

YTL E-SOLUTIONS BERHAD

Company No. 236137-K

Incorporated in Malaysia

Interim Financial Report
30 September 2015

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	Page No.
Condensed Consolidated Income Statement	1
Condensed Consolidated Statement of Comprehensive Income	2
Condensed Consolidated Statement of Financial Position	3 - 4
Condensed Consolidated Statement of Changes in Equity	5 - 6
Condensed Consolidated Statement of Cash Flows	7 - 8
Notes to the Interim Financial Report	9- 19

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 2015.

The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30.09.2015 RM'000	Preceding Year Corresponding Quarter 30.09.2014 RM'000	3 Months Ended	
			30.09.2015 RM'000	30.09.2014 RM'000
REVENUE	20,807	21,511	20,807	21,511
COST OF SALES	(1,653)	(2,371)	(1,653)	(2,371)
GROSS PROFIT	19,154	19,140	19,154	19,140
OTHER OPERATING INCOME	1,695	1,696	1,695	1,696
ADMINISTRATION EXPENSES	(1,954)	(1,704)	(1,954)	(1,704)
FINANCE COSTS	(1)	(2)	(1)	(2)
SHARE OF PROFIT/(LOSS) OF ASSOCIATED COMPANY	(118)	166	(118)	166
PROFIT BEFORE TAX	18,776	19,296	18,776	19,296
INCOME TAX EXPENSE	(4,635)	(4,814)	(4,635)	(4,814)
PROFIT FOR THE PERIOD	14,141	14,482	14,141	14,482
ATTRIBUTABLE TO:				
Owners of the Parent	8,641	9,128	8,641	9,128
Non-Controlling Interests	5,500	5,354	5,500	5,354
	14,141	14,482	14,141	14,482
EARNINGS PER 10 SEN SHARE				
Basic (sen)	0.64	0.68	0.64	0.68

The Condensed Consolidated Income Statement should be read in conjunction with the audited annual financial statements for the year ended 30 June 2015 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 COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30.09.2015 RM'000	Preceding Year Corresponding Quarter 30.09.2014 RM'000	3 Months Ended 30.09.2015 RM'000	3 Months Ended 30.09.2014 RM'000
PROFIT FOR THE PERIOD	14,141	14,482	14,141	14,482
OTHER COMPREHENSIVE INCOME/(LOSS):				
<i>ITEM THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO INCOME STATEMENT:-</i>				
CURRENCY TRANSLATION DIFFERENCES	2,138	(401)	2,138	(401)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	2,138	(401)	2,138	(401)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	16,279	14,081	16,279	14,081
ATTRIBUTABLE TO:				
Owners of the Parent	10,779	8,727	10,779	8,727
Non-Controlling Interests	5,500	5,354	5,500	5,354
	16,279	14,081	16,279	14,081

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited annual financial statements for the year ended 30 June 2015 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 FINANCIAL POSITION

	Unaudited As at 30.09.2015 RM'000	Audited As at 30.06.2015 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	2,126	2,071
Goodwill on consolidation	2,490	2,490
Other intangible assets	60	60
Investment in associated company	8,309	8,427
Investment	898	898
Deferred tax asset	185	185
	-----	-----
	14,068	14,131
	-----	-----
Current assets		
Inventories	44	-
Trade and other receivables	1,351	1,416
Income tax assets	417	149
Amount due from related parties	13,446	14,365
Cash and cash equivalents	205,473	188,059
	-----	-----
	220,731	203,989
	-----	-----
TOTAL ASSETS	234,799	218,120
	=====	=====
EQUITY		
Share capital	135,000	135,000
Share premium	1,475	1,475
Other reserves	(986)	(3,124)
Retained earnings	76,177	67,536
Treasury shares, at cost	(2,143)	(2,143)
	-----	-----
Equity attributable to Owners of the Parent	209,523	198,744
Non-Controlling Interests	8,335	2,835
	-----	-----
TOTAL EQUITY	217,858	201,579
	-----	-----

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited annual financial statements for the year ended 30 June 2015 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 FINANCIAL POSITION - continued

	Unaudited As at 30.09.2015 RM'000	Audited As at 30.06.2015 RM'000
LIABILITIES		
Non-current liabilities		
Deferred tax liabilities	165	165
	-----	-----
	165	165
	-----	-----
Current liabilities		
Trade and other payables	13,590	14,202
Provisions	13	14
Amount due to related parties	1,156	25
Loan and borrowings	28	61
Income tax liabilities	1,989	2,074
	-----	-----
	16,776	16,376
	-----	-----
TOTAL LIABILITIES	16,941	16,541
	-----	-----
TOTAL EQUITY AND LIABILITIES	234,799	218,120
	=====	=====
Net assets per 10 sen share (RM)	0.16	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 2015 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 30 SEPTEMBER 2015**

