

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

INTERIM FINANCIAL REPORT

Interim financial report on consolidated results for the period ended 30 June 2003.

The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENTS

	INDIVIDUAL QUARTER PRECEDING YEAR		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30.6.2003 RM'000	CORRES -PONDING QUARTER 30.6.2002 RM'000	12 MONTHS ENDED	
			30.6.2003 RM'000	30.6.2002 RM'000
REVENUE	6,425	8,197	25,945	17,924
OPERATING EXPENSES	(3,683)	(4,310)	(16,321)	(12,062)
OTHER OPERATING INCOME	1,267	809	4,213	2,942
PROFIT FROM OPERATIONS	4,009	4,696	13,837	8,804
FINANCE COST	(19)	-	(19)	-
PROFIT BEFORE TAXATION	3,990	4,696	13,818	8,804
TAXATION	(985)	(1,123)	(4,057)	(2,770)
PROFIT AFTER TAXATION	3,005	3,573	9,761	6,034
MINORITY INTERESTS	(636)	(229)	(2,035)	(829)
NET PROFIT FOR THE PERIOD	2,369	3,344	7,726	5,205
EARNINGS PER SHARE				
Basic (Sen)	1.75	3.22	5.72	5.06

The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 30 June 2002

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

	UNAUDITED	AUDITED
	AS AT	AS AT
	30.6.2003	30.6.2002
	RM'000	RM'000
PROPERTY, PLANT & EQUIPMENT	4,173	2,178
UNQUOTED INVESTMENT	331	331
DEVELOPMENT EXPENDITURE	1,682	1,987
GOODWILL ON CONSOLIDATION	8	8
CURRENT ASSETS		
Trade receivables	5,699	2,952
Other receivables, deposits & prepayments	337	890
Development expenditure	100	-
Amount due from holding company	-	1,122
Amount due from related companies	-	3,175
Fixed deposits	152,365	141,676
Cash & bank balances	345	123
	<u>158,846</u>	<u>149,938</u>
LESS: CURRENT LIABILITIES		
Trade payables	4,891	4,096
Other payables & accruals	2,961	1,727
Lease creditor	115	-
Amount due to holding company	18	-
Amount due to related companies	16	72
Provision for taxation	1,749	1,234
	<u>9,750</u>	<u>7,129</u>
NET CURRENT ASSETS	<u>149,096</u>	<u>142,809</u>
	<u>155,290</u>	<u>147,313</u>

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CONDENSED BALANCE SHEETS (CONTD.)

	UNAUDITED	AUDITED
	AS AT	AS AT
	30.6.2003	30.6.2002
	RM'000	RM'000
SHARE CAPITAL	135,000	135,000
Share premium	1,475	3,500
RETAINED PROFITS	<u>14,257</u>	<u>6,531</u>
SHAREHOLDERS' FUNDS	150,732	145,031
MINORITY INTERESTS	4,002	1,966
LONG TERM LIABILITY		
Lease creditor	146	-
Deferred taxation	<u>410</u>	<u>316</u>
	<u>155,290</u>	<u>147,313</u>
Net tangible assets per share (RM)	<u>1.12</u>	<u>1.06</u>

The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the year ended 30 June 2002

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FOURTH QUARTER ENDED 30 JUNE 2003**

	Share Capital RM'000	Share Premium RM'000	Retained Profits RM'000	Total RM'000
As at 1 July, 2002	135,000	3,500	6,531	145,031
Listing expenses	-	(2,025)	-	(2,025)
Net profit for the year	-	-	7,726	7,726
As at 30 June 2003	<u>135,000</u>	<u>1,475</u>	<u>14,257</u>	<u>150,732</u>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 30 June 2002

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE FOURTH QUARTER ENDED 30 JUNE 2003**

	RM'000
Cash flows from operating activities	
Profit before taxation	13,818
Adjustments for:-	
Non-cash items	1,503
Non-operating items	<u>(4,213)</u>
Operating profit before working capital changes	11,108
Net changes in current assets	(22)
Net changes in current liabilities	1,991
Interest received	4,213
Taxation paid	<u>(3,448)</u>
Net cash from operating activities	<u>13,842</u>
Cash flows from investing activities	
Proceeds from disposal of property, plant & equipment	1
Purchase of property, plant & equipment	<u>(2,843)</u>
Net cash used in investing activities	<u>(2,842)</u>

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE FOURTH QUARTER ENDED 30 JUNE 2003 (CONTD.)**

	RM'000
Cash flows from financing activities	
Lease creditors	<u>(89)</u>
Net cash used in financing activities	<u>(89)</u>
Net changes in cash and cash equivalents	10,911
Cash and cash equivalents brought forward	<u>141,799</u>
Cash and cash equivalents carried forward	<u><u>152,710</u></u>
Cash and cash equivalents comprise:-	
Fixed deposits	152,365
Cash & bank balances	<u>345</u>
	<u><u>152,710</u></u>

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended 30 June 2002

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Notes:-

Disclosure requirements per MASB 26 - paragraph 16

A1. Accounting Policies and methods of computation

The interim financial report is unaudited and has been prepared in accordance with MASB 26 “Interim Financial Reporting” and Chapter 9, part K of the Listing Requirements of the Kuala Lumpur Stock Exchange.

