

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 2007.

The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENTS

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.03.2007 RM'000	Preceding Year Corresponding Quarter 31.03.2006 RM'000	Nine Months Ended 31.03.2007 31.03.2006 RM'000 RM'000	
REVENUE	6,245	6,976	18,429	23,944
COST OF SALES	(3,411)	(4,221)	(10,700)	(12,024)
GROSS PROFIT	2,834	2,755	7,729	11,920
OTHER OPERATING INCOME	1,522	1,447	4,683	3,646
OTHER OPERATING EXPENSES	(3,133)	(2,683)	(7,407)	(7,726)
PROFIT FROM OPERATIONS	1,223	1,519	5,005	7,840
FINANCE COST	(10)	(3)	(31)	(12)
PROFIT BEFORE TAXATION	1,213	1,516	4,974	7,828
TAXATION	(465)	(678)	(1,732)	(2,894)
PROFIT FOR THE PERIOD	748	838	3,242	4,934
ATTRIBUTABLE TO:				
Shareholders	640	617	2,699	4,289
Minority interests	108	221	543	645
PROFIT FOR THE PERIOD	748	838	3,242	4,934
EARNINGS PER 10 SEN SHARE				
Basic (Sen)	0.05	0.05	0.20	0.32

The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 30 June 2006 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED CONSOLIDATED BALANCE SHEETS

	Unaudited As at 31.03.2007 RM'000	Audited As at 30.06.2006 RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	3,706	3,383
Unquoted investment	331	331
Development expenditure	1,686	1,024
Goodwill on consolidation	1,048	811
Intangible assets	384	-
	-----	-----
	7,155	5,549
	-----	-----
Current Assets		
Inventories	313	121
Trade receivables	4,038	4,035
Other receivables, deposits & prepayments	1,470	782
Amount due from holding company	742	569
Amount due from related companies	2,202	2,211
Tax recoverable	339	-
Fixed deposits	166,072	164,836
Cash & bank balances	340	681
	-----	-----
	175,516	173,235
	-----	-----
TOTAL ASSETS	182,671	178,784
	=====	=====
EQUITY		
Share capital	135,000	135,000
Share premium	1,475	1,475
Exchange difference reserve	(359)	(513)
Capital reserve	234	234
Unappropriated profits	28,240	27,512
	-----	-----
Total Equity Attributable to Shareholders of the Company	164,590	163,708
Minority interests	10,081	8,534
	-----	-----
TOTAL EQUITY	174,671	172,242
	-----	-----

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CONDENSED CONSOLIDATED BALANCE SHEETS - continued

	Unaudited As at 31.03.2007 RM'000	Audited As at 30.06.2006 RM'000
LIABILITIES		
Non-current Liabilities		
Hire purchase creditors	288	487
Deferred taxation	343	316
	-----	-----
	631	803
	-----	-----
Current Liabilities		
Trade payables	2,620	2,033
Other payables & accruals	3,886	2,987
Borrowings	372	-
Finance lease liabilities	11	62
Hire purchase creditors	268	275
Amount due to related companies	150	73
Post-employment defined contribution obligations	62	108
Provision for taxation	-	201
	-----	-----
	7,369	5,739
	-----	-----
TOTAL LIABILITIES	8,000	6,542
	-----	-----
TOTAL EQUITY AND LIABILITIES	182,671	178,784
	=====	=====
 Net assets per 10 sen share attributable to shareholders of the Company (RM)	 0.12	 0.12
	=====	=====

The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the year ended 30 June 2006 and the accompanying explanatory notes attached to the interim financial statements.

