

**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 March 2004.

The figures have not been audited.

**CONDENSED CONSOLIDATED INCOME STATEMENTS**

	INDIVIDUAL QUARTER PRECEDING YEAR		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31.3.2004 RM'000	CORRESPONDING QUARTER 31.3.2003 RM'000	9 MONTHS ENDED	
			31.3.2004 RM'000	31.3.2003 RM'000
REVENUE	7,714	7,481	24,052	19,520
OPERATING EXPENSES	(6,532)	(5,307)	(17,423)	(12,638)
OTHER OPERATING INCOME	1,270	1,012	3,163	2,947
PROFIT FROM OPERATIONS	2,452	3,186	9,792	9,829
FINANCE COST	(16)	-	(30)	-
PROFIT BEFORE TAXATION	2,436	3,186	9,762	9,829
TAXATION	(733)	(1,006)	(2,788)	(3,073)
PROFIT AFTER TAXATION	1,703	2,180	6,974	6,756
MINORITY INTERESTS	(398)	(471)	(1,581)	(1,399)
NET PROFIT FOR THE PERIOD	1,305	1,709	5,393	5,357
<b>EARNINGS PER SHARE</b>				
Basic (Sen)	0.97	1.27	3.99	3.97

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

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

	<b>UNAUDITED AS AT 31.03.2004 RM'000</b>	<b>AUDITED AS AT 30.06.2003 RM'000</b>
PROPERTY, PLANT & EQUIPMENT	4,387	4,172
	-----	-----
UNQUOTED INVESTMENT	331	331
	-----	-----
DEVELOPMENT EXPENDITURE	1,721	1,776
	-----	-----
GOODWILL ON CONSOLIDATION	12	12
	-----	-----
<b>CURRENT ASSETS</b>		
Inventories	84	-
Trade receivables	4,119	3,722
Other receivables, deposits & prepayments	345	343
Amount due from ultimate holding company	3	218
Amount due from holding company	659	54
Amount due from related companies	1,603	1,761
Fixed deposits	157,105	152,365
Cash & bank balances	634	345
	-----	-----
	164,552	158,808
	-----	-----
<b>LESS: CURRENT LIABILITIES</b>		
Trade payables	5,796	4,848
Other payables & accruals	2,113	3,107
Lease creditor	330	115
Amount due to related companies	33	76
Provision for taxation	302	1,749
	-----	-----
	8,574	9,895
	-----	-----
<b>NET CURRENT ASSETS</b>	155,978	148,913
	-----	-----
	162,429	155,204
	=====	=====

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**CONDENSED CONSOLIDATED BALANCE SHEETS - continued**

	<b>UNAUDITED AS AT 31.03.2004 RM'000</b>	<b>AUDITED AS AT 30.06.2003 RM'000</b>
SHARE CAPITAL	135,000	135,000
SHARE PREMIUM	1,475	1,475
RETAINED PROFITS	19,509	14,150
SHAREHOLDERS' FUNDS	----- 155,984	----- 150,625
MINORITY INTERESTS	5,633	4,023
LONG TERM LIABILITY		
Lease creditor	402	146
Deferred taxation	410	410
	----- 162,429 =====	----- 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

**YTL E-SOLUTIONS BERHAD (Company No. 236137-K)**  
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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE THIRD QUARTER ENDED 31 MARCH 2004**

	<b>Share Capital RM'000</b>	<b>Share Premium RM'000</b>	<b>Retained Profits RM'000</b>	<b>Total RM'000</b>
As at 1 July 2002	135,000	3,500	6,531	145,031
Listing expenses	-	(2,025)	-	(2,025)
Net profit for the period	-	-	5,357	5,357
As at 31 March 2003	<u>135,000</u>	<u>1,475</u>	<u>11,888</u>	<u>148,363</u>
As at 1 July 2003	135,000	1,475	14,150	150,625
Net profit for the period	-	-	5,393	5,393
Excess of consideration for shares subscribed in a new subsidiary over net tangible assets acquired	-	-	(34)	(34)
As at 31 March 2004	<u>135,000</u>	<u>1,475</u>	<u>19,509</u>	<u>155,984</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

**YTL E-SOLUTIONS BERHAD (Company No. 236137-K)**  
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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT  
FOR THE THIRD QUARTER ENDED 31 MARCH 2004**

