

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

Interim Financial Report
31 March 2014

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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 March 2014.

The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.03.2014 RM'000	Preceding Year Corresponding Quarter 31.03.2013 RM'000	9 Months Ended	
			31.03.2014 RM'000	31.03.2013 RM'000
REVENUE	21,699	21,748	65,148	65,300
COST OF SALES	(2,380)	(1,486)	(7,553)	(3,689)
GROSS PROFIT	19,319	20,262	57,595	61,611
OTHER OPERATING INCOME	1,347	1,415	4,179	4,505
ADMINISTRATION EXPENSES	(2,241)	(2,209)	(5,750)	(5,473)
FINANCE COSTS	(3)	(2)	(9)	(5)
SHARE OF RESULTS OF ASSOCIATED COMPANY	4	-	601	-
PROFIT BEFORE TAX	18,426	19,466	56,616	60,638
INCOME TAX EXPENSE	(4,646)	(4,912)	(14,161)	(15,281)
PROFIT FOR THE PERIOD	13,780	14,554	42,455	45,357
PROFIT ATTRIBUTABLE TO:				
Owners of the parent	8,492	8,864	26,544	28,156
Non-controlling interests	5,288	5,690	15,911	17,201
	13,780	14,554	42,455	45,357
EARNINGS PER 10 SEN SHARE				
Basic (sen)	0.63	0.66	1.97	2.09

The Condensed Consolidated Income Statement should be read in conjunction with the audited annual financial statements for the year ended 30 June 2013 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 31.03.2014 RM'000	Preceding Year Corresponding Quarter 31.03.2013 RM'000	9 Months Ended 31.03.2014 31.03.2013 RM'000 RM'000	
PROFIT FOR THE PERIOD	13,780	14,554	42,455	45,357
OTHER COMPREHENSIVE INCOME/(LOSS):				
CURRENCY TRANSLATION DIFFERENCES	76	(673)	1,586	(779)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	76	(673)	1,586	(779)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	13,856	13,881	44,041	44,578
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the parent	8,569	8,193	28,130	27,379
Non-controlling interests	5,287	5,688	15,911	17,199
	13,856	13,881	44,041	44,578

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited annual financial statements for the year ended 30 June 2013 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As at 31.03.2014 RM'000	Audited As at 30.06.2013 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	2,429	2,795
Goodwill on consolidation	2,490	2,490
Other intangible assets	71	105
Investment in associate	7,944	7,343
	-----	-----
	12,934	12,733
	-----	-----
Current assets		
Inventories	29	56
Trade and other receivables	2,697	1,998
Income tax assets	831	1,216
Amount due from related parties	14,640	14,740
Cash and cash equivalents	195,509	206,954
	-----	-----
	213,706	224,964
	-----	-----
TOTAL ASSETS	226,640	237,697
	=====	=====
EQUITY		
Share capital	135,000	135,000
Share premium	1,475	1,475
Other reserves	(4,521)	(6,096)
Retained earnings	77,668	78,023
Treasury shares, at cost	(2,141)	(2,141)
	-----	-----
Equity attributable to owners of the parent	207,481	206,261
Non-controlling interests	8,111	11,701
	-----	-----
TOTAL EQUITY	215,592	217,962
	-----	-----

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited annual financial statements for the year ended 30 June 2013 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 31.03.2014 RM'000	Audited As at 30.06.2013 RM'000
LIABILITIES		
Non-current liabilities		
Deferred tax liabilities	293	293
Loan and borrowings	94	190
	-----	-----
	387	483
	-----	-----
Current liabilities		
Trade and other payables	10,015	18,868
Provisions	54	119
Amount due to related parties	12	6
Loan and borrowings	127	123
Income tax liabilities	453	136
	-----	-----
	10,661	19,252
	-----	-----
TOTAL LIABILITIES	11,048	19,735
	-----	-----
TOTAL EQUITY AND LIABILITIES	226,640	237,697
	=====	=====
Net assets per 10 sen share (RM)	0.15	0.15
	=====	=====

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited annual financial statements for the year ended 30 June 2013 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 MARCH 2014**

	← 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 2013	135,000	1,475	10	(6,106)	78,023	(2,141)	206,261	11,701	217,962
Profit for the financial period	-	-	-	-	26,544	-	26,544	15,911	42,455
Other comprehensive income for the financial period	-	-	-	1,586	-	-	1,586	-	1,586
Total comprehensive income for the financial period	-	-	-	1,586	26,544	-	28,130	15,911	44,041
Transaction with owners:									
Additional investment in an existing subsidiary	-	-	-	(11)	8	-	(3)	(61)	(64)
Treasury shares acquired	-	-	-	-	-	(*)	(*)	-	(*)
Dividend paid	-	-	-	-	(26,907)	-	(26,907)	-	(26,907)
Dividend paid to non-controlling interest by subsidiary	-	-	-	-	-	-	-	(19,440)	(19,440)
At 31 March 2014	135,000	1,475	10	(4,531)	77,668	(2,141)	207,481	8,111	215,592

