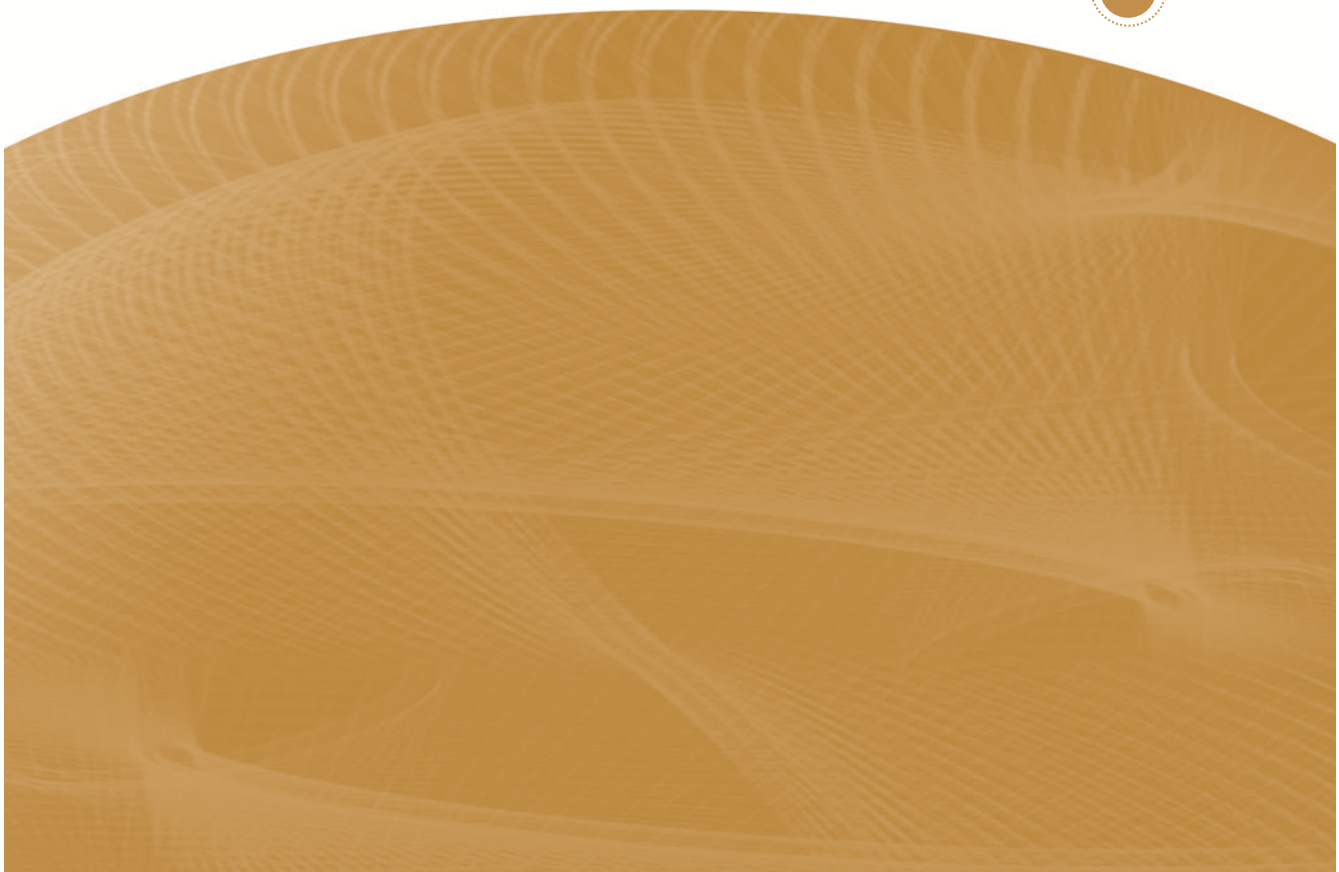




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**Edaran Digital Systems Berhad (EDARAN)** moves from being a company that has demonstrated the strength of agility to one that is now ready to chart wider latitudes and broader horizons.

Re-energised, EDARAN now seeks to maximise opportunities in an industry that pervades geographical barriers and boundaries. EDARAN is ever more determined to persevere in its efforts to market its expertise and extend the profile of the company beyond local shores.





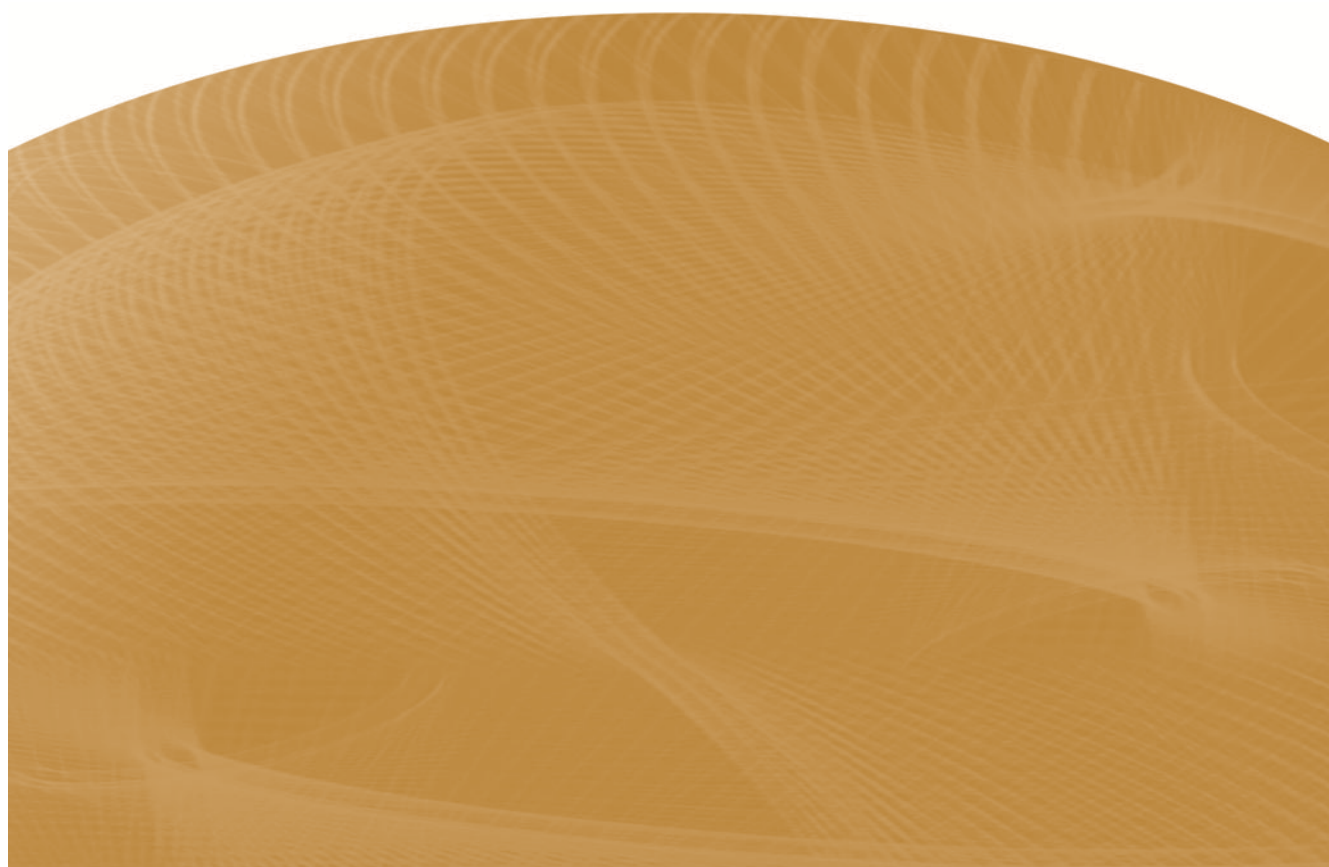


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## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Fourteenth Annual General Meeting of Edaran Digital Systems Berhad will be held on Thursday, 30 November 2006 at Mahkota 1, Ballroom Level Hotel Istana, No. 73 Jalan Raja Chulan, 50200 Kuala Lumpur at 2:30 p.m. to transact the following businesses:

### A. Ordinary Business

- 1 To consider and receive the Audited Financial Statements of the Company and the Group for the financial year ended 30 June 2006 together with the Directors' and Auditors' Reports thereon. **Resolution 1**
- 2 To re-elect the following Directors retiring under Article 101 of the Company's Articles of Association, and who, being eligible, offer themselves for re-election:
  - i. **Dato' Idrus Zainol** **Resolution 2**
  - ii. **Dato' Abdul Malek Ahmad Shazili** **Resolution 3**
  - iii. **Encik Shaifubahrim Mohd Saleh** **Resolution 4**
- 3 To re-elect Encik Fazlan Azri Tajudin, a Director retiring under Article 102 of the Company's Articles of Association, and who, being eligible, offers himself for re-election. **Resolution 5**
- 4 To approve the payment of the Directors' fee for the financial year ended 30 June 2006. **Resolution 6**
- 5 To appoint Messrs. Parker Randall Mea as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 7**

### B. Special Business

- 6 To consider and, if thought fit, to pass the following Ordinary Resolution, with or without modifications:

“**THAT** pursuant to Section 132D of the Companies Act, 1965 full authority be and is hereby given to the Directors to issue shares in the capital of the Company from time to time at such price upon such terms and conditions for such purposes and to such person or persons whomsoever as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be issued pursuant to this Resolution does not exceed 10% of the issued share capital of the Company for the time being, subject to the Companies Act, 1965, the Articles of Association of the Company and approval from Bursa Malaysia Securities Berhad and other relevant bodies where such approval is necessary **AND THAT** such authority shall continue in full force until the conclusion of the next annual general meeting of the Company.”

**Resolution 8**

### C. Any Other Ordinary Business

- 7 To transact any other ordinary business of which due notice has been given in accordance with the relevant authorities.

By Order of the Board

**Datin Rizana Mohamad Daud**  
(LS 08993)  
Company Secretary

**Asbanizam Abu Bakar**  
(LS 06958)  
Assistant Company Secretary

Kuala Lumpur  
8 November 2006

### Explanatory Note on Item 6 of the Agenda

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

Ordinary Resolution 8 (under item 6 above), if passed, will give the Directors of the Company, from the date of this General Meeting, an authority to issue and allot ordinary shares from the unissued capital of the Company for the time being for such purposes as the Directors consider would be in the interest of the Company. This authority will, unless earlier revoked or varied by the Company in a general meeting, expire at the next annual general meeting.

### Notes

- 1 A member entitled to attend and vote at the Annual General Meeting is entitled to appoint any person or persons, whether a member or not, as his/her proxy or proxies to attend and vote in his/her stead. Where a member appoints two (2) or more proxies, the member shall specify the proportion of the member's shareholding to be represented by each proxy.
- 2 A proxy need not be a member of the Company. A member may appoint any person to be his/her proxy without limitation.
- 3 A corporation or a corporation sole or a statutory corporation may appoint any person as its representative.
- 4 The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing and if such appointer is a corporation, corporation sole or a statutory corporation; either under its common seal or the hand of its officers or attorney duly authorised and shall be deposited together with the power of attorney (if any) under which it is signed or an office copy or notarially certified copy thereof and shall be deposited at the Registered Office, 33-1 Jalan 2/76C, Desa Pandan, 55100 Kuala Lumpur not less than forty eight (48) hours before the time for holding this General Meeting or any adjournment thereof.
- 5 The signature to the instrument appointing the proxy executed outside Malaysia must be attested by a Solicitor, Notary Public, Consul or a Magistrate.



## STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

The following are details of the Board meetings held during the financial year ended 30 June 2006 and the attendance of the Directors thereat :-

### 1. Details of Board meetings held during the financial year

Venue	Board Room, No. 32 Jalan 1/76C, Desa Pandan, 55100 Kuala Lumpur.				
Date	30/08/2005	4/10/2005	30/11/2005	27/02/2006	23/05/2006
Time	2:30 p.m.	10:00 a.m.	10:00 a.m.	10:00 a.m.	10:00 a.m.

### 2. Directors' attendance at Board meetings

Details of Directors' attendance at the above Board meetings during their tenure in office:-

Name of Directors	Appointment	Attendance
Tan Sri Dato' Tajudin Ramli	01 June 1992	5/5
Dato' Abdul Halim Abdullah	15 December 2000	4/5
Datuk Emam Mohd Haniff Emam Mohd Hussain	30 October 2001	5/5
Dato' Abdul Malek Ahmad Shazili	06 November 2003	4/5
Dato' Hj Abdul Hamid Mustapha	06 November 2003	5/5
Dato' Idrus Zainol	01 June 1992	5/5
Dato' Bistamam Ramli	15 December 2000	5/5
Mohd Shu'aib Ishak	15 December 2000	5/5
Shaifubahrim Mohd Saleh	15 December 2000	5/5
Fazlan Azri Tajudin	23 May 2006	-

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### 3. Details of Directors who are standing for re-election

The Directors who are standing for re-election at the forthcoming Fourteenth Annual General Meeting of Edaran Digital Systems Berhad are as follows:

**DATO' IDRUS ZAINOL**

*Non-Independent Non-Executive Director*

**DATO' ABDUL MALEK AHMAD SHAZILI**

*Independent Non-Executive Director*

**SHAIFUBAHRIM MOHD SALEH**

*Independent Non-Executive Director*

**FAZLAN AZRI TAJUDIN**

*Non-Independent Non-Executive Director*

The profiles of the Directors who are standing for re-election are set out on pages 8 to 11 of the Annual Report.





## CORPORATE INFORMATION

### Board of Directors

**Tan Sri Dato' Tajudin Ramli**  
*Chairman*  
*Non-Independent Non-Executive Director*

**Dato' Abdul Halim Abdullah**  
*Independent Non-Executive Director*

**Datuk Emam Mohd Haniff  
Emam Mohd Hussain**  
*Senior Independent Non-Executive Director*

**Dato' Abdul Malek Ahmad Shazili**  
*Independent Non-Executive Director*

**Dato' Hj Abdul Hamid Mustapha**  
*Independent Non-Executive Director*

**Dato' Idrus Zainol**  
*Non-Independent Non-Executive Director*

**Dato' Bistamam Ramli**  
*Managing Director*

**Mohd Shu'aib Ishak**  
*Executive Director*

**Shaifubahrim Mohd Saleh**  
*Independent Non-Executive Director*

**Fazlan Azri Tajudin**  
*Non-Independent Non-Executive Director*

### Audit Committee

**Dato' Abdul Halim Abdullah**  
*Chairman*  
*Independent Non-Executive Director*

**Datuk Emam Mohd Haniff  
Emam Mohd Hussain**  
*Senior Independent Non-Executive Director*

**Dato' Bistamam Ramli**  
*Managing Director*

**Shaifubahrim Mohd Saleh**  
*Independent Non-Executive Director*

### Company Secretary

**Datin Rizana Mohamad Daud**  
(LS 08993)

### Assistant Company Secretary

**Asbanizam Abu Bakar**  
(LS 06958)

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#### Registered Office :

No. 33-1 Jalan 2/76C  
Desa Pandan  
55100 Kuala Lumpur  
Tel : 03-9206 7381  
Fax : 03-9283 0192

#### Business Office :

No. 32 Jalan 1/76C  
Desa Pandan  
55100 Kuala Lumpur  
Tel : 03-9206 7200  
Fax : 03-9284 3531

#### Auditors:

Mea & Co. (AF : 0744)  
Suite 19.03B 19th Floor, Wisma MCA  
163 Jalan Ampang  
50450 Kuala Lumpur  
Tel : 03-2164 4992  
Fax : 03-2164 4991

#### Share Registrar :

Symphony Share Registrars Sdn Bhd  
( 378993-D )  
Level 26, Menara Multi Purpose  
Capital Square  
No. 8 Jalan Munshi Abdullah  
50100 Kuala Lumpur  
Tel : 03-2721 2222  
Fax : 03-2721 2530

#### Principal Bankers :

Malayan Banking Berhad  
Bumiputra Commerce Bank Berhad

#### Listing:

Main Board  
Bursa Malaysia Securities Berhad





## CORPORATE STRUCTURE OF EDARAN GROUP



### Edaran Digital Systems Berhad

SIDIC Technology Sdn Bhd (100%)

Edaran Komputer Sdn Bhd (100%)

MRCB Multimedia Consortium Sdn Bhd (5%)

Elitemac Resources Sdn Bhd (100%)

Edaran Communications Sdn Bhd (100%)

Advanced Communication Solutions Sdn Bhd (49%)

MIDC Technology Sdn Bhd (100%)





# BOARD OF DIRECTORS

**Tan Sri Dato' Tajudin Ramli**

*Chairman  
Non-Independent Non-Executive Director*

**Dato' Abdul Halim Abdullah**

*Independent Non-Executive Director*

**Datuk Emam Mohd Haniff Emam Mohd Hussain**

*Senior Independent Non-Executive Director*

**Dato' Abdul Malek Ahmad Shazili**

*Independent Non-Executive Director*

**Dato' Hj Abdul Hamid Mustapha**

*Independent Non-Executive Director*

**Dato' Idrus Zainol**

*Non-Independent Non-Executive Director*

**Dato' Bistamam Ramli**

*Managing Director*

**Mohd Shu'aib Ishak**

*Executive Director*

**Shaifubahrim Mohd Saleh**

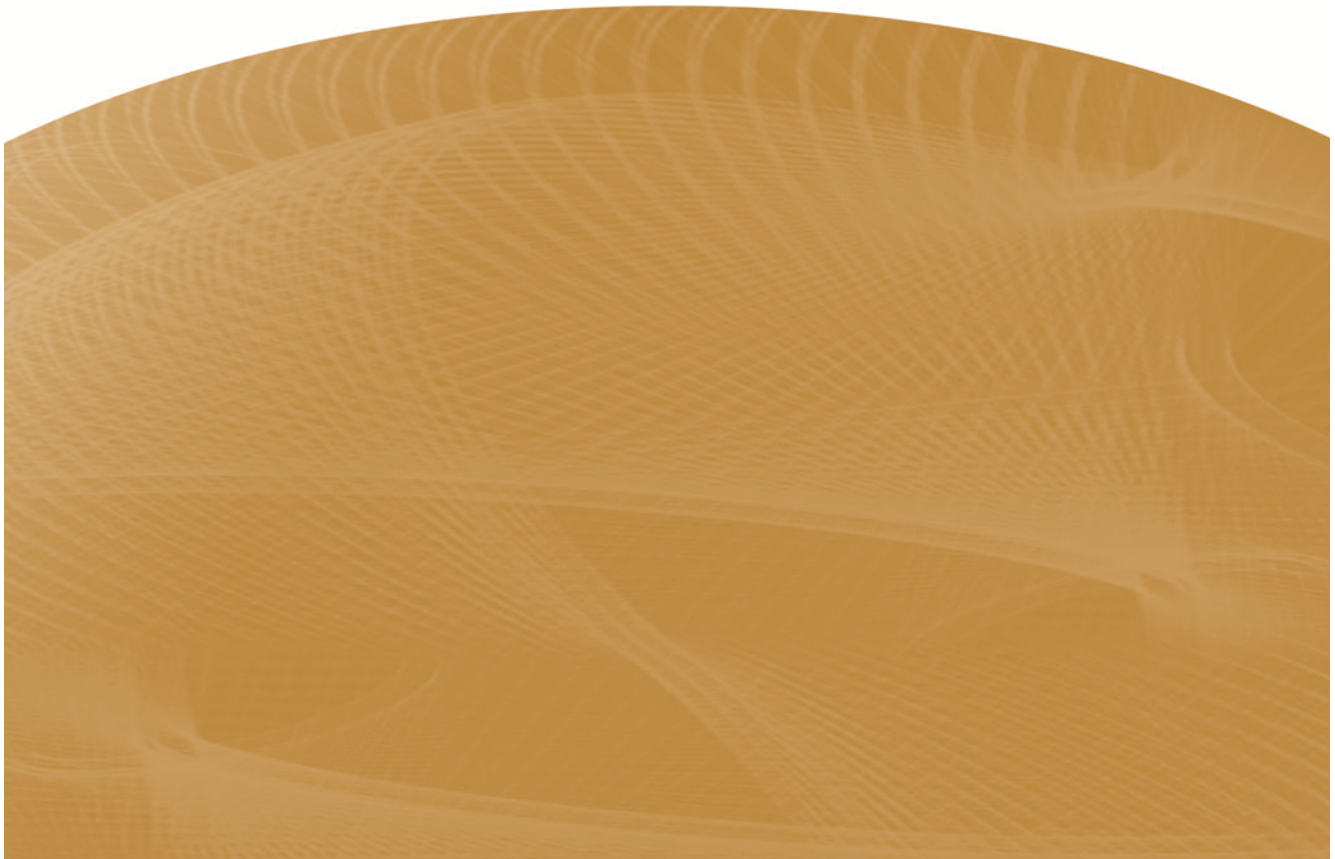
*Independent Non-Executive Director*

**Fazlan Azri Tajudin**

*Non-Independent Non-Executive Director*



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## PROFILE OF DIRECTORS

### **Tan Sri Dato' Tajudin Ramli**

*Chairman  
Non-Independent Non-Executive Director*

Tan Sri Dato' Tajudin Ramli, a Malaysian, was appointed a Director of EDARAN on 1 June 1992 and was subsequently appointed Non-Executive Chairman of the Company on 15 December 2000. On 3 October 2001, he was appointed a member of the Remuneration Committee. Aged 60, he graduated from the University of Malaya with a Bachelor of Economics degree and has been involved in various industries, the more significant of which are telecommunications, transportation and tourism.

### **Dato' Abdul Halim Abdullah**

*Independent Non-Executive Director*

Dato' Abdul Halim Abdullah, a Malaysian, was appointed to the Board of EDARAN on 15 December 2000. He was appointed Chairman of the Audit and Nominating Committees on 3 October 2001 and was subsequently appointed Chairman of the Remuneration Committee on 27 May 2004. Aged 60, Dato' Abdul Halim holds a Bachelor of Arts (Hons) degree from the University of Malaya. He has served in various government departments and his last position was as the State Secretary of Penang (1992-1994). In 1994, after his retirement from government service, Dato' Abdul Halim was appointed Executive Director of Technology Resources Properties Sdn Bhd until 8 June 2000.

### **Datuk Emam Mohd Haniff Emam Mohd Hussain**

*Senior Independent Non-Executive Director*

Datuk Emam Mohd Haniff Emam Mohd Hussain, a Malaysian, aged 64 was appointed Director of EDARAN on 30 October 2001. He was subsequently appointed Senior Independent Non-Executive Director and a member of the Audit Committee on 22 August 2002. Datuk Emam Mohd Haniff obtained his Bachelor of Arts (Hons) degree from the University of Malaya in 1966. He was assigned to the Ministry of Foreign Affairs and had served in various capacities both at home and in Malaysian diplomatic missions overseas. In the later years of his service, Datuk Emam Mohd Haniff was appointed the Malaysian Ambassador to Pakistan (1983-1986), Ambassador to Philippines (1987-1991) and the High Commissioner to Singapore (1992-1997). He retired from government service in 1997 after attaining the age of 55.





