

YTL E-SOLUTIONS BERHAD

Company No. 236137-K
Incorporated in Malaysia

**Interim Financial Report
30 September 2012**

YTL E-SOLUTIONS BERHAD

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Incorporated in Malaysia

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30 September 2012

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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 2012.

The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30.09.2012 RM'000	Preceding Year Corresponding Quarter 30.09.2011 RM'000	3 Months Ended	
			30.09.2012 RM'000	30.09.2011 RM'000
REVENUE	21,583	20,814	21,583	20,814
COST OF SALES	(1,036)	(830)	(1,036)	(830)
GROSS PROFIT	20,547	19,984	20,547	19,984
OTHER OPERATING INCOME	1,552	1,345	1,552	1,345
ADMINISTRATION EXPENSES	(1,482)	(1,669)	(1,482)	(1,669)
PROFIT BEFORE TAX	20,617	19,660	20,617	19,660
INCOME TAX EXPENSE	(5,153)	(4,998)	(5,153)	(4,998)
PROFIT FOR THE PERIOD	15,464	14,662	15,464	14,662
PROFIT ATTRIBUTABLE TO:				
Owners of the parent	9,728	9,031	9,728	9,031
Non-controlling interests	5,736	5,631	5,736	5,631
	15,464	14,662	15,464	14,662
EARNINGS PER 10 SEN SHARE				
Basic (sen)	0.72	0.67	0.72	0.67

The Condensed Consolidated Income Statement should be read in conjunction with the audited annual financial statements for the year ended 30 June 2012 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 30.09.2012 RM'000	Preceding Year Corresponding Quarter 30.09.2011 RM'000	3 Months Ended	
			30.09.2012 RM'000	30.09.2011 RM'000
PROFIT FOR THE PERIOD	15,464	14,662	15,464	14,662
OTHER COMPREHENSIVE INCOME:				
FOREIGN CURRENCY TRANSLATION	7	307	7	307
	-----	-----	-----	-----
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	7	307	7	307
	-----	-----	-----	-----
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	15,471	14,969	15,471	14,969
	=====	=====	=====	=====
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the parent	9,735	9,337	9,735	9,337
Non-controlling interests	5,736	5,632	5,736	5,632
	-----	-----	-----	-----
	15,471	14,969	15,471	14,969
	=====	=====	=====	=====

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited annual financial statements for the year ended 30 June 2012 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As at 30.09.2012 RM'000	Audited As at 30.06.2012 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	1,837	1,584
Goodwill on consolidation	2,490	2,490
Other intangible assets	100	97
Deferred tax assets	178	178
	-----	-----
	4,605	4,349
	-----	-----
Current assets		
Inventories	80	5
Trade and other receivables	1,917	1,391
Current tax assets	16	417
Amount due from related parties	33,234	14,633
Cash and cash equivalents	210,093	214,157
	-----	-----
	245,340	230,603
	-----	-----
TOTAL ASSETS	249,945	234,952
	=====	=====
EQUITY		
Share capital	135,000	135,000
Share premium	1,475	1,475
Other reserves	(5,741)	(5,748)
Retained earnings	83,695	73,967
Treasury shares, at cost	(2,141)	(2,141)
	-----	-----
Total equity attributable to owners of the parent	212,288	202,553
Non-controlling interests	30,939	25,203
	-----	-----
TOTAL EQUITY	243,227	227,756
	-----	-----

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited annual financial statements for the year ended 30 June 2012 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 30.09.2012 RM'000	Audited As at 30.06.2012 RM'000
LIABILITIES		
Non-current liabilities		
Deferred tax liabilities	2	2
Loans and borrowings	175	-
	-----	-----
	177	2
	-----	-----
Current liabilities		
Trade and other payables	4,113	4,187
Amount due to related parties	1	6
Loans and borrowings	81	-
Current tax liabilities	2,346	3,001
	-----	-----
	6,541	7,194
	-----	-----
TOTAL LIABILITIES	6,718	7,196
	-----	-----
TOTAL EQUITY AND LIABILITIES	249,945	234,952
	=====	=====
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 2012 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 2012**

	← 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 2012	135,000	1,475	10	(5,758)	73,967	(2,141)	202,553	25,203	227,756
Total comprehensive income for the financial period	-	-	-	7	9,728	-	9,735	5,736	15,471
Transaction with owners:									
Treasury shares acquired	-	-	-	-	-	(*)	(*)	-	(*)
At 30 September 2012	135,000	1,475	10	(5,751)	83,695	(2,141)	212,288	30,939	243,227

* 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 2012 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 2011**

