

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

**INTERIM FINANCIAL REPORT**

Interim financial report on consolidated results for the period ended 31 December 2006.

The figures have not been audited.

**CONDENSED CONSOLIDATED INCOME STATEMENTS**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31.12.2006 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31.12.2005 (Restated) RM'000	6 MONTHS ENDED	
			31.12.2006 RM'000	31.12.2005 (Restated) RM'000
<b>REVENUE</b>	1,415,267	1,287,248	2,808,088	2,644,886
COST OF SALES	(848,896)	(696,224)	(1,614,774)	(1,483,583)
GROSS PROFIT	566,371	591,024	1,193,314	1,161,303
OTHER OPERATING EXPENSES	(102,712)	(119,716)	(228,220)	(204,297)
OTHER OPERATING INCOME	36,264	97,779	63,244	143,239
<b>PROFIT FROM OPERATIONS</b>	499,923	569,087	1,028,338	1,100,245
FINANCE COSTS	(188,745)	(204,272)	(391,479)	(407,419)
SHARE OF (LOSSES)/PROFITS OF ASSOCIATED COMPANIES	49,317	54,675	87,776	84,811
<b>PROFIT BEFORE TAXATION</b>	360,495	419,490	724,635	777,637
TAXATION	(83,367)	(91,173)	(170,962)	(174,177)
<b>PROFIT FOR THE PERIOD</b>	277,128	328,317	553,673	603,460
<b>ATTRIBUTABLE TO:</b>				
SHAREHOLDERS	152,982	217,464	307,108	392,291
MINORITY INTERESTS	124,146	110,853	246,565	211,169
<b>PROFIT FOR THE PERIOD</b>	277,128	328,317	553,673	603,460
<b>EARNINGS PER 50 SEN SHARE</b>				
Basic (Sen)	10.44	15.22	21.23	27.59
Diluted (Sen)	9.89	14.12	20.26	25.57

The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 30 June 2006.

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

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**CONDENSED CONSOLIDATED BALANCE SHEETS**

	<b>UNAUDITED</b>	<b>AUDITED</b>
	<b>AS AT</b>	<b>AS AT</b>
	<b>31.12.2006</b>	<b>30.6.2006</b>
		<b>(Restated)</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>		
<b>Non-current Assets</b>		
Property, Plant & Equipment	16,623,189	16,321,373
Investment Properties	1,488,330	1,358,565
Investment In Subsidiaries	181,704	181,704
Investment In Associated Companies	1,313,229	1,291,228
Quoted Investments	46,464	16,919
Unquoted Investments	587,031	588,211
Development Expenditure	750,004	653,699
Goodwill on Consolidation	880,269	848,159
	<u>21,870,220</u>	<u>21,259,858</u>
<b>Current Assets</b>		
Inventories	328,639	333,558
Property development projects	212,756	223,105
Trade & other receivables	2,042,768	2,214,165
Tax recoverable	78,281	70,924
Inter-company balances	55,280	20,803
Short term investments	43,813	70,585
Fixed deposits	7,662,647	6,125,084
Cash & bank balances	74,921	70,103
	<u>10,499,105</u>	<u>9,128,327</u>
<b>TOTAL ASSETS</b>	<u>32,369,325</u>	<u>30,388,185</u>

The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the year ended 30 June 2006

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

	<b>UNAUDITED AS AT 31.12.2006  RM'000</b>	<b>AUDITED AS AT 30.6.2006 (Restated) RM'000</b>
<b>EQUITY</b>		
Share Capital	822,997	782,355
Share premium	571,264	389,756
Capital reserve	102,394	102,529
Statutory reserve	24,445	26,009
Exchange differences reserve	51,209	9,041
Other reserves	71,636	60,253
Retained profits	6,100,818	5,857,463
Less : Treasury shares, at cost	(857,117)	(668,269)
<b>Total Equity Attributable to Shareholders of the Company</b>	<u>6,887,646</u>	<u>6,559,137</u>
<b>Minority Interests</b>	<u>3,953,438</u>	<u>3,666,565</u>
<b>TOTAL EQUITY</b>	<u>10,841,084</u>	<u>10,225,702</u>
<b>LIABILITIES</b>		
<b>Non-current Liabilities</b>		
Long Term Borrowings	14,442,720	13,168,236
Other Long Term Liabilities	468,173	494,592
Deferred Income	149,321	147,203
Deferred Taxation	2,547,783	2,450,333
	<u>17,607,997</u>	<u>16,260,364</u>
<b>Current Liabilities</b>		
Trade & other payables	1,338,114	1,284,115
Inter-company balances	1,646	5,832
Short term borrowings	2,390,385	2,415,813
Provision for taxation	155,065	146,931
Provision for liabilities & charges	35,034	49,428
	<u>3,920,244</u>	<u>3,902,119</u>
<b>TOTAL LIABILITIES</b>	<u>21,528,241</u>	<u>20,162,483</u>
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<u>32,369,325</u>	<u>30,388,185</u>
Net Assets per 50 sen share (Sen)	<u>481.51</u>	<u>462.40</u>