## PROFILE OF DIRECTORS

### **Dato' Abdul Malek Ahmad Shazali**

*Independent Non-Executive Director*

Dato' Abdul Malek Ahmad Shazili, a Malaysian, aged 59, was appointed a Director of EDARAN on 6 November 2003 and was subsequently appointed Chairman of the Risk Management Committee on 27 May 2004. He holds a Bachelor of Arts (Hons) degree from the University of Malaya and a Master's Degree in Public Administration from the American University, Washington D.C. Dato' Abdul Malek has served Pos Malaysia Berhad in various capacities since 1972 until his retirement as the Chief Executive Officer in 2002.

### **Dato' Hj Abdul Hamid Mustapha**

*Independent Non-Executive Director*

Dato' Hj Abdul Hamid Mustapha, a Malaysian, aged 60, was appointed to the Board of EDARAN on 6 November 2003 and was subsequently appointed a member of the Remuneration Committee on 27 May 2004. He graduated with a Bachelor of Arts degree from the University of Malaya in 1971. Dato' Hj Abdul Hamid has served the Royal Malaysian Police Force in various capacities since 1971 until his retirement as the Commissioner of Police, Director of Public Order and Internal Security in 2002.

### **Dato' Idrus Zainol**

*Non-Independent Non-Executive Director*

Dato' Idrus Zainol, a Malaysian, was appointed to the Board of EDARAN on 1 June 1992. Dato' Idrus was appointed member of the Remuneration and Nominating Committees on 3 October 2001. Aged 62, he is also the Executive Chairman and Chief Executive Officer of Cendanasari Insurance Brokers Sdn Bhd.



## PROFILE OF DIRECTORS

### **Dato' Bistamam Ramli**

#### *Managing Director*

Dato' Bistamam Ramli, a Malaysian, was appointed a Director of EDARAN on 15 December 2000. He was subsequently appointed a member of the Audit Committee on 15 August 2001. On 1 June 2004, he was appointed the Managing Director of EDARAN and Chief Executive Officer of Edaran Komputer Sdn Bhd. Dato' Bistamam also sits on the Board of Audit, Remuneration and Risk Management Committees. Aged 44, he is a Fellow Member of the Chartered Association of Certified Accountants. Dato' Bistamam was previously attached to Celcom (Malaysia) Berhad, Technology Resources Industries Berhad, Bank Negara Malaysia and Ernst & Young.

### **Mohd Shu'aib Ishak**

#### *Executive Director*

Mohd Shu'aib Ishak, aged 47, was appointed the Executive Director of EDARAN on 15 December 2000. He was subsequently appointed Chief Executive Officer of Sidic Technology Sdn Bhd on 8 June 2005. Mohd Shu'aib, a Malaysian, obtained his degree in Electrical Engineering from the University of Technology Malaysia. He has more than 20 years experience in the telecommunications industry since his employment with Jabatan Telekom Malaysia in 1982. He was attached to Electroscop (M) Sdn Bhd and KYM Industries Sdn Bhd before being appointed as the General Manager cum Director of Edaran Communications Sdn Bhd (ECOMM) on 24 January 1991.





## PROFILE OF DIRECTORS

### **Shaifubahrim Mohd Saleh**

*Independent Non-Executive Director*

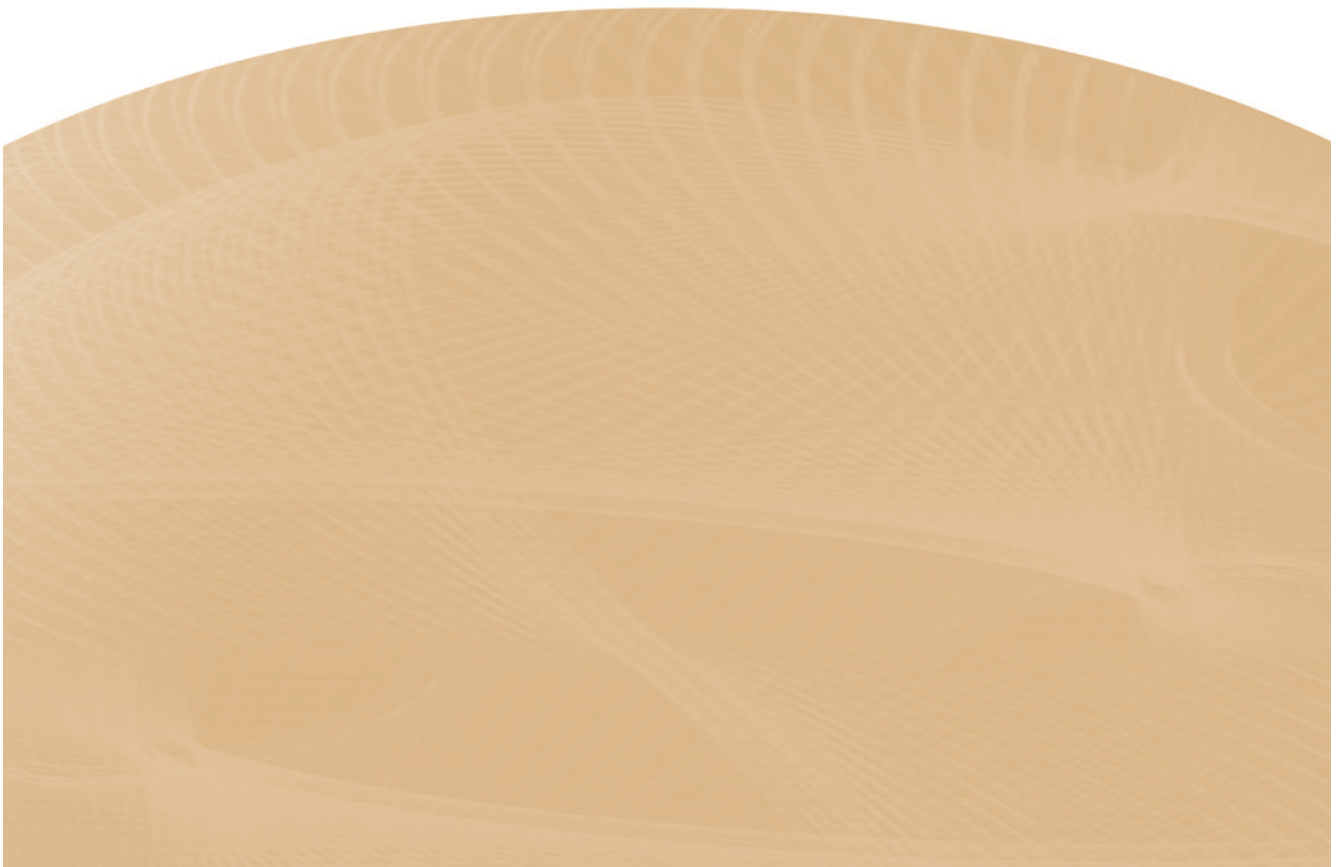
Shaifubahrim Mohd Saleh, a Malaysian, was appointed to the Board of EDARAN on 15 December 2000. He was later appointed a member of the Audit and Nominating Committees on 3 October 2001. Aged 47, Shaifubahrim holds a Bachelor of Science (Hons) degree in Computer Science and Management from the University of Science Malaysia (USM). Over the last 25 years, he was involved in the ICT industry, particularly in its development in Malaysia, Asia and the Middle East region. He has served several multinational organizations including IBM, Oracle, Logica and Data General. He was formerly the Managing Director of Cisco System (Malaysia) Sdn Bhd, Managing Director of Banyan Asia, Managing Director of Aironet Wireless Asia Pacific and Chairman of PIKOM (1997-1998). He is currently a member of Penang K-ICT Council as well as an advisor to PIKOM. Shaifubahrim is presently an Executive Director of G-Tek Electronics, a subsidiary of Multimedia Development Corporation (MDC).

### **Fazlan Azri Tajudin**

*Non-Independent Non-Executive Director*

Fazlan Azri Tajudin, aged 31, was appointed to the Board of Edaran Komputer Sdn Bhd on 29 September 1999. He holds an Engineering degree from Imperial College of Science, Technology and Medicine, London. He joined Celcom (Malaysia) Berhad in 1998. His last position in Celcom was Manager, Executive Director's Office. He sits on several private companies, including Kauthar Sdn Bhd. He is the son of Tan Sri Dato' Tajudin Ramli.

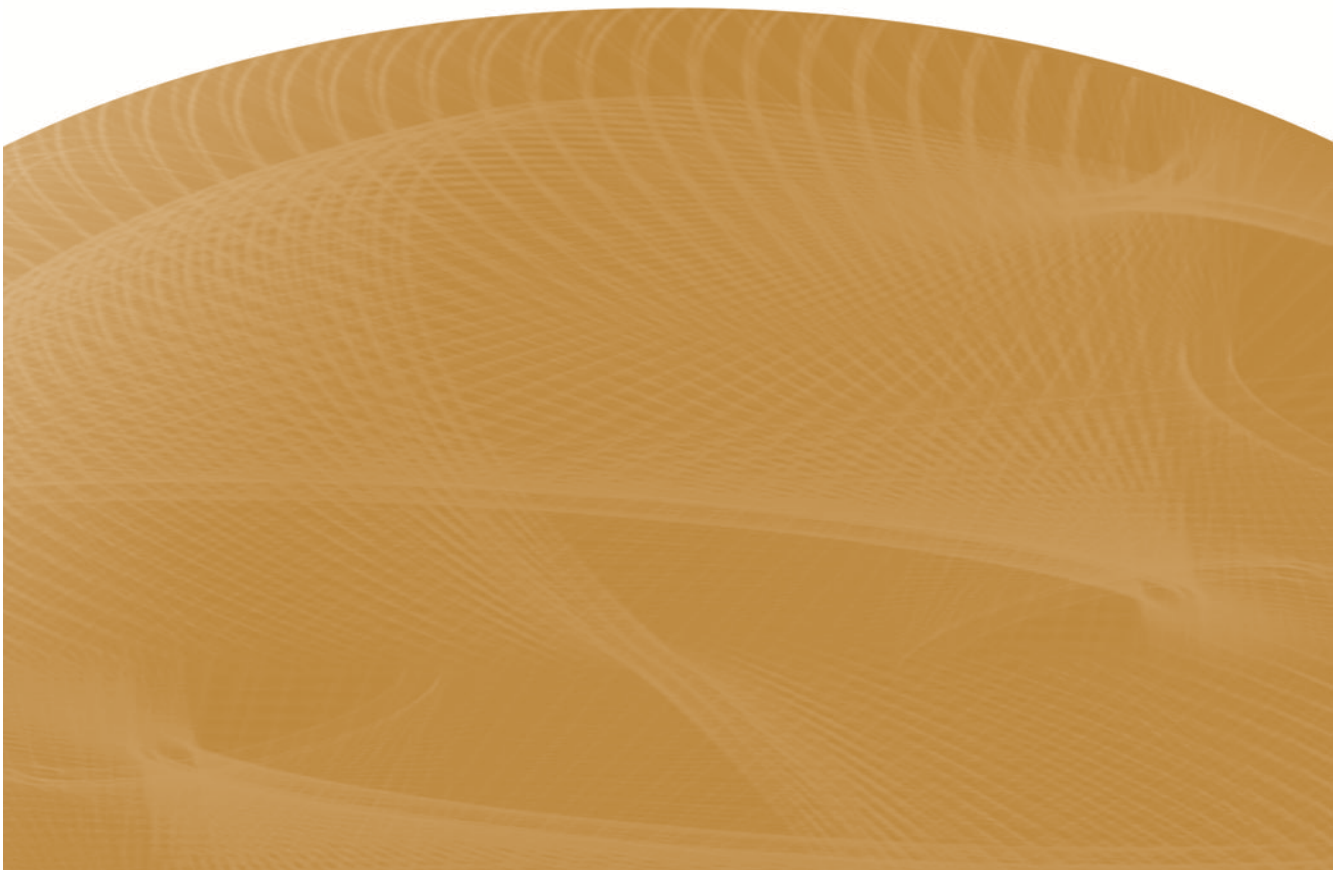






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the management team







## THE MANAGEMENT TEAM



**Dato' Bistamam Ramli**  
*Managing Director*  
*Edaran Digital Systems Berhad*

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**Mohd Shu'aib Ishak**  
*Executive Director*  
*Edaran Digital Systems Berhad*



**Md Arif Haji Hasan**  
*Chief Operating Officer*  
*Edaran Digital Systems Berhad*



## THE MANAGEMENT TEAM



**Mustafa Rawther  
Mohamed Rawther**  
*Senior General Manager  
Edaran Komputer Sdn Bhd*



**Mohd Azmi Ebni Hajar**  
*Group Human Resource &  
Administration Manager  
Edaran Digital Systems Berhad*

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**Abdul Aziz Shik Razak**  
*Customer Engineering Manager  
Edaran Komputer Sdn Bhd*

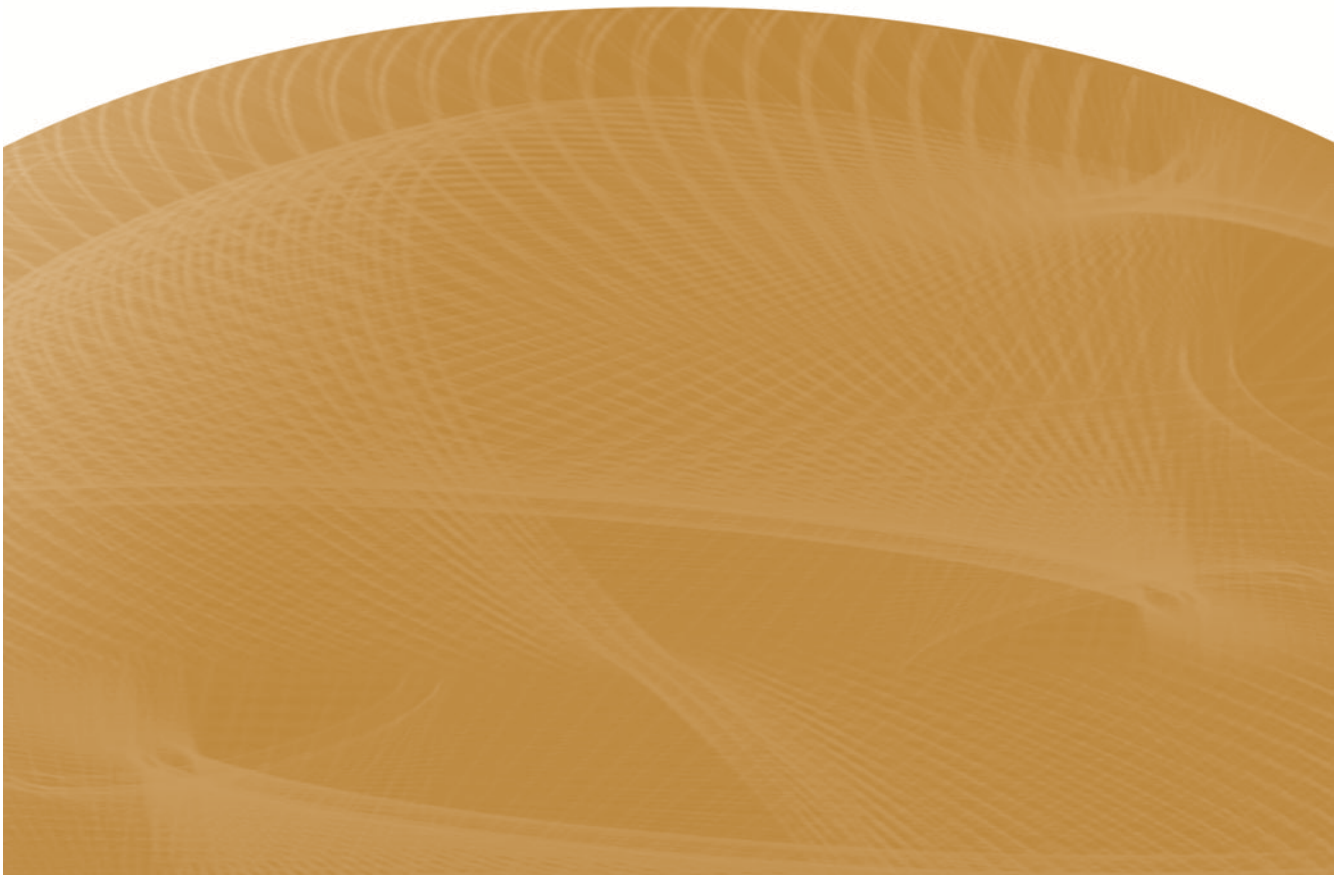


**Shamsul Selamat**  
*Services Manager  
Edaran Komputer Sdn Bhd*



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chairman's message





## MESSAGE FROM THE CHAIRMAN

### *Valued Shareholders and Partners*

*On behalf of the Board of Directors, I am delighted to have the opportunity once again to present the Annual Report and Audited Financial Statements of Edaran Digital Systems Berhad (EDARAN) for the year ended 30 June 2006.*



#### **FINANCIAL PERFORMANCE**

I am happy to share that the Group has finally turned the corner and returned to a positive financial position. The Group recorded a profit after taxation of RM508 thousand compared to a loss of RM289 thousand for the last financial year ended 30 June 2005. Group revenue reflected a decrease of 17 per cent, down from RM33.1 million to RM27.3 million. The lower revenue was however off set by higher margins and better marketing cost efficiencies as well as more prudent operational expenses.

The Group's return to a healthier financial position is primarily the result of sharper market focus and a keener eye on new business opportunities. Indeed the Board is very encouraged by the Group's improvement over the last financial year. The Board is confident that the Group will continue to show sustainable good performance as it moves forward with renewed vigour.

#### **ECONOMIC REVIEW**

EDARAN took cognisance that the financial year in review had been a difficult year and current trends in the world continue to point to more challenging economic prospects.

Notwithstanding, EDARAN has managed to rise above those challenges and made significant progress during the year in review.

#### **WIDER LATITUDES**

Over the last 20 years, the Malaysian ICT industry has grown substantially. In an established and

gradually maturing ICT environment, EDARAN has begun to explore niche markets that have higher margins and better returns. Indeed this has led EDARAN to potential new businesses outside of Malaysia.

EDARAN's initiatives in Brunei Darussalam is a beginning. In just slightly more than a year, EDARAN has made in-roads into the Brunei government and has begun to establish itself as a reputable partner. EDARAN works closely with the Brunei government sector in their efforts to upgrade their IT environment. I am happy to share that EDARAN's track record and commitment has made a good impression on all those with whom EDARAN works or partners.

Indeed, EDARAN's early success in Brunei points towards more promising developments. In an industry that pervades all geographical boundaries, EDARAN's ability to export and transfer its experience and expertise, holds tremendous potential in countries which need to further enhance their level of ICT development.

EDARAN recognises that Brunei is an ideal base to optimise opportunities that present themselves within the South East Asian region.

#### **NEW GROWTH AREAS**

The Group's strategic business development efforts have continued to seek out potential growth areas both within Malaysia and outside the country. The Group's sound reputation and track record in providing superior customised ICT solutions and services provide EDARAN the platform to explore various growth sectors including the banking,



education and health sectors. These sectors present fresh opportunities as they develop to meet the needs of today's lifestyle.

To that end, the Group will focus on the development of customised solutions and systems that will be able to support the IT requirements of these growth sectors.

### **OUTLOOK AND PROSPECTS**

Prospects for the Group continue to look promising for the mid to longer term future. EDARAN has chosen to exercise a more strategic and selective approach where new businesses and markets are concerned.

At the same time EDARAN will continue to maintain a strong foothold on its core and traditional business of systems integration and maintenance as well as the development and implementation of smart solutions. Whatever the area or sector the Group involves itself in, we recognise that the Company shall ultimately be judged by the level of commitment and dedication of our people to a job. To that end, we continue to place great emphasis on the development of our people. Even as EDARAN moves dynamically forward to seek a larger market share, we are conscious of the need to nurture the trusted relationships built over the years with our valued customers. We guard jealously the Group's hard earned reputation of excellent personalised, customised and reliable service and seek to improve our levels of service with every new opportunity that presents itself.

### **APPRECIATION**

On behalf of the Board of Directors, I wish to thank all our valued Customers and Shareholders who have contributed to another year of success and achievement for EDARAN. I also wish to thank the Management and Staff for their

continued dedication and relentless efforts to move the company forward.

To our business partners, financiers and government authorities who have given us your support and confidence, I acknowledge your professionalism and thank you for your trust.

And last but not least, to my fellow Board members, my gratitude and sincere thanks for giving EDARAN the benefit of your commitment, wisdom and guidance over the year.



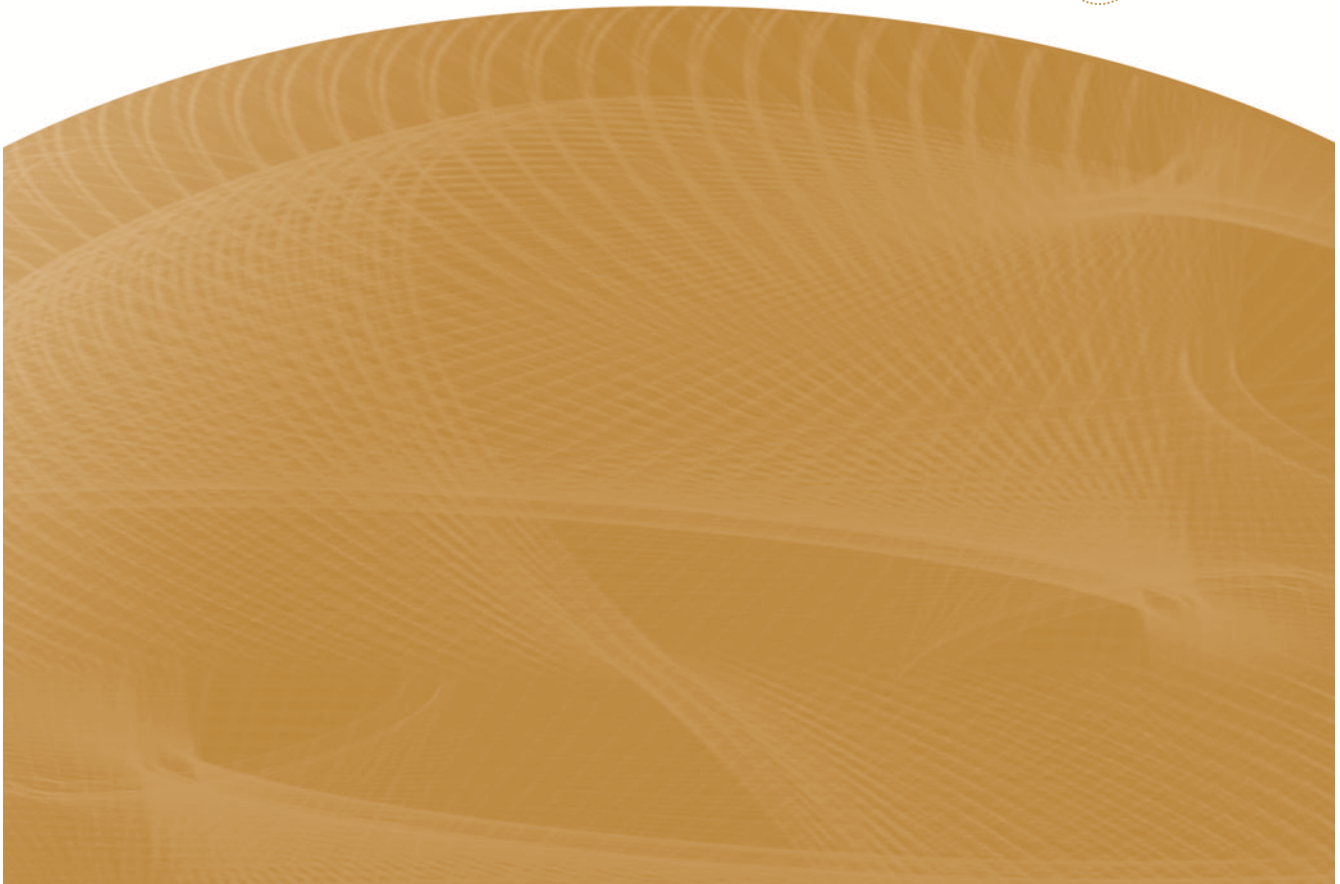
**Tajudin Ramli**  
Chairman





annual report 2006

operations review





## OPERATIONS REVIEW

### EDARAN DIGITAL SYSTEMS BERHAD

Edaran Digital Systems Berhad (EDARAN) has emerged as one of Malaysia's leading companies within the information communications technology (ICT) sector over the last 20 years. EDARAN's core business activities revolve around the area of computer systems integration, the provision of smart technology solutions and maintenance and consultancy services.

