

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 September 2003.

The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENTS

	INDIVIDUAL QUARTER PRECEDING YEAR		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30.09.2003 RM'000	CORRESPONDING QUARTER 30.09.2002 RM'000	3 MONTHS ENDED 30.09.2003 RM'000	30.09.2002 RM'000
REVENUE	8,462	5,561	8,462	5,561
OPERATING EXPENSES	(5,404)	(3,138)	(5,404)	(3,138)
OTHER OPERATING INCOME	899	1,080	899	1,080
PROFIT FROM OPERATIONS	3,957	3,503	3,957	3,503
FINANCE COST	(5)	-	(5)	-
PROFIT BEFORE TAXATION	3,952	3,503	3,952	3,503
TAXATION	(1,077)	(1,049)	(1,077)	(1,049)
PROFIT AFTER TAXATION	2,875	2,454	2,875	2,454
MINORITY INTERESTS	(574)	(499)	(574)	(499)
NET PROFIT FOR THE PERIOD	2,301	1,955	2,301	1,955
EARNINGS PER SHARE				
Basic (Sen)	1.70	1.45	1.70	1.45

The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 30 June 2003

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CONDENSED CONSOLIDATED BALANCE SHEETS

	UNAUDITED AS AT 30.09.2003 RM'000	AUDITED AS AT 30.06.2003 RM'000
PROPERTY, PLANT & EQUIPMENT	4,121	4,172
	-----	-----
UNQUOTED INVESTMENT	331	331
	-----	-----
DEVELOPMENT EXPENDITURE	1,756	1,776
	-----	-----
GOODWILL ON CONSOLIDATION	12	12
	-----	-----
CURRENT ASSETS		
Inventories	139	-
Trade receivables	5,540	3,722
Other receivables, deposits & prepayments	335	343
Amount due from ultimate holding company	-	218
Amount due from holding company	503	54
Amount due from related companies	348	1,761
Fixed deposits	153,540	152,365
Cash & bank balances	757	345
	-----	-----
	161,162	158,808
	-----	-----
LESS: CURRENT LIABILITIES		
Trade payables	5,363	4,848
Other payables & accruals	2,371	3,107
Lease creditor	117	115
Amount due to related companies	48	76
Provision for taxation	1,439	1,749
	-----	-----
	9,338	9,895
	-----	-----
NET CURRENT ASSETS	151,824	148,913
	-----	-----
	158,044	155,204
	=====	=====

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CONDENSED CONSOLIDATED BALANCE SHEETS - continued

	UNAUDITED AS AT 30.09.2003 RM'000	AUDITED AS AT 30.06.2003 RM'000
SHARE CAPITAL	135,000	135,000
SHARE PREMIUM	1,475	1,475
RETAINED PROFITS	16,417	14,150
SHAREHOLDERS' FUNDS	----- 152,892	----- 150,625
MINORITY INTERESTS	4,627	4,023
LONG TERM LIABILITY		
Lease creditor	115	146
Deferred taxation	410	410
	----- 158,044 =====	----- 155,204 =====
Net tangible assets per share (RM)	=====	=====

The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the year ended 30 June 2003

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 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
Net profit for the period	-	-	1,955	1,955
As at 30 September 2002	----- 135,000 =====	----- 3,500 =====	----- 8,486 =====	----- 146,896 =====
As at 1 July 2003	135,000	1,475	14,150	150,625
Net profit for the period	-	-	2,301	2,301
Excess of consideration for shares subscribed in a new subsidiary over net tangible assets acquired	-	-	(34)	(34)
As at 30 September 2003	----- 135,000 =====	----- 1,475 =====	----- 16,417 =====	----- 152,892 =====

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 30 June 2003

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2003**

	3 MONTHS ENDED	
	30.09.2003	30.09.2002
	RM'000	RM'000
Cash flows from operating activities		
Profit before taxation	3,952	3,503
Adjustments for:-		
Non-cash items	368	225
Non-operating items	(896)	(1,080)
	-----	-----
Operating profit before working capital changes	3,424	2,648
Net changes in current assets	(771)	(34)
Net changes in current liabilities	(249)	1,660
Interest received	896	997
Taxation paid	(1,387)	(304)
	-----	-----
Net cash from operating activities	1,913	4,967
	-----	-----
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	-	-
Purchase of property, plant and equipment	(261)	(120)
Development expenditure paid	(36)	(15)
	-----	-----
Net cash used in investing activities	(297)	(135)
	-----	-----
Cash flows from financing activities		
Lease creditors	(29)	-
	-----	-----
Net cash used in financing activities	(29)	-
	-----	-----

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2003 – continued

	3 MONTHS ENDED	
	30.09.2003	30.09.2002
	RM'000	RM'000
Net changes in cash and cash equivalents	1,587	4,832
Cash and cash equivalents brought forward	152,710	141,799
	-----	-----
	154,297	146,631
	=====	=====
 Cash and cash equivalents comprise:		
Fixed deposits	153,540	145,956
Cash & bank balances	757	675
	-----	-----
	154,297	146,631
	=====	=====

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended 30 June 2003

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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 2003.

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 2003.

A2. Audit Report of the preceding financial year ended 30 June 2003

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 period, the Group subscribed for 70,000 shares of RM1 each in Hipmobile (M) Sdn Bhd, representing 70% equity interest in that company. 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 2003.

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Notes:- continued

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

B1. Review of Performance

The Group's revenue for the period ended 30 September 2003 amounted to RM8.462 million, representing an increase of 52% from that of period ended 30 September 2002. This increase is mainly due to higher demand for YTL e-Solutions Berhad's internet related solutions and upward revisions of rates charged by Extiva Communications Sdn Bhd ("Extiva"), a subsidiary company, for the provision of Alternative Voice Service Provider ("AVSP") services. Profit before tax for the current period increased from RM3.503 million for period ended 30 September 2002 to RM3.952 million for the current period mainly due to higher demand for internet related solutions.

B2. Comparison with Preceding Quarter

	Current Quarter 30.09.2003 RM'000	Preceding Quarter 30.06.2003 RM'000
Revenue	8,462	6,425
Profit before taxation	3,952	3,990
	-----	-----

The Group's revenue for the current financial quarter increased by 32% when compared with preceding quarter revenue mainly due to higher demand for internet related solutions and upward revisions of rates charged by Extiva for the provision of AVSP services. Profit before tax, however, fell 1% as compared to the preceding financial quarter mainly due to higher cost of sales in the AVSP industry.

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 Quarter 30.09.2003 RM'000	Preceding Quarter 30.06.2003 RM'000
Taxation based on the profit for the period	1,077	985
	-----	-----

The provision for taxation of the Group for the current financial quarter reflects an effective tax rate lower than the statutory tax rate mainly due to certain non-taxable income earned. The Group's effective tax rate for the current quarter is higher than the preceding quarter mainly due to increase in non-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. No dividend was declared for the previous year corresponding quarter ended 30 September 2002.

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 30.09.2003 RM'000	Preceding Year Corresponding Quarter 30.09.2002 RM'000
Net profit for the period (RM'000)	2,301	1,955
Weighted average number of ordinary shares ('000)	135,000	135,000
Basic earnings per share (sen)	1.70	1.45

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Notes:- continued

B13. Earnings Per Share - continued

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: 20 November 2003