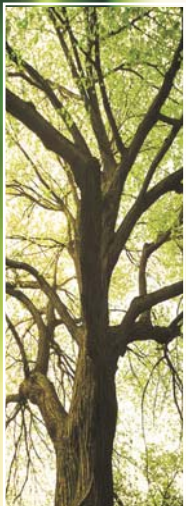


# ANNUAL REPORT 2007



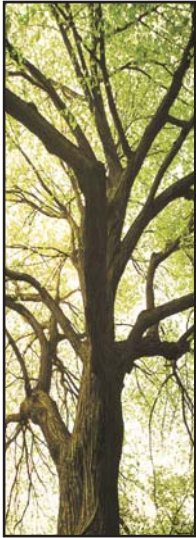
*“If you have knowledge,  
let others light their candle at it”*

*Margaret Fuller*

edaran







*“If you have knowledge,  
let others light their candle at it”*

*Margaret Fuller*

Knowledge in whatever form, is of little and no use unless applied meaningfully and wisely. Driven by the principal that continual improvement and growth can only be achieved through a continual pursuit of knowledge, EDARAN believes that all knowledge must be shared. Then and only then can society begin to enjoy the real benefits of progress.





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## NOTICE of ANNUAL GENERAL MEETING

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# Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN** that the Fifteenth Annual General Meeting of Edaran Digital Systems Berhad will be held on Thursday, 22 November 2007 at Cempaka-Raya Room, Mezzanine Floor, Hotel Equatorial Kuala Lumpur, Jalan Sultan Ismail, 50250 Kuala Lumpur at 10.00 a.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 2007 together with the Directors' and Auditors' Reports thereon.  | <b>Resolution 1</b>   |
| 2. | To declare a first and final dividend of 1.37% less 26% tax in respect of the financial year ended 30 June 2007.   | <b>Resolution 2</b>   |
| 3. | 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:<br><br><b>i. Datuk Emam Mohd Haniff Emam Mohd Hussain</b><br><br><b>ii. Dato' Abdul Halim Abdullah</b><br><br><b>iii. Encik Mohd Shu'aib Ishak</b> | <b>Resolution 3</b><br><br><b>Resolution 4</b><br><br><b>Resolution 5</b> |
| 4. | To approve the payment of the Directors' fee for the financial year ended 30 June 2007.  | <b>Resolution 6</b>   |
| 5. | To re-appoint Messrs. Parker Randall Mea as Auditors of the Company and to authorise the Directors to fix their remuneration.  | <b>Resolution 7</b>   |

## **B. SPECIAL BUSINESS**

- |    |  |                     |
|----|--|---------------------|
| 6. | To consider and, if thought fit, to pass the following Ordinary Resolution, with or without modifications:<br><br>"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 <b>AND THAT</b> such authority shall continue in full force until the conclusion of the next annual general meeting of the Company." | <b>Resolution 8</b> |
|----|--|---------------------|

## **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

29 October 2007

## **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.



**NOTICE IS ALSO HEREBY GIVEN** that subject to the approval of the Shareholders at the Company's Fifteenth Annual General Meeting, a first and final dividend of 1.37% less 26% tax for the year ended 30 June 2007 will be paid on 27 December 2007 to Shareholders whose name appear on the Record of Depositors at the close of Business on 30 November 2007.

A Depositor shall qualify for entitlement only in respect of:

- a. Shares transferred to the Depositor's Account before 4.00p.m. on 30 November 2007 in respect of shares which are exempted from mandatory deposit; and
- b. Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.



# Statement Accompanying Notice of Annual General Meeting

The following are details of the Board meetings held during the financial year ended 30 June 2007 and the attendance of the Directors thereat:-

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

Date	Time	Venue
30 Aug 2006	10.00 a.m.	Board Room, No. 32 Jalan 1/76C, Desa Pandan, 55100 Kuala Lumpur
12 Oct 2006	10.00 a.m.	
30 Nov 2006	10.00 a.m.	Firuz Room, 23rd Floor Hotel Istana, No. 73 Jalan Raja Chulan, 50200 Kuala Lumpur
22 Feb 2007	2.30 p.m.	Board Room, No. 4 & 6 Jalan 4/76C, Desa Pandan, 55100 Kuala Lumpur.
24 May 2007	10.00 a.m.	
14 Jun 2007	10.00 a.m.	

## 2. Directors' attendance at Board meetings

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

Directors	Appointment	Attendance
<b>Tan Sri Dato' Tajudin Ramli</b>	01 Jun 1992	6 out of 6
<b>Datuk Emam Mohd Haniff Emam Mohd Hussain</b>	30 Oct 2001	6 out of 6
<b>Dato' Abdul Halim Abdullah</b>	15 Dec 2000	6 out of 6
<b>Dato' Abdul Malek Ahmad Shazili</b>	06 Nov 2003	6 out of 6
<b>Dato' Hj Abdul Hamid Mustapha</b>	06 Nov 2003	6 out of 6
<b>Dato' Idrus Zainol</b>	01 Jun 1992	4 out of 6
<b>Encik Shaifubahrim Mohd Saleh</b>	15 Dec 2000	5 out of 6
<b>Encik Fazlan Azri Tajudin</b>	23 May 2006	5 out of 6
<b>Dato' Bistamam Ramli</b>	15 Dec 2000	6 out of 6
<b>Encik Mohd Shu'aib Ishak</b>	15 Dec 2000	6 out of 6

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

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

### **DATUK EMAM MOHD HANIFF EMAM MOHD HUSSAIN**

Senior Independent, Non-Executive Director

### **DATO' ABDUL HALIM ABDULLAH**

Independent, Non-Executive Director

### **ENCIK MOHD SHU'AIB ISHAK**

Executive Director

The profiles of the Directors who are standing for re-election are set out on pages **11** to **14** of the Annual Report.

# CORPORATE INFORMATION

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# Corporate Information

## BOARD OF DIRECTORS

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

Chairman  
Non-Independent Non-Executive Director

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

**Dato' Abdul Halim Abdullah**  
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

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

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

**Dato' Bistamam Ramli**  
Managing Director

**Mohd Shu'aib Ishak**  
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 :** **Parker Randall Mea** (AF: 1867)  
Suite 19.03B 19<sup>th</sup> Floor, Wisma MCA, 163 Jalan Ampang, 50450 Kuala Lumpur  
Tel: 03-2164 4992 Fax: 03-2164 4991

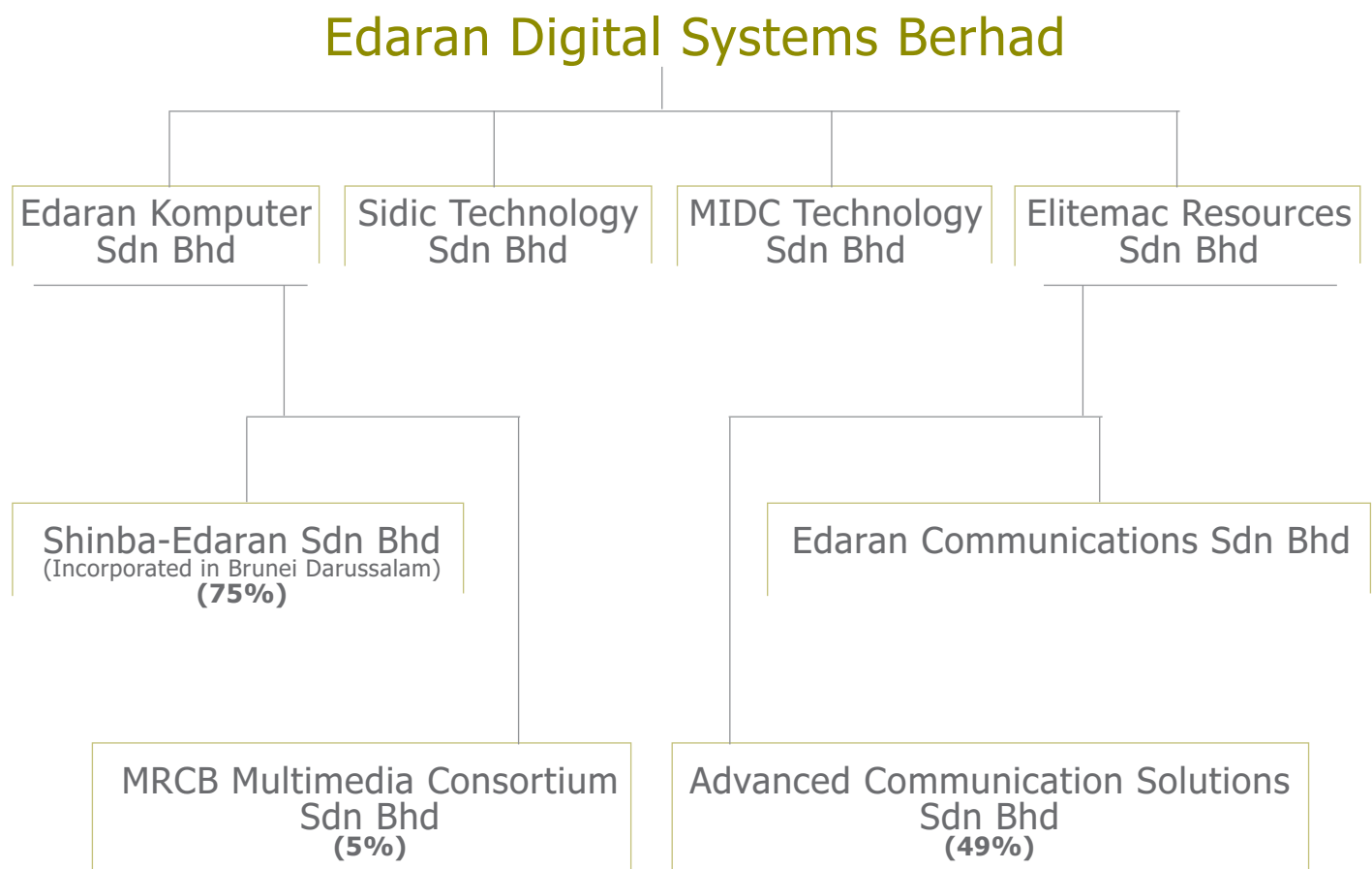
**Share Registrar :** **Symphony Share Registrars Sdn Bhd** (378993-D)  
Level 26, Menara Multi Purpose, Capital Square, No. 8, Jalan Munsyi Abdullah, 50100 Kuala Lumpur  
Tel: 03-2721 2222 Fax: 03-2721 2530

**Principal Bankers :** Malayan Banking Berhad  
CIMB Bank Berhad  
Bank Muamalat Malaysia Berhad

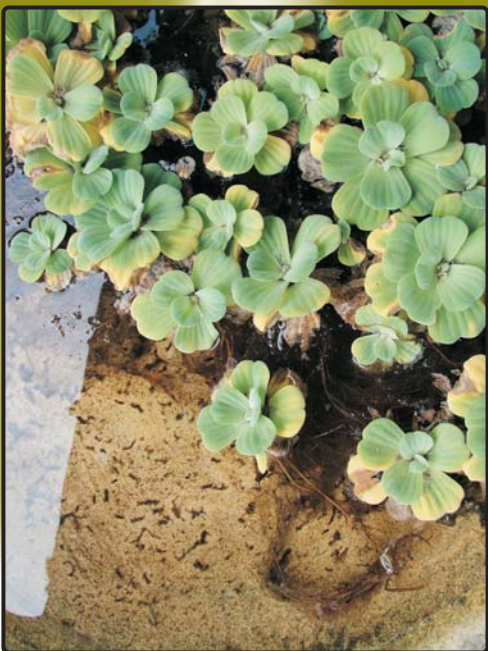
**Listing :** Main Board  
Bursa Malaysia Securities Berhad



# Corporate Structure of Edaran Group



Note: Unless stated, shareholding is 100%



## PROFILE of the BOARD of DIRECTORS

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# Profile of the Board 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 61, 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.



