

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

INTERIM FINANCIAL REPORT

Interim financial report on consolidated results for the quarter ended 30 September 2008.

The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENTS

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30.09.2008 RM'000	Preceding Year Corresponding Quarter 30.09.2007 RM'000	Three Months Ended 30.09.2008 30.09.2007 RM'000 RM'000	
REVENUE	9,457	6,994	9,457	6,994
COST OF SALES	(4,022)	(3,987)	(4,022)	(3,987)
GROSS PROFIT	5,435	3,007	5,435	3,007
OTHER OPERATING INCOME	1,512	1,677	1,512	1,677
OTHER OPERATING EXPENSES	(3,594)	(2,821)	(3,594)	(2,821)
PROFIT FROM OPERATIONS	3,353	1,863	3,353	1,863
FINANCE COST	(6)	(26)	(6)	(26)
PROFIT BEFORE TAXATION	3,347	1,837	3,347	1,837
TAXATION	(1,169)	(635)	(1,169)	(635)
PROFIT FOR THE PERIOD	2,178	1,202	2,178	1,202
ATTRIBUTABLE TO:				
Equity holders of the Company	2,193	1,271	2,193	1,271
Minority interests	(15)	(69)	(15)	(69)
PROFIT FOR THE PERIOD	2,178	1,202	2,178	1,202
EARNINGS PER 10 SEN SHARE				
Basic (Sen)	0.16	0.09	0.16	0.09

The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 30 June 2008 and the accompanying explanatory notes attached to the interim financial statements.

YTL E-SOLUTIONS BERHAD (Company No. 236137-K)
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CONDENSED CONSOLIDATED BALANCE SHEETS

	Unaudited As at 30.09.2008 RM'000	Audited As at 30.06.2008 RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	13,309	11,425
Goodwill on consolidation	2,821	2,821
Development expenditure	-	-
Other intangible assets	830	789
Unquoted investment	-	-
Fixed deposits	437	437
	-----	-----
	17,397	15,472
	-----	-----
Current Assets		
Inventories	409	414
Trade receivables	3,795	3,966
Other receivables, deposits & prepayments	3,025	2,684
Income tax assets	12	4
Amount due from ultimate holding company	7	-
Amount due from holding company	229	337
Amount due from related companies	3,520	3,416
Fixed deposits	170,017	166,604
Cash & bank balances	749	3,715
	-----	-----
	181,763	181,140
	-----	-----
TOTAL ASSETS	199,160	196,612
	=====	=====
EQUITY		
Share capital	135,000	135,000
Share premium	1,475	1,475
Other reserves	(1,827)	(954)
Unappropriated profits	33,954	31,761
Treasury shares, at cost	(2,139)	(1,732)
	-----	-----
Total Equity Attributable to Shareholders of the Company	166,463	165,550
Minority interests	20,610	20,627
	-----	-----
TOTAL EQUITY	187,073	186,177
	-----	-----

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CONDENSED CONSOLIDATED BALANCE SHEETS - continued

	Unaudited As at 30.09.2008 RM'000	Audited As at 30.06.2008 RM'000
LIABILITIES		
Non-current Liabilities		
Hire purchase payables	178	42
Deferred taxation	300	300
	-----	-----
	478	342
	-----	-----
Current Liabilities		
Trade payables	2,969	1,713
Other payables & accruals	5,730	6,469
Post-employment defined contribution obligations	156	198
Amount due to related companies	443	87
Hire purchase payables	261	239
Bank overdraft	126	170
Income tax liabilities	1,924	1,217
	-----	-----
	11,609	10,093
	-----	-----
TOTAL LIABILITIES	12,087	10,435
	-----	-----
TOTAL EQUITY AND LIABILITIES	199,160	196,612
	=====	=====
 Net assets per 10 sen share attributable to equity holders of the Company (RM)	 0.12	 0.12
	=====	=====

The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the year ended 30 June 2008 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED 30 SEPTEMBER 2008

	← Attributable to Shareholders of the Company →					Total RM'000	Minority Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Other Reserves RM'000	Unappropriated Profits RM'000	Treasury Shares RM'000			
Balance as at 1 July, 2008	135,000	1,475	(954)	31,761	(1,732)	165,550	20,627	186,177
Currency translation differences	-	-	(873)	-	-	(873)	(2)	(875)
Expense recognised directly in equity	-	-	(873)	-	-	(873)	(2)	(875)
Profit for the financial period	-	-	-	2,193	-	2,193	(15)	2,178
Total recognised (expense)/ income for the financial period	-	-	(873)	2,193	-	1,320	(17)	1,303
Treasury shares	-	-	-	-	(407)	(407)	-	(407)
Balance as at 30 September, 2008	135,000	1,475	(1,827)	33,954	(2,139)	166,463	20,610	187,073

