

YTL E-SOLUTIONS BERHAD

Company No. 236137-K

Incorporated in Malaysia

Interim Financial Report

30 June 2009

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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 year ended 30 June 2009.

The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENTS

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30.06.2009 RM'000	Preceding Year Corresponding Quarter 30.06.2008 RM'000	Year Ended	
			30.06.2009 RM'000	30.06.2008 RM'000
REVENUE	10,852	8,370	36,812	32,096
COST OF SALES	(4,012)	(3,920)	(15,954)	(15,994)
	-----	-----	-----	-----
GROSS PROFIT	6,840	4,450	20,858	16,102
OTHER OPERATING INCOME	875	1,731	4,896	6,645
OTHER OPERATING EXPENSES	(6,309)	(5,148)	(18,627)	(16,015)
	-----	-----	-----	-----
PROFIT FROM OPERATIONS	1,406	1,033	7,127	6,732
FINANCE COST	(4)	18	(25)	(43)
	-----	-----	-----	-----
PROFIT BEFORE TAXATION	1,402	1,051	7,102	6,689
TAXATION	(1,390)	(874)	(3,990)	(3,444)
	-----	-----	-----	-----
PROFIT FOR THE PERIOD/ YEAR	12	177	3,112	3,245
	=====	=====	=====	=====
ATTRIBUTABLE TO:				
Equity holders of the Company	609	304	4,133	4,125
Minority interests	(597)	(127)	(1,021)	(880)
	-----	-----	-----	-----
PROFIT FOR THE PERIOD/ YEAR	12	177	3,112	3,245
	=====	=====	=====	=====
EARNINGS PER 10 SEN SHARE				
Basic (Sen)	0.05	0.02	0.31	0.31
	=====	=====	=====	=====

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.

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CONDENSED CONSOLIDATED BALANCE SHEETS

	Unaudited As at 30.06.2009 RM'000	Audited As at 30.06.2008 RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	5,745	11,425
Goodwill on consolidation	2,821	2,821
Other intangible assets	1,090	789
Fixed deposits	449	437
	-----	-----
	10,105	15,472
	-----	-----
Current Assets		
Inventories	214	414
Trade receivables	3,413	3,966
Other receivables, deposits & prepayments	1,393	2,684
Income tax assets	13	4
Amount due from ultimate holding company	6	-
Amount due from holding company	1,960	337
Amount due from related companies	27,380	3,416
Fixed deposits	150,915	166,604
Cash & bank balances	1,125	3,715
	-----	-----
	186,419	181,140
	-----	-----
TOTAL ASSETS	196,524	196,612
	=====	=====
EQUITY		
Share capital	135,000	135,000
Share premium	1,475	1,475
Other reserves	(3,011)	(954)
Retained earnings	33,163	31,761
Treasury shares, at cost	(2,140)	(1,732)
	-----	-----
Total Equity Attributable to Shareholders of the Company	164,487	165,550
Minority interests	20,306	20,627
	-----	-----
TOTAL EQUITY	184,793	186,177
	-----	-----

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CONDENSED CONSOLIDATED BALANCE SHEETS - continued

	Unaudited As at 30.06.2009 RM'000	Audited As at 30.06.2008 RM'000
LIABILITIES		
Non-current Liabilities		
Hire purchase payables	121	42
Deferred tax liabilities	300	300
	-----	-----
	421	342
	-----	-----
Current Liabilities		
Trade payables	2,125	1,713
Other payables & accruals	6,968	6,469
Post-employment defined contribution obligations	220	198
Amount due to related companies	442	87
Hire purchase payables	98	239
Bank overdraft	61	170
Income tax liabilities	1,396	1,217
	-----	-----
	11,310	10,093
	-----	-----
TOTAL LIABILITIES	11,731	10,435
	-----	-----
TOTAL EQUITY AND LIABILITIES	196,524	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.