The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the year ended 30 June 2006

**YTL CORPORATION BERHAD (Company No. 92647-H)**  
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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE SECOND QUARTER ENDED 31 DECEMBER 2006**

Group	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	Capital reserve RM'000	Statutory reserve RM'000	Translation reserve RM'000	Retained profits RM'000	Treasury shares RM'000	Other reserves RM'000			
Balance at 1.7.2006											
- as previously reported	782,355	389,756	102,529	26,009	9,041	6,113,825	(668,269)	94,211	6,849,457	2,945,802	9,795,259
- prior years adjustments	-	-	-	-	-	(256,362)	-	(33,958)	(290,320)	720,763	430,443
- as restated	782,355	389,756	102,529	26,009	9,041	5,857,463	(668,269)	60,253	6,559,137	3,666,565	10,225,702
Currency translation differences	-	-	(135)	(1,564)	42,168	-	-	-	40,469	21,876	62,345
Loss recognized on deemed dilution of interest in subsidiaries	-	-	-	-	-	18,408	-	-	18,408	-	18,408
Acquisition of subsidiary	-	-	-	-	-	9	-	-	9	-	9
Income and expenses recognised											
directly in equity	-	-	(135)	(1,564)	42,168	18,417	-	-	58,886	21,876	80,762
Net profit for the period	-	-	-	-	-	307,108	-	-	307,108	246,565	553,673
Total recognised income and expenses for the period	-	-	(135)	(1,564)	42,168	325,525	-	-	365,994	268,441	634,435
Reserve on consolidation	-	-	-	-	-	-	-	(491)	(491)	-	(491)
Treasury shares	(6,500)	-	-	-	-	-	(188,848)	-	(195,348)	-	(195,348)
Share-based payment	-	-	-	-	-	-	-	11,874	11,874	-	11,874
Issue of share capital	47,142	181,508	-	-	-	-	-	-	228,650	-	228,650
Dividend paid	-	-	-	-	-	(82,170)	-	-	(82,170)	-	(82,170)
Changes in composition of the Group	-	-	-	-	-	-	-	-	-	18,432	18,432
Balance at 31.12.2006	822,997	571,264	102,394	24,445	51,209	6,100,818	(857,117)	71,636	6,887,646	3,953,438	10,841,084

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

**YTL CORPORATION BERHAD (Company No. 92647-H)**  
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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE SECOND QUARTER ENDED 31 DECEMBER 2005**

Group	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	Capital reserve RM'000	Statutory reserve RM'000	Translation reserve RM'000	Retained profits RM'000	Treasury shares RM'000	Other reserves RM'000			
Balance at 1.7.2005											
- as previously reported	762,966	290,759	102,295	10,246	55,762	4,834,603	(542,103)	69,842	5,584,370	2,575,720	8,160,090
- prior years adjustments	-	-	-	-	-	(21,983)	-	-	(21,983)	(18,556)	(40,539)
- as restated	762,966	290,759	102,295	10,246	55,762	4,812,620	(542,103)	69,842	5,562,387	2,557,164	8,119,551
Currency translation differences	-	-	-	-	(21,286)	-	-	-	(21,286)	(31,109)	(52,395)
Gains recognized on deemed dilution of interest in subsidiaries	-	-	-	-	-	33,983	-	-	33,983	-	33,983
Income and expenses recognised directly in equity	-	-	-	-	(21,286)	33,983	-	-	12,697	(31,109)	(18,412)
Net profit for the period	-	-	-	-	-	392,291	-	-	392,291	211,169	603,460
Total recognised income and expenses for the period	-	-	-	-	(21,286)	426,274	-	-	404,988	180,060	585,048
Reserve on consolidation	-	-	-	-	-	-	-	44,843	44,843	-	44,843
Treasury shares	-	-	-	-	-	-	(104,275)	-	(104,275)	-	(104,275)
Issue of share capital	19,346	98,784	-	-	-	-	-	-	118,130	-	118,130
Changes in composition of the Group	-	-	-	-	-	-	-	-	-	42,899	42,899
Balance at 31.12.2005	782,312	389,543	102,295	10,246	34,476	5,238,894	(646,378)	114,685	6,026,073	2,780,123	8,806,196

