

YTL CORPORATION BERHAD (Company No. 92647-H)
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT

Interim financial report on consolidated results for the financial quarter ended 31 December 2008.

The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENTS

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31.12.2008	PRECEDING YEAR CORRESPONDING QUARTER 31.12.2007	6 MONTHS ENDED	
	RM'000	RM'000	RM'000	RM'000
REVENUE	1,624,617	1,515,160	3,363,829	3,098,029
COST OF SALES	(992,966)	(877,942)	(2,059,594)	(1,799,579)
GROSS PROFIT	631,651	637,218	1,304,235	1,298,450
OTHER OPERATING EXPENSES	(190,689)	(120,795)	(353,767)	(217,327)
OTHER OPERATING INCOME	57,693	93,497	363,288	182,624
PROFIT FROM OPERATIONS	498,655	609,920	1,313,756	1,263,747
FINANCE COSTS	(257,474)	(223,150)	(535,652)	(453,827)
SHARE OF (LOSSES)/PROFITS OF ASSOCIATED COMPANIES	43,507	59,111	76,331	109,025
PROFIT BEFORE TAXATION	284,688	445,881	854,435	918,945
TAXATION	(91,681)	(117,409)	(193,061)	(230,576)
PROFIT FOR THE PERIOD	193,007	328,472	661,374	688,369
ATTRIBUTABLE TO:				
SHAREHOLDERS	50,422	189,327	302,789	413,935
MINORITY INTERESTS	142,585	139,145	358,585	274,434
PROFIT FOR THE PERIOD	193,007	328,472	661,374	688,369
EARNINGS PER 50 SEN SHARE				
Basic (Sen)	3.35	12.61	20.12	27.57
Diluted (Sen)	3.16	11.62	18.99	25.40

The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 30 June 2008 and the accompanying explanatory notes attached to the interim financial statements.

YTL CORPORATION BERHAD (Company No. 92647-H)
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CONDENSED CONSOLIDATED BALANCE SHEETS

	UNAUDITED	AUDITED
	AS AT	AS AT
	31.12.2008	30.6.2008
	RM'000	RM'000
ASSETS		
Non-current Assets		
Property, Plant & Equipment	14,483,991	17,294,939
Investment Properties	1,867,265	1,612,168
Prepaid Lease Payment	74,164	76,424
Investment In Subsidiaries	181,714	181,704
Investment In Associated Companies	2,047,136	1,378,352
Quoted Investments	22,754	22,994
Unquoted Investments	633,966	775,168
Development Expenditure	2,262,171	1,124,296
Fixed deposits	437	437
Intangible assets	1,403	789
Goodwill on Consolidation	1,144,627	1,130,024
	<u>22,719,628</u>	<u>23,597,295</u>
Current Assets		
Inventories	427,490	374,817
Property development costs	174,198	175,553
Trade & other receivables	3,108,811	2,208,060
Tax recoverable	67,539	64,399
Inter-company balances	80,151	29,280
Short term investments	46,594	281,800
Fixed deposits	10,126,400	11,416,085
Cash & bank balances	206,043	311,272
	<u>14,237,226</u>	<u>14,861,266</u>
TOTAL ASSETS	<u>36,956,854</u>	<u>38,458,561</u>

The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 30 June 2008 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED CONSOLIDATED BALANCE SHEETS – continued

	UNAUDITED AS AT 31.12.2008	AUDITED AS AT 30.6.2008
	RM'000	RM'000
EQUITY		
Share capital	829,245	816,101
Share premium	611,887	513,721
Capital reserve	105,261	102,345
Statutory reserve	48,945	48,945
Exchange differences reserve	(877,756)	(115,268)
Other reserves	175,892	166,093
Retained profits	7,399,137	7,072,154
Less : Treasury shares, at cost	(891,478)	(889,671)
Total Equity Attributable to Shareholders of the Company	<u>7,401,133</u>	<u>7,714,420</u>
Minority Interests	4,086,336	3,931,417
TOTAL EQUITY	<u>11,487,469</u>	<u>11,645,837</u>
LIABILITIES		
Non-current Liabilities		
Long Term Borrowings	15,849,678	15,638,687
Other Long Term Liabilities	328,911	424,350
Deferred Income	100,288	133,917
Deferred Tax	1,862,644	2,280,857
	<u>18,141,521</u>	<u>18,477,811</u>
Current Liabilities		
Trade & other payables	1,549,851	1,810,117
Inter-company balances	51,357	4,696
Short term borrowings	5,507,967	6,277,679
Provision for taxation	204,396	207,983
Provision for liabilities & charges	14,293	34,438
	<u>7,327,864</u>	<u>8,334,913</u>
TOTAL LIABILITIES	<u>25,469,385</u>	<u>26,812,724</u>
TOTAL EQUITY & LIABILITIES	<u>36,956,854</u>	<u>38,458,561</u>
Net Assets per 50 sen share (Sen)	<u>486.53</u>	<u>515.95</u>

The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the year ended 30 June 2008 and the accompanying explanatory notes attached to the interim financial statements.

