

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 June 2005.

The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENTS

	INDIVIDUAL QUARTER PRECEDING YEAR		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30.06.2005 RM'000	CORRESPONDING QUARTER 30.06.2004 RM'000	YEAR ENDED 30.06.2005 RM'000	30.06.2004 RM'000
REVENUE	8,031	7,801	30,642	31,853
OPERATING EXPENSES	(6,055)	(6,405)	(24,638)	(23,828)
OTHER OPERATING INCOME	1,321	1,374	4,541	4,537
PROFIT FROM OPERATIONS	3,297	2,770	10,545	12,562
FINANCE COST	(7)	(12)	(35)	(42)
PROFIT BEFORE TAXATION	3,290	2,758	10,510	12,520
TAXATION	(1,044)	(1,155)	(3,776)	(3,943)
PROFIT AFTER TAXATION	2,246	1,603	6,734	8,577
MINORITY INTERESTS	(526)	(408)	(1,535)	(1,989)
NET PROFIT FOR THE PERIOD	1,720	1,195	5,199	6,588
EARNINGS PER SHARE				
Basic (Sen)	0.13	0.09	0.39	0.49

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 30.06.2005 RM'000	AUDITED AS AT 30.6.2004 RM'000
PROPERTY, PLANT & EQUIPMENT	3,564	4,169
	-----	-----
UNQUOTED INVESTMENT	331	331
	-----	-----
DEVELOPMENT EXPENDITURE	1,461	1,613
	-----	-----
GOODWILL ON CONSOLIDATION	809	46
	-----	-----
CURRENT ASSETS		
Inventories	113	138
Trade receivables	4,601	4,534
Other receivables, deposits & prepayments	1,278	437
Amount due from ultimate holding company	3	1
Amount due from holding company	614	658
Amount due from related companies	2,296	1,597
Fixed deposits	161,500	158,111
Cash & bank balances	537	584
	-----	-----
	170,942	166,060
	-----	-----
LESS: CURRENT LIABILITIES		
Trade payables	2,733	4,576
Other payables & accruals	4,124	2,639
Lease and hire purchase creditors	268	335
Amount due to related companies	408	132
Provision for taxation	980	433
	-----	-----
	8,513	8,115
	-----	-----
NET CURRENT ASSETS	162,429	157,945
	-----	-----
	168,594	164,104
	=====	=====

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CONDENSED CONSOLIDATED BALANCE SHEETS - continued

	UNAUDITED AS AT 30.06.2005 RM'000	AUDITED AS AT 30.6.2004 RM'000
SHARE CAPITAL	135,000	135,000
SHARE PREMIUM	1,475	1,475
EXCHANGE RESERVE	(122)	-
RETAINED PROFITS	23,993	20,738
SHAREHOLDERS' FUNDS	----- 160,346	----- 157,213
MINORITY INTERESTS	7,621	6,041
LONG TERM LIABILITY		
Lease and hire purchase creditors	93	316
Deferred taxation	534	534
	----- 168,594	----- 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 YEAR ENDED 30 JUNE 2005**

	Share Capital RM'000	Share Premium RM'000	Exchange Reserve 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	-	-	-	6,588	6,588
As at 30 June 2004	----- 135,000 =====	----- 1,475 =====	----- - =====	----- 20,738 =====	----- 157,213 =====
As at 1 July 2004	135,000	1,475	-	20,738	157,213
Net profit for the period	-	-	-	5,199	5,199
Currency translation differences	-	-	(122)	-	(122)
Dividend paid	-	-	-	(1,944)	(1,944)
As at 30 June 2005	----- 135,000 =====	----- 1,475 =====	----- (122) =====	----- 23,993 =====	----- 160,346 =====

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 YEAR ENDED 30 JUNE 2005**

	UNAUDITED YEAR ENDED 30.06.2005 RM'000	AUDITED YEAR ENDED 30.06.2004 RM'000
Net cash from operating activities	7,510	7,155
	-----	-----
Net cash used in investing activities	(1,879)	(914)
	-----	-----
Net cash used in financing activities	(2,289)	(256)
	-----	-----
Net changes in cash and cash equivalents	3,342	5,985
Cash and cash equivalents brought forward	158,695	152,710
	-----	-----
	162,037	158,695
	=====	=====
Cash and cash equivalents comprise:		
Fixed deposits	161,500	158,111
Cash & bank balances	537	584
	-----	-----
	162,037	158,695
	=====	=====

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 year.

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 3 May 2005, the Company acquired two (2) ordinary shares of £1.00 each in Infoscreen Networks Ltd ("INL"), a company incorporated in the United Kingdom, representing the entire equity interest in INL. Subsequently, INL subdivided its paid up capital into 200 ordinary shares of £0.01 each and increased its authorised share capital from £100 to £10,000,000 by the creation of a further 999,990,000 INL Shares.

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On 2 June 2005, the Company entered into a conditional Sale and Purchase cum Subscription Agreement with INL, for the following:

- (i) Disposal by the Company of 2 ordinary shares of RM1.00 each in YTL Infoscreen Sdn Bhd (“YTLIS”), representing the entire equity interest in YTLIS to INL for a cash consideration of RM397,066 (“Disposal”); and
- (ii) Subscription by the Company of 299,999,800 new ordinary shares of £0.01 each in INL for a cash consideration of £2,999,998 (“Subscription”).

