

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 2004.

The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENTS

	INDIVIDUAL QUARTER PRECEDING YEAR		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30.9.2004 RM'000	CORRESPONDING QUARTER 30.9.2003 RM'000	3 MONTHS ENDED	
			30.9.2004 RM'000	30.9.2003 RM'000
REVENUE	7,662	8,462	7,662	8,462
OPERATING EXPENSES	(5,572)	(5,404)	(5,572)	(5,404)
OTHER OPERATING INCOME	986	899	986	899
PROFIT FROM OPERATIONS	3,076	3,957	3,076	3,957
FINANCE COST	(9)	(5)	(9)	(5)
PROFIT BEFORE TAXATION	3,067	3,952	3,067	3,952
TAXATION	(916)	(1,077)	(916)	(1,077)
PROFIT AFTER TAXATION	2,151	2,875	2,151	2,875
MINORITY INTERESTS	(482)	(574)	(482)	(574)
NET PROFIT FOR THE PERIOD	1,669	2,301	1,669	2,301
EARNINGS PER SHARE				
Basic (Sen)	0.124	0.170	0.124	0.170

The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 30 June 2004

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CONDENSED CONSOLIDATED BALANCE SHEETS

	UNAUDITED AS AT 30.9.2004 RM'000	AUDITED AS AT 30.6.2004 RM'000
PROPERTY, PLANT & EQUIPMENT	4,229	4,169
	-----	-----
UNQUOTED INVESTMENT	331	331
	-----	-----
DEVELOPMENT EXPENDITURE	1,538	1,613
	-----	-----
GOODWILL ON CONSOLIDATION	46	46
	-----	-----
CURRENT ASSETS		
Inventories	90	138
Trade receivables	4,686	4,534
Other receivables, deposits & prepayments	268	437
Amount due from ultimate holding company	15	1
Amount due from holding company	783	658
Amount due from related companies	1,775	1,597
Fixed deposits	161,195	158,111
Cash & bank balances	469	584
	-----	-----
	169,281	166,060
	-----	-----
LESS: CURRENT LIABILITIES		
Trade payables	5,657	4,576
Other payables & accruals	2,659	2,639
Lease and hire purchase creditors	348	335
Amount due to related companies	169	132
Provision for taxation	377	433
	-----	-----
	9,210	8,115
	-----	-----
NET CURRENT ASSETS	160,071	157,945
	-----	-----
	166,215	164,104
	=====	=====

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CONDENSED CONSOLIDATED BALANCE SHEETS - continued

	UNAUDITED	AUDITED
	AS AT	AS AT
	30.9.2004	30.6.2004
	RM'000	RM'000
SHARE CAPITAL	135,000	135,000
SHARE PREMIUM	1,475	1,475
RETAINED PROFITS	22,407	20,738
SHAREHOLDERS' FUNDS	----- 158,882	----- 157,213
MINORITY INTERESTS	6,522	6,041
LONG TERM LIABILITY		
Lease and hire purchase creditors	277	316
Deferred taxation	534	534
	----- 166,215	----- 164,104
	=====	=====
Net tangible assets per share* (RM)	0.117	0.115
	=====	=====

* On 12 July 2004, the subdivision of the Company's 135,000,000 ordinary shares of RM1 each into 1,350,000,000 ordinary shares of RM0.10 each was completed with the listing and quotation of the new shares on the MESDAQ exchange. The net tangible assets per share calculated above is based on the subdivided shares of the Company.

The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the year ended 30 June 2004

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2004**

	Share Capital RM'000	Share Premium RM'000	Retained Profits RM'000	Total RM'000
As at 1 July 2003	135,000	1,475	14,150	150,625
Net profit for the period	-	-	2,301	2,301
As at 30 September 2003	----- 135,000 =====	----- 1,475 =====	----- 16,451 =====	----- 152,926 =====
As at 1 July 2004	135,000	1,475	20,738	157,213
Net profit for the period	-	-	1,669	1,669
As at 30 September 2004	----- 135,000 =====	----- 1,475 =====	----- 22,407 =====	----- 158,882 =====

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 30 June 2004

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2004**

	3 MONTHS ENDED	
	30.9.2004	30.9.2003
	RM'000	RM'000
Cash flows from operating activities		
Profit before taxation	3,067	3,952
Adjustments for:-		
Non-cash items	439	368
Non-operating items	(975)	(896)
	-----	-----
Operating profit before working capital changes	2,531	3,424
Net changes in current assets	(253)	(771)
Net changes in current liabilities	1,138	(249)
Interest received	975	896
Taxation paid	(972)	(1,387)
	-----	-----
Net cash from operating activities	3,419	1,913
	-----	-----
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	4	-
Purchase of property, plant and equipment	(483)	(261)
Development expenditure paid	-	(36)
	-----	-----
Net cash used in investing activities	(479)	(297)
	-----	-----
Cash flows from financing activities		
Lease and hire purchase creditors	29	(29)
	-----	-----
Net cash from/(used in) financing activities	29	(29)
	-----	-----

