

YTL E-SOLUTIONS BERHAD

Company No. 236137-K

Incorporated in Malaysia

Interim Financial Report

30 September 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 30 September 2014.

The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30.09.2014 RM'000	Preceding Year Corresponding Quarter 30.09.2013 RM'000	3 Months Ended	
			30.09.2014 RM'000	30.09.2013 RM'000
REVENUE	21,511	21,665	21,511	21,665
COST OF SALES	(2,371)	(2,581)	(2,371)	(2,581)
GROSS PROFIT	19,140	19,084	19,140	19,084
OTHER OPERATING INCOME	1,696	1,476	1,696	1,476
ADMINISTRATION EXPENSES	(1,704)	(1,559)	(1,704)	(1,559)
FINANCE COSTS	(2)	(3)	(2)	(3)
SHARE OF RESULTS OF ASSOCIATED COMPANY	166	250	166	250
PROFIT BEFORE TAX	19,296	19,248	19,296	19,248
INCOME TAX EXPENSE	(4,814)	(4,758)	(4,814)	(4,758)
PROFIT FOR THE PERIOD	14,482	14,490	14,482	14,490
ATTRIBUTABLE TO:				
Owners of the Parent	9,128	9,152	9,128	9,152
Non-Controlling Interests	5,354	5,338	5,354	5,338
	14,482	14,490	14,482	14,490
EARNINGS PER 10 SEN SHARE				
Basic (sen)	0.68	0.68	0.68	0.68

The Condensed Consolidated Income Statement should be read in conjunction with the audited annual financial statements for the year ended 30 June 2014 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 COMPREHENSIVE INCOME**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30.09.2014 RM'000	Preceding Year Corresponding Quarter 30.09.2013 RM'000	3 Months Ended	
			30.09.2014 RM'000	30.09.2013 RM'000
PROFIT FOR THE PERIOD	14,482	14,490	14,482	14,490
OTHER COMPREHENSIVE (LOSS)/INCOME:				
<i>ITEM THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO INCOME STATEMENT:-</i>				
CURRENCY TRANSLATION DIFFERENCES	(401)	1,126	(401)	1,126
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD, NET OF TAX	(401)	1,126	(401)	1,126
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	14,081	15,616	14,081	15,616
ATTRIBUTABLE TO:				
Owners of the Parent	8,727	10,277	8,727	10,277
Non-Controlling Interests	5,354	5,339	5,354	5,339
	14,081	15,616	14,081	15,616

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited annual financial statements for the year ended 30 June 2014 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 FINANCIAL POSITION**

	Unaudited As at 30.09.2014 RM'000	Audited As at 30.06.2014 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	2,153	2,285
Goodwill on consolidation	2,490	2,490
Other intangible assets	50	59
Investment in associate	8,116	7,950
Deferred tax asset	136	136
	-----	-----
	12,945	12,920
	-----	-----
Current assets		
Inventories	14	21
Trade and other receivables	1,599	1,161
Income tax assets	21	1,596
Amount due from related parties	13,842	14,627
Cash and cash equivalents	230,599	211,517
	-----	-----
	246,075	228,922
	-----	-----
TOTAL ASSETS	259,020	241,842
	=====	=====
EQUITY		
Share capital	135,000	135,000
Share premium	1,475	1,475
Other reserves	(4,838)	(4,437)
Retained earnings	94,761	85,633
Treasury shares, at cost	(2,142)	(2,141)
	-----	-----
Equity attributable to Owners of the Parent	224,256	215,530
Non-Controlling Interests	18,754	13,400
	-----	-----
TOTAL EQUITY	243,010	228,930
	-----	-----

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited annual financial statements for the year ended 30 June 2014 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 30.09.2014 RM'000	Audited As at 30.06.2014 RM'000
LIABILITIES		
Non-current liabilities		
Deferred tax liabilities	215	215
Loan and borrowings	28	61
	-----	-----
	243	276
	-----	-----
Current liabilities		
Trade and other payables	13,463	12,321
Provisions	33	37
Amount due to related parties	4	2
Loan and borrowings	130	129
Income tax liabilities	2,137	147
	-----	-----
	15,767	12,636
	-----	-----
TOTAL LIABILITIES	16,010	12,912
	-----	-----
TOTAL EQUITY AND LIABILITIES	259,020	241,842
	=====	=====
Net assets per 10 sen share (RM)	0.17	0.16
	-----	-----

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

	← 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 2014	135,000	1,475	10	(4,447)	85,633	(2,141)	215,530	13,400	228,930
Profit for the financial period	-	-	-	-	9,128	-	9,128	5,354	14,482
Other comprehensive loss for the financial period, net of tax	-	-	-	(401)	-	-	(401)	-	(401)
Total comprehensive income for the financial period	-	-	-	(401)	9,128	-	8,727	5,354	14,081
Transaction with owners:									
Treasury shares acquired	-	-	-	-	-	(1)	(1)	-	(1)
At 30 September 2014	135,000	1,475	10	(4,848)	94,761	(2,142)	224,256	18,754	243,010

