

YTL E-SOLUTIONS BERHAD
Company No. 236137-K
Incorporated in Malaysia

Interim Financial Report
31 December 2011

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YTL E-SOLUTIONS BERHAD (Company No. 236137-K)
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT

Interim financial report on consolidated results for the financial period ended 31 December 2011.

The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.12.2011 RM'000	Preceding Year Corresponding Quarter 31.12.2010 RM'000	6 Months Ended	
			31.12.2011 RM'000	31.12.2010 RM'000
REVENUE	21,408	20,684	42,222	29,877
COST OF SALES	(1,202)	(4,046)	(2,032)	(7,536)
GROSS PROFIT	20,206	16,638	40,190	22,341
OTHER OPERATING INCOME	2,141	1,219	3,486	2,473
ADMINISTRATION EXPENSES	(2,237)	(3,268)	(3,906)	(5,937)
FINANCE COSTS	-	(1)	-	(3)
PROFIT BEFORE TAX	20,110	14,588	39,770	18,874
INCOME TAX EXPENSE	(4,986)	(3,893)	(9,984)	(5,146)
PROFIT FOR THE PERIOD	15,124	10,695	29,786	13,728
PROFIT ATTRIBUTABLE TO:				
Owners of the parent	9,536	6,737	18,567	8,928
Non-controlling interests	5,588	3,958	11,219	4,800
	15,124	10,695	29,786	13,728
EARNINGS PER 10 SEN SHARE				
Basic (sen)	0.71	0.50	1.38	0.66

The Condensed Consolidated Income Statement should be read in conjunction with the audited annual financial statements for the year ended 30 June 2011 and the accompanying explanatory notes attached to the interim financial statements.

YTL E-SOLUTIONS BERHAD (Company No. 236137-K)
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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.12.2011 RM'000	Preceding Year Corresponding Quarter 31.12.2010 RM'000	6 Months Ended	
			31.12.2011 RM'000	31.12.2010 RM'000
PROFIT FOR THE PERIOD	15,124	10,695	29,786	13,728
OTHER COMPREHENSIVE INCOME/(EXPENSE):				
Currency translation differences	(219)	(262)	88	(306)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	14,905	10,433	29,874	13,422
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the parent	9,318	6,476	18,655	8,623
Non-controlling interests	5,587	3,957	11,219	4,799
	14,905	10,433	29,874	13,422

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited annual financial statements for the year ended 30 June 2011 and the accompanying explanatory notes attached to the interim financial statements.

YTL E-SOLUTIONS BERHAD (Company No. 236137-K)
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As at 31.12.2011 RM'000	Audited As at 30.06.2011 RM'000
ASSETS		
Non-current assets		
Property, plant & equipment	1,429	1,530
Goodwill on consolidation	2,490	2,490
Other intangible assets	109	116
Deferred tax assets	126	126
	-----	-----
	4,154	4,262
	-----	-----
Current assets		
Trade & other receivables	2,120	1,442
Income tax assets	422	553
Amount due from related parties	13,556	13,798
Cash & bank balances	197,329	185,899
	-----	-----
	213,427	201,692
	-----	-----
TOTAL ASSETS	217,581	205,954
	=====	=====
EQUITY AND LIABILITIES		
Share capital	135,000	135,000
Share premium	1,475	1,475
Other reserves	(5,979)	(5,753)
Retained earnings	57,926	52,812
Treasury shares, at cost	(2,141)	(2,141)
	-----	-----
Total equity attributable to owners of the parent	186,281	181,393
Non-controlling interests	22,939	17,508
	-----	-----
TOTAL EQUITY	209,220	198,901
	-----	-----

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited annual financial statements for the year ended 30 June 2011 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION - continued

	Unaudited As at 31.12.2011 RM'000	Audited As at 30.06.2011 RM'000
Non-current liabilities		
Deferred tax liabilities	44	44
	-----	-----
	44	44
	-----	-----
Current liabilities		
Trade & other payables	3,398	4,510
Amount due to related parties	4	4
Borrowing	-	21
Income tax liabilities	4,915	2,474
	-----	-----
	8,317	7,009
	-----	-----
TOTAL LIABILITIES	8,361	7,053
	-----	-----
TOTAL EQUITY AND LIABILITIES	217,581	205,954
	=====	=====
Net assets per 10 sen share (RM)	0.14	0.13
	=====	=====

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited annual financial statements for the year ended 30 June 2011 and the accompanying explanatory notes attached to the interim financial statements.