## **DATUK EMAM MOHD HANIFF EMAM MOHD HUSSAIN**

Senior Independent Non-Executive Director

Datuk Emam Mohd Haniff Emam Mohd Hussain, a Malaysian, aged 65 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 in the Ministry 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.



## **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 61, 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 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.

# Profile of the Board of Directors

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## **DATO' ABDUL MALEK AHMAD SHAZILI**

Independent Non-Executive Director

Dato' Abdul Malek Ahmad Shazili, a Malaysian, aged 60, 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 61, 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 a member of the Remuneration and Nominating Committees on 3 October 2001. Aged 63, he is also the Executive Chairman and Chief Executive Officer of Cendanasari Insurance Brokers Sdn Bhd.



# Profile of the Board of Directors

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## **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 48, 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 Middle East region. He has served several multinational organisations 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 Sdn Bhd.



## **FAZLAN AZRI TAJUDIN**

Non-Independent Non-Executive Director

Fazlan Azri Tajudin, aged 32, was appointed to the Board of EDARAN on 23 May 2006. He holds an Engineering degree from Imperial College of Science, Technology and Medicine, London. He sits on several private companies, including Kauthar Sdn Bhd and was previously attached to Celcom (Malaysia) Berhad. He is the son of Tan Sri Dato' Tajudin Ramli.

# Profile of the Board of Directors

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## **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 Remuneration and Risk Management Committees. Aged 45, 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 48, 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 August 2005. Mohd Shu'aib, a Malaysian, obtained his degree in Electrical Engineering from the University of Technology Malaysia. He has more than 20 years of experience in the telecommunications industry since his employment with Jabatan Telekom Malaysia in 1982. He was attached to Electroscon (M) Sdn Bhd and KYM Industries Sdn Bhd before being appointed the General Manager and Director of Edaran Communications Sdn Bhd (ECOMM) on 24 January 1991.

# THE MANAGEMENT COMMITTEE

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# The Management Committee

**Md Arif Haji Hasan**

Chief Operating Officer  
Edaran Digital Systems Berhad

**Mustafa Rawther  
Mohamed Rawther**

Senior General Manager  
Edaran Komputer Sdn Bhd

**Mohd Shu'aib Ishak**

Executive Director  
Edaran Digital Systems Berhad

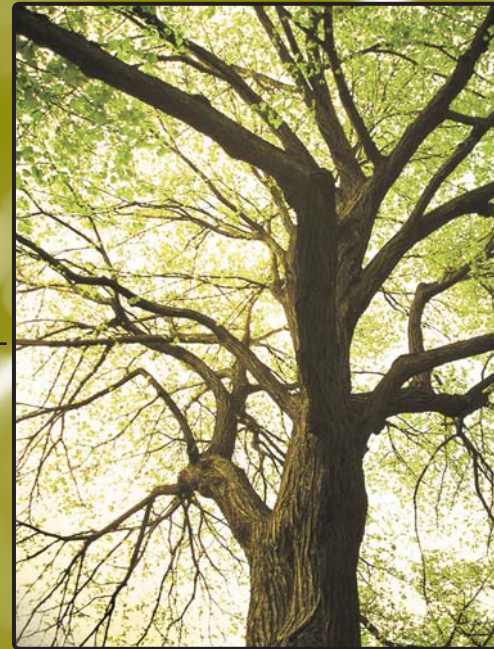
**Dato' Bistamam Ramli**

Managing Director  
Edaran Digital Systems Berhad



# MESSAGE from the CHAIRMAN

annual report 2007



## Message from the Chairman



### *Valued Shareholders and Partners,*

*I have the honour once again to present to you the Annual Report of Edaran Digital Systems Berhad.*

*I am happy to share that measures to improve efficiencies and to contain operational cost have seen the Group moving steadily back into a stronger and more comfortable position. We will continue to take steps to expand our business horizon and to motivate our people to perform better by improving their individual competencies so as to add value to themselves and to the company.*

# Message from the Chairman



## Financial Review

On the financial front, the Group has continued to make progress after turning the corner in the previous year. I am happy to report that the Group recorded a

revenue and net profit of RM 59.6 million and RM1.005 million respectively for the financial year ended 30 June 2007 compared to a revenue of RM27.4 million and a net profit of RM508 thousand in the previous year.

The better performance of the Group was due in part to revenue contributions from new as well as renewed business contracts secured during the year. The Group's successful inroads into the health and education sectors have been encouraging and will spur us on to explore other sectors, maintaining our focus nonetheless on high margin businesses while keeping an eye on marketing cost and operational expenses.

Our activities in Brunei are gaining a more solid footing, we are becoming more involved in the I.T development agenda of the public sector in Brunei thus securing our investment in our operations there. We are confident that contributions from our Brunei operations to the Group's performance will, in the near future, become more significant.

## Outlook

EDARAN remains optimistic about the I.T industry. The pace and growth in the Information Technology industry has continued despite fluctuations in the global economy because of the former's strategic and important role in raising efficiencies and competitiveness. Indeed I.T has permeated almost every aspect of our society and our lives and we believe that vast potential can still be found in certain sectors of the economy where I.T can be used to further improve processes, efficiencies and productivity. EDARAN will continue to seek out such potential to apply its expertise and capabilities.

## Training and Developing Our People

There has always been a conscious effort to provide our people with relevant training. As the information technology landscape becomes more sophisticated and progressive, we recognize the need to keep our people better equipped and ready to serve a more demanding market. Over the last 12 months, a greater emphasis was placed on ensuring that our engineers and service personnel received training in knowledge and skills that are certified and recognized by professional bodies. One such programme is the highly reputed Microsoft Certification programme that seeks to enlist EDARAN as a Microsoft Certified Partner. Securing the status of 'Microsoft Certified Partner' will put the Company on a more competitive footing. We expect that equipping our people with critical knowledge and new skill sets in information technology will be an intensive and on-going process given the speed at which new technologies are



# Message from the Chairman

## Leveraging Our Strengths and Competencies

While our experience, technology knowledge and skills form the foundation of the Group's strengths, we understand that without the right attitude and service culture we will not stand against our weakest competitor. We are glad to learn from a customer satisfaction audit carried out during the year in review that EDARAN is recognized for its integrity, dependability and approachability as a service provider. These findings have encouraged us. More than that, they remind us of the pivotal need to continue delivering real value, both tangible and intangible, to all our customers.

Hence we will work to sustain the relationships we have built with new customers through our delivery of quality service and bring them closer into our confidence even as we nurture our long established customers with personalized and greater attention to their needs.

## Appreciation

EDARAN would not have arrived at where it is today without the most critical component of its business – the people who make EDARAN. On behalf of the Board of Directors, I wish to express my gratitude to the Management and Staff who have shown dedication and unwavering commitment in their work.

To all our customers especially those who have continued to place their trust in us over the years, we thank you. To our new customers, thank you for your confidence. A special word of appreciation to all our business partners, financiers, government agencies and departments with whom we work in close association. I acknowledge your professionalism. Your support holds tremendous significance for the Group.

Last but not least, to my fellow members of the Board, it is my hope that you will continue to give me your support and guidance so that together we may steer the Group to greater heights.



**Tajudin Ramli**







## REVIEW of OPERATIONS

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# Review of Operations

## About The Group

Edaran Digital Systems Berhad (EDARAN) has been in the forefront of the ICT industry in Malaysia for the past 20 years. It has enhanced its core business of computer systems integration and the provision of smart technology solutions with value added offerings such as software development and outsourced maintenance services.

The main business activities of providing IT solutions are activities pursued via its two wholly owned subsidiaries, Edaran Komputer Sdn Bhd (EKOM) and SIDIC Technology (SIDIC). EKOM has been the leader in providing systems integration and maintenance services while SIDIC has built its brand name as a key smart technology solutions provider. With the collective expertise and experience of these two companies, EDARAN is able to provide a wide breadth of solutions to its customers

Recognizing the importance of continued business operations to support its customers, the company has invested substantially in training its people and upgrading its infrastructure with backup capabilities to further improve processes and identify contingency plans.

As a customer focused company, EDARAN has continued to engage its customers through feedback and surveys to keep abreast with customers' expectations with the aim of adding value to their goals and achievements.

## Edaran Komputer Sdn Bhd

Edaran Komputer (EKOM) executed a number of strategies and priorities to ensure continued business growth and customer retention. These strategies have been carried out successfully, resulting in growing customer confidence in EKOM's capabilities to continue undertaking projects such as those undertaken within Kastam Di Raja Malaysia(KDRM), UiTM and Pembangunan Sumber Manusia Berhad(PMSB).

EKOM has also been successful in securing projects from new customers including from the Ministry of Health, Jabatan Perhilitan, Bank Negara Malaysia and the Ministry of Education.

While government agencies and the higher education sectors have traditionally been the key sources of opportunities for the company, EKOM has also made in-roads into new business sectors, the more recent being Perbadanan Bekalan Air, Pulau Pinang and Central Sugars Refinery.

## Strengthening Skills and Resources

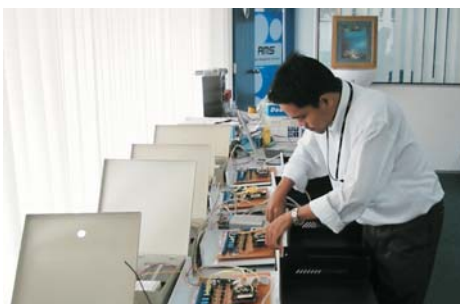
Recognizing the pivotal and crucial role of its people in the continued success of the company, EDARAN has invested heavily on the development and enhancement of people skills as well as on the improvement of processes. The company has also pursued a number of certification programmes. This has resulted in several members of the staff obtaining industry recognized certifications from Microsoft and CISCO.

To further enhance its capabilities and to achieve international standards of software development, EKOM has set itself the goal of achieving **Level 3 of the Competency Maturity Model Integration (CMMI)**. With this certification, EKOM will be in a better and more competitive position in the international arena. This qualification will also enhance the company's professionalism and efficiency in project implementation.

The company has also enhanced its Helpdesk system. Specifically it has added a regional support centre in Sibu to improve its response time to customers. As part of its initiatives to improve customer focus, EKOM has stepped up efforts to improve its logistics and inventory management.

EKOM will continue to seek business opportunities with high margins and focus on effectively addressing customer needs with the right solutions. The company will also further strengthen the internal organization by adding more skilled employees to its team while enhancing the overall level of professionalism within so as to provide value and quality service to its customers.

The company will continue to look beyond Malaysia for opportunities where it may apply its expertise and proven and tested solutions.



# Review of Operations (cont'd)

## **SIDIC Technology**

SIDIC Technology (SIDIC) was established to provide smart technology solutions that meet customers' unique requirements not addressed by off-the-shelf solutions. Over the past year, the company has been placing greater focus on understanding the challenges faced by customers needs and providing them smart solutions that effectively help to address those challenges, particularly challenges that involve security in their IT environment. This has led to SIDIC working more closely with key customers to analyse their needs so as to be able to provide customized integrated smart security solutions.

Over the last 12 months, SIDIC has embarked on a 'productisation' exercise. A key result of the 'productisation' efforts of SIDIC is a robust campus attendance monitoring system. SIDIC has plans to promote and market this unique product not only to higher education institutions within the country but also to the international market. Other key products of the company include smart card solutions that are used primarily for user verification and authentication.

For the next year, the company will continue to build market coverage and focus on key customers to provide more specific solutions, leveraging on the strengths, resources and synergy it can optimise from the EDARAN group. SIDIC also aims to further pursue the development of application solutions based on the national MyKad as well as RFID solutions that will increase the operational efficiency of organizations.

SIDIC plans to increase its marketing presence in the industry by organizing more technology update sessions with customers as well as through a greater involvement and participation in relevant technology exhibitions.

SIDIC remains optimistic about the market for smart technology solutions. The increasing demand for customized high technology based solutions as well as the increasing sophistication of customers augurs well for SIDIC whose goal is to establish itself more significantly in the industry with its own intellectual property and expertise in smart technology solutions.







