

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 2005.

The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENTS

	INDIVIDUAL QUARTER PRECEDING YEAR		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31.03.2005 RM'000	CORRESPONDING QUARTER 31.03.2004 RM'000	9 MONTHS ENDED 31.03.2005 RM'000	31.03.2004 RM'000
REVENUE	7,343	7,714	22,611	24,052
OPERATING EXPENSES	(6,931)	(6,532)	(18,583)	(17,423)
OTHER OPERATING INCOME	1,210	1,270	3,220	3,163
PROFIT FROM OPERATIONS	1,622	2,452	7,248	9,792
FINANCE COST	(8)	(16)	(28)	(30)
PROFIT BEFORE TAXATION	1,614	2,436	7,220	9,762
TAXATION	(1,047)	(733)	(2,732)	(2,788)
PROFIT AFTER TAXATION	567	1,703	4,488	6,974
MINORITY INTERESTS	(168)	(398)	(1,009)	(1,581)
NET PROFIT FOR THE PERIOD	399	1,305	3,479	5,393
EARNINGS PER SHARE				
Basic (Sen)	0.03	0.10	0.26	0.40

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 31.03.2005 RM'000	AUDITED AS AT 30.6.2004 RM'000
PROPERTY, PLANT & EQUIPMENT	3,728	4,169
	-----	-----
UNQUOTED INVESTMENT	331	331
	-----	-----
DEVELOPMENT EXPENDITURE	1,385	1,613
	-----	-----
GOODWILL ON CONSOLIDATION	46	46
	-----	-----
CURRENT ASSETS		
Inventories	114	138
Trade receivables	4,881	4,534
Other receivables, deposits & prepayments	334	437
Amount due from ultimate holding company	-	1
Amount due from holding company	801	658
Amount due from related companies	1,827	1,597
Fixed deposits	160,607	158,111
Cash & bank balances	593	584
	-----	-----
	169,157	166,060
	-----	-----
LESS: CURRENT LIABILITIES		
Trade payables	4,371	4,576
Other payables & accruals	2,897	2,639
Lease and hire purchase creditors	293	335
Amount due to related companies	110	132
Provision for taxation	489	433
	-----	-----
	8,160	8,115
	-----	-----
NET CURRENT ASSETS	160,997	157,945
	-----	-----
	166,487	164,104
	=====	=====

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CONDENSED CONSOLIDATED BALANCE SHEETS - continued

	UNAUDITED AS AT 31.03.2005 RM'000	AUDITED AS AT 30.6.2004 RM'000
SHARE CAPITAL	135,000	135,000
SHARE PREMIUM	1,475	1,475
RETAINED PROFITS	22,273	20,738
SHAREHOLDERS' FUNDS	----- 158,748	----- 157,213
MINORITY INTERESTS	7,050	6,041
LONG TERM LIABILITY		
Lease and hire purchase creditors	155	316
Deferred taxation	534	534
	----- 166,487 =====	----- 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 THIRD QUARTER ENDED 31 MARCH 2005**

	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	-	-	5,393	5,393
As at 31 March 2004	----- 135,000 =====	----- 1,475 =====	----- 19,543 =====	----- 156,018 =====
As at 1 July 2004	135,000	1,475	20,738	157,213
Net profit for the period	-	-	3,479	3,479
Dividend paid	-	-	(1,944)	(1,944)
As at 31 March 2005	----- 135,000 =====	----- 1,475 =====	----- 22,273 =====	----- 158,748 =====

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 THIRD QUARTER ENDED 31 MARCH 2005**

	9 MONTHS ENDED	
	31.03.2005	31.03.2004
	RM'000	RM'000
Cash flows from operating activities		
Profit before taxation	7,220	9,762
Adjustments for:-		
Non-cash items	1,538	1,258
Non-operating items	(3,176)	(3,022)
	-----	-----
Operating profit before working capital changes	5,582	7,998
Net changes in current assets	(592)	(720)
Net changes in current liabilities	31	(89)
Interest paid	(28)	(30)
Interest received	3,194	3,045
Taxation paid	(2,676)	(4,235)
	-----	-----
Net cash from operating activities	5,511	5,969
	-----	-----
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	35	15
Purchase of property, plant and equipment	(754)	(667)
Development expenditure paid	(85)	(112)
	-----	-----
Net cash used in investing activities	(804)	(764)
	-----	-----
Cash flows from financing activities		
Lease and hire purchase creditors	(258)	(176)
Dividend paid	(1,944)	-
	-----	-----
Net cash used in financing activities	(2,202)	(176)
	-----	-----

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE THIRD QUARTER ENDED 31 MARCH 2005 – continued**

	9 MONTHS ENDED	
	31.03.2005	31.03.2004
	RM'000	RM'000
Net changes in cash and cash equivalents	2,505	5,029
Cash and cash equivalents brought forward	158,695	152,710
	-----	-----
	161,200	157,739
	=====	=====
Cash and cash equivalents comprise:		
Fixed deposits	160,607	157,105
Cash & bank balances	593	634
	-----	-----
	161,200	157,739
	=====	=====

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 FRS134 - paragraph 16

A1. Accounting Policies and methods of computation

The interim financial report is unaudited and has been prepared in accordance with FRS134 “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

A first and final dividend of 2% less income tax of 28%, amounting to RM1,944,000 in respect of financial year ended 30 June 2004 was 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

