

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

Interim Financial Report
30 June 2010

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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 2010.

The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENTS

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30.06.2010 RM'000	Preceding Year Corresponding Quarter 30.06.2009 RM'000	Year Ended	
			30.06.2010 RM'000	30.06.2009 RM'000
REVENUE	11,260	10,548	44,030	36,508
COST OF SALES	(4,939)	(4,174)	(17,384)	(16,116)
	-----	-----	-----	-----
GROSS PROFIT	6,321	6,374	26,646	20,392
OTHER OPERATING INCOME	980	884	3,559	4,905
OTHER OPERATING EXPENSES	(2,080)	(6,157)	(13,516)	(18,475)
	-----	-----	-----	-----
PROFIT FROM OPERATIONS	5,221	1,101	16,689	6,822
FINANCE COST	(2)	(4)	(13)	(25)
	-----	-----	-----	-----
PROFIT BEFORE TAXATION	5,219	1,097	16,676	6,797
TAXATION	(835)	(1,105)	(3,810)	(3,705)
	-----	-----	-----	-----
PROFIT/LOSS FOR THE PERIOD/YEAR	4,384	(8)	12,866	3,092
	=====	=====	=====	=====
ATTRIBUTABLE TO:				
Equity holders of the Company	2,934	627	8,837	4,151
Minority interests	1,450	(635)	4,029	(1,059)
	-----	-----	-----	-----
	4,384	(8)	12,866	3,092
	=====	=====	=====	=====
EARNINGS PER 10 SEN SHARE				
Basic (Sen)	0.22	0.05	0.66	0.31
	=====	=====	=====	=====

The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the financial year ended 30 June 2009 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 BALANCE SHEETS

	Unaudited As at 30.06.2010 RM'000	Audited As at 30.06.2009 RM'000
ASSETS		
Non-current Assets		
Property, plant & equipment	4,519	5,813
Goodwill on consolidation	2,821	2,821
Other intangible assets	617	1,090
Fixed deposits	-	449
Deferred tax assets	1,140	-
	-----	-----
	9,097	10,173
	-----	-----
Current Assets		
Inventories	73	214
Trade receivables	3,827	3,411
Other receivables, deposits & prepayments	925	1,393
Income tax assets	378	13
Amount due from related companies	17,606	29,036
Fixed deposits	173,609	150,915
Cash & bank balances	944	1,125
	-----	-----
	197,362	186,107
	-----	-----
TOTAL ASSETS	206,459	196,280
	=====	=====
EQUITY		
Share capital	135,000	135,000
Share premium	1,475	1,475
Other reserves	(5,423)	(3,004)
Retained earnings	42,018	33,181
Treasury shares, at cost	(2,141)	(2,140)
	-----	-----
Total Equity Attributable to Shareholders of the Company	170,929	164,512
Minority interests	21,513	20,267
	-----	-----
TOTAL EQUITY	192,442	184,779
	-----	-----

The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the financial year ended 30 June 2009 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED CONSOLIDATED BALANCE SHEETS - continued

	Unaudited As at 30.06.2010 RM'000	Audited As at 30.06.2009 RM'000
LIABILITIES		
Non-current Liabilities		
Finance lease payables	21	121
Deferred tax liabilities	-	256
	-----	-----
	21	377
	-----	-----
Current Liabilities		
Trade payables	2,053	2,125
Other payables, accruals & deferred income	10,660	6,963
Amount due to related companies	-	442
Finance lease payables	100	98
Bank overdraft	-	61
Post-employment defined contribution obligations	150	220
Income tax liabilities	1,033	1,215
	-----	-----
	13,996	11,124
	-----	-----
TOTAL LIABILITIES	14,018	11,501
	-----	-----
TOTAL EQUITY AND LIABILITIES	206,459	196,280
	=====	=====
Net assets per 10 sen share attributable to equity holders of the Company (RM)	0.13	0.12
	=====	=====

The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the financial year ended 30 June 2009 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 2010**

	← Attributable to Shareholders of the Company →						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	Total RM'000		
Balance as at 1 July, 2009	135,000	1,475	(3,004)	33,181	(2,140)	164,512	20,267	184,779
Currency translation differences	-	-	(2,419)	-	-	(2,419)	(6)	(2,425)
Expense recognised directly in equity	-	-	(2,419)	-	-	(2,419)	(6)	(2,425)
Profit for the financial year	-	-	-	8,837	-	8,837	4,029	12,866
Total recognised (expense)/ income for the financial year	-	-	(2,419)	8,837	-	6,418	4,023	10,441
Reduction arising from additional shares acquired in existing subsidiary	-	-	-	-	-	-	(39)	(39)
Dividend paid to minority interests	-	-	-	-	-	-	(2,738)	(2,738)
Treasury shares	-	-	-	-	(1)	(1)	-	(1)
Balance as at 30 June, 2010	135,000	1,475	(5,423)	42,018	(2,141)	170,929	21,513	192,442