# FINANCIAL HIGHLIGHTS

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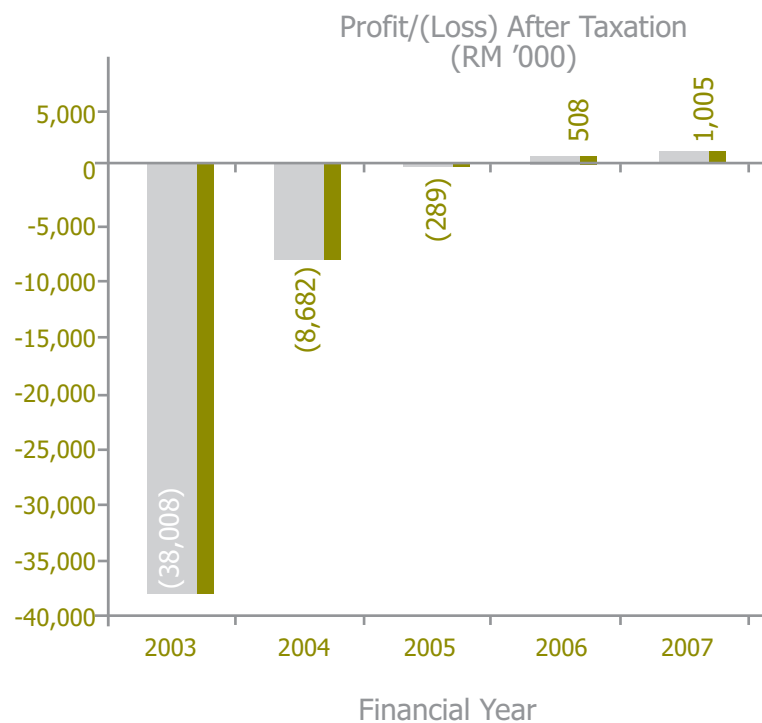
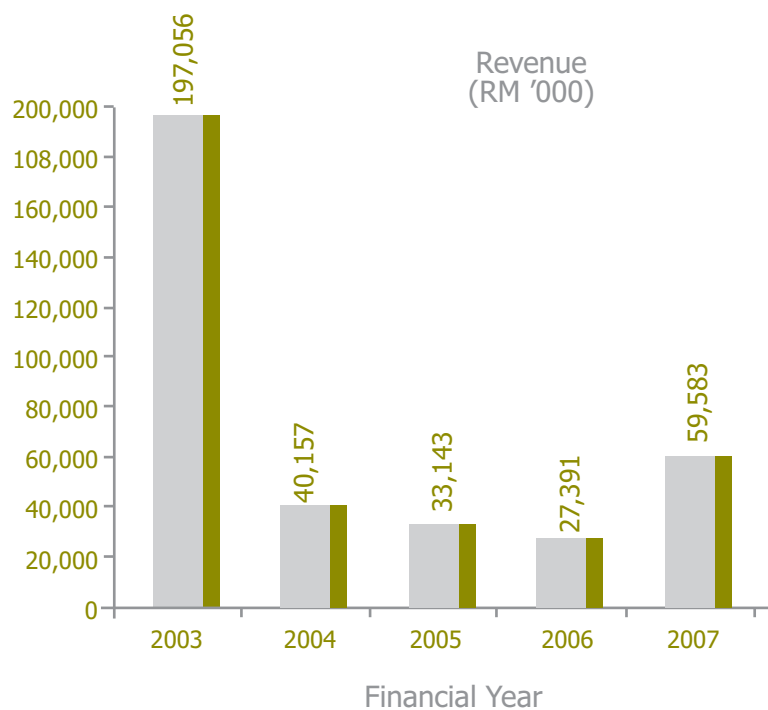
# Financial Highlights

## Five Years Group Financial Highlights

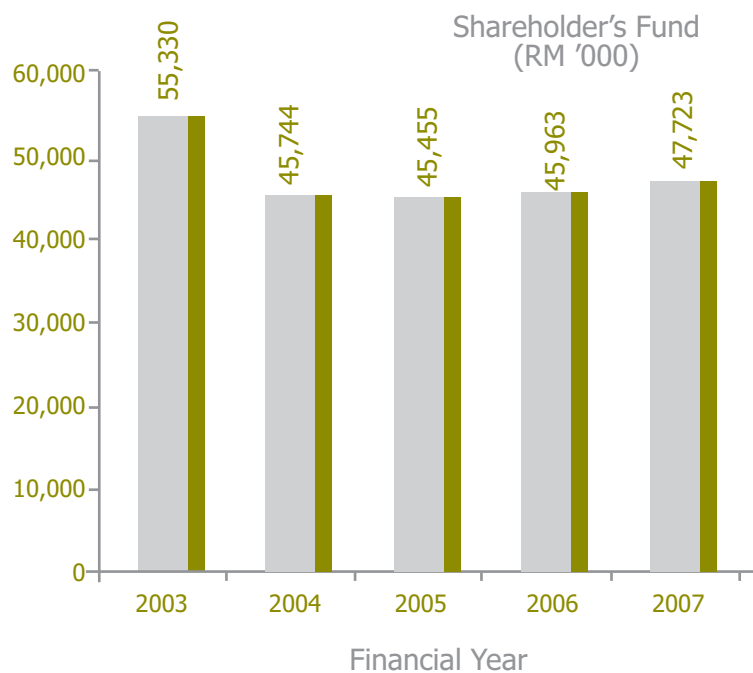
	<b>2007</b> <b>(RM'000)</b>	2006 (RM'000)	2005 (RM'000)	2004 (RM'000)	2003 (RM'000)
<b>INCOME STATEMENT</b>					
REVENUE	<b>59,583</b>	27,391	33,143	40,157	197,056
Profit/(Loss) before taxation	<b>1,041</b>	508	(25)	(7,473)	(36,932)
Taxation	<b>(36)</b>	-	(38)	(1,209)	(1,076)
Profit/(Loss) after taxation	<b>1,005</b>	508	(289)	(8,682)	(38,008)
Net Earnings/(Loss) per share (sen)	<b>1.68</b>	0.85	(0.48)	(14.47)	(63.35)
<b>BALANCE SHEET</b>					
Shareholders' Fund	<b>47,723</b>	45,963	45,455	45,744	55,330
Net Current Assets	<b>26,451</b>	27,397	27,047	46,850	56,010
Total Assets	<b>70,506</b>	61,136	63,226	82,285	172,500
Long Term Debts	<b>1,784</b>	2,453	3,121	24,153	25,119
Net Assets per share (sen)	<b>0.80</b>	0.77	0.76	0.76	0.92



## Financial Highlights (cont'd)



## Financial Highlights (cont'd)





# STATEMENT on CORPORATE GOVERNANCE

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# 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 members, two of whom are Executive Directors. There are eight Non-Executive Directors, five of whom are Independent. The Independent Directors, fulfil 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 once every quarter when 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 2007, the Board held five 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

**Members** : Dato' Idrus Zainol  
En. Shaifubahrim Mohd Saleh

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.

# Statement on Corporate Governance

- ~ 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 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 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 (RMC) 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 RMC is as follows:

**Chairman : Dato' Abdul Malek Ahmad Shazili**

**Members : Dato' Bistamam Ramli  
En. Mohd Shu'aib Ishak  
En. Fazlan Azri Tajudin  
En. Md Arif Hj Hasan  
En. Abdul Shukri Abdullah  
En. Mustafa Rawther Mohamed Rawther**

The terms of reference of the RMC 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.

Customer Satisfaction Study, initiated by the RMC, was conducted on company's major customers by an independent consultant with date of reference as at 31 December 2006. The responses and recommendations given were discussed at management level and appropriate actions have been identified as part of the improvement process.

## 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 22 of the Financial Statements.

# Statement on Corporate Governance

The Remuneration Committee carries out 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**

**Members : Tan Sri Dato' Tajudin Ramli**

**Dato' Idrus Zainol**

**Dato' Hj Abdul Hamid Mustapha**

**Dato' Bistamam Ramli**

The responsibilities of the Remuneration Committee 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 in which they are encouraged to participate. At each AGM, the Board presents the progress and performance of the Group and

where appropriate, provides the shareholders with a written clarification.

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, 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.



# AUDIT COMMITTEE REPORT

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# 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 members, a majority of whom must be Independent Directors. At least one 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 he/she must be an Independent, Non-Executive Director.

The Audit Committee comprises the following members and the details of attendance of each member at committee meetings held during the financial year 2007 are as follows:

Members	Number of Committee Meetings	
	Held	Attended
<b>Dato' Abdul Halim Abdullah</b> Chairman / Independent, Non-Executive Director	5	5
<b>Datuk Emam Mohd Haniff Emam Mohd Hussain</b> Member / Senior Independent, Non-Executive Director	5	5
<b>Dato' Bistamam Ramli</b> Member / Managing Director	5	5
<b>En. Shaifubahrim Mohd Saleh</b> Member / Independent, Non-Executive Director	4	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.

## 3. SUMMARY OF ACTIVITIES

Five Audit Committee meetings were held during the financial year:

Meeting No.	Date	Time
03-06	29 August 2006	10.00 a.m
04-06	11 October 2006	10.00 a.m
05-06	29 November 2006	10.00 a.m
01-07	22 February 2007	09.30 a.m
02-07	23 May 2007	10.00 a.m

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 2006.
- Reviewed the draft announcements to the Bursa Malaysia Securities Berhad on the quarterly report of the Group for the financial quarters ended 30 June 2006, 30 September 2006, 31 December 2006 and 31 March 2007.

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.

# Audit Committee Report

## 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.

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 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 ensure 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 investigations 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.
- 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.

# Audit Committee Report

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## **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 the 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.

## **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 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 months.





# STATEMENT on INTERNAL CONTROL

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# 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 assets. The Board has established an on-going process for identifying, evaluating and managing significant risks faced by the Group and this process has been in place during the year under review. The management assists the Board in the implementation of the Board's policies and procedures on risks and controls.

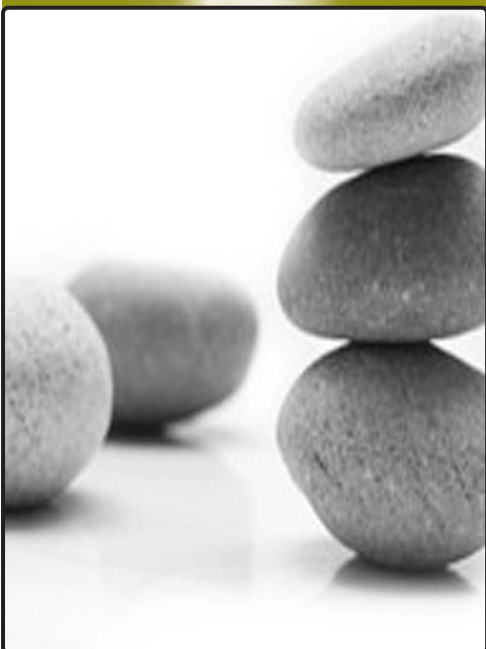
The key processes that have been established by the Board in reviewing the adequacy and integrity of the system of internal controls, which provide reasonable assurance against material misstatement or loss, include the following:

- The Risk Management Committee (RMC) was established to assist the Board to oversee the overall management of principal areas of risk. The RMC meets regularly and reports subsequently 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, training and development programmes.

The external auditor has reviewed this statement for inclusion in the annual report for the year ended 30 June 2007 and reported to the Board that the statement is consistent with the process adopted by the Board in reviewing the adequacy and integrity of the system of internal controls.





## ADDITIONAL COMPLIANCE STATEMENT

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# Additional Compliance Statement

## **1. Directors (as at 28 September 2007)**

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 11 to 14 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 6 of this Annual Report.

## **3. Offence (as at 28 September 2007)**

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 28 September 2007)**

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

## **5. Share Buyback**

The details of the share buyback are laid out in the Directors' Report on page 45 to 48 of this Annual Report

## **6. Options, Warrants or Convertible Securities**

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

## **7. American Depositary Receipt ("ADR") or Global Depositary Receipt ("GDR") Programme (as at 28 September 2007)**

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

## **8. Imposition of Sanctions and/or Penalties (as at 28 September 2007)**

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.

