

YTL E-SOLUTIONS BERHAD

Company No. 236137-K

Incorporated in Malaysia

Interim Financial Report

31 March 2016

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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 2016.

The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.03.2016 RM'000	Preceding Year Corresponding Quarter 31.03.2015 RM'000	9 Months Ended	
			31.03.2016 RM'000	31.03.2015 RM'000
REVENUE	21,029	22,127	63,815	66,494
COST OF SALES	(1,478)	(2,089)	(5,452)	(6,912)
GROSS PROFIT	19,551	20,038	58,363	59,582
OTHER OPERATING INCOME	1,467	1,607	4,473	4,974
ADMINISTRATION EXPENSES	(2,455)	(2,681)	(6,402)	(6,447)
FINANCE COSTS	-	(1)	(1)	(5)
SHARE OF RESULTS OF ASSOCIATED COMPANY	392	296	560	602
PROFIT BEFORE TAX	18,955	19,259	56,993	58,706
INCOME TAX EXPENSE	(4,548)	(4,895)	(13,805)	(14,693)
PROFIT FOR THE PERIOD	14,407	14,364	43,188	44,013
ATTRIBUTABLE TO:				
Owners of the Parent	8,923	8,938	26,782	27,852
Non-Controlling Interests	5,484	5,426	16,406	16,161
	14,407	14,364	43,188	44,013
EARNINGS PER 10 SEN SHARE				
Basic (sen)	0.66	0.66	1.99	2.07

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)
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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.03.2016 RM'000	Preceding Year Corresponding Quarter 31.03.2015 RM'000	9 Months Ended	
			31.03.2016 RM'000	31.03.2015 RM'000
PROFIT FOR THE PERIOD	14,407	14,364	43,188	44,013
OTHER COMPREHENSIVE (LOSS)/INCOME:				
<i>ITEM THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO INCOME STATEMENT:-</i>				
CURRENCY TRANSLATION DIFFERENCES	(2,005)	147	(899)	72
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD, NET OF TAX	(2,005)	147	(899)	72
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	12,402	14,511	42,289	44,085
ATTRIBUTABLE TO:				
Owners of the Parent	6,918	9,085	25,883	27,924
Non-Controlling Interests	5,484	5,426	16,406	16,161
	12,402	14,511	42,289	44,085

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.

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As at 31.03.2016 RM'000	Audited As at 30.06.2015 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	1,921	2,071
Goodwill on consolidation	2,490	2,490
Other intangible assets	44	60
Investment in associated company	8,987	8,427
Investment	898	898
Deferred tax asset	185	185
	-----	-----
	14,525	14,131
	-----	-----
Current assets		
Inventories	44	-
Trade and other receivables	1,830	1,416
Income tax assets	612	149
Amount due from related parties	13,264	14,365
Cash and cash equivalents	173,548	188,059
	-----	-----
	189,298	203,989
	-----	-----
TOTAL ASSETS	203,823	218,120
	=====	=====
EQUITY		
Share capital	135,000	135,000
Share premium	1,475	1,475
Other reserves	(3,933)	(3,124)
Retained earnings	40,415	67,536
Treasury shares, at cost	(2,143)	(2,143)
	-----	-----
Equity attributable to Owners of the Parent	170,814	198,744
Non-Controlling Interests	19,241	2,835
	-----	-----
TOTAL EQUITY	190,055	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.

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION - continued

	Unaudited As at 31.03.2016 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	10,532	14,202
Provisions	10	14
Amount due to related parties	54	25
Loan and borrowings	7	61
Income tax liabilities	3,000	2,074
	-----	-----
	13,603	16,376
	-----	-----
TOTAL LIABILITIES	13,768	16,541
	-----	-----
TOTAL EQUITY AND LIABILITIES	203,823	218,120
	=====	=====
Net assets per 10 sen share (RM)	0.13	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.

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2016**

	← 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	-	-	-	-	26,782	-	26,782	16,406	43,188
Other comprehensive loss for the financial period, net of tax	-	-	-	(899)	-	-	(899)	-	(899)
Total comprehensive income for the financial period	-	-	-	(899)	26,782	-	25,883	16,406	42,289
Transaction with owners:									
Capitalised of bonus shares issue in subsidiary	-	-	90	-	(90)	-	-	-	-
Treasury shares acquired	-	-	-	-	-	(*)	(*)	-	(*)
Dividend paid	-	-	-	-	(53,813)	-	(53,813)	-	(53,813)
Total transactions with owners	-	-	90	-	(53,903)	(*)	(53,813)	-	(53,813)
At 31 March 2016	135,000	1,475	100	(4,033)	40,415	(2,143)	170,814	19,241	190,055

* 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.

