

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

INTERIM FINANCIAL REPORT

Interim financial report on consolidated results for the quarter ended 31 December 2008.

The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENTS

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.12.2008 RM'000	Preceding Year Corresponding Quarter 31.12.2007 RM'000	Six Months Ended	
			31.12.2008 RM'000	31.12.2007 RM'000
REVENUE	8,061	7,245	17,518	14,239
COST OF SALES	(4,412)	(3,703)	(8,434)	(7,690)
	-----	-----	-----	-----
GROSS PROFIT	3,649	3,542	9,084	6,549
OTHER OPERATING INCOME	1,509	1,647	3,021	3,324
OTHER OPERATING EXPENSES	(4,324)	(3,411)	(7,918)	(6,232)
	-----	-----	-----	-----
PROFIT FROM OPERATIONS	834	1,778	4,187	3,641
FINANCE COST	(9)	(18)	(15)	(44)
	-----	-----	-----	-----
PROFIT BEFORE TAXATION	825	1,760	4,172	3,597
TAXATION	(651)	(655)	(1,820)	(1,290)
	-----	-----	-----	-----
PROFIT FOR THE PERIOD	174	1,105	2,352	2,307
	=====	=====	=====	=====
ATTRIBUTABLE TO:				
Equity holders of the Company	192	1,329	2,385	2,600
Minority interests	(18)	(224)	(33)	(293)
	-----	-----	-----	-----
PROFIT FOR THE PERIOD	174	1,105	2,352	2,307
	=====	=====	=====	=====
EARNINGS PER 10 SEN SHARE				
Basic (Sen)	0.01	0.10	0.18	0.19
	=====	=====	=====	=====

The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the financial year ended 30 June 2008 and the accompanying explanatory notes attached to the interim financial statements.

YTL E-SOLUTIONS BERHAD (Company No. 236137-K)
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INTERIM FINANCIAL REPORT

CONDENSED CONSOLIDATED BALANCE SHEETS

	Unaudited As at 31.12.2008 RM'000	Audited As at 30.06.2008 RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	14,937	11,425
Goodwill on consolidation	2,821	2,821
Other intangible assets	1,680	789
Fixed deposits	437	437
	-----	-----
	19,875	15,472
	-----	-----
Current Assets		
Inventories	401	414
Trade receivables	4,491	3,966
Other receivables, deposits & prepayments	2,914	2,684
Income tax assets	26	4
Amount due from ultimate holding company	52	-
Amount due from holding company	696	337
Amount due from related companies	3,497	3,416
Fixed deposits	160,063	166,604
Cash & bank balances	808	3,715
	-----	-----
	172,948	181,140
	-----	-----
TOTAL ASSETS	192,823	196,612
	=====	=====
EQUITY		
Share capital	135,000	135,000
Share premium	1,475	1,475
Other reserves	(5,500)	(954)
Unappropriated profits	31,415	31,761
Treasury shares, at cost	(2,140)	(1,732)
	-----	-----
Total Equity Attributable to Shareholders of the Company	160,250	165,550
Minority interests	21,288	20,627
	-----	-----
TOTAL EQUITY	181,538	186,177
	-----	-----

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INTERIM FINANCIAL REPORT

CONDENSED CONSOLIDATED BALANCE SHEETS - continued

	Unaudited As at 31.12.2008 RM'000	Audited As at 30.06.2008 RM'000
LIABILITIES		
Non-current Liabilities		
Hire purchase payables	189	42
Deferred taxation	300	300
	-----	-----
	489	342
	-----	-----
Current Liabilities		
Trade payables	2,164	1,713
Other payables & accruals	5,430	6,469
Post-employment defined contribution obligations	151	198
Amount due to related companies	756	87
Hire purchase payables	157	239
Bank overdraft	87	170
Income tax liabilities	2,051	1,217
	-----	-----
	10,796	10,093
	-----	-----
TOTAL LIABILITIES	11,285	10,435
	-----	-----
TOTAL EQUITY AND LIABILITIES	192,823	196,612
	=====	=====
 Net assets per 10 sen share attributable to equity holders of the Company (RM)	 0.12	 0.12
	=====	=====

The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the financial year ended 30 June 2008 and the accompanying explanatory notes attached to the interim financial statements.