## **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 2007.

## **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 2007.

## **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 20 of the Financial Statements.

## **15. List of Properties**

The list of properties is stated on pages 87 to 89 of this Annual Report.

# Additional Compliance Statement

## 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 25 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 28 September 2007 are as follows:

	No. of shares	% of Paid - up Capital
<b>Malaysian</b>		
~ Bumiputera	45,600,600	76.00
~ Non-Bumiputera	14,168,500	23.62
<b>Total Malaysian</b>	<b>59,769,100</b>	<b>99.62</b>
<b>Foreign</b>	230,900	0.38
<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 2007, the amount owing from trade debtors is approximately RM18.09 million (RM10.69 million FY 2006) of which the amount over the 365 days period is approximately RM4.72 million (RM4.51 million FY 2006).





STATEMENT of DIRECTORS'  
RESPONSIBILITY in RELATION  
to the FINANCIAL STATEMENTS

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# Statement of Directors' Responsibility in Relation to the Financial Statements

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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.

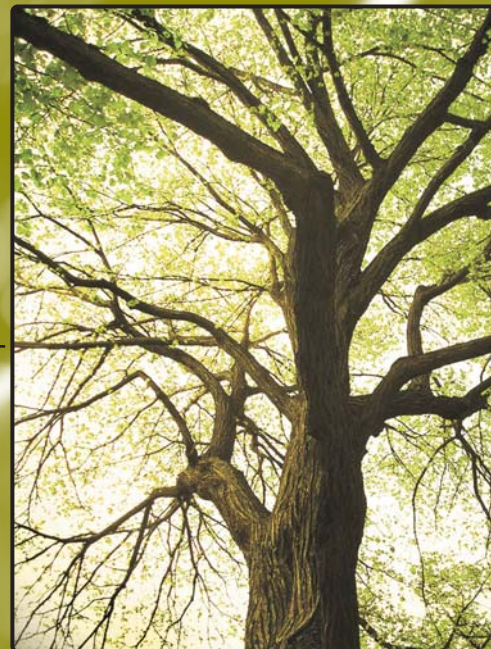
The Directors have taken reasonable steps to safeguard the assets of the Group, prevent and detect fraud and other irregularities.



# FINANCIAL STATEMENTS

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# 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 2007.

## 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 6 and 7 to the financial statements. There have been no significant changes in activities during the year.

## RESULTS OF OPERATIONS

### Net profit for the year

Group	Company
RM	RM
<b>1,005,332</b>	<b>1,028,561</b>

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.

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 30 June 2007, of 1.37% less 26% taxation on 60,000,000 ordinary shares, amounting to a dividend payable of RM600,000 (1 sen net per ordinary share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 30 June 2008.

## 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.

## TREASURY SHARES

During the financial year, the Company purchased 1,104,900 of its own shares from the open market at an average price of RM0.4228 per share. The total consideration paid for the shares purchased including transaction costs was RM470,209. These shares purchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

As at 30 June 2007, the Company held as treasury shares a total of 1,104,900 of its 60,000,000 issued ordinary shares. Such treasury shares are held at a carrying amount of RM470,209 and further relevant details are as disclosed in Note 19 to the financial statements.

## 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.

# Directors' Report

## 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 has 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.

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.

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  
Datuk Emam Mohd Haniff Emam Mohd Hussain  
Dato' Abdul Halim Abdullah  
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

# Directors' Report

In accordance with the Articles of Association of the Company, Datuk Emam Mohd Haniff Emam Mohd Hussain, Dato' Abdul Halim Abdullah and Mohd Shu'aib Ishak retire under Article 101 at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election.

## 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 1.7.2006	Bought	Sold
<b>As at 30.6.2007</b>			
<b>Direct Interest:</b>			
<b>Mohd Shu'aib Ishak</b>	1,421,428	-	-
<b>Tan Sri Dato' Tajudin Ramli</b>	2	-	-
<b>Dato' Idrus Zainol</b>	50,002	-	-
<b>Shaifubahrim Mohd Saleh</b>	30,000	-	-
<b>Indirect Interest:</b>			
<b>Tan Sri Dato' Tajudin Ramli (Note a)</b>	15,769,440	-	-
<b>Mohd Shu'aib Ishak (Note b)</b>	60,000	-	-
<b>Fazlan Azri Tajudin (Note c)</b>	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' 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.

# Directors' Report

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## **AUDITORS**

The auditors, Messrs. Parker Randall Mea, have indicated their willingness to continue in office.

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

**Dato' Abdul Halim Abdullah**

**Dato' Bistamam Ramli**

Kuala Lumpur  
13 September 2007



# Statement By Directors

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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 51 to 81 are drawn up in accordance with the provisions of the Companies Act, 1965 and 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 2007 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  
13 September 2007

# Declaration By The Director Responsible For The Financial Management Of The Company

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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 51 to 81, 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 13 September 2007}

**DATO' BISTAMAM RAMLI**  
Before me,

**AHMAD B. LAYA**  
No. W259

Commissioner for Oaths

# Auditors' Report

**PARKER RANDALL MEA (AF 1867)**

**CHARTERED ACCOUNTANTS**

Suite 19.03B, 19th Floor, Wisma MCA, 163 Jalan Ampang, 50450 Kuala Lumpur Tel : 03-21644992/8 Fax :03- 21644991

**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 51 to 81. 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.

In our opinion:

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and 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 2007 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
- (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.

PARKER RANDALL MEA  
AF 1867  
Chartered Accountants

MEA FATT LEONG  
1346/8/09 (J)  
Partner of the firm

Kuala Lumpur  
13 September 2007

# Consolidated Balance Sheet

As at 30 June 2007

	Note	2007 RM	2006 RM
<b>Non-Current Assets</b>			(Restated)
Property, plant and equipment	4	<b>14,340,288</b>	12,301,992
Investment property	5	<b>8,645,144</b>	8,645,144
Investment in associate	7	<b>71,143</b>	71,143
Others investment		<b>2</b>	3
		<b>23,056,577</b>	21,018,282
<b>Current Assets</b>			
Inventories		<b>22,634</b>	-
Amounts due from cutomers on contracts	8	<b>7,337,416</b>	4,956,998
Trade receivables	9	<b>17,597,345</b>	10,684,644
Other receivables, deposits and prepayments	10	<b>1,516,174</b>	864,787
Tax recoverable		<b>3,479,598</b>	3,980,455
Amount due from associate	12	-	10,000
Deposits with licensed banks	13	<b>10,624,600</b>	18,172,766
Cash and bank balances		<b>6,871,752</b>	1,448,277
		<b>47,449,519</b>	40,117,927
<b>Less:</b>			
<b>Current liabilities</b>			
Amounts due to customers on contracts	8	<b>1,598,958</b>	917,569
Trade payables	14	<b>11,009,439</b>	7,799,390
Other payables and accruals	15	<b>3,915,606</b>	2,657,825
Borrowings	16	<b>4,474,846</b>	1,346,051
		<b>20,998,849</b>	12,720,835
Net Current Assets		<b>26,450,670</b>	27,397,092
		<b>49,507,247</b>	48,415,374
Financed by:			
<b>SHARE CAPITAL</b>	18	<b>60,000,000</b>	60,000,000
<b>SHARE PREMIUM</b>		<b>8,004,347</b>	8,004,347
<b>TREASURY SHARES</b>	19	<b>(470,209)</b>	-
<b>REVALUATION RESERVE</b>	20	<b>1,224,926</b>	-
<b>ACCUMULATED LOSS</b>		<b>(21,036,169)</b>	(22,041,501)
Shareholders' equity		<b>47,722,895</b>	45,962,846
<b>BORROWINGS</b>	16	<b>1,784,352</b>	2,452,528
		<b>49,507,247</b>	48,415,374

See accompanying notes to the financial statements

# Balance Sheet

As at 30 June 2007

	Note	2007 RM	2006 RM
<b>Non-Current Assets</b>			
Plant and equipment	4	624,790	186,056
Investment in subsidiaries	6	29,000,734	29,000,734
Amount due from subsidiaries	11	25,037,923	26,843,462
		<b>54,663,447</b>	56,030,252
<b>Current Assets</b>			
Other receivables, deposits and prepayments	10	50,525	34,537
Tax recoverable		254,972	232,770
Cash and bank balances		1,775,294	15,006
		<b>2,080,791</b>	282,313
<b>Less:</b>			
<b>Current liabilities</b>			
Other payables and accruals	15	440,545	260,611
		<b>440,545</b>	260,611
Net Current Assets		<b>1,640,246</b>	21,702
		<b>56,303,693</b>	56,051,954
Financed by:			
<b>SHARE CAPITAL</b>	18	60,000,000	60,000,000
<b>SHARE PREMIUM</b>		8,004,347	8,004,347
<b>TREASURY SHARES</b>	19	(470,209)	-
<b>ACCUMULATED LOSS</b>		(28,957,142)	(29,985,703)
Shareholders' equity		<b>38,576,996</b>	38,018,644
<b>AMOUNT DUE TO A SUBSIDIARY</b>	11	<b>17,726,697</b>	18,033,310
		<b>56,303,693</b>	56,051,954

See accompanying notes to the financial statements



# Consolidated Statement of Changes in Equity

For the year ended 30 June 2007

	Note	Share Capital RM	Share Premium RM	Treasury Shares RM	Revaluation Reserve RM	Accumulated Loss RM	Total RM
At 1.7.2006		60,000,000	8,004,347	-	-	(22,041,501)	45,962,846
Purchase of treasury shares	19	-	-	(470,209)	-	-	(470,209)
Surplus of reserve	20	-	-	-	1,224,926	-	1,224,926
Net profit for the year		-	-	-	-	1,005,332	1,005,332
At 30.6.2007		60,000,000	8,004,347	(470,209)	1,224,926	(21,036,169)	47,722,895
At 1.7.2005		60,000,000	8,004,347	-	-	(22,549,137)	45,455,210
Net profit for the year		-	-	-	-	507,636	507,636
At 30.6.2006		60,000,000	8,004,347	-	-	(22,041,501)	45,962,846

# Statement of Changes in Equity

For the year ended 30 June 2007

	Note	Share Capital RM	Share Premium RM	Treasury Shares RM	Accumulated Loss RM	Total RM
At 1.7.2006		60,000,000	8,004,347	-	(29,985,703)	38,018,644
Purchase of treasury shares	19	-	-	(470,209)	-	(470,209)
Net profit for the year		-	-	-	1,028,561	1,028,561
At 30.6.2007		60,000,000	8,004,347	(470,209)	(28,957,142)	38,576,996
At 1.7.2005		60,000,000	8,004,347	-	(29,169,404)	38,834,943
Net loss for the year		-	-	-	(816,299)	(816,299)
At 30.6.2006		60,000,000	8,004,347	-	(29,985,703)	38,018,644

See accompanying notes to the financial statements

# Consolidated Income Statement

For the year ended 30 June 2007

	Note	2007 RM	2006 RM
<b>Revenue</b>			
Contract Revenue		<b>57,265,375</b>	22,157,760
Invoiced value of services rendered		<b>2,317,769</b>	5,233,417
		<b>59,583,144</b>	27,391,177
Cost of sales		<b>(45,075,060)</b>	(14,923,868)
Gross profit		<b>14,508,084</b>	12,467,309
Other operating income		<b>1,673,207</b>	933,493
Depreciation	4	<b>(837,859)</b>	(1,252,076)
Staff Costs		<b>(7,684,696)</b>	(7,038,898)
Other operating expenses		<b>(6,317,339)</b>	(4,227,941)
Profit from operations		<b>1,341,397</b>	881,887
Finance costs		<b>(299,912)</b>	(374,251)
Profit before taxation	22	<b>1,041,485</b>	507,636
Income tax expense	23	<b>(36,153)</b>	-
Net profit after taxation attributable to the group		<b>1,005,332</b>	507,636
Earnings per share (sen)	27	<b>1.68</b>	0.85