The Condensed Financial Statements should be read in conjunction with the audited annual financial statements of the Group for the year ended 30 June 2002.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the latest audited annual financial statements.

The following notes explain 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 2002.

A2. Audit Report of the preceding financial year ended 30 June 2002

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

A3. Seasonality or Cyclicity of Operations

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

A4. Exceptional or Unusual Items

During the current financial quarter, there was no item of exceptional or unusual nature that affects the assets, liabilities, equity, net income or cash flows of the Group.

A5. Changes in estimates of amounts reported

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

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Notes:- continued

A6. Changes in Debt and Equity Securities

During the current financial quarter, there was no issuance, cancellation, repurchase, resale and repayment of debts and equity securities.

A7. Dividend paid

No dividend has been paid during the current financial quarter.

A8. Segment Reporting

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

A9. Valuation of Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

A10. Material Events Subsequent to the end of the interim period

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

A11. Changes in the Composition of the Group

During the year ended 30 June 2003, the Group acquired YTL Info Screen Sdn. Bhd. and Intellectual Learning Sdn. Bhd. on 17 September 2002 and 21 March 2003 respectively. Apart from this, there was no change in the composition of the Group for the current financial quarter, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings and discontinuing operations.

A12. 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 2002.

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Notes:- continued

Disclosure requirements per KLSE listing requirements Part A of Appendix 9B

B1. Review of Performance

The Group recorded revenue and profit before taxation for the financial year ended 30 June 2003 of RM25.945 million and RM13.818 million respectively, representing an increase of 45% and 57% as compared to the year ended 30 June 2002. The improved cumulative results is due to the continued high demand for the Alternative Voice Service Provider (“AVSP”) and telephony solutions and services of Extiva Communications Sdn Bhd, a subsidiary company and the development of integrated information management and business intelligence systems and other solutions. The higher Group turnover was also partly due to an initial contribution from wholly owned subsidiary, YTL Info Screen Sdn Bhd, a new business being incubated by the Company, involved in the content design, development and delivery solutions, and earning revenues from media/advertising sales based business model.

The Group recorded revenue and profit before taxation for the financial quarter ended 30 June 2003 of RM6.425 million and RM3.990 million respectively, representing an decrease of 21% and 15% as compared to the preceding year corresponding quarter. The decreases are mainly due to lower demand for information technology products.

B2. Comparison with Preceding Quarter

	Current Quarter 30.6.2003 RM'000	Preceding Quarter 31.3.2003 RM'000
Revenue	6,425	7,481
Profit before taxation	3,990	3,186

For the current financial quarter, the Group registered a revenue and profit before tax of RM6.425 million and RM3.990 million respectively, representing a decrease of 14% and increase of 25% as compared to the preceding financial quarter. The reduction in revenue is mainly due to lower demand for information technology products. The increase in profit before tax is mainly due to the write back of over-provision of cost of providing VoIP telephony services in the current quarter.

B3. Prospects

The Group, after considering the Group’s current level of operations and the current market condition, is expected to achieve satisfactory performance for the financial year ending 30 June 2004.

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Notes:- continued

B4. Profit Forecast

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

B5. Taxation

Taxation comprises the following:-

	Current Year Quarter 30.6.2003 RM'000	Current Year To Date 30.6.2003 RM'000
Taxation based on the profit for the period	<u>985</u>	<u>4,057</u>

The provision for taxation of the Group for the current financial quarter and current year to date reflects an effective tax rate higher than the statutory tax rate mainly due to certain non tax-deductible expenses.

B6. Sale of Unquoted Investments and/or Properties

There was no sale of unquoted investments or properties during the current financial quarter.

B7. Quoted Securities

During the current financial quarter, there was no purchase or disposal of quoted securities. The Group does not have any quoted securities at the end of the current financial quarter.

B8. Corporate Development

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

B9. Group Borrowings and Debt Securities

During the current financial quarter, there was no issuance, cancellation, repurchase, resale and repayment of debts and equity securities.

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Notes:- continued

B10. Off Balance Sheet Financial Instruments

No off balance sheet financial instruments were utilised for the current financial quarter.

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 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 30.6.2003	Preceding Year Corresponding Quarter 30.6.2002
Net profit for the period (RM'000)	2,369	3,344
Weighted average number of ordinary shares ('000)	135,000	103,846
Basic earnings per share (sen)	1.75	3.22

ii) Diluted earnings per share

The Group does not have any convertible securities and accordingly dilution of earnings per share is not applicable.

By Order of the Board
HO SAY KENG
Secretary

Kuala Lumpur
Dated: 28 August 2003