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 2014 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 30 SEPTEMBER 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 2013	135,000	1,475	10	(6,106)	78,023	(2,141)	206,261	11,701	217,962
Profit for the financial period	-	-	-	-	9,152	-	9,152	5,338	14,490
Other comprehensive income for the financial period, net of tax	-	-	-	1,125	-	-	1,125	1	1,126
Total comprehensive income for the financial period	-	-	-	1,125	9,152	-	10,277	5,339	15,616
Transaction with owners:									
Effect of change in stake	-	-	-	-	(5)	-	(5)	(57)	(62)
Treasury shares acquired	-	-	-	-	-	(*)	(*)	-	(*)
Dividend paid to non-controlling interest by subsidiary	-	-	-	-	-	-	-	(8,640)	(8,640)
At 30 September 2013	135,000	1,475	10	(4,981)	87,170	(2,141)	216,533	8,343	224,876

* 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 2014 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 30 SEPTEMBER 2014**

	3 MONTHS ENDED	
	30.09.2014	30.09.2013
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	19,296	19,248
Adjustments for:-		
Allowance for obsolete inventories no longer required	-	(7)
Amortisation of other intangible assets	12	11
Depreciation of property, plant and equipment	139	187
Interest expenses	2	3
Interest income	(1,694)	(1,473)
Share of results of associated company	(166)	(250)
Write-back of provisions	-	(22)
	-----	-----
Operating profit before working capital changes	17,589	17,697
Changes in working capital:-		
Inventories	7	34
Receivables	(417)	(560)
Payables	1,141	(2,751)
Related parties	787	(147)
	-----	-----
Cash generated from operations	19,107	14,273
Interest paid	(2)	(3)
Interest received	1,673	1,462
Tax paid	(4,545)	(4,982)
Tax refunded	3,296	-
	-----	-----
Net cash from operating activities	19,529	10,750
	-----	-----
Cash flows from investing activities		
Additional investment in an existing subsidiary	-	(62)
Purchase of property, plant and equipment	(7)	(63)
Purchase of other intangible assets	(3)	-
	-----	-----
Net cash used in investing activities	(10)	(125)
	-----	-----

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

	3 MONTHS ENDED	
	30.09.2014	30.09.2013
	RM'000	RM'000
Cash flows from financing activities		
Dividend paid to non-controlling interest by subsidiary	-	(8,640)
Repayment of loans and borrowings	(32)	(31)
Purchase of own shares (net)	(1)	(*)
	-----	-----
Net cash used in financing activities	(33)	(8,671)
	-----	-----
Net increase in cash and cash equivalents	19,486	1,954
Effects of exchange rate changes	(404)	1,133
Cash and cash equivalents at beginning of the financial period	211,517	206,954
	-----	-----
Cash and cash equivalents at end of the financial period	230,599	210,041
	=====	=====
Cash and cash equivalents comprise:-		
Deposits with licensed banks	230,039	209,490
Cash on hand and at banks	560	551
	-----	-----
	230,599	210,041
	=====	=====

* Less than RM 1,000

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited annual financial statements for the year ended 30 June 2014 and the accompanying explanatory notes attached to the interim financial statements.

INTERIM FINANCIAL REPORT

Notes:-

Disclosure requirements pursuant to Malaysian Financial Reporting Standard 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 2014.

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”, and Chapter 9, Part K Rule 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 2014.

The adoption of amendments to MFRSs which were effective for financial year beginning on or after 1 July 2014 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 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

There was no issuance, cancellation, repurchase, resale and repayment of debts and equity securities except for the following:-

During the financial quarter and financial period-to-date, the Company repurchased 1,000 ordinary shares of RM0.10 each of its issued share capital from the open market, at an average cost of RM0.68 per share. The total consideration paid for the share buy-back, including transaction costs during the current financial quarter and financial year-to-date amounted to RM676.20 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 30 September 2014, the total number of treasury shares held was 4,673,900 ordinary shares of RM0.10 each.

A6. Dividends paid

No dividend was paid during the financial year-to-date under review.

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Notes:- continued

A7. Segment Information

The Group's segmental results for the financial period ended 30 September 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	1,127	18,761	1,623	-	21,511
Inter-segment revenue	-	-	7	(7)	-
	-----	-----	-----	-----	-----
Total revenue	1,127	18,761	1,630	(7)	21,511
	=====	=====	=====	=====	=====
Segment profit before tax	892	18,233	171	-	19,296
	=====	=====	=====	=====	=====

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Notes:- continued

A7. Segment Information - continued

The Group's segmental results for the financial period ended 30 September 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	1,418	18,789	1,458	-	21,665
Inter-segment revenue	5	-	7	(12)	-
	-----	-----	-----	-----	-----
Total revenue	1,423	18,789	1,465	(12)	21,665
	=====	=====	=====	=====	=====
Segment profit before tax	913	18,237	98	-	19,248
	=====	=====	=====	=====	=====

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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 30 September 2014, including business combinations, obtaining or losing control of subsidiaries and long term investments, restructurings and discontinued of operations.