See accompanying notes to the financial statements

# Income Statement

For the year ended 30 June 2007

	Note	2007 RM	2006 RM
Revenue		<b>2,998,000</b>	648,000
Other operating income		<b>474,224</b>	572,065
Depreciation	4	<b>(183,170)</b>	(187,193)
Staff Costs		<b>(1,312,488)</b>	(1,243,763)
Other operating expenses		<b>(568,477)</b>	(604,052)
Profit/(loss) from operations		<b>1,408,089</b>	(814,943)
Finance costs		-	(1,356)
Profit/(loss) before taxation	22	<b>1,408,089</b>	(816,299)
Income tax expense	23	<b>(379,528)</b>	-
Net profit /(loss) for the year		<b>1,028,561</b>	(816,299)

See accompanying notes to the financial statements

# Consolidated Cash Flow Statement

For the year ended 30 June 2007

	2007 RM	2006 RM
<b>Cash Flows from Operating Activities</b>		
Profit before taxation	1,041,485	507,636
Adjustment for non-cash items:		
Depreciation	837,859	1,252,076
Interest expense	299,912	374,251
Interest income	(495,827)	479,173
Impairment loss on other investments	1	10,499
Write back of impairment loss on property	(366,433)	-
Gain on disposal of plant and equipment	(1,499)	(33,846)
Plant and equipment written off	173	-
Loss/(gain) on foreign exchange	-	(1,136)
Provision for doubtful debts	500,000	2,250
Operating profit before working capital changes	1,815,671	1,632,557
(Increase)/decrease in inventories	(22,634)	-
(Increase)/decrease in receivables	(7,796,001)	3,049,692
Increase in amounts due from customers on contracts	(2,380,418)	(3,932,353)
Increase/(decrease) in amounts due to customers on contracts	681,389	(101,038)
Increase in payables	4,467,830	1,889,250
Decrease/(increase) in amounts due from associate	10,000	(8,000)
Cash (used in) /generated from operating activities	(3,224,163)	2,530,108
Income tax refund (net)	196,617	-
Interest paid	(299,912)	(374,251)
Interest received	495,827	479,173
	(2,831,631)	2,635,030
<b>Cash Flows from Investing Activities</b>		
Purchase of property, plant and equipment	(1,288,447)	(770,246)
Proceeds from disposal of plant and equipment	4,977	53,000
	(1,283,470)	(717,246)
<b>Cash Flows from Financing Activities</b>		
Repayment of hire purchase payables	(64,167)	(364,973)
Repayment of term loan	(616,837)	(584,223)
Purchase of treasury shares	(470,209)	-
Increase/(decrease) in trust receipts	3,141,623	(3,436,500)
Decrease in deposits pledged as security with licensed bank	270,966	373,907
	2,261,376	(4,011,789)
<b>Net Decrease in Cash and Cash Equivalents</b>	(1,853,725)	(2,094,005)
Balance at beginning of year	11,861,340	13,955,345
Balance at end of year	10,007,615	11,861,340
<b>Cash and Cash Equivalents Consist of:</b>		
Cash and bank balances	6,871,752	1,448,277
Deposits with licensed banks	10,624,600	18,172,766
	17,496,352	19,621,043
Less: Deposits pledged as security with licensed banks	(7,488,737)	(7,759,703)
	10,007,615	11,861,340

See accompanying notes to the financial statements

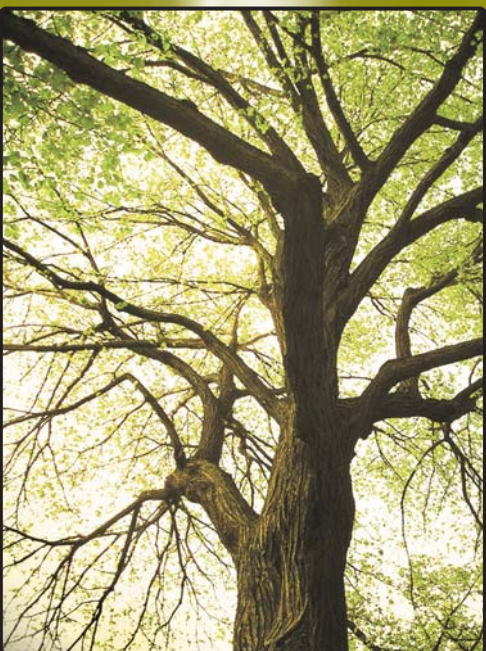


# Cash Flow Statement

For the year ended 30 June 2007

	2007 RM	2006 RM
<b>Cash Flows from Operating Activities</b>		
Profit/(loss) before taxation	1,408,089	(816,299)
Adjustment for non-cash items:		
Depreciation	183,170	187,193
Interest expense	-	1,356
Interest income	(471,794)	(571,015)
Loss on disposal of plant and equipment	-	689
Plant and equipment written off	173	-
Operating profit/(loss) before working capital changes	1,119,638	(1,198,076)
(Increase)/decrease in receivables	(15,988)	9,456
Increase in payables	179,934	31,630
Cash generated from/(used in) operating activities	1,283,584	(1,156,990)
Income tax paid net of refund	(468,588)	-
Interest paid	-	(1,356)
Interest received	471,794	571,015
	1,286,790	(587,331)
<b>Cash Flows from Investing Activities</b>		
Additional investment in subsidiaries	-	(3,500,000)
Purchase of property, plant and equipment	(622,077)	(56,784)
Repayment from subsidiaries	(149,716)	3,941,012
	(771,793)	384,228
<b>Cash Flows from Financing Activities</b>		
Repayment of hire purchase payables	-	(26,152)
Dividend received	1,715,500	-
Purchase of treasury shares	(470,209)	-
	1,245,291	(26,152)
<b>Net Increase/(Decrease) in Cash</b>	1,760,288	(229,255)
Balance at beginning of year	15,006	244,261
Balance at end of year	1,775,294	15,006
<b>Cash and Cash Equivalents Consist of:</b>		
Cash and bank balances	1,775,294	15,006

See accompanying notes to the financial statements



# NOTES to the FINANCIAL STATEMENTS

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annual report 2007

# Notes to the Financial Statements

**EDARAN DIGITAL SYSTEMS BERHAD (241644 W)**  
(Incorporated in Malaysia)

## **1. GENERAL INFORMATION**

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

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 6 and 7 to the financial statements. There have been no significant changes in activities during the year.

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 13 September 2007.

## **2. BASIS OF PREPARATION**

The financial statements of the Group and of the Company have been prepared on a historical cost basis 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. At the beginning of the current financial year, the Company had adopted new and revised Financial Reporting Standards (FRSs) which are mandatory for financial period beginning on or after 1 January 2006.

The financial statements are presented in Ringgit Malaysia (RM) which is the company's functional currency.

## **3. SIGNIFICANT ACCOUNTING POLICIES**

### **(a) Subsidiaries and Basis of Consolidation**

#### **(i) Subsidiaries**

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 from their activities.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(o). On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is recognized in the income statement.

#### **(ii) 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.

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.

# Notes to the Financial Statements (cont'd)

In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full.

## **(b) Associate**

An associate is a company in which the Group 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.

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 7.

In the Company's separate financial statements, investment in associate is stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(o). On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is recognized in the income statement.

## **(c) 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(o).

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 recognized as an expenses, in which case the increase is recognized in the income statement to the extent of the decrease previously recognized.

A revaluation decrease is first offset against an increase on unutilized earlier valuations in respect of the same asset and is thereafter recognized 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:

Buildings	2%
Motor vehicles, furniture & fittings,	20%
Equipment tools and gymnasium equipment	20%
Office equipment and renovation	20% - 33.33%

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



# Notes to the Financial Statements *(cont'd)*

## **(d) Investment Properties**

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are measured initially at cost, including transaction costs, less accumulated depreciation and impairment loss. Cost represents the cost for acquisition of investment properties.

Investment properties are derecognised when either they have been disposed of or when the investment is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in profit or loss in the year in which they arise.

## **(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.

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.

# Notes to the Financial Statements (cont'd)

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.

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) 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.

## **(k) 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.

## **(l) Equity Instruments**

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

The consideration paid, including attributable transaction costs on repurchased ordinary shares of the Company that have not been cancelled, are classified as treasury shares and presented as a deduction from equity. No gain or loss is recognised in profit or loss on sale, re-issuance or cancellation of treasury shares. When treasury shares are re-issued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

## **(m) 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 recognized upon transfer of risks and rewards.
- iii) Revenue from services rendered is recognized as and when the services are performed.

# Notes to the Financial Statements *(cont'd)*

- iv) Interest income is recognized on a time proportion basis that reflects the effective yield on the asset.
- v) Rental income is recognized on an accrual basis.
- vi) Dividend income is recognized when the right to receive payment is established.
- Vii) Management fee is recognised when services are performed.

## **(n) 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.

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.

## **(o) 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.

## **(p) 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.

# Notes to the Financial Statements *(cont'd)*

## (q) 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:

	2007 RM	2006 RM
<b>Brunei Dollar</b>	<b>2.258</b>	2.309

## (r) 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.

## (s) Changes in Accounting Policies and Effects Arising From Adoption of FRS 140

Prior to 1 July 2006, investment properties were included within property, plant and equipment. The adoption of FRS 140 has resulted in identification of properties that meets the definition of investment properties. Investment properties are now classified as a separate category on the consolidated balance sheet and stated at cost less accumulated depreciation and impairment losses.

The Group has applied FRS 140 in accordance with the transitional provisions. The change in accounting policy has had no impact on amounts reported for 2006 or prior periods except for the reclassification from property, plant and equipment to investment properties. The reclassification has been accounted for retrospectively. There were no effects on the consolidated income statement and the Company's financial statements for the financial year ended 30 June 2007.

Summary of effects on the consolidated balance sheet as at 30 June 2006 as follows:

	Increase / (decrease) RM
<b>Property, plant and equipment (Note 4)</b>	<b>(8,645,144)</b>
<b>Investment Property (Note 5)</b>	<b>8,645,144</b>

#### 4. PROPERTY, PLANT AND EQUIPMENT

		Note	Freehold Land RM	Leasehold Land RM	Building RM	Furniture & fittings RM	Office equipment RM	Renovation RM	Motor vehicles RM	Equipment tools RM	Gymnasium equipment RM	Total RM
<b>Group</b>												
<b>Cost/Valuation</b>												
At 1.7.2006 previously reported			8,645,144	6,337,555	6,197,188	514,263	3,569,705	1,408,259	3,373,080	983,981	31,170	31,060,345
Reclassification	5		(8,645,144)	-	-	-	-	-	-	-	-	(8,645,144)
At 1.7.2006 restated			-	6,337,555	6,197,188	514,263	3,569,705	1,408,259	3,373,080	983,981	31,170	22,415,201
Additions			-	-	-	6,837	1,021,689	259,671	-	250	-	1,288,447
Disposals			-	-	-	-	(10,319)	-	-	-	-	(10,319)
Revaluation surplus	20		-	797,286	794,073	-	-	-	-	-	-	1,591,359
Elimination of accumulated depreciation on revaluation			-	(610,841)	(909,261)	-	-	-	-	-	-	(1,520,102)
At 30.6.2007			-	6,524,000	6,082,000	521,100	4,581,075	1,667,930	3,373,080	984,231	31,170	23,764,586
<b>Accumulated Depreciation</b>												
At 1.7.2006			-	539,543	785,316	456,168	2,791,529	1,257,698	3,321,810	935,227	25,918	10,113,209
Charge for the year			-	71,298	123,945	23,703	441,946	88,862	49,521	33,334	5,250	837,859
Disposal			-	-	-	-	(6,668)	-	-	-	-	(6,668)
Elimination of accumulated depreciation on revaluation			-	(610,841)	(909,261)	-	-	-	-	-	-	(1,520,102)
At 30.6.2007			-	-	-	479,871	3,226,807	1,346,560	3,371,331	968,561	31,168	9,424,298
<b>Net Book Value</b>												
At 30.6.2007			-	6,524,000	6,082,000	41,229	1,354,268	321,370	1,749	15,670	2	14,340,288
At 30.6.2006 (Restated)			-	5,798,012	5,411,872	58,095	778,176	150,561	51,270	48,754	5,252	12,301,992
Depreciation charge for 2006				71,301	123,944	45,054	329,014	182,049	448,722	45,758	6,234	1,252,076