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 30 June 2008 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED 30 SEPTEMBER 2007

	← Attributable to Shareholders of the Company →					Total RM'000	Minority Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Other Reserves RM'000	Unappropriated Profits RM'000	Treasury Shares RM'000			
Balance as at 1 July, 2007	135,000	1,475	263	30,592	-	167,330	18,678	186,008
Currency translation differences	-	-	(1)	-	-	(1)	-	(1)
Expense recognised directly in equity	-	-	(1)	-	-	(1)	-	(1)
Profit for the financial period	-	-	-	1,271	-	1,271	(69)	1,202
Total recognised (expense)/ income for the financial period	-	-	(1)	1,271	-	1,270	(69)	1,201
Balance as at 30 September, 2007	135,000	1,475	262	31,863	-	168,600	18,609	187,209

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 30 June 2008 and the accompanying explanatory notes attached to the interim financial statements.

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE QUARTER ENDED 30 SEPTEMBER 2008**

	3 MONTHS ENDED	
	30.09.2008	30.09.2007
	RM'000	RM'000
Net cash from operating activities	4,098	1,203
	-----	-----
Net cash used in investing activities	(2,235)	(36)
	-----	-----
Net cash used in financing activities	(480)	(69)
	-----	-----
Net changes in cash and cash equivalents	1,383	1,098
Effects of exchange rate changes	(892)	(1)
Cash and cash equivalents brought forward	170,586	178,133
	-----	-----
	<u>171,077</u>	<u>179,230</u>
	=====	=====
Cash and cash equivalents comprise:		
Fixed deposits*	170,454	178,708
Cash & bank balances	749	866
Bank overdrafts	(126)	(344)
(Included within short term borrowings in [Note B9])		
	-----	-----
	<u>171,077</u>	<u>179,230</u>
	=====	=====
*Fixed deposits pledged as security for borrowings	437	427
	-----	-----
	<u>437</u>	<u>427</u>
	=====	=====

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the year ended 30 June 2008 and the accompanying explanatory notes attached to the interim financial statements.

INTERIM FINANCIAL REPORT

Notes:-

Disclosure requirements pursuant to FRS134

A1. Accounting Policies and Methods of Computation

The interim financial report is unaudited and has been prepared in accordance with FRS134 “Interim Financial Reporting” and Chapter 9, Part K Rule 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) for the MESDAQ Market.

The Condensed Financial Statements should be read in conjunction with the audited annual financial statements of the Group for the year ended 30 June 2008.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 30 June 2008.

There have been no changes to the accounting policies of the Group as a result of the adoption of the above FRSs.

A2. Seasonality or Cyclicity of Operations

The business operations of the Group are not materially affected by any seasonal or cyclical factors.

A3. Exceptional or Unusual Items

There were no other items of exceptional or unusual nature that affects the assets, liabilities, equity, net income or cash flows of the Group.

A4. Changes in Estimates of Amounts Reported

There was no change to estimates of amounts reported in prior interim periods and prior financial years.

A5. Changes in Debt and Equity Securities

The Company repurchased a total of 937,500 ordinary shares of its issued share capital from the open market during the current financial quarter at an average cost of RM0.43 per share. The total consideration paid for the share buy-back during the current financial quarter and financial year, including transaction costs, was RM406,562. The repurchase transactions were financed by internally generated funds. The repurchased shares are held as treasury shares in accordance with the requirements of Section 67A of the Companies Act, 1965.

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

INTERIM FINANCIAL REPORT

Notes:- continued

A6. Dividend paid

There was no dividend paid during the financial quarter ended 30 September 2008.

A7. Segment Reporting

No segment information is prepared as the Group's activities are predominantly in one industry segment and occur predominantly in Malaysia.

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

There were no material events subsequent to the end of the current financial quarter.

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 2008 including business combinations, acquisition or disposal of subsidiaries and long term investments, restructurings and discontinuing operations.

A10. Changes in Contingent Liabilities or Contingent Assets

There were no changes in the contingent liabilities or the contingent assets of the Group since the last annual balance sheet as at 30 June 2008.

