

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

INTERIM FINANCIAL REPORT

Interim financial report on consolidated results for the year ended 30 June 2006.

The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENTS

	INDIVIDUAL QUARTER PRECEDING YEAR		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30.06.2006 RM'000	CORRESPONDING QUARTER 30.06.2005 RM'000	YEAR ENDED 30.06.2006 RM'000	30.06.2005 RM'000
REVENUE	6,734	8,029	30,678	30,639
OPERATING EXPENSES	(7,211)	(6,130)	(26,961)	(24,713)
OTHER OPERATING INCOME	1,622	1,332	5,268	4,551
PROFIT FROM OPERATIONS	1,145	3,231	8,985	10,477
FINANCE COST	(12)	(7)	(24)	(35)
PROFIT BEFORE TAXATION	1,133	3,224	8,961	10,442
TAXATION	396	(1,044)	(2,498)	(3,776)
PROFIT AFTER TAXATION	1,529	2,180	6,463	6,666
MINORITY INTERESTS	(199)	(525)	(844)	(1,534)
NET PROFIT FOR THE PERIOD	1,330	1,655	5,619	5,132
EARNINGS PER SHARE				
Basic (Sen)	0.10	0.12	0.42	0.38

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 30.06.2006 RM'000	AUDITED AS AT 30.6.2005 RM'000
PROPERTY, PLANT & EQUIPMENT	3,383	3,564
	-----	-----
UNQUOTED INVESTMENT	331	331
	-----	-----
DEVELOPMENT EXPENDITURE	1,024	1,461
	-----	-----
GOODWILL ON CONSOLIDATION	811	811
	-----	-----
CURRENT ASSETS		
Inventories	122	113
Trade receivables	4,172	4,451
Other receivables, deposits & prepayments	808	1,280
Amount due from ultimate holding company	-	3
Amount due from holding company	536	614
Amount due from related companies	2,378	2,166
Fixed deposits	164,836	161,500
Cash & bank balances	681	537
	-----	-----
	173,533	170,664
	-----	-----
LESS: CURRENT LIABILITIES		
Trade payables	2,033	2,739
Other payables & accruals	3,072	4,189
Lease and hire purchase creditors	337	265
Amount due to related companies	343	130
Provision for taxation	417	979
	-----	-----
	6,202	8,302
	-----	-----
NET CURRENT ASSETS	167,331	162,362
	-----	-----
	172,880	168,529
	=====	=====

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

INTERIM FINANCIAL REPORT

CONDENSED CONSOLIDATED BALANCE SHEETS - continued

	UNAUDITED AS AT 30.06.2006 RM'000	AUDITED AS AT 30.6.2005 RM'000
SHARE CAPITAL	135,000	135,000
SHARE PREMIUM	1,475	1,475
CAPITAL RESERVE	234	-
EXCHANGE DIFFERENCE RESERVE	(513)	(122)
UNAPPROPRIATED PROFITS	27,367	23,926
SHAREHOLDERS' FUNDS	----- 163,563	----- 160,279
MINORITY INTERESTS	8,466	7,623
LONG TERM LIABILITY		
Lease and hire purchase creditors	487	93
Deferred taxation	364	534
	----- 172,880	----- 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 YEAR ENDED 30 JUNE 2006

	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
Currency translation differences	-	-	-	(122)	-	(122)
Net loss not recognised in the Income Statements	-	-	-	(122)	-	(122)
Net profit for the period	-	-	-	-	5,132	5,132
Dividend paid	-	-	-	-	(1,944)	(1,944)
Balance as at 30 June, 2005	<u>135,000</u>	<u>1,475</u>	<u>-</u>	<u>(122)</u>	<u>23,926</u>	<u>160,279</u>
Balance as at 1 July, 2005	135,000	1,475	-	(122)	23,926	160,279
Currency translation differences	-	-	-	(391)	-	(391)
Net loss not recognised in the Income Statements	-	-	-	(391)	-	(391)
Bonus shares issued by subsidiaries	-	-	234	-	(234)	-
Net profit for the period	-	-	-	-	5,619	5,619
Dividend paid	-	-	-	-	(1,944)	(1,944)
Balance as at 30 June, 2006	<u>135,000</u>	<u>1,475</u>	<u>234</u>	<u>(513)</u>	<u>27,367</u>	<u>163,563</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 YEAR ENDED 30 JUNE 2006**

	UNAUDITED YEAR ENDED 30.06.2006 RM'000	AUDITED YEAR ENDED 30.06.2005 RM'000
Net cash from operating activities	7,325	7,627
	-----	-----
Net cash used in investing activities	(1,192)	(1,872)
	-----	-----
Net cash used in financing activities	(2,260)	(2,292)
	-----	-----
Net changes in cash and cash equivalents	3,873	3,463
Effects of exchange rate changes	(393)	(121)
Cash and cash equivalents brought forward	162,037	158,695
	-----	-----
	<u>165,517</u>	<u>162,037</u>
	=====	=====
Cash and cash equivalents comprise:		
Fixed deposits	164,836	161,500
Cash & bank balances	681	537
	-----	-----
	<u>165,517</u>	<u>162,037</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 9, Part K Rule 9.22 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 Cyclicalities 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 30 June 2006.