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 2009 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	-	-	(2,050)	-	-	(2,050)	(5)	(2,055)
Expense recognised directly in equity	-	-	(2,050)	-	-	(2,050)	(5)	(2,055)
Profit for the financial year	-	-	-	4,151	-	4,151	(1,059)	3,092
Total recognised (expense)/ income for the financial year	-	-	(2,050)	4,151	-	2,101	(1,064)	1,037
Effect of issue of shares by a subsidiary to minority interests	-	-	-	294	-	294	706	1,000
Increase/(decrease) arising from changes in composition of the group	-	-	-	2	-	2	(2)	-
Balance carried forward	135,000	1,475	(3,004)	36,208	(1,732)	167,947	20,267	188,214

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 2009 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 2010**

	YEAR ENDED	
	30.06.2010	30.06.2009
	RM'000	RM'000
Net cash from operating activities	28,548	6,813
	-----	-----
Net cash used in investing activities	(695)	(19,203)
	-----	-----
Net cash used in financing activities	(2,836)	(3,728)
	-----	-----
Net changes in cash and cash equivalents	25,017	(16,118)
Effects of exchange rate changes	(2,892)	(2,040)
Cash and cash equivalents brought forward	152,428	170,586
	-----	-----
	174,553	152,428
	=====	=====
Cash and cash equivalents comprise:		
Fixed deposits*	173,609	151,364
Cash & bank balances	944	1,125
Bank overdrafts	-	(61)
	-----	-----
	174,553	152,428
	=====	=====
*Fixed deposits pledged as security for borrowings	-	449
	=====	=====

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the financial year ended 30 June 2009 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 FRS 134 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 2009.

The accounting policies and methods of computation adopted by the Group in the interim financial report are consistent with those adopted for the annual audited financial statements for the year ended 30 June 2009, except for the adoption of FRS 8, Operating Segments and early adoption of Amendments to FRS 8, Operating Segments effective from the financial year beginning 1 July 2009.

Since the change in accounting policy only impacts presentation and disclosure aspects, there is no 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. 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.

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 1,100 ordinary shares of its issued share capital from the open market at an average cost of RM0.56 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 RM659. 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. As at 30 June 2010, the number of treasury shares held were 4,672,300 ordinary shares.

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INTERIM FINANCIAL REPORT

Notes:- continued

A5. Changes in Debt and Equity Securities - continued

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

There was no dividend paid during the financial quarter ended 30 June 2010.

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INTERIM FINANCIAL REPORT

Notes:- continued

A7. Segment Reporting

The Group's segmental report for the financial year ended 30 June 2010 is 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	8,357	31,570	4,103	-	44,030
Inter-segment revenue	106	100	44	(250)	-
	-----	-----	-----	-----	-----
Total revenue	8,463	31,670	4,147	(250)	44,030
	=====	=====	=====	=====	=====
Results					
Consolidated profit before taxation	832	15,667	177	-	16,676
	=====	=====	=====	=====	=====

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INTERIM FINANCIAL REPORT

Notes:- continued

A7. Segment Reporting - continued

The Group's segmental report for the financial year ended 30 June 2009 is 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	8,833	17,446	10,229	-	36,508
Inter-segment revenue	265	206	-	(471)	-
	-----	-----	-----	-----	-----
Total revenue	9,098	17,652	10,229	(471)	36,508
	=====	=====	=====	=====	=====
Results					
Consolidated profit before taxation	3,499	(2,950)	6,248	-	6,797
	=====	=====	=====	=====	=====

INTERIM FINANCIAL REPORT

Notes:- continued

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

There was no item, transaction or event of a material or unusual in nature during 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 year ended 30 June 2010 including business combinations, acquisition or disposal of subsidiaries and long term investments, restructurings and discontinuing of operations except for the following:-

On 7 January 2010, the Company acquired 1,000,000 ordinary shares of RM1.00 each representing the remaining 40% equity stake not held in PropertyNetAsia (Malaysia) Sdn Bhd (“PropertyNetAsia”) from Grierson Pte Ltd for a total cash consideration of RM25,000. As a result, PropertyNetAsia became a wholly-owned subsidiary of 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 2009.

