

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

INTERIM FINANCIAL REPORT

Interim financial report on consolidated results for the year ended 30 June 2008.

The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENTS

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30.06.2008 RM'000	Preceding Year Corresponding Quarter 30.06.2007 RM'000	Year Ended	
			30.06.2008 RM'000	30.06.2007 RM'000
REVENUE	8,369	7,164	32,095	25,593
COST OF SALES	(3,658)	(3,757)	(15,732)	(14,457)
	-----	-----	-----	-----
GROSS PROFIT	4,711	3,407	16,363	11,136
OTHER OPERATING INCOME	1,724	3,050	6,638	7,733
OTHER OPERATING EXPENSES	(5,418)	(4,924)	(16,285)	(12,331)
	-----	-----	-----	-----
PROFIT FROM OPERATIONS	1,017	1,533	6,716	6,538
FINANCE COST	(29)	(31)	(90)	(62)
	-----	-----	-----	-----
PROFIT BEFORE TAXATION	988	1,502	6,626	6,476
TAXATION	(844)	(230)	(3,414)	(1,962)
	-----	-----	-----	-----
PROFIT FOR THE PERIOD	144	1,272	3,212	4,514
	=====	=====	=====	=====
ATTRIBUTABLE TO:				
Equity holders of the Company	218	2,352	4,039	5,051
Minority interests	(74)	(1,080)	(827)	(537)
	-----	-----	-----	-----
PROFIT FOR THE PERIOD	144	1,272	3,212	4,514
	=====	=====	=====	=====
EARNINGS PER 10 SEN SHARE				
Basic (Sen)	0.02	0.17	0.30	0.37
	=====	=====	=====	=====

The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 30 June 2007 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 30.06.2008 RM'000	Audited As at 30.06.2007 RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	7,850	3,744
Goodwill on consolidation	2,821	1,029
Other intangible assets	4,364	953
Unquoted investment	-	-
Fixed deposits	429	424
	-----	-----
	15,464	6,150
	-----	-----
Current Assets		
Inventories	414	276
Trade receivables	3,957	3,603
Other receivables, deposits & prepayments	2,594	1,789
Tax recoverable	4	448
Amount due from ultimate holding company	-	1
Amount due from holding company	241	474
Amount due from related companies	3,403	2,705
Fixed deposits	166,605	176,865
Cash & bank balances	3,715	1,222
	-----	-----
	180,933	187,383
	-----	-----
TOTAL ASSETS	196,397	193,533
	=====	=====
EQUITY		
Share capital	135,000	135,000
Share premium	1,475	1,475
Other reserves	(954)	263
Unappropriated profits	31,675	30,592
Treasury shares, at cost	(1,732)	-
	-----	-----
Total Equity Attributable to Shareholders of the Company	165,464	167,330
Minority interests	20,680	18,678
	-----	-----
TOTAL EQUITY	186,144	186,008
	-----	-----

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CONDENSED CONSOLIDATED BALANCE SHEETS - continued

	Unaudited As at 30.06.2008 RM'000	Audited As at 30.06.2007 RM'000
LIABILITIES		
Non-current Liabilities		
Hire purchase payables	42	218
Deferred taxation	300	303
	-----	-----
	342	521
	-----	-----
Current Liabilities		
Trade payables	1,663	2,004
Other payables & accruals	6,407	4,080
Post-employment defined contribution obligations	170	153
Amount due to related companies	76	73
Hire purchase payables	239	269
Bank overdraft	169	378
Provision for taxation	1,187	47
	-----	-----
	9,911	7,004
	-----	-----
TOTAL LIABILITIES	10,253	7,525
	-----	-----
TOTAL EQUITY AND LIABILITIES	196,397	193,533
	=====	=====
 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 2007 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 YEAR ENDED 30 JUNE 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, 2007	135,000	1,475	263	30,592	-	167,330	18,678	186,008
Currency translation differences	-	-	(1,217)	-	-	(1,217)	(3)	(1,220)
Expense recognised directly in equity	-	-	(1,217)	-	-	(1,217)	(3)	(1,220)
Net profit for the period	-	-	-	4,039	-	4,039	(827)	3,212
Total recognised (expense)/ income for the period	-	-	(1,217)	4,039	-	2,822	(830)	1,992
Increase arising from subsidiaries acquired	-	-	-	-	-	-	2,868	2,868
Reduction arising from additional shares acquired in subsidiary	-	-	-	-	-	-	(36)	(36)
Treasury shares, at cost	-	-	-	-	(1,732)	(1,732)	-	(1,732)
Dividend paid	-	-	-	(2,956)	-	(2,956)	-	(2,956)
Balance as at 30 June, 2008	135,000	1,475	(954)	31,675	(1,732)	165,464	20,680	186,144