Its business activities are handled through two major divisions, namely, Edaran Komputer Sdn Bhd (EKOM) and SIDIC Technology Sdn Bhd (SIDIC). EKOM's business scope revolves around the area of systems integration and maintenance while SIDIC is the smart solutions arm, focused on the provision and implementation of smart technology solutions. Between these two entities, the Group taps tangible cross synergies and cross applicable benefits that add value to customers.

### EDARAN KOMPUTER SDN BHD

Edaran Komputer (EKOM) has continued to maintain its position as a reputable provider of IT services and solutions that cater to large and medium scale projects. EKOM has built its credible track record in systems integration through servicing long term customers in the public sector, the most significant of which is Kastam Diraja Malaysia (KDRM). Over the last few years, however, EKOM has sought to broaden its business

scope while retaining its traditional hold on the areas of systems integration and maintenance.

### DOCUMENT MANAGEMENT AND WORKFLOW

EKOM's efforts to sharpen its competitiveness in the margin sensitive IT industry has seen it making positive inroads into areas that have good growth potential. These areas include document management, workflow and software development on Java, .Net and open source platforms. Together they constitute an area that is fast becoming a necessity among medium sized to large organisations.

Since its branch operations in Brunei Darussalam were set up in 2005, EKOM has been pursuing a number of tenders issued by the Brunei government who is looking at upgrading and enhancing its IT environment. EKOM is delighted to report that its Brunei office has achieved its first breakthrough with the Brunei government sector in the area of document management and workflow. The introduction of the 'Open Text' document management system into the Brunei government administration marks a significant milestone both for the Brunei government and for EKOM. 'Open Text' represents one of the world's leading and most popular document management systems and EKOM seeks to work closely with its principal to introduce the system to new customers. The progress of the Brunei initiative has been



encouraging and serves as a first step to many other possibilities in the South East Asian region.

## ISLAMIC BANKING AND TAKAFUL

EKOM has also begun to lay the foundation for another area of potential growth – Islamic banking.

Islamic banking and Takaful (Islamic insurance system) is at the threshold of its next stage of growth. The global financial sector has recognised the inevitable emergence of Islamic banking as an acceptable financial intermediation of financial services. It is not surprising that financial institutions with an interest to provide Islamic banking services have set its eyes upon Malaysia to lead the way in the creation of an efficient and comprehensive Islamic banking and Takaful system, given that Malaysia is gradually being recognised as a progressive Islamic hub for the world.

In the absence of dedicated IT systems and solutions, Islamic banking and Takaful have been subscribing to the conventional banking systems and solutions modified to suit the needs and interest of Islamic banking. Financial institutions nevertheless are in critical need of advanced IT systems and solutions that can support the development of new, enhanced Islamic banking and Takaful products. EKOM recognises these needs of the banking industry and is working with relevant partners and experts to develop systems and solutions for specific Islamic banking products within the near future. With its experience and track record of servicing complex IT infrastructures such as that of KDRM, EKOM is confident of applying its expertise in the area of financial services. EKOM sees tremendous

potential in this area and will focus much of its resources in pursuing the development of this growth sector.

## TRADITIONAL DOMAINS

While EKOM has cast its eyes on new growth areas, it will continue to maintain its presence in traditional businesses at the home front. In the financial year under review, EKOM secured a few tenders for systems integration and maintenance from existing customers such as KDRM, Universiti Teknologi Mara (UiTM), Jabatan Keselamatan dan Kesihatan Pekerjaan Malaysia (JKKP), Pembangunan Sumber Manusia Berhad (PSMB) and institutions of higher learning. Over the next financial year, EKOM will sustain efforts to pursue opportunities in the public sector both locally and within the South East Asian region with strategic and greater emphasis on higher margins and better return on investment. EKOM will seek to retain and grow its quality customers by providing value added solutions. EKOM will continue to work closely with SIDIC and tap all cross synergies SIDIC can offer, including leveraging its smart solution offerings.

## SIDIC TECHNOLOGY

SIDIC Technology (SIDIC) is the smart solutions arm of the Group. Over the last three years, SIDIC has created a niche for its smart technology products and services in the local market. Its significant involvement in the Malaysian MyKad applications programme has paved the way for the development of other smart solutions in the area of security and



user access applications.

Over the last financial year, SIDIC has been working on repackaging and standardising its products and services to reflect a more personalised and customised range of products under the SIDIC banner. SIDIC believes that like EKOM, its trademark of customised solutions and personalised services will ultimately differentiate SIDIC's offerings from those of its competitors'.

These products include the 'electronic punch card system, campus-wide time attendance and access system and a MyKad-based visitor registration system.

Efforts are also underway to develop a wider range of products relevant to the needs of the market. SIDIC's product thrust continues to be in the area of security and user convenience, features that are becoming a necessity in today's time sensitive lifestyle and workstyle. SIDIC is also aggressively pursuing niche opportunities in the ASEAN market where there is a need for customisation of security based products.

### **SKILLS TRAINING AND KNOWLEDGE UPGRADE**

In other areas of its operations, the EDARAN Group continues to pursue its goal of building a base of skilled and professional human resources. EDARAN recognises the need to keep the competency and skill level of its people ahead of the ICT knowledge and skills curve and to that end, it has involved itself regularly in relevant

skills training programmes, industry happenings and technology updates. To date, more than 95 per cent of the staff have been sent for technical, financial and personal skills training both within the country and overseas.

EKOM and SIDIC remain optimistic and confident that their core strategies are aligned to the Group's key strengths and will create positive impact on their contribution to the Group's financial performance in the coming year.





annual report 2006

## financial highlights

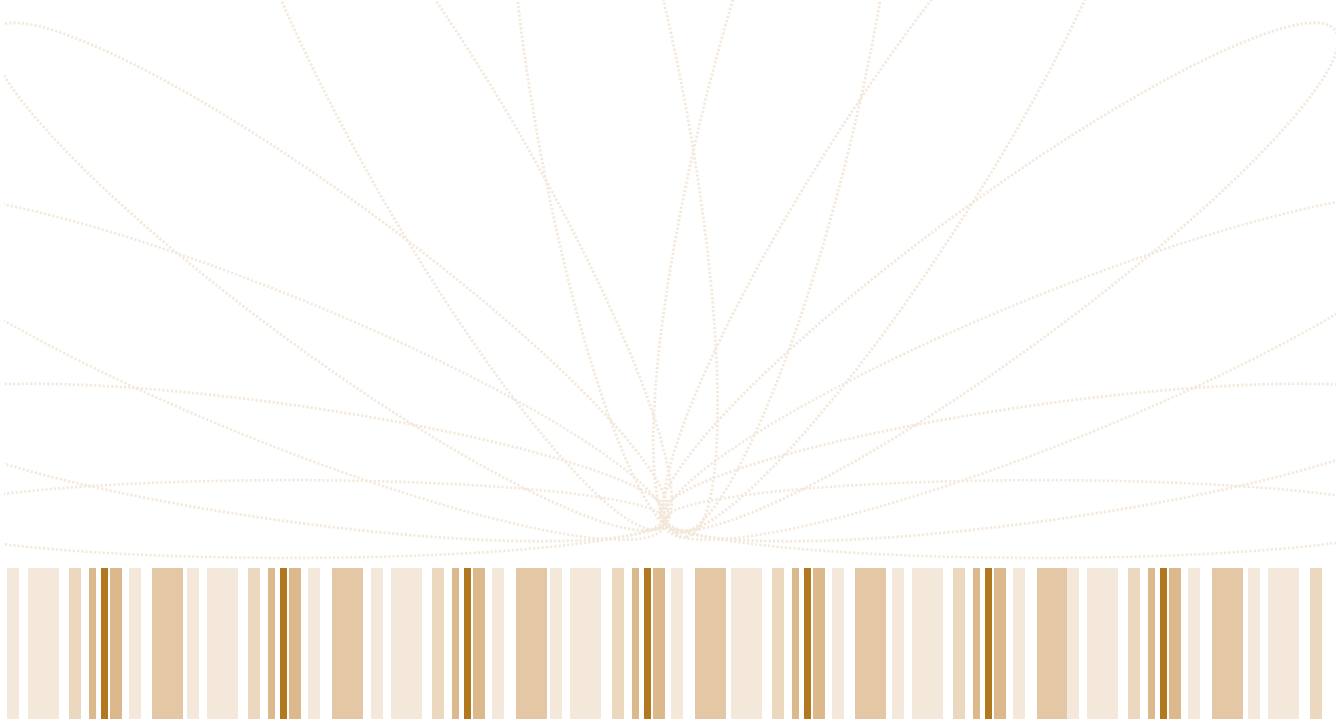




## FINANCIAL HIGHLIGHTS

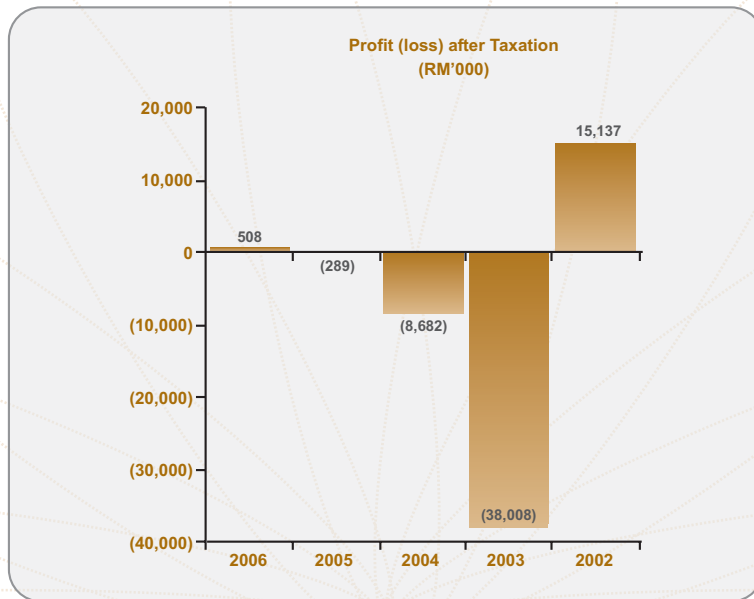
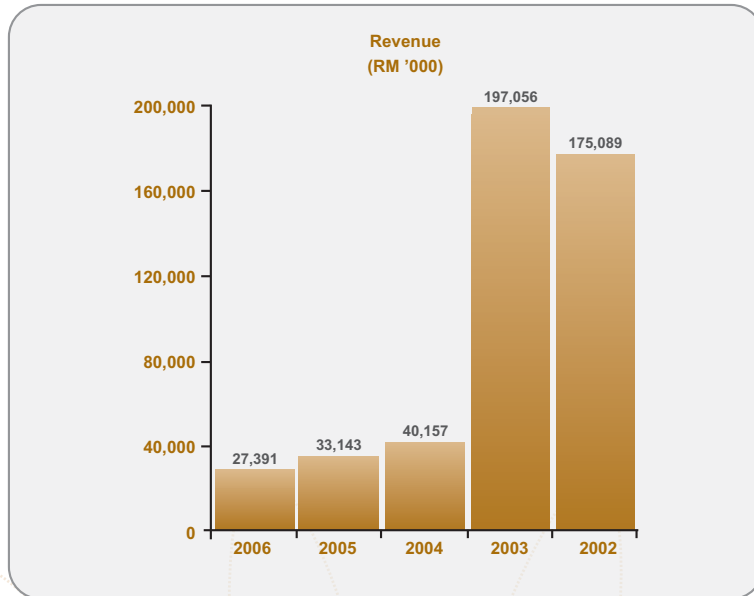
### FIVE YEARS GROUP FINANCIAL HIGHLIGHTS

	2006	2005	2004	2003	2002
<b>Income Statement</b>	<b>(RM'000)</b>	<b>(RM'000)</b>	<b>(RM'000)</b>	<b>(RM'000)</b>	<b>(RM'000)</b>
Revenue	27,391	33,143	40,157	197,056	175,089
Profit / (Loss) before taxation	508	(251)	(7,473)	(36,932)	20,990
Taxation	-	(38)	(1,209)	(1,076)	(5,853)
Profit / (Loss) after taxation	508	(289)	(8,682)	(38,008)	15,137
Net Earnings/(Loss) per share (sen)	0.85	(0.48)	(14.47)	(63.35)	25.23
Net Dividend per share (sen)	-	-	-	-	7.50
<b>Balance Sheet</b>					
Shareholders' Fund	45,963	45,455	45,744	55,330	97,838
Net Current Assets	27,397	27,047	46,850	56,010	82,999
Total Assets	61,136	63,226	82,285	172,500	233,267
Long Term Debts	2,453	3,121	24,153	25,119	1,298
Net Assets per share (sen)	0.77	0.76	0.76	0.92	1.63



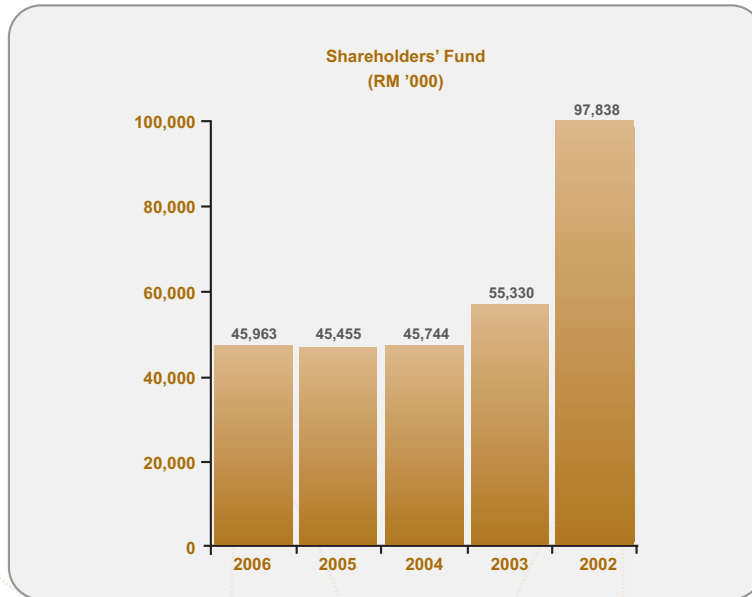


## FINANCIAL HIGHLIGHTS

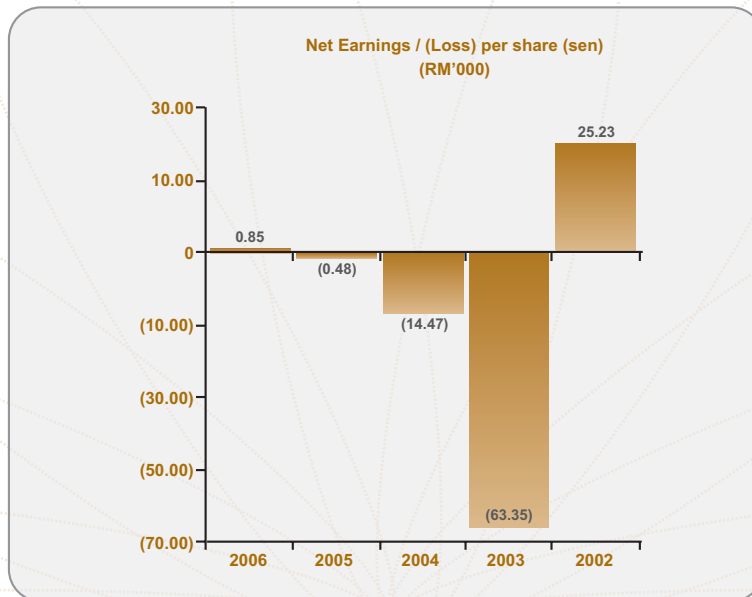




## FINANCIAL HIGHLIGHTS



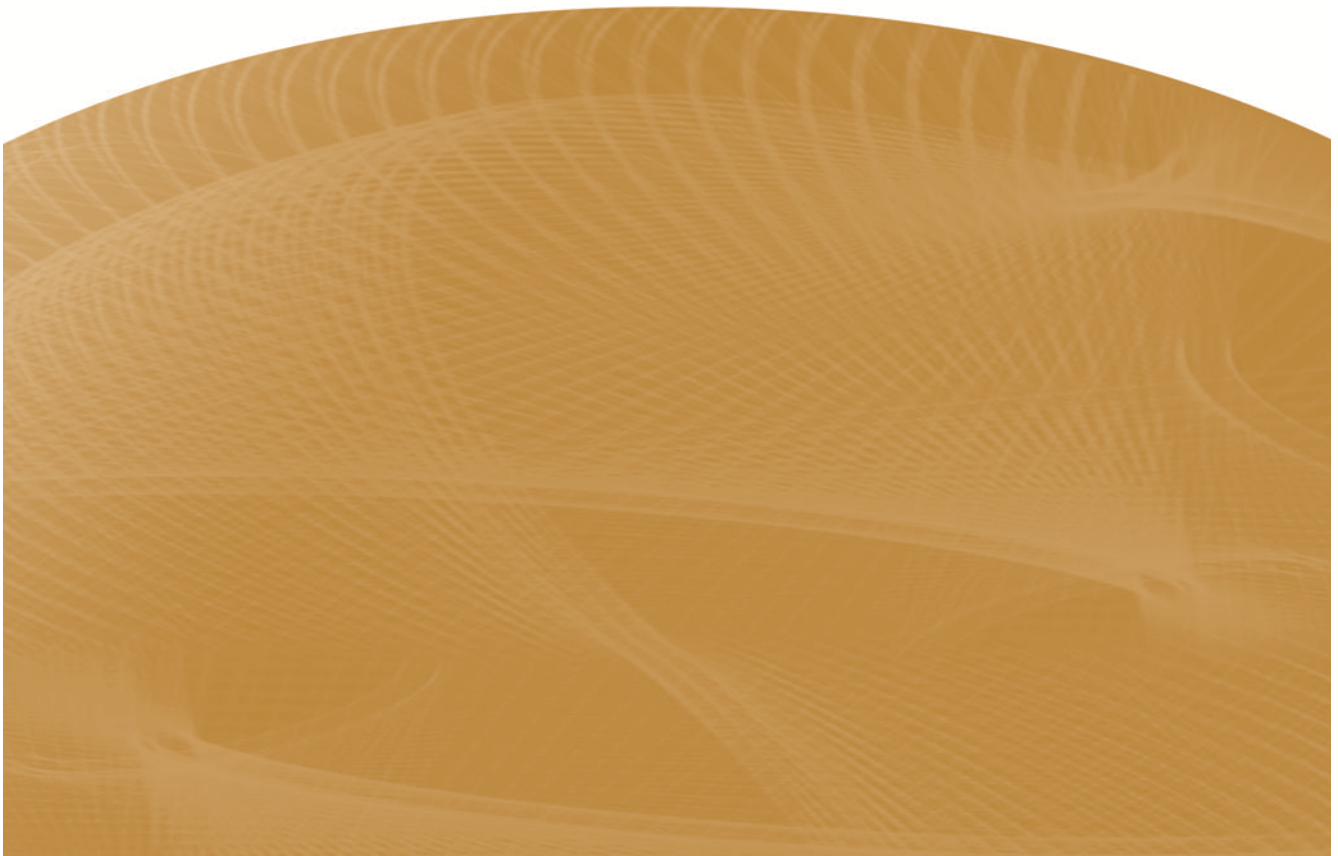
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annual report 2006

- **statement on corporate governance**
- **audit committee report**
- **statement on internal control**
- **additional compliance statement**





## STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors (Board) is fully committed in ensuring that the Principles and Best Practices in Corporate Governance established by the Malaysian Code on Corporate Governance (Code) are embedded and well applied to protect and enhance the interests of all stakeholders. The Board subscribes to the belief that self-regulation in tandem with observance of statutory requirements is pivotal to sound corporate governance. The Group continues to conduct its business with integrity and exercises a high level of transparency and objectivity.

### 1. BOARD OF DIRECTORS

#### Composition of the Board

The Group continues to have a strong and experienced Board, comprising members from a wide variety of background with suitable qualifications and experience relevant to the business. The profiles of the Directors set out in the Corporate Information of this Annual Report, reflect clearly, the depth and diversity in expertise to allow for an independent and objective analysis of business decisions.

The Board currently has ten (10) members, two (2) of whom are Executive Directors. There are eight (8) Non-Executive Directors, five (5) of whom are Independent. The Independent Directors, fulfill their roles by exercising independent judgment and objective participation in the deliberations of the Board. The Board is headed by a Non-Executive

Chairman whose role is clearly differentiated from that of the Managing Director, to ensure a balance of power and authority.

In accordance with the requirements of the Code, Datuk Emam Mohd Haniff Emam Mohd Hussain has been appointed as the Senior Independent, Non-Executive Director to assist the Board with concerns regarding the Group where it could be inappropriate for these to be dealt with by the Chairman or the Executive Directors.

#### Duties and Responsibilities of the Board

The Board has diligently carried out its responsibilities for the policies and general affairs while retaining full and effective control of the Group. This includes responsibility for the examination and deliberation of the medium and long-term strategies proposed by the management as well as strategies for the development of the Group. The Board's other main duties include regular reviews of the business operations and performance and ensuring that the infrastructure, internal controls and risk management process are well in place. The Board approves the Group's annual business plan and budget and carries out periodic reviews of the progress made by various units of the Group.