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

**YTL CORPORATION BERHAD (Company No. 92647-H)**  
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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT  
FOR THE PERIOD ENDED 31 DECEMBER 2006**

	<b>FOR THE PERIOD ENDED</b>	
	<b>31.12.2006</b>	<b>31.12.2005</b>
	<b>RM'000</b>	<b>RM'000</b>
Net cash from operating activities	994,777	474,902
Net cash (used in) from investing activities	(670,289)	753,399
Net cash (used in) from financing activities	1,377,328	(624,865)
Net changes in cash and cash equivalents	1,701,816	603,436
Cash and cash equivalents brought forward	6,029,586	5,641,793
Cash and cash equivalents carried forward	7,731,402	6,245,229

Cash and cash equivalents comprise:

	<b>RM'000</b>	<b>RM'000</b>
Fixed deposits	7,662,647	6,223,103
Cash and bank balances	74,921	63,444
Bank overdraft	(6,166)	(41,318)
	7,731,402	6,245,229

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the year ended 30 June 2006

**INTERIM FINANCIAL REPORT**

**Notes:-**

**Disclosure requirements per FRS 134 (formerly known as MASB 26) – 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 2006.

**A1. Accounting Policies and methods of computation**

The interim financial report is unaudited and has been prepared in accordance with FRS134<sub>2004</sub> “Interim Financial Reporting” (formerly known as MASB 26) and Chapter 9, part K of the Listing Requirements of Bursa Malaysia Securities Berhad, except for the adoption of the following new/revised Financial Reporting Standards (FRS) effective 1 July 2006 as disclosed below:-

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 Accounting 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 128	Investments in Associates
FRS 131	Interests in Joint Ventures
FRS 132	Financial Instruments: Disclosure and Presentation
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets
FRS 140	Investment Property

The adoption of FRS 5, 102, 108, 110, 116, 121, 127, 128, 131, 132, 133, 136, and 140 does not have significant financial impact on the Group.

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

**a) FRS 2: Share-based Payment**

This FRS requires the 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 or entity’s parent or another entity in the Group as the entity.

The Group operates share-based compensation plan for eligible employees, its subsidiaries and certain of its associates, namely employees’ share option scheme (ESOS) in relation to the shares of YTL Corporation Berhad (YTL Corp), YTL Cement Berhad (YTL Cement) and YTL Power International Berhad (YTL Power).

**INTERIM FINANCIAL REPORT**

**Notes: - continued**

**A1. Accounting Policies and methods of computation - continued**

Prior to 1 January 2006, no compensation expense was recognised in profit or loss for share options granted. With the adoption of FRS 2, the compensation expense relating to share options is recognised in profit or loss over the vesting period of the grants with a corresponding increase in equity.

For the current period under review, the application of FRS 2 has resulted in a charge of approximately RM11.87 million to the income statement of the Group arising from the ESOS granted to employees of the Group.

**b) FRS 3: Business Combinations**

The adoption of the revised FRS 3 will result in any excess of the Group's interest in the net fair value of acquirees' identifiable assets, liabilities and contingent liabilities over cost of acquisitions (previously referred to as "negative goodwill arising from acquisition"), after reassessment, being recognised immediately in profit/loss.

In accordance with the transitional provisions of FRS 3, the negative goodwill from acquisition of RM33.96 million as at 1 July 2006, which was previously set off against goodwill or recognised as reserves on consolidation by the Group, has been transferred to the retained earnings.

**c) FRS 101: Presentation of Financial Statements**

The adoption of the revised FRS 101 has affected the presentation of minority interests, share of net after-tax results of associates 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 to the current period's presentation.

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**INTERIM FINANCIAL REPORT**

**Notes: - continued**

**A1. Accounting Policies and methods of computation – continued**

**d) FRS 140: Investment Property**

The adoption of this new FRS has resulted in a change in accounting policy for investment properties. Investment properties are now stated at fair value, representing open-market value. Gains or losses arising from changes in the fair values of investment properties are recognised in profit/loss in the period in which they arise. Prior to 1 July 2006, investment properties were stated at cost less allowance for any diminution in value other than temporary. Investment properties are not subject to depreciation.