YTL E-SOLUTIONS BERHAD (Company No. 236137-K)
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INTERIM FINANCIAL REPORT

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2008**

	← Attributable to Shareholders of the Company →					Total RM'000	Minority Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Other Reserves RM'000	Unappropriated Profits RM'000	Treasury Shares RM'000			
Balance as at 1 July, 2008	135,000	1,475	(954)	31,761	(1,732)	165,550	20,627	186,177
Currency translation differences	-	-	(4,546)	-	-	(4,546)	(10)	(4,556)
Expense recognised directly in equity	-	-	(4,546)	-	-	(4,546)	(10)	(4,556)
Profit for the financial period	-	-	-	2,385	-	2,385	(33)	2,352
Total recognised (expense)/ income for the financial period	-	-	(4,546)	2,385	-	(2,161)	(43)	(2,204)
Treasury shares	-	-	-	-	(408)	(408)	-	(408)
Effect of issue of shares by a subsidiary to minority interests	-	-	-	294	-	294	706	1,000
Balance carried forward	135,000	1,475	(5,500)	34,440	(2,140)	163,275	21,290	184,565

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the financial year ended 30 June 2008 and the accompanying explanatory notes attached to the interim financial statements.

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

INTERIM FINANCIAL REPORT

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2008 - continued**

	← Attributable to Shareholders of the Company →					Total RM'000	Minority Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Other Reserves RM'000	Unappropriated Profits RM'000	Treasury Shares RM'000			
Balance brought forward	135,000	1,475	(5,500)	34,440	(2,140)	163,275	21,290	184,565
Increase/ (decrease) arising from change in composition of the Group	-	-	-	2	-	2	(2)	-
Dividend paid	-	-	-	(3,027)	-	(3,027)	-	(3,027)
Balance as at 31 December, 2008	<u>135,000</u>	<u>1,475</u>	<u>(5,500)</u>	<u>31,415</u>	<u>(2,140)</u>	<u>160,250</u>	<u>21,288</u>	<u>181,538</u>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the financial year ended 30 June 2008 and the accompanying explanatory notes attached to the interim financial statements.

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

INTERIM FINANCIAL REPORT

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2007**

	← Attributable to Shareholders of the Company →					Total RM'000	Minority Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Other Reserves RM'000	Unappropriated Profits RM'000	Treasury Shares RM'000			
Balance as at 1 July, 2007	135,000	1,475	263	30,592	-	167,330	18,678	186,008
Currency translation differences	-	-	(930)	-	-	(930)	(2)	(932)
Expense recognised directly in equity	-	-	(930)	-	-	(930)	(2)	(932)
Profit for the financial period	-	-	-	2,600	-	2,600	(293)	2,307
Total recognised (expense)/ income for the financial period	-	-	(930)	2,600	-	1,670	(295)	1,375
Increase arising from subsidiaries acquired	-	-	-	-	-	-	2,868	2,868
Treasury shares, at cost	-	-	-	-	(31)	(31)	-	(31)
Dividend paid	-	-	-	(2,956)	-	(2,956)	-	(2,956)
Balance as at 31 December, 2007	135,000	1,475	(667)	30,236	(31)	166,013	21,251	187,264

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the financial year ended 30 June 2008 and the accompanying explanatory notes attached to the interim financial statements.

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

INTERIM FINANCIAL REPORT

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2008**

	SIX MONTHS ENDED	
	31.12.2008	31.12.2007
	RM'000	RM'000
Net cash from operating activities	3,434	2,563
	-----	-----
Net cash used in investing activities	(4,481)	(1,503)
	-----	-----
Net cash used in financing activities	(3,600)	(3,122)
	-----	-----
Net changes in cash and cash equivalents	(4,647)	(2,062)
Effects of exchange rate changes	(4,718)	(950)
Cash and cash equivalents brought forward	170,586	178,133
	-----	-----
	<u>161,221</u>	<u>175,121</u>
	=====	=====
Cash and cash equivalents comprise:		
Fixed deposits*	160,500	173,935
Cash & bank balances	808	1,507
Bank overdrafts	(87)	(321)
(Included within short term borrowings in [Note B9])		
	-----	-----
	<u>161,221</u>	<u>175,121</u>
	=====	=====
*Fixed deposits pledged as security for borrowings	437	424
	=====	=====

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the financial year ended 30 June 2008 and the accompanying explanatory notes attached to the interim financial statements.