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INTERIM FINANCIAL REPORT

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2011**

	← Attributable to owners of the parent →						Total RM'000	Non-controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Share premium RM'000	Capital reserve RM'000	Currency translation reserve RM'000	Retained earnings RM'000	Treasury shares RM'000			
At 1 July 2011	135,000	1,475	10	(5,763)	52,812	(2,141)	181,393	17,508	198,901
Profit for the financial period	-	-	-	-	18,567	-	18,567	11,219	29,786
Currency translation differences	-	-	-	88	-	-	88	-	88
Total comprehensive income for the financial period	-	-	-	88	18,567	-	18,655	11,219	29,874
Liquidation of subsidiary	-	-	-	(314)	-	-	(314)	(388)	(702)
Treasury shares acquired	-	-	-	-	-	(*)	(*)	-	(*)
Dividend paid	-	-	-	-	(13,453)	-	(13,453)	-	(13,453)
Dividend paid to non-controlling interest by subsidiary	-	-	-	-	-	-	-	(5,400)	(5,400)
At 31 December 2011	135,000	1,475	10	(5,989)	57,926	(2,141)	186,281	22,939	209,220

* Less than RM1,000

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited annual financial statements for the year ended 30 June 2011 and the accompanying explanatory notes attached to the interim financial statements.

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2010**

	← Attributable to owners of the parent →					Treasury shares RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Share premium RM'000	Capital reserve RM'000	Currency translation reserve RM'000	Retained earnings RM'000				
At 1 July 2010	135,000	1,475	234	(5,657)	42,012	(2,141)	170,923	21,513	192,436
Profit for the financial period	-	-	-	-	8,928	-	8,928	4,800	13,728
Currency translation differences	-	-	-	(305)	-	-	(305)	(1)	(306)
Total comprehensive income for the financial period	-	-	-	(305)	8,928	-	8,623	4,799	13,422
Dividend paid	-	-	-	-	(10,948)	-	(10,948)	-	(10,948)
At 31 December 2010	135,000	1,475	234	(5,962)	39,992	(2,141)	168,598	26,312	194,910

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited annual financial statements for the year ended 30 June 2011 and the accompanying explanatory notes attached to the interim financial statements.

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2011**

	FOR THE 6 MONTHS ENDED	
	31.12.2011	31.12.2010
	RM'000	RM'000
Cash flows from operating activities		
Profit before taxation	39,770	18,874
Adjustments for :-		
Interest expenses	-	3
Interest income	(2,784)	(2,417)
Non-cash items	(498)	906
	-----	-----
Operating profit before changes in working capital	36,488	17,366
Changes in working capital :-		
Net changes in current assets	(257)	(9,970)
Net changes in current liabilities	(1,112)	(3,824)
	-----	-----
Cash generated from operations	35,119	3,572
Interest paid	-	(3)
Interest received	2,605	2,146
Tax paid	(7,430)	(3,086)
Tax refund	18	-
	-----	-----
Net cash generated from operating activities	30,312	2,629
	-----	-----
Cash flows from investing activities		
Proceeds from disposal of property, plant & equipment	-	26
Purchase of property, plant & equipment	(86)	(136)
Purchase of other intangible assets	(10)	(4)
	-----	-----
Net cash generated from investing activities	(96)	(114)
	-----	-----
Cash flow from financing activities		
Dividend paid	(13,453)	(10,948)
Dividend paid to non-controlling interest by subsidiary	(5,400)	-
Repayment of obligations under finance lease liabilities	(21)	(52)
	-----	-----
Net cash used in financing activities	(18,874)	(11,000)
	-----	-----

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited annual financial statements for the year ended 30 June 2011 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2011 - continued

	FOR THE 6 MONTHS ENDED	
	31.12.2011	31.12.2010
	RM'000	RM'000
Net increase/(decrease) in cash & cash equivalents	11,342	(8,485)
Effects of exchange rate changes	88	(372)
Cash & cash equivalents at beginning of the financial period	185,899	174,557
	-----	-----
Cash & cash equivalents at end of the financial period	197,329	165,700
	=====	=====
Cash & cash equivalents comprise:		
Deposits with licensed banks	196,842	164,551
Cash on hand and at banks	487	1,149
	-----	-----
	197,329	165,700
	=====	=====

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited annual financial statements for the year ended 30 June 2011 and the accompanying explanatory notes attached to the interim financial statements.