# Notes to the Financial Statements (cont'd)

## 4. PROPERTY, PLANT AND EQUIPMENT

	At 1.7.2006 RM	Additions RM	Disposals RM	At 30.6.2007 RM
<b>Company</b>				
<b>Cost</b>				
Office equipment	495,845	406,522	(2,200)	<b>900,167</b>
Renovations	251,240	215,555	-	<b>466,795</b>
Motor vehicles	158,710	-	-	<b>158,710</b>
Gymnasium equipment	31,170	-	-	<b>31,170</b>
	<b>936,965</b>	<b>622,077</b>	<b>(2,200)</b>	<b>1,556,842</b>
<b>Accumulated Depreciation</b>				
Office equipment	360,015	128,153	(2,027)	<b>486,141</b>
Renovations	206,267	49,767	-	<b>256,034</b>
Motor vehicles	158,709	-	-	<b>158,709</b>
Gymnasium equipment	25,918	5,250	-	<b>31,168</b>
	<b>750,909</b>	<b>183,170</b>	<b>(2,027)</b>	<b>932,052</b>
<b>Net Book Value</b>				
Office equipment	135,830	278,369	(173)	<b>414,026</b>
Renovations	44,973	165,788	-	<b>210,761</b>
Motor vehicles	1	-	-	<b>1</b>
Gymnasium equipment	5,252	(5,250)	-	<b>2</b>
	<b>186,056</b>	<b>438,907</b>	<b>(173)</b>	<b>624,790</b>

	Group	Company
<b>Depreciation charge for year 2006</b>	<b>RM</b>	<b>RM</b>
Long leasehold land	71,301	-
Buildings	123,944	-
Furniture and fittings	45,054	-
Office equipment	329,014	99,034
Renovations	182,049	52,829
Motor vehicles	448,722	29,096
Equipment tools	45,758	-
Gymnasium equipment	6,234	6,234
	<b>1,252,076</b>	<b>187,193</b>

# Notes to the Financial Statements (cont'd)

## 4. PROPERTY, PLANT AND EQUIPMENT

On 27 March 2007, the leasehold land and building of the subsidiary companies were revalued by an independent professional valuer. Fair value is determined by reference to open market values on an existing use basis. The revaluation surplus of RM1,224,926 arising from the revaluation of the leasehold land and building is credited into the revaluation reserve as disclosed in Note 20.

Had the revalued leasehold land and building been carried at historical cost less accumulated depreciation, the net book value of the leasehold land and buildings that would have been included in the financial statements as at 30 June 2007 would be as follows:

	<b>Group</b>	
	<b>2007 RM</b>	<b>2006 RM</b>
<b>Leasehold land</b>	<b>4,323,970</b>	4,397,968
<b>Buildings</b>	<b>4,851,551</b>	4,914,843
	<b>9,175,521</b>	9,312,811

Net book value of plant and equipment held under hire purchase arrangements as disclosed in Note 17 are as follows:

	<b>Group</b>	
	<b>2007 RM</b>	<b>2006 RM</b>
<b>Motor vehicles</b>	-	50,019

## 5. INVESTMENT PROPERTY

	<b>Group</b>	
	<b>2007 RM</b>	<b>Restated 2006 RM</b>
<b>Freehold land at cost</b>		
<b>At 1 July</b>	<b>8,645,144</b>	-
<b>Reclassification (Note 4)</b>	-	8,645,144
<b>At 30 June</b>	<b>8,645,144</b>	8,645,144

During the financial year, the Group has determined that the freehold land that was previously classified under property, plant and equipment amounting to RM8,645,144 has met the criteria to qualify as investment property based on FRS 140. Therefore, this freehold land has been reclassified and accounted for retrospectively.

Freehold land has an unlimited useful life and therefore is not depreciated. The net book value of the investment property of the Group pledged for borrowings as disclosed in Note 16 amounted to RM8,645,144 (RM8,645,144 in 2006).

# Notes to the Financial Statements (cont'd)

## 6. INVESTMENT IN SUBSIDIARIES

	Company	
	2007 RM	2006 RM
Unquoted shares, at cost	56,164,208	56,164,208
Less: Accumulated impairment losses	(27,163,474)	(27,163,474)
	<u>29,000,734</u>	<u>29,000,734</u>

The details of the subsidiary companies are as follow:

Name of subsidiary	Equity Interest		Country of Incorporation	Principal Activities
	2007	2006		
Elitemac Resources Sdn Bhd	100%	100%	Malaysia	Investment holding and provisioning, installation, commissioning, and maintenance of power supply equipment for telecommunication systems. Ceased operations.
Edaran Komputer Sdn Bhd	100%	100%	Malaysia	Provisioning, installation, commissioning, integration and maintenance of information technology products and related services.
SIDIC Technology Sdn Bhd	100%	100%	Malaysia	Technology provider for the smart technology industry.
MIDC Technology Sdn Bhd	100%	100%	Malaysia	Technology provider for the integrated data centre. Ceased operations.
<b>Subsidiary of Elitemac Resources Sdn Bhd</b>				
Edaran Communications Sdn Bhd	100%	100%	Malaysia	Provisioning, installation, commissioning, integration and maintenance of telecommunication equipment and related services. Ceased operations.
<b>Subsidiary of Edaran Komputer Sdn Bhd</b>				
Shinba-Edaran Sdn Bhd **	75%	-	Brunei	It has not commenced operations since its incorporation.

\*\* Audited by firm other than Parker Randall Mea

## 7. INVESTMENT IN ASSOCIATE

	Group	
	2007 RM	2006 RM
Unquoted shares, at cost	490,000	490,000
Less: Accumulated impairment losses	(418,857)	(418,857)
	<u>71,143</u>	<u>71,143</u>

# Notes to the Financial Statements (cont'd)

The associated company, Advanced Communication Solutions Sdn. Bhd., a company incorporated in Malaysia, in which the Group has a 49% (49% in 2006) 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(b) 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:

	<b>Group</b>	
	<b>2007 RM</b>	<b>2006 RM</b>
<b>Unquoted shares, at cost</b>	<b>490,000</b>	490,000
<b>Less: Accumulated impairment losses</b>	<b>(418,857)</b>	(418,857)
	<b>71,143</b>	71,143
<b>Represented by Share of net assets</b>	<b>71,143</b>	71,143

In September 2006, the associated company was put under members voluntary winding up by its shareholders. Therefore, the Group has discontinued recognition of its share of results for the current financial year.

## 8. CONTRACT WORK-IN-PROGRESS

	<b>Group</b>		<b>Company</b>	
	<b>2007 RM</b>	<b>2006 RM</b>	<b>2007 RM</b>	<b>2006 RM</b>
<b>Cost</b>	<b>44,936,546</b>	37,335,798	-	-
<b>Profit recognized</b>	<b>10,920,054</b>	18,374,400	-	-
<b>Progress billings</b>	<b>(50,118,142)</b>	(51,670,769)	-	-
<b>Work-in-progress</b>	<b>5,738,458</b>	4,039,429	-	-
<b>Analysis of Work-in-progress</b>				
<b>Amount due from customers</b>	<b>7,337,416</b>	4,956,998	-	-
<b>Amount due to customers</b>	<b>(1,598,958)</b>	(917,569)	-	-
	<b>5,738,458</b>	4,039,429	-	-
<b>Contract revenue recognized</b>	<b>57,265,375</b>	22,157,760	-	-
<b>Contract cost recognized</b>	<b>43,146,698</b>	11,837,393	-	-

# Notes to the Financial Statements (cont'd)

## 9. TRADE RECEIVABLES

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Trade receivables	50,292,363	43,203,450	-	-
Less: Provision for doubtful debts	(32,695,018)	(32,518,806)	-	-
	<u>17,597,345</u>	<u>10,684,644</u>	<u>-</u>	<u>-</u>

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 (3 in 2006) customers representing 14% (28% in 2006) of total net trade receivables. Included in the total net trade receivables of the Group are debts amounting to RM4,215,323 (RM4,509,374 in 2006) which have been outstanding beyond one 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.

## 10. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Other receivables	342,005	339,684	43,825	29,686
Amount due by related company	269,586	266,586	-	-
Deposits	4,443,167	3,792,928	200	700
Prepayments	38,014	42,185	6,500	4,151
	<u>5,092,772</u>	<u>4,441,383</u>	<u>50,525</u>	<u>34,537</u>
Less: Provision for doubtful debts	(3,576,598)	(3,576,596)	-	-
	<u>1,516,174</u>	<u>864,787</u>	<u>50,525</u>	<u>34,537</u>

## 11. AMOUNT DUE FROM / TO SUBSIDIARY COMPANIES

The amount due from subsidiary companies bear interest at 4% (4% in 2006) per annum, is 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.

## 12. AMOUNT DUE FROM ASSOCIATE

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



# Notes to the Financial Statements (cont'd)

## 13. DEPOSITS WITH LICENSED BANKS

Deposits with licensed banks of the Group amounting to RM7,488,737 (RM7,759,703 in 2006) are pledged to banks for credit facilities granted to certain subsidiaries as referred to Note 16.

The interest rates and average maturities of deposits of the Group as at 30 June 2007 range from 2.90% to 3.00% (3.00% to 4.00% in 2006) per annum and between 21 to 365 days.

## 14. TRADE PAYABLES

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

## 15. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Other payables	372,862	157,254	11,396	12,026
Accruals	3,542,744	2,500,571	429,149	248,585
	<u>3,915,606</u>	<u>2,657,825</u>	<u>440,545</u>	<u>260,611</u>

## 16. BORROWINGS

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
<b>Short Term Borrowings</b>				
Term loans	643,263	593,410	-	-
Trust receipts	3,830,123	688,500	-	-
Hire purchase payable (Note 17)	1,460	64,141	-	-
	<u>4,474,846</u>	<u>1,346,051</u>	<u>-</u>	<u>-</u>
<b>Long Term Borrowings</b>				
Term loans	1,784,352	2,451,041	-	-
Hire purchase payable (Note 17)	-	1,487	-	-
	<u>1,784,352</u>	<u>2,452,528</u>	<u>-</u>	<u>-</u>
<b>Total Borrowings</b>				
Term loans	2,427,615	3,044,451	-	-
Trust receipts	3,830,123	688,500	-	-
Hire purchase payable (Note 17)	1,460	65,628	-	-
	<u>6,259,198</u>	<u>3,798,579</u>	<u>-</u>	<u>-</u>
<b>Maturity of Borrowings (excluding hire purchase)</b>				
Within one year	4,473,386	1,281,910	-	-
More than 1 year and less than 2 years	643,263	593,410	-	-
More than 2 years and less than 5 years	1,141,089	1,780,229	-	-
More than 5 years	-	77,402	-	-
	<u>6,257,738</u>	<u>3,732,951</u>	<u>-</u>	<u>-</u>

# Notes to the Financial Statements (cont'd)

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

	Group		Company	
	2007 %	2006 %	2007 %	2006 %
<b>Trust receipts</b>	<b>7.75</b>	7.50	-	-
<b>Term loans</b>	<b>7.50</b>	7.50	-	-

The term loan of the Group is secured by a legal charge over a freehold land of a subsidiary company and a 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 13;
- (ii) assignment of contract proceeds of certain subsidiary companies; and
- (iii) corporate guarantee of the Company.

