

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

INTERIM FINANCIAL REPORT

Interim financial report on consolidated results for the quarter ended 30 September 2007.

The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENTS

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30.09.2007 RM'000	Preceding Year Corresponding Quarter 30.09.2006 RM'000	Three Months Ended	
			30.09.2007 RM'000	30.09.2006 RM'000
REVENUE	6,994	6,147	6,994	6,147
COST OF SALES	(3,987)	(3,786)	(3,987)	(3,786)
	-----	-----	-----	-----
GROSS PROFIT	3,007	2,361	3,007	2,361
OTHER OPERATING INCOME	1,677	1,559	1,677	1,559
OTHER OPERATING EXPENSES	(2,821)	(2,077)	(2,821)	(2,077)
	-----	-----	-----	-----
PROFIT FROM OPERATIONS	1,863	1,843	1,863	1,843
FINANCE COST	(26)	(11)	(26)	(11)
	-----	-----	-----	-----
PROFIT BEFORE TAXATION	1,837	1,832	1,837	1,832
TAXATION	(635)	(681)	(635)	(681)
	-----	-----	-----	-----
PROFIT FOR THE PERIOD	1,202	1,151	1,202	1,151
	=====	=====	=====	=====
ATTRIBUTABLE TO:				
Equity holders of the Company	1,271	912	1,271	912
Minority interests	(69)	239	(69)	239
	-----	-----	-----	-----
PROFIT FOR THE PERIOD	1,202	1,151	1,202	1,151
	=====	=====	=====	=====
EARNINGS PER 10 SEN SHARE				
Basic (Sen)	0.09	0.07	0.09	0.07
	=====	=====	=====	=====

The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 30 June 2007 and the accompanying explanatory notes attached to the interim financial statements.

YTL E-SOLUTIONS BERHAD (Company No. 236137-K)
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INTERIM FINANCIAL REPORT

CONDENSED CONSOLIDATED BALANCE SHEETS

	Unaudited As at 30.09.2007 RM'000	Audited As at 30.06.2007 RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	3,604	3,744
Goodwill on consolidation	1,030	1,029
Other intangible assets	920	953
Unquoted investment	-	-
Fixed deposits	427	424
	-----	-----
	5,981	6,150
	-----	-----
Current Assets		
Inventories	278	276
Trade receivables	3,995	3,603
Other receivables, deposits & prepayments	1,834	1,789
Tax recoverable	361	448
Amount due from ultimate holding company	6	1
Amount due from holding company	702	474
Amount due from related companies	2,507	2,705
Fixed deposits	178,280	176,865
Cash & bank balances	866	1,222
	-----	-----
	188,829	187,383
	-----	-----
TOTAL ASSETS	194,810	193,533
	=====	=====
EQUITY		
Share capital	135,000	135,000
Share premium	1,475	1,475
Other reserves	262	263
Unappropriated profits	31,863	30,592
	-----	-----
Total Equity Attributable to Shareholders of the Company	168,600	167,330
Minority interests	18,609	18,678
	-----	-----
TOTAL EQUITY	187,209	186,008
	-----	-----

YTL E-SOLUTIONS BERHAD (Company No. 236137-K)
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INTERIM FINANCIAL REPORT

CONDENSED CONSOLIDATED BALANCE SHEETS - continued

	Unaudited As at 30.09.2007 RM'000	Audited As at 30.06.2007 RM'000
LIABILITIES		
Non-current Liabilities		
Hire purchase creditors	150	218
Deferred taxation	303	303
	-----	-----
	453	521
	-----	-----
Current Liabilities		
Trade payables	2,143	2,004
Other payables & accruals	3,893	4,080
Post-employment defined contribution obligations	128	153
Amount due to related companies	186	73
Hire purchase payables	267	269
Bank overdraft	344	378
Provision for taxation	187	47
	-----	-----
	7,148	7,004
	-----	-----
TOTAL LIABILITIES	7,601	7,525
	-----	-----
TOTAL EQUITY AND LIABILITIES	194,810	193,533
	=====	=====
 Net assets per 10 sen share attributable to equity holders 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 2007 and the accompanying explanatory notes attached to the interim financial statements.