INTERIM FINANCIAL REPORT

Notes:-

Disclosure requirements pursuant to FRS 134

The condensed consolidated interim financial statements should be read in conjunction with the audited annual financial statements of the Group for the year financial ended 30 June 2011.

A1. Accounting Policies and Methods of Computation

The interim financial report is unaudited and has been prepared in accordance with Financial Reporting Standard (“FRS”) 134 Interim Financial Reporting and Chapter 9, Part K paragraph 9.22 of the ACE Market Listing Requirements of the Bursa Malaysia Securities Berhad (“Bursa Securities”).

The explanatory notes contained herein provide an explanation of the events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the financial year ended 30 June 2011.

The accounting policies and methods of computation adopted by the Group in the interim financial statements are consistent with those adopted in the latest audited annual financial statements.

The adoption of amendments to FRSs and Interpretation Committee Interpretations which were effective for financial period beginning on or after 1 July 2011 do not have significant financial impact on the Group.

A2. Seasonality or Cyclicity of Operations

The business operations of the Group are not materially affected by any seasonal or cyclical factors.

A3. Unusual Items

During the current financial quarter, there was no item of an unusual nature that affects the assets, liabilities, equity, net income or cash flows of the Group.

A4. Changes in Estimates of Amounts Reported

There was no significant change to estimate of amount reported in prior interim periods or prior financial years.

INTERIM FINANCIAL REPORT

Notes:- continued

A5. Changes in Debt and Equity Securities

The Company repurchased a total 100 ordinary shares of its issued share capital from the open market at an average cost of RM0.79 per share during the financial year to-date. The total consideration paid for the shares repurchased during the financial year to-date including transaction costs was RM120.03. The repurchase transactions were financed by internally generated funds. The repurchased shares are held as treasury shares in accordance with the requirements of Section 67A of the Companies Act, 1965.

Apart from the above, there was no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the current financial quarter or financial year-to-date.

A6. Dividend paid

A second interim single tier dividend of 1 sen per ordinary share of 10 sen each amounting to RM13,453,276 in respect of financial year ended 30 June 2011 was paid on 24 November 2011.

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INTERIM FINANCIAL REPORT

Notes:- continued

A7. Segment Information

The Group's segmental results for the financial period ended 31 December 2011 are as follows:-

	Information technology and e-commerce RM'000	Communications technology RM'000	Content and digital media RM'000	Adjustments/ eliminations RM'000	Total RM'000
External revenue	2,706	37,578	1,938	-	42,222
Inter-segment revenue	29	-	-	(29)	-
Total revenue	2,735	37,578	1,938	(29)	42,222
Segment profit before tax	1,904	37,725	141	-	39,770

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Notes:- continued

A7. Segment Information - continued

The Group's segmental results for the financial period ended 31 December 2010 are as follows:-

	Information technology and e-commerce RM'000	Communications technology RM'000	Content and digital media RM'000	Adjustments/ eliminations RM'000	Total RM'000
External revenue	3,581	24,033	2,263	-	29,877
Inter-segment revenue	33	66	-	(99)	-
Total revenue	<u>3,614</u>	<u>24,099</u>	<u>2,263</u>	<u>(99)</u>	<u>29,877</u>
Segment profit before tax	<u>724</u>	<u>17,604</u>	<u>546</u>	<u>-</u>	<u>18,874</u>

INTERIM FINANCIAL REPORT

Notes:- continued

A8. Events after the Interim Period

There was no item, transaction or event of a material or unusual in nature during financial period from the end of the quarter under review to the date of this report.

A9. Changes in the Composition of the Group

There were no changes in the composition of the Group for the financial period ended 31 December 2011 including business combinations, obtaining or losing control of subsidiaries and long term investments, restructurings and discontinuing of operations except for the following:

Wimax Capital Management Ltd (“Wimax”), an 80%-owned subsidiary was struck-off from the register of the Companies House in the United Kingdom on 18 October 2011. Accordingly, Wimax ceased to be a subsidiary of the Company.

A10. Changes in Contingent Liabilities or Contingent Assets

There were no changes in the contingent liabilities of the Group since the last financial year ended 30 June 2011.