INTERIM FINANCIAL REPORT

Notes:-

Disclosure requirements pursuant to FRS134

A1. Accounting Policies and Methods of Computation

The interim financial report is unaudited and has been prepared in accordance with FRS134 “Interim Financial Reporting” and Chapter 9, Part K Rule 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) for the MESDAQ Market.

The Condensed Financial Statements should be read in conjunction with the audited annual financial statements of the Group for the financial year ended 30 June 2008.

The significant accounting policies adopted are consistent with those of the audited financial statements for the financial year ended 30 June 2008.

There have been no changes to the accounting policies of the Group as a result of the adoption of the above FRSs.

A2. Seasonality or Cyclicity of Operations

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

A3. Exceptional or Unusual Items

There were no items of exceptional or unusual nature that affects the assets, liabilities, equity, net income or cash flows of the Group.

INTERIM FINANCIAL REPORT

Notes:- continued

A4. Changes in Estimates of Amounts Reported

There was no change to estimates of amounts reported in prior interim periods and prior financial years.

A5. Changes in Debt and Equity Securities

The Company repurchased a total of 5,000 and 942,500 ordinary shares of its issued share capital from the open market at an average cost of RM0.23 and RM0.43 per share during the current financial quarter and financial year-to-date respectively. The total consideration paid for the shares repurchased during the current financial quarter and financial year-to-date, including transaction costs, was RM1,142 and RM407,704 respectively. 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 first and final dividend of 3% less income tax of 25%, amounting to RM3,026,988 in respect of financial year ended 30 June 2008 was paid during the current financial quarter.

A7. Segment Reporting

No segment information is prepared as the Group's activities are predominantly in one industry segment and occur predominantly in Malaysia.

A8. Material Events Subsequent to the End of the Interim Period

There were no material events subsequent to the end of the current financial quarter.

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YTL E-SOLUTIONS BERHAD (Company No. 236137-K)
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INTERIM FINANCIAL REPORT

Notes:- continued

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 2008 including business combinations, acquisition or disposal of subsidiaries and long term investments, restructurings and discontinuing operations except for the following:

On 24 December 2008, the Company disposed its 400,000 ordinary shares of RM1.00 each in Intellectual Learning Sdn Bhd ("ILSB"), representing the entire issued and paid-up share capital of ILSB, to Airzed Broadband Sdn Bhd ("AZB") (a 70%-owned subsidiary of Y-Max Solutions Holdings Sdn Bhd which in turn is a 70%-owned subsidiary of the Company) for a nominal cash consideration of RM2.00 (the "Shares Disposal"). As a result of the Shares Disposal, ILSB became a direct subsidiary of AZB and an indirect subsidiary of the Company.

On 26 December 2008, ILSB issued 1,000,000 shares of RM1.00 each to AZB at a subscription price of RM1.00 each.

On 31 December 2008, ILSB issued 350,000 shares of RM1.00 each to Airzed Networks Sdn Bhd for a total subscription price of RM1,000,000. As a result of this issue of shares to Airzed Networks Sdn Bhd, the Group's effective interest in ILSB was reduced from 49.0% to 39.2%. However, ILSB remains as a subsidiary of the Group.

A10. Changes in Contingent Liabilities or Contingent Assets

There were no changes in the contingent liabilities or the contingent assets of the Group since the last annual balance sheet as at 30 June 2008.

As at 31 December 2008, the Company had given corporate guarantees amounting to RM20.0 million to a financial institution for facilities granted by the financial institution to its subsidiaries as follows:

	Total Amount Guaranteed RM'000	Amount Utilised RM'000
Bank guarantee	20,000	8,786
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INTERIM FINANCIAL REPORT

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

B1. Review of Performance

Year-to-date review

For the six months under review, Group revenue grew to RM17.518 million representing a 23.0% improvement over the RM14.239 million generated in the corresponding period ended 31 December 2007. The higher revenue is mainly attributable to the recognition of non-recurring project income by the Company in the previous financial quarter and the consolidation of results from Airzed Broadband Sdn Bhd (“AZB”) which became a subsidiary of the Group on 2 November 2007.

The increase in revenue was partially offset by higher operating expenses incurred by the Group, mainly in its broadband businesses and WiMAX related initiatives. The Group’s profit before taxation for the six months ended 31 December 2008 recorded an increase of 16.0% to RM4.172 million compared to RM3.597 million recorded for the corresponding period in the previous year.