The above Disposal and Subscription were completed on 10 June 2005.

On 13 June 2005, INL was re-registered as a public limited company and accordingly changed its name to Infoscreen Networks Plc (“INP”).

On 20 June 2005, INP was admitted to and granted listing on the Alternative Investment Market of the London Stock Exchange. On the same day, a total of 666,666 ordinary shares of £0.01 each in INP (“INP Shares”) were sold by the Company to identified market makers in the United Kingdom at £0.03 per INP Share.

As at 30 June 2005, INP was a 99.78% -owned subsidiary of the Company.

Save for the above, 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 financial year ended 30 June 2005 amounted to RM30.642 million and RM10.510 million respectively. These results represent decreases of 3.8% and 16.1% in revenue and profit before taxation respectively when compared with the corresponding year ended 30 June 2004. The main contributing factors for such variances include lower demand for YTL e-Solutions Berhad's ("the Company") content development and management services, and lower demand for prepaid services offered in the Alternative Voice Service Provider ("AVSP") market by its subsidiary, Extiva Communications Sdn Bhd ("Extiva").

However, the group recorded improvements of 2.9% and 19.3% in revenue and profit before taxation respectively when comparing results for the quarter ended 30 June 2005 with quarter ended 30 June 2004. The increase in revenue was largely attributable to higher sales registered by the Company and YTLIS as well as improved sales recorded by Extiva in the post-paid AVSP market. In addition to the higher sales, lower operating costs recorded by Extiva contributed to the higher profit before taxation registered for the current quarter. The impact of the aforementioned factors on revenue and profit before taxation was partially offset by lower demand for Extiva's prepaid services in the AVSP market and higher operating costs incurred by the Company and YTLIS.

B2. Comparison with Preceding Quarter

	Current Quarter 30.06.2005 RM'000	Preceding Quarter 31.03.2005 RM'000
Revenue	8,031	7,343
Profit before taxation	3,290	1,614
	-----	-----

The Group's revenue for the current financial quarter increased by 9.4%. This was mainly attributed to higher revenue recorded by YTLIS during the quarter ended 30 June 2005. Profit before taxation increased by 103.8% mainly due to the aforementioned higher revenue recorded coupled with a reduction in operating expenses incurred by the Group.

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 2006.

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Notes:- continued

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 30.06.2005 RM'000	CORRESPONDING QUARTER 30.06.2004 RM'000	YEAR ENDED	
			30.06.2005 RM'000	30.06.2004 RM'000
Taxation based on the profit for the period	1,042	1,151	3,383	3,939
Under provision of taxation in prior year	-	1	391	1
Withholding tax	2	3	2	3
	1,044	1,155	3,776	3,943

The Group's provisions for taxation for the quarter ended 30 June 2005 and the financial year ended 30 June 2005 reflected higher effective tax rates compared to 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 utilised for group relief.

B6. Sale of Unquoted Investments and/or Properties

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

B7. Quoted Securities

There was no purchase or disposal of quoted securities other than the disposal of quoted securities in an existing subsidiary during the current financial quarter.

The Group did not have any quoted securities other than the quoted securities held in an existing subsidiary at the end of the current financial quarter.

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B8. (a) Status of Corporate Proposals

There is no corporate proposal announced by the Company which is not completed as at the date of this report.

(b) Status of Utilisation of Proceeds Raised

	Total amount of proceeds RM'000	Amount utilised as at 30.06.2005 RM'000	Reallocated RM'000	Amount unutilised as at 30.06.2005 RM'000	Percentage utilised as at 30.06.2005 RM'000
Investment and incubation	32,000	21,681	350	10,669	67.02%
Capital expenditure	3,000	3,000	-	-	100%
Estimated listing expenses	2,450	2,100	(350)	-	100%
Working capital	1,050	1,050	-	-	100%
Total	38,500	27,831	-	10,669	

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 overseas markets, as well as potential opportunities in Malaysia.

The Securities Commission had, vide its letter dated 28 July 2005, declined the Company's application to utilise RM350,000 (being an over-provision for estimated listing expenses) from the listing proceeds for working capital requirements of the Company and its subsidiaries. Instead, the Company is required to utilise the said amount for investments and incubation activities.

Pending the use of the unutilised listing proceeds for investments and incubation activities, the said proceeds are being placed under short term deposits with licensed financial institutions.

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Notes:- continued

B9. Group Borrowings and Debt Securities

Particulars of the Group's borrowings as at 30 June 2005 are as follows:-

Borrowings	RM'000
(i) Short term	
- Secured	268
- Unsecured	-

	268

(ii) Long term	
- Secured	93
- Unsecured	-

	93

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 utilised 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.

B12. Dividend

The Board of Directors is pleased to recommend for the approval of the shareholders, a First and Final Dividend of 2% less 28% tax amounting to RM1,944,000 for the year ended 30 June 2005 (30 June 2004: RM1,944,000 being 2% less 28% tax). The Book Closure and Payment Dates in respect of the aforesaid dividend will be determined by the Board at a later date.

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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 30.06.2005 RM'000	Preceding Year Corresponding Quarter 30.06.2004 RM'000
Net profit for the period (RM'000)	1,720	1,195
Weighted average number of ordinary shares ('000)	1,350,000	1,350,000
Basic earnings per share (sen)	0.13	0.09

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: 26 August 2005