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

	← Attributable to Shareholders of the Company →							
	← Non-distributable →			← Distributable →				
	Share Capital RM'000	Share Premium RM'000	Exchange Difference Reserve RM'000	Capital Reserve RM'000	Unappropriated Profits RM'000	Total RM'000	Minority Interests RM'000	Total Equity RM'000
Balance as at 1 July, 2005	135,000	1,475	(122)	-	23,926	160,279	7,623	167,902
Foreign exchange differences, representing net expense recognised directly in equity	-	-	(1,265)	-	-	(1,265)	(3)	(1,268)
Net profit for the period	-	-	-	-	4,289	4,289	645	4,934
Total recognised (expense)/ income for the period	-	-	(1,265)	-	4,289	3,024	642	3,666
Bonus shares issued by a subsidiary	-	-	-	330	(330)	-	-	-
Dividend paid	-	-	-	-	(1,944)	(1,944)	-	(1,944)
Balance as at 31 March, 2006	135,000	1,475	(1,387)	330	25,941	161,359	8,265	169,624

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 30 June 2006 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THIRD QUARTER ENDED 31 MARCH 2007

	← Attributable to Shareholders of the Company →							
	← Non-distributable →			← Distributable →				
	Share Capital RM'000	Share Premium RM'000	Exchange Difference Reserve RM'000	Capital Reserve RM'000	Unappropriated Profits RM'000	Total RM'000	Minority Interests RM'000	Total Equity RM'000
Balance as at 1 July, 2006	135,000	1,475	(513)	234	27,512	163,708	8,534	172,242
Foreign exchange differences, representing net income recognised directly in equity	-	-	154	-	-	154	1	155
Net profit for the period	-	-	-	-	2,699	2,699	543	3,242
Total recognised income for the period	-	-	154	-	2,699	2,853	544	3,397
Increase arising from subsidiary company acquired	-	-	-	-	-	-	1,003	1,003
Dividend paid	-	-	-	-	(1,971)	(1,971)	-	(1,971)
Balance as at 31 March, 2007	135,000	1,475	(359)	234	28,240	164,590	10,081	174,671

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 30 June 2006 and the accompanying explanatory notes attached to the interim financial statements.

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE THIRD QUARTER ENDED 31 MARCH 2007**

	9 MONTHS ENDED	
	31.03.2007	31.03.2006
	RM'000	RM'000
Net cash from operating activities	4,321	6,433
	-----	-----
Net cash used in investing activities	(1,283)	(877)
	-----	-----
Net cash used in financing activities	(2,298)	(2,147)
	-----	-----
Net changes in cash and cash equivalents	740	3,409
Effects of exchange rate changes	155	(1,283)
Cash and cash equivalents brought forward	165,517	162,037
	-----	-----
	<u>166,412</u>	<u>164,163</u>
	=====	=====
Cash and cash equivalents comprise:		
Fixed deposits	166,072	163,569
Cash & bank balances	340	594
	-----	-----
	<u>166,412</u>	<u>164,163</u>
	=====	=====

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The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the year ended 30 June 2006 and the accompanying explanatory notes attached to the interim financial statements.

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Notes:-

Disclosure requirements pursuant to FRS134₂₀₀₄

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 2006.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 30 June 2006 except for the adoption of the following new/revised Financial Reporting Standards ("FRS") effective for the financial period beginning 1 July 2006.

FRS 2 Share-based Payment
FRS 3 Business Combinations
FRS 5 Non-current Assets Held for Sale and Discontinued Operations
FRS 101 Presentation of Financial Statements
FRS 102 Inventories
FRS 108 Accounting Policies, Changes in Estimates and Errors
FRS 110 Events after the Balance Sheet Date
FRS 116 Property, Plant and Equipment
FRS 121 The Effects of Changes in Foreign Exchange Rates
FRS 127 Consolidated and Separate Financial Statements
FRS 133 Earnings Per Share
FRS 136 Impairment of Assets
FRS 138 Intangible Assets

The adoption of the above FRSs, except for FRS 2 and FRS 101 does not have significant financial impact on the Group.

The principal effects of the changes in accounting policies resulting from the adoption of the new/revised FRSs are discussed below:-

(a) FRS 2: Share-based Payment

This FRS requires an entity to recognise share-based payment transactions in its financial statements, including transactions with employees or other parties to be settled in cash, other assets, or equity instruments of the entity.