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009**

	← 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	Retained Earnings 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	-	-	(2,057)	-	-	(2,057)	(4)	(2,061)
Expense recognised directly in equity	-	-	(2,057)	-	-	(2,057)	(4)	(2,061)
Profit for the financial year	-	-	-	4,133	-	4,133	(1,021)	3,112
Total recognised (expense)/ income for the financial year	-	-	(2,057)	4,133	-	2,076	(1,025)	1,051
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	(3,011)	36,188	(2,140)	167,512	20,308	187,820

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009 - continued**

	← Attributable to Shareholders of the Company →						Minority Interests RM'000	Total Equity RM'000
	← Non-distributable →			← Distributable →				
	Share Capital RM'000	Share Premium RM'000	Other Reserves RM'000	Retained Earnings RM'000	Treasury Shares RM'000	Total RM'000		
Balance brought forward	135,000	1,475	(3,011)	36,188	(2,140)	167,512	20,308	187,820
Increase/ (decrease) arising from change in composition of the Group	-	-	-	2	-	2	(2)	-
Dividend paid	-	-	-	(3,027)	-	(3,027)	-	(3,027)
Balance as at 30 June, 2009	<u>135,000</u>	<u>1,475</u>	<u>(3,011)</u>	<u>33,163</u>	<u>(2,140)</u>	<u>164,487</u>	<u>20,306</u>	<u>184,793</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.

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 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	Retained Earnings 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	-	-	(1,217)	-	-	(1,217)	(3)	(1,220)
Expense recognised directly in equity	-	-	(1,217)	-	-	(1,217)	(3)	(1,220)
Profit for the financial year	-	-	-	4,125	-	4,125	(880)	3,245
Total recognised (expense)/ income for the financial year	-	-	(1,217)	4,125	-	2,908	(883)	2,025
Increase arising from subsidiaries acquired	-	-	-	-	-	-	2,868	2,868
Reduction arising from additional shares acquired in subsidiary	-	-	-	-	-	-	(36)	(36)
Treasury shares, at cost	-	-	-	-	(1,732)	(1,732)	-	(1,732)
Balance carried forward	135,000	1,475	(954)	34,717	(1,732)	168,506	20,627	189,133

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 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	Retained Earnings RM'000	Treasury Shares RM'000			
Balance brought forward	135,000	1,475	(954)	34,717	(1,732)	168,506	20,627	189,133
Dividend paid	-	-	-	(2,956)	-	(2,956)	-	(2,956)
Balance as at 30 June, 2008	135,000	1,475	(954)	31,761	(1,732)	165,550	20,627	186,177

The 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.

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009**

	YEAR ENDED	
	30.06.2009	30.06.2008
	RM'000	RM'000
Net cash from operating activities	6,796	4,972
	-----	-----
Net cash used in investing activities	(19,191)	(6,316)
	-----	-----
Net cash used in financing activities	(3,728)	(4,960)
	-----	-----
Net changes in cash and cash equivalents	(16,123)	(6,304)
Effects of exchange rate changes	(2,035)	(1,243)
Cash and cash equivalents brought forward	170,586	178,133
	-----	-----
	<u>152,428</u>	<u>170,586</u>
	=====	=====
Cash and cash equivalents comprise:		
Fixed deposits*	151,364	167,041
Cash & bank balances	1,125	3,715
Bank overdrafts	(61)	(170)
(Included within short term borrowings in [Note B9])		
	-----	-----
	<u>152,428</u>	<u>170,586</u>
	=====	=====
*Fixed deposits pledged as security for borrowings	449	437
	=====	=====

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.

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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 ACE 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.

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

During the current financial quarter, there were no items of exceptional or 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 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 942,600 ordinary shares of its issued share capital from the open market at an average cost of RM0.43 per share during the current financial year-to-date. The total consideration paid for the shares repurchased during the financial year-to-date, including transaction costs was RM407,775. 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.

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Notes:- continued

A6. Dividend paid

A first and final dividend of 3% less Malaysia Income Tax of 25%, amounting to RM3,026,988 in respect of financial year ended 30 June 2008 was paid on 26 December 2008. No other dividend was paid during the current financial year to date.

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.