	← 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 2015	135,000	1,475	10	(3,134)	67,536	(2,143)	198,744	2,835	201,579
Profit for the financial period	-	-	-	-	8,641	-	8,641	5,500	14,141
Other comprehensive income for the financial period, net of tax	-	-	-	2,138	-	-	2,138	-	2,138
Total comprehensive income for the financial period	-	-	-	2,138	8,641	-	10,779	5,500	16,279
Transaction with owners:									
Treasury shares acquired	-	-	-	-	-	(*)	(*)	-	(*)
Total transactions with owners	-	-	-	-	-	(*)	(*)	-	(*)
At 30 September 2015	135,000	1,475	10	(996)	76,177	(2,143)	209,523	8,335	217,858

* 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 2015 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 30 SEPTEMBER 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 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)
Total transactions with owners	-	-	-	-	-	(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 2015 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 CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2015**

	3 MONTHS ENDED	
	30.09.2015	30.09.2014
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	18,776	19,296
Adjustments for:-		
Amortisation of other intangible assets	10	12
Depreciation of property, plant and equipment	148	139
Interest expenses	1	2
Interest income	(1,685)	(1,694)
Reversal of impairment loss on trade receivables	(10)	-
Share of results of associated company	118	(166)
	-----	-----
Operating profit before working capital changes	17,358	17,589
Changes in working capital:-		
Inventories	(44)	7
Receivables	89	(417)
Payables	(613)	1,141
Related parties	2,050	787
	-----	-----
Cash generated from operations	18,840	19,107
Interest paid	(1)	(2)
Interest received	1,671	1,673
Tax paid	(4,988)	(4,545)
Tax refunded	-	3,296
	-----	-----
Net cash from operating activities	15,522	19,529
	-----	-----
Cash flows from investing activities		
Purchase of property, plant and equipment	(203)	(7)
Purchase of other intangible assets	(10)	(3)
	-----	-----
Net cash used in investing activities	(213)	(10)
	-----	-----

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited annual financial statements for the year ended 30 June 2015 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 CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2015 - continued**

	3 MONTHS ENDED	
	30.09.2015	30.09.2014
	RM'000	RM'000
Cash flows from financing activities		
Repayment of loans and borrowings	(33)	(32)
Purchase of own shares (net)	(*)	(1)
	-----	-----
Net cash used in financing activities	(33)	(33)
	-----	-----
Net increase in cash and cash equivalents	15,276	19,486
Effects of exchange rate changes	2,138	(404)
Cash and cash equivalents at beginning of the financial period	188,059	211,517
	-----	-----
Cash and cash equivalents at end of the financial period	205,473	230,599
	=====	=====
Cash and cash equivalents comprise:-		
Deposits with licensed banks	204,644	230,039
Cash on hand and at banks	829	560
	-----	-----
	205,473	230,599
	=====	=====

* 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 2015 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 period ended 30 June 2015.

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 2015.

The adoption of MFRSs and amendments to MFRSs which were effective for financial year beginning on or after 1 July 2015 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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INTERIM FINANCIAL REPORT

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 year-to-date, the Company repurchased 100 ordinary shares of RM0.10 each of its issued share capital from the open market, at an average cost of RM0.54 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 RM53.50 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 2015, the total number of treasury shares held was 4,675,000 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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YTL E-SOLUTIONS BERHAD (Company No. 236137-K)
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT

Notes:- continued

A7. Segment Information

The Group's segmental results for the financial period ended 30 September 2015 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	1,028	18,761	1,018	-	20,807
Inter-segment revenue	9	-	7	(16)	-
	-----	-----	-----	-----	-----
Total revenue	1,037	18,761	1,025	(16)	20,807
	=====	=====	=====	=====	=====
Segment profit before tax	339	18,213	224	-	18,776
	=====	=====	=====	=====	=====

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

INTERIM FINANCIAL REPORT

Notes:- continued

A7. Segment Information - continued

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
	=====	=====	=====	=====	=====

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

INTERIM FINANCIAL REPORT

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 2015, 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 2015.