- (ii) The summary of the financial effects of changes in accounting policies resulting as a result of the adoption of the new/revised FRSs to the previous period/year's comparatives are as follows:-

**a) Condensed Consolidated Balance Sheet as at 30 June 2006**

<b>RM'000</b>	<b>As previously stated</b>	<b>Adjustments</b>		<b>As restated</b>
		<b>FRS 3</b>	<b>FRS 140</b>	
PPE	16,321,373	-	-	16,321,373
Investment properties	208,565	1,150,000	-	1,358,565
Investment In Associated Companies	1,300,133	(8,905)	-	1,291,228
Quoted investments	626,164	(609,245)	-	16,919
Goodwill on Consolidation	837,515	10,644	-	848,159
Trade & other receivables	2,212,189	1,976	-	2,214,165
Fixed deposits	6,027,167	97,917	-	6,125,084
Cash & bank balances	70,029	74	-	70,103
Other assets	2,142,589	-	-	2,142,589
<b>Total Assets</b>	<b>29,745,724</b>	<b>642,461</b>	<b>-</b>	<b>30,388,185</b>
Share capital and reserves	641,421	-	-	641,421
Other reserves	94,211	(33,958)	-	60,253
Retained profits	6,113,825	(256,362)	-	5,857,463
<b>Shareholders' Equity</b>	<b>6,849,457</b>	<b>(290,320)</b>	<b>-</b>	<b>6,559,137</b>
Minority Interests	2,945,802	720,763	-	3,666,565
Long Term Borrowings	12,988,236	180,000	-	13,168,236
Trade & other payables	1,258,005	26,110	-	1,284,115
Provision for taxation	141,023	5,908	-	146,931
Other liabilities	5,563,201	-	-	5,563,201
<b>Total Equity &amp; Liabilities</b>	<b>29,745,724</b>	<b>642,461</b>	<b>-</b>	<b>30,388,185</b>
Net Assets per 50 sen share (Sen)	482.87			462.40

**INTERIM FINANCIAL REPORT**

**Notes: - continued**

**A2. Audit Report of the preceding financial year ended 30 June 2006**

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

**A3. Seasonality or Cyclicalness 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 an 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 in estimates of amounts reported in prior interim periods and prior financial years.

**A6. 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 31,940,800 ordinary shares of its issued share capital from the open market for a total consideration of RM193.271 million at an average cost of RM6.05 per share during the current financial quarter. During the current financial year to date, a total of 44,710,700 ordinary shares were repurchased from the open market for a total consideration of RM258.402 million. The repurchased 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.

On 12 December 2006, 13,000,000 treasury shares valued at RM69.554 million were cancelled and as at 31 December 2006, the number of treasury shares held is 158,633,505 ordinary shares. Subsequently on 9 January 2007 and 16 January 2007, a total of 20,000,000 treasury shares with a total value of RM109.359 million were cancelled.

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**INTERIM FINANCIAL REPORT**

**Notes: - continued**

- (ii) For the current financial quarter ended 31 December 2006, 71,882,131 and 18,598,998 ordinary shares were issued pursuant to the exercise of 1997/2007 and 1999/2009 warrants at an exercise price of RM2.75 and RM4.23 per share respectively. During the current financial year to date a total of 72,313,940 and 21,905,522 ordinary shares were issued pursuant to the exercise of 1997/2007 and 1999/2009 warrants at an exercise price of RM2.75 and RM4.23 per share respectively.
- (iii) For the current financial year to date, a total of 62,500 ordinary shares were issued pursuant to the exercise of employees' share option scheme (ESOS) at an exercise price of RM2.79. During the current financial year to date a total of 64,500 ordinary shares were issued pursuant to the exercise of employees' share option scheme (ESOS) at an exercise price of RM2.79.

**A7. Dividend paid**

A first interim dividend of 15% gross less Malaysian Income Tax of 28% amounting to RM82,170,182 for the current financial year ended 30 June 2007 was paid during the current financial quarter.