	← 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 2011	135,000	1,475	10	(5,763)	52,812	(2,141)	181,393	17,508	198,901
Total comprehensive income for the financial period	-	-	-	306	9,031	-	9,337	5,632	14,969
Transaction with owners:									
Treasury shares acquired	-	-	-	-	-	(*)	(*)	-	(*)
Dividend paid to non-controlling interest by subsidiary	-	-	-	-	-	-	-	(5,400)	(5,400)
At 30 September 2011	135,000	1,475	10	(5,457)	61,843	(2,141)	190,730	17,740	208,470

* 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 2012 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 2012**

	FOR THE 3 MONTHS ENDED	
	30.09.2012	30.09.2011
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	20,617	19,660
Adjustments for:-		
Amortisation of other intangible assets	9	9
Depreciation of property, plant and equipment	80	87
Interest income	(1,543)	(1,345)
Property, plant and equipment written off	-	10
Reversal of impairment losses on trade receivables	(9)	-
	-----	-----
Operating profit before working capital changes	19,154	18,421
Changes in working capital:-		
Inventories	(75)	-
Receivables	(489)	(234)
Payables	(74)	(501)
Related companies	(18,606)	394
	-----	-----
Cash (used in)/generated from operations	(90)	18,080
Interest received	1,515	1,165
Taxes paid	(5,793)	(4,566)
Taxes refund	386	-
	-----	-----
Net cash (used in)/generated from operating activities	(3,982)	14,679
	-----	-----
Cash flows from investing activities		
Purchase of property, plant and equipment	(333)	(62)
Purchase of other intangible assets	(12)	(10)
	-----	-----
Net cash used in investing activities	(345)	(72)
	-----	-----

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited annual financial statements for the year ended 30 June 2012 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 2012 - continued**

	FOR THE 3 MONTHS ENDED	
	30.09.2012	30.09.2011
	RM'000	RM'000
Cash flow from financing activities		
Dividend paid to non-controlling interest by subsidiary	-	(5,400)
Proceeds from finance lease	256	-
Repayment of obligations under finance lease	-	(21)
Purchase of own shares (net)	(*)	(*)
	-----	-----
Net cash generated from/(used in) financing activities	256	(5,421)
	-----	-----
Net (decrease)/increase in cash and cash equivalents	(4,071)	9,186
Effects of exchange rate changes	7	307
Cash and cash equivalents at beginning of the financial period	214,157	185,899
	-----	-----
Cash and cash equivalents at end of the financial period	210,093	195,392
	=====	=====
Cash and cash equivalents comprise:-		
Deposits with licensed banks	209,654	195,009
Cash on hand and at banks	439	383
	-----	-----
	210,093	195,392
	=====	=====
* 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 2012 and the accompanying explanatory notes attached to the interim financial statements.

INTERIM FINANCIAL REPORT

Notes:-

Disclosure requirements pursuant to FRS 134

The condensed consolidated interim financial statements should be read in conjunction with the audited annual financial statements of the Group for the year financial ended 30 June 2012.

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 paragraph 9.22 of the ACE Market Listing Requirements of the Bursa Malaysia Securities Berhad (“Bursa Securities”).

The explanatory notes contained herein provide an explanation of the events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the financial year ended 30 June 2012.

The Group adopted all MFRS and the adoption was carried out in accordance to MFRS 1 “First-time adoption of Malaysian Financial Reporting Standards”, using 1 July 2011 as the Transition Date.

The adoption of MFRS, amendments to MFRS and IC Interpretation did not have any financial impact on the interim financial report upon their initial application.

A2. Seasonality or Cyclicity of Interim 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 to estimate of amount reported in prior interim periods or prior financial years.

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Notes:- continued

A5. Changes in Debt and Equity Securities

For the 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 RM0.77 per share. The total consideration paid for the share buy-back, including transaction costs during the financial year-to-date amounted to RM118.03 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 2012, the total number of treasury shares held was 4,672,600 ordinary shares of RM0.10 each.

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

A6. Dividend 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 2012 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	1,352	18,789	1,442	-	21,583
Inter-segment revenue	38	-	-	(38)	-
	-----	-----	-----	-----	-----
Total revenue	1,390	18,789	1,442	(38)	21,583
	=====	=====	=====	=====	=====
Segment profit before tax	703	19,354	560	-	20,617
	=====	=====	=====	=====	=====

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Notes:- continued

A7. Segment Information - continued

The Group's segmental results for the financial period ended 30 September 2011 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	1,196	18,789	829	-	20,814
Inter-segment revenue	21	-	-	(21)	-
Total revenue	----- 1,217 =====	----- 18,789 =====	----- 829 =====	----- (21) =====	----- 20,814 =====
Segment profit/(loss) before tax	734 =====	18,943 =====	(17) =====	- =====	19,660 =====

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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 financial 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 2012 including business combinations, obtaining or losing control of subsidiaries and long term investments, restructurings and discontinued of operations.

A10. Changes in Contingent Liabilities or Contingent Assets

There were no changes in the contingent liabilities of the Group since the last financial year ended 30 June 2012.