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INTERIM FINANCIAL REPORT

Notes:- continued

Disclosure requirements per Appendix 9B, Part K of Chapter 9 of the ACE Market Listing Requirements of Bursa Securities

B1. Review of Performance

The breakdown of the respective operating segments is tabulated below:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	31.12.2011 RM'000	31.12.2010 RM'000	31.12.2011 RM'000	31.12.2010 RM'000
Revenue				
Information technology and e-commerce	1,518	2,197	2,735	3,614
Communications technology	18,789	17,190	37,578	24,099
Content and digital media	1,109	1,358	1,938	2,263
Adjustment/eliminations of inter-segment revenue	(8)	(61)	(29)	(99)
	----- 21,408 =====	----- 20,684 =====	----- 42,222 =====	----- 29,877 =====
Profit before tax				
Information technology and e-commerce	1,170	154	1,904	724
Communications technology	18,782	13,946	37,725	17,604
Content and digital media	158	488	141	546
	----- 20,110 =====	----- 14,588 =====	----- 39,770 =====	----- 18,874 =====

Part A - Financial year-to-date review

For the six months under review, the Group recorded revenue and profit before tax of RM42.222 million and RM39.770 million, respectively representing an increase of 41.3% and 110.7% compared to the preceding year corresponding period ended 31 December 2010. The increases were largely attributable to fee income derived from the spectrum sharing agreement in relation to the Group's 2.3GHz Worldwide Interoperability for Microwave Access ("WIMAX") spectrum.

INTERIM FINANCIAL REPORT

Notes:- continued

B1. Review of Performance - continued

The performance of the respective operating segments was as follows:

i) Information technology and e-commerce

Revenue reduced by 24.3% to RM2.735 million from RM3.614 million, mainly due to the absence of non-recurring project income booked in the preceding year corresponding period and softer demand in the Group's information, communication and technology ("ICT") products procurement activities. Despite the drop in revenue, profit before tax increased by 163.0% from RM0.724 million to RM1.904 million, mainly due to a substantial increase in the gross profit margin in the Group's web hosting and maintenance activities, higher interest income on cash deposits and gain in liquidation of a subsidiary as reported in Note A9.

ii) Communications technology

This segment recorded revenue and profit before tax of RM37.578 million and RM37.275 million, respectively from RM24.099 million and RM17.604 million, respectively reported for the preceding year corresponding period ended 31 December 2010, representing increases of 55.9% and 114.3%, respectively. The increases were contributed by the higher fee income from the Group's WIMAX spectrum sharing agreements and lower operating costs and expenses. Despite the absence of RM6.5 million of revenue contributed by Extiva Communications Sdn. Bhd. ("Extiva"), which was disposed on 14 January 2011, in the preceding year corresponding period, this segment recorded a growth.

iii) Content and digital media

Revenue reduced by 14.4% to RM1.938 million from RM2.263 million recorded in the preceding year corresponding period, due to lower digital media advertising and production sales. Higher operating expenses due to a higher apportionment of property rental costs after the disposal of Extiva, resulted in a reduction in profit before tax by 74.2% to RM0.141 million.

Part B - Current quarter review

The Group recorded a revenue and profit before tax for the current financial quarter of RM21.408 million and RM20.110 million, respectively representing an increase of 3.5% and 37.9%, respectively compared to RM20.684 million and RM14.588 million, respectively recorded to the preceding year corresponding quarter. The increase in Group revenue was despite the absence of RM3.2 million of revenue recorded and contributed by Extiva in the preceding year corresponding quarter. However, the absence of revenue was mitigated by higher fee income from the Group's WIMAX spectrum sharing agreement.

INTERIM FINANCIAL REPORT

Notes:- continued

B1. Review of Performance - continued

The performance of the respective operating segments was as follows:

i) Information technology and e-commerce

The absence of non-recurring project income booked in the preceding year corresponding quarter and softer demand in the Group's ICT products procurement activities contributed to the reduction in revenue. Despite the drop in revenue, profit before tax increased by 659.7% to RM1.170 million, mainly due to a substantial increase in the gross profit margin in the Group's web hosting and maintenance activities, higher interest income on cash deposits and gain in liquidation of a subsidiary as reported in Note A9.

ii) Communications technology

Higher fee income from the Group's WIMAX spectrum sharing agreements and lower operating costs and expenses contributed to the increase in revenue and profit before tax of 9.3% and 34.7%, respectively. This segment achieved a growth in performance despite the absence of RM3.2 million of revenue recorded and contributed by Extiva in the preceding year corresponding quarter.

iii) Content and digital media

Revenue reduced by 18.3% to RM1.109 million, due to lower digital media advertising and production sales. Higher operating expenses due to a higher apportionment of property rental costs after the disposal of Extiva, resulted in profit before tax being reduced by 67.6% to RM0.158 million.

