

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

INTERIM FINANCIAL REPORT

Interim financial report on consolidated results for the period ended 31 December 2003.

The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENTS

	INDIVIDUAL QUARTER PRECEDING YEAR		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31.12.2003 RM'000	CORRESPONDING QUARTER 31.12.2002 RM'000	6 MONTHS ENDED	
			31.12.2003 RM'000	31.12.2002 RM'000
REVENUE	7,876	6,478	16,338	12,039
OPERATING EXPENSES	(5,486)	(4,193)	(10,891)	(7,331)
OTHER OPERATING INCOME	994	855	1,893	1,935
PROFIT FROM OPERATIONS	3,384	3,140	7,340	6,643
FINANCE COST	(9)	-	(14)	-
PROFIT BEFORE TAXATION	3,375	3,140	7,326	6,643
TAXATION	(978)	(1,018)	(2,055)	(2,067)
PROFIT AFTER TAXATION	2,397	2,122	5,271	4,576
MINORITY INTERESTS	(610)	(429)	(1,184)	(928)
NET PROFIT FOR THE PERIOD	1,787	1,693	4,087	3,648
EARNINGS PER SHARE				
Basic (Sen)	1.32	1.25	3.03	2.70

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 31.12.2003 RM'000	AUDITED AS AT 30.06.2003 RM'000
PROPERTY, PLANT & EQUIPMENT	4,534	4,172
	-----	-----
UNQUOTED INVESTMENT	331	331
	-----	-----
DEVELOPMENT EXPENDITURE	1,734	1,776
	-----	-----
GOODWILL ON CONSOLIDATION	12	12
	-----	-----
CURRENT ASSETS		
Inventories	85	-
Trade receivables	3,875	3,722
Other receivables, deposits & prepayments	321	343
Amount due from ultimate holding company	2	218
Amount due from holding company	581	54
Amount due from related companies	1,611	1,761
Fixed deposits	155,911	152,365
Cash & bank balances	375	345
	-----	-----
	162,761	158,808
	-----	-----
LESS: CURRENT LIABILITIES		
Trade payables	5,514	4,848
Other payables & accruals	1,841	3,107
Lease creditor	231	115
Amount due to related companies	21	76
Provision for taxation	1,164	1,749
	-----	-----
	8,771	9,895
	-----	-----
NET CURRENT ASSETS	153,990	148,913
	-----	-----
	160,601	155,204
	=====	=====

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CONDENSED CONSOLIDATED BALANCE SHEETS - continued

	UNAUDITED AS AT 31.12.2003 RM'000	AUDITED AS AT 30.06.2003 RM'000
SHARE CAPITAL	135,000	135,000
SHARE PREMIUM	1,475	1,475
RETAINED PROFITS	18,203	14,150
SHAREHOLDERS' FUNDS	----- 154,678	----- 150,625
MINORITY INTERESTS	5,236	4,023
LONG TERM LIABILITY		
Lease creditor	277	146
Deferred taxation	410	410
	----- 160,601 =====	----- 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 SECOND QUARTER ENDED 31 DECEMBER 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 period	-	-	3,648	3,648
As at 31 December 2002	<u>135,000</u>	<u>1,475</u>	<u>10,179</u>	<u>146,654</u>
As at 1 July 2003	135,000	1,475	14,150	150,625
Net profit for the period	-	-	4,087	4,087
Excess of consideration for shares subscribed in a new subsidiary over net tangible assets acquired	-	-	(34)	(34)
As at 31 December 2003	<u>135,000</u>	<u>1,475</u>	<u>18,203</u>	<u>154,678</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 2003

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE SECOND QUARTER ENDED 31 DECEMBER 2003**