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2015**

	← 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	-	-	-	-	27,852	-	27,852	16,161	44,013
Other comprehensive income for the financial period, net of tax	-	-	-	72	-	-	72	-	72
Total comprehensive income for the financial period	-	-	-	72	27,852	-	27,924	16,161	44,085
Transaction with owners:									
Treasury shares acquired	-	-	-	-	-	(2)	(2)	-	(2)
Dividend paid	-	-	-	-	(53,813)	-	(53,813)	-	(53,813)
Total transactions with owners	-	-	-	-	(53,813)	(2)	(53,815)	-	(53,815)
At 31 March 2015	135,000	1,475	10	(4,375)	59,672	(2,143)	189,639	29,561	219,200

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.

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2016**

	9 MONTHS ENDED	
	31.03.2016	31.03.2015
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	56,993	58,706
Adjustments for:-		
Amortisation of other intangible assets	27	40
Depreciation of property, plant and equipment	427	425
Interest expenses	1	5
Interest income	(4,424)	(4,926)
Property, plant and equipment written off	21	17
Reversal of impairment loss on trade receivables	(20)	(20)
Share of results of associated company	(560)	(602)
	-----	-----
Operating profit before working capital changes	52,465	53,645
Changes in working capital:-		
Inventories	(44)	7
Receivables	(355)	(1,395)
Payables	(3,674)	2,463
Related parties	1,130	446
	-----	-----
Cash generated from operations	49,522	55,166
Interest paid	(1)	(5)
Interest received	4,385	4,987
Tax paid	(13,342)	(12,518)
Tax refunded	-	3,310
	-----	-----
Net cash from operating activities	40,564	50,940
	-----	-----
Cash flows from investing activities		
Purchase of property, plant and equipment	(298)	(388)
Purchase of other intangible assets	(11)	(57)
	-----	-----
Net cash used in investing activities	(309)	(445)
	-----	-----

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.

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2016 - continued**

	9 MONTHS ENDED	
	31.03.2016	31.03.2015
	RM'000	RM'000
Cash flows from financing activities		
Dividend paid	(53,813)	(53,813)
Repayment of loans and borrowings	(54)	(96)
Purchase of own shares (net)	(*)	(2)
	-----	-----
Net cash used in financing activities	(53,867)	(53,911)
	-----	-----
Net decrease in cash and cash equivalents	(13,612)	(3,416)
Effects of exchange rate changes	(899)	70
Cash and cash equivalents at beginning of the financial year	188,059	211,517
	-----	-----
Cash and cash equivalents at end of the financial period	173,548	208,171
	=====	=====
Cash and cash equivalents comprise:-		
Fixed deposits with licensed banks	172,574	207,843
Cash on hand and at banks	974	328
	-----	-----
	173,548	208,171
	=====	=====

* 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.

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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 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. Exceptional or Unusual Items

For the current financial year to date, there was no item 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 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 current financial period-to-date, the Company repurchased 1,100 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 current financial period-to-date amounted to RM680.50 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 31 March 2016, the total number of treasury shares held was 4,676,000 ordinary shares of RM0.10 each.

A6. Dividends paid

The following dividend payment was made during the financial period ended 31 March 2016:-

	RM'000
In respect of the financial year ended 30 June 2015:-	
An interim single tier dividend of 40% or 4 sen per ordinary share of 10 sen each paid on 23 October 2015	53,813
	=====

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Notes:- continued

A7. Segment Information

The Group's segmental results for the financial period ended 31 March 2016 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	3,035	56,536	4,244	-	63,815
Inter-segment revenue	38	-	17	(55)	-
	-----	-----	-----	-----	-----
Total revenue	3,073	56,536	4,261	(55)	63,815
	=====	=====	=====	=====	=====
Segment profit before tax	639	55,333	1,021	-	56,993
	=====	=====	=====	=====	=====

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Notes:- continued

A7. Segment Information - continued

The Group's segmental results for the financial period ended 31 March 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	4,119	56,282	6,093	-	66,494
Inter-segment revenue	25	-	7	(32)	-
	-----	-----	-----	-----	-----
Total revenue	4,144	56,282	6,100	(32)	66,494
	=====	=====	=====	=====	=====
Segment profit before tax	1,483	55,214	2,009	-	58,706
	=====	=====	=====	=====	=====

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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 2016, 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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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	
	31.03.2016 RM'000	31.03.2015 RM'000	31.03.2016 RM'000	31.03.2015 RM'000
Revenue				
Information technology and e-commerce	997	1,363	3,035	4,119
Communications technology	18,945	18,761	56,536	56,282
Content and digital media	1,087	2,003	4,244	6,093
	----- 21,029 =====	----- 22,127 =====	----- 63,815 =====	----- 66,494 =====
Profit/(loss) before tax				
Information technology and e-commerce	(13)	(302)	639	1,483
Communications technology	18,743	18,675	55,333	55,214
Content and digital media	225	886	1,021	2,009
	----- 18,955 =====	----- 19,259 =====	----- 56,993 =====	----- 58,706 =====

Part A – Financial year-to date review

For the nine months under review, the Group recorded revenue and profit before tax of RM63.815 million and RM56.993 million respectively, representing a decrease of 4.0% and 2.9% respectively, compared to the preceding year corresponding period. The decrease in profit before tax was due to the lower revenue recognized from the Content and Digital Media segment and lower interest income earned on cash deposit in the current financial period.