YTL E-SOLUTIONS BERHAD (Company No. 236137-K)
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INTERIM FINANCIAL REPORT

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED 30 SEPTEMBER 2006

← **Attributable to Shareholders of the Company** →
 ← *Non-distributable* → ← *Distributable* →

	Share Capital RM'000	Share Premium RM'000	Other Reserves 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	(279)	27,512	163,708	8,534	172,242
Foreign exchange differences, representing net income recognised directly in equity	-	-	541	-	541	2	543
Net profit for the period	-	-	-	912	912	239	1,151
Total recognised income for the period	-	-	541	912	1,453	241	1,694
Balance as at 30 September, 2006	135,000	1,475	262	28,424	165,161	8,775	173,936

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.

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

INTERIM FINANCIAL REPORT

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED 30 SEPTEMBER 2007

	← Attributable to Shareholders of the Company →				Total RM'000	Minority Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Other Reserves RM'000	Unappropriated Profits RM'000			
Balance as at 1 July, 2007	135,000	1,475	263	30,592	167,330	18,678	186,008
Foreign exchange differences, representing net income recognised directly in equity	-	-	(1)	-	(1)	-	(1)
Net profit for the period	-	-	-	1,271	1,271	(69)	1,202
Total recognised (expense)/ income for the period	-	-	(1)	1,271	1,270	(69)	1,201
Balance as at 30 September, 2007	135,000	1,475	262	31,863	168,600	18,609	187,209

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 30 June 2007 and the accompanying explanatory notes attached to the interim financial statements.

YTL E-SOLUTIONS BERHAD (Company No. 236137-K)
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INTERIM FINANCIAL REPORT

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE QUARTER ENDED 30 SEPTEMBER 2007**

	3 MONTHS ENDED	
	30.09.2007	30.09.2006
	RM'000	RM'000
Net cash from operating activities	1,203	972
	-----	-----
Net cash used in investing activities	(36)	(79)
	-----	-----
Net cash used in financing activities	(69)	(115)
	-----	-----
Net changes in cash and cash equivalents	1,098	778
Effects of exchange rate changes	(1)	546
Cash and cash equivalents brought forward	178,133	165,517
	-----	-----
	<u>179,230</u>	<u>166,841</u>
	=====	=====
Cash and cash equivalents comprise:		
Fixed deposits	178,708	166,016
Cash & bank balances	866	825
Bank overdrafts	(344)	-
(Included within short term borrowings in [Note B9])		
	-----	-----
	<u>179,230</u>	<u>166,841</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 2007 and the accompanying explanatory notes attached to the interim financial statements.

INTERIM FINANCIAL REPORT

Notes:-

Disclosure requirements pursuant to FRS134

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 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 2007.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 30 June 2007. For the current financial period, the Group has adopted the following new/amended Financial Reporting Standards (“FRS”) which are relevant to its operations:

FRS 107 Cash Flow Statements

FRS 112 Income Taxes

FRS 117 Leases

FRS 118 Revenue

FRS 121 The effects of Changes in Foreign Exchange Rates

FRS 124 Related Party Disclosures

FRS 134 Interim Financial Reporting

FRS 137 Provisions, Contingent Liabilities and Contingent Assets

There have been no changes to the accounting policies of the Group as a result of the adoption of the above FRSs.

A2. Seasonality or Cyclicity of Operations

The business operations of the Group are not materially affected by any seasonal or cyclical factors.

A3. Exceptional or Unusual Items

There were no other items of exceptional or unusual nature that affects the assets, liabilities, equity, net income or cash flows of the Group.

INTERIM FINANCIAL REPORT

Notes:- continued

A4. Changes in Estimates of Amounts Reported

There was no change to estimates of amounts reported in prior interim periods and prior financial years.

A5. 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.

A6. Dividend paid

There was no dividend paid during the financial quarter ended 30 September 2007.

A7. Segment Reporting

No segment information is prepared as the Group's activities are predominantly in one industry segment and occur predominantly in Malaysia.

A8. Material Events Subsequent to the End of the Interim Period

Save for the following, there were no material events subsequent to the end of the current financial quarter:-

On 2 November 2007, the Company's subsidiary, Y-Max Solutions Holdings Sdn Bhd, completed its subscription of 1,400,000 Ordinary Shares of par value RM1.00 each and 5,600,000 Redeemable Convertible Preference Shares ("RCPS A") of par value RM0.10 each at the issue price of RM1.00 per Ordinary Share and RM1.00 per RCPS A respectively, representing 70% of the issued and paid-up share capital of Airzed Broadband Sdn Bhd ("AZB"). As a result of this subscription, AZB became an indirect subsidiary of the Company.