	6 MONTHS ENDED	
	31.12.2003	31.12.2002
	RM'000	RM'000
Cash flows from operating activities		
Profit before taxation	7,326	6,643
Adjustments for:-		
Non-cash items	818	476
Non-operating items	(1,885)	(1,935)
	-----	-----
Operating profit before working capital changes	6,259	5,184
Net changes in current assets	(382)	2,693
Net changes in current liabilities	(945)	3,139
Interest received	1,885	1,935
Taxation paid	(2,640)	(608)
	-----	-----
Net cash from operating activities	4,177	12,343
	-----	-----
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	-	1
Purchase of property, plant and equipment	(420)	(381)
Development expenditure paid	(71)	(188)
	-----	-----
Net cash used in investing activities	(491)	(568)
	-----	-----
Cash flows from financing activities		
Lease creditors	(110)	-
Listing expenses	-	(2,025)
	-----	-----
Net cash used in financing activities	(110)	(2,025)
	-----	-----

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE SECOND QUARTER ENDED 31 DECEMBER 2003 – continued**

	6 MONTHS ENDED	
	31.12.2003	31.12.2002
	RM'000	RM'000
Net changes in cash and cash equivalents	3,576	9,750
Cash and cash equivalents brought forward	152,710	141,799
	-----	-----
	<u>156,286</u>	<u>151,549</u>
	=====	=====
Cash and cash equivalents comprise:		
Fixed deposits	155,911	150,826
Cash & bank balances	375	723
	-----	-----
	<u>156,286</u>	<u>151,549</u>
	=====	=====

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

On 17 July 2003, the Group subscribed for 70,000 shares of RM1 each in Hipmobile (M) Sdn Bhd, representing 70% equity interest in that company. On 28 November 2003, the Group acquired two (2) ordinary shares of S\$1.00 each in Hipmobile Singapore Pte Ltd via its subsidiary, Hipmobile (M) Sdn Bhd, for a purchase consideration of S\$2.00. This acquisition resulted in Hipmobile Singapore Pte Ltd becoming a subsidiary of the Group. There were no other changes 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 31 December 2003 amounted to RM16.338 million, representing an increase of 36% from that of period ended 31 December 2002. This increase is mainly due to higher demand for YTL e-Solutions Berhad's content management services and post-paid and pre-paid Alternative Voice Service Provider ("AVSP") services provided by its subsidiary, Extiva Communications Sdn Bhd ("Extiva"). The higher Group turnover was also partly due to contributions from wholly owned YTL Info Screen Sdn Bhd which is involved in creating, providing and advertising content, media, web media and up to date information via electronic media. These factors also contributed to the 22% improvement in the Group's revenue for the quarter ended 31 December 2003 over the preceding year corresponding quarter's results.

Profit before tax for the current period increased by 10% from RM6.643 million for period ended 31 December 2002 to RM7.326 million for the current period mainly due to higher demand for YTL e-Solutions Berhad's content management services and Extiva's post-paid and pre-paid AVSP services. Profit before tax for the quarter ended 31 December 2003 is 7% higher than the preceding year corresponding quarter mainly due to these same factors.

B2. Comparison with Preceding Quarter

	Current Quarter 31.12.2003 RM'000	Preceding Quarter 30.09.2003 RM'000
Revenue	7,876	8,462
Profit before taxation	3,375	3,952
	-----	-----

The Group's revenue and profit before tax for the current financial quarter decreased by 7% and 15% respectively when compared with preceding quarter results mainly due to lower demand for YTL e-Solutions Berhad's content management services and price competition experienced by Extiva.

B3. Prospects

The Group, after considering the Group's current level of operations and current market conditions, 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 31.12.2003 RM'000	Preceding Quarter 30.09.2003 RM'000
Taxation based on the profit for the period	978	1,077
	-----	-----

The Group's provision for taxation for the period ended 31 December 2003 and current financial quarter reflects an effective tax rate higher than the statutory tax rate mainly due to losses incurred by certain subsidiaries that cannot be utilized for group relief. The Group's effective tax rate for the current quarter is higher than the preceding quarter mainly due to a reduction in non-taxable income.

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 31 December 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 31.12.2003 RM'000	Preceding Year Corresponding Quarter 31.12.2002 RM'000
Net profit for the period (RM'000)	1,787	1,693
Weighted average number of ordinary shares ('000)	135,000	135,000
Basic earnings per share (sen)	1.32	1.25

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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: 26 February 2004