B2. Comparison with Preceding Quarter

	Current Quarter 31.12.2011 RM'000	Preceding Quarter 30.09.2011 RM'000
Revenue	21,408	20,814
Profit before tax	20,110	19,660

Group revenue and profit before tax remained relatively unchanged compared to that recorded in the preceding quarter.

INTERIM FINANCIAL REPORT

Notes:- continued

B3. Prospects

The Group, after considering its resilient spectrum sharing fee income, is expected to achieve a satisfactory performance in the financial year ending 30 June 2012.

B4. Profit Forecast

The Group did not issue any profit forecast or profit guarantee in a public document during the current financial quarter.

B5. Profit for the period

	Current Year Quarter 31.12.2011 RM'000	Financial Year- To-Date 31.12.2011 RM'000
Profit for the period is arrived at after charging /(crediting) :-		
Amortisation of other intangible assets	8	17
Depreciation of property, plant & equipment	90	177
Interest income	(1,439)	(2,784)
Gain on liquidation of subsidiary	(702)	(702)
	=====	=====

Other than the above items, there were no other income including investment income, interest expense, allowance for impairment and write off of receivables, allowance for impairment and write off of inventories, gain or loss on disposal of quoted or unquoted investments or properties, impairment of assets, foreign exchange gain or loss, gain or loss on derivatives for the current financial quarter and financial year-to-date.

B6. Taxation

Income tax expense comprises the following:-

	Current Year Quarter 31.12.2011 RM'000	Financial Year- To-Date 31.12.2011 RM'000
Income tax based on results for the financial period	4,986	9,984
	=====	=====

The provision for taxation for the current financial quarter and financial year-to-date reflects an effective rate which approximates to the statutory income tax rate.

INTERIM FINANCIAL REPORT

Notes:- continued

B7. Status of Corporate Proposals

As at the date of this report, there are no corporate proposals announced and pending completion.

B8. Group Borrowings and Debt Securities

The Group did not have any group borrowings and debt securities at the end of the current financial quarter.

B9. Derivative Financial Instruments, Fair Value Changes of Financial Liabilities and Retained Earnings

i) Derivative Financial Instruments

There is no outstanding derivative financial instrument as at 31 December 2011.

ii) Fair Value Changes of Financial Liabilities

As at 31 December 2011, the Group does not have any financial liabilities measured at fair value through profit or loss.

iii) Retained Earnings

	Unaudited As at 31.12.2011 RM'000	Audited As at 30.06.2011 RM'000
Retained earnings of the Company and its subsidiaries		
- Realised	50,524	39,974
- Unrealised	82	82
	-----	-----
	50,606	40,056
Add: consolidated adjustments	7,320	12,756
	-----	-----
Total Group retained earnings as per consolidated interim financial report	57,926	52,812
	=====	=====

B10. Material Litigation

There was no material litigation pending since the last financial year ended 30 June 2011.

INTERIM FINANCIAL REPORT

Notes:- continued

B11. Dividend

No dividend has been declared for the current financial quarter.

B12. Earnings Per Share

i) Basic earnings per share

The basic earnings per share of the Group has been computed by dividing the profit attributable to owners of the parent for the financial quarter by the weighted average number of ordinary shares in issue during the financial quarter as set out below:

	Current Year Quarter 31.12.2011	Preceding Year Corresponding Quarter 31.12.2010
Profit attributable to owners of the parent (RM'000)	9,536	6,737
Weighted average number of ordinary shares in issue ('000)	1,345,328	1,345,328
Basic earnings per share (sen)	0.71	0.50

ii) Diluted earnings per share

The Group does not have any convertible securities and accordingly, the disclosure of diluted earnings per share is not applicable.

B13. Audit Report of the Preceding Financial Year Ended 30 June 2011

The auditors' report on the financial statements of the financial year ended 30 June 2011 did not contain any qualification.

By Order of the Board
HO SAY KENG
Secretary

Kuala Lumpur
Dated: 23 February 2012