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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

The comparisons of the results are tabulated below:-

	Individual Quarter		Cumulative Quarter	
	30.09.2012 RM'000	30.09.2011 RM'000	30.09.2012 RM'000	30.09.2011 RM'000
Revenue				
Information technology and e-commerce	1,352	1,196	1,352	1,196
Communications technology	18,789	18,789	18,789	18,789
Content and digital media	1,442	829	1,442	829
	----- 21,583 =====	----- 20,814 =====	----- 21,583 =====	----- 20,814 =====
Profit/(loss) before tax				
Information technology and e-commerce	703	734	703	734
Communications technology	19,354	18,943	19,354	18,943
Content and digital media	560	(17)	560	(17)
	----- 20,617 =====	----- 19,660 =====	----- 20,617 =====	----- 19,660 =====

For the three months under review, the Group recorded revenue and profit before tax of RM21.583 million and RM20.617 million respectively, representing an increase of 3.7% and 4.9% respectively, compared to the preceding year's corresponding quarter. The increases were mainly contributed by a higher digital media advertising income in the current financial quarter.

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

i) Information technology and e-commerce ("ITeC")

Revenue increased by 13.0% to RM1.352 million from RM1.196 million, contributed by a higher income in relation to hardware sales activities. Profit before tax decreased by 4.2% from RM0.734 million to RM0.703 million, mainly due to the lower interest income on lower cash deposits in the current financial quarter.

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Notes:- continued

B1. Review of Performance - continued

ii) Communications technology (“CT”)

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’s corresponding quarter. Profit before tax increased by 2.2% to RM19.354 million from RM18.943 million, mainly contributed by a higher interest income on higher cash deposits in the current financial quarter.

iii) Content and digital media (“CDM”)

Revenue and profit before tax of RM1.442 million and RM0.560 million respectively, represented an increase of 73.9% and 3,394.1% respectively, compared to the preceding year’s corresponding quarter. The increase in profit before tax was contributed by higher digital media advertising income, coupled with lower administration expenses in the current financial quarter.

B2. Comparison with Preceding Quarter

	Current Quarter 30.09.2012 RM’000	Preceding Quarter 30.06.2012 RM’000
Revenue	21,583	22,340
Profit before tax	20,617	17,918

The Group revenue declined marginally by 3.4%, whilst profit before tax increased by 15.1% compared to that recorded in the preceding quarter. The increase in profit before tax was mainly due to the absence of costs in relation to an acquisition of remaining equity interest in a subsidiary which completed in the preceding quarter and lower administrative expenses in the current financial quarter.

B3. Prospects

Despite the uncertain global economic environment, the Group’s performance in the financial year ending 30 June 2013 is expected to remain stable, given that a significant portion of its revenue is derived from relatively resilient spectrum sharing fee income.

B4. Profit Forecast

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

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Notes:- continued

B5. Profit for the period

	Current Year Quarter 30.09.2012 RM'000	Financial Year- To-Date 30.09.2012 RM'000
Profit for the period is stated after charging /(crediting):-		
Amortisation of other intangible assets	9	9
Depreciation of property, plant and equipment	80	80
Interest income	(1,543)	(1,543)
	=====	=====

Other than the above items, there was no investment income, interest expense, 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

Income tax expense comprises the following:-

	Current Year Quarter 30.09.2012 RM'000	Financial Year- To-Date 30.09.2012 RM'000
Taxation based on profit for the period	5,153	5,153
	=====	=====

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 2012 are as follows:-

	Short term RM'000	Long term RM'000	Total RM'000
Secured	81 =====	175 =====	256 =====

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 2012.

ii) Fair Value Changes of Financial Liabilities

As at 30 September 2012, the Group does not have any financial liabilities measured at fair value through profit or loss.

iii) Retained Earnings

	Unaudited As at 30.09.2012 RM'000	Audited As at 30.06.2012 RM'000
Retained earnings of the Company and its subsidiaries		
- Realised	93,302	77,835
- Unrealised	176	176
	-----	-----
	93,478	78,011
(Less): consolidated adjustments	(9,783)	(4,044)
	-----	-----
Total Group retained earnings as per consolidated interim financial report	83,695 =====	73,967 =====

B10. Material Litigation

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

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Notes:- continued

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 30.09.2012	Preceding Year Corresponding Quarter 30.09.2011
Profit attributable to owners of the parent (RM'000)	9,728	9,031
Weighted average number of ordinary shares in issue ('000)	1,345,327	1,345,328
Basic earnings per share (sen)	0.72	0.67

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.

B13. Audit Report of the Preceding Financial Year Ended 30 June 2012

The auditors' report on the financial statements of the financial year ended 30 June 2012 did not contain any qualification.

By Order of the Board
HO SAY KENG
Secretary

Kuala Lumpur
Dated: 22 November 2012