

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

INTERIM FINANCIAL REPORT

Interim financial report on consolidated results for the quarter ended 31 December 2007.

The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENTS

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.12.2007 RM'000	Preceding Year Corresponding Quarter 31.12.2006 RM'000	Six Months Ended	
			31.12.2007 RM'000	31.12.2006 RM'000
REVENUE	7,245	6,037	14,239	12,184
COST OF SALES	(3,703)	(3,503)	(7,690)	(7,289)
	-----	-----	-----	-----
GROSS PROFIT	3,542	2,534	6,549	4,895
OTHER OPERATING INCOME	1,647	1,602	3,324	3,161
OTHER OPERATING EXPENSES	(3,411)	(2,197)	(6,232)	(4,274)
	-----	-----	-----	-----
PROFIT FROM OPERATIONS	1,778	1,939	3,641	3,782
FINANCE COST	(18)	(10)	(44)	(21)
	-----	-----	-----	-----
PROFIT BEFORE TAXATION	1,760	1,929	3,597	3,761
TAXATION	(655)	(586)	(1,290)	(1,267)
	-----	-----	-----	-----
PROFIT FOR THE PERIOD	1,105	1,343	2,307	2,494
	=====	=====	=====	=====
ATTRIBUTABLE TO:				
Equity holders of the Company	1,329	1,147	2,600	2,059
Minority interests	(224)	196	(293)	435
	-----	-----	-----	-----
PROFIT FOR THE PERIOD	1,105	1,343	2,307	2,494
	=====	=====	=====	=====
EARNINGS PER 10 SEN SHARE				
Basic (Sen)	0.10	0.08	0.19	0.15
	=====	=====	=====	=====

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.

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CONDENSED CONSOLIDATED BALANCE SHEETS

	Unaudited As at 31.12.2007 RM'000	Audited As at 30.06.2007 RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	8,276	3,744
Goodwill on consolidation	1,351	1,029
Other intangible assets	1,863	953
Unquoted investment	-	-
Fixed deposits	429	424
	-----	-----
	11,919	6,150
	-----	-----
Current Assets		
Inventories	280	276
Trade receivables	4,857	3,603
Other receivables, deposits & prepayments	2,096	1,789
Tax recoverable	431	448
Amount due from ultimate holding company	10	1
Amount due from holding company	939	474
Amount due from related companies	2,399	2,705
Fixed deposits	173,506	176,865
Cash & bank balances	1,507	1,222
	-----	-----
	186,025	187,383
	-----	-----
TOTAL ASSETS	197,944	193,533
	=====	=====
EQUITY		
Share capital	135,000	135,000
Share premium	1,475	1,475
Other reserves	(667)	263
Unappropriated profits	30,236	30,592
Treasury shares, at cost	(31)	-
	-----	-----
Total Equity Attributable to Shareholders of the Company	166,013	167,330
Minority interests	21,251	18,678
	-----	-----
TOTAL EQUITY	187,264	186,008
	-----	-----

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CONDENSED CONSOLIDATED BALANCE SHEETS - continued

	Unaudited As at 31.12.2007 RM'000	Audited As at 30.06.2007 RM'000
LIABILITIES		
Non-current Liabilities		
Hire purchase payables	80	218
Deferred taxation	300	303
	-----	-----
	380	521
	-----	-----
Current Liabilities		
Trade payables	2,198	2,004
Other payables & accruals	6,985	4,080
Post-employment defined contribution obligations	74	153
Amount due to related companies	148	73
Hire purchase payables	271	269
Bank overdraft	321	378
Provision for taxation	303	47
	-----	-----
	10,300	7,004
	-----	-----
TOTAL LIABILITIES	10,680	7,525
	-----	-----
TOTAL EQUITY AND LIABILITIES	197,944	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.