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**YTL CORPORATION BERHAD (Company No. 92647-H)**  
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**Notes: - continued**

**A8. Segment Reporting**

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

The Group's segmental report for the second quarter ended 31 December 2006 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
<b>Revenue</b>	119,409	10,016	556,719	76,000	146,789	69,671	1,829,484	2,808,088
<b>Results</b>								
Profit from Operations	15,599	3,650	132,247	46,376	35,222	7,856	787,388	1,028,338
Finance costs								(391,479)
Share of profit of associated companies								87,776
Profit before taxation								724,635
Taxation								(170,962)
Profit for the period								553,673
<b>Attributable to:</b>								
Shareholders								307,108
Minority interests								246,565
Profit for the period								553,673

**YTL CORPORATION BERHAD (Company No. 92647-H)**

(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT****Notes: - continued****A8. 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 2005 (restated) 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
<b>Revenue</b>	90,686	12,197	518,789	80,957	131,178	59,413	1,751,666	2,644,886
<b>Results</b>								
Profit from Operations	9,893	6,321	115,979	49,516	34,100	8,170	764,154	988,133
Finance costs								(407,419)
Gain on disposal of quoted investments								34,416
Gain on redemption of Mudharabah Redeemable Convertible Preference Shares (MRCPS)								77,696
Share of profit of associated companies								84,811
Profit before taxation								777,637
Taxation								(174,177)
Profit for the period								603,460
<b>Attributable to:</b>								
Shareholders								392,291
Minority interests								211,169
Profit for the period								603,460

**INTERIM FINANCIAL REPORT**

**Notes: - continued**

**A9. Valuation of Property, Plant and Equipment**

Property, plant & equipment are stated at cost less accumulated depreciation.

**A10. Material Events Subsequent to the end of the interim period**

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

**A11. Changes in the Composition of the Group**

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

- (i) During the current financial quarter and year to date, YTL Power International Berhad (YTL Power) repurchased a total of 52,386,700 and 66,399,900 ordinary shares of its issued share capital from the open market value for a total consideration of RM115,587,898 and RM142,415,113 at an average cost of RM2.21 and RM2.14 per share respectively. The repurchase of shares was financed by internally generated funds. As at 31 December 2006, the number of shares held was 305,021,556 ordinary shares.
- (ii) During the current financial quarter and for the financial year to date, 111,684,278 and 111,686,278 ordinary shares respectively were issued by YTL Power pursuant to the exercise of warrants at a weighted average exercise price of RM1.43 per share .
- (iii) For the current financial quarter and year to date, 3,289,000 and 3,359,000 ordinary shares respectively were issued by YTL Power pursuant to the exercise of employees' share scheme (ESOS) at a weighted average exercise price of RM1.35.
- (iv) For the current financial quarter and for the financial year to date, a total of 416,000 and 440,000 ordinary shares of RM0.50 each respectively were issued by YTL Cement pursuant to the exercise of ESOS at an exercise price of RM1.21.
- (v) During the current financial quarter ended 31 December 2006, YTL Cement repurchased a total of 3,311,200 ordinary shares from the open market at an average price of RM3.38 per share for a total consideration of RM11,203,261. During the financial year to date, YTL Cement repurchased 3,320,600 ordinary shares from the open market at an average price of RM3.38 for a total consideration of RM11,226,349. The share buy-back was financed by internally generated funds. The shares purchased are held as treasury shares.

**INTERIM FINANCIAL REPORT**

**Notes: - continued**

- (vi) For the current financial quarter and financial year to date, a total of 404 ordinary shares of RM0.50 each were issued by YTL Cement pursuant to the conversion of RM1,100 Nominal value of 100% Irredeemable Convertible Unsecured Loan Stocks 2005/2015.
- (vii) During the current financial quarter, the share capital of YTL Land & Development Berhad (YTL L&D) increased from RM177,646,036 to RM177,836,297 as a result of the conversion of 1,484,032 Irredeemable Convertible Preference Shares (“ICPS-A”) of RM0.50 each into 380,521 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-A of RM0.50 each held.

During the current financial quarter to date, there were no issuance of ICPS-A and ICPS-B. The total number of ICPS-A and ICPS-B outstanding as at 31 December 2006 were 272,626,746 and 560,849,502 of RM0.50 each respectively.