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2004 – continued**

	3 MONTHS ENDED	
	30.9.2004	30.9.2003
	RM'000	RM'000
Net changes in cash and cash equivalents	2,969	1,587
Cash and cash equivalents brought forward	158,695	152,710
	-----	-----
	<u>161,664</u>	<u>154,297</u>
Cash and cash equivalents comprise:		
Fixed deposits	161,195	153,540
Cash & bank balances	469	757
	-----	-----
	<u>161,664</u>	<u>154,297</u>

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended 30 June 2004

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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 2004.

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 2004.

A2. Audit Report of the preceding financial year ended 30 June 2004

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

On 12 July 2004, the subdivision of the Company's 135,000,000 ordinary shares of RM1 each into 1,350,000,000 ordinary shares of RM0.10 each was completed with the listing and quotation of the new shares on the MESDAQ exchange.

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

A7. Dividend paid

There was no dividend paid during the financial quarter ended 30 September 2004.

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

There were no 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 2004.

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

B1. Review of Performance

The Group's revenue for the quarter ended 30 September 2004 amounted to RM7.662 million, representing a decrease of 9% from that of quarter ended 30 September 2003. This decrease is mainly due to lower demand for YTL e-Solutions Berhad's ("the Company") content development and management services, and increased competition faced by its subsidiary, Extiva Communications Sdn Bhd ("Extiva"), in the Alternative Voice Service Provider ("AVSP") industry. These same factors also resulted in lower profit before tax registered by the Group. However, the drop in revenue and profit before tax was partially offset by higher revenue and profits earned by the Company's wholly owned subsidiary, 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.

B2. Comparison with Preceding Quarter

	Current Quarter 30.9.2004 RM'000	Preceding Quarter 30.6.2004 RM'000
Revenue	7,662	7,801
Profit before taxation	3,067	2,758
	-----	-----

The Group's revenue for the current financial quarter decreased by 2% mainly due to lower demand for Extiva's AVSP services. The current quarter profit before taxation is 11% higher mainly due to a write-back of over-provision of telecommunications cost by Extiva and lower operating expenses.

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 2005.

B4. Profit Forecast

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

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Notes:- continued

B5. Taxation

Taxation comprises the following:-

	Current Quarter 30.9.2004 RM'000	Preceding Quarter 30.6.2004 RM'000
Taxation based on the profit for the period	916 -----	1,155 -----

The Group's provision for taxation for the quarter ended 30 September 2004 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. Lower losses incurred by these subsidiaries have caused the Group's effective tax rate for the current quarter to be lower 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 did not have any quoted securities at the end of the current financial quarter.

B8. Corporate Development

Save as disclosed below, there is no other corporate proposal announced by the Company which is not completed as at the date of this report.

The Company on 3 November 2004 announced that it proposes to list its wholly-owned subsidiary, YTL Info Screen Sdn Bhd ("YTLIS"), via a company to be incorporated in the UK ("Newco") on the Alternative Investment Market ("AIM") of the London Stock Exchange ("LSE"). The Proposed Restructuring and Listing will involve, amongst others, the incorporation of Newco in the UK to be owned by the Company. Newco proposes to acquire the entire equity interest of YTLIS from the Company through the issue of new ordinary shares in Newco to the Company at an issue price to be determined. Newco shall subsequently seek the admission of and the listing of and quotation for its entire issued and paid-up share capital on the AIM of the LSE. Newco will principally be engaged in the business of creating, providing and advertising content, media, web media, and up-to-date information via electronic media in the UK and Europe. Further details of the Proposed Restructuring and Listing will be announced at a later date.

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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.

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. In accordance with MASB 13 “Earnings Per Share”, the weighted average number of ordinary shares has been adjusted for the subdivision of the Company’s 135,000,000 ordinary shares of RM1 each into 1,350,000,000 shares of RM0.10 each, completed on 12 July 2004.

	Current Quarter 30.9.2004 RM'000	Preceding Year Corresponding Quarter 30.9.2003 RM'000
Net profit for the period (RM'000)	1,669	2,301
Weighted average number of ordinary shares ('000)	1,350,000	1,350,000
Basic earnings per share (sen)	0.124	0.170

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Notes:- 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 November 2004