

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 2004.

The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENTS

	INDIVIDUAL QUARTER PRECEDING YEAR		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31.12.2004 RM'000	CORRESPONDING QUARTER 31.12.2003 RM'000	6 MONTHS ENDED 31.12.2004 31.12.2003 RM'000 RM'000	
REVENUE	7,606	7,876	15,268	16,338
OPERATING EXPENSES	(6,080)	(5,486)	(11,652)	(10,891)
OTHER OPERATING INCOME	1,024	994	2,010	1,893
PROFIT FROM OPERATIONS	2,550	3,384	5,626	7,340
FINANCE COST	(11)	(9)	(20)	(14)
PROFIT BEFORE TAXATION	2,539	3,375	5,606	7,326
TAXATION	(769)	(978)	(1,685)	(2,055)
PROFIT AFTER TAXATION	1,770	2,397	3,921	5,271
MINORITY INTERESTS	(359)	(610)	(841)	(1,184)
NET PROFIT FOR THE PERIOD	1,411	1,787	3,080	4,087
EARNINGS PER SHARE				
Basic (Sen)	0.10	0.13	0.23	0.30

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 31.12.2004 RM'000	AUDITED AS AT 30.6.2004 RM'000
PROPERTY, PLANT & EQUIPMENT	3,936	4,169
	-----	-----
UNQUOTED INVESTMENT	331	331
	-----	-----
DEVELOPMENT EXPENDITURE	1,484	1,613
	-----	-----
GOODWILL ON CONSOLIDATION	46	46
	-----	-----
CURRENT ASSETS		
Inventories	81	138
Trade receivables	4,733	4,534
Other receivables, deposits & prepayments	287	437
Amount due from ultimate holding company	13	1
Amount due from holding company	710	658
Amount due from related companies	1,819	1,597
Fixed deposits	161,372	158,111
Cash & bank balances	628	584
	-----	-----
	169,643	166,060
	-----	-----
LESS: CURRENT LIABILITIES		
Trade payables	3,907	4,576
Other payables & accruals	3,044	2,639
Lease and hire purchase creditors	337	335
Amount due to related companies	104	132
Provision for taxation	140	433
	-----	-----
	7,532	8,115
	-----	-----
NET CURRENT ASSETS	162,111	157,945
	-----	-----
	167,908	164,104
	=====	=====

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CONDENSED CONSOLIDATED BALANCE SHEETS - continued

	UNAUDITED	AUDITED
	AS AT	AS AT
	31.12.2004	30.6.2004
	RM'000	RM'000
SHARE CAPITAL	135,000	135,000
SHARE PREMIUM	1,475	1,475
RETAINED PROFITS	23,818	20,738
SHAREHOLDERS' FUNDS	----- 160,293	----- 157,213
MINORITY INTERESTS	6,881	6,041
LONG TERM LIABILITY		
Lease and hire purchase creditors	200	316
Deferred taxation	534	534
	----- 167,908	----- 164,104
	=====	=====
Net tangible assets per share* (RM)	0.12	0.12
	=====	=====

* 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 SECOND QUARTER ENDED 31 DECEMBER 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	-	-	4,087	4,087
As at 31 December 2003	----- 135,000 =====	----- 1,475 =====	----- 18,237 =====	----- 154,712 =====
As at 1 July 2004	135,000	1,475	20,738	157,213
Net profit for the period	-	-	3,080	3,080
As at 31 December 2004	----- 135,000 =====	----- 1,475 =====	----- 23,818 =====	----- 160,293 =====

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 SECOND QUARTER ENDED 31 DECEMBER 2004**