A10. Changes in Contingent Liabilities

There were no changes in the contingent liabilities of the Group since the last financial year ended 30 June 2014.

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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	
	30.09.2014 RM'000	30.09.2013 RM'000	30.09.2014 RM'000	30.09.2013 RM'000
Revenue				
Information technology and e-commerce	1,127	1,418	1,127	1,418
Communications technology	18,761	18,789	18,761	18,789
Content and digital media	1,623	1,458	1,623	1,458
	-----	-----	-----	-----
	21,511	21,665	21,511	21,665
	=====	=====	=====	=====
Profit before tax				
Information technology and e-commerce	892	913	892	913
Communications technology	18,233	18,237	18,233	18,237
Content and digital media	171	98	171	98
	-----	-----	-----	-----
	19,296	19,248	19,296	19,248
	=====	=====	=====	=====

For the financial quarter under review, the Group recorded revenue and profit before tax of RM21.511 million and RM19.296 million respectively, representing a decrease of 0.7% and an increase of 0.2% respectively, compared to the preceding year's corresponding quarter. The increase in profit before tax was due to higher profit before tax from the Content and Digital Media segment and higher interest income earned on cash deposits in the current financial quarter.

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

i) Information technology and e-commerce

Revenue and profit before tax of RM1.127 million and RM0.892 million respectively, represented a decrease of 20.5% and 2.3% respectively, compared to the preceding year's corresponding quarter. The decrease in profit before tax was mainly due to the lower revenue recorded from hardware sales activities and maintenance services.

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 quarter. The profit before tax decreased very marginally due to a lower share of profits from an associated company in the current financial quarter compared to the preceding year's corresponding quarter.

iii) Content and digital media

Revenue and profit before tax of RM1.623 million and RM0.171 million respectively, represented an increase of 11.3% and 74.5% respectively, compared to the preceding year's corresponding quarter revenue of RM1.458 million and profit before tax of RM0.098million. The increase in profit before tax was mainly due to a higher gross profit margin as a result of substantially higher digital media advertising income recorded in the current quarter compared to the preceding year's corresponding quarter.

B2. Comparison with Preceding Quarter

	Current Quarter 30.09.2014 RM'000	Preceding Quarter 30.06.2014 RM'000
Revenue	21,511	21,686
Profit before tax	19,296	17,618

Group revenue decreased marginally, whilst the profit before tax increased by 9.5% compared to that recorded in the preceding quarter. The increase in profit before tax was mainly due to higher interest income and lower administrative expenses recorded in the current financial quarter.

B3. Prospects

Given a very significant portion of Group revenue is derived from spectrum sharing fee income from its Communications Technology segment, the outlook for the Group's overall performance in the financial year ending 30 June 2015 should be satisfactory. The Group will also focus on trying to improve the returns from its Content and Digital Media segment by seeking to spread its reach and improve its sales mix. Meanwhile, the Information Technology and e-Commerce segment will see the introduction of new products.

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Notes:- continued

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 30.09.2014 RM'000	Financial Year- To-Date 30.09.2014 RM'000
Profit for the period is derived after charging /(crediting):-		
Amortisation of other intangible assets	12	12
Depreciation of property, plant and equipment	139	139
Interest expenses	2	2
Interest income	(1,694)	(1,694)
	=====	=====

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 30.09.2014 RM'000	Financial Year- To-Date 30.09.2014 RM'000
Taxation based on profit for the period	4,814	4,814
	=====	=====

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 30 September 2014 are as follows:-

	Short term RM'000	Long term RM'000	Total RM'000
Secured	130	28	158
	=====	=====	=====

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 30 September 2014.

ii) Fair Value Changes of Financial Liabilities

As at 30 September 2014, the Group does not have any financial liabilities measured at fair value through profit or loss.

iii) Retained Earnings

	Unaudited As at 30.09.2014 RM'000	Audited As at 30.06.2014 RM'000
Retained earnings of the Company and its subsidiaries		
- Realised	91,823	77,507
- Unrealised	(79)	(79)
	-----	-----
	91,744	77,428
	-----	-----
Retained earnings of the associated company		
- Realised	884	718
- Unrealised	(18)	(18)
	-----	-----
	866	700
	-----	-----
Consolidated adjustments	2,151	7,505
	-----	-----
Total Group retained earnings as per consolidated interim financial report	94,761	85,633
	=====	=====

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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 30.09.2014	Preceding Year Corresponding Quarter 30.09.2013
Profit attributable to owners of the parent (RM'000)	9,128	9,152
Weighted average number of ordinary shares in issue ('000)	1,345,327	1,345,327
Basic earnings per share (sen)	0.68	0.68

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

B13. Audit Report of the Preceding Financial Year Ended 30 June 2014

The auditors' report on the financial statements of the financial year ended 30 June 2014 did not contain any qualification.

By Order of the Board
HO SAY KENG
Secretary

Kuala Lumpur
Dated: 20 November 2014