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 9B, Part K of Chapter 9 of the Listing Requirements of Bursa Securities for the MESDAQ Market

B1. Review of Performance

For the year ended 30 June 2006, the Group recorded revenue of RM30.68 million, representing a marginal increase in revenue of 0.1% from RM30.64 million recorded in the year ended 30 June 2005. Contribution to revenue by subsidiary, Extiva Communications Sdn Bhd (“Extiva”) reduced as a result of lower demand for its prepaid services offered in the Alternative Voice Service Provider (“AVSP”) market. However, this was offset with improved revenues from the Group’s sale of information technology (“IT”) products and services as well as revenue growth achieved by YTL Info Screen Sdn Bhd (“YTLIS”), a subsidiary involved in digital narrowcasting and digital media content development and delivery. The Group profit before taxation fell to RM8.96 million, representing a decrease of 14.2% from RM10.44 million in the year ended 30 June 2005. The decrease is mainly due to higher operating expenses recorded by the Group. Net profit for the year improved by 9.5% to RM5.62 million largely due to the write-back of over-provisions of tax in prior years and lower minority interest share of profits due to profit pressures on 70%-owned Extiva.

Group revenue and profit before taxation dropped by 16.1% and 64.9% respectively for the quarter ended 30 June 2006 compared with the quarter ended 30 June 2005. The main contributing factor for such variances was the intensified competition faced by Extiva in the AVSP industry, lower demand for the Company’s IT products and services and higher operating expenses recorded by the Group. 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 30.06.2006 RM’000	Preceding Quarter 31.03.2006 RM’000
Revenue	6,734	6,976
Profit before taxation	1,133	1,516
	-----	-----

The Group’s revenue for the current financial quarter decreased by 3.5%. This was mainly attributed to lower revenue recorded by YTLIS during the quarter ended 30 June 2006. Profit before taxation decreased by 25.3% mainly due to the aforementioned lower revenue recorded coupled with an increase in operating expenses incurred by the Group.

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

INTERIM FINANCIAL REPORT

Notes:- continued

B3. Prospects

The factors that are likely to influence the Group's prospects include the level of demand for the Company's IT products and services, the intensity of competition faced by Extiva in the AVSP industry and the overall market conditions in the advertising industry, in particular, overall Malaysian advertising expenditure which has a direct impact on YTLIS's digital narrowcasting business sales revenues. In light of these factors, the Group's current level of operations, and the current market conditions as explained above, the Group is expected to achieve satisfactory performance for the financial year ending 30 June 2007.

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	YEAR ENDED	
	30.06.2006	30.06.2005	30.06.2006	30.06.2005
	RM'000	RM'000	RM'000	RM'000
Taxation based on the profit for the period	413	1,043	3,316	3,383
(Over)/under provision of taxation in prior years	(639)	-	(648)	391
Over provision of deferred taxation in prior year	(170)	-	(170)	-
Withholding tax	-	1	-	2
	-----	-----	-----	-----
	(396)	1,044	2,498	3,776
	=====	=====	=====	=====

The Group's provision for taxation for the quarter ended 30 June 2006 and the financial year ended 30 June 2006 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.

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

INTERIM FINANCIAL REPORT

Notes:- continued

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 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

Purpose	Proposed Utilisation RM'000	Actual Utilisation as at 30.06.2006 RM'000	Deviation Amount RM'000	%
(i) Investment and incubation	32,350	22,585	9,765	30.19% (*)
(ii) Capital expenditure	3,000	3,000	-	-
(iii) Estimated listing expenses	2,100	2,100	-	-
(iv) Working capital	1,050	1,050	-	-
Total	<u>38,500</u>	<u>28,735</u>	<u>9,765</u>	

(*) Note:

The deviation 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 30 June 2006 are as follows:-

	RM'000
(i) Short term	
- Secured	337
- Unsecured	-

	337

(ii) Long term	
- Secured	487
- Unsecured	-

	487

During the current financial quarter, there was no issuance, cancellation, repurchase, resale and repayment of debt securities. None of the Group's borrowings are denominated in foreign currency.

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 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 2006 (Financial year ended 30 June 2005: 2% less 28% tax, of RM1,944,000). The Book Closure and Payment Dates in respect of the aforesaid dividend will be determined by the Board at a later date.

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 30.06.2006	Preceding Year Corresponding Quarter 30.06.2005
Net profit for the period (RM'000)	1,330	1,655
	-----	-----
Weighted average number of ordinary shares ('000)	1,350,000	1,350,000
	-----	-----
Basic earnings per share (sen)	0.10	0.12
	-----	-----

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: 24 August 2006