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 30 June 2007 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 YEAR ENDED 30 JUNE 2007

← **Attributable to Shareholders of the Company** →

← *Non-distributable* → ← *Distributable* →

	Share Capital RM'000	Share Premium RM'000	Other Reserves RM'000	Unappropriated Profits RM'000	Total RM'000	Minority Interests RM'000	Total Equity RM'000
Balance as at 1 July, 2006	135,000	1,475	(278)	27,512	163,709	8,534	172,243
Currency translation differences	-	-	541	-	541	1	542
Income recognised directly in equity	-	-	541	-	541	1	542
Net profit for the period	-	-	-	5,051	5,051	(537)	4,514
Total recognised income for the period	-	-	541	5,051	5,592	(536)	5,056
Increase arising from subsidiary company acquired	-	-	-	-	-	16,097	16,097
Reduction arising from acquisition of additional shares in existing subsidiary	-	-	-	-	-	(5,417)	(5,417)
Dividend paid	-	-	-	(1,971)	(1,971)	-	(1,971)
Balance as at 30 June, 2007	135,000	1,475	263	30,592	167,330	18,678	186,008

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 30 June 2007 and the accompanying explanatory notes attached to the interim financial statements.

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008**

	YEAR ENDED	
	30.06.2008	30.06.2007
	RM'000	RM'000
Net cash from operating activities	4,961	5,179
	-----	-----
Net cash (used in) / from investing activities	(6,310)	9,210
	-----	-----
Net cash used in financing activities	(4,961)	(2,320)
	-----	-----
Net changes in cash and cash equivalents	(6,310)	12,069
Effects of exchange rate changes	(1,243)	547
Cash and cash equivalents brought forward	178,133	165,517
	-----	-----
	<u>170,580</u>	<u>178,133</u>
	=====	=====
Cash and cash equivalents comprise:		
Fixed deposits*	167,034	177,289
Cash & bank balances	3,715	1,222
Bank overdrafts	(169)	(378)
(Included within short term borrowings in [Note B9])		
	-----	-----
	<u>170,580</u>	<u>178,133</u>
	=====	=====
*Fixed deposits pledged as security for borrowings	429	424
	-----	-----
	<u>429</u>	<u>424</u>
	=====	=====

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the year ended 30 June 2007 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 2007.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 30 June 2007. For the current financial period, the Group has adopted the following new/amended Financial Reporting Standards (“FRS”) which are relevant to its operations:

FRS 107 Cash Flow Statements

FRS 112 Income Taxes

FRS 117 Leases

FRS 118 Revenue

FRS 121 The effects of Changes in Foreign Exchange Rates

FRS 124 Related Party Disclosures

FRS 134 Interim Financial Reporting

FRS 137 Provisions, Contingent Liabilities and Contingent Assets

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

During the current financial quarter, the Group recognized a one-off impairment loss amounting to RM490,000 in relation to goodwill on consolidation. There were no other items of exceptional or unusual nature that affects the assets, liabilities, equity, net income or cash flows of the Group.

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Notes:- continued

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 3,557,500 and 3,728,600 ordinary shares of its issued share capital from the open market during the current financial quarter and financial year at an average cost of RM0.46 per share. The total consideration paid for the share buy-back during the current financial quarter and financial year, including transaction costs, was RM1,637,754 and RM1,732,409 respectively. 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.