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2008**

Group	Attributable to Shareholders of the Company								Total	Minority interests	Total equity
	Share capital	Share premium	Capital reserve	Statutory reserve	Exchange differences reserve	Retained profits	Treasury shares	Other reserves			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance at 1.7.2008	816,101	513,721	102,345	48,945	(115,268)	7,072,154	(889,671)	166,093	7,714,420	3,931,417	11,645,837
Currency translation differences	-	-	-	-	(762,488)	-	-	-	(762,488)	(594,012)	(1,356,500)
Equity component of Ex. Bonds	-	-	-	-	-	-	-	9,799	9,799	-	9,799
Gain recognised on deemed dilution of interest in subsidiaries	-	-	-	-	-	52,715	-	-	52,715	(52,353)	362
Income and expenses recognised directly in equity	-	-	-	-	(762,488)	52,715	-	9,799	(699,974)	(646,365)	(1,346,339)
Net profit for the period	-	-	-	-	-	302,789	-	-	302,789	358,585	661,374
Total recognised income and expenses for the period	-	-	-	-	(762,488)	355,504	-	9,799	(397,185)	(287,780)	(684,965)
Reserve on consolidation	-	-	-	-	-	-	-	-	-	-	-
Treasury shares	-	-	-	-	-	-	(1,807)	-	(1,807)	(55,330)	(57,137)
Dividend paid	-	-	-	-	-	(28,521)	-	-	(28,521)	-	(28,521)
Issue of share capital	13,144	98,166	2,916	-	-	-	-	-	114,226	-	114,226
Changes in composition of the Group	-	-	-	-	-	-	-	-	-	498,029	498,029
Balance at 31.12.2008	829,245	611,887	105,261	48,945	(877,756)	7,399,137	(891,478)	175,892	7,401,133	4,086,336	11,487,469

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 30 June 2008 and the accompanying explanatory notes attached to the interim financial statements.

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2007**

Group	Attributable to Shareholders of the Company								Total	Minority interests	Total equity
	Share capital	Share premium	Capital reserve	Statutory reserve	Exchange differences reserve	Retained profits	Treasury shares	Other reserves			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance at 1.7.2007	825,611	652,522	102,439	41,331	(31,836)	6,542,668	(922,643)	171,771	7,381,863	3,591,979	10,973,842
Currency translation differences	-	-	(1,972)	-	(227,449)	-	-	-	(229,421)	65,031	(164,390)
Gain recognised on deemed dilution of interest in subsidiaries	-	-	-	-	-	28,994	-	-	28,994	-	28,994
Income and expenses recognised directly in equity	-	-	(1,972)	-	(227,449)	28,994	-	-	(200,427)	65,031	(135,396)
Net profit for the period	-	-	-	-	-	413,935	-	-	413,935	274,434	688,369
Total recognised income and expenses for the period	-	-	(1,972)	-	(227,449)	442,929	-	-	213,508	339,465	552,973
Reserve on consolidation	-	-	-	-	-	-	-	(10,816)	(10,816)	-	(10,816)
Treasury shares	-	-	-	-	-	-	(96,141)	-	(96,141)	-	(96,141)
Dividend paid	-	-	-	-	-	(27,432)	-	-	(27,432)	-	(27,432)
Share-based payment	-	-	-	-	-	-	-	6,501	6,501	-	6,501
Issue of share capital	3,788	25,888	-	-	-	-	-	-	29,676	-	29,676
Changes in composition of the Group	-	-	-	-	-	-	-	-	-	(129,964)	(129,964)
Balance at 31.12.2007	829,399	678,410	100,467	41,331	(259,285)	6,958,165	(1,018,784)	167,456	7,497,159	3,801,480	11,298,639

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 30 June 2008 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 2008**

	FOR THE 6 MONTHS ENDED	
	31.12.2008	31.12.2007
	RM'000	RM'000
Net cash from operating activities	1,105,092	739,988
Net cash used in investing activities	(2,164,537)	(60,382)
Net cash (used in)/from financing activities	(320,305)	901,711
Net changes in cash and cash equivalents	(1,379,750)	1,581,317
Cash and cash equivalents brought forward	11,672,974	8,837,787
Cash and cash equivalents carried forward	<u>10,293,224</u>	<u>10,419,104</u>

Cash and cash equivalents comprise:

	RM'000	RM'000
Fixed deposits	10,126,837	10,296,146
Cash and bank balances	206,043	128,843
Bank overdraft	(39,656)	(5,885)
	<u>10,293,224</u>	<u>10,419,104</u>

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the year ended 30 June 2008 and the accompanying explanatory notes attached to the interim financial statements.

