

**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 2006.

The figures have not been audited.

**CONDENSED CONSOLIDATED INCOME STATEMENTS**

	INDIVIDUAL QUARTER PRECEDING CURRENT YEAR CORRESPONDING QUARTER		CUMULATIVE QUARTER 9 MONTHS ENDED	
	31.03.2006 RM'000	31.03.2005 RM'000	31.03.2006 RM'000	31.03.2005 RM'000
REVENUE	6,976	7,343	23,944	22,611
OPERATING EXPENSES	(6,904)	(6,931)	(19,750)	(18,583)
OTHER OPERATING INCOME	<u>1,447</u>	<u>1,210</u>	<u>3,646</u>	<u>3,220</u>
PROFIT FROM OPERATIONS	1,519	1,622	7,840	7,248
FINANCE COST	<u>(3)</u>	<u>(8)</u>	<u>(12)</u>	<u>(28)</u>
PROFIT BEFORE TAXATION	1,516	1,614	7,828	7,220
TAXATION	<u>(678)</u>	<u>(1,047)</u>	<u>(2,894)</u>	<u>(2,732)</u>
PROFIT AFTER TAXATION	838	567	4,934	4,488
MINORITY INTERESTS	<u>(221)</u>	<u>(168)</u>	<u>(645)</u>	<u>(1,009)</u>
NET PROFIT FOR THE PERIOD	<u><u>617</u></u>	<u><u>399</u></u>	<u><u>4,289</u></u>	<u><u>3,479</u></u>
<b>EARNINGS PER SHARE</b>				
Basic (Sen)	<u><u>0.05</u></u>	<u><u>0.03</u></u>	<u><u>0.32</u></u>	<u><u>0.26</u></u>

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)**  
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**CONDENSED CONSOLIDATED BALANCE SHEETS**

	<b>UNAUDITED AS AT 31.03.2006 RM'000</b>	<b>AUDITED AS AT 30.06.2005 RM'000</b>
PROPERTY, PLANT & EQUIPMENT	<u>3,232</u>	<u>3,564</u>
UNQUOTED INVESTMENT	<u>331</u>	<u>331</u>
DEVELOPMENT EXPENDITURE	<u>1,238</u>	<u>1,461</u>
GOODWILL ON CONSOLIDATION	<u>811</u>	<u>811</u>
<b>CURRENT ASSETS</b>		
Inventories	188	113
Trade receivables	4,419	4,451
Other receivables, deposits & prepayments	1,173	1,280
Amount due from ultimate holding company	1	3
Amount due from holding company	555	614
Amount due from related companies	1,836	2,166
Fixed deposits	163,569	161,500
Cash & bank balances	<u>594</u>	<u>537</u>
	<u>172,335</u>	<u>170,664</u>
<b>LESS: CURRENT LIABILITIES</b>		
Trade payables	2,330	2,739
Other payables & accruals	2,693	4,189
Lease and hire purchase creditors	281	265
Amount due to related companies	348	130
Provision for taxation	<u>1,829</u>	<u>979</u>
	<u>7,481</u>	<u>8,302</u>
<b>NET CURRENT ASSETS</b>	<u>164,854</u>	<u>162,362</u>
	<u>170,466</u>	<u>168,529</u>

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**CONDENSED CONSOLIDATED BALANCE SHEETS - continued**

	<b>UNAUDITED AS AT 31.03.2006 RM'000</b>	<b>AUDITED AS AT 30.06.2005 RM'000</b>
SHARE CAPITAL	135,000	135,000
SHARE PREMIUM	1,475	1,475
CAPITAL RESERVE	330	-
EXCHANGE DIFFERENCE RESERVE	(1,387)	(122)
UNAPPROPRIATED PROFITS	<u>25,941</u>	<u>23,926</u>
SHAREHOLDERS' FUNDS	161,359	160,279
MINORITY INTERESTS	8,265	7,623
LONG TERM LIABILITY		
Lease and hire purchase creditors	308	93
Deferred taxation	<u>534</u>	<u>534</u>
	<u>170,466</u>	<u>168,529</u>
Net assets per share (sen)	<u>12.56</u>	<u>12.44</u>

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

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THIRD QUARTER ENDED 31 MARCH 2006**

	<b>Share Capital RM'000</b>	<b>Share Premium RM'000</b>	<b>Capital Reserve RM'000</b>	<b>Exchange Difference Reserve RM'000</b>	<b>Unappropriated Profits RM'000</b>	<b>Total RM'000</b>
Balance 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)
Balance as at 31 March, 2005	<u>135,000</u>	<u>1,475</u>	<u>-</u>	<u>-</u>	<u>22,273</u>	<u>158,748</u>
Balance as at 1 July, 2005	135,000	1,475	-	(122)	23,926	160,279
Currency translation differences	-	-	-	(1,265)	-	(1,265)
Net loss not recognised in the Income Statement	-	-	-	(1,265)	-	(1,265)
Bonus shares issued by a subsidiary	-	-	330	-	(330)	-
Net profit for the period	-	-	-	-	4,289	4,289
Dividend Paid	-	-	-	-	(1,944)	(1,944)
Balance as at 31 March, 2006	<u>135,000</u>	<u>1,475</u>	<u>330</u>	<u>(1,387)</u>	<u>25,941</u>	<u>161,359</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