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

Group revenue and profit before taxation for the nine (9)-month financial period ended 31 March 2005 amounted to RM22.611 million and RM7.220 million respectively. These results represent decreases of 6.0% and 26.0% in revenue and profit before taxation respectively when compared with the corresponding period ended 31 March 2004. The main contributing factors for such variances include lower demand for YTL e-Solutions Berhad's ("the Company") content development and management services, lower demand for prepaid services offered in the Alternative Voice Service Provider ("AVSP") market by its subsidiary, Extiva Communications Sdn Bhd ("Extiva"), and higher operating cost incurred by Extiva. However, the drop in revenue and profit before taxation was partially offset by increased revenue and profits earned by the Company's wholly owned subsidiary, YTL Info Screen Sdn Bhd ("YTLIS"), which is involved in creating, providing and advertising content, media, web media and up to date information via electronic media. In addition, higher demand for the Company's Information Technology ("IT") products and services, other than content development and management services, and marginally improved performance in Extiva's post-paid AVSP sales also served to partially offset the drop in the Group's revenue and profit before taxation.

Reductions of 4.8% and 33.7% in revenue and profit before taxation respectively are noted when comparing results for the quarter ended 31 March 2005 with quarter ended 31 March 2004. The fall in revenue is largely attributable to lower demand for Extiva's prepaid services in the AVSP market and lower sales registered by YTLIS during the quarter ended 31 March 2005. The fall in revenue together with higher operating costs incurred by the Group resulted in lower profit before taxation registered for the current quarter. The impact of the aforementioned factors on revenue and profit before taxation was cushioned by higher demand for the Company's IT products and services and Extiva's marginally improved performance in the post-paid AVSP market.

B2. Comparison with Preceding Quarter

	Current Quarter 31.03.2005 RM'000	Preceding Quarter 31.12.2004 RM'000
Revenue	7,343	7,606
Profit before taxation	1,614	2,539
	-----	-----

The Group's revenue for the current financial quarter decreased by 3.5%. This was mainly caused by the lower demand for Extiva's prepaid AVSP services and lower sales registered by YTLIS during the quarter ended 31 March 2005. Profit before taxation fell by 36.4% mainly due to these factors coupled with an increase in operating expenses incurred by the Group.

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B3. Prospects

After considering the Group's current level of operations and current market conditions as explained above, the Group is expected to achieve satisfactory performance for the financial year ending 30 June 2005.

B4. Profit Forecast

The Group has not issued any profit forecast in a public document.

B5. Taxation

Taxation comprises the following:-

	INDIVIDUAL QUARTER PRECEDING YEAR		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31.03.2005 RM'000	CORRESPONDING QUARTER 31.03.2004 RM'000	9 MONTHS ENDED	
			31.03.2005 RM'000	31.03.2004 RM'000
Taxation based on the profit for the period	656	733	2,341	2,788
Under provision of taxation in prior year	391	-	391	-
	----- 1,047 =====	----- 733 =====	----- 2,732 =====	----- 2,788 =====

The Group's provisions for taxation for the quarter ended 31 March 2005 and the 9-month financial period ended 31 March 2005 reflect effective tax rates higher than the statutory tax rate. This was largely due to certain expenses that are not deductible for tax purposes and losses incurred by certain subsidiaries that cannot be utilized for group relief.

B6. Sale of Unquoted Investments and/or Properties

There was no sale of unquoted investments or properties during the current financial quarter and the financial year-to-date.

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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. (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 United Kingdom (“UK”) (“Newco”) on the Alternative Investment Market (“AIM”) of the London Stock Exchange (“LSE”) (“Proposed Restructuring and Listing”). 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.

(b) Status of Utilization of Proceeds Raised

	Total Amount of Proceeds	Amount utilized as at 31.03.2005	Amount unutilized as at 31.03.2005	Percentage utilized as at 31.03.2005
	RM'000	RM'000	RM'000	RM'000
Investments and incubation	32,000	905	31,095	2.83%
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	----- 38,500 =====	----- 7,055 =====	----- 31,445 =====	

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Notes:- continued

B8. (b) Status of Utilization of Proceeds Raised - continued

The unutilized 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 overseas markets, as well as potential opportunities in Malaysia.

On 25 March 2005, the Board of Directors of YTL announced, amongst others, that the Company has decided to revise the utilisation of part of the total proceeds arising from the listing of YTL which was originally over-allocated for estimated listing expenses to working capital requirements of the Group.

B9. Group Borrowings and Debt Securities

Particulars of the Group's borrowing as at 31 March 2005 are as follows:-

Borrowings	RM'000
(i) Short term	
- Secured	293
- Unsecured	-

	293

(ii) Long term	
- Secured	155
- Unsecured	-

	155

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

B10. Off Balance Sheet Financial Instruments

No off balance sheet financial instruments were utilized as at the date of this report.

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.

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Notes:- continued

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 FRS133 "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
	31.03.2005	31.03.2004
	RM'000	RM'000
Net profit for the period (RM'000)	399	1,305
	-----	-----
Weighted average number of ordinary shares ('000)	1,350,000	1,350,000
	-----	-----
Basic earnings per share (sen)	0.03	0.10
	-----	-----

ii) Diluted earnings per share

The Group does not have any convertible securities and accordingly, the disclosure of diluted earnings per share is not applicable.

By Order of the Board
HO SAY KENG
Secretary

Kuala Lumpur
Dated: 27 May 2005