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Notes:-

Disclosure requirements pursuant to FRS 134 – paragraph 16

The Condensed Financial Statements should be read in conjunction with the audited annual financial statements of the Group for the year ended 30 June 2008.

A1. Accounting Policies and Methods of Computation

The interim financial report is unaudited and has been prepared in accordance with the Financial Reporting Standard (“FRS”) 134, “Interim Financial Reporting” and Chapter 9, part K of the Listing Requirements of the Bursa Malaysia Securities Berhad.

The accounting policies and methods of computation adopted by the Group in the interim financial report are consistent with those adopted for the annual audited financial statements for the year ended 30 June 2008.

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

During the current financial quarter, there was no item of an exceptional or unusual nature that affects the assets, liabilities, equity, net income or cash flows of the Group.

A4. Changes in estimates of amounts reported

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

A5. Changes in Debt and Equity Securities

There was no issuance, cancellation, repurchase, resale and repayment of debts and equity securities except for the following:-

- (i) Repurchased a total of 209,000 and 285,200 ordinary shares of its issued share capital from the open market during the current financial quarter and current financial year to date, at an average cost of RM6.32 per share. The total consideration paid for the share buy-back, including transaction costs during the current financial quarter and financial year to date amounted to RM1,314,435 and RM1,806,827 respectively and were financed by internally generated funds. The repurchased shares are held as treasury shares in accordance with the requirements of Section 67A of the Companies Act, 1965.
- (ii) For the current financial quarter ended 31 December 2008, 25,421,641 and 58,000 ordinary shares of 50 sen each were issued pursuant to the exercise of 1999/2009 warrants and employees’ share option scheme (ESOS) at an exercise price of RM4.23 and RM4.81 per share respectively. During the current financial year to date, a total of 26,101,941 and 187,000 ordinary shares were issued pursuant to the exercise of 1999/2009 warrants and ESOS at an exercise price of RM4.23 and RM4.81 per share respectively.

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Notes: - continued

A6. Dividend paid

A final dividend of 5% gross less Malaysian Income Tax of 25% amounting to RM28,521,065 in respect of financial year ended 30 June 2008 was paid on 26 December 2008.

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Notes: - continued

A7. Segment Reporting - continued

Inter-segment pricing is determined based on a negotiated basis.

The Group's segmental report for the second quarter ended 31 December 2008 is as follows:-

	Information technology & e-commerce	Cement Manufacturing & trading	Property investment & development	Management services & others	Hotels	Utilities	Total	
	Construction related business RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Revenue	186,629	15,436	1,057,222	65,610	184,551	78,877	1,775,504	3,363,829
Results								
Operating profit	2,221	4,187	224,723	41,640	(1,619)	6,629	781,615	1,059,396
Finance costs								(535,652)
Fair value gain on investment properties								254,360
Share of profit of associated companies								76,331
Profit before taxation								854,435
Taxation								(193,061)
Profit for the period								661,374
Attributable to:								
Shareholders								302,789
Minority interests								358,585
Profit for the period								661,374

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(Incorporated in Malaysia)

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Notes: - continued

A7. Segment Reporting

Inter-segment pricing is determined based on a negotiated basis.

The Group's segmental report for the second quarter ended 31 December 2007 is as follows:-

	Construction	Information technology & e-commerce related business	Cement Manufacturing & trading	Property investment & development	Management services & others	Hotels	Utilities	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	104,462	11,447	697,221	138,795	162,705	77,957	1,905,442	3,098,029
Results								
Operating profit	12,799	3,350	171,832	52,799	142,509	8,974	871,484	1,263,747
Finance costs								(453,827)
Share of profit of associated companies								109,025
Profit before taxation								918,945
Taxation								(230,576)
Profit for the period								688,369
Attributable to:								
Shareholders								413,935
Minority interests								274,434
Profit for the period								688,369

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Notes: - continued

A8. Changes in the Composition of the Group

There were no changes in the composition of the Group for the financial period ended 31 December 2008, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings and discontinuing operations except for the following :-

- (i) For the current financial quarter and year to date, YTL Power International Berhad (“YTL Power”) repurchased a total of 2,402,300 and 40,065,200 ordinary shares of its issued share capital from the open market for a total consideration of RM4,113,080 and RM71,504,931 respectively, at an average cost of RM1.71 and RM1.78 respectively. The repurchase of shares was financed by internally generated funds. As at 31 December 2008, the number of treasury shares held was 56,651,645 ordinary shares.