## 17. HIRE PURCHASE PAYABLES

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
<b>Minimum Lease Payments</b>				
Not later than one year	<b>1,460</b>	65,894	-	-
More than 1 year and less than 2 years	-	1,366	-	-
More than 2 years and less than 5 years	-	-	-	-
	<b>1,460</b>	67,260	-	-
<b>Less: Future finance charges</b>	-	(1,632)	-	-
<b>Present value of finance lease liabilities</b>	<b>1,460</b>	65,628	-	-
<b>Present Value Of Finance Lease Liability</b>				
Not later than one year	<b>1,460</b>	64,141	-	-
More than 1 year and less than 2 years	-	1,487	-	-
More than 2 years and less than 5 years	-	-	-	-
	<b>1,460</b>	65,628	-	-
<b>Analysed As</b>				
Due within 12 months (Note 16)	<b>1,460</b>	64,141	-	-
Due after 12 months (Note 16)	-	1,487	-	-
	<b>1,460</b>	65,628	-	-

The hire purchase payables bear interest at between 4.95% to 9.16% (4.95% to 9.16% in 2006) per annum.

# Notes to the Financial Statements (cont'd)

## 18. SHARE CAPITAL

	2007 RM	2006 RM
<b>Ordinary shares of RM1 each</b>		
Authorised	<b>100,000,000</b>	100,000,000
Issued and fully paid	<b>60,000,000</b>	60,000,000

## 19. TREASURY SHARES

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
At 1 July	-	-	-	-
Purchases	<b>470,209</b>	-	<b>470,209</b>	-
At 30 June	<b>470,209</b>	-	<b>470,209</b>	-

The shareholders of the Company, by a ordinary resolution passed in a general meeting held on 18 January 2007, approved the Company's plan to purchase its own shares. The directors of the Company are committed to enhancing the value of the Company for its shareholders and believe that the purchase plan can be applied in the best interest of the Company and its shareholders.

Between 15 June 2007 and 29 June 2007, the Company purchased 1,104,900 of its own shares from the open market at an average price of RM0.4228 per share. The total consideration paid for the shares purchased was RM470,209, comprising of consideration paid of RM467,152 and transaction costs of RM3,057. The transactions were financed by internally generated funds. The shares purchased are being held as treasury shares in accordance with section 67A of the Companies Act, 1965. The highest and the lowest price paid per share were RM0.470 and RM0.415 respectively.

Of the total 60,000,000 (60,000,000 in 2006) issued and fully paid ordinary shares as at 30 June 2007, 1,104,900 (nil in 2006) are held as treasury shares by the Company.

## 20. REVALUATION RESERVES

	Leasehold Land RM	Building RM	Total RM
<b>Group</b>			
At 1 July 2006	-	-	-
Revaluation increase	797,286	797,634	1,594,920
Revaluation decrease	-	(3,561)	(3,561)
Reversal of impairment loss	-	(366,433)	(366,433)
At 30 June 2007	797,286	427,640	1,224,926

# Notes to the Financial Statements (cont'd)

## 21. DEFERRED TAX

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

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Unused tax losses	<b>652,624</b>	679,298	-	-
Unabsorbed capital allowances	<b>18,949</b>	38,011	<b>18,949</b>	25,459
	<b>671,573</b>	717,309	<b>18,949</b>	25,459

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

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Revaluation of leasehold land and buildings	<b>(564,856)</b>	(572,325)	-	-
Capital allowances claimed in excess of depreciation	<b>(106,717)</b>	(144,984)	<b>(18,949)</b>	(25,459)
	<b>(671,573)</b>	(717,309)	<b>(18,949)</b>	(25,459)

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

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Unused tax losses	<b>4,612,889</b>	5,127,103	<b>271,816</b>	272,373
Unabsorbed capital allowances	<b>154,268</b>	211,987	<b>159,011</b>	92,681
	<b>4,767,157</b>	5,339,090	<b>430,827</b>	365,054

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.

# Notes to the Financial Statements (cont'd)

## 22. PROFIT/(LOSS) BEFORE TAXATION

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
<b>After Charging/(crediting):</b>				
Audit fee	<b>42,100</b>	47,600	<b>12,000</b>	12,000
Directors' remuneration (Note a)	<b>815,350</b>	791,350	<b>218,000</b>	194,000
<b>Impairment loss on:</b>				
Other investments	<b>1</b>	10,499	-	-
Provision for doubtful debts	<b>500,000</b>	2,250	-	-
Rental of premises	<b>64,541</b>	22,659	-	-
<b>Finance Costs:</b>				
Bank overdraft interest	<b>3,986</b>	5,486	-	-
Hire purchase interest	<b>1,448</b>	21,135	-	1,356
Term loan interest	<b>228,324</b>	260,936	-	-
Trust receipts interest	<b>66,154</b>	86,694	-	-
Loss/(gain) on foreign exchange trade and realised	<b>75,700</b>	(1,136)	-	-
<b>Management Fee Income from:</b>				
Associate	<b>(8,000)</b>	(24,000)	-	-
Subsidiaries	-	-	<b>(648,000)</b>	(648,000)
<b>Interest Income from:</b>				
Deposits with licensed bank	<b>(495,827)</b>	(479,173)	-	-
Subsidiaries	-	-	<b>(471,794)</b>	(571,015)
Rental income	<b>(286,000)</b>	(376,600)	-	-
Dividend income	-	-	<b>(2,350,000)</b>	-
Write back impairment loss on property	<b>(366,433)</b>	-	-	-
Gain on disposal of plant and equipment	<b>(1,499)</b>	(33,847)	-	-



# Notes to the Financial Statements (cont'd)

## (a) Directors' remuneration

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
<b>Directors of the Company</b>				
<b>Executive Directors</b>				
- salaries and others emoluments	540,000	540,000	-	-
- benefits-in-kind	57,350	57,350	-	-
	<b>597,350</b>	597,350	-	-
<b>Non-Executive Directors</b>				
- fees	218,000	194,000	218,000	194,000
	<b>218,000</b>	194,000	<b>218,000</b>	194,000
	<b>815,350</b>	791,350	<b>218,000</b>	194,000

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

	Number of Directors			
	2007		2006	
	Executive Directors	Non-Executive Directors	Executive Directors	Non-Executive Directors
<b>Directors of the Company</b>				
Below RM 50,000	-	8	-	7
RM 50,000 - RM 100,000	-	-	-	-
RM 100,001 - RM 150,000	-	-	-	-
RM 150,001 - RM 200,000	-	-	-	-
RM 200,001 - RM 250,000	-	-	-	-
RM 250,001 - RM 300,000	1	-	1	-
RM 300,001 - RM 350,000	1	-	1	-

## 23. INCOME TAX EXPENSE

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Current income tax expense	36,153	-	379,528	-
	<b>36,153</b>	-	<b>379,528</b>	-

# Notes to the Financial Statements (cont'd)

As at 30 June 2007, the Group has unutilised business losses of RM20,116,621 (RM22,807,135 in 2006) and unabsorbed capital allowance of RM781,102 (RM639,062 in 2006) respectively to set off against future taxable profits.

As at 30 June 2007, the Company has no unutilised business loss and unabsorbed capital allowance to set off against future taxable profits (Nil in 2006).

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 Group and the Company are as follows:

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Profit/(loss) before taxation	<b>1,041,485</b>	507,636	<b>1,408,089</b>	(816,299)
Taxation at statutory tax rate of 20% / 27%	<b>619,013</b>	244,251	<b>379,528</b>	(228,564)
Expenses not deductible for tax purposes	<b>452,300</b>	590,159	-	81,272
Income not subject to tax	<b>(73,287)</b>	-	-	-
Utilisation of unrecognized tax losses b/f	<b>(1,171,079)</b>	(1,139,615)	-	-
Deferred tax assets not recognized during the year	<b>209,206</b>	305,198	-	147,292
Tax expense for the year	<b>36,153</b>	-	<b>379,528</b>	-

## 24. CONTINGENT LIABILITIES

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
<b>Corporate Guarantees</b>				
Secured:				
Performance guarantee extended to third parties in respect of contract performance	<b>3,624,549</b>	2,371,198	-	-
Corporate guarantee given to banks for credit facilities granted to subsidiaries	-	-	<b>2,427,615</b>	3,057,913
	<b>3,624,549</b>	2,371,198	<b>2,427,615</b>	3,057,913

# Notes to the Financial Statements (cont'd)

## 25. RELATED PARTY TRANSACTION

Transaction between the Group and the Company and related parties during the year are as follow:

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Insurance premium paid through a company controlled by a director	<b>77,779</b>	174,912	<b>2,465</b>	9,507
Management fee income from subsidiary companies	-	-	<b>648,000</b>	648,000
Management income from associate	<b>8,000</b>	24,000	-	-
Interest income from subsidiary companies	-	-	<b>471,794</b>	571,015
Dividend income from subsidiary company	-	-	<b>2,350,000</b>	-

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.

## 26. 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.

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 2007. 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.

# Notes to the Financial Statements *(cont'd)*

## **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.

## **27. EARNING PER SHARE**

The profit per share is calculated based on the profit after taxation of RM1,005,332 (profit after taxation of RM507,636 in year 2006) on the 60,000,000 (60,000,000 in year 2006) ordinary shares of RM1 each in issue during the year.

## **28. 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.

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 (cont'd)

## 28. SEGMENT INFORMATION (cont'd)

### (a) Business Segments (cont'd)

2007	Information Technology and Services RM	Telecommunications RM	Others RM	Eliminations RM	Consolidated RM
<b>Revenue</b>					
External sales	59,583,144	-	-	-	59,583,144
Inter - segment sales	-	-	2,998,000	(2,998,000)	-
Total Revenue	59,583,144	-	2,998,000	(2,998,000)	59,583,144
<b>Results</b>					
Segment results	3,323,870	(564,502)	1,403,823	(2,821,794)	1,341,397
Profit from operations					1,341,397
Finance costs					(299,912)
Income tax expense					(36,153)
Net profit for the year					1,005,332

2007	Information Technology and Services RM	Telecommunications RM	Others RM	Eliminations RM	Consolidated RM
<b>Assets and liabilities</b>					
Segment assets	54,151,296	38,925,779	56,747,352	(79,318,331)	70,506,096
Segment liabilities	41,661,768	12,146,185	18,936,373	(49,961,125)	22,783,201
<b>Other information</b>					
Capital expenditure	663,540	-	624,907		1,288,447
Depreciation	501,547	151,236	185,076		837,859
Impairment losses	-	1	-		1
Non-cash expenses other than depreciation and impairment losses	150,000	350,000	173		500,173



# Notes to the Financial Statements (cont'd)

## 28. SEGMENT INFORMATION (cont'd)

### (a) Business Segments (cont'd)

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	27,391,177	-	648,000	(648,000)	27,391,177
<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)
Income tax expense					-
Net profit for the year					507,636

2006	Information Technology and Services RM	Telecommunications RM	Others RM	Eliminations RM	Consolidated RM
<b>Assets and liabilities</b>					
Segment assets	47,336,100	39,201,503	56,317,607	(81,719,001)	61,136,209
Segment liabilities	36,331,297	12,428,140	19,030,693	(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

### (b) Geographical Segments

	Malaysia RM	Brunei RM	Consolidated RM
<b>Revenue from external customers</b>			
2007	56,566,174	3,016,970	59,583,144
2006	25,225,116	2,166,061	27,391,177



# STATISTICS on SHAREHOLDINGS

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# Statistics on Shareholdings

## STATEMENT OF SHAREHOLDINGS

Authorised Capital	: RM100,000,000
Issued and Paid-Up Capital	: RM 60,000,000
Class of Shares	: Ordinary shares of RM1.00 each
Voting Rights	: One vote per share on a show of hands One vote per share on a poll
No. of Shareholders	: 2,171

## ANALYSIS OF SHAREHOLDINGS

### A. Distribution of Shareholdings (as at 28 September 2007)

Size of Shareholdings	Shareholders	Shareholding	%
Less than 100	4	92	0.00
100-1,000	1,244	1,227,900	2.04
1,001 - 10,000	692	3,105,404	5.18
10,001 - 100,000	204	5,891,532	9.82
10,001 to less than 5% of issued shares	22	13,239,403	22.07
5% and above of issued shares	5	36,535,669	60.89
<b>Total</b>	<b>2,171</b>	<b>60,000,000</b>	<b>100</b>