#### Board Meetings and Supply of Information

Board meetings are held regularly, at least





## STATEMENT ON CORPORATE GOVERNANCE

once every quarter where reports on the financial and operational performance are tabled for review. The Board also evaluates corporate proposals that may give significant financial impact to the Group such as capital expenditure and acquisitions or disposals of assets. During the financial year ended 30 June 2006, the Board held five (5) meetings. The details of the Directors' attendance are laid out in the Statement Accompanying Notice of Annual General Meeting.

The agenda for every Board meeting, together with comprehensive management reports are furnished to all Directors for their perusal well in advance of the meeting date. This gives the Directors ample time to review matters to be deliberated at the Board meeting and to facilitate informed decision-making.

All members of the Board have ready and unrestricted access to the advice and services of the Company Secretaries. The Directors have the liberty to seek independent professional advice if so required by them. Any such request is presented to the Board for approval.

### Appointments and Re-election of Directors

The proposed appointment of new member(s) of the Board is recommended by the Nominating Committee to the Board for approval. The Nominating Committee comprises mainly of Independent, Non-

Executive Directors and its composition is as follows:

#### Chairman

**Dato' Abdul Halim Abdullah**

*(Independent, Non-Executive Director)*

#### Members

**Dato' Idrus Zainol**

*(Non-Independent, Non-Executive Director)*

**En. Shaifubahrim Mohd Saleh**

*(Independent, Non-Executive Director)*

The Nominating Committee's responsibilities are as follows:

- Recommend to the Board, technically competent persons of integrity with a strong sense of professionalism and who practise the highest standards for appointment as members of the Board of Directors, Managing Director and members of Board Committees.
- Review the Board structure and balance of appointments between Executive and Non-Executive Directors.
- Review the adequacy of the Committee structures of the Audit, Nominating, Remuneration and other Board Committees.
- Review, on an annual basis, the required mix of skills and experience







## STATEMENT ON CORPORATE GOVERNANCE

and other qualities, including core competencies which Non-Executive Directors should bring to the Board.

- Carry out the process endorsed by the Board for assessing the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each individual Director.

The Articles of Association states that at each Annual General Meeting (AGM), one-third of the Directors are required to retire from office. All Directors shall retire from office at least once in every three (3) years and shall be eligible for re-election.

### Directors' Training

All Directors have attended the Mandatory Accreditation Programme (MAP) and the Continuous Education Programme (CEP) prescribed by the Bursa Malaysia Securities Berhad (Bursa Securities).

### Committees Established by the Board

The Board has established Board Committees to assist the Board. The functions and terms of reference of the Board Committees as well as the authority delegated by the Board to these Committees are clearly defined. The Board may determine such other responsibilities from time to time.

The Committees are as follows:

- **Audit Committee**  
The terms of reference of the Audit Committee are set out in the Audit Committee Report.
- **Nominating Committee**  
The terms of reference of the Nominating Committee are set out in the section 'Appointments and Re-election of Directors' in this Statement on Corporate Governance.
- **Remuneration Committee**  
The terms of reference of the Remuneration Committee are set out in the section 'Directors' Remuneration' in this Statement on Corporate Governance.
- **Risk Management Committee**  
The main function of the Risk Management Committee is to assist the Board in its supervisory role in the management of risks covering external and strategic risks, customer and product risks, regulatory and financial risks, people, operations and internal process risks. The composition of the Risk Management Committee is as follows:





## STATEMENT ON CORPORATE GOVERNANCE

### Chairman

**Dato' Abdul Malek Ahmad Shazili**  
*(Independent, Non-Executive Director)*

### Members

**Dato' Bistamam Ramli**  
*(Managing Director)*

**En. Mohd Shu'aib Ishak**  
*(Executive Director)*

**En. Fazlan Azri Tajudin**  
*(Non-Independent, Non-Executive Director)*

**En. Md Arif Hj Hasan**  
*(Chief Operating Officer)*

**En. Abdul Shukri Abdullah**  
*(Director, EKOM)*

**En. Mustafa Rawther Mohamed Rawther**  
*(Senior General Manager, EKOM)*

The terms of reference of the Risk Management Committee include:

- Developing a risk management framework.
- Identifying the Group's key business risks.
- Developing and implementing mitigating action plans.
- Coordinating and monitoring the effectiveness of the Group's risk management activities.

## 2. DIRECTORS' REMUNERATION

### Level and Make-Up of Remuneration

The Executive Directors' remuneration consists of salary, allowance, bonus and other customary benefits as deemed appropriate. The Non-Executive Directors' remuneration consists of annual flat fees as a Board member and allowance for attendance of meetings. The Directors' remuneration is disclosed in Note 20 of the Financial Statements.

The Remuneration Committee carries out annual reviews whereupon recommendations are submitted to the Board on the level and make-up of remuneration. This is to ensure that the remuneration policy remains competitive and in tandem with the corporate objectives, culture and strategy. The Remuneration Committee is mainly made up of Non-Executive Directors whose members are as follows:

### Chairman

**Dato' Abdul Halim Abdullah**  
*(Independent, Non-Executive Director)*

### Members

**Tan Sri Dato' Tajudin Ramli**  
*(Non-Independent, Non-Executive Director)*

**Dato' Idrus Zainol**  
*(Non-Independent, Non-Executive Director)*

**Dato' Hj Abdul Hamid Mustapha**  
*(Independent, Non-Executive Director)*

**Dato' Bistamam Ramli**  
*(Managing Director)*



## STATEMENT ON CORPORATE GOVERNANCE

The Remuneration Committee's responsibilities are as follows:

- Establish a formal and transparent policy and procedure for executive remuneration and the remuneration packages of individual Directors.
- Consider and recommend the level and make-up of the remuneration of the Executive Directors.
- Review all benefits and entitlements of the Board of Directors on a regular basis.

The determination of the remuneration packages for Non-Executive Directors is a matter for the Board as a whole. Fees payable to Non-Executive Directors are recommended by the Board for shareholders' approval at the AGM. The Executive Directors play no part in the decisions made on their remuneration.

### 3. COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

#### Investor Relations

The Board acknowledges the need for shareholders to be informed of all material business matters affecting the Group. Timely releases of financial results on a quarterly basis provide the shareholders with an overview of the Group's performance and operations. In addition, information is also available through

the various announcements made during the year and through circulars, if necessary.

The AGM is the principal forum for dialogue with shareholders. At each AGM, the Board presents the progress and performance of the business and shareholders are encouraged to participate in the Question and Answer (Q&A) session. Where appropriate, the Board will provide the shareholder with a written answer.

For the re-election of Directors, the Board ensures that full information is disclosed in notices of meeting regarding Directors who are retiring and who are willing to serve if re-elected.

Each item of special business included in the notice of the meeting will be accompanied by an explanatory statement of the effects of the proposed resolution to facilitate the full understanding and evaluation of issues involved.

### 4. ACCOUNTABILITY AND AUDIT

#### Financial Reporting

The Board aims to present a balanced, clear and meaningful assessment of the Group's financial position and prospects in all their reports to shareholders, investors and regulatory authorities. The Audit Committee assists the Board in scrutinising information for disclosure to ensure accuracy, adequacy and completeness. The Statement by Directors pursuant to Section 169 of the Companies Act,





## STATEMENT ON CORPORATE GOVERNANCE

1965 is set out in the Financial Statements of this Annual Report.

### Internal Controls

The Board has overall responsibility for maintaining a system on internal controls that provides reasonable assurance of effective and efficient operations and compliance with Standard Operating Procedures and other internal guidelines. The Statement on Internal Control, which is set out in this Annual Report, provides an overview of the risk management process as well as the manner by which the internal control systems have been designed to manage risks and avert failures.

### Relationship with External Auditors

The role of the Audit Committee in relation to the external auditors may be found in the Audit Committee Report. The Group maintains a transparent relationship with its external auditors.

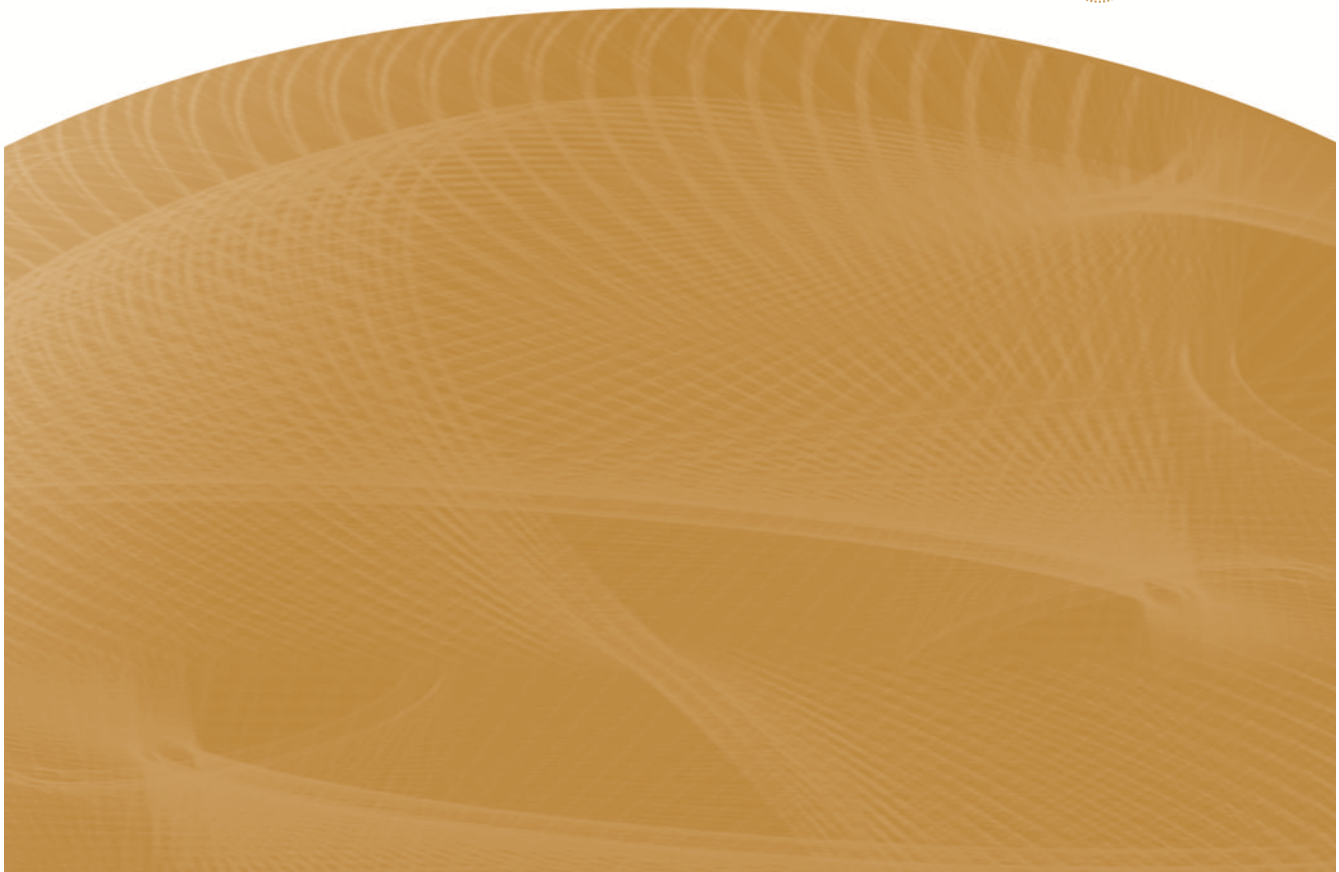




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- **Dato' Abdul Halim Abdullah**  
*Chairman / Independent, Non-Executive Director*
- **Datuk Emam Mohd Haniff Emam Mohd Hussain**  
*Member / Senior Independent, Non-Executive Director*
- **Dato' Bistamam Ramli**  
*Member / Managing Director*
- **En. Shaifubahrim Mohd Saleh**  
*Member / Independent, Non-Executive Director*

**audit committee**





## AUDIT COMMITTEE REPORT

### 1. MEMBERSHIP AND ATTENDANCE

The members shall be appointed by the Board of Directors and shall consist of not less than three (3) members, a majority of whom must be Independent Directors. At least one (1) member shall be a member of the Malaysian Institute of Accountants or otherwise fulfills the criteria set out in paragraph 15.10(1) of the Bursa Securities Listing Requirements. No alternate Director shall be appointed as a member of the Audit Committee. The Chairman of the Audit Committee is to be elected amongst themselves but must be an Independent, Non-Executive Director.

The Audit Committee comprises of the following members and the details of attendance of each member at committee meetings held during the financial year 2006 are as follows:

MEMBERS	NUMBER OF COMMITTEE MEETINGS	
	HELD	ATTENDED
<b>Dato' Abdul Halim Abdullah</b> <i>Chairman / Independent, Non-Executive Director</i>	5	5
<b>Datuk Emam Mohd Haniff Emam Mohd Hussain</b> <i>Member / Senior Independent, Non-Executive Director</i>	5	5
<b>Dato' Bistamam Ramli</b> <i>Member / Managing Director</i>	5	5
<b>En. Shaifubahrim Mohd Saleh</b> <i>Member / Independent, Non-Executive Director</i>	5	5

### 2. SECRETARY

The Company Secretary and/or the Assistant Company Secretary and/or any other person as may be appointed by the Audit Committee shall be the Secretary to the Audit Committee. The minutes of meetings are circulated to the Committee members and to all other members of the Board. Alternatively, the Chairman of the Audit Committee shall present the Audit Committee Report at the earliest Board of Directors' meeting. The Audit Committee Report shall include, among others, a summary of all matters discussed in the Audit Committee meeting and the decisions and recommendations made.



## AUDIT COMMITTEE REPORT

### 3. SUMMARY OF ACTIVITIES

Five (5) Audit Committee meetings were held during the financial year:

MEETING NO.	DATE	TIME
03 - 05	30 August 2005	10:00 am
04 - 05	03 October 2005	10:00 am
05 - 05	29 November 2005	10:00 am
01 - 06	24 February 2006	09:30 am
02 - 06	22 May 2006	10:00 am

The Head of Internal Audit shall normally attend the meetings. Other Directors and employees of the Group shall attend the meetings only at the invitation of the Committee. As and when necessary, the external auditors will be invited into the meetings.

In accordance with its terms of reference, the following activities were undertaken by the Audit Committee:

- Reviewed the annual audit plan to ensure adequate scope and coverage for the year.
- Reviewed the internal audit reports, audit recommendations made and management's responses. Where appropriate, the Audit Committee has directed action to be taken by the management to rectify and improve the system of internal controls.
- Reviewed the status reports to monitor implementation of audit recommendations to ensure that all key risks and controls have been addressed.
- Reviewed the draft audited financial statements for the financial year ended 30 June 2005.
- Reviewed the draft announcements to the Bursa Malaysia on the quarterly report of the Group for the financial quarters ended 30 June 2005, 30 September 2005, 31 December 2005 and 31 March 2006.

The Audit Committee updated the Board on the issues and concerns discussed during their meetings including those raised by the external auditors and where appropriate, made the necessary recommendations to the Board.

### 4. INTERNAL AUDIT FUNCTION

The Internal Audit Department assists the Audit Committee in the discharge of its duties and responsibilities. Its main role is to undertake independent regular and systematic reviews of the system of internal controls so as to provide reasonable assurance that the system continues to operate satisfactorily and effectively.



## AUDIT COMMITTEE REPORT

A risk-based approach is used to ensure that the higher risk activities in each auditable area are audited annually.

### 5. TERMS OF REFERENCE

#### Quorum of Meeting

The majority of members present must be Independent Directors.

#### Frequency of Meeting

The Audit Committee shall have at least one (1) meeting per financial quarter.

#### Functions

The Audit Committee shall undertake the following functions and report, where necessary to the Board of Directors:

- Review with the external auditor, its audit plan.
- Review with the external auditor, its evaluation of the system of internal controls.
- Review with the external auditor, its audit report.
- Review the assistance given by the employees of the Company to the external auditor.
- Review the adequacy of the scope, functions and resources of the internal audit functions and that it has the necessary authority to carry out its work.
- Review the internal audit programme, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function.
- Review the quarterly results and year end financial statements, prior to the approval by the Board of Directors, focusing particularly on changes in or implementation of major accounting policy changes, significant or unusual events and compliance with accounting standards and other legal requirements.
- Review any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity.
- Review any letter of resignation from the external auditor of the Company.
- Review whether there is reason (supported by grounds) to believe that the Company's external auditor is not suitable for re-appointment.
- Review the external auditor's management letter and the management's response thereto.
- Review any appraisal or assessment of the performance of members of the internal audit function.
- Review any appointment or termination of senior staff members of the internal audit function.







## AUDIT COMMITTEE REPORT

- Review the appointment and remuneration of the external auditor each year and make recommendation thereon.
- To be informed of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his/her reasons for resigning, if necessary.
- Consider the major findings of internal investigations and management's response thereto.
- Consider other topics as defined by the Board of Directors from time to time.
- Provide support, as deemed necessary, to the internal audit activities.
- Recommend the nomination of a person or persons as external auditor.

### Access

The Audit Committee shall have:

- The authority to investigate any matter within its terms of reference.
- The resources, which are required to perform its duties.
- Full and unrestricted access to any information pertaining to the Group.
- Direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity.
- Independent professional or other advice, as deemed necessary.
- The rights to convene meetings with the external auditors, excluding the attendance of the Executive members of the Committee.
- To report to Bursa Malaysia Securities Berhad should the Committee opine that a matter reported by it to the Board of Directors has not been satisfactorily resolved resulting in a breach of the Bursa Securities Listing Requirements as it deems necessary.

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### Review of the Audit Committee

The Board of Directors reviews the term of office and performance of the Audit Committee and each of its members at least once every three (3) years to determine whether such Audit Committee and members have carried out their duties in accordance with their terms of reference.

### Retirement and Resignation

In the event of any vacancy in the composition of Audit Committee, the Company must fill the vacancy within three (3) months.





## STATEMENT ON INTERNAL CONTROL

The Board of Directors (Board) is responsible for the Group's system of internal controls and its effectiveness to safeguard shareholders' investment and the Group's asset. The Board has established an on-going process for identifying, evaluating and managing risks faced by the Group and this process has been in place during the year under review.

The key processes that have been established by the Board in reviewing the adequacy and integrity of the system of internal controls which provide reasonable assurance against material misstatement or loss, include the following:

- The Risk Management Committee (RMC) was established by the Board to oversee the overall management of principal areas of risk. The RMC meets regularly and subsequently reports to the Board. The functions of the RMC are set out in the Statement on Corporate Governance.
- Other committees have also been established with appropriate empowerment, including authorisation levels to ensure effective management and supervision. The delegation of authorities to these committees of the Board is subject to ongoing reviews.
- Internal procedures and limits of authority set out in the Standard Operating Procedures, which are periodically reviewed, facilitate compliance with internal controls and other regulatory requirements.

- The management provides regular and comprehensive information covering financial performance, key business indicators, staff utilisation and cash flow performance.

- The annual budget and business plan are prepared and tabled to the Board for approval.

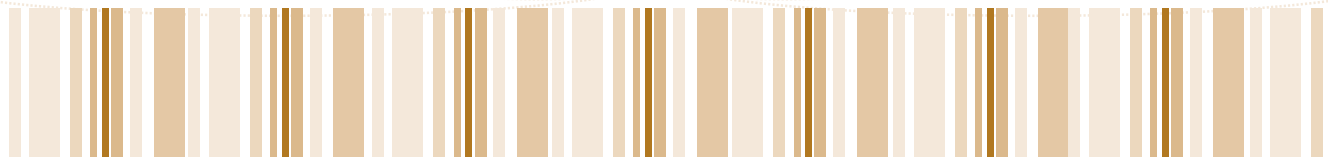
- The Board receives and reviews financial results on a quarterly basis.

- The Audit Committee reviews internal control issues identified by the Internal Audit Department and monitors compliance with procedures on a regular basis.

- There is a clearly defined framework for investment appraisals and approvals. Post implementation reviews are conducted and reported to the Board.

- The professionalism and competence of staff are maintained through a comprehensive recruitment process, performance appraisal system, training and development programmes.

The management assists the Board in the implementation of the Board's policies and procedures on risks and controls.





## ADDITIONAL COMPLIANCE STATEMENT

Para 9.25 of the Bursa Securities Listing Requirements

### 1. Directors (as at 29 September 2006)

None of the Directors has any family relationships with other Directors except for the following:

Tan Sri Dato' Tajudin Ramli is a shareholder of Kauthar Sdn Bhd, a substantial shareholder of the Company. He is related to the following directors:-

- (i) Dato' Bistamam Ramli, who is the brother of Tan Sri Dato' Tajudin Ramli, and
- (ii) En. Fazlan Azri Tajudin, who is the son of Tan Sri Dato' Tajudin Ramli.

The profiles of the respective directors are set out on pages 8 to 11 of this Annual Report.

### 2. Directors' Attendance at Board Meetings

Details of Directors' attendance at the Board of Directors meetings are laid out in the Statement Accompanying Notice of Annual General Meeting on page 4 of this Annual Report.

### 3. Offence (as at 29 September 2006)

None of the Directors has been convicted for offences within the past ten years other than traffic offences, if at all there was any.

### 4. Conflict of Interest (as at 29 September 2006)

There has been no conflict of interest between any of the Directors and the Company.

### 5. Share Buyback

During the financial year, the Company did not enter into any share buyback transactions.

### 6. Options, Warrants or Convertible Securities

There were no options, warrants or convertible securities exercised during the financial year.

### 7. American Depository Receipt ("ADR") or Global Depository Receipt ("GDR") Programme (as at 29 September 2006)

During the financial year, the Company did not sponsor any ADR or GDR programme.

### 8. Imposition of Sanctions and/or Penalties (as at 29 September 2006)

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory bodies during the financial year.





## ADDITIONAL COMPLIANCE STATEMENT

Para 9.25 of the Bursa Securities Listing Requirements

### 9. Non - Audit Fees

There were no amount of non-audit fees paid to the external auditors by the Group and the Company during the financial year ended 30 June 2006.

### 10. Variation in Results

There were no variances between the audited result and the unaudited result of the Group for the financial year ended 30 June 2006.

### 11. Profit Forecast

The disclosure requirements for explanatory notes for profit forecast are not applicable.

### 12. Profit Guarantee

During the financial year, there were no profit guarantees given by the Company.

### 13. Material Contracts

There were no material contracts entered into by the Company and its subsidiaries involving Directors' and major shareholders' interests which were still subsisting as at the end of the financial year or if not then subsisting, entered into since the end of the previous financial year.

### 14. Revaluation Policy on Landed Properties

The Company has adopted a policy of regular revaluation on its landed properties in the financial year as disclosed in Note 3(d) of the Financial Statements.

### 15. List of Properties

The list of properties is stated on pages 98 to 100 of this Annual Report.