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 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
Currency translation differences	-	-	584	-	584	1	585
Income recognised directly in equity	-	-	584	-	584	1	585
Net profit for the period	-	-	-	2,059	2,059	435	2,494
Total recognised income for the period	-	-	584	2,059	2,643	436	3,079
Balance as at 31 December, 2006	135,000	1,475	305	29,571	166,351	8,970	175,321

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.

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 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	Treasury Shares RM'000			
Balance as at 1 July, 2007	135,000	1,475	263	30,592	-	167,330	18,678	186,008
Currency translation differences	-	-	(930)	-	-	(930)	(2)	(932)
Expense recognised directly in equity	-	-	(930)	-	-	(930)	(2)	(932)
Net profit for the period	-	-	-	2,600	-	2,600	(293)	2,307
Total recognised (expense)/ income for the period	-	-	(930)	2,600	-	1,670	(295)	1,375
Increase arising from subsidiaries acquired	-	-	-	-	-	-	2,868	2,868
Treasury shares, at cost	-	-	-	-	(31)	(31)	-	(31)
Dividend paid	-	-	-	(2,956)	-	(2,956)	-	(2,956)
Balance as at 31 December, 2007	135,000	1,475	(667)	30,236	(31)	166,013	21,251	187,264

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.

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2007**

	6 MONTHS ENDED	
	31.12.2007	31.12.2006
	RM'000	RM'000
Net cash from operating activities	2,563	2,774
	-----	-----
Net cash used in investing activities	(1,503)	(875)
	-----	-----
Net cash used in financing activities	(3,122)	(201)
	-----	-----
Net changes in cash and cash equivalents	(2,062)	1,698
Effects of exchange rate changes	(950)	590
Cash and cash equivalents brought forward	178,133	165,517
	-----	-----
	175,121	167,805
	=====	=====
Cash and cash equivalents comprise:		
Fixed deposits	173,935	167,162
Cash & bank balances	1,507	643
Bank overdrafts	(321)	-
(Included within short term borrowings in [Note B9])		
	-----	-----
	175,121	167,805
	=====	=====

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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, the Company repurchased a total of 50,100 ordinary shares of its issued share capital from the open market at an average cost of RM0.62 per share. The total consideration paid for the share buy-back during the current financial quarter, including transaction costs, was RM31,373. The repurchase transactions were financed by internally generated funds. The repurchased shares are held as treasury shares in accordance with the requirements of Section 67A (as amended) of the Companies Act, 1965.

Apart from the above, there was no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the current financial quarter or financial year-to-date.

A6. Dividend paid

A first and final dividend of 3% less income tax of 27%, amounting to RM2,956,390 in respect of financial year ended 30 June 2007 was paid during the current financial quarter.

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

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

A9. Changes in the Composition of the Group

On 4 October 2007, Y-Max Solutions Holdings Sdn Bhd ("Y-Max SH"), a 70%-owned subsidiary of the Company, subscribed for/acquired 800 ordinary shares of RM1.00 each representing 80% of the issued and paid-up share capital of YMax Sdn Bhd ("YMax") via the subscription of 798 ordinary shares at par value per share, and acquisition of 2 ordinary shares for RM2.00 ("the Subscription cum Acquisition"). A total cash consideration of RM800.00 was paid for the Subscription cum Acquisition. The remaining 20% equity interests in YMax has been subscribed by Y-Max Networks Sdn Bhd (formerly known as Bizsurf (M) Sdn Bhd)("YMax Networks"), another subsidiary of the Company. As a result of the Subscription cum Acquisition, YMax became a subsidiary of Y-Max SH and an indirect subsidiary of the Company.

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Notes:- continued

On 2 November 2007, the Company's subsidiary, Y-Max SH, 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.

On 17 November 2007, the Company completed its subscription of 80 ordinary shares of £1 each representing 80% of the total share capital of Wimax Capital Management Limited ("WCM"), a company incorporated in England, for a total cash consideration of £80. As a result of this subscription, WCM become a subsidiary of the Company.