- (viii) On 10 November 2006, YTL e-Solutions Berhad announced that its subsidiary, Infoscreen Networks Plc, a subsidiary incorporated in UK the shares of which are listed on the AIM Market of the London Stock Exchange, has subscribed for 70,000 ordinary shares of 1 pence each, representing 70% of the issued and paid up capital of The Luxury Channel Limited (“LCL”) for a cash consideration of GBP700. As a result of this subscription, LCL became an indirect subsidiary of YTL Corp.
- (ix) On 22 December 2006, YTL e-Solutions Berhad (“YTLE”) announced that it has entered into a Subscription cum Shareholders’ Agreement (“the Agreement”) with the Chia Kok Lai, Wong Kian Lon, Shamsul Bahari bin Zainudin, Azli bin Paat and Bizsurf (M) Sdn Bhd (“Bizsurf”) to co-operate in respect of the operations, management and development of the business of providing broadband internet access and other related businesses. In accordance with the terms of the Agreement, the authorized share capital of Bizsurf was increased to RM5,000,000.00 divided into 50,000,000 ordinary shares of RM0.10 each. The issued and paid-up share capital of Bizsurf was also increased via share capital restructuring exercises wherein YTLE has on 23 January 2007 subscribed for 13,500,000 ordinary shares representing 50% of the issued and paid-up share capital of Bizsurf at par value per share for a cash consideration of RM1,350,000.00 only (“the Subscription”). As a result of the Subscription, Bizsurf has become an associated company of YTLE.

**A12. Changes in Contingent Liabilities or Contingent Assets**

Since the last annual balance sheet as at 30 June 2006, there were no changes in the contingent liabilities of the Group.

As at 31 December 2006, the Company has given corporate guarantees amounting to RM443.928 million to financial institutions for facilities granted by the financial institutions to its subsidiaries as follows:-

**INTERIM FINANCIAL REPORT**

**Notes: - continued**

	<b>Total Amount Guaranteed RM'000</b>	<b>Amount Utilised RM'000</b>
Block discounting / hire purchase facility	22,940	2,670
Bank overdrafts	20,200	961
Letters of credit/trust receipts/bankers acceptances/ shipping guarantees	184,300	46,734
Revolving loans/advances	174,688	141,923
Bankers' guarantees:-		
Advance payment bonds/performance bonds, pre-bid bonds and other related guarantees	41,800	32,638
	<u>443,928</u>	<u>224,926</u>

**A13. Subsequent Events**

- (i) On 26 January 2007, YTL Corp announced that its wholly-owned subsidiaries, YTL Hotels & Properties Sdn Bhd (YTLHP) and YTL (Guernsey) Limited have acquired 4,999 ordinary shares of US\$100 each and 1 ordinary share of US\$100 respectively in PT Jepun Bali, representing 100% of the issued and paid-up share capital of PT Jepun Bali for a total cash consideration of US Dollar One Million Seven Hundred and Fifty Thousand (US\$1,750,000) only ("the Acquisition"). As a result of the Acquisition, PT Jepun Bali has become a subsidiary of YTLHP and indirect subsidiary of the Company.

PT Jepun Bali is a limited liability company incorporated in Indonesia on 23 June 1999. It has an authorized share capital of US\$825,000 comprising 8,250 shares of US\$100 each. PT Jepun Bali is principally involved in the operation of hotel.

- (ii) The proposal announced by the Company on 24 August 2006 to undertake a renounceable restricted offer for sale ("ROS") of ordinary shares of RM0.50 each in YTL Power International Berhad (YTL Power) on the basis of 1 YTL Power Share for every 10 ordinary shares of RM0.50 each in YTL Corp at an offer price of RM1.00 per YTL Power share held on 11 December 2006 was completed on 26 January 2007.

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**INTERIM FINANCIAL REPORT**

**Disclosure requirements per Bursa Malaysia Securities Berhad listing requirements  
Part A of Appendix 9B**

**B1. Review of Performance**

The Group recorded a revenue and profit before taxation for the current financial quarter of RM1,415.3 million and RM360.5 million respectively, representing an increase of 9.95% and a decrease of 14.1% respectively when compared to the previous corresponding quarter ended 31 December, 2005. Included in the profit before taxation in the previous corresponding quarter ended 31 December 2005 was an exceptional gain on redemption of Mudharabah Redeemable Convertible Preference Shares (MRCPS) of RM77.696 million.

In line with the increased revenue, the Group's operating profit improved from RM988.1 million in the corresponding six month period to 31 December 2005 to RM1,028.3 million in the current financial six month period ended 31 December 2006 representing an increase of 4.1%. Net profit of RM553.673 million recorded in the current financial year to date takes into account an expense of RM11.87 million relating to share options granted, required under FRS2 – Share Based Payments. Net profit for the six months under review excluding this expense stood at RM565.543 million. This represents an increase of 15.1% over RM491.348 in the previous corresponding period ended 31 December 2005, excluding the gains on redemption of MRCPS of RM77.696 million and on the disposal of quoted investments of RM34.416 million. The improvement was attributed to the better performance of its utilities and cement manufacturing and trading activities.