### 16. Related Party Transactions - Para 10.09 of the Bursa Securities Listing Requirements

Details of the transactions with related parties undertaken by the Group during the period under review are disclosed in the Listing Compliance Status laid out in this statement below and Note 23 of the Financial Statements.

## LISTING COMPLIANCE STATUS

### A. Shareholding

The majority of Edaran Digital Systems Berhad (EDARAN) shares are held by Bumiputera shareholders and details of the shareholdings as at 29 September 2006 are as follows:

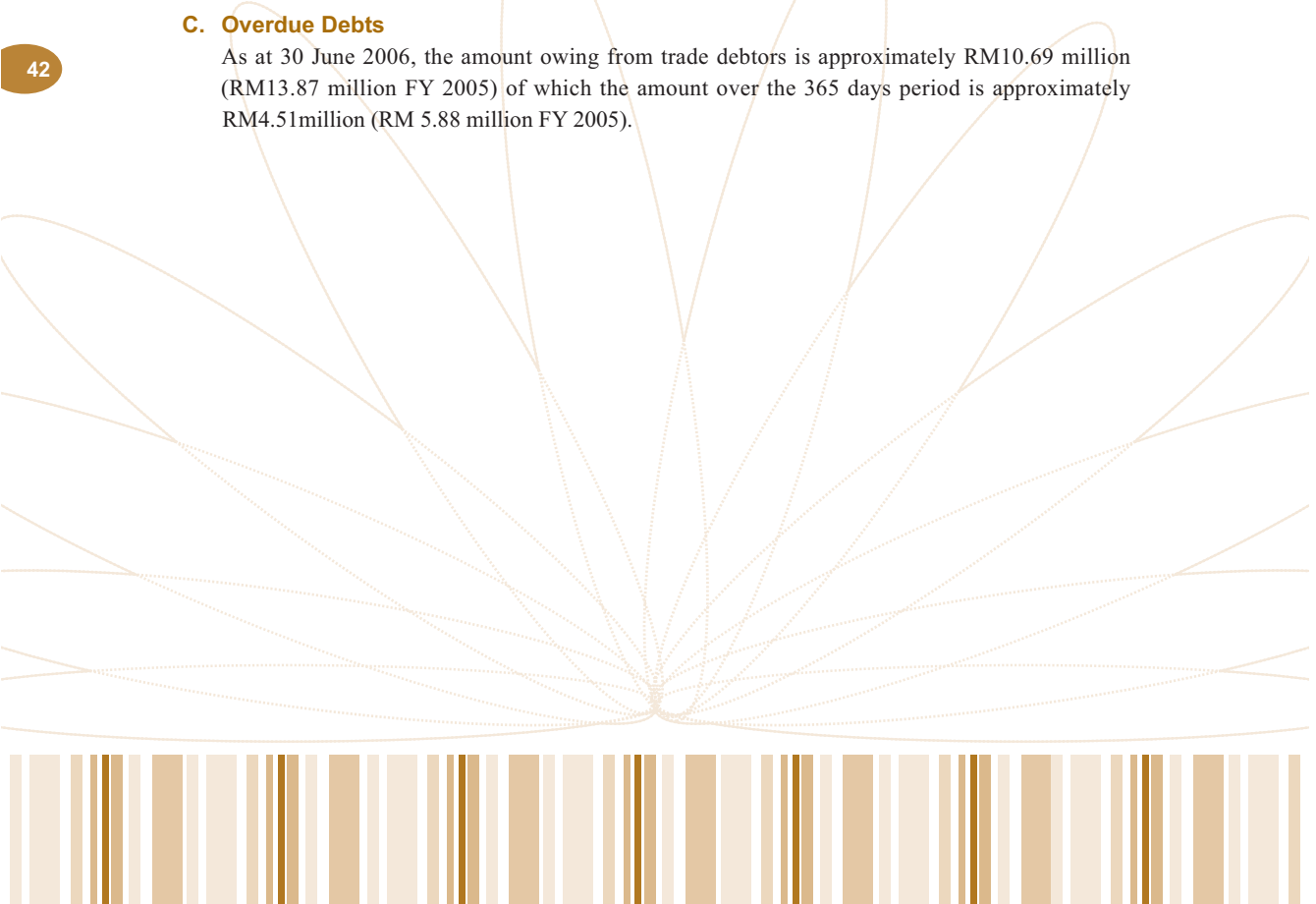
	No. of shares	% of Paid-up Capital
<b>Malaysian</b>		
~ Bumiputera	43,633,539	72.72%
~ Non-Bumiputera	16,015,561	26.70%
<b>Total Malaysian</b>		
<b>Foreign</b>	350,900	0.58%
<b>TOTAL</b>	<b>60,000,000</b>	<b>100.00%</b>

### B. Related Party Transactions

The Company has not sought any mandate from the shareholders for Recurrent Related Party Transactions ("RRPT") and has not entered into any RRPT since the last AGM.

### C. Overdue Debts

As at 30 June 2006, the amount owing from trade debtors is approximately RM10.69 million (RM13.87 million FY 2005) of which the amount over the 365 days period is approximately RM4.51million (RM 5.88 million FY 2005).





## STATEMENT ON DIRECTORS' RESPONSIBILITY IN RELATION TO THE FINANCIAL STATEMENTS

The Directors are responsible for ensuring that the annual audited financial statements of the Group are drawn up in accordance with the requirements of the applicable approved accounting standards in Malaysia, the provisions of the Companies Act, 1965 and the Bursa Securities Listing Requirements.

The Directors are also responsible for ensuring that the annual audited financial statements of the Group are prepared with reasonable accuracy so as to provide a true and fair view of the state of affairs of the Group and the Company as at the end of the financial year and of their results and cash flows for that year then ended.

In preparing the annual audited financial statements, the Directors have:

- Applied the appropriate and relevant accounting policies on a consistent basis.
- Exercised judgment and made estimates that are reasonable and prudent.
- Followed all applicable approved accounting standards in Malaysia.

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

The Directors have taken reasonable steps to safeguard the assets of the Group, prevent and detect fraud and other irregularities.

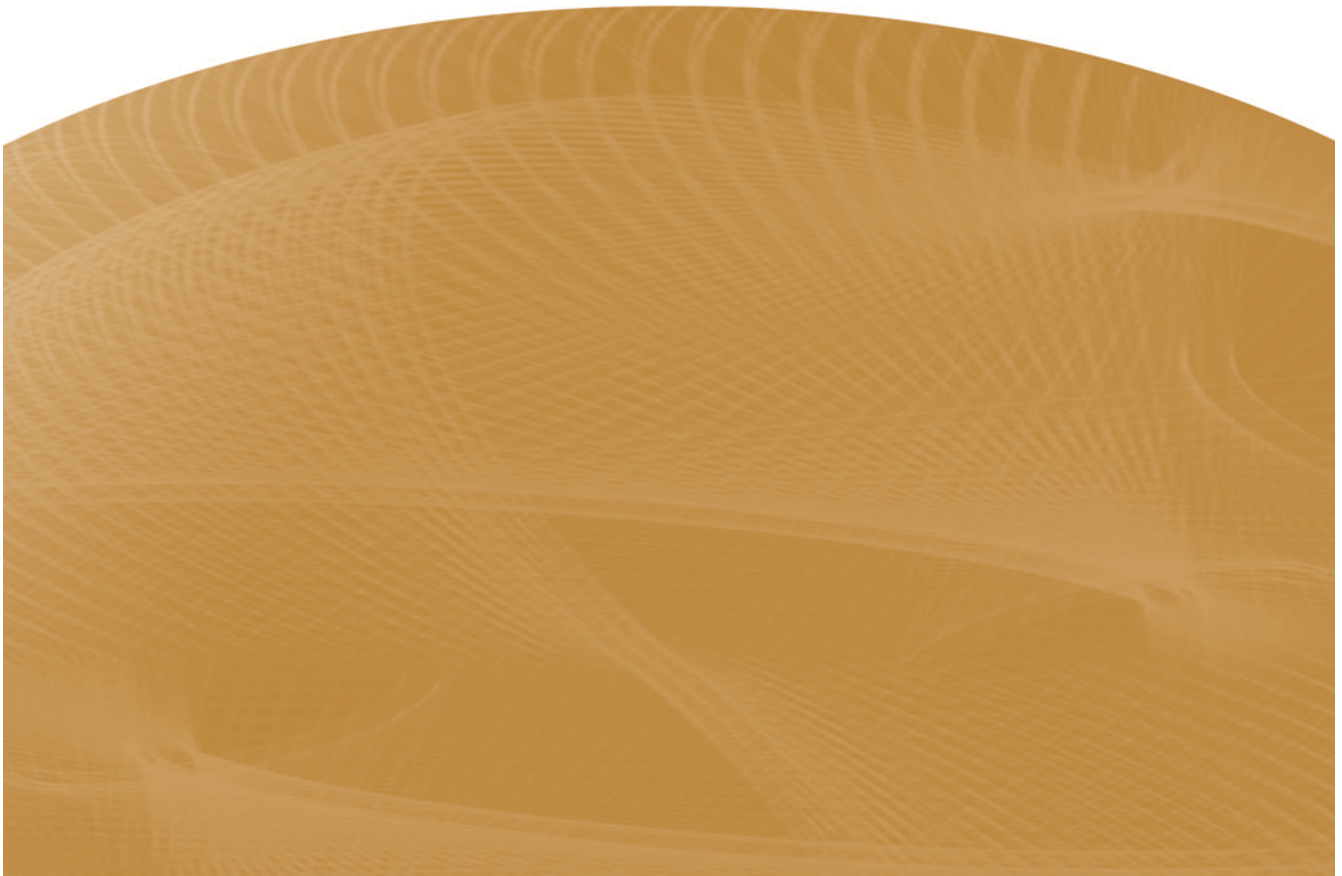






annual report 2006

**financial statements**







## DIRECTORS' REPORT

### DIRECTORS' REPORT

The directors of EDARAN DIGITAL SYSTEMS BERHAD, are pleased to submit their report and the audited financial statements of the Group and of the Company for the year ended 30 June 2006.

### PRINCIPAL ACTIVITIES

The Company is principally an investment holding company and provider of management services. The principal activities of the subsidiaries and associate are disclosed in Notes 5 and 6 to the financial statements. There has been no significant change in activities during the year.

### RESULTS OF OPERATIONS

	Group	Company
	RM	RM
<b>Net profit/(loss) for the year</b>	507,636	(816,299)

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

### DIVIDENDS

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

### RESERVES AND PROVISIONS

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

### ISSUE OF SHARES AND DEBENTURES

The Company has not issued any shares or debentures during the financial year.





## DIRECTORS' REPORT

### SHARE OPTIONS

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As at the end of the financial year, there are no unissued shares of the Company under options.

### OTHER FINANCIAL INFORMATION

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

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and are satisfied themselves that all known bad debts have been written off and adequate provision for doubtful debts have been made; and
- (b) to ensure that any current assets, which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values.

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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 provision 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; or
- (d) not otherwise dealt with in this report or financial statements which would render any amounts stated in the financial statements of the Group and of the Company misleading.





## DIRECTORS' REPORT

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 and 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 twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Group and of the Company for the succeeding financial year.

### DIRECTORS

The following directors served on the Board of the Company since the date of the last report:

**Tan Sri Dato' Tajudin Ramli**  
**Dato' Abdul Halim Abdullah**  
**Datuk Emam Mohd Haniff Emam Mohd Hussain**  
**Dato' Abdul Malek Ahmad Shazili**  
**Dato' Hj Abdul Hamid Mustapha**  
**Dato' Idrus Zainol**  
**Dato' Bistamam Ramli**  
**Mohd Shu'aib Ishak**  
**Shaifubahrim Mohd Saleh**  
**Fazlan Azri Tajudin**

**Appointed on 23.5.2006**

In accordance with the Articles of Association of the Company, Dato' Idrus Zainol, Dato' Abdul Malek Ahmad Shazili and Shaifubahrim Mohd Saleh retire under Article 101 and Fazlan Azri Tajudin retires under Article 102 at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election.





## DIRECTORS' REPORT

### DIRECTORS' INTERESTS

The shareholdings in the Company of those who were directors at the end of the financial year as recorded in the Register of Directors' shareholdings kept by the Company are as follows:

	Number of Ordinary Shares of RM1 each			
	As at 1.7.2005	Bought	Sold	As at 30.6.2006
<b>Direct Interest:</b>				
<b>Mohd Shu'aib Ishak</b>	1,421,428	-	-	1,421,428
<b>Tan Sri Dato' Tajudin Ramli</b>	2	-	-	2
<b>Dato' Idrus Zainol</b>	50,002	-	-	50,002
<b>Shaifubahrim Mohd Saleh</b>	30,000	-	-	30,000
<b>Indirect Interest:</b>				
<b>Tan Sri Dato' Tajudin Ramli (Note a)</b>	15,769,440	-	-	15,769,440
<b>Mohd Shu'aib Ishak (Note b)</b>	60,000	-	-	60,000
<b>Fazlan Azri Tajudin (Note c)</b>	32,000	-	-	32,000

**Note a:** Deemed interest by virtue of his interest in Kauthar Sdn. Bhd. which holds 15,769,440 shares in the Company.

**Note b:** Deemed interest by virtue of the shares of the Company registered in the name of his close family member.

**Note c:** Deemed interest by virtue of his interest in Fazlan & Amal Sdn. Bhd. which holds 32,000 shares in the Company.

Tan Sri Dato' Tajudin Ramli by virtue of his interest in shares in the Company is also deemed interested in shares of all the Company's subsidiaries to the extent the Company has an interest.

None of the other Directors at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.





## DIRECTORS' REPORT

### DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive any benefit (except for directors' remuneration disclosed in the financial statements) by reason of a contract made by the Company with the Director or a related corporation with a director or with a firm of which he is a member, or with a company in which he has a substantial interest.

During and at the end of the financial year, no arrangement subsisted to which the Company was a party with the object 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.

### AUDITORS

The auditors, Messrs. Mea & Co., have indicated their willingness to continue in office under the name, Messrs. Parker Randall Mea.

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

**DATO' ABDUL HALIM ABDULLAH**

**DATO' BISTAMAM RAMLI**

Kuala Lumpur  
12 October 2006





## STATEMENT BY DIRECTORS

We, **DATO' ABDUL HALIM ABDULLAH** and **DATO' BISTAMAM RAMLI**, two of the directors of **EDARAN DIGITAL SYSTEMS BERHAD**, state that in the opinion of the directors, the financial statements set out on pages 54 to 92 are drawn up in accordance with the applicable approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 June 2006 and of their results and cash flows for the year then ended.

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

**DATO' ABDUL HALIM ABDULLAH**

**DATO' BISTAMAM RAMLI**

Kuala Lumpur  
12 October 2006

### DECLARATION BY THE DIRECTOR RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF THE COMPANY

I, **DATO' BISTAMAM RAMLI**, the director responsible for the financial management of **EDARAN DIGITAL SYSTEMS BERHAD**, do solemnly and sincerely declare that the financial statements set out on pages 54 to 92, are in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the }  
abovenamed **DATO' BISTAMAM RAMLI** }  
at KUALA LUMPUR on 12 October 2006 }

**DATO' BISTAMAM RAMLI**

Before me,

HEAVEN HO THIAM KOK  
NO.W 382

Commissioner for Oaths



## AUDITORS' REPORT

### REPORT OF THE AUDITORS TO THE MEMBERS OF EDARAN DIGITAL SYSTEMS BERHAD (241644 W) (Incorporated in Malaysia)

We have audited the financial statements set out on pages 54 to 92. The preparation of the financial statements is the responsibility of the directors. Our responsibility is to express an opinion on the financial statements based on our audit.

It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility towards any other person for the content of this report.

We have conducted our audit in accordance with approved Standards on Auditing in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanations which we consider necessary to provide us with evidence to give reasonable assurance that the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence relevant to the amounts and disclosures in the financial statements. An audit also includes an assessment of the accounting principles used and significant estimates made by the directors as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

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In our opinion:

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia so as to give a true and fair view of:
  - (i) the state of affairs of the Group and of the Company as at 30 June 2006 and of their results and cash flows for the year ended on that date; and
  - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and





## AUDITORS' REPORT

- (b) the accounting and other records and 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.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the company are in form and content appropriate and proper for the purposes of preparation of the consolidated financial statements and have received satisfactory information and explanations required by us for those purposes.

Our audit reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174 (3) of the Companies Act, 1965.

**MEA & CO.**  
**AF 0744**  
**Chartered Accountants**

**MEA FATT LEONG**  
**1346/8/07 (J)**  
**Partner of the firm**

Kuala Lumpur  
12 October 2006







## CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2006

	Note	2006 RM	2005 RM
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	4	20,947,136	21,448,120
Investment in associate	6	71,143	71,143
Other investment		3	10,502
		<b>21,018,282</b>	<b>21,529,765</b>
<b>CURRENT ASSETS</b>			
Amounts due from customers on contracts	7	4,956,998	1,024,645
Trade receivables	8	10,684,644	13,866,187
Other receivables, deposits and prepayments	9	864,787	734,050
Tax recoverable		3,980,455	3,980,455
Amount due from associate	11	10,000	2,000
Deposits with licensed banks	12	18,172,766	17,817,157
Cash at bank and in hand		1,448,277	4,271,798
		<b>40,117,927</b>	<b>41,696,292</b>
<b>Less:</b>			
<b>CURRENT LIABILITIES</b>			
Amounts due to customers on contracts	7	917,569	1,018,607
Trade Payables	13	7,799,390	6,411,598
Other payables and accruals	14	2,657,825	2,156,367
Borrowings	15	1,346,051	5,062,999
		<b>12,720,835</b>	<b>14,649,571</b>
Net Current Assets		<b>27,397,092</b>	<b>27,046,721</b>
		<b>48,415,374</b>	<b>48,576,486</b>
<b>Financed by:</b>			
<b>SHARE CAPITAL</b>	17	60,000,000	60,000,000
<b>SHARE PREMIUM</b>		8,004,347	8,004,347
<b>ACCUMULATED LOSS</b>		(22,041,501)	(22,549,137)
Shareholders' Equity		<b>45,962,846</b>	<b>45,455,210</b>
<b>BORROWINGS</b>	15	2,452,528	3,121,276
		<b>48,415,374</b>	<b>48,576,486</b>





## BALANCE SHEET

AS AT 30 JUNE 2006

	Note	2006 RM	2005 RM
<b>PLANT AND EQUIPMENT</b>	<b>4</b>	186,056	317,154
<b>INVESTMENT IN SUBSIDIARIES</b>	<b>5</b>	29,000,734	25,500,734
<b>CURRENT ASSETS</b>			
Sundry receivables	<b>9</b>	34,537	43,993
Tax recoverable		232,770	232,770
Amount due from subsidiaries	<b>10</b>	26,843,462	31,351,567
Cash and bank balances		15,006	244,261
		<b>27,125,775</b>	<b>31,872,591</b>
<b>Less:</b>			
<b>CURRENT LIABILITIES</b>			
Sundry payables and accruals	<b>14</b>	260,611	228,981
Amount due to a subsidiary	<b>10</b>	18,033,310	18,600,403
Hire purchase payable	<b>16</b>	-	26,152
		<b>18,293,921</b>	<b>18,855,536</b>
Net Current Assets		8,831,854	13,017,055
		<b>38,018,644</b>	<b>38,834,943</b>
<b>Financed by:</b>			
<b>SHARE CAPITAL</b>	<b>17</b>	60,000,000	60,000,000
<b>SHARE PREMIUM</b>		8,004,347	8,004,347
<b>ACCUMULATED LOSS</b>		(29,985,703)	(29,169,404)
Shareholders' Equity		<b>38,018,644</b>	<b>38,834,943</b>



**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2006**

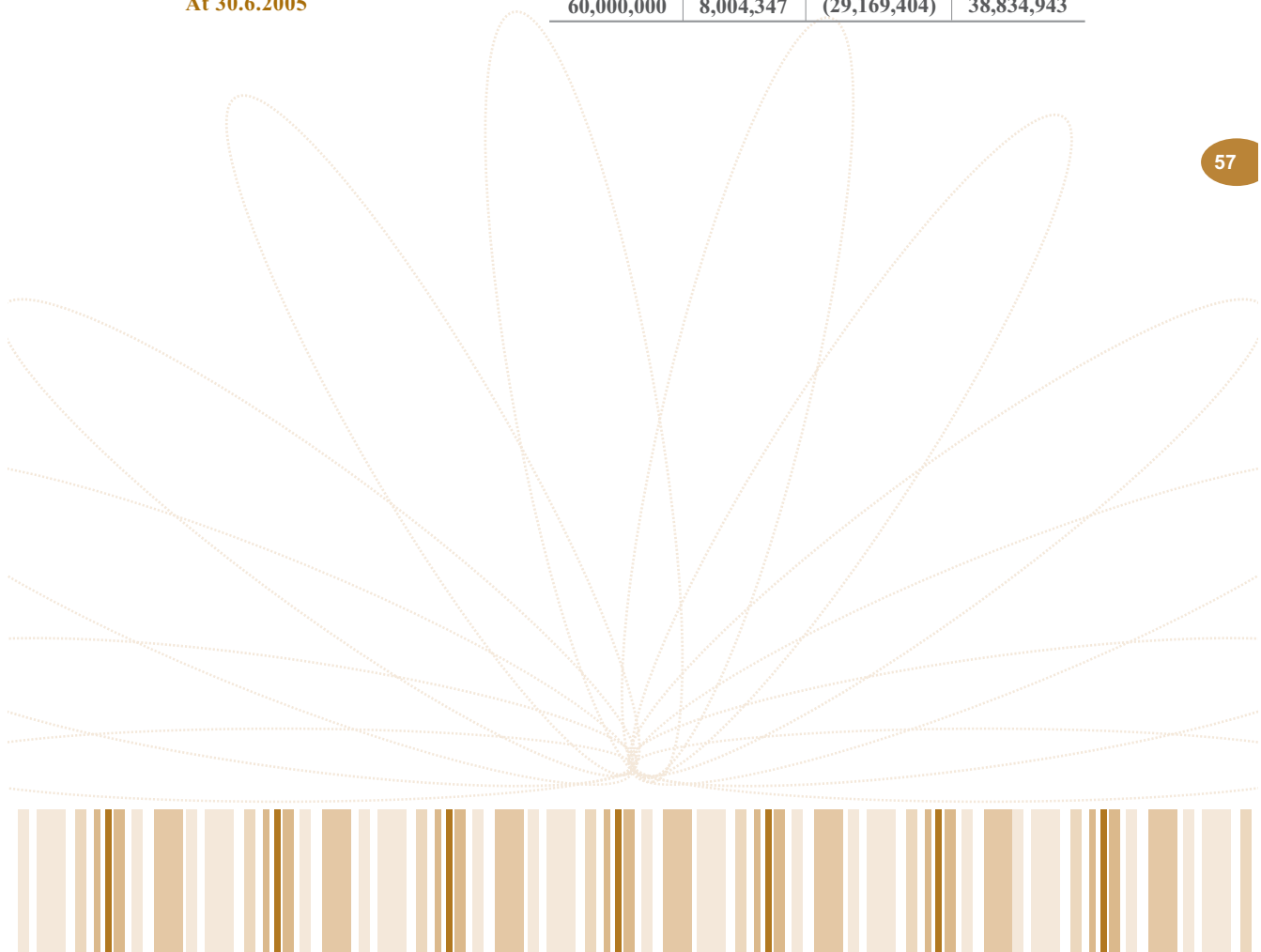
	<b>Share Capital RM</b>	<b>Share Premium RM</b>	<b>Accumulated Loss RM</b>	<b>Total RM</b>
<b>At 1.7.2005</b>	60,000,000	8,004,347	(22,549,137)	45,455,210
<b>Net profit for the year</b>	-	-	<b>507,636</b>	<b>507,636</b>
<b>At 30.6.2006</b>	<b>60,000,000</b>	<b>8,004,347</b>	<b>(22,041,501)</b>	<b>45,962,846</b>
<b>At 1.7.2004</b>				
<b>As previously reported</b>	60,000,000	8,004,347	(21,356,242)	46,648,105
<b>Prior year adjustment (Note 19)</b>	-	-	(903,684)	(903,684)
<b>As restated</b>	60,000,000	8,004,347	(22,259,926)	45,744,421
<b>Net loss for the year</b>	-	-	<b>(289,211)</b>	<b>(289,211)</b>
<b>At 30.6.2005</b>	<b>60,000,000</b>	<b>8,004,347</b>	<b>(22,549,137)</b>	<b>45,455,210</b>