A9. Changes in the Composition of the Group

There were no changes in the composition of the Group for the financial period ended 30 June 2009 including business combinations, acquisition or disposal of subsidiaries and long term investments, restructurings and discontinuing of operations except for the following:

- (i) On 24 December 2008, the Company disposed of 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.

ILSB changed its name to Airzed Services Sdn Bhd on 27 February 2009.

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Notes - continued

- (ii) On 22 June 2009, the Company disposed of 300,000 ordinary shares of RM1.00 each in the issued and paid-up share capital of YTL Communications Sdn Bhd (formerly known as Y-Max Infra Sdn Bhd) ("YTL Communications") to YTL Power International Berhad, a related company, at par value per share or a total consideration of RM300,000 ("the Disposal"). As a result of the Disposal, YTL Communications ceased to be a subsidiary of the Company and became an associate company to the Company.

Subsequently, on 29 June 2009 the Company disposed of its remaining 200,000 ordinary shares of RM1.00 each in the issued and paid-up capital of YTL Communications at par value per share or a total consideration of RM200,000. Consequently, YTL Communications ceased to be an associate company to the Company.

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 30 June 2009, 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 -----	9,170 -----

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

B1. Review of Performance

Year-to-date review

Group revenue grew to RM36.812 million, a 14.7% increase over the financial year ended 30 June 2008. The higher revenue was mainly attributable to the recognition of non-recurring project income by the Company in the first quarter of the financial year, and higher sales recognised by the Group's narrowcasting and digital media division.

Group profit before taxation increased by 6.2% to RM7.102 million for the financial year under review, from RM6.689 million in the previous financial year in tandem with the higher revenues recorded.

Quarterly review

Group revenue for the quarter under review was RM10.852 million, representing a 29.7% increase over the preceding corresponding quarter, mainly due to higher revenue recognised by the Group's narrowcasting and digital media division. Group profit before taxation improved by 33.4% to RM1.402 million.

The increase in profit before taxation for the year-to-date and the quarter under review was in tandem with the increase in revenue for the respective periods but was partially offset by a reduction in interest income earned on the Group's fixed deposits due to lower prevailing interest rates and higher expenses incurred by the Group in its broadband and WiMax related businesses.

B2. Comparison with Preceding Quarter

	Current Quarter 30.06.2009 RM'000	Preceding Quarter 31.03.2009 RM'000
Revenue	10,852	8,442
Profit before taxation	1,402	1,528
	-----	-----

The Group revenue for the current financial quarter increased by 28.5% compared to the preceding quarter largely attributable to higher sales recognised by the Group's narrowcasting and digital media division. However, the increase in revenue was offset by lower interest income earned and higher operating expenses incurred by the Group, resulting in a reduction in profit before taxation by 8.2% to RM1.402 million.

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Notes:- continued

B3. Prospects

The challenging operating environment is expected to continue in light of ongoing volatility. The Group remains ready to address these challenges and expects to maintain a satisfactory performance for the financial year ending 30 June 2010.

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 Ended	
	Quarter	Year	Year Ended	Year Ended
	30.06.2009	Corresponding	30.06.2009	30.06.2008
	RM'000	Quarter	RM'000	RM'000
		30.06.2008		
		RM'000		
Taxation based on the profit for the period/year	1,371	874	4,024	3,259
Under/(over) provision of taxation in prior year	19	-	(34)	185
	-----	-----	-----	-----
	1,390	874	3,990	3,444
	=====	=====	=====	=====

The Group's provision for taxation for the financial year ended 30 June 2009 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.

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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 30 June 2009 are as follows:-

	RM'000
(i) Short term	
- Secured	159
- Unsecured	-

	159

(ii) Long term	
- Secured	121
- Unsecured	-

	121

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.

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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

No dividend has been declared 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 30.06.2009	Preceding Year Corresponding Quarter 30.06.2008
Profit attributable to equity holders (RM'000)	609	304
Weighted average number of ordinary shares in issue ('000)	1,345,377	1,349,758
Basic earnings per share (sen)	0.05	0.02

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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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: 20 August 2009