On 22 September 2008, YTL Power distributed 137,819,391 treasury shares as share dividend to the shareholders on the basis of one (1) treasury shares for every forty (40) ordinary shares held on 11 September 2008.

- (ii) During the current financial quarter and year to date, 4,024,758 and 6,055,047 ordinary shares were issued by YTL Power pursuant to the exercise of warrants 2000/2010 at a weighted average exercise price of RM1.17 and RM1.18 per share respectively.

During the current financial quarter and year to date, 135,299,618 and 396,500,498 ordinary shares were issued by YTL Power pursuant to the exercise of warrants 2008/2018 at a weighted average exercise price of RM1.21 and RM1.23 per share respectively.

- (iii) For the current financial quarter and year to date, 30,000 and 84,500 ordinary shares respectively were issued by YTL Power pursuant to the exercise of ESOS, both at a weighted average exercise price of RM1.32 per share.
- (iv) For the current financial quarter and year to date, a total of 5,000 and 142,000 ordinary shares of RM0.50 each respectively were issued by YTL Cement Berhad (“YTL Cement”) pursuant to the exercise of ESOS at an average exercise price of RM2.08 and RM1.95 respectively.

- (v) During the current financial quarter and year to date, YTL Cement repurchased a total of 264,700 and 274,700 ordinary shares from the open market for a total consideration of RM740,818 and RM774,663 respectively, at an average cost of RM2.80 and RM2.82 respectively. The share buy-back was financed by internally generated funds. As at 31 December 2008, the number of treasury shares held was 21,208,864 ordinary shares.

- (vi) During the current financial quarter, the share capital of YTL Land & Development Berhad (“YTL L&D”) increased from RM398,568,243 to RM398,576,743 as a result of the conversion of 66,300 Irredeemable Convertible Preference Shares (“ICPS”) of RM0.50 each into 17,000 new ordinary shares of RM0.50 each based on a conversion ratio of one (1) new ordinary share of RM0.50 each for every 3.90 of ICPS of RM0.50 each held.

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Notes: - continued

During the financial year to date, a total of 594,312 new ordinary shares of RM0.50 each were issued as a result of the conversion of 2,317,820 ICPS. The total number of ICPS outstanding as at 31 December 2008 was 183,174,290 of RM0.50 each.

- (vii) For the current financial quarter and year to date, YTL e-Solutions Berhad (“YTLE”) repurchased a total of 5,000 and 942,500 ordinary shares from the open market for a total consideration of RM1,142 and RM407,704 respectively, at an average price of RM0.23 and RM0.43 respectively.
- (viii) On 4 July 2008, YTL Cement (Hong Kong) Limited (“YTLC HK”), a wholly-owned subsidiary of YTL Cement, acquired 1 ordinary share of par value US\$1.00 representing the entire issued and paid-up share capital of Industrial Resources Limited (“Industrial Resources”) for US\$1.00 in cash. As a result, Industrial Resources became a wholly-owned subsidiary of YTLC HK and an indirect subsidiary of YTL Cement and of the Company.

Industrial Resources was incorporated in the Cayman Islands on 4 July 2008 and has an authorised share capital of US\$50,000 comprising 50,000 shares of US\$1.00 each. Industrial Resources will be principally involved in investment holding and procurement.

- (ix) On 10 June 2008, Buildcon Concrete Enterprise Sdn Bhd (“BCE”), a wholly-owned subsidiary of YTL Cement, entered into a Share Sale Agreement with Ensidesa Mix Sdn Bhd for the acquisition of 303,800 ordinary shares of RM1.00 each representing 49% of the issued & paid-up share capital of Buildcon-Ensidesa Sdn Bhd (“Buildcon-Ensidesa”) for a purchase consideration of RM411,420.28. The acquisition was completed on 10 July 2008 and Buildcon-Ensidesa became a wholly-owned subsidiary of BCE and an indirect subsidiary of the Company.

Buildcon-Ensidesa subsequently changed its name to Buildcon Desa Sdn Bhd on 25 September 2008.

- (x) On 23 July 2008, YTL Construction (S) Pte Ltd (now known as YTL Singapore Pte Ltd), a 99.9994% subsidiary of Syarikat Pembinaan Yeoh Tiong Lay Sdn Bhd which is in turn a wholly-owned subsidiary of the Company, acquired 510,001 ordinary shares of S\$1.00 each representing 51% of the issued and paid-up share capital of Ideal Worlds Pte Ltd (“Ideal Worlds”) for a consideration of S\$510,001. As a result, Ideal Worlds became an indirect subsidiary of the Company.

Concurrently with the acquisition of Ideal Worlds, Genesis-Alliance Retail Pte Ltd and Prestige Lifestyles & Living Sdn Bhd which are wholly-owned by Ideal Worlds, became indirect subsidiaries of the Company.

