

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 2005.

The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENTS

	INDIVIDUAL QUARTER PRECEDING YEAR		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31.12.2005 RM'000	CORRESPONDING QUARTER 31.12.2004 RM'000	6 MONTHS ENDED	
			31.12.2005 RM'000	31.12.2004 RM'000
REVENUE	6,096	7,606	16,968	15,268
OPERATING EXPENSES	(5,947)	(6,080)	(12,846)	(11,652)
OTHER OPERATING INCOME	1,264	1,024	2,199	2,010
PROFIT FROM OPERATIONS	1,413	2,550	6,321	5,626
FINANCE COST	(4)	(11)	(9)	(20)
PROFIT BEFORE TAXATION	1,409	2,539	6,312	5,606
TAXATION	(636)	(769)	(2,216)	(1,685)
PROFIT AFTER TAXATION	773	1,770	4,096	3,921
MINORITY INTERESTS	(206)	(359)	(424)	(841)
NET PROFIT FOR THE PERIOD	567	1,411	3,672	3,080
EARNINGS PER SHARE				
Basic (Sen)	0.04	0.10	0.27	0.23

The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 30 June 2005

YTL E-SOLUTIONS BERHAD (Company No. 236137-K)
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT

CONDENSED CONSOLIDATED BALANCE SHEETS

	UNAUDITED AS AT 31.12.2005 RM'000	AUDITED AS AT 30.06.2005 RM'000
PROPERTY, PLANT & EQUIPMENT	3,092	3,564
	-----	-----
UNQUOTED INVESTMENT	331	331
	-----	-----
DEVELOPMENT EXPENDITURE	1,338	1,461
	-----	-----
GOODWILL ON CONSOLIDATION	811	811
	-----	-----
CURRENT ASSETS		
Inventories	195	113
Trade receivables	4,657	4,451
Other receivables, deposits & prepayments	912	1,280
Amount due from ultimate holding company	8	3
Amount due from holding company	645	614
Amount due from related companies	2,120	2,166
Fixed deposits	165,591	161,500
Cash & bank balances	441	537
	-----	-----
	174,569	170,664
	-----	-----
LESS: CURRENT LIABILITIES		
Trade payables	2,307	2,739
Other payables & accruals	3,972	4,189
Lease and hire purchase creditors	202	265
Amount due to related companies	435	130
Provision for taxation	1,694	979
	-----	-----
	8,610	8,302
	-----	-----
NET CURRENT ASSETS	165,959	162,362
	-----	-----
	171,531	168,529
	=====	=====

YTL E-SOLUTIONS BERHAD (Company No. 236137-K)
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT

CONDENSED CONSOLIDATED BALANCE SHEETS - continued

	UNAUDITED AS AT 31.12.2005 RM'000	AUDITED AS AT 30.06.2005 RM'000
SHARE CAPITAL	135,000	135,000
SHARE PREMIUM	1,475	1,475
CAPITAL RESERVE	320	-
EXCHANGE RESERVE	(1,135)	(122)
RETAINED PROFITS	27,278	23,926
SHAREHOLDERS' FUNDS	----- 162,938	----- 160,279
MINORITY INTERESTS	8,044	7,623
LONG TERM LIABILITY		
Lease and hire purchase creditors	15	93
Deferred taxation	534	534
	----- 171,531	----- 168,529
Net assets per share (sen)	=====	=====

The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the year ended 30 June 2005

YTL E-SOLUTIONS BERHAD (Company No. 236137-K)
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SECOND QUARTER ENDED 31 DECEMBER 2005

	Share Capital RM'000	Share Premium RM'000	Capital Reserve RM'000	Exchange Difference Reserve RM'000	Unappropriated Profits RM'000	Total RM'000
Balance as at 1 July, 2004	135,000	1,475	-	-	20,738	157,213
Net profit for the period	-	-	-	-	3,080	3,080
Balance as at 31 December, 2004	<u>135,000</u>	<u>1,475</u>	<u>-</u>	<u>-</u>	<u>23,818</u>	<u>160,293</u>
Balance as at 1 July, 2005	135,000	1,475	-	(122)	23,926	160,279
Currency translation differences	-	-	-	(1,013)	-	(1,013)
Net loss not recognised in the Income Statements	-	-	-	(1,013)	-	(1,013)
Bonus shares issued by a subsidiary	-	-	320	-	(320)	-
Net profit for the period	-	-	-	-	3,672	3,672
Balance as at 31 December, 2005	<u>135,000</u>	<u>1,475</u>	<u>320</u>	<u>(1,135)</u>	<u>27,278</u>	<u>162,938</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 2005

YTL E-SOLUTIONS BERHAD (Company No. 236137-K)
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE SECOND QUARTER ENDED 31 DECEMBER 2005**

	6 MONTHS ENDED	
	31.12.2005	31.12.2004
	RM'000	RM'000
Net cash from operating activities	5,859	4,047
	-----	-----
Net cash used in investing activities	(702)	(573)
	-----	-----
Net cash used in financing activities	(141)	(169)
	-----	-----
Net changes in cash and cash equivalents	5,016	3,305
Effects of exchange rate changes	(1,021)	-
Cash and cash equivalents brought forward	162,037	158,695
	-----	-----
	<u>166,032</u>	<u>162,000</u>
	=====	=====
Cash and cash equivalents comprise:		
Fixed deposits	165,591	161,372
Cash & bank balances	441	628
	-----	-----
	<u>166,032</u>	<u>162,000</u>
	=====	=====

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended 30 June 2005

YTL E-SOLUTIONS BERHAD (Company No. 236137-K)
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT

Notes:-

Disclosure requirements per FRS134₂₀₀₄ - paragraph 16

A1. Accounting Policies and methods of computation

The interim financial report is unaudited and has been prepared in accordance with FRS134₂₀₀₄ “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 2005.