A6. Dividend paid

A first and final dividend of 3% less income tax of 27%, amounting to RM2,956,390 in respect of financial year ended 30 June 2007 was paid on 31 December 2007. No other dividend was paid during the financial year.

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.

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INTERIM FINANCIAL REPORT

Notes:- continued

A9. Changes in the Composition of the Group

There were no changes in the composition of the Group during the year, including business combinations, acquisition or disposal of subsidiaries and long term investments, restructurings and discontinuing operations except for the following:-

- (i) On 4 October 2007, Y-Max Solutions Holdings Sdn Bhd (“Y-Max SH”), a 70%-owned subsidiary of the Company, subscribed for/acquired 800 ordinary shares of RM1.00 each representing 80% of the issued and paid-up share capital of YMax Sdn Bhd (“YMax”) via the subscription of 798 ordinary shares at par value per share, and acquisition of 2 ordinary shares for RM2.00 (“the Subscription cum Acquisition”). A total cash consideration of RM800.00 was paid for the Subscription cum Acquisition. The remaining 20% equity interests in YMax was subscribed by Y-Max Networks Sdn Bhd (“Y-Max Networks”), another subsidiary of the Company. As a result of the Subscription cum Acquisition, YMax became a subsidiary of Y-Max SH and an indirect subsidiary of the Company.
- (ii) On 2 November 2007, Y-Max SH completed its subscription of 1,400,000 ordinary shares of par value RM1.00 each and 5,600,000 redeemable convertible preference shares (“RCPS A”) of par value RM0.10 each at the issue price of RM1.00 per ordinary share and RM1.00 per RCPS A respectively, representing 70% of the issued and paid-up share capital of Airzed Broadband Sdn Bhd (“AZB”). As a result, AZB became an indirect subsidiary of the Company.
- (iii) On 17 November 2007, the Company completed its subscription of 80 ordinary shares of £1 each representing 80% of the issued share capital of Wimax Capital Management Limited (“WCM”), a company incorporated in England, for a total cash consideration of £80. As a result, WCM became a subsidiary of the Company.
- (iv) On 28 November 2007, the Company acquired 2 ordinary shares of RM1.00 each in Y-Max Infra Sdn Bhd (formerly known as All Century Systems Sdn Bhd) (“Y-Max Infra”) representing the entire issued and paid-up share capital of Y-Max Infra. As a result, Y-Max Infra became a wholly-owned subsidiary of the Company.

On 14 December 2007, the issued and paid-up share capital of Y-Max Infra was increased to RM500,000 comprising 500,000 ordinary shares of RM1.00 each with the issue to the Company of an additional 499,998 ordinary shares at RM1.00 per share.
- (v) On 17 March 2008, Bizsurf MSC Sdn Bhd (“Bizsurf MSC”) became a subsidiary of Y-Max Networks and an indirect subsidiary of the Company when Y-Max Networks completed its acquisition of 2 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of Bizsurf MSC for a cash consideration of RM2.00.
- (vi) On 25 March 2008, the Company acquired an additional 2,699,999 ordinary shares of RM1.00 each representing 10% of the issued and paid-up share capital of Y-Max Networks for a cash consideration of RM1,500,000. As a result, Y-Max Networks became a 60%-owned subsidiary of the Company.

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Notes:- continued

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 2007.

As at 30 June 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 Guaranteed RM'000	Amount Utilised RM'000
Bank guarantee	20,000	8,679
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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

Year-to-date review

Group revenue grew 25.4% to RM32.095 million for the year ended 30 June 2008, compared to the previous financial year. The higher revenue is mainly attributable to higher demand for the Company's information, communication and technology ("ICT") products and services, revenue growth recorded by the Group's narrowcasting and digital media division, and the consolidation of a full year's results from Y-Max Networks Sdn Bhd which became a subsidiary of the Group on 26 March 2007. The higher revenue was also partially due to the consolidation of Airzed Broadband Sdn Bhd which became a subsidiary of the Group on 2 November 2007.