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT  
FOR THE THIRD QUARTER ENDED 31 MARCH 2006**

	<b>9 MONTHS ENDED</b>	
	<b>31.03.2006</b>	<b>31.03.2005</b>
	<b>RM'000</b>	<b>RM'000</b>
Net cash from operating activities	<u>6,433</u>	<u>5,511</u>
Net cash used in investing activities	<u>(877)</u>	<u>(804)</u>
Net cash used in financing activities	<u>(2,147)</u>	<u>(2,202)</u>
Net changes in cash and cash equivalents	3,409	2,505
Effects of exchange rate changes	(1,283)	-
Cash and cash equivalents brought forward	<u>162,037</u>	<u>158,695</u>
	<u><u>164,163</u></u>	<u><u>161,200</u></u>
Cash and cash equivalents comprise:		
Fixed deposits	163,569	160,607
Cash & bank balances	<u>594</u>	<u>593</u>
	<u><u>164,163</u></u>	<u><u>161,200</u></u>

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

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**Notes:-**

**Disclosure requirements per FRS134<sub>2004</sub> - paragraph 16**

**A1. Accounting Policies and Methods of Computation**

The interim financial report is unaudited and has been prepared in accordance with FRS134<sub>2004</sub> "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 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**

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 2005 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 2005.

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**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**

Group revenue and profit before taxation for the nine months financial period ended 31 March 2006 amounted to RM23.944 million and RM7.828 million respectively. This result represent increases of 5.9% and 8.4% in revenue and profit before taxation respectively when compared with the corresponding period ended 31 March 2005. 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 ("YTLIS"), 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 by 5.0% and 6.1% respectively for the quarter ended 31 March 2006 compared with the quarter ended 31 March 2005. The main contributing factor for such variances was the intensified competition faced by Extiva in the AVSP industry and lower demand for the Group's IT products and services. The fall in revenue and profit was, however, cushioned by higher other operating income recorded by the Group.

**B2. Comparison with Preceding Quarter**

	<b>Current Quarter 31.03.2006 RM'000</b>	<b>Preceding Quarter 31.12.2005 RM'000</b>
Revenue	6,976	6,096
Profit before taxation	<u>1,516</u>	<u>1,409</u>

The Group's revenue and profit before taxation increased by 14.4% and 7.6% respectively as compared to the immediate preceding quarter. The improved performance in revenue is mainly attributable to higher sales recorded by YTLIS. The higher profit before taxation recorded is mainly due to an increase in other operating income earned by the Group.



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**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		CUMULATIVE QUARTER	
	CURRENT YEAR	YEAR CORRESPONDING	9 MONTHS ENDED	
	QUARTER 31.03.2006	QUARTER 31.03.2005	31.03.2006	31.03.2005
	RM'000	RM'000	RM'000	RM'000
Taxation based on the profit for the period	678	656	2,903	2,340
Under/(over) provision of taxation in prior year	-	391	(9)	391
Withholding tax	-	-	-	1
	<u>678</u>	<u>1,047</u>	<u>2,894</u>	<u>2,732</u>

The Group's provision for taxation for the quarter ended 31 March 2006 and the nine (9)-month financial period ended 31 March 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.

**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.

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**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**

<b>Purpose</b>	<b>Proposed Utilisation RM'000</b>	<b>Actual Utilisation as at 31.03.2006 RM'000</b>	<b>Deviation Amount RM'000</b>	<b>%</b>
(i) Investment and incubation	32,350	22,567	9,783	30.24 (*)
(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>28,717</u>	<u>9,783</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.

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**Notes:- continued**

**B9. Group Borrowings and Debt Securities**

Particulars of the Group's borrowings as at 31 March 2006 are as follows:-

	<b>RM'000</b>
(i) Short term	
- Secured	281
- Unsecured	-
	<u>281</u>
(ii) Long term	
- Secured	308
- Unsecured	-
	<u>308</u>

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

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**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.

	<b>Current Quarter 31.03.2006 RM'000</b>	<b>Preceding Year Corresponding Quarter 31.03.2005 RM'000</b>
Net profit for the period (RM'000)	<u>617</u>	<u>399</u>
Weighted average number of ordinary shares ('000)	<u>1,350,000</u>	<u>1,350,000</u>
Basic earnings per share (sen)	<u>0.05</u>	<u>0.03</u>

**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: 18 May 2006