A9. 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.

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

INTERIM FINANCIAL REPORT

Notes:- continued

A10. 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 2007.

As at 30 September 2007, the Company has given corporate guarantees amounting to RM20.0 million to financial institutions for facilities granted by the financial institution to its subsidiaries as follows:

	Total Amount Guaranteed RM'000	Amount Utilised RM'000
Bank guarantee	20,000 -----	8,737 -----

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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 quarter under review, Group revenue increased by 13.8% to RM6.994 million compared to RM6.147 million recorded in the corresponding quarter ended 30 September 2006. The increase in revenue is mainly attributable to an increase in revenue recognized by the Company as a result of higher demand for its information, communication and technology (“ICT”) products and services, the consolidation of the results of Y-Max Networks Sdn Bhd (formerly known as Bizsurf (M) Sdn Bhd) (“Y-Max Networks”) in the current quarter. This was offset by a fall in the Group’s alternative voice telephony revenues as a result of a challenging sales environment in that area.

The Group profit before taxation for the quarter under review increased by 0.3% to RM1.837 million compared to RM1.832 million for the corresponding quarter in the previous year. As well as the higher demand for the Company’s ICT products and services mentioned above, Group profit also improved due to greater contributions from the Group’s narrowcasting operations, offset by the additional expenses incurred by Y-Max Networks in anticipation of its WiMAX roll-out and a drop in contribution from the alternative voice telephony business.

B2. Comparison with Preceding Quarter

	Current Quarter 30.09.2007 RM’000	Preceding Quarter 30.06.2007 RM’000
Revenue	6,994	7,164
Profit before taxation	1,837	1,502
	-----	-----

The Group’s revenue for the current financial quarter dropped by 2.4% compared to the preceding quarter ended 30 June 2007. The decrease in revenue was mainly due to the completion of certain projects during the quarter ended 30 June 2007. Profit before taxation increased by 22.3% mainly due to the absence of certain one-off impairment loss adjustments recorded in the preceding quarter.

INTERIM FINANCIAL REPORT

Notes:- continued

B3. Prospects

Notwithstanding the very competitive conditions in the Alternative Voice Service Provider (“AVSP”) industry, the Group through Extiva, continues to perform with its strong operational efficiencies. The intensity of competition in the AVSP industry and the overall growth of the “outdoor” advertising industry in Malaysia, are key factors that will dictate the Group’s financial performance in the current financial year. The Group, through its investment in Y-Max Networks, is likely to bear further pre-start-up and planning costs associated with the roll-out of its WiMAX network in Peninsular Malaysia.

The Group’s exposure to the wired and nascent wireless internet broadband industry will provide the Group with important new and growing revenue streams. Together with its existing business of Extiva and YTL Info Screen Sdn Bhd, the Group is expected to record a satisfactory performance for the financial year ending 30 June 2008.

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	Preceding	Year	
	Quarter	Corresponding	Three Months Ended	
	30.09.2007	Quarter	30.09.2007	30.09.2006
	RM’000	30.09.2006	RM’000	RM’000
		RM’000	RM’000	RM’000
Taxation based on the profit for the period	635	681	635	681
	-----	-----	-----	-----
	635	681	635	681
	=====	=====	=====	=====

The Group’s provision for taxation for the quarter ended 30 September 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.

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. Status of Corporate Proposals

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

B9. Group Borrowings and Debt Securities

Particulars of the Group's borrowings as at 30 September 2007 are as follows:-

	RM'000
(i) Short term	
- Secured	611
- Unsecured	-

	611

(ii) Long term	
- Secured	150
- Unsecured	-

	150

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.

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INTERIM FINANCIAL REPORT

Notes:- continued

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 2007, 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.

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 30.09.2007	Preceding Year Corresponding Quarter 30.09.2006
Profit attributable to shareholders (RM'000)	1,271	912
Weighted average number of ordinary shares ('000)	1,350,000	1,350,000
Basic earnings per share (sen)	0.09	0.07

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.

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INTERIM FINANCIAL REPORT

Notes:- continued

B14. Audit Report of the Last Financial Year Ended 30 June 2007

The Auditors' Report on the financial statements of the last financial year was not subject to any qualification.

By Order of the Board
HO SAY KENG
Secretary

Kuala Lumpur
Dated: 22 November 2007