As at 30 September 2008, the Company had given corporate guarantees amounting to RM20.0 million to a financial institution for facilities granted by the financial institution to its subsidiaries as follows:

	Total Amount Guranteed RM'000	Amount Utilised RM'000
Bank guarantee	20,000	8,792
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Disclosure requirements per Appendix 9B, Part K of Chapter 9 of the Listing Requirements of Bursa Securities for the MESDAQ Market

B1. Review of Performance

Group revenue grew by 35.2% to RM9.457 million for the period ended 30 September 2008, compared to RM6.994 million recorded in previous year corresponding quarter ended 30 September 2007. The revenue growth is mainly due to the recognition of non-recurring IT project income by the Company and the consolidation of results from Airzed Broadband Sdn Bhd which became a subsidiary of the Group on 2 November 2007.

The Group's profit before taxation for the period ended 30 September 2008 increased by 82.2% to RM3.347 million from RM1.837 million recorded in the previous year corresponding quarter. The improved profit is mainly due to the recognition of higher IT project income stated above, partially offset by higher operating expenses incurred by certain subsidiaries of the Group.

B2. Comparison with Preceding Quarter

	Current Quarter 30.09.2008 RM'000	Preceding Quarter 30.06.2008 RM'000
Revenue	9,457	8,370
Profit before taxation	3,347	1,051
	-----	-----

The Group's revenue for the current financial quarter increased by 13.0% compared to the preceding quarter ended 30 June 2008. The increase in revenue was mainly due to the recognition of non-recurring IT project income stated above, partially offset by a decrease in revenue recorded by the Group's narrowcasting and digital media division.

Profit before taxation increased by 218.5% to RM3.347 million. The higher profit is mainly due to the higher revenue stated above and lower operating expenses incurred by the Group.

B3. Prospects

The Group, after considering its current level of operations and market conditions, is expected to achieve satisfactory performance for the year ending 30 June 2009.

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Notes:- continued

B4. Profit Forecast

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

B5. Taxation

Taxation comprises the following:-

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30.09.2008 RM'000	Preceding Year Corresponding Quarter 30.09.2007 RM'000	3 months Ended	
			30.09.2008 RM'000	30.09.2007 RM'000
Taxation based on the profit for the period	1,162	635	1,162	635
(Over)/under provision of taxation in prior year	7	-	7	-
	-----	-----	-----	-----
	1,169	635	1,169	635
	=====	=====	=====	=====

The Group's provision for taxation for the quarter ended 30 September 2008 reflected a higher effective tax rate compared to the statutory tax rate. This was largely due to certain expenses that are not deductible for tax purposes, losses incurred by certain subsidiaries that cannot be utilised for group relief, and higher tax rate in other jurisdiction.

B6. Sale of Unquoted Investments and/or Properties

There was no sale of unquoted investments or properties by the Group during the current financial quarter and the financial year-to-date.

B7. Quoted Securities

There was no purchase or disposal of quoted securities during the current financial quarter and the financial year-to-date.

The Group did not have any quoted securities other than the quoted securities held in an existing subsidiary at the end of the current financial quarter.

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Notes:- continued

B8. Status of Corporate Proposals

There are no corporate proposals announced by the Company which are not completed as at the date of this report.

B9. Group Borrowings and Debt Securities

Particulars of the Group's borrowings as at 30 September 2008 are as follows:-

	RM'000
(i) Short term	
- Secured	387
- Unsecured	-

	387

(ii) Long term	
- Secured	178
- Unsecured	-

	178

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

B10. Off Balance Sheet Financial Instruments

No off balance sheet financial instruments were utilised as at the date of this report.

B11. Material Litigation

There was no material litigation since 30 June 2008, being the last annual balance sheet date, until the date of this report.

B12. Dividend

The Board does not recommend any interim dividend for the current financial quarter.

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Notes:- continued

B13. Earnings Per Share

i) Basic earnings per share

The basic earnings per share of the Group has been computed by dividing the net profit for the financial quarter by the weighted average number of ordinary shares in issue during the financial quarter.

	Current Quarter 30.09.2008	Preceding Year Corresponding Quarter 30.09.2007
Profit attributable to shareholders (RM'000)	2,193	1,271
Weighted average number of ordinary shares in issue ('000)	1,348,906	1,350,000
Basic earnings per share (sen)	0.16	0.09

ii) Diluted earnings per share

The Group does not have any convertible securities and accordingly, the disclosure of diluted earnings per share is not applicable.

B14. Audit Report of the Last Financial Year Ended 30 June 2008

The Auditors' Report on the financial statements of the last financial year was not subject to any qualification.

By Order of the Board
HO SAY KENG
Secretary

Kuala Lumpur
Dated: 20 November 2008