**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2006**

	<b>Share Capital RM</b>	<b>Share Premium RM</b>	<b>Accumulated Loss RM</b>	<b>Total RM</b>
<b>At 1.7.2005</b>	60,000,000	8,004,347	(29,169,404)	38,834,943
<b>Net loss for the year</b>	-	-	(816,299)	(816,299)
<b>At 30.6.2006</b>	<b>60,000,000</b>	<b>8,004,347</b>	<b>(29,985,703)</b>	<b>38,018,644</b>
<b>At 1.7.2004</b>	60,000,000	8,004,347	(28,545,951)	39,458,396
<b>Net loss for the year</b>	-	-	(623,453)	(623,453)
<b>At 30.6.2005</b>	<b>60,000,000</b>	<b>8,004,347</b>	<b>(29,169,404)</b>	<b>38,834,943</b>





**CONSOLIDATED INCOME STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2006**

	Note	2006 RM	2005 RM
<b>Revenue</b>			
Contract revenue		22,157,760	28,962,324
Invoiced value of services rendered		5,233,417	4,180,575
		27,391,177	33,142,899
<b>Cost of sales</b>		(14,923,868)	(17,745,874)
<b>Gross profit</b>		12,467,309	15,397,025
<b>Other operating income</b>		933,493	2,126,872
<b>Depreciation</b>	4	(1,252,076)	(1,503,619)
<b>Staff costs</b>		(7,038,898)	(5,794,630)
<b>Other operating expenses</b>		(4,227,941)	(6,955,638)
<b>Profit from operations</b>		881,887	3,270,010
<b>Finance costs</b>		(374,251)	(3,521,201)
<b>Profit/(loss) before taxation</b>	20	507,636	(251,191)
<b>Taxation</b>	21	-	(38,020)
<b>Net profit/(loss) after taxation attributable to the group</b>		<b>507,636</b>	<b>(289,211)</b>
<b>Earnings/(loss) per share (sen)</b>	25	<b>0.85</b>	<b>(0.48)</b>



## INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2006

	Note	2006 RM	2005 RM
Revenue		648,000	648,000
Other operating income		572,065	608,163
Depreciation	4	(187,193)	(207,192)
Staff costs		(1,243,763)	(1,161,091)
Other operating expenses		(604,052)	(507,739)
Loss from operations		(814,943)	(619,859)
Finance costs		(1,356)	(3,594)
Loss before taxation	20	(816,299)	(623,453)
Taxation	21	-	-
Net loss for the year		(816,299)	(623,453)



## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2006

	2006 RM	2005 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/(loss) before taxation	507,636	(251,191)
Adjustment for non-cash items :		
Depreciation	1,252,076	1,503,619
Interest expense	374,251	3,521,201
Interest income	(479,173)	(732,567)
Impairment loss on investment in associate	-	151,177
Impairment loss on other investments	10,499	-
Gain on disposal of plant and equipment	(33,846)	(133,575)
Gain on foreign exchange	(1,136)	-
Provision for doubtful debts	2,250	1,322,781
Operating profit before working capital changes	1,632,557	5,381,445
Decrease in inventories	-	10,932
Decrease in receivables	3,049,692	4,721,556
Increase in amounts due from customers on contracts	(3,932,353)	(122,011)
(Decrease)/increase in amounts due to customers on contracts	(101,038)	550,821
Increase/(decrease) in payables	1,889,250	(2,316,394)
(Increase)/decrease in amounts due from associate	(8,000)	11,904
Cash generated from operating activities	2,530,108	8,238,253
Tax paid	-	(3,713)
Interest paid	(374,251)	(3,163,475)
Interest received	479,173	732,567
	<b>2,635,030</b>	<b>5,803,632</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(770,246)	(333,978)
Proceeds from disposal of plant and equipment	53,000	331,037
	<b>(717,246)</b>	<b>(2,941)</b>



**CONSOLIDATED CASH FLOW STATEMENT (Contd)**  
**FOR THE YEAR ENDED 30 JUNE 2006**

	<b>2006 RM</b>	<b>2005 RM</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of hire purchase payables	(364,973)	(578,448)
Repayment of term loan	(584,223)	(550,690)
Interest paid	-	(357,726)
Repayment of Murabahah medium term notes	-	(20,000,000)
(Decrease)/increase of trust receipts	(3,436,500)	4,125,000
Decrease in deposits pledged as security with licensed bank	373,907	9,393,906
	<b>(4,011,789)</b>	<b>(7,967,958)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		
	(2,094,005)	(2,167,267)
Balance at beginning of year	13,955,345	16,122,612
Balance at end of year	<b>11,861,340</b>	<b>13,955,345</b>
<b>CASH AND CASH EQUIVALENTS CONSIST OF:</b>		
Cash and bank balances	1,448,277	4,271,798
Deposits with licensed banks	18,172,766	17,817,157
	19,621,043	22,088,955
Less: Deposits pledged as security with licensed banks	(7,759,703)	(8,133,610)
	<b>11,861,340</b>	<b>13,955,345</b>







## CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2006

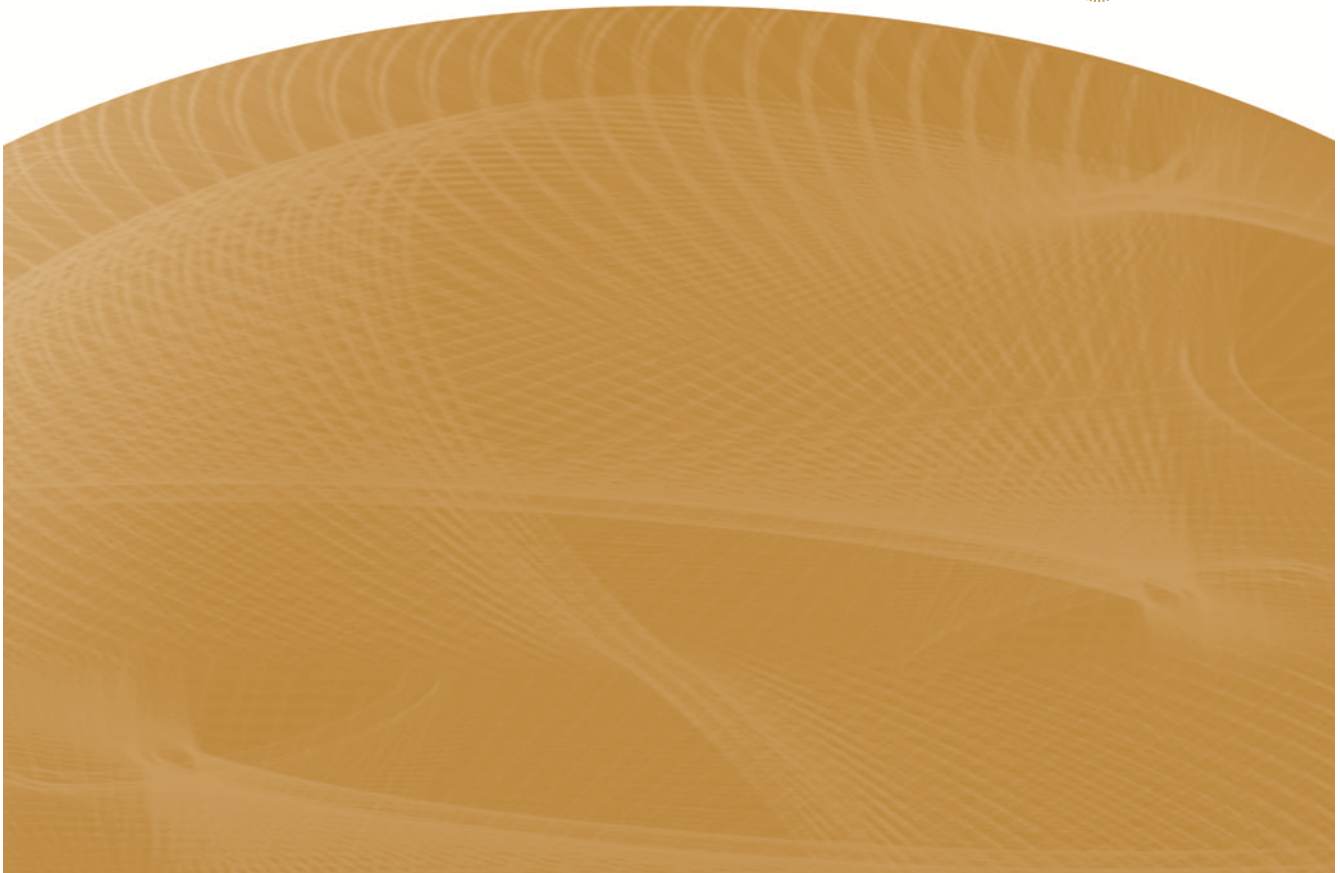
	2006 RM	2005 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(816,299)	(623,453)
Adjustment for non-cash items :		
Depreciation	187,193	207,192
Interest expense	1,356	3,594
Interest income	(571,015)	(608,163)
Impairment loss for investment in subsidiary	-	-
Loss on disposal of property, plant and equipment	689	-
Operating loss before working capital changes	(1,198,076)	(1,020,830)
Decrease in receivables	9,456	25,366
Increase in payables	31,630	95,890
Cash generated used in operating activities	(1,156,990)	(899,574)
Interest paid	(1,356)	(3,594)
Interest received	571,015	608,163
	<b>(587,331)</b>	<b>(295,005)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additional investment in subsidiaries	(3,500,000)	-
Purchase of property, plant and equipment	(56,784)	(95,489)
Repayment from subsidiaries	3,941,012	70,244
	<b>384,228</b>	<b>(25,245)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of hire purchase payables	(26,152)	(23,910)
<b>NET DECREASE IN CASH</b>	<b>(229,255)</b>	<b>(344,160)</b>
Balance at beginning of year	244,261	588,421
Balance at end of year	<b>15,006</b>	<b>244,261</b>





annual report 2006

**notes to the financial statements**





## NOTES TO THE FINANCIAL STATEMENTS

### 1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Board of the Bursa Malaysia Bhd.

The Company is principally an investment holding company and provider of management services. The principal activities of the subsidiaries and associate are disclosed in Notes 5 and 6 to the financial statements. There have been no significant changes in activities during the year.

The number of employees in the Group and Company as at the end of the financial year is 98 (95 in 2005) and 16 (17 in 2005) respectively.

The registered office of the Company is located at No. 33-1 Jalan 2/76C, Desa Pandan, 55100 Kuala Lumpur.

The principal place of business of the Company is located at No. 32 Jalan 1/76C, Desa Pandan, 55100 Kuala Lumpur.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 12 October 2006.

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### 2. BASIS OF ACCOUNTING

The financial statements of the Group and of the Company have been prepared under the historical cost convention except for the revaluation of leasehold land and buildings included in property, plant and equipment.

The financial statements have been prepared in accordance with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965.

### 3. SIGNIFICANT ACCOUNTING POLICIES

#### (a) Basis of Consolidation

The Group financial statements consolidate the audited financial statements of the parent Company and its subsidiary companies, which have been prepared in accordance with the Group's accounting policies.





## NOTES TO THE FINANCIAL STATEMENTS

Subsidiary companies are those companies in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits therefrom.

All inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated; unrealised losses are also eliminated unless cost cannot be recovered.

Subsidiary companies are consolidated using the acquisition method of accounting from the date on which the control transferred to the Group and are no longer consolidated from the date that control ceases. The gain or loss on disposal of a subsidiary company is the difference between net disposal proceeds and the Group's share of its net assets together with any unamortised balance of goodwill on acquisition and exchange differences.

### **(b) Associate**

An associate is a company in which the Company has a long term equity interest and where it exercises significant influence over the financial and operating policies.

Investment in associate is stated at cost less impairment losses. Investment in associate is accounted for in the consolidated financial statements by the cost method of accounting. The results of the associate has not been equity accounted as the directors are of the opinion that the associate is not intended to be held for long term. Details of the associate and the effect on the income statement and investment in associate had the equity method been applied is disclosed in Note 6.

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### **(c) Investments in Subsidiary and Associate**

The Company's investments in subsidiary and associate are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(n).

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is recognized in the income statement.

### **(d) Property, Plant and Equipment and Depreciation**

Property, plant and equipment are stated at cost net of accumulated depreciation and impairment losses. Cost comprises purchase cost and any incidental costs of acquisition. The policy for the recognition and measurement of the impairment losses is in accordance with Note 3(n).





## NOTES TO THE FINANCIAL STATEMENTS

Leasehold land and buildings are stated at valuation less accumulated depreciation and impairment losses. Revaluation are made at least once in every five years based on a valuation by an independent valuer on an open market value basis. Any revaluation increase is credited to equity as a revaluation surplus, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is recognised in the income statement to the extent of the decrease previously recognised. A revaluation decrease is first offset against an increase on unutilised earlier valuations in respect of the same asset and is thereafter recognised as an expense. Upon the disposal of revalued assets, the attributable revaluation surplus remaining is transferred to retained profits.

Leasehold land is depreciated over the period of the respective leases which range from 88 to 90 years. All other property, plant and equipment are depreciated on a straight-line basis to write off the cost of each asset to their residual value over the estimated useful lives at the following annual rates:

<b>Buildings</b>	<b>2%</b>
<b>Furniture &amp; fittings</b>	<b>20%</b>
<b>Office equipment</b>	<b>20% - 33.33%</b>
<b>Renovation</b>	<b>20% - 33.33%</b>
<b>Motor vehicles</b>	<b>20%</b>
<b>Equipment tools</b>	<b>20%</b>
<b>Gymnasium equipment</b>	<b>20%</b>

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Upon the disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and the carrying amount is recognised in the income statement and the unutilised portion of the revaluation surplus on the item is taken directly to retained profits.

### (e) Contract Work-In-Progress

When the outcome of a project contract cannot be estimated reliably, contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the balance sheet date. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

When the outcome of a project contract can be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.





## NOTES TO THE FINANCIAL STATEMENTS

When it is probable that the total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When the total costs incurred on project contracts plus recognised profits (less recognised losses), exceeds progress billings, the balance is classified as amount due from customers on contracts. When progress billings exceed costs incurred plus, recognised profits (less recognised losses), the balance is classified as amount due to customers on contracts.

### (f) Receivables

Trade and sundry receivables are carried at anticipated realisation values. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at balance sheet date.

### (g) Cash and Cash Equivalents

For the purposes of the cash flow statement, cash and cash equivalents include cash in hand and at banks and deposits at call and short term highly liquid investments which have an insignificant risk of changes in value, net of outstanding bank overdrafts.

### (h) Trade Payables

Trade payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

### (i) Lease

A lease is recognised as a finance lease if it transfers substantially to the Group all the risk and rewards incident to ownership. All other leases are classified as operating leases.

#### (i) Finance lease

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the balance sheet as borrowings.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs are recognised as an expense in the income statement over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligation for each accounting period.



## NOTES TO THE FINANCIAL STATEMENTS

The depreciation policy for leased assets is consistent with that for depreciable property, plant and equipment as described in the accounting policy for property, plant and equipment.

### (ii) Operating Lease

Operating lease payments are recognised as an expense in the income statement on the straight-line basis over the term of the relevant lease.

### (j) Revenue Recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably.

- i) Revenue from contract works is accounted for by the stage of completion method as described in Note 3(e).
- ii) Revenue relating to sale of goods is recognised upon transfer of risks and reward.
- iii) Revenue from services rendered is recognised as and when the services are performed.
- iv) Interest income is recognised on a time proportion basis that reflects the effective yield on the asset.
- v) Rental income is recognised on an accrual basis.
- vi) Dividend income is recognised when the right to receive payment is established.

### (k) Provision for Liabilities

Provision for liabilities are made when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be recognised to settle the obligation and a reliable estimate of the amount can be made.

### (l) Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is expected amount of income taxes payable in respect of the taxable profit for the year based on the statutory tax rate at the balance sheet date.





## NOTES TO THE FINANCIAL STATEMENTS

Deferred taxation is computed using the 'liability' method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary difference and deferred tax assets are recognised for all deductible temporary differences; unused tax losses and unused tax credits to the extent that it is probable the taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

### (m) Financial Instruments

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

The carrying value for financial assets and liabilities with tenure to maturity of less than one year are assumed to approximate their fair value.

### (n) Impairment of Assets

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication of impairment. If any such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. Recoverable amount is the higher of net selling price and value in use, which is measured by reference to discounted future cash flows.

An impairment loss is recognised as an expense in the income statement immediately, unless the asset is carried at a revalued amount. Any impairment loss of the revalued asset is treated as a revaluation decrease to the extent of any unutilised revaluation surplus previously recognised for the same asset.

Reversal of impairment losses recognised in prior years is recorded when the impairment losses recognised for the asset no longer exist or have decreased.







## NOTES TO THE FINANCIAL STATEMENTS

### (o) Employee Benefits

#### (i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

#### (ii) Defined contribution plans

As required by law, the Group makes contributions to the Employees Provident Fund (EPF). Such contributions are recognised as an expense in the income statement as incurred.

### (p) Foreign Currencies Conversion and Translation

Transactions in foreign currencies during the year are converted into Ringgit Malaysia at the rates of exchange approximating those ruling at the transaction dates. Foreign currency monetary assets and liabilities at the balance sheet date are translated into Ringgit Malaysia at the rates of exchange approximating those at that date. All exchange gains or losses are dealt with in the income statement.

The principal exchange rates used for every unit of foreign currency ruling at the balance sheet date used are as follows:

	2006 RM	2005 RM
Brunei Dollar	2.309	-

### (q) Borrowing Costs

Interest incurred on borrowings related to property development expenditure are capitalised during the year when development of the properties are undertaken. Capitalisation of borrowing costs ceases when the property development has been completed.



## NOTES TO THE FINANCIAL STATEMENTS

### 4. PROPERTY, PLANT AND EQUIPMENT

#### Group

	At 1.7.2005 RM	Additional RM	Disposals RM	At 30.6.2006 RM
<b>Cost</b>				
Long leasehold land	6,337,555	-	-	6,337,555
Freehold land	8,645,144	-	-	8,645,144
Buildings	6,197,188	-	-	6,197,188
Furniture and fittings	483,730	30,533	-	514,263
Office equipment	2,948,184	634,934	(13,413)	3,569,705
Renovations	1,312,680	95,579	-	1,408,259
Motor vehicles	3,536,790	-	(163,710)	3,373,080
Equipment tools	980,540	9,200	(5,759)	983,981
Gymnasium equipment	31,170	-	-	31,170
	<b>30,472,981</b>	<b>770,246</b>	<b>(182,882)</b>	<b>31,060,345</b>
<b>Accumulated Depreciation</b>				
Long leasehold land	468,242	71,301	-	539,543
Freehold land	-	-	-	-
Buildings	661,372	123,944	-	785,316
Furniture and fittings	411,114	45,054	-	456,168
Office equipment	2,474,640	329,014	(12,125)	2,791,529
Renovations	1,075,649	182,049	-	1,257,698
Motor vehicles	3,023,174	448,722	(150,086)	3,321,810
Equipment tools	890,986	45,758	(1,517)	935,227
Gymnasium equipment	19,684	6,234	-	25,918
	<b>9,024,861</b>	<b>1,252,076</b>	<b>(163,728)</b>	<b>10,113,209</b>
<b>Net Book Value</b>				
Long leasehold land	5,869,313	(71,301)	-	5,798,012
Freehold land	8,645,144	-	-	8,645,144
Buildings	5,535,816	(123,944)	-	5,411,872
Furniture and fittings	72,616	(14,521)	-	58,095
Office equipment	473,544	305,920	(1,288)	778,176
Renovations	237,031	(86,470)	-	150,561
Motor vehicles	513,616	(448,722)	(13,624)	51,270
Equipment tools	89,554	(36,558)	(4,242)	48,754
Gymnasium equipment	11,486	(6,234)	-	5,252
	<b>21,448,120</b>	<b>(481,830)</b>	<b>(19,154)</b>	<b>20,947,136</b>



## NOTES TO THE FINANCIAL STATEMENTS

### 4. PROPERTY, PLANT AND EQUIPMENT (Contd)

#### Company

	At 1.7.2005 RM	Additional RM	Disposals RM	At 30.6.2006 RM
<b>Cost</b>				
Office equipment	455,194	52,604	(11,953)	495,845
Renovations	247,060	4,180	-	251,240
Motor vehicles	158,710	-	-	158,710
Gymnasium equipment	31,170	-	-	31,170
	<b>892,134</b>	<b>56,784</b>	<b>(11,953)</b>	<b>936,965</b>
<b>Accumulated Depreciation</b>				
Office equipment	272,245	99,034	(11,264)	360,015
Renovations	153,438	52,829	-	206,267
Motor vehicles	129,613	29,096	-	158,709
Gymnasium equipment	19,684	6,234	-	25,918
	<b>574,980</b>	<b>187,193</b>	<b>(11,264)</b>	<b>750,909</b>
<b>Net Book Value</b>				
Office equipment	182,949	(46,430)	(689)	135,830
Renovations	93,622	(48,649)	-	44,973
Motor vehicles	29,097	(29,096)	-	1
Gymnasium equipment	11,486	(6,234)	-	5,252
	<b>317,154</b>	<b>(130,409)</b>	<b>(689)</b>	<b>186,056</b>

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#### Depreciation charge for year 2005

	Group RM	Company RM
Long leasehold land	71,301	-
Buildings	123,943	-
Furniture and fittings	43,604	-
Office equipment	405,142	-
Renovations	169,370	119,015
Motor vehicles	622,299	50,201
Equipment tools	61,726	31,742
Gymnasium equipment	6,234	6,234
	<b>1,503,619</b>	<b>207,192</b>





## NOTES TO THE FINANCIAL STATEMENTS

### 4. PROPERTY, PLANT AND EQUIPMENT (Contd)

- (i) On 30 November 2000, the leasehold land and buildings of the subsidiary companies were revalued by the Directors based on an independent professional valuation using an existing use basis. The revaluation deficit of RM1,148,004 arising from the revaluation was debited against the income statement and the asset revaluation reserve amounting to RM366,434 and RM781,570 respectively. The leasehold land has an unexpired lease term of 80 years.