Ideal Worlds was incorporated on 18 May 2006 and presently has an issued and paid-up share capital of S\$1,000,001 divided into 1,000,001 ordinary shares of S\$1.00 each. Ideal Worlds is principally involved in general wholesale trade which includes general import and export.

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Notes: - continued

- (xi) YTL Cement subscribed for 4,990 ordinary shares of par value USD100 each representing 99.8% of the issued and paid-up share capital of P.T. YTL Simen Indonesia (“YTL Simen Indo”) for a cash consideration of USD499,000 whilst YTL Cement Singapore Pte Ltd, a wholly-owned subsidiary of YTL Cement, subscribed for the remaining 0.2% of the issued and paid-up share capital or 10 ordinary shares for a cash consideration of US\$1,000. As a result, YTL Simen Indo has on 29 July 2008 become a subsidiary of YTL Cement.

YTL Simen Indo is a limited liability company and has an authorised share capital of US\$500,000 comprising 5,000 shares of US\$100 each, all of which have been issued and paid-up. YTL Simen Indo will be principally involved in the distribution and sale of cement and clinker.

- (xii) YTL Power had on 25 August 2008 acquired 1 ordinary share representing the entire issued and paid-up share capital of Sceptre Holdings Pte Ltd (“Sceptre Holdings”) for S\$1.00 in cash. As a result, Sceptre Holdings has become a wholly-owned subsidiary of YTL Power and an indirect subsidiary of the Company

Sceptre Holdings is a company incorporated in Republic of Singapore on 15 August 2008 and will be principally involved in investment holding.

Sceptre Holdings changed its name to Sabre Energy Resources Pte Ltd on 24 November 2008.

- (xiii) On 1 September 2008, Sceptre Holdings acquired 1 ordinary share representing the entire issued and paid-up share capital of Sceptre Resources Pte Ltd (“Sceptre Resources”) for S\$1.00 in cash. As a result, Sceptre Resources has become a wholly-owned subsidiary of Sceptre Holdings and an indirect subsidiary of the Company.

Concurrently, Sceptre Industries Pte Ltd (“Sceptre Industries”) which is a wholly-owned subsidiary of Sceptre Resources, became an indirect subsidiary of YTL Power and the Company.

Sceptre Resources and Sceptre Industries are private limited companies incorporated in the Republic of Singapore on 19 August 2008 and 15 August 2008 respectively and will be principally involved in investment holding.

Sceptre Resources and Sceptre Industries changed their names to Sabre Energy Holdings Pte Ltd and Sabre Energy Industries Pte Ltd respectively on 24 November 2008.

- (xiv) On 12 September 2008, YTL HK incorporated a wholly-owned subsidiary in the People’s Republic of China known as Zhejiang YTL Cement Marketing Co Ltd (“ZYTLCM”). Zhejiang Cement Marketing was incorporated in the People’s Republic of China on 12 September 2008 with a registered capital of Renminbi 5.0 million. ZYTLCM was set up for the purpose of undertaking the business of sales and marketing of cement and cementitious products.

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Notes: - continued

- (xv) On 15 September 2008, BCE entered into a Share Sale Agreement with Seri Meraga Consolidated Sdn Bhd for the acquisition of 100,000 ordinary shares of RM1.00 each representing 50% of the issued & paid-up share capital of SMC Mix Sdn Bhd (“SMC Mix”), for a total cash consideration of RM332,199.28. SMC Mix became a wholly-owned subsidiary of BCE and an indirect subsidiary of the Company on 7 October 2008.

SMC Mix was incorporated on 10 September 1998 and presently has an authorised and issued paid-up share capital of RM500,000 and RM200,000 respectively. The principal activities of SMC Mix are manufacturing and sale of ready-mixed concrete.

- (xvi) On 8 October 2008, Wessex Water Enterprise Limited, an indirect wholly-owned subsidiary of YTL Power, subscribed for the following:-
- (a) 100 shares of £1.00 each representing the entire issued and paid-up share capital of Wessex Electricity Utilities Limited (“WEUL”) for £100 in cash; and
 - (b) 100 shares of £1.00 each representing the entire issued and paid-up share capital of Wessex Gas Utilities Limited (“WGUL”) for £100 in cash.

As a result, WEUL and WGUL have become indirect subsidiaries of YTL Power and the Company.

WEUL and WGUL are private limited companies incorporated in England and Wales, each with an authorised share capital of £1,000 comprising 1,000 shares of £1.00 each. Both companies will be principally involved in the ownership and operation of electricity and gas infrastructure.