INTERIM FINANCIAL REPORT

Notes:- continued

A1. Accounting Policies and Methods of Computation - continued

(a) FRS 2: Share-based Payment - continued

The Company's holding company, YTL Corporation Berhad ("YTL Corp"), operates an equity-settled, share-based compensation plan (namely the Employee Share Option Scheme ("ESOS") in relation to YTL Corp shares) for employees of the YTL Corp Group. As the Company is a subsidiary of YTL Corp, the eligible employees of the Company and its subsidiaries participate in the ESOS. Prior to 1 July 2006, no compensation expense was recognised in profit or loss for share options granted. With the adoption of FRS 2, the proportionate compensation expense relating to share options is recognised in profit or loss over the vesting periods of the grants with a corresponding reduction in amount due from holding company. The total amount to be recognised as compensation expense is determined by reference to the fair value of the share options at the date of the grant and the number of share options to be vested by vesting date. The fair value of the share option is computed using a binomial model. At every balance sheet date, the Group revises its estimates of the number of share options that are expected to vest by the vesting date. Any revision of this estimate is included in profit or loss and a corresponding adjustment to amount due from holding company over the remaining vesting period.

The financial impact to the Group arising from the retrospective application of FRS 2 is not material and hence, no restatement of retained earnings is performed.

For the current period under review, the application of FRS 2 has resulted in a charge of approximately RM197,000 to the income statement of the Group arising from the ESOS granted to employees of the Group.

(b) FRS 101: Presentation of Financial Statements

The adoption of the revised FRS 101 has affected the presentation of minority interests and other disclosures in the consolidated income statement.

In the consolidated balance sheet, minority interests are now presented within total equity. In the consolidated income statement, minority interests are presented as an allocation of the total profit or loss for the period. A similar requirement is also applicable to the statement of changes in equity. FRS 101 also requires disclosure, on the face of the statement of changes in equity, the total income and expenses for the period, showing separately the amounts attributable to the equity holders of the parent and to minority interest.

The current period's presentation of the Group's financial statements is based on the revised requirements of FRS 101, with the comparatives restated to conform with the current period's presentation.

INTERIM FINANCIAL REPORT

Notes:- continued

A2. Audit Report of the Last Financial Year Ended 30 June 2006

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.

A6. Changes in Debt and Equity Securities

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

A7. Dividend paid

A first and final dividend of 2% less income tax of 27%, amounting to RM1,971,000 in respect of financial year ended 30 June 2006 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.

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Notes:- continued

A10. Material Events Subsequent to the End of the Interim Period

Infoscreen Networks Plc ("INP"), a subsidiary of the Company incorporated in England and Wales, had on 5 April, 2007 agreed to dispose its entire equity interest in The Luxury Channel Limited ("TLC") comprising 70,000 ordinary shares of 1 pence each, representing 70% of TLC's issued and paid-up capital, for a total cash consideration of Pounds Sterling Seven Hundred (£700). INP had originally acquired its equity interest in TLC for Pounds Sterling Seven Hundred (£700).

On 16 May 2007, the Company subscribed for 3,499,998 ordinary shares of RM1.00 each at par value per share, and 31,500,000 redeemable preference shares of RM0.10 each at RM1.00 per share for a total cash consideration of RM34,999,998 in the capital of Titan Awards Sdn Bhd ("TASB") ("the Subscription"). The shares subscription represents 70% of the issued and paid-up share capital of TASB. As a result of the Subscription, TASB has become a subsidiary of the Company.

There were no other material events subsequent to the end of the current financial quarter.

A11. Changes in the Composition of the Group

On 23 January 2007, the Company completed its subscription of 13,500,000 ordinary shares of RM0.10 each in Bizsurf (M) Sdn Bhd ("Bizsurf"), representing 50% of the issued and paid-up share capital of Bizsurf, for a cash consideration of RM1,350,000. On 26 March 2007, the Company acquired an additional 1 ordinary share of RM0.10 representing the controlling share in the issued and paid-up share of Bizsurf for a cash consideration of RM0.10.

On 26 March 2007, the Company disposed of its entire equity interests of 70,000 ordinary shares of RM1.00 each representing 70% of the issued and paid-up capital of Hipmobile (M) Sdn Bhd ("Hipmobile"), for a total cash consideration of RM27,000 ("the Disposal"). As a result of the Disposal, Hipmobile and its wholly-owned subsidiary, Hipmobile Singapore Pte Ltd, ceased to be the subsidiaries of the Company.