Had the revalued leasehold land and buildings been carried at historical cost, the net book value of the leasehold land and buildings that would have been included in the financial statements of the Group as at 30 June 2006 would have been RM4,397,968 (RM4,436,098 in 2005) and RM4,914,843 (RM5,049,435 in 2005).

- (ii) A freehold land with a total cost of RM8,645,144 (RM8,645,144 in 2005) have been pledged to financial institutions for credit facilities granted to certain subsidiary companies.
- (iii) Included above are motor vehicles acquired under hire purchase arrangement for the Group and the Company with net book value of RM50,019 (RM347,886 in 2005) and Nil (RM29,096 in 2005) respectively.

### 5. INVESTMENT IN SUBSIDIARIES

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	Company	
	2006 RM	2005 RM
Unquoted shares, at cost	56,164,208	52,664,208
Less : Accumulated impairment losses	(27,163,474)	(27,163,474)
	<b>29,000,734</b>	<b>25,500,734</b>



## NOTES TO THE FINANCIAL STATEMENTS

The details of the subsidiary companies are as follows:

Name of subsidiary	Equity Interest		Country of Incorporation	Principal Activities
	2006	2005		
<b>Elitemac Resources Sdn Bhd</b>	100%	100%	Malaysia	Investment holding and provisioning, installation, commissioning, and maintenance of power supply equipment for telecommunication systems
<b>Edaran Komputer Sdn Bhd</b>	100%	100%	Malaysia	Provisioning, installation, commissioning, integration and maintenance of information technology products and related services
<b>SIDIC Technology Sdn Bhd</b>	100%	100%	Malaysia	Technology provider for the smart technology industry
<b>MIDC Technology Sdn Bhd</b>	100%	100%	Malaysia	Technology provider for the integrated data centre. Ceased business since year 2003
<b>Subsidiary of Elitemac Resources Sdn Bhd</b>				
<b>Edaran Communications Sdn Bhd</b>	100%	100%	Malaysia	Provisioning, installation, commissioning, integration and maintenance of telecommunication equipment and related services



## NOTES TO THE FINANCIAL STATEMENTS

### 6. INVESTMENT IN ASSOCIATE

	Group	
	2006 RM	2005 RM
<b>Unquoted shares, at cost</b>	490,000	490,000
<b>Less : Accumulated impairment losses</b>	( 418,857 )	( 418,857 )
	<b>71,143</b>	<b>71,143</b>

The associated company, Advanced Communication Solutions Sdn. Bhd., a company incorporated in Malaysia, in which the Group has a 49% (49% in 2005) interest is principally involved in the supplying, delivering, installing, testing and commissioning digital switches and providing engineering and training services.

As disclosed in Note 3(c) to the financial statements, the investment in associate is accounted for in the consolidated financial statements under the cost method.

Had the equity method of accounting been applied to the extent quantifiable based on the unaudited management financial statements, the carrying amount of investment in the associate would have been as follows:

	Group	
	2006 RM	2005 RM
<b>Unquoted shares, at cost</b>	490,000	490,000
<b>Less : Accumulated impairment losses</b>	( 418,857 )	( 418,857 )
	<b>71,143</b>	<b>71,143</b>
<b>Represented by Share net assets</b>	<b>71,143</b>	<b>71,143</b>



## NOTES TO THE FINANCIAL STATEMENTS

### 6. INVESTMENT IN ASSOCIATE (Contd)

Had the equity method of accounting been applied to the extent quantifiable based on the unaudited management financial statements, the income statement of the Group would have been as follows:

	Group	
	2006 RM	2005 RM
Profit/(Loss) before taxation and share of associate	507,636	(251,191)
Elimination of impairment of investment	-	151,177
Share of loss of associate	-	(151,177)
Profit/(Loss) before taxation	507,636	(251,191)
Taxation	-	(38,020)
Profit/(Loss) after taxation	507,636	(289,211)

### 7. CONTRACT WORK IN - PROGRESS

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	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Cost	37,335,798	26,593,281	-	-
Profit recognised	18,374,400	8,841,216	-	-
Progress billings	(51,670,769)	(35,428,459)	-	-
Work in progress/ (advance billings)	4,039,429	6,038	-	-

#### Analysis of work-in-progress/(advance billings)

Amount due from customers	4,956,998	1,024,645	-	-
Amount due to customers	(917,569)	(1,018,607)	-	-
	4,039,429	6,038	-	-
Contract revenue recognised	22,157,760	28,962,324	-	-
Contract cost recognised	11,837,393	15,635,025	-	-





## NOTES TO THE FINANCIAL STATEMENTS

### 8. TRADE RECEIVABLES

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Trade receivables	43,203,450	46,383,723	-	-
Less : Provision for doubtful debts	(32,518,806)	(32,517,536)	-	-
	<b>10,684,644</b>	<b>13,866,187</b>	-	-

The Group's normal trade credit term ranges from 30 to 90 days. Other credit terms are assessed and approved on a case-by-case basis.

As at balance sheet date, the Group has significant concentration of credit risk in the form of outstanding balances due from 3 (5 in 2005) customers representing 28% (75% in 2005) of total net trade receivables. Included in the total net trade receivables of the Group are debts amounting to RM4,509,374 (RM5,883,982 in 2005) which have been outstanding beyond 1 year. The Directors, upon assessing the debts, are of the view that these debts are recoverable and that there is no indication to suggest that the debtors are unable to effect settlement. The Directors have also affirmed their intention to pursue the full recovery of these debts and accordingly, no further provision for doubtful recovery has been made.

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### 9. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Other receivables	339,684	235,642	29,686	43,293
Amount due by related company	266,586	263,586	-	-
Deposits	3,792,928	3,760,122	700	700
Prepayments	42,185	51,296	4,151	-
	4,441,383	4,310,646	34,537	43,993
Less: Provision for doubtful debts	(3,576,596)	(3,576,596)	-	-
	<b>864,787</b>	<b>734,050</b>	<b>34,537</b>	<b>43,993</b>





## NOTES TO THE FINANCIAL STATEMENTS

### 10. AMOUNT DUE FROM / (TO) SUBSIDIARY COMPANIES

The amount due from subsidiary companies is charged at interest rate of 4% (4% in 2005) per annum, unsecured and has no fixed term of repayment.

The amount due to a subsidiary company is interest-free, unsecured and has no fixed term of repayment.

### 11. AMOUNT DUE FROM ASSOCIATE

The amount due from associate is interest-free, unsecured and has no fixed term of repayment.

### 12. DEPOSITS WITH LICENSED BANKS

Deposits with licensed banks of the Group amounting to RM7,759,703 (RM8,133,610 in 2005) are pledged to banks for credit facilities granted to certain subsidiaries as referred to Note 15.

The interest rates and average maturities of deposits of the Group as at 30 June 2006 range from 3.00% to 4.00% (2.5% to 4.05% in 2005) per annum and between 21 to 365 days respectively.

### 13. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 30 to 90 days.

### 14. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
<b>Other payables</b>	157,254	128,764	12,026	11,396
<b>Accruals</b>	2,500,571	2,027,603	248,585	217,585
	<b>2,657,825</b>	<b>2,156,367</b>	<b>260,611</b>	<b>228,981</b>





## NOTES TO THE FINANCIAL STATEMENTS

### 15. BORROWINGS

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
<b>SHORT TERM BORROWINGS</b>				
Term loans	593,410	573,202	-	-
Trust receipts	688,500	4,125,000	-	-
Hire purchase payable (Note 16)	64,141	364,797	-	26,152
	<b>1,346,051</b>	<b>5,062,999</b>	<b>-</b>	<b>26,152</b>
<b>LONG TERM BORROWINGS</b>				
Term loans	2,451,041	3,055,473	-	-
Hire purchase payable (Note 16)	1,487	65,803	-	-
	<b>2,452,528</b>	<b>3,121,276</b>	<b>-</b>	<b>-</b>
<b>TOTAL BORROWINGS</b>				
Term loans	3,044,451	3,628,675	-	-
Trust receipts	688,500	4,125,000	-	-
Hire purchase payable (Note 16)	65,628	430,600	-	26,152
	<b>3,798,579</b>	<b>8,184,275</b>	<b>-</b>	<b>26,152</b>
<b>MATURITY OF BORROWINGS (excluding hire purchase)</b>				
Within one year	1,281,910	4,698,204	-	-
More than 1 year and less than 2 years	593,410	573,204	-	-
More than 2 years and less than 5 years	1,780,229	1,719,612	-	-
More than 5 years	77,402	762,655	-	-
	<b>3,732,951</b>	<b>7,753,675</b>	<b>-</b>	<b>-</b>

The weighted average effective interest rates at the balance sheet date for borrowings, excluding hire purchase payables, were as follows:

	Group		Company	
	2006 %	2005 %	2006 %	2005 %
Trust receipts	7.50	7.80	-	-
Term loans	7.50	7.50	-	-



## NOTES TO THE FINANCIAL STATEMENTS

The term loan of the Group is secured by a legal charge over a freehold land of a subsidiary company and the corporate guarantee of the Company.

The other bank borrowings of the Group are secured by way of the following:

- (i) certain fixed deposits of the subsidiary companies as disclosed in Note 12;
- (ii) assignment of contract proceeds of certain subsidiary companies;
- (iii) corporate guarantee of the Company; and
- (iv) joint and several guarantee by the Directors of certain subsidiary companies.

### 16. HIRE PURCHASE PAYABLES

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
<b>MINIMUM LEASE PAYMENTS:</b>				
<b>Not later than one year</b>	65,894	385,824	-	27,484
<b>More than 1 year and less than 2 years</b>	1,366	66,069	-	-
<b>More than 2 years and less than 5 years</b>	-	1,365	-	-
	67,260	453,258	-	27,484
<b>Less: Future finance charges</b>	(1,632)	(22,658)	-	(1,332)
<b>Present value of finance lease liabilities</b>	<b>65,628</b>	<b>430,600</b>	<b>-</b>	<b>26,152</b>
<b>PRESENT VALUE OF FINANCE LEASE LIABILITIES:</b>				
<b>Not later than one year</b>	64,141	364,797	-	26,152
<b>More than 1 year and less than 2 years</b>	1,487	64,386	-	-
<b>More than 2 years and less than 5 years</b>	-	1,417	-	-
	<b>65,628</b>	<b>430,600</b>	<b>-</b>	<b>26,152</b>
<b>ANALYSED AS:</b>				
<b>Due within 12 months (Note 15)</b>	64,141	364,797	-	26,152
<b>Due after 12 months (Note 15)</b>	1,487	65,803	-	-
	<b>65,628</b>	<b>430,600</b>	<b>-</b>	<b>26,152</b>

The hire purchase payables bear interest at range of 4.95% to 9.16% (4.95% to 9.16% in 2005) per annum.





## NOTES TO THE FINANCIAL STATEMENTS

### 17. SHARE CAPITAL

	Group	
	2006 RM	2005 RM
Ordinary shares of RM1 each		
Authorised	100,000,000	100,000,000
Issued and fully paid	60,000,000	60,000,000

### 18. DEFERRED TAX

The deferred tax assets prior to offsetting are in respect of the following:

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Unused tax losses	(679,298)	(706,007)	-	-
Unabsorbed capital allowances	(38,011)	(156,919)	(25,459)	(16,977)
	<b>(717,309)</b>	<b>(862,926)</b>	<b>(25,459)</b>	<b>(16,977)</b>

The deferred tax liabilities prior to offsetting are in respect of the following:

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Revaluation of leasehold land and buildings	572,325	579,706	-	-
Capital allowances claimed in excess of depreciation	144,984	283,220	25,459	16,977
	<b>717,309</b>	<b>862,926</b>	<b>25,459</b>	<b>16,977</b>

Deferred tax assets have not been recognised in respect of the following items:

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Unused tax losses	5,127,103	7,165,290	272,373	179,177
Unabsorbed capital allowances	211,987	518,785	92,681	83,816
	<b>5,339,090</b>	<b>7,684,075</b>	<b>365,054</b>	<b>262,993</b>



## NOTES TO THE FINANCIAL STATEMENTS

The unused tax losses and unabsorbed capital allowance are available indefinitely to set off against future taxable profits of the subsidiaries in which those items arose.

Deferred tax assets have not been recognised because there is no convincing evidence that sufficient taxable profits will be available to set off such unabsorbed tax losses and capital allowance.

### 19. PRIOR YEAR ADJUSTMENT

Prior year adjustment relates to under provision of taxation in prior years of a subsidiary.

### 20. PROFIT/(LOSS) FROM OPERATIONS

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
<b>AFTER CHARGING/(CREDITING):</b>				
<b>Audit Fee</b>				
Current year	47,600	47,600	12,000	12,000
Under provision in previous year	-	18,875	-	7,375
Directors' remuneration (Note a)	791,350	753,800	194,000	194,000
<b>Impairment loss on:</b>				
Investment in associate	-	151,177	-	-
Other investments	10,499	-	-	-
Provision for doubtful debts	2,250	1,322,781	-	-
Rental of premises	22,659	124,000	-	-
<b>Finance costs:</b>				
Bank overdraft interest	5,486	2,337	-	-
Hire purchase interest	21,135	63,256	1,356	3,594
Murabahah commercial papers and Murabahah medium notes interest	-	3,161,138	-	-
Term loan interest	260,936	294,470	-	-
Trust receipts interest	86,694	-	-	-
(Gain)/loss on foreign exchange trade and realised	(1,136)	495	-	-



## NOTES TO THE FINANCIAL STATEMENTS

### 20. PROFIT/(LOSS) FROM OPERATIONS (Contd)

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
<b>Management fee income from:</b>				
Associate	(24,000)	(24,000)	-	-
Subsidiaries	-	-	(648,000)	(648,000)
<b>Interest income from:</b>				
Deposits with licensed bank	(479,173)	(732,567)	-	-
Subsidiaries	-	-	(571,015)	(608,163)
Rental income	(376,600)	(419,600)	-	-
Gain on disposal of plant and equipment	(33,847)	(133,575)	-	-

#### (a) Directors' remuneration

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
<b>Directors of the Company</b>				
<b>Executive Directors</b>				
- salaries and other emoluments	540,000	540,000	-	-
- benefits - in - kind	57,350	19,800	-	-
	597,350	559,800	-	-
<b>Non-Executive</b>				
- fees	194,000	194,000	194,000	194,000
	194,000	194,000	194,000	194,000
	791,350	753,800	194,000	194,000





## NOTES TO THE FINANCIAL STATEMENTS

### (a) Directors' remuneration (Contd)

The number of Directors of the Group whose total remuneration during the year fell within the following bands is analysed below:

	Number of Directors			
	2006		2005	
	Executive Directors	Non-Executive Directors	Executive Directors	Non-Executive Directors
<b>Directors of the Company</b>				
Below RM50,000	-	7	-	7
RM50,001 – RM100,000	-	-	-	-
RM100,001 – RM150,000	-	-	-	-
RM150,001 – RM200,000	-	-	-	-
RM200,001 – RM250,000	-	-	1	-
RM250,001 – RM300,000	1	-	-	-
RM300,001 – RM350,000	1	-	1	-

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### 21. TAXATION

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
<b>Under provision of income tax in prior years</b>	-	38,020	-	-
	-	<b>38,020</b>	-	-

There is no tax charge for the year as the Company is in a tax loss position.

As at 30 June 2006, the Group and the Company has unutilised business losses of RM24,124,084 (RM26,704,602 in 2005) and RM1,361,867 (RM909,742 in 2005) and unabsorbed capital allowance of RM1,249,993 (RM1,024,472 in 2005) and RM590,700 (RM516,786 in 2005) respectively to set off against future taxable profits.

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





## NOTES TO THE FINANCIAL STATEMENTS

### 21. TAXATION (Contd)

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
<b>Profit/(Loss) before taxation</b>	507,636	(251,191)	(816,299)	(623,453)
<b>Taxation at statutory tax rate of 20% / 28%</b>	244,258	191,231	(228,564)	(124,691)
<b>Expenses not deductible for tax purposes</b>	590,159	1,826,649	81,272	45,608
<b>Under provision of income tax in prior year</b>	-	38,020	-	-
<b>Utilisation of unrecognised tax losses b/f</b>	(1,139,615)	(2,290,590)	-	-
<b>Deferred tax assets not recognised during the year</b>	305,198	272,710	147,292	79,083
<b>Tax expense for the year</b>	-	<b>38,020</b>	-	-

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### 22. CONTINGENT LIABILITIES

#### Corporate Guarantees

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
<b>Secured :</b>				
<b>Performance guarantees extended to third parties in respect of contract performance</b>	2,371,198	2,211,833	-	-
<b>Financial guarantee extended to third parties in respect of credit limit given by the suppliers</b>	-	700,000	-	700,000
<b>Corporate guarantee given to banks for credit facilities granted to subsidiaries</b>	-	-	3,057,913	3,664,029
	<b>2,371,198</b>	<b>2,911,833</b>	<b>3,057,913</b>	<b>4,364,029</b>





## NOTES TO THE FINANCIAL STATEMENTS

### 23. RELATED PARTY TRANSACTIONS

Transactions between the Group and the Company and related parties during the year are as follows:

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
<b>Insurance premium paid through a company controlled by a director</b>	174,912	18,522	-	-
<b>Management fee income from subsidiary companies</b>	-	-	648,000	648,000
<b>Management fee income from associate</b>	24,000	24,000	-	-
<b>Interest income from subsidiary companies</b>	-	-	571,015	608,163

The Directors are of the opinion that these transactions were undertaken at mutually agreed terms between the companies in the normal course of business and the terms and conditions are not materially different from that obtainable in transactions with unrelated parties.

### 24. FINANCIAL RISK MANAGEMENT POLICIES

The Group activities expose it to a variety of financial risks, including liquidity and cash flow risk and credit risk which arises in the normal course of business of the Group. The Group monitors its financial position closely with an objective to minimise potential adverse effects of the financial risk on the financial performance of the Group.

The operations of the Group are subject to the following risks:

#### Liquidity Risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements.





## NOTES TO THE FINANCIAL STATEMENTS

In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from both capital markets and financial institutions and prudently balances its portfolio with short term funding so as to achieve overall cost effectiveness.

### Foreign Exchange Risk

The Group predominantly operates domestically and is not exposed to material foreign exchange risk.

### Interest Rate Risk

The Group's primary interest rate risk relates to interest bearing debt; the Company had no long term interest-bearing assets as at 30 June 2006. The investments in financial assets are mainly short term in nature and they are not held for speculative purposes but have been mostly placed in fixed deposits which yield better returns than cash at bank. The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The Group actively reviews its debt portfolio, taking into account the investment holding period and nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes.

The information on maturity dates and effective interest rate of financial assets and liabilities are disclosed in their respective notes.

### Credit Risk

Credit risks, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored via strictly limiting the Group's associations to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis via group management reporting procedures.

The Group has significant exposure to a group of counterparties as disclosed in Notes 8 and 9.

## 25. EARNINGS / (LOSS) PER SHARE

The profit per share is calculated based on the profit after taxation of RM507,636 (loss after taxation of RM289,211 in year 2005) on the 60,000,000 (60,000,000 in year 2005) ordinary shares of RM1 each in issue during the year.



## NOTES TO THE FINANCIAL STATEMENTS

### 26. SEGMENT INFORMATION

#### (a) Business Segments

The Group is organised into 2 major business segments:

(i) Information Technology and Services

Provisioning, installation, commissioning, integration and maintenance of information technology products and related services, and provisioning of technology for the smart technology industry and for the integrated data centre; and

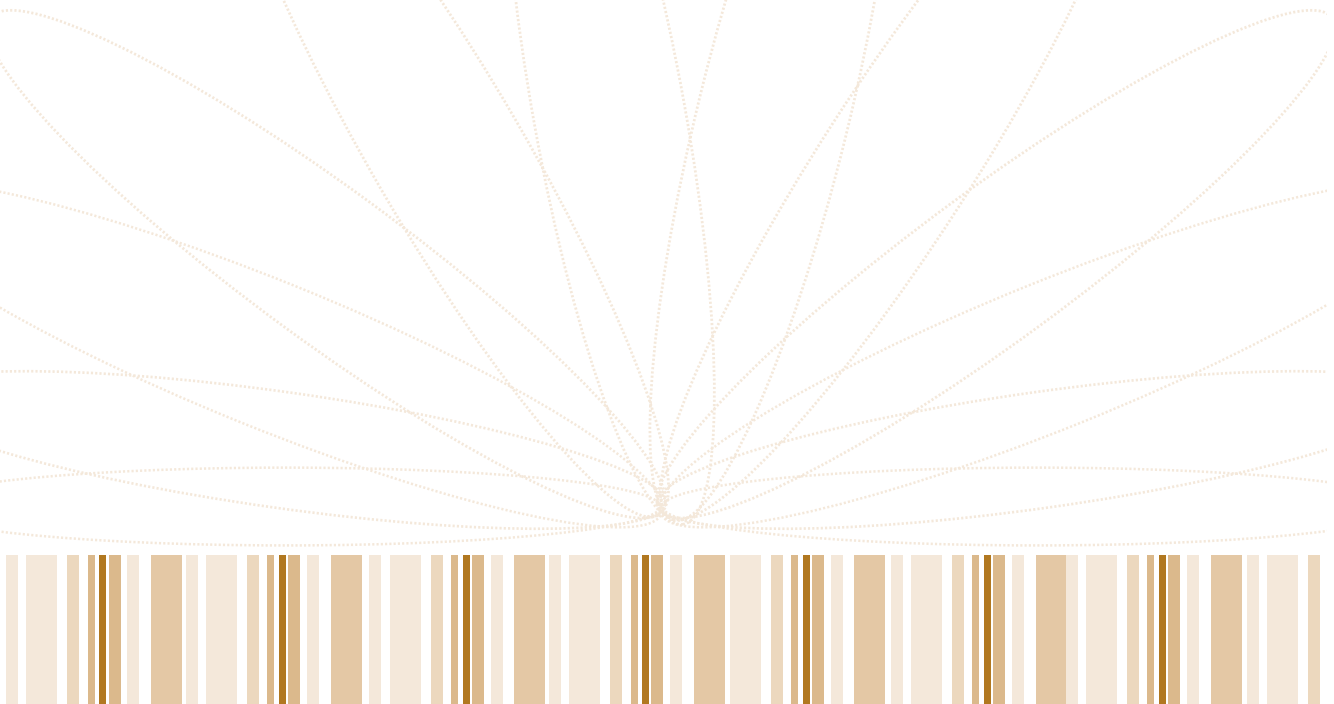
(ii) Telecommunications

Provisioning, installation, commissioning and maintenance of power supply equipment for telecommunication systems and integration and maintenance of telecommunication equipment and related services.