### B. List of Thirty (30) Largest Shareholders (as at 28 September 2007)

Names	No. of Shares	%
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 Ishak	1,421,428	2.37
8. Rizuwan bin Mohd Murad	1,300,428	2.17
9. Teh Teaw Kee	1,075,100	1.79
10. Abdul Shukri bin Abdullah	1,068,334	1.78
11. Gigantic Talent Sdn Bhd	725,000	1.21
12. Mazlifah binti Abdullah	548,800	0.91
13. Power Protection (M) Sdn Bhd	546,000	0.91
14. TA Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Teh Teoh Guan</i>	403,100	0.67
15. Mohd Salleh bin Lamsah	434,428	0.72
16. Providence Capital Sdn Bhd	294,000	0.49
17. Ahmad Yasri bin Mohd Hashim @ Mohd Hassan	242,385	0.40

# Statistics on Shareholdings *(cont'd)*

## B. List of Thirty (30) Largest Shareholders (as at 28 September 2007) *(Contd)*

Names	No. of Shares	%
18. Ke-Zan Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Tan Ee Seng</i>	193,500	0.32
19. Yap Yok Foo	157,200	0.26
20. Ling Kam Sing	152,500	0.25
21. TA Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Teh Teaw Kee</i>	141,800	0.24
22. OSK Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Tan Gaik Suan</i>	118,400	0.20
23. TCL Nominees (Asing) Sdn Bhd <i>OCBC Securities Pte Ltd for Goh Yong Swee Robert</i>	105,000	0.18
24. Saujana Paradigma Sdn Bhd	100,000	0.17
25. Koperasi Jabatan Kastam Malaysia Berhad	100,000	0.17
26. Kang Swee Huat	97,700	0.16
27. Normah binti Ali Affandi	92,932	0.15
28. Edward Leonardo Tagnipis	90,000	0.15
29. Tan Gaik Suan	86,200	0.14
30. HLB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities for Chin Peng Jin</i>	81,000	0.14
<b>TOTAL</b>	<b>48,730,904</b>	<b>81.22</b>

## C. Substantial Shareholders (as at 28 September 2007)

(as shown in the Register of Substantial Shareholders)

Names of Substantial Shareholders	No. of Shares Held	%	Notes
1. Tan Sri Dato' Tajudin Ramli	(Direct) 2	0.00	
	(Indirect) 15,769,440	27.07	(a)
	Total 15,769,442	27.07	
2. Kauthar Sdn Bhd	15,769,440	27.07	
3. Valiant Chapter Sdn Bhd	10,863,765	18.65	
4. Unique Pyramid Sdn Bhd	3,521,802	6.05	
5. Sabri bin Hashim	3,305,000	5.67	

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.

\* The computation of the above percentage (%) excludes the Treasury Shares of 1,756,300 held by the Company.

# Statistics on Shareholdings *(cont'd)*

## D. Directors' Shareholding (as at 28 September 2007) (as shown in the Register of Directors' Shareholding)

Directors	No. of Shares Held (Direct)	No. of Shares Held (Indirect)	%
1. Tan Sri Dato' Tajudin Ramli	2	15,769,440(a)	27.07
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. Shaifubahrim Mohd Saleh	30,000	0	0.05
8. Fazlan Azri Tajudin	0	32,000(b)	0.05
9. Dato' Bistamam Ramli	0	0	0.00
10. Mohd Shu'aib Ishak	1,421,428	60,000(c)	2.54

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.

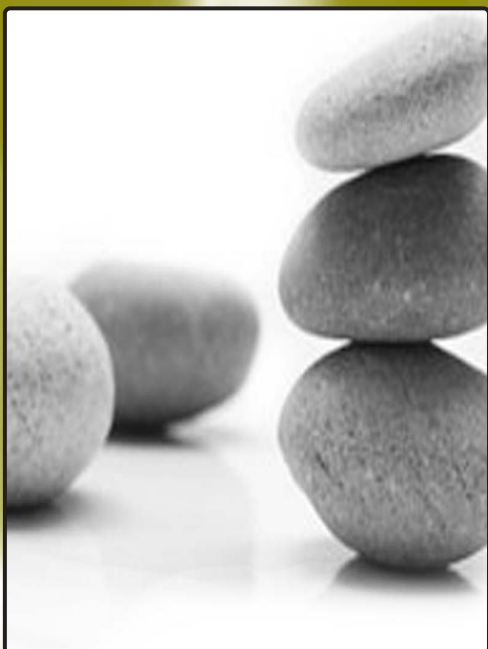
(b) Fazlan Azri Tajudin is deemed interested in the shares held by Fazlan & Amal Sdn Bhd by virtue of his 25% interest therein.

(c) Mohd Shu'aib Ishak is deemed interested in the shares held by his wife, Zulriana Zahari.

\* The computation of the above percentage (%) excludes the Treasury Shares of 1,756,300 held by the Company.

## E. Directors' Shareholding in Subsidiaries and Associate Companies (as at 28 September 2007)

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. Shaifubahrim Mohd Saleh Nil	-	-	-
8. Fazlan Azri Tajudin Nil	-	-	-
9. Dato' Bistamam Ramli Nil	-	-	-
10. Mohd Shu'aib Ishak Nil	-	-	-



# GROUP PROPERTIES

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# Group Properties

As at 30 June 2007

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) 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	10 Dec 2001	-	18,704.60	8,645
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: 1 .Office space 2. Office space	Leasehold / 99 years expiring on 06.07.2085.  Remaining term approximately 78 years	27 Mar 2007	13	1,002.00/ 334.18	2,765
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 78 years	27 Mar 2007	13	852.02 / 284.18	2,470
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 78 years	27 Mar 2007	12	700.11 / 289.82	2,205

# Group Properties

As at 30 June 2007

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) 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 2. Office space (vacant) 3. Office space (vacant)	Leasehold / 99 years expiring on 07.07.2085.  Remaining term approximately 78 years	27 Mar 2007	12	443.52 /  163.50	1,228
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 2. Office space (vacant ) 3. Office space (vacant )	Leasehold / 99 years expiring on 07.07.2085.  Remaining term approximately 78 years	27 Mar 2007	12	443.52 /  163.50	1,228
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 78 years	27 Mar 2007	13	474.43 /  153.28	1,160

# Group Properties

As at 30 June 2007

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) 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 78 years	27 Mar 2007	13	474.43/ 153.28	1,150
HS (D) 50259, Lot No. PT 1815 Mukim of Ampang, District and State of Wilayah Persekutuan.  (No.23-1 First Floor Jalan 5/76B, Desa Pandan, 55100 Kuala Lumpur)	Terrace Shophouse  Own Occupation:  (Office space)	Leasehold / 99 years expiring on 06.07.2085.  Remaining term approximately 78 years	27 Mar 2007	14	153.29/ -	400



# 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 Fifteenth Annual General Meeting of Edaran Digital Systems Berhad to be held on Thursday, 22 November 2007 at Cempaka-Raya Room, Mezzanine Floor, Hotel Equatorial Kuala Lumpur, Jalan Sultan Ismail, 50250 Kuala Lumpur at 10.00 a.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 2007 together with the Directors' and Auditors' Reports thereon.		
<b>RESOLUTION 2</b> To declare a first and final dividend of 1.37% less 26% tax in respect of the financial year ended 30 June 2007.		
<b>RESOLUTION 3</b> To re-elect a Director retiring under Article 101 of the Company's Articles of Association : • Datuk Emam Mohd Haniff Emam Mohd Hussain		
<b>RESOLUTION 4</b> To re-elect a Director retiring under Article 101 of the Company's Articles of Association : • Dato' Abdul Halim Abdullah		
<b>RESOLUTION 5</b> To re-elect a Director retiring under Article 101 of the Company's Articles of Association : • Mohd Shu'aib Ishak		
<b>RESOLUTION 6</b> To approve the payment of the Directors' fee for the financial year ended 30 June 2007.		
<b>RESOLUTION 7</b> To re-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 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 \_\_\_\_\_ 2007

\_\_\_\_\_  
**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 notorially 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

Then fold here

AFFIX  
STAMP

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

First fold here



# NOTES

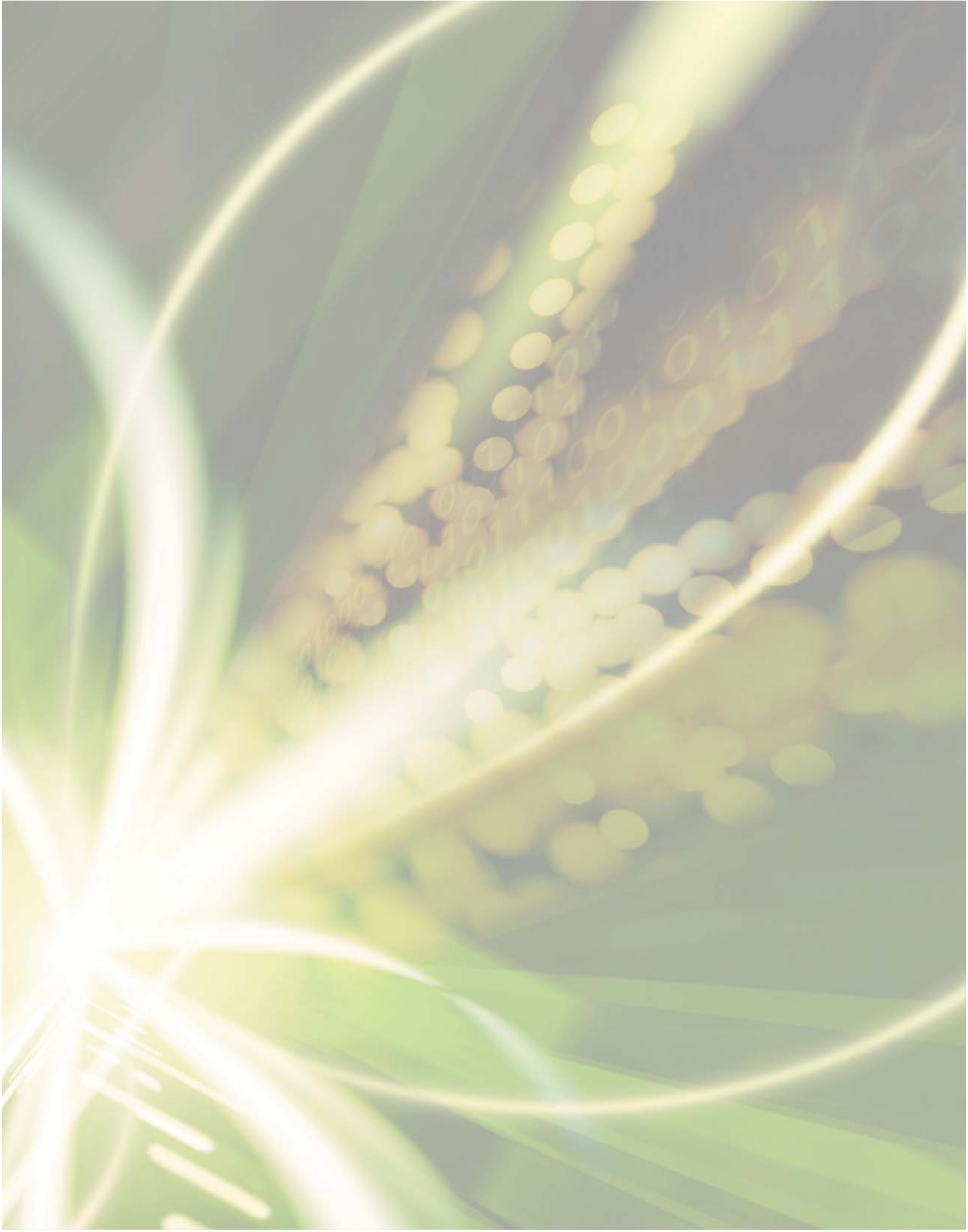
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# NOTES

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# edaran

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)