* 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 2013 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 MARCH 2013**

	← 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 2012	135,000	1,475	10	(5,758)	73,967	(2,141)	202,553	25,203	227,756
Profit for the financial period	-	-	-	-	28,156	-	28,156	17,201	45,357
Other comprehensive loss for the financial period	-	-	-	(777)	-	-	(777)	(2)	(779)
Total comprehensive income for the financial period	-	-	-	(777)	28,156	-	27,379	17,199	44,578
Transaction with owners:									
Treasury shares acquired	-	-	-	-	-	(*)	(*)	-	(*)
Dividend paid	-	-	-	-	(26,907)	-	(26,907)	-	(26,907)
Dividend paid to non-controlling interest by subsidiary	-	-	-	-	-	-	-	(32,400)	(32,400)
At 31 March 2013	135,000	1,475	10	(6,535)	75,216	(2,141)	203,025	10,002	213,027

* 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 2013 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 MARCH 2014**

	9 MONTHS ENDED	
	31.03.2014	31.03.2013
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	56,616	60,638
Adjustments for:-		
Allowance for obsolete inventories no longer required	(7)	-
Amortisation of other intangible assets	36	31
Depreciation of property, plant and equipment	440	254
Interest expenses	9	5
Interest income	(4,175)	(4,490)
Loss on disposal of property, plant and equipment	-	22
Provisions	-	141
Reversal of impairment loss on trade receivables	-	(9)
Share of results of associated company	(601)	-
Write-back of provisions	(65)	-
	-----	-----
Operating profit before working capital changes	52,253	56,592
Changes in working capital:-		
Inventories	34	(61)
Receivables	(674)	(875)
Payables	(8,861)	(848)
Related parties	106	503
	-----	-----
Cash generated from operations	42,858	55,311
Interest paid	(9)	(5)
Interest received	4,150	4,422
Tax paid	(13,498)	(14,335)
Tax refund	39	419
	-----	-----
Net cash generated from operating activities	33,540	45,812
	-----	-----
Cash flows from investing activities		
Additional investment in an existing subsidiary	(64)	-
Proceeds from disposal of property, plant and equipment	-	116
Purchase of property, plant and equipment	(74)	(185)
Purchase of other intangible assets	(2)	(34)
	-----	-----
Net cash flows used in investing activities	(140)	(103)
	-----	-----

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited annual financial statements for the year ended 30 June 2013 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 MARCH 2014 - continued**

	9 MONTHS ENDED	
	31.03.2014	31.03.2013
	RM'000	RM'000
Cash flows from financing activities		
Dividend paid	(26,907)	(26,907)
Dividend paid to non-controlling interest by subsidiary	(19,440)	(32,400)
Repayment of loans and borrowings	(92)	(41)
Purchase of own shares (net)	(*)	(*)
	-----	-----
Net cash flows used in financing activities	(46,439)	(59,348)
	-----	-----
Net decrease in cash and cash equivalents	(13,039)	(13,639)
Effects of exchange rate changes	1,594	(780)
Cash and cash equivalents at beginning of the financial period	206,954	214,157
	-----	-----
Cash and cash equivalents at end of the financial period	195,509	199,738
	=====	=====
Cash and cash equivalents comprise:-		
Deposits with licensed banks	194,979	199,191
Cash on hand and at banks	530	547
	-----	-----
	195,509	199,738
	=====	=====

* Less than RM 1,000

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The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited annual financial statements for the year ended 30 June 2013 and the accompanying explanatory notes attached to the interim financial statements.

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Notes:-

Disclosure requirements pursuant to MFRS 134

The interim financial reports should be read in conjunction with the audited annual financial statements of the Group for the financial year ended 30 June 2013.

A1. Accounting Policies and Methods of Computation

The interim financial report is unaudited and has been prepared in accordance with Malaysian Financial Reporting Standard (“MFRS”) 134: “Interim Financial Reporting”, IAS 34: “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 accounting policies and methods of computations adopted by the Group in this interim financial report are consistent with those adopted in the annual audited financial statements for the financial year ended 30 June 2013.

The adoption of MFRSs and amendments to MFRSs which were effective for financial year beginning on or after 1 July 2013 do not have significant financial impact on the Group.

A2. Seasonality or Cyclicity of Interim 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 in estimates of amounts reported in prior interim periods or prior financial years.