- (xvii) On 13 November 2008, YTL Cayman Limited (“YTL Cayman”), a wholly-owned subsidiary of the Company, acquired 1 ordinary share of par value S\$1.00 in each of Starhill Global REIT Investments Limited (“Starhill Global Investments”) and Starhill Global REIT Management Limited (“Starhill Global Management”). As a result, Starhill Global Investments and Starhill Global Management have become wholly-owned subsidiaries of YTL Cayman and indirect subsidiaries of the Company.

Starhill Global Investments and Starhill Global Management were both incorporated in the Cayman Islands on 13 November 2008 and each has an authorised share capital of S\$100,000.00 comprising 100,000 shares of S\$1.00 each. Both companies are principally involved in investment holding.

- (xviii) On 19 November 2008, Concrete Industries Pte Ltd (“Concrete Industries”) was incorporated as a wholly-owned subsidiary of YTL Concrete (S) Pte Ltd. YTL Concrete (S) Pte Ltd is an indirect wholly-owned subsidiary of YTL Cement and the Company.

Concrete Industries was incorporated for the purpose of undertaking the business of the manufacture and supply of ready-mixed concrete and related products.

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Notes: - continued

- (xix) On 24 December 2008, YTLE disposed its 400,000 ordinary shares of RM1.00 each in Intellectual Learning Sdn Bhd ("ILSB"), representing the entire issued and paid-up share capital of ILSB, to Airzed Broadband Sdn Bhd ("AZB") (a 70%-owned subsidiary of Y-Max Solutions Holdings Sdn Bhd which in turn is a 70%-owned subsidiary of YTLE) for a nominal cash consideration of RM2.00 (the "Shares Disposal"). As a result of the Shares Disposal, ILSB became a direct subsidiary of AZB and an indirect subsidiary of YTLE.

On 26 December 2008, ILSB issued 1,000,000 shares of RM1.00 each to AZB at a subscription price of RM1.00 per share.

On 31 December 2008, ILSB issued 350,000 shares of RM1.00 each to Airzed Networks Sdn Bhd for a cash consideration of RM1,000,000. As a result of this issue of shares, ILSB became an 80%-owned subsidiary of AZB.

- (xx) On 28 October 2008, the Company entered into the following sale and purchase agreements ("SPA"):-
- (a) SPA with Macquarie Real Estate Singapore Pte Ltd ("MRES") and Macquarie Bank Limited ("MBL") ("MP REIT SPA") for the acquisition of 247,101,000 Units in Macquarie Prime Real Estate Investment Trust ("MP REIT") (formerly known as Macquarie MEAG Prime Real Estate Investment Trust) representing approximately 26% of the total issued Units from MRES for a cash consideration of S\$202,622,820 or S\$0.82 per Unit ("MP REIT Acquisition"); and
- (b) SPA with MBL for the acquisition from MBL ("PRMH SPA") of the following for a cash consideration of S\$62,000,000:-
- (i) 1,500,000 ordinary shares in Prime REIT Management Holdings Pte Ltd ("PRMH") representing 50% of the total PRMH shares in issue;
- (ii) 1 class A redeemable preference share in PRMH ("RPS A") representing the entire RPS A in issue; and
- (iii) 1 class B redeemable preference share in PRMH ("RPS B") representing the entire RPS B in issue
- ("PRMH Acquisition")

(The MP REIT Acquisition and PRMH Acquisition are collectively referred to as "the Acquisitions")

All conditions precedent set out in the MP REIT SPA and PRMH SPA had been satisfied/waived on 24 December 2008 for the purpose of proceeding with the completion of the Acquisitions and accordingly, the MP REIT SPA and PRMH SPA became unconditional on the said date.

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Notes: - continued

On 24 December 2008, the MP REIT SPA was novated by the Company to Starhill Global Investments whilst the PRMH SPA was novated to Starhill Global Management.

Bursa Malaysia Securities Berhad had vide its letter dated 6 November 2008 allowed the Company to complete the Acquisitions and seek shareholders' ratification of the Acquisitions subject to conditions as stipulated in the said letter.

The Acquisitions were completed on 31 December 2008.

Following the completion of the Acquisitions, MP REIT and PRMH have been renamed Starhill Global Real Estate Investment Trust and YTL Pacific Star REIT Management Holdings Pte Ltd with effect from 31 December 2008 and 1 January 2009, respectively.

A9. Changes in Contingent Liabilities or Contingent Assets

Since the last annual balance sheet as at 30 June 2008, there were no changes in the contingent liabilities of the Group.