**B2. Comparison with Preceding Quarter**

	<b>Current Quarter 31.12.2006 RM'000</b>	<b>Preceding Quarter 30.9.2006 RM'000</b>
Revenue	1,415,267	1,392,821
Consolidated profit before taxation	360,495	364,140
Consolidated profit after taxation after minority interests	152,982	154,126

For the current financial quarter, the Group's revenue increased by 1.6% while the profit before taxation dropped by 1.0% compared to the preceding quarter ended 30 September 2006.

**B3. 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 2007.

**B4. Profit Forecast**

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

**INTERIM FINANCIAL REPORT**

Notes: - continued

**B5. Taxation**

Taxation comprises the following:-

	<b>Current Year Quarter 31.12.2006 RM'000</b>	<b>Preceding Year Corresponding Quarter 31.12.2005 RM'000</b>	<b>Current Year To Date 31.12.2006 RM'000</b>	<b>Preceding Year Corresponding Period 31.12.2005 RM'000</b>
Taxation based on profit for the period	72,476	78,629	141,575	147,506
In respect of prior years				
- Income tax	(14,621)	-	(14,491)	(140)
- Deferred tax	-	-	-	-
Deferred taxation	25,512	12,544	43,878	26,811
Others	-	-	-	-
	<u>83,367</u>	<u>91,173</u>	<u>170,962</u>	<u>174,177</u>

The provision for taxation of the Group for the current financial quarter reflects an effective tax rate lower than the Statutory Income Tax Rate due primarily to the availability of reinvestment allowances and tax losses brought forward for some of its subsidiaries and also due to the deferred taxation credit recognised by a foreign subsidiary.

**B6. Sales of Unquoted Investment and /or Properties**

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

**B7. Quoted Securities**

(a)	<b>Current Year Quarter 31.12.2006 RM'000</b>	<b>Current year To Date 31.12.2006 RM'000</b>
Purchases	29,499	29,499
Sales	-	-
Gain on disposal	-	-
	<u>=====</u>	<u>=====</u>

**INTERIM FINANCIAL REPORT**

**Notes: - continued**

**B7. Quoted Securities - continued**

(b) Particulars of investment in quoted securities as at 31 December 2006:

	<b>RM'000</b>
- At cost	53,717
- At carrying value	53,717
- At market value	45,685
	=====

**B8. Corporate Developments**

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

- (i) In relation to the proposed issue by wholly-owned subsidiary, YTL Corp Finance (Labuan) Limited of USD300 million nominal value 5-year guaranteed exchangeable bonds ("Bonds") which are exchangeable into such number of new ordinary shares of RM0.50 each in YTL Corp ("Proposed Bonds Issue"), the Company has on 26 December 2006 announced that the Securities Commission ("SC") has in its letter dated 14 December 2006 approved an extension of time up to 10 July 2007 for the Company to implement the Bonds issue. As at todate, the Bonds have not been issued.
- (ii) On 19 October 2006, YTL Power declared a distribution of One (1) treasury share for every Twenty Five (25) existing ordinary shares of RM0.50 each ("Share Dividend") held on an entitlement date to be determined at a later date. On 24 November 2006, the Company announced that the Book Closure Date for the Share Dividend was fixed for 5 February 2007.
- (iii) On 12 December 2006, YTL Corp announced the proposed disposal by YTL Land Sdn Bhd (YTL Land), a wholly-owned subsidiary of YTL Corp, of sixty (60) serviced apartment units located on the fifth (5<sup>th</sup>) floor to the nineteenth (19<sup>th</sup>) floor of the block of serviced apartments, four (4) levels of commercial podium located from the ground floor to third (3<sup>rd</sup>) floor together with one (1) level of deck on the fourth (4<sup>th</sup>) floor and basement car park levels 2 and 3 of a three (3) storey basement car park (collectively "Property"), all within the building which is known as "The Residences at The Ritz-Carlton, Kuala Lumpur" located on the land held under Geran N0. 47693 Lot No. 1308 Seksyen 67, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Wilayah Persekutuan ("Land") for a total consideration of RM125,000,000 to be satisfied by the issuance of 138,888,889 new units in Starhill Real Estate Investment Trust ("Starhill REIT") at an issue price of RM0.90 per unit ("Proposed Disposal"). The Proposed Disposal is pending the approval of the Securities Commission and the unitholders.