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Notes:- continued

A5. Changes in Debt and Equity Securities

For the financial year-to-date, the Company repurchased 200 ordinary shares of RM0.10 each of its issued share capital from the open market, at an average cost of RM0.62 per share. The total consideration paid for the share buy-back, including transaction costs during the financial year-to-date amounted to RM206.04 and 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 31 March 2014, the total number of treasury shares held was 4,672,900 ordinary shares of RM0.10 each.

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

A6. Dividends paid

An interim single tier dividend of 2 sen per ordinary share of 10 sen each amounting to RM26,906,544 in respect of financial year ended 30 June 2013 was paid on 14 November 2013.

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Notes:- continued

A7. Segment Information

The Group's segmental results for the financial period ended 31 March 2014 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	3,902	56,346	4,900	-	65,148
Inter-segment revenue	6	-	13	(19)	-
Total revenue	<u>3,908</u>	<u>56,346</u>	<u>4,913</u>	<u>(19)</u>	<u>65,148</u>
Segment profit before tax	<u>1,657</u>	<u>54,220</u>	<u>739</u>	<u>-</u>	<u>56,616</u>

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Notes:- continued

A7. Segment Information - continued

The Group's segmental results for the financial period ended 31 March 2013 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	4,202	56,366	4,732	-	65,300
Inter-segment revenue	69	-	-	(69)	-
	-----	-----	-----	-----	-----
Total revenue	4,271	56,366	4,732	(69)	65,300
	=====	=====	=====	=====	=====
Segment profit before tax	1,132	58,048	1,458	-	60,638
	=====	=====	=====	=====	=====

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Notes:- continued

A8. Events after the Interim Period

There was no item, transaction or event of a material or unusual in nature during the 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 March 2014 including business combinations, obtaining or losing control of subsidiaries and long term investments, restructurings and discontinued of operations except for the following:-

- (i) On 16 July 2013, the Company approved a proposal to undertake a final cash offer to acquire the entire issued share capital of Infoscreen Networks Plc (“Infoscreen”) not already owned by the Company (“Final Cash Offer”), comprising 666,766 ordinary shares of 1 pence each (“Offeree Shares”) at an offer price of 2 pence per share in cash.
- (ii) On the closing date of 30 August 2013, Infoscreen received 97.35% acceptance to the Final Cash Offer comprising 649,091 ordinary shares, out of the Offeree Shares. As a result, the Company, pursuant to the United Kingdom Companies Act 2006, instigated the compulsory acquisition to acquire the remaining 17,675 Offeree Shares from the non-assenting shareholders of Infoscreen which was completed on 19 November 2013 where Infoscreen became a wholly-owned subsidiary of the Company.

A10. Changes in Contingent Liabilities

There were no changes in the contingent liabilities of the Group since the last financial year ended 30 June 2013.

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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

	Individual Quarter		Cumulative Quarter	
	31.03.2014 RM'000	31.03.2013 RM'000	31.03.2014 RM'000	31.03.2013 RM'000
Revenue				
Information technology and e-commerce	1,237	1,337	3,902	4,202
Communications technology	18,776	18,788	56,346	56,366
Content and digital media	1,686	1,623	4,900	4,732
	-----	-----	-----	-----
	21,699	21,748	65,148	65,300
	=====	=====	=====	=====
Profit before tax				
Information technology and e-commerce	210	145	1,657	1,132
Communications technology	17,832	19,204	54,220	58,048
Content and digital media	384	117	739	1,458
	-----	-----	-----	-----
	18,426	19,466	56,616	60,638
	=====	=====	=====	=====

Part A – Financial year-to-date review

For the nine months under review, the Group recorded revenue and profit before tax of RM65.148 million and RM56.616 million respectively, representing a decrease of 0.2% and 6.6% respectively, compared to the preceding financial year's corresponding period. The decrease in profit before tax was mainly due to an accrual of RM3.375 million contribution to MCMC's Universal Service Provision fund ("USP Fund") established under the Communications and Multimedia Act 1988.

The performance of the respective operating segments was as follows:-

i) Information technology and e-commerce

Revenue decreased by 7.1% to RM3.902 million from RM4.202 million, mainly due to lower income in relation to hardware sales activities. However, despite the decrease in revenue, profit before tax increased by 46.4% from RM1.132 million to RM1.657 million, mainly due to the higher interest income on higher cash deposits in the current financial period.

INTERIM FINANCIAL REPORT

Notes:- continued

B1. Review of Performance - continued

ii) Communications technology

Revenue derived from the spectrum sharing agreement in relation to the Group's 2.3GHz Worldwide Interoperability for Microwave Access ("WIMAX") spectrum was largely unchanged compared to the preceding year's corresponding period. However, profit before tax decreased by 6.6% to RM54.220 million from RM58.048 million, mainly due to an accrual of RM3.375 million contribution to the USP Fund.

iii) Content and digital media

Revenue and profit before tax of RM4.9 million and RM0.739 million respectively, represented an increase of 3.6% and a decrease of 49.3% respectively, compared to the preceding year's corresponding period. The decrease in profit before tax was mainly due to lower gross profit as a result of change in the revenue mix, and higher depreciation charge due to networks expansion.