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

INTERIM FINANCIAL REPORT

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	
	30.09.2015 RM'000	30.09.2014 RM'000	30.09.2015 RM'000	30.09.2014 RM'000
Revenue				
Information technology and e-commerce	1,028	1,127	1,028	1,127
Communications technology	18,761	18,761	18,761	18,761
Content and digital media	1,018	1,623	1,018	1,623
	-----	-----	-----	-----
	20,807	21,511	20,807	21,511
	=====	=====	=====	=====
Profit before tax				
Information technology and e-commerce	339	892	339	892
Communications technology	18,213	18,233	18,213	18,233
Content and digital media	224	171	224	171
	-----	-----	-----	-----
	18,776	19,296	18,776	19,296
	=====	=====	=====	=====

For the financial quarter under review, the Group recorded revenue and profit before tax of RM20.807 million and RM18.766 million respectively, representing a decrease of 3.3% and 2.7% respectively, compared to the preceding year's corresponding quarter. The decrease in profit before tax was due to the lower revenue recognized from the Content and Digital Media segment and share of loss of an associated company 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 RM1.028 million and RM0.339 million respectively, represented a decrease of 8.8% and 62.0% respectively, compared to the preceding year's corresponding quarter. The decrease in profit before tax was mainly due to lower interest income earned on cash deposits in the current financial quarter.

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 RM1.018 million and RM0.224 million respectively, represented a decrease of 37.3% and an increase of 31.0% respectively, compared to the preceding year's corresponding quarter revenue of RM1.623 million and profit before tax of RM0.171 million. The increase in profit before tax was mainly due to a higher gross profit margin recorded in the current quarter compared to the preceding year's corresponding quarter due to a better sales mix, whereby a larger share of revenue was earned in the segment's better margin media assets

B2. Comparison with Preceding Quarter

	Current Quarter 30.09.2015 RM'000	Preceding Quarter 30.06.2015 RM'000
Revenue	20,807	21,038
Profit before tax	18,776	17,740

Group revenue decreased marginally but the profit before tax increased by 5.8% compared to that recorded in the preceding quarter. The increase was mainly due to lower administrative expenses in current financial quarter.

B3. Audit Report of the Preceding Financial Year Ended 30 June 2015

The auditors' report on the financial statements of the financial year ended 30 June 2015 did not contain any qualification.

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

INTERIM FINANCIAL REPORT

Notes:- continued

B4. Prospects

With revenue 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 2016 should be satisfactory. The Group is continually focusing on improving the returns from its Content and Digital Media segment by seeking to spread its reach and improve its sales mix despite currently weaker conditions in the Out of Home advertising and media market. Meanwhile, the Information Technology and e-Commerce segment should remain stable.

B5. Profit Forecast

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

B6. Profit for the period

	Current Year Quarter 30.09.2015 RM'000	Financial Year- To-Date 30.09.2015 RM'000
Profit for the period is derived after charging /(crediting):-		
Amortisation of other intangible assets	10	10
Depreciation of property, plant and equipment	148	148
Interest expenses	1	1
Interest income	(1,685)	(1,685)
	=====	=====

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.

B7. Income Tax Expense

	Current Year Quarter 30.09.2015 RM'000	Financial Year- To-Date 30.09.2015 RM'000
Taxation based on profit for the period	4,635	4,635
	=====	=====

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.

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

INTERIM FINANCIAL REPORT

Notes:- continued

B8. Status of Corporate Proposals

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

B9. Group Borrowings and Debt Securities

The Group's borrowings from financial institutions as at 30 September 2015 are as follows:-

	Short term RM'000	Total RM'000
Secured	28	28
	=====	=====

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INTERIM FINANCIAL REPORT

Notes:- continued

B10. Derivative Financial Instruments, Fair Value Changes of Financial Liabilities and Realised and Unrealised Profits and Losses

i) Derivative Financial Instruments

There is no outstanding derivative financial instrument as at 30 September 2015.

ii) Fair Value Changes of Financial Liabilities

As at 30 September 2015, the Group does not have any financial liabilities measured at fair value through profit or loss.

iii) Realised and Unrealised Profits and Losses

	Unaudited As at 30.09.2015 RM'000	Audited As at 30.06.2015 RM'000
Retained earnings of the Company and its subsidiaries		
- Realised	62,528	80,453
- Unrealised	21	20
	-----	-----
	62,549	80,473
	-----	-----
Retained earnings of the associated company		
- Realised	1,122	1,211
- Unrealised	(63)	(34)
	-----	-----
	1,059	1,177
	-----	-----
Consolidated adjustments	12,569	(14,114)
	-----	-----
Total Group retained earnings as per consolidated interim financial report	76,177	67,536
	=====	=====

B11. Material Litigation

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

B12. Dividend

No dividend has been declared for the current financial quarter.

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

INTERIM FINANCIAL REPORT

Notes:- continued

B13. Earnings Per Share

i) Basic earnings per 10 sen 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 30.09.2015	Preceding Year Corresponding Quarter 30.09.2014
Profit attributable to owners of the parent (RM'000)	8,641	9,128
Weighted average number of ordinary shares in issue ('000)	1,345,325	1,345,327
Basic earnings per share (sen)	0.64	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.

By Order of the Board
HO SAY KENG
Secretary

Kuala Lumpur
Dated: 26 November 2015