As at 31 December 2008, the Company had given corporate guarantees to financial institutions for facilities granted by the financial institutions to its subsidiaries as follows:-

	Total Amount Guaranteed RM'000	Amount Utilised RM'000
Bank overdrafts	20,200	1,535
Letters of credit/trust receipts/bankers acceptances/ shipping guarantees	143,300	68,220
Revolving credits/term loans	100,531	65,648
Bankers' guarantees	86,000	42,127
	<u>350,031</u>	<u>177,530</u>
	S\$'000	S\$'000
Revolving credits/term loans	603,157	602,879
Bankers' guarantees	13,000	200
	<u>616,157</u>	<u>603,079</u>
	US\$'000	US\$'000
Exchangeable Bonds due 2013	300,000	300,000

INTERIM FINANCIAL REPORT

Notes: - continued

A10. Subsequent Events

There was no item, transaction or event of a material or unusual in nature during the period from the end of the quarter under review to 1 February 2009, except as disclosed below.

In respect of the Acquisitions referred to in Note A8 (xx), shareholders duly approved the resolution for ratification of the Acquisitions at the Extraordinary General Meeting held on 22 January 2009.

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INTERIM FINANCIAL REPORT

Notes: - continued

Disclosure requirements per Part A of Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad

B1. Review of Performance

The Group recorded a revenue and profit before taxation for the current financial quarter of RM1,624.6 million and RM284.7 million respectively, representing an increase of 7.2% and a decrease of 36.2% when compared to the previous corresponding quarter ended 31 December 2007.

The Group's profit from operations improved from RM1,263.7 million in the corresponding six months ended 31 December 2007 to RM1,313.7 million in the current financial six months ended 31 December 2008 representing an increase of 3.9%. The profit after taxation decreased by 3.9% from RM688.4 million recorded in the previous corresponding six months ended 31 December 2007 to RM661.4 million recorded in the six months ended 31 December 2008. The decrease was principally due to the decline in Great Britain Pounds ("GBP") exchange rate applied in translating the earnings of the Group's offshore subsidiary, Wessex Water Limited and its subsidiaries ("Wessex Water").

B2. Comparison with Preceding Quarter

	Current Quarter 31.12.2008 RM'000	Preceding Quarter 30.9.2008 RM'000
Revenue	1,624,617	1,739,212
Consolidated profit before taxation	284,688	569,747
Consolidated profit after taxation attributable to shareholders	50,422	252,367

For the current financial quarter, the Group's revenue decreased by 6.6% while the profit before taxation decreased by 50.0% compared to the preceding quarter ended 30 September 2008. The decrease in revenue was substantially due to lower revenue reported for Wessex Water due translation following the weakening of the GBP currency against the Ringgit. The preceding quarter ended 30 September 2008 reported a fair value gain on investment properties of RM254.36 million, hence contributing substantially to the reduction in profit before taxation for the current quarter ended 31 December 2008 when compared to the preceding quarter.

B3. Audit Report of the preceding financial year ended 30 June 2008

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

B4. Prospects

The Group, after considering the Group's current level of operations and the current market condition, is expected to achieve satisfactory performance for the financial year ending 30 June 2009

INTERIM FINANCIAL REPORT

Notes: - continued

B5. Profit Forecast

The Group did not issue any profit forecast or profit guarantee during the current financial quarter.

B6. Taxation

Taxation comprises the following:-

	Current Year Quarter 31.12.2008 RM'000	Preceding Year Corresponding Quarter 31.12.2007 RM'000	Current Year To Date 31.12.2008 RM'000	Preceding Year Corresponding Period 31.12.2007 RM'000
Taxation based on profit for the period	122,392	118,060	193,517	229,986
In respect of prior years				
- Income tax	-	-	7	1,544
Deferred taxation	(30,711)	(651)	(463)	(954)
	<u>91,681</u>	<u>117,409</u>	<u>193,061</u>	<u>230,576</u>

The provision for taxation of the Group for the current financial quarter reflects an effective tax rate higher than the Statutory Income Tax Rate due primarily to the losses suffered by some group companies not available for group relief deduction.

B7. Sales of Unquoted Investment and /or Properties

There was no sale of unquoted investments or properties during current financial quarter.

B8. Quoted Securities

(a)	Current Year Quarter 31.12.2008 RM'000	Current Year To Date 31.12.2008 RM'000
Purchases	-	-
Sales	5	41
Gain on disposal	-	30
	=====	=====

(b) Particulars of investment in quoted securities as at 31 December 2008:

- At cost	RM'000 22,753
- At carrying value	22,753
- At market value	14,109
	<u> </u>

INTERIM FINANCIAL REPORT

Notes: - continued

B9. Corporate Developments

(a) Corporate Proposals Announced and Pending Completion

As at the date of this announcement, there are no corporate proposals announced and pending completion save for the following:-

- (i) In relation to the proposed issue by YTL Cement via a wholly-owned subsidiary to be incorporated in the Federal Territory of Labuan, of up to USD200 million nominal value five (5) year guaranteed Exchangeable Bonds which are exchangeable into new ordinary shares of RM0.50 each in YTL Cement (“the Proposed Exchangeable Bonds Issue”), YTL Cement had on 19 September 2008 made an application to the Securities Commission (“SC”) for an extension of time up to 4 April 2009 to complete the Proposed Exchangeable Bonds Issue (“Extension of Time”). The SC had vide its letter dated 26 September 2008 approved the Extension of Time.