Other business segments include investment holding and property investment, none of which are of a sufficient size to be reported separately.

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The Directors are of the opinion that all inter-segment transactions 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.





## NOTES TO THE FINANCIAL STATEMENTS

### 26. SEGMENT INFORMATION (Contd)

#### (a) Business Segments (Contd)

2006	Information Technology and Services RM	Telecommunications RM	Others RM	Eliminations RM	Consolidated RM
<b>Revenue</b>					
External sales	27,391,177	-	-	-	27,391,177
Inter-segment sales	-	-	648,000	(648,000)	-
Total Revenue	<b>27,391,177</b>	-	<b>648,000</b>	<b>(648,000)</b>	<b>27,391,177</b>
<b>Results</b>					
Segment results	2,976,807	(447,344)	(1,076,561)	(571,015)	881,887
Profit from operations					881,887
Finance costs					(374,251)
Taxation					-
Net profit for the year					<b>507,636</b>



## NOTES TO THE FINANCIAL STATEMENTS

### 26. SEGMENT INFORMATION (Contd)

#### (a) Business Segments (Contd)

2006	Information Technology and Services RM	Telecommunications RM	Others RM	Eliminations RM	Consolidated RM
<b>Assets and liabilities</b>					
Segment assets	47,336,100	26,964,587	68,554,523	(81,719,001)	61,136,209
Segment liabilities	36,331,297	7,996,528	23,462,305	(52,616,767)	15,173,363
<b>Other Information</b>					
Capital expenditure	706,961	6,500	56,785	-	770,246
Depreciation	729,831	146,126	376,119	-	1,252,076
Impairment losses	-	10,499	-	-	10,499
Non-cash expenses other than depreciation and impairment losses	2,250	-	-	-	2,250





## NOTES TO THE FINANCIAL STATEMENTS

### 26. SEGMENT INFORMATION (Contd)

#### (a) Business Segments (Contd)

2005	Information Technology and Services RM	Telecommunications RM	Others RM	Eliminations RM	Consolidated RM
<b>Revenue</b>					
External sales	33,119,531	23,368	-	-	33,142,899
Inter-segment sales	-	-	648,000	(648,000)	-
Total Revenue	<b>33,119,531</b>	<b>23,368</b>	<b>648,000</b>	<b>(648,000)</b>	<b>33,142,899</b>
<b>Results</b>					
Segment results	6,082,886	(1,179,103)	(1,025,610)	(608,163)	3,270,010
Profit from operations					3,270,010
Finance costs					(3,521,201)
Taxation					(38,020)
Net loss for the year					<b>(289,211)</b>



## NOTES TO THE FINANCIAL STATEMENTS

### 26. SEGMENT INFORMATION (Contd)

#### (a) Business Segments (Contd)

2005	Information Technology and Services RM	Telecommunications RM	Others RM	Eliminations RM	Consolidated RM
<b>Assets and liabilities</b>					
Segment assets	48,636,757	27,774,822	70,168,599	(83,354,119)	63,226,059
Segment liabilities	43,307,096	8,357,944	23,857,694	(57,751,885)	17,770,849
<b>Other Information</b>					
Capital expenditure	212,490	26,000	95,489		333,979
Depreciation	819,040	260,709	423,870		1,503,619
Impairment losses	-	-	151,177		151,177
Non-cash expenses other than depreciation and impairment losses	348,422	973,175	1,184		1,322,781

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#### (b) Geographical Segments

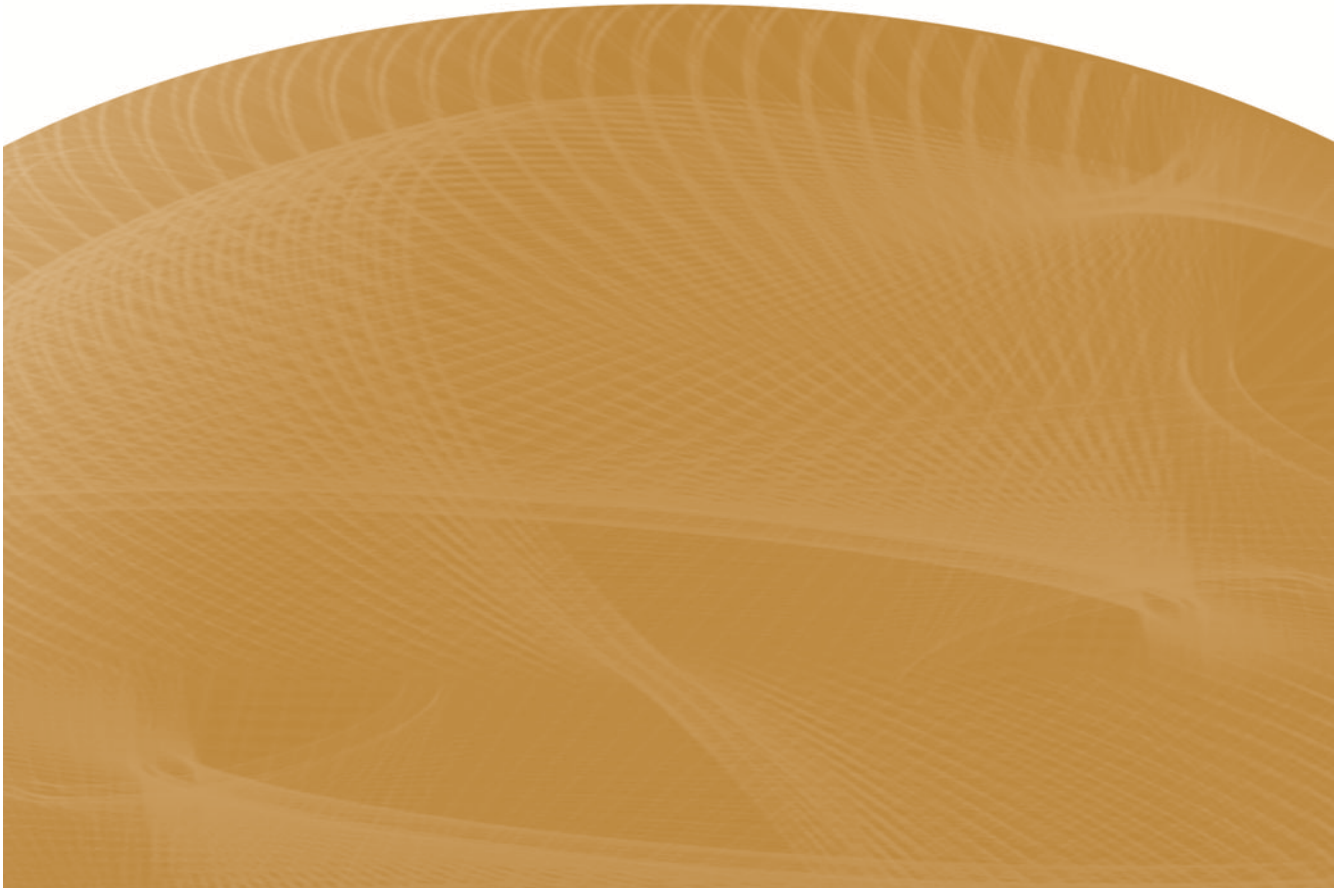
2006	Malaysia RM	Brunei RM	Consolidated RM
Revenue from external customers	25,225,116	2,166,061	<u>27,391,177</u>





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statistics on shareholdings







## STATISTICS ON SHAREHOLDINGS

### Statement of Shareholdings

Authorised Capital	: RM100,000,000
Issued and Paid Up Capital	: RM60,000,000
Class of Shares	: Ordinary shares of RM1.00 each
Voting Rights	: One vote per shareholder on a show of hands One vote per share on a poll
No. of Shareholders	: 2,382

### Analysis of shareholdings

#### A. Distribution of Shareholdings (as at 29 September 2006)

Size of Shareholdings	Shareholders	Shareholding	%
Less than 100	4	92	0.00
100 - 1,000	1,299	1,281,300	2.14
1,001 - 10,000	825	3,728,804	6.21
10,001 - 100,000	222	6,600,332	11.00
100,001 - to less than 5% of issued shares	27	11,853,803	19.76
5% and above of issued shares	5	36,535,669	60.89
<b>Total</b>	<b>2,382</b>	<b>60,000,000</b>	<b>100</b>

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#### B. List of Thirty (30) Largest Shareholders (as at 29 September)

Name	No. of Shares Held	%
1. Kauthar Sdn Bhd	15,769,440	26.28
2. Valiant Chapter Sdn Bhd	10,863,765	18.11
3. Unique Pyramid Sdn Bhd	3,521,802	5.87
4. Sabri bin Hashim	3,305,000	5.51
5. Initiative Aims Sdn Bhd	3,075,662	5.13
6. Shahidan bin Shafie	2,620,000	4.37
7. Mohd Shu'aib bin Hj Ishak	1,421,428	2.37
8. Rizuan bin Mohd Murad	1,300,428	2.17
9. Abdul Shukri bin Abdullah	1,068,334	1.78
10. Ke-Zan Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Ee Seng	664,500	1.11
11. Mazlifah binti Abdullah	548,800	0.91
12. Power Protection (M) Sdn Bhd	546,000	0.91
13. Mohd Salleh bin Lamsah	473,667	0.79
14. Providence Capital Sdn Bhd	459,000	0.77
15. Teh Teaw Kee	423,200	0.71





## STATISTICS ON SHAREHOLDINGS

### B. List of Thirty (30) Largest Shareholders (as at 29 September) (Contd)

Name	No. of Shares Held	%
16. HDM Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chew Cheong Chuan (D02)	238,000	0.40
17. OSK Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lee Cheng Lock	200,300	0.33
18. Alliancegroup Nominees (Tempatan) Sdn Bhd (A/C for Mohd Salleh bin Lamsah (700058))	195,761	0.33
19. HDM Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Ee Seng (M01)	193,400	0.32
20. Ahmad Yasri bin Mohd Hashim @ Mohd Hassan	193,085	0.32
21. Leong Fook Seang	181,000	0.30
22. Siow Nee Liu Pei Yun	181,000	0.30
23. Yap Yok Foo	173,200	0.29
24. Lim Kam Sing	152,500	0.25
25. TCL Nominees (Asing) Sdn Bhd OCBC Securities Pte Ltd for Goh Yong Swee Robert	150,000	0.25
26. Mayban Nominees (Tempatan) Sdn Bhd Mayban Investment Management Sdn Bhd for MIDF Consultancy and Corporate Services Sdn Bhd (230730)	143,000	0.24
27. Lu Ai Hun	119,800	0.20
28. Tan Siew Hoong	119,000	0.20
29. OSK Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Gaik Suan	103,400	0.17
30. Ong Beng Kee	100,000	0.17
<b>TOTAL</b>	<b>48,504,472</b>	<b>80.86</b>

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### C. Substantial Shareholders (as at 29 September 2006) (as shown in the Register of Substantial Shareholders)

Name of Substantial Shareholders	No. of Shares Held	%	Notes
1. Tan Sri Dato' Tajudin Ramli (Direct)	2	0.00	(a)
(Indirect)	15,769,440	26.28	
<b>Total</b>	<b>15,769,442</b>	<b>26.28</b>	
2. Kauthar Sdn Bhd	15,769,440	26.28	
3. Valiant Chapter Sdn Bhd	10,863,765	18.11	
4. Unique Pyramid Sdn Bhd	3,521,802	5.87	
5. Sabri bin Hashim	3,305,000	5.51	

NOTE :

(a) Tan Sri Dato' Tajudin Ramli is deemed interested in the shares held by Kauthar Sdn Bhd by virtue of his 95% interest therein.





## STATISTICS ON SHAREHOLDINGS

### D. Directors' Shareholding (as at 29 September 2006) (as shown in the Register of Directors' Shareholders)

Directors	No. of Shares Held (Direct)	No. of Shares Held (Indirect)	%
1. Tan Sri Dato' Tajudin Ramli	2	15,769,440 (a)	26.28
2. Dato' Abdul Halim Abdullah	0	0	0.00
3. Datuk Emam Mohd Haniff Emam Mohd Hussain	0	0	0.00
4. Dato' Abdul Malek Ahmad Shazili	0	0	0.00
5. Dato' Hj Abdul Hamid Mustapha	0	0	0.00
6. Dato' Idrus Zainol	50,002	0	0.08
7. Dato' Bistamam Ramli	0	0	0.00
8. Mohd Shu'aib Ishak	1,421,428	60,000 (b)	2.47
9. Shaifubahrim Mohd Saleh	30,000	0	0.05
10. Fazlan Azri Tajudin	0	32,000 (c)	0.05

NOTES :

- (a) Tan Sri Dato' Tajudin Ramli is deemed interested in the shares held by Kauthar Sdn. Bhd. by virtue of his 95% interest therein.
- (b) Mohd Shu'aib Ishak is deemed interested in the shares held by his wife, Zulriana Zahari.
- (c) Fazlan Azri Tajudin is deemed interested in the shares held by Fazlan & Amal Sdn. Bhd. by virtue of his 25% interest therein.

### E. Directors' Shareholding in subsidiaries and associate companies (as at 29 September 2006)

Directors	No. of Shares Held (Direct)	No. of Shares Held (Indirect)	%
1. Tan Sri Dato' Tajudin Ramli Nil	-	-	-
2. Dato' Abdul Halim Abdullah Nil	-	-	-
3. Datuk Emam Mohd Haniff Emam Mohd Hussain Nil	-	-	-
4. Dato' Abdul Malek Ahmad Shazili Nil	-	-	-
5. Dato' Hj Abdul Hamid Mustapha Nil	-	-	-
6. Dato' Idrus Zainol Nil	-	-	-
7. Dato' Bistamam Ramli Nil	-	-	-
8. Mohd Shu'aib Ishak Nil	-	-	-
9. Shaifubahrim Mohd Saleh Nil	-	-	-
10. Fazlan Azri Tajudin Nil	-	-	-



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list of properties





## LIST OF PROPERTIES ( as at October 2006)

### EDARAN KOMPUTER SDN BHD (155273-A)

Location	Description/ Current Use of Building	Tenure/ Tenure Period	Year of Last Revaluation/ Acquisition	Approximate Age of Building (years)	Building Area/ Land Area (sq. meters)	Net Book Value (RM'000)
HS (D) 50146, Lot No. PT 1702 Mukim of Ampang, District and State of Wilayah Persekutuan.  (No. 32 Jalan 1/76C, Desa Pandan, 55100 Kuala Lumpur)	Terrace Shophouse Own occupation (office space)	Leasehold / 99 years expiring on 06.07.2085.  Remaining term approximately 79 years	2000	12	852.02 / 284.18	2,371
HS (D) 50136, Lot No. PT 1692 Mukim of Ampang, District and State of Wilayah Persekutuan.  (No. 21 Jalan 2/76C, Desa Pandan, 55100 Kuala Lumpur)	Terrace Shophouse Rented Out:  1.Restaurant 2.Office space 3.Office space	Leasehold / 99 years expiring on 06.07.2085.  Remaining term approximately 79 years	2000	12	474.43 / 153.28	1,002
HS (D) 50137, Lot No. PT 1693 Mukim of Ampang, District and State of Wilayah Persekutuan.  (No. 19 Jalan 2/76C, Desa Pandan, 55100 Kuala Lumpur)	Terrace Shophouse  Own occupation (office space)	Leasehold / 99 years expiring on 06.07.2085.  Remaining term approximately 79 years	2000	12	474.43 / 153.28	1,093
HS (D) 7111, Lot No. PT 12138,  HS (D) 7112, Lot No. PT 12139 and  HS (D) 7113, Lot No. PT 12140 Mukim of Dengkil, District of Sepang, Selangor.	Vacant land	Freehold	2001	-	18,704.60	8,645





## LIST OF PROPERTIES ( as at October 2006)

### EDARAN COMMUNICATIONS SDN BHD (211702-M)

Location	Description/ Current Use of Building	Tenure/ Tenure Period	Year of Last Revaluation/ Acquisition	Approximate Age of Building (years)	Building Area/ Land Area (sq. meters)	Net Book Value (RM'000)
HS (D) 50312, Lot No. PT 1866 Mukim of Ampang, District and State of Wilayah Persekutuan.  (No. 2 Jalan 4/76C, Desa Pandan, 55100 Kuala Lumpur)	Terrace Shophouse Rented Out:  1.Restaurant 2.Office space 3.Office space	Leasehold / 99 years expiring on 07.07.2085.  Remaining term approximately 79 years	2000	11	700.11 /  289.82	1,906
HS (D) 50313, Lot No. PT 1867 Mukim of Ampang, District and State of Wilayah Persekutuan.  (No. 4 Jalan 4/76C, Desa Pandan, 55100 Kuala Lumpur)	Terrace Shophouse  Own Occupation :  1.Office space (vacant ) 2.Office space  Rented out: 3.Office space	Leasehold / 99 years expiring on 07.07.2085.  Remaining term approximately 79 years	2000	11	443.52 /  163.50	1,178
HS (D) 50314, Lot No. PT 1868 Mukim of Ampang, District and State of Wilayah Persekutuan.  (No. 6 Jalan 4/76C, Desa Pandan, 55100 Kuala Lumpur)	Terrace Shophouse  Own Occupation :  1.Office space (vacant ) 2.Office space 3.Office space (Vacant)	Leasehold / 99 years expiring on 07.07.2085.  Remaining term approximately 79 years	2000	11	443.52 /  163.50	1,178



## LIST OF PROPERTIES ( as at October 2006)

### ELITEMAC RESOURCES SDN BHD (241753-H)

Location	Description/ Current Use of Building	Tenure/ Tenure Period	Year of Last Revaluation/ Acquisition	Approximate Age of Building (years)	Building Area/ Land Area (sq. meters)	Net Book Value (RM'000)
HS (D) 50310, Lot No. PT 1686 Mukim of Ampang, District and State of Wilayah Persekutuan.  (No. 33 Jalan 2/76C, Desa Pandan, 55100 Kuala Lumpur)	Terrace Shophouse Rented Out:  1.Restaurant  Own Occupation : 2.Office space 3.Office space	Leasehold / 99 years expiring on 06.07.2085.  Remaining term approximately 79 years	2000	12	1,002.00 / 334.18	2,355
HS (D) 50259, Lot No. PT 1815 Mukim of Ampang, District and State of Wilayah Persekutuan.  (No.23-1 First Floor 5/76B, Desa Pandan, 55100 Kuala Lumpur)	Terrace Shophouse  Own Occupation :  1.Office space	Leasehold / 99 years expiring on 06.07.2085.  Remaining term approximately 79 years	2000	13	153.29/ -	269





## PROXY FORM

**Number of shares held :**  
**CDS Account No :**

I/We \_\_\_\_\_ NRIC / Company No. \_\_\_\_\_  
of \_\_\_\_\_  
\_\_\_\_\_ being a member / members of Edaran Digital  
Systems Berhad, hereby appoint \_\_\_\_\_  
\_\_\_\_\_ NRIC No. \_\_\_\_\_  
of \_\_\_\_\_  
or in his / her absence, \_\_\_\_\_ NRIC No. \_\_\_\_\_  
of \_\_\_\_\_

as my/our proxy to vote for me/us on my/our behalf at the Fourteenth Annual General Meeting of Edaran Digital Systems Berhad to be held on Thursday, 30 November 2006 at Mahkota 1, Ballroom Level Hotel Istana, No. 73 Jalan Raja Chulan, 50200 Kuala Lumpur at 2:30 p.m. and at any adjournment thereof.

### My / Our proxy is to vote as indicated below :

RESOLUTIONS	FOR	AGAINST
<b>RESOLUTION 1</b> To consider and receive the Audited Financial Statements of the Company and the Group for the financial year ended 30 June 2006 together with the Directors' and Auditors' Reports thereon		
<b>RESOLUTION 2</b> To re-elect a Director retiring under Article 101 of the Company's Articles of Association : • Dato' Idrus Zainol		
<b>RESOLUTION 3</b> To re-elect a Director retiring under Article 101 of the Company's Articles of Association : • Dato' Abdul Malek Ahmad Shazili		
<b>RESOLUTION 4</b> To re-elect a Director retiring under Article 101 of the Company's Articles of Association : • Shaifubahrim Mohd Saleh		
<b>RESOLUTION 5</b> To re-elect a Director retiring under Article 102 of the Company's Articles of Association : • Fazlan Azri Tajudin		
<b>RESOLUTION 6</b> To approve the payment of the Directors' fee for the financial year ended 30 June 2006		
<b>RESOLUTION 7</b> To appoint Messrs. Parker Randall Mea as Auditors of the Company and to authorise the Directors to fix their remuneration.		
<b>RESOLUTION 8</b> To give authority to the Directors to issue shares under Section 132D of the Companies Act, 1965.		

(Please indicate with an "X" in the spaces provided how you wish to cast your votes. If you do not do so, the Proxy will vote or abstain from voting at his/her discretion.)

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2006

### Signature of Member / Common Seal

#### NOTES :

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint any person or persons, whether a member or not, as his/her proxy or proxies to attend and vote in his/her stead. Where a member appoints two (2) or more proxies, the member shall specify the proportion of the member's shareholding to be represented by each proxy.
2. A proxy need not be a member of the Company. A member may appoint any person to be his/her proxy without limitation.
3. A corporation or a corporation sole or a statutory corporation may appoint any person as its representative.
4. The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing and if such appointer is a corporation, corporation sole or a statutory corporation, either under its common seal or the hand of its officers or attorney duly authorised and shall be deposited together with the power of attorney (if any) under which it is signed or an office copy or notarially certified copy thereof and shall be deposited at the Registered Office, 33-1 Jalan 2/76C, Desa Pandan, 55100 Kuala Lumpur not less than forty eight (48) hours before the time for holding of this General Meeting or any adjournment thereof.
5. The signature to the instrument appointing the proxy executed outside Malaysia must be attested by a Solicitor, Notary Public, Consul or a Magistrate.



Fold this flap for sealing

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Then fold here

**AFFIX  
STAMP**

**THE COMPANY SECRETARY**  
EDARAN DIGITAL SYSTEMS BERHAD  
No.33-1 Jalan 2/76C  
Desa Pandan  
55100 Kuala Lumpur

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**Edaran Digital Systems Berhad (241644-W)**

**Business Office:**

No.32 Jalan 1/76C  
Desa Pandan  
55100 Kuala Lumpur  
Malaysia

Tel : (6) 03-9206 7200  
Fax : (6) 03-9284 3531

**Registered Office:**

No.33-1 Jalan 2/76C  
Desa Pandan  
55100 Kuala Lumpur

Tel : (6) 03-9206 7381  
Fax : (6) 03-9283 0192

**[www.edaran.com](http://www.edaran.com)**