	6 MONTHS ENDED	
	31.12.2004	31.12.2003
	RM'000	RM'000
Cash flows from operating activities		
Profit before taxation	5,606	7,326
Adjustments for:-		
Non-cash items	990	818
Non-operating items	(1,973)	(1,871)
	-----	-----
Operating profit before working capital changes	4,623	6,273
Net changes in current assets	(282)	(382)
Net changes in current liabilities	(289)	(945)
Interest paid	(20)	(14)
Interest received	1,993	1,885
Taxation paid	(1,978)	(2,640)
	-----	-----
Net cash from operating activities	4,047	4,177
	-----	-----
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	11	-
Purchase of property, plant and equipment	(513)	(420)
Development expenditure paid	(71)	(71)
	-----	-----
Net cash used in investing activities	(573)	(491)
	-----	-----
Cash flows from financing activities		
Lease and hire purchase creditors	(169)	(110)
	-----	-----
Net cash from/(used in) financing activities	(169)	(110)
	-----	-----

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE SECOND QUARTER ENDED 31 DECEMBER 2004 – continued**

	6 MONTHS ENDED	
	31.12.2004	31.12.2003
	RM'000	RM'000
Net changes in cash and cash equivalents	3,305	3,576
Cash and cash equivalents brought forward	158,695	152,710
	-----	-----
	<u>162,000</u>	<u>156,286</u>
Cash and cash equivalents comprise:		
Fixed deposits	161,372	155,911
Cash & bank balances	628	375
	-----	-----
	<u>162,000</u>	<u>156,286</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 7, Part VI of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) for the MESDAQ Market.

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 31 December 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 Appendix 7A, Part VI of Chapter 7 of the Listing Requirements of Bursa Securities for the MESDAQ Market

B1. Review of Performance

The Group's revenue for the six months ended 31 December 2004 amounted to RM15.268 million, representing a decrease of 6.5% from that of corresponding period ended 31 December 2003. A 3.4% drop in revenue for the quarter ended 31 December 2004 compared with quarter ended 31 December 2003 is also noted. These decreases in Group revenue are 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 factors also resulted in lower profit before tax registered by the Group in the current quarter and the six months period. 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 31.12.2004 RM'000	Preceding Quarter 30.9.2004 RM'000
Revenue	7,606	7,662
Profit before taxation	2,539	3,067
	-----	-----

The Group's revenue for the current financial quarter decreased by 0.7% mainly due to lower demand for Extiva's AVSP services. Profit before taxation fell 17.2% mainly due to further accrual for cost made by Extiva in relation to contributions to the Malaysian Communications and Multimedia Commission's Universal Service Provision Fund.

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.

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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 31.12.2004 RM'000	Preceding Quarter 30.9.2004 RM'000
Taxation based on the profit for the period	769 -----	916 -----

The Group's provision for taxation for the quarter ended 31 December 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. Higher losses incurred by these subsidiaries have 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 did not have any quoted securities at the end of the current financial quarter.

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Notes:- continued

B8. (a) Status of Corporate Proposals

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 at a 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.

B8. (b) Status of Utilization of Proceeds Raised

	Total Amount of Proceeds RM'000	Amount utilised as at 31.12.2004 RM'000	Amount unutilised as at 31.12.2004 RM'000	Percentage utilised as at 31.12.2004 RM'000
Investments and incubation	32,000	894	31,106	2.79%
Capital expenditure	3,000	3,000	-	100.00%
Estimated listing expenses	2,450	2,100	350	85.71%
Working capital	1,050	1,050	-	100.00%
Total	<u>38,500</u>	<u>7,044</u>	<u>31,456</u>	

The unutilised amount of proceeds for investments and incubation reflects the lack of opportunity to acquire viable incubatees which could meet the Company’s investment objectives and complement its strategy. The Company is actively pursuing incubation and investment opportunities synergistic to its core knowledge competencies in key markets like Europe and USA, as well as potential opportunities in Malaysia

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 utilized for the current financial quarter.

B11. Material Litigation

There was no material litigation since 30 June 2004, being the last annual balance sheet date, until 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	Preceding Year Corresponding Quarter
	31.12.2004 RM'000	31.12.2003 RM'000
Net profit for the period (RM'000)	1,411	1,787
	-----	-----
Weighted average number of ordinary shares ('000)	1,350,000	1,350,000
	-----	-----
Basic earnings per share (sen)	0.10	0.13
	-----	-----

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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: 25 February 2005