2,015	246	185
Accruals	1,851	1,276	185	170
Deferred revenue	472	406	–	–
Deferred credit *	199	383	–	–
	<b>6,469</b>	<b>4,080</b>	<b>431</b>	<b>355</b>

\* Comparative figures have been reclassified to conform with current financial year's presentation.

## 28. EMPLOYEE BENEFITS

### (a) Post-employment defined contribution obligations

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Defined contribution plan	198	153	70	57

Group companies incorporated in Malaysia contribute to the 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:-
  - has attained the age of eighteen (18) years;
  - is employed by and on payroll of a company within the YTL Corp Group; and

## Notes to the Financial Statements

- 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.

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 beginning of financial year	Number of share options			At end of financial year
				Granted	Exercised	Lapsed	
<b>Financial year ended 30 June 2008</b>							
1.7.2005	29.11.2011	4.81	513,000	–	–	(21,000)	492,000
7.8.2006	29.11.2011	4.41	75,000	–	–	–	75,000
16.1.2008	29.11.2011	6.93	–	149,000	–	(25,000)	124,000
			588,000	149,000	–	(46,000)	691,000
<b>Financial year ended 30 June 2007</b>							
1.7.2005	29.11.2011	4.81	603,000	–	–	(90,000)	513,000
7.8.2006	29.11.2011	4.41	–	75,000	–	–	75,000
			603,000	75,000	–	(90,000)	588,000

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	Share options granted on 16.1.2008
Valuation assumptions:-			
Expected volatility	24.7%	21.5%	25.3%
Expected dividend yield	5.2%	5.6%	2.4%
Expected option life	3 - 4 years	3 - 4 years	3 - 4 years
Risk-free interest rate per annum (based on Malaysian securities bonds)	3.2%	4.1%	3.5%

The volatility is based on statistical analysis of daily share prices over the 3 to 4 years before the grant dates.

For the current financial year under review, the application of FRS 2 has resulted in a charge arising from ESOS granted to employees and Directors of approximately RM219,000 and RM127,000 (2007: 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.

## 29. 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%.

## 30. SIGNIFICANT RELATED PARTY TRANSACTIONS

### *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.

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
<b>(a) Significant transactions with holding company</b>				
(i) Sale of services rendered *	3,480	937	1,174	854
(ii) Sale of computer equipment *	333	228	333	228
<b>(b) Significant transactions with subsidiaries of holding company or ultimate holding company</b>				
(i) Sale of services rendered *				
- Autodome Sdn. Bhd.	255	226	214	210
- East-West Ventures Sdn. Bhd.	306	217	-	-
- Star Hill Hotel Sdn. Bhd.	562	454	-	-
- Syarikat Pembinaan Yeoh Tiong Lay Sdn. Bhd.	234	187	-	-
- YTL Land Sdn. Bhd.	1,996	1,312	634	616

## Notes to the Financial Statements

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
(ii) Sale of computer equipment *				
- Syarikat Pembinaan Yeoh Tiong Lay Sdn. Bhd.	485	482	442	482
- YTL Land Sdn. Bhd.	170	162	170	162
- YTL Power Generation Sdn. Bhd.	230	51	230	51
(iii) Rental of premises charged #				
- Starhill Real Estate Investment Trust	1,089	790	868	790
<b>(c) Significant transactions with other related party</b>				
- <b>Express Rail Link Sdn. Bhd. (associate company of holding company)</b>				
(i) Sale of services rendered *	2,205	2,275	908	937
(ii) Sale of computer equipment *	1,471	778	1,471	778
(iii) Charges for media rights by related party ^	1,250	1,250	-	-

\* 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.

### Related party outstanding balances

The significant outstanding balances with related parties not separately disclosed elsewhere in the financial statements as at 30 June 2008 were as follows:-

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
(a) Amount payable to a director	607	639	-	-
(b) Amount receivable from other related party - Express Rail Link Sdn. Bhd.	681	137	634	133

### Key management personnel compensation

The key management personnel compensation during the financial year was in respect of the Directors' remuneration of the Group and of the Company as stated in Note 6.

### 31. LEASE COMMITMENTS

The Group and the Company have lease commitments in respect of rental of equipment and premises, all of which are classified as operating leases. A summary of the non-cancellable long term lease commitments is as follows:-

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Future minimum rentals payable:-				
Not later than 1 year	1,787	295	824	295
Later than 1 year and not later than 5 years	2,264	3	1,187	3
	4,051	298	2,011	298

Apart from the above, the Group and the Company also lease premises under cancellable lease agreements.