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 2005.

A2. Audit Report of the last financial year ended 30 June 2005

The Auditors’ Report on the financial statements of the last 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)
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT

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

There was no dividend paid during the financial quarter ended 31 December 2005.

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 2005.

YTL E-SOLUTIONS BERHAD (Company No. 236137-K)
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT

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 six months financial period ended 31 December 2005 amounted to RM16.968 million and RM6.312 million respectively. This result represent increases of 11.1% and 12.6% in revenue and profit before taxation respectively when compared with the corresponding period ended 31 December 2004. The favourable results are mainly due to higher demand for the Group's information technology ("IT") products and services coupled with the revenue growth achieved by YTL Info Screen Sdn Bhd, a subsidiary involved in digital narrowcasting and digital media content development and delivery. Nevertheless, the above increases were dampened by lower demand for prepaid services offered in the Alternative Voice Service Provider ("AVSP") market by another subsidiary, Extiva Communications Sdn Bhd ("Extiva") and higher operating expenses recorded by the Group.

Group revenue and profit before taxation dropped 19.9% and 44.5% respectively for the quarter ended 31 December 2005 compared with the quarter ended 31 December 2004. The main contributing factor for such variances was the intensified competition faced by Extiva in the AVSP industry. The fall in revenue and profit was, however, cushioned by higher other operating income recorded by the Group.

B2. Comparison with Preceding Quarter

	Current Quarter 31.12.2005 RM'000	Preceding Quarter 30.09.2005 RM'000
Revenue	6,096	10,872
Profit before taxation	1,409	4,903
	-----	-----

The Group's revenue and profit before taxation for the current financial quarter decreased by 43.9% and 71.3% respectively as compared with the quarter ended 30 September 2005. The results are mainly attributed to lower revenues recognized from the Group's IT products and services and higher competition faced by Extiva in the AVSP market. The effect of the drop in Group revenue on the Group profit before taxation was partially cushioned by the lower operating costs incurred by the Group in current financial quarter compared to the preceding quarter.

YTL E-SOLUTIONS BERHAD (Company No. 236137-K)
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT

Notes:- continued

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.

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	CORRESPONDING QUARTER	6 MONTHS ENDED	
	31.12.2005	31.12.2004	31.12.2005	31.12.2004
	RM'000	RM'000	RM'000	RM'000
Taxation based on the profit for the period	636	768	2,225	1,684
Over provision of taxation in prior year	-	-	(9)	-
Withholding tax	-	1	-	1
	-----	-----	-----	-----
	636	769	2,216	1,685
	=====	=====	=====	=====

The Group's provision for taxation for the quarter ended 31 December 2005 and the six (6)-month financial period ended 31 December 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, losses incurred by certain subsidiaries that cannot be utilised for group relief and higher tax rate in other jurisdiction.

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.

YTL E-SOLUTIONS BERHAD (Company No. 236137-K)
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT

Notes:- continued

B7. Quoted Securities

There was no purchase or disposal of quoted securities during the current financial quarter and the financial year-to-date.

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.

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 31.12.2005 RM'000	Amount unutilised as at 31.12.2005 RM'000	Percentage utilised as at 31.12.2005
Investment and incubation	32,350	22,518	9,832	69.61%
Capital expenditure	3,000	3,000	-	100%
Estimated listing expenses	2,100	2,100	-	100%
Working capital	1,050	1,050	-	100%
Total	<u>38,500</u>	<u>28,668</u>	<u>9,832</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 overseas markets, as well as potential opportunities in Malaysia.

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.

YTL E-SOLUTIONS BERHAD (Company No. 236137-K)
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT

Notes:- continued

B9. Group Borrowings and Debt Securities

Particulars of the Group's borrowings as at 31 December 2005 are as follows:-

	RM'000
(i) Short term	
- Secured	202
- Unsecured	-

	202

(ii) Long term	
- Secured	15
- Unsecured	-

	15

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 2005, being the last annual balance sheet date, until the date of this report.

B12. Dividend

The Board does not recommend any interim dividend for the current financial quarter.

YTL E-SOLUTIONS BERHAD (Company No. 236137-K)
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT

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.

	Current Quarter 31.12.2005 RM'000	Preceding Year Corresponding Quarter 31.12.2004 RM'000
Net profit for the period (RM'000)	567	1,411
	-----	-----
Weighted average number of ordinary shares ('000)	1,350,000	1,350,000
	-----	-----
Basic earnings per share (sen)	0.04	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: 23 February 2006