As all relevant approvals have been obtained, the Proposed Exchangeable Bonds Issue is now pending implementation subject to prevailing market conditions.

- (ii) On 2 December 2008, YTL Power together with Sabre Energy Industries Pte Ltd (formerly known as Sceptre Industries Pte Ltd), entered into a share purchase agreement with Temasek Holdings (Private) Limited to acquire 884,971,148 ordinary shares in PowerSeraya Limited (“PowerSeraya”), representing a 100% equity interest in PowerSeraya for a purchase consideration of S\$3,600 million (approximately RM8,568 million, based on the prevailing exchange rate of S\$1.00:RM2.38) (“Proposed PowerSeraya Acquisition”).

The Proposed PowerSeraya Acquisition has been granted the necessary approvals by Bank Negara Malaysia via its letters dated 18 August 2008 and 15 September 2008.

The Proposed PowerSeraya Acquisition is subject to the approval of the shareholders of YTL Power at an Extraordinary General Meeting to be held on 26 February 2009.

b) Status of Utilization of Proceeds

USD300 million Guaranteed Exchangeable Bonds Due 2012

Of the net proceeds received from the issue of the USD300 million Guaranteed Exchangeable Bond due 2012, approximately USD188.9 million was utilised for the payment of purchase of MP REIT Acquisition and PRMH Acquisition and related expenses (as defined in Note A8(xx)) and the balance is currently placed under fixed deposits pending investments.

INTERIM FINANCIAL REPORT

Notes: - continued

B10. Group Borrowings and Debt Securities

Particulars of the Group's borrowings and debts securities as at 31 December 2008 are as follows:-

	RM'000
(i) Short term	
- Secured	656,471
- Unsecured	4,851,496
	<u>5,507,967</u>
	<u>RM'000</u>
(ii) Long term	
- Secured	2,739,007
- Unsecured	13,110,671
	<u>15,849,678</u>

The above include borrowings denominated in foreign currencies as follows:-

In Singapore Dollar ('000)	605,079
In US Dollar ('000)	610,489
In Sterling Pound ('000)	1,804,851
In RMB ('000)	30,000

Save for the borrowings of RM135.403 million and S\$602.879 million by the subsidiary companies of which corporate guarantees are provided by the Company, all other borrowings of subsidiary companies are on a non-recourse basis to the Company.

B11. Off Balance Sheet Financial Instruments

There were no off balance sheet instruments as at 31 December 2008.

B12. Material litigation

There was no material litigation pending as at the date of this report.

B13. Dividend

The Board of Directors has not recommended any interim dividend for the current financial quarter.

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Notes: - continued

B14. 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 as set out below:-

	Current Quarter 31.12.2008	Preceding Year Corresponding Quarter 31.12.2007
Profit attributable to shareholders (RM'000)	50,422	189,327
<i>Weighted average number of ordinary shares ('000)</i>		
Issued at the beginning of the period	1,641,931	1,654,413
Shares repurchased	(137,245)	(153,178)
	1,504,686	1,501,235
Basic earnings per share (sen)	3.35	12.61

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Notes: - continued

B14. Earnings Per Share - continued

ii) Diluted earnings per share

The diluted earnings per share of the Group has been computed by dividing the net profit for the financial quarter as set out below:-

	Current Quarter 31.12.2008	Preceding Year Corresponding Quarter 31.12.2007
Profit attributable to shareholders (RM'000)	50,422	189,327
<i>Weighted average number of ordinary shares-diluted ('000)</i>		
Weighted average number of ordinary shares-basic	1,504,686	1,501,235
Effect of unexercised warrants	78,476	112,251
Effect of unexercised employees share option scheme	11,406	16,471
	<u>1,594,568</u>	<u>1,629,957</u>
* Diluted earnings per share (sen)	<u>3.16</u>	<u>11.62</u>

* Total cash expected to be received in the event of an exercise of all outstanding warrants and ESOS options is RM1,237.425 million. Accordingly, the Net Asset (NA) on a proforma basis will increase by RM1,237.425 million resulting in an increase in NA per share of RM0.68. In arriving at the Diluted earnings per share, NA and NA per share, no income has been accrued for the cash proceeds.

By Order of the Board
HO SAY KENG
Secretary

Kuala Lumpur
Dated: 19 February 2009