Part B – Current quarter review

The Group recorded a revenue and profit before tax for the current financial quarter of RM21.699 million and RM18.426 million respectively, representing a decrease of 0.2% and 5.3% respectively, compared to preceding financial year's corresponding quarter. The decrease in profit before tax was mainly due to an accrual of RM1.125 million contribution to MCMC's Universal Service Provision fund ("USP Fund") established under the Communications and Multimedia Act 1988.

The performance of the respective operating segments was as follows:-

i) Information technology and e-commerce

Revenue decreased by 7.5% to RM1.237 million from RM1.337 million, mainly due to lower income in relation to hardware sales activities and maintenance services. However, despite the decrease in revenue, profit before tax increased by 44.8% mainly due to the higher interest income on higher cash deposits in the current financial quarter.

ii) Communications technology

Revenue derived from the spectrum sharing agreement in relation to the Group's 2.3GHz Worldwide Interoperability for Microwave Access ("WIMAX") spectrum was largely unchanged compared to the preceding year's corresponding quarter. Profit before tax decreased by 7.1% to RM17.832 million from RM19.204 million, mainly due to the accrual of RM1.125 million contribution to the USP Fund.

INTERIM FINANCIAL REPORT

Notes:- continued

B1. Review of Performance - continued

iii) Content and digital media

Revenue and profit before tax of RM1.686 million and RM0.384 million respectively, represented an increase of 3.9% and 228.2% respectively, compared to the preceding year's corresponding quarter. The increase in profit before tax was mainly due to higher gross profit as a result of change in the revenue mix.

B2. Comparison with Preceding Quarter

	Current Quarter 31.03.2014 RM'000	Preceding Quarter 31.12.2013 RM'000
Revenue	21,699	21,784
Profit before tax	18,426	18,942

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

B3. Prospects

Given a significant portion of Group revenue is derived from spectrum sharing fee income, the outlook for the Group's performance in the financial year ending 30 June 2014 should be satisfactory.

B4. Profit Forecast

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

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Notes:- continued

B5. Profit for the period

	Current Year Quarter 31.03.2014 RM'000	Financial Year- To-Date 31.03.2014 RM'000
Profit for the period is stated after charging /(crediting):-		
Amortisation of other intangible assets	12	36
Depreciation of property, plant and equipment	65	440
Interest expenses	3	9
Interest income	(1,347)	(4,175)
	<u>=====</u>	<u>=====</u>

Other than the above items, there was no investment income, 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 and exceptional items for the current financial quarter and financial year-to-date.

B6. Income Tax Expense

	Current Year Quarter 31.03.2014 RM'000	Financial Year- To-Date 31.03.2014 RM'000
Taxation based on profit for the period	4,641	14,156
Under provision of taxation in prior year	5	5
	<u>-----</u>	<u>-----</u>
	4,646	14,161
	<u>=====</u>	<u>=====</u>

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

B7. Status of Corporate Proposals

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

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Notes:- continued

B8. Group Borrowings and Debt Securities

The Group's borrowings from financial institutions as at 31 March 2014 are as follows:-

	Short term RM'000	Long term RM'000	Total RM'000
Secured	127	94	221
	=====	=====	=====

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 March 2014.

ii) Fair Value Changes of Financial Liabilities

As at 31 March 2014, the Group does not have any financial liabilities measured at fair value through profit or loss.

iii) Retained Earnings

	Unaudited As at 31.03.2014 RM'000	Audited As at 30.06.2013 RM'000
Retained earnings/(Accumulated losses) of the Company and its subsidiaries		
- Realised	64,276	68,769
- Unrealised	(293)	(293)
	-----	-----
	63,983	68,476
	-----	-----
Retained earnings of the associated companies		
- Realised	601	93
	-----	-----
Consolidated adjustments	13,084	9,454
	-----	-----
Total Group retained earnings as per consolidated interim financial report	77,668	78,023
	=====	=====

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Notes:- continued

B10. Material Litigation

There was no material litigation pending as at the date of this report.

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 31.03.2014	Preceding Year Corresponding Quarter 31.03.2013
Profit attributable to owners of the parent (RM'000)	8,492	8,864
Weighted average number of ordinary shares in issue ('000)	1,345,327	1,345,327
Basic earnings per share (sen)	0.63	0.66

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 2013

The auditors' report on the financial statements of the financial year ended 30 June 2013 did not contain any qualification.

By Order of the Board
HO SAY KENG
Secretary

Kuala Lumpur
Dated: 20 May 2014