Apart from 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 2006.

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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

Year-to-date review

Group revenue recorded for the nine months ended 31 March 2007 amounted to RM18.429 million compared to RM23.944 million recorded for the corresponding period ended 31 March 2006. The higher revenue recorded last year was mainly due to the recognition of a one-off project income of RM3.564 million. Excluding this one-off item, year-to-date revenue dropped by 9.8%.

The Group's profit before taxation for the nine months ended 31 March 2007 decreased by 36.5% to RM4.974 million from RM7.828 million recorded for the corresponding period in the previous year. Had the one-off project income of RM3.564 million recognized last year been excluded, the Group's underlying profit before taxation improved by 9.1%, mainly due to lower administrative expenses and higher interest income recorded by the Group.

Quarter review

Group revenue and profit before tax dropped by 10.5% and 20.0% respectively for the quarter ended 31 March 2007 compared with the preceding year's corresponding quarter. Significant factors that contributed to these results include certain one-off expenses incurred during the quarter and certain one-off project revenues which were recognized in the preceding corresponding quarter but not in this quarter. The fall in revenue was, however, cushioned by revenue growth achieved by the Company from the sale of ICT products and services.

The Group's results for this quarter include that of Bizsurf, a subsidiary principally engaged in the business of providing broadband internet access and other value added services which became a subsidiary of the Group during the current financial quarter under review. The Group's results were, however, not significantly affected by the consolidation of Bizsurf's results.

B2. Comparison with Preceding Quarter

	Current Quarter 31.03.2007 RM'000	Preceding Quarter 31.12.2006 RM'000
Revenue	6,245	6,037
Profit before taxation	1,213	1,929
	-----	-----

The Group's revenue for the current financial quarter increased marginally by 3.4% compared to the preceding quarter ended 31 December 2006. The increase is mainly attributable to revenue growth achieved from the Company's sale of ICT products and services. Profit before taxation dropped by 37.1% to RM1.213 million mainly due to higher operating expenses recorded by the Group.

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Notes:- continued

B3. Prospects

Notwithstanding the intense competition in the Alternative Voice Service Provider industry, the Group continues to outperform its peers in this area due to its operational efficiencies and its quality client base. In addition, the continuing growth in Malaysian advertising expenditure should bode well for the Group's digital narrowcasting business. With the Group's acquisition of its equity stake in Bizsurf, it is now also exposed to the overall market conditions of the growing Malaysian broadband industry, where the Group believes the longer term prospects are good. Taking all of these factors into consideration, the Group is expected to achieve a 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		CUMULATIVE QUARTER	
	Current Year Quarter 31.03.2007 RM'000	Preceding Year Corresponding Quarter 31.03.2006 RM'000	Nine Months Ended	
			31.03.2007 RM'000	31.03.2006 RM'000
Taxation based on the profit for the period	480	678	1,848	2,903
Overprovision of taxation in prior years	(15)	-	(116)	(9)
	----- 465 =====	----- 678 =====	----- 1,732 =====	----- 2,894 =====

The Group's provision for taxation for the quarter ended 31 March 2007 reflected a higher effective tax rate 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.

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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 31.03.2007 RM'000	Deviation Amount RM'000	%
(i) Investment and incubation	32,350	23,961	8,389	25.93% (*)
(ii) Capital expenditure	3,000	3,000	-	-
(iii) Estimated listing expenses	2,100	2,100	-	-
(iv) Working capital	1,050	1,050	-	-
Total	38,500	30,111	8,389	

(*) Note:

The deviation reflects the lack of opportunity to acquire acceptable 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 2007 are as follows:-

	RM'000
(i) Short term	
- Secured	640
- Unsecured	-

	640

(ii) Long term	
- Secured	288
- Unsecured	-

	288

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 2006, 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.

	Current Quarter 31.03.2007	Preceding Year Corresponding Quarter 31.03.2006
Profit attributable to shareholders (RM'000)	640	617
	-----	-----
Weighted average number of ordinary shares ('000)	1,350,000	1,350,000
	-----	-----
Basic earnings per share (sen)	0.05	0.05
	-----	-----

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 May 2007