On 28 November 2007 the Company acquired two (2) ordinary shares of RM1.00 each in Y-Max Infra Sdn Bhd (formerly known as All Century Systems Sdn Bhd) ("Y-Max Infra") representing the entire issued and paid-up share capital of Y-Max Infra. The acquisition has resulted in Y-Max Infra becoming a wholly-owned subsidiary 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.

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 31 December 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 Guranteed RM'000	Amount Utilised RM'000
Bank guarantee	20,000	8,737
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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

For the six months under review, Group revenue reached RM14.239 million representing a 16.9% improvement over the RM12.184 million generated in the corresponding period ended 31 December 2006. The higher revenue is mainly attributable to higher demand for the Company's information, communication and technology ("ICT") products and services, the consolidation of results from Y-Max Networks Sdn Bhd (formerly known as Bizsurf (M) Sdn Bhd) ("Y-Max Networks") and Airzed Broadband Sdn Bhd ("AZB"). Y-Max Networks and AZB became subsidiaries of the Group on 26 March 2007 and 2 November 2007 respectively.

The Group's profit before taxation for the six months ended 31 December 2007 however decreased by 4.4% to RM3.597 million from RM3.761 million recorded for the corresponding period in the previous year. The lower profit is mainly due to higher operating expenses incurred by the Group. The fall in profit was, however, cushioned by higher other operating income recorded by the Group.

Quarter review

Group revenue for the current quarter under review increased by 20.0% to RM7.245 million compared to RM6.037 million for the corresponding quarter in the previous year. The improved revenue is mainly due to the higher demand for the Company's ICT products and services and the consolidation of the results of Y-Max Networks and AZB as mentioned above. Group profit before taxation, however, dropped by 8.8% mainly due to higher operating expenses incurred by the Group.

B2. Comparison with Preceding Quarter

	Current Quarter 31.12.2007 RM'000	Preceding Quarter 30.09.2007 RM'000
Revenue	7,245	6,994
Profit before taxation	1,760	1,837
	-----	-----

The Group's revenue for the current financial quarter increased by 3.6% compared to the preceding quarter ended 30 September 2007. The higher revenue was mainly due to better demand for the Company's ICT products and services and the consolidation of AZB's results. Profit before taxation decreased by 4.2% mainly due to higher operating expenses incurred in current financial quarter.

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Notes:- continued

B3. Prospects

The Group through its existing businesses, continues to perform with its strong operational efficiencies. The Group's newly awarded WiMAX spectrum will provide the Group with new and growing revenue streams. Together with its existing businesses, 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	Preceding	CUMULATIVE QUARTER	
	Current Year	Year		
	Quarter	Corresponding	Six Months Ended	
	31.12.2007	Quarter	31.12.2007	31.12.2006
	RM'000	31.12.2006	RM'000	RM'000
		RM'000	RM'000	RM'000
Taxation based on the profit for the period	655	687	1,290	1,368
Overprovision of taxation in prior year	-	(101)	-	(101)
	-----	-----	-----	-----
	655	586	1,290	1,267
	=====	=====	=====	=====

The Group's provision for taxation for the quarter ended 31 December 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. Status of Corporate Proposals

On 2 October 2007, the Board of Directors of the Company announced that Y-Max Networks had decided to acquire 2 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of Bizsurf MSC Sdn Bhd ("Bizsurf MSC") for a cash consideration of RM2.00 ("the Acquisition"). Completion of the Acquisition is pending the transfer of Bizsurf MSC shares to Y-Max Networks.

Apart from the above, 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 31 December 2007 are as follows:-

	RM'000
(i) Short term	
- Secured	592
- Unsecured	-

	592

(ii) Long term	
- Secured	80
- Unsecured	-

	80

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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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 31.12.2007	Preceding Year Corresponding Quarter 31.12.2006
Profit attributable to shareholders (RM'000)	1,329	1,147
Weighted average number of ordinary shares in issue ('000)	1,349,982	1,350,000
Basic earnings per share (sen)	0.10	0.08

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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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 February 2008