Quarter review

Group revenue for the current quarter under review increased by 11.3% to RM8.061 million compared to RM7.245 million for the corresponding quarter in the previous year, mainly due to higher demand for the Group’s ICT products and services, and the consolidation of AZB’s results for a full financial quarter. Group profit before taxation reduced to RM0.825 million largely due to higher operating expenses incurred by the Group’s broadband businesses and WiMAX related initiatives.

B2. Comparison with Preceding Quarter

	Current Quarter 31.12.2008 RM’000	Preceding Quarter 30.09.2008 RM’000
Revenue	8,061	9,457
Profit before taxation	825	3,347
	-----	-----

The Group’s revenue for the current financial quarter decreased by 14.8% compared to the preceding financial quarter ended 30 September 2008. The decrease in revenue was mainly due to the absence of non-recurring project income which was recognised in the preceding financial quarter.

Profit before taxation decreased to RM0.825 million mainly due to the lower revenue mentioned above and higher operating expenses incurred by the Group.

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INTERIM FINANCIAL REPORT

Notes:- continued

B3. Prospects

The global economy is experiencing very challenging conditions and is likely to have a negative impact on the economic growth in Malaysia. The Group, however, is continuing to address these challenges to maintain a satisfactory performance for the financial year ending 30 June 2009.

B4. Profit Forecast

The Group has not issued any profit forecast in a public document.

B5. Taxation

Taxation comprises the following:-

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year	Preceding	Year	
	Quarter	Corresponding	Six Months Ended	
	31.12.2008	Quarter	31.12.2008	31.12.2007
	RM'000	31.12.2007	RM'000	RM'000
		RM'000		
Taxation based on the profit for the period	651	655	1,813	1,290
(Over)/under provision of taxation in prior year	-	-	7	-
	-----	-----	-----	-----
	651	655	1,820	1,290
	=====	=====	=====	=====

The Group's provision for taxation for the financial quarter ended 31 December 2008 reflected a higher effective tax rate compared to the statutory tax rate. This was largely due to certain expenses that are not deductible for tax purposes, losses incurred by certain subsidiaries that cannot be utilised for group relief, and higher tax rate in other jurisdiction.

B6. Sale of Unquoted Investments and/or Properties

There was no sale of unquoted investments or properties by the Group during the current financial quarter and the financial year-to-date.

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

INTERIM FINANCIAL REPORT

Notes:- continued

B7. Quoted Securities

There was no purchase or disposal of quoted securities during the current financial quarter and the financial year-to-date.

The Group did not have any quoted securities other than the quoted securities held in an existing subsidiary at the end of the current financial quarter.

B8. Status of Corporate Proposals

There are no corporate proposals announced by the Company which are not completed as at the date of this report.

B9. Group Borrowings and Debt Securities

Particulars of the Group's borrowings as at 31 December 2008 are as follows:-

	RM'000
(i) Short term	
- Secured	244
- Unsecured	-

	244

(ii) Long term	
- Secured	189
- Unsecured	-

	189

During the current financial quarter, there was no issuance, cancellation, repurchase, resale and repayment of debt securities. None of the Group's borrowings are denominated in foreign currency.

B10. Off Balance Sheet Financial Instruments

No off balance sheet financial instruments were utilised as at the date of this report.

YTL E-SOLUTIONS BERHAD (Company No. 236137-K)
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INTERIM FINANCIAL REPORT

Notes:- continued

B11. Material Litigation

There was no material litigation since 30 June 2008, being the last annual balance sheet date, until the date of this report.

B12. Dividend

The Board does not recommend any interim dividend for the current financial quarter.

B13. Earnings Per Share

i) Basic earnings per share

The basic earnings per share of the Group has been computed by dividing the profit for the financial quarter attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the financial quarter.

	Current Quarter 31.12.2008	Preceding Year Corresponding Quarter 31.12.2007
Profit attributable to equity holders (RM'000)	192	1,329
	-----	-----
Weighted average number of ordinary shares in issue ('000)	1,345,424	1,349,982
	=====	=====
Basic earnings per share (sen)	0.01	0.10
	-----	-----

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.

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(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT

Notes:- continued

B14. Audit Report of the Last Financial Year Ended 30 June 2008

The Auditors' Report on the financial statements of the last financial year was not subject to any qualification.

By Order of the Board
HO SAY KENG
Secretary

Kuala Lumpur
Dated: 19 February 2009