As at 30 June 2010, 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	9,270
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INTERIM FINANCIAL REPORT

Notes:- continued

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

For the twelve months under review, Group revenue grew to RM44.030 million representing a 20.6% improvement compared to preceding financial year ended 30 June 2009. The increase was largely attributable to fee income derived from a spectrum sharing agreement in relation to the Group's 2.3GHz Worldwide Interoperability for Microwave Access ("WiMAX") spectrum.

Group profit before taxation increased by 145.3% to RM16.676 million representing an increase of RM9.879 million. The increase in profit before taxation was mainly due to the increase in revenue and lower operating expenses incurred by the Group, in relation to its WiMAX related activities.

Quarter review

The Group recorded a revenue and profit before taxation for the current financial quarter of RM11.260 million and RM5.219 million representing an increase of 6.8% and 375.8% respectively compared to preceding year corresponding quarter ended 30 June 2009. Group profit before taxation increased by RM4.122 million to RM5.219 million largely due to lower operating expenses related to WiMAX activities incurred by the Group.

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Notes:- continued

B2. Comparison with Preceding Quarter

	Current Quarter 30.06.2010 RM'000	Preceding Quarter 31.03.2010 RM'000
Revenue	11,260	10,088
Profit before taxation	5,219	3,153
	-----	-----

Group revenue recorded an increase of 11.6% to RM11.260 million as compared to RM10.088 million recorded in the preceding quarter, mainly contributed by non-recurring project income recognized in current quarter.

Group profit before taxation increased by RM2.067 million to RM5.219 million compared to RM3.153 million recorded in the preceding quarter. The increase was mainly due to reversal of a fine imposed on its subsidiary, Y-Max Networks Sdn Bhd (“YMN”). YMN had on 25 May 2010 received a letter from the Malaysian Communications and Multimedia Commission informing of its reconsideration of its earlier decision and decided not to impose the fine.

B3. Prospects

Based on present market conditions, its current level of operations and contracts in-hand, the Group anticipates it will achieve a satisfactory performance in the financial year ending 30 June 2011.

B4. Profit Forecast

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

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INTERIM FINANCIAL REPORT

Notes:- continued

B5. Taxation

Taxation comprises the following:-

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30.06.2010 RM'000	Preceding Year Corresponding Quarter 30.06.2009 RM'000	Year Ended	
			30.06.2010 RM'000	30.06.2009 RM'000
Taxation based on the profit for the year	282	1,190	5,275	3,843
Over provision of taxation in prior year	9	(42)	(68)	(95)
Deferred taxation	544	(43)	(1,397)	(43)
	----- 835 =====	----- 1,105 =====	----- 3,810 =====	----- 3,705 =====

The Group's taxation expense for the financial year ended 30 June 2010 reflects an effective tax rate higher than the statutory income tax rate. This was largely due to certain expenses that are not deductible for tax purposes.

During the financial year ended 30 June 2010, a deferred tax asset amounting RM1.111 million was recognised in relation to deferred revenue received in connection with the Group's WiMAX spectrum sharing agreement mentioned in Note B1. The deferred tax asset recognised was entirely offset by corresponding additional tax expense related to the said deferred revenue.

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.

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.

INTERIM FINANCIAL REPORT

Notes:- continued

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 2010 are as follows:-

	RM'000
(i) Short term	
- Secured	100
- Unsecured	-

	100
(ii) Long term	
- Secured	21
- Unsecured	-

	21

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

B11. Material Litigation

There was no material litigation since 30 June 2009, being the last annual balance sheet date, until the date of this report.

B12. Dividend

The Board of Directors has recommended for the approval of shareholders a first and final dividend of 1 sen per ordinary share of 10 sen each comprising 0.745 sen gross less Malaysian Income Tax and 0.255 sen single tier for the financial year ended 30 June 2010.

The Book Closure and Payment dates in respect of the aforesaid dividend will be determined by the Board at a later date.

INTERIM FINANCIAL REPORT

Notes:- continued

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 30.06.2010	Preceding Year Corresponding Quarter 30.06.2009
Profit attributable to equity holders (RM'000)	8,837	4,151
Weighted average number of ordinary shares in issue ('000)	1,345,328	1,345,377
Basic earnings per share (sen)	0.66	0.31

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.

B14. Audit Report of the Last Financial Year Ended 30 June 2009

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 August 2010