	<b>9 MONTHS ENDED</b>	
	<b>31.3.2004</b>	<b>31.3.2003</b>
	<b>RM'000</b>	<b>RM'000</b>
Cash flows from operating activities		
Profit before taxation	9,762	9,829
Adjustments for:-		
Non-cash items	1,258	972
Non-operating items	(3,052)	(2,947)
	-----	-----
Operating profit before working capital changes	7,968	7,854
Net changes in current assets	(720)	1,472
Net changes in current liabilities	(89)	3,054
Interest received	3,045	2,947
Taxation paid	(4,235)	(1,752)
	-----	-----
Net cash from operating activities	5,969	13,575
	-----	-----
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	15	1
Purchase of property, plant and equipment	(667)	(1,967)
Development expenditure paid	(112)	-
	-----	-----
Net cash used in investing activities	(764)	(1,966)
	-----	-----
Cash flows from financing activities		
Lease creditors	(176)	-
Listing expenses	-	(2,025)
	-----	-----
Net cash used in financing activities	(176)	(2,025)
	-----	-----

**YTL E-SOLUTIONS BERHAD (Company No. 236137-K)**  
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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT  
FOR THE THIRD QUARTER ENDED 31 MARCH 2004 – continued**

	<b>9 MONTHS ENDED</b>	
	<b>31.3.2004</b>	<b>31.3.2003</b>
	<b>RM'000</b>	<b>RM'000</b>
Net changes in cash and cash equivalents	5,029	9,584
Cash and cash equivalents brought forward	152,710	141,799
	-----	-----
	<u>157,739</u>	<u>151,383</u>
	=====	=====
Cash and cash equivalents comprise:		
Fixed deposits	157,105	151,068
Cash & bank balances	634	315
	-----	-----
	<u>157,739</u>	<u>151,383</u>
	=====	=====

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

**YTL E-SOLUTIONS BERHAD (Company No. 236137-K)**  
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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 Bursa Malaysia Securities Berhad.

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.

**YTL E-SOLUTIONS BERHAD (Company No. 236137-K)**  
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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.



**YTL E-SOLUTIONS BERHAD (Company No. 236137-K)**  
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Notes:- continued

**Disclosure requirements per Bursa Malaysia Securities Berhad listing requirements Part A of Appendix 9B**

**B1. Review of Performance**

The Group's revenue for the 9 months period ended 31 March 2004 amounted to RM24.052 million, representing an increase of 23% from that of period ended 31 March 2003. 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. However, the Group's higher revenue was offset by higher operating expense mainly due to increased telecommunication costs experienced in the AVSP market. The increase in operating expenses contributed to the marginally lower profit before taxation recorded for the period ended 31 March 2004 compared with period ended 31 March 2003.

Revenue for the quarter ended 31 March 2004 is 3% higher than the preceding year corresponding quarter mainly due to higher rates charged by Extiva for AVSP services provided. Profit before taxation for the quarter fell 24% when compared to quarter ended 31 March 2003 mainly due to higher operating expenses.

**B2. Comparison with Preceding Quarter**

	<b>Current Quarter 31.3.2004 RM'000</b>	<b>Preceding Quarter 31.12.2003 RM'000</b>
Revenue	7,714	7,876
Profit before taxation	2,436	3,375
	-----	-----

The Group's revenue for the current financial quarter decreased by 2% mainly due to lower demand for AVSP services. The current quarter profit before taxation is 28% lower largely due to the increase in operating costs.

**YTL E-SOLUTIONS BERHAD (Company No. 236137-K)**  
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**Notes:- continued**

**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.

**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:-

	<b>Current Quarter 31.3.2004 RM'000</b>	<b>Preceding Quarter 31.12.2003 RM'000</b>
Taxation based on the profit for the period	733 -----	978 -----

The Group's provision for taxation for the period ended 31 March 2004 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. Additional losses incurred by these subsidiaries have also caused the Group's effective tax rate for the current quarter to be higher than the preceding quarter.

**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.

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**Notes:- continued**

**B8. Corporate Development**

Save for the following, there is no corporate proposal announced by the Company which is not completed as at the date of this report:

On 23 March 2004, the Company announced the following:-

- i) Proposed share subdivision into ten (10) ordinary shares of RM0.10 each for every one (1) existing ordinary share of RM1.00 each; and
- ii) Proposed amendment to the Memorandum of Association.

As at date of reporting, the proposal is pending the Securities Commission's approval; approval-in-principle from Bursa Malaysia Securities Berhad for the listing of and quotation for the subdivided shares; and approval of the shareholders of the Company at an extraordinary general meeting to be convened

**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.

**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 March 2003.

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Notes:- continued

**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.

	<b>Current Quarter 31.3.2004 RM'000</b>	<b>Preceding Year Corresponding Quarter 31.3.2003 RM'000</b>
Net profit for the period (RM'000)	1,305	1,709
	-----	-----
Weighted average number of ordinary shares ('000)	135,000	135,000
	-----	-----
Basic earnings per share (sen)	0.97	1.27
	-----	-----

**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: 27 May 2004