### 32. 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	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Bank guarantee	20,000	20,000	8,679	8,438

### 33. SEGMENTAL INFORMATION

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

### 34. 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.

### 35. 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 16 October 2008.



# 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 16th 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 Tuesday, 2 December 2008 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 Tan Sri Dato' (Dr) Francis Yeoh Sock Ping		
4.	Re-election of Dato' Mark Yeoh Seok Kah		
5.	Re-election of Syed Abdullah Bin Syed Abd. Kadir		
6.	Approval of the payment of Directors' fees		
7.	Re-appointment of Messrs HLB Ler Lum as Company Auditors		
8.	Authorisation for Directors to Allot and Issue Shares		
9.	Proposed Renewal of Share Buy-Back Authority		
10.	Proposed Renewal of Shareholders' Mandate and New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2008

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 notarially 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 25 November 2008. Only a depositor whose name appears on the General Meeting Record of Depositors as at 25 November 2008 shall be entitled to attend the said meeting or appoint proxy to attend and/or vote in his stead.

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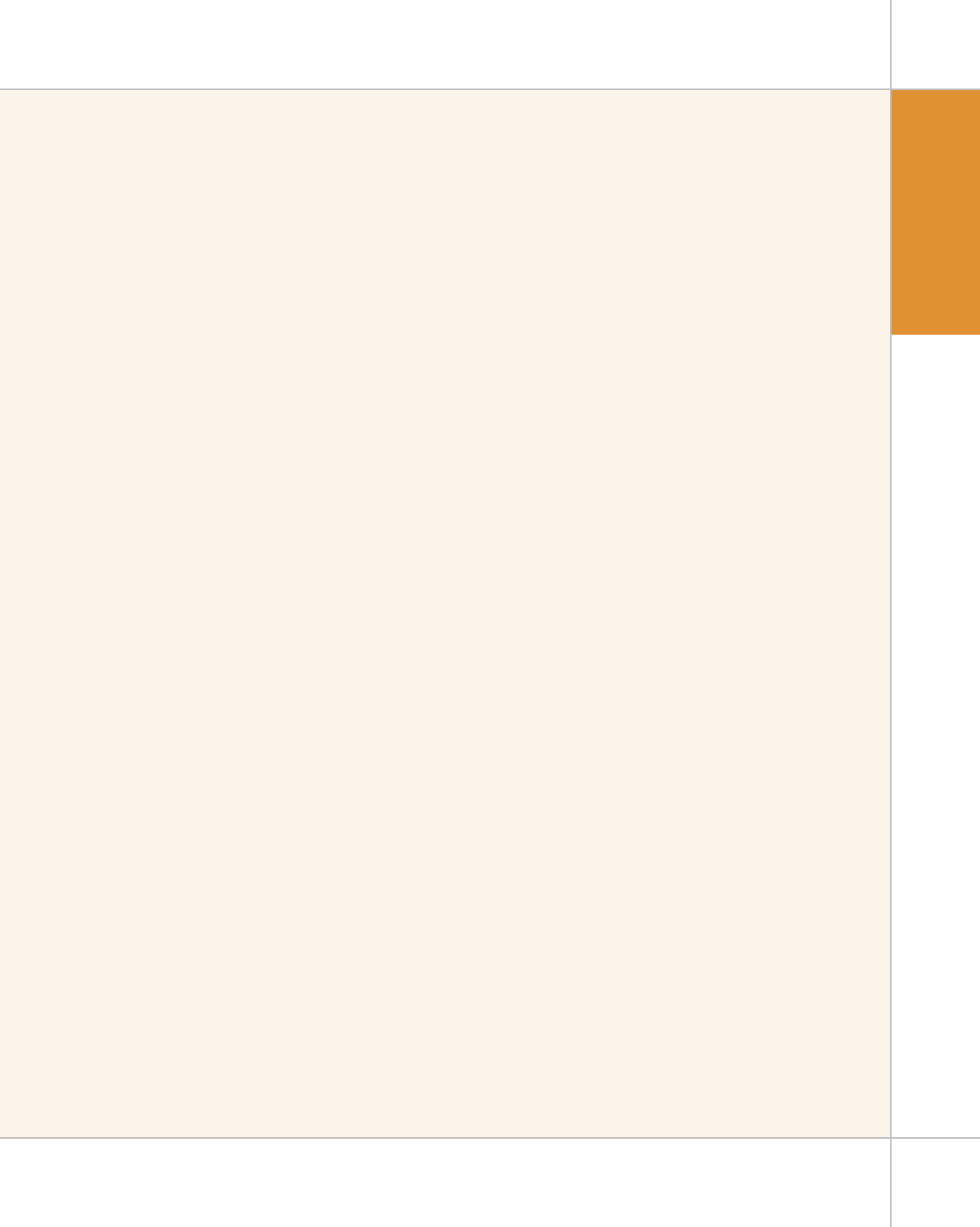
The Company Secretary

**YTL E-SOLUTIONS BERHAD**

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55100 Kuala Lumpur  
Malaysia

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