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

i) Information technology and e-commerce

Revenue and profit before tax of RM3.035 million and RM0.639 million respectively, represented a decrease of 26.3% and 56.9% respectively, compared to the preceding year corresponding period. The decrease in profit before tax was mainly due to lower income from hardware sales activities and lower interest income earned on 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 unchanged compared to the preceding year corresponding period. The increase in profit before tax was due to lower operating expenses in the current financial period.

iii) Content and digital media

Revenue and profit before tax of RM4.244 million and RM1.021 million respectively, represented a decrease of 30.3% and 49.2% respectively, compared to the preceding year corresponding period revenue of RM6.093 million and profit before tax of RM2.009 million. The decrease in profit before tax was mainly due to a lower gross profit margins recorded as a result of substantially lower digital media advertising income recorded in the current financial period compared to the preceding year corresponding period.

Part B – Current quarter review

The Group recorded a revenue and profit before tax for the current financial quarter of RM21.029 million and RM18.955 million respectively, representing a decrease of 5.0% and 1.6% respectively, compared to preceding financial year corresponding quarter. The decrease in profit before tax was due to the lower revenue recognized from the Content and Digital Media in the current financial quarter.

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

i) Information technology and e-commerce

Revenue decreased by 26.9% to RM0.997 million from RM1.363 million, mainly due to lower income from hardware sales activities. However, loss before tax decreased by 95.7% mainly due to lower operating expenses in the current financial quarter compared to the preceding year corresponding 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 unchanged compared to the preceding year corresponding quarter. The profit before tax increased due to higher share of results from an associated company in the current quarter.

INTERIM FINANCIAL REPORT

Notes:- continued

B1. Review of Performance - continued

iii) Content and digital media

Revenue and profit before tax of RM1.087 million and RM0.225 million respectively, represented a decrease of 45.7% and 74.6% respectively, compared to the preceding year corresponding quarter. The decrease in profit before tax was mainly due to a lower gross profit margin as a result of substantially lower digital media advertising revenue recorded in the current quarter compared to the preceding year corresponding quarter.

B2. Comparison with Preceding Quarter

	Current Quarter 31.03.2016 RM'000	Preceding Quarter 31.12.2015 RM'000
Revenue	21,029	21,979
Profit before tax	18,955	19,262

The Group revenue and profit before tax decreased mainly due lower revenue recognized from the Content and Digital Media segment compared to that recorded in the preceding 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.

B4. Prospects

With the 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. 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 period to date.

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Notes:- continued

B6. Profit for the period

	Current Year Quarter 31.03.2016 RM'000	Financial Year- To-Date 31.03.2016 RM'000
Profit for the period is derived after charging /(crediting):-		
Amortisation of other intangible assets	8	27
Depreciation of property, plant and equipment	140	427
Interest expenses	-	1
Interest income	(1,438)	(4,424)
	=====	=====

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 31.03.2016 RM'000	Financial Year- To-Date 31.03.2016 RM'000
Taxation based on profit for the period	4,588	13,845
Over-provision of taxation in prior year	(40)	(40)
	-----	-----
	4,548	13,805
	=====	=====

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.

B8. Status of Corporate Proposals

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

INTERIM FINANCIAL REPORT

Notes:- continued

B9. Group Borrowings and Debt Securities

The Group's borrowings from financial institutions as at 31 March 2016 are as follows:-

	Short term RM'000	Total RM'000
Secured	7	7
	=====	=====

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 31 March 2016.

ii) Fair Value Changes of Financial Liabilities

As at 31 March 2016, 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 31.03.2016 RM'000	Audited As at 30.06.2015 RM'000
Retained earnings of the Company and its subsidiaries		
- Realised	36,994	80,453
- Unrealised	20	20
	-----	-----
	37,014	80,473
	-----	-----
Retained earnings of the associated company		
- Realised	1,829	1,211
- Unrealised	(92)	(34)
	-----	-----
	1,737	1,177
	-----	-----
Consolidated adjustments	1,664	(14,114)
	-----	-----
Total Group retained earnings as per consolidated interim financial report	40,415	67,536
	=====	=====

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Notes:- continued

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.

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 31.03.2016	Preceding Year Corresponding Quarter 31.03.2015
Profit attributable to owners of the parent (RM'000)	8,923	8,938
Weighted average number of ordinary shares in issue ('000)	1,345,325	1,346,862
Basic earnings per share (sen)	0.66	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.

By Order of the Board
HO SAY KENG
Secretary

Kuala Lumpur
Dated:26 May 2016