The Group's profit before taxation for the year ended 30 June 2008 increased by 2.3% to RM6.626 million from RM6.476 million recorded in the previous financial year. The higher profit is mainly due to the higher revenue stated above, partially offset by higher operating expenses incurred by the Group.

Quarter review

Group revenue in the fourth quarter increased 16.8% to RM8.369 million compared to RM7.164 million for the corresponding quarter in the preceding financial year. The improved revenue is mainly due to higher demand for the Company's ICT products and services, revenue growth recorded by the Group's narrowcasting and digital media division, and the consolidation of the results of Airzed Broadband Sdn Bhd as mentioned above.

Profit before tax in the corresponding period in 2007 was boosted by the inclusion of a one-off recognition of negative goodwill amounting to RM1.424 million in relation to the Company's acquisition of additional shares in its subsidiary, Extiva Communications Sdn Bhd. The absence of this one-off item in 2008, coupled with higher expenses recognized by the Group, offset the impact of higher revenues recorded, resulting in a reduction in profit before taxation of 34.2% to RM0.988 million.

B2. Comparison with Preceding Quarter

	Current Quarter 30.06.2008 RM'000	Preceding Quarter 31.03.2008 RM'000
Revenue	8,369	9,487
Profit before taxation	988	2,041
	-----	-----

The Group's revenue for the current financial quarter decreased by 11.8% compared to the preceding quarter ended 31 March 2008. The decrease in revenue was mainly due to lower revenue recorded by the Group's narrowcasting and digital media division in the current financial quarter compared to the preceding quarter. Profit before taxation decreased by 51.6% to RM0.988 million mainly due to the decrease in revenue and higher operating expenses incurred by the Group.

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Notes:- continued

B3. Prospects

The Group's existing businesses in the ICT, alternative voice service provider and digital media industries, continue to perform with strong operational efficiencies and collectively continued to record growing profits for the financial year just ended. The newly awarded WiMAX spectrum is expected to propel revenues higher in the coming years, providing important new avenues for growth. In the meantime, overall the Group is expected to record a satisfactory performance for the financial year ending 30 June 2009.

B4. Profit Forecast

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

B5. Taxation

Taxation comprises the following:-

	INDIVIDUAL QUARTER	PRECEDING	CUMULATIVE QUARTER	
	Current Year	Year		
	Quarter	Corresponding	Year Ended	
	30.06.2008	Quarter	30.06.2008	30.06.2007
	RM'000	30.06.2007	RM'000	RM'000
		RM'000	RM'000	RM'000
Taxation based on the profit for the period	844	306	3,229	2,154
(Over)/under provision of taxation in prior year	-	(36)	185	(152)
Deferred taxation	-	(40)	-	(40)
	-----	-----	-----	-----
	844	230	3,414	1,962
	=====	=====	=====	=====

The Group's provision for taxation for the quarter ended 30 June 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.

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Notes:- continued

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.

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 June 2008 are as follows:-

	RM'000
(i) Short term	
- Secured	408
- Unsecured	-

	408

(ii) Long term	
- Secured	42
- Unsecured	-

	42

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.

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Notes:- continued

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 2007, being the last annual balance sheet date, until the date of this report.

B12. Dividend

The Board of Directors has recommended for the approval of the shareholders a First and Final dividend of 3% gross less Malaysian Income Tax of 25% for the financial year ended 30 June 2008. The Book Closure and Payment Dates in respect of the aforesaid dividend will be determined at a later date.

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 30.06.2008	Preceding Year Corresponding Quarter 30.06.2007
Profit attributable to shareholders (RM'000)	218	2,352
Weighted average number of ordinary shares in issue ('000)	1,349,758	1,350,000
Basic earnings per share (sen)	0.02	0.17

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

B14. Audit Report of the Last Financial Year Ended 30 June 2007

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: 19 August 2008