**INTERIM FINANCIAL REPORT**

**Notes: - continued**

**B8. Corporate Developments – continued**

- (iv) On 15 January 2007, YTL Power announced that the Securities Commission (“SC”) has in its letter dated 10 January 2007 approved the Company’s Proposed RM1.0 Billion Commercial Paper / Medium Term Notes programme (“Proposed CP/MTN Programme”). The Proposed CP/MTN Programme has a tenure of seven years from the date of first issuance under the programme. The proposed exercise is currently pending completion.

**B9. Group Borrowings and Debt Securities**

Particulars of the Group’s borrowings and debts securities as at 31 December 2006 are as follows:-

	<b>RM’000</b>
(i) Short term	
- Secured	406,648
- Unsecured	1,983,737
	<hr/> 2,390,385 <hr/>
	<b>RM’000</b>
(ii) Long term	
- Secured	1,677,788
- Unsecured	12,764,932
	<hr/> 14,442,720 <hr/>

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

In US Dollar (’000)	420,000
	<hr/>
In Sterling Pound (’000)	1,443,689
	<hr/>

All borrowings of subsidiary companies are on a non-recourse basis to the Company save and except for the US\$250 million Guaranteed Exchangeable Bonds Due 2010 guaranteed by another subsidiary company.

**INTERIM FINANCIAL REPORT**

**Notes: - continued**

**B10. Off Balance Sheet Financial Instruments**

The Group finances its activities through a combination of short-term borrowings, long-term loans and bonds. The Group uses financial instruments to limit the Group's exposure to interest rate movements. These instruments are not recognised in the financial statements on inception. The accounting policy with regards to these financial instruments, which remains the same to that disclosed in the latest audited financial statements is as follows:-

“Interest rate swap contracts protect the Group from movements in interest rates. Any differential to be paid or received on an interest rate swap contract is recognised as a component of interest income or expense over the period of the contract. Gains and losses on early termination of interest rate swaps or on repayment of the borrowings are taken to the income statement”.

There has been no material change to the terms and condition of financial instruments disclosed in the latest audited financial statements and the date of this announcement. In addition to the above, Wessex Water Limited, has several interest rate swap agreements which limit the Group's exposure to floating interest rate, details of which are as follows:-

	<b>Total £'000</b>
National Principal Amount (denotes in Sterling Pound)	10,800 =====
	<b>RM'000</b>
RM equivalent (exchange rate £1 = RM6.9315)	74,860
Average fixed interest rate	5.95%
Average period to maturity of the fixed rate borrowing (years)	2.96

All financial instruments are executed with creditworthy counter parties with a view to limit the credit risk exposure of the Group.

**B11. Material litigation**

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

**B12. Dividend**

The Board of Directors declared a second interim dividend of 15% gross less Malaysian Income Tax for the current financial year ending 30 June 2007 and that the Book Closure and Payment Dates in respect of the aforesaid dividend be 29 March 2007 and 18 April 2007 respectively.

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

**INTERIM FINANCIAL REPORT**

**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 as set out below:-

	<b>Current Quarter 31.12.2006</b>	<b>Preceding Year Corresponding Quarter 31.12.2005 (Restated)</b>
Net profit for the period / Profit attributable to shareholders (RM'000)	152,982	217,464
<i>Weighted average number of ordinary shares ('000)</i>		
Issued at the beginning of the period	1,624,193	1,547,307
Shares repurchased	(159,540)	(118,931)
	1,464,653	1,428,376
Basic earnings per share (sen)	10.44	15.22

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

**INTERIM FINANCIAL REPORT**

**Notes: - continued**

**B13. 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:-

	<b>31.12.2006</b>	<b>31.12.2005</b> <b>(Restated)</b>
Net profit for the period / Profit attributable to shareholders (RM'000)	152,982	217,464
<i>Weighted average number of ordinary shares-diluted ('000)</i>		
Weighted average number of ordinary shares-basic	1,464,653	1,428,376
Effect of unexercised warrants	74,746	106,789
Effect of unexercised employees share option scheme	7,056	5,471
	<u>1,546,455</u>	<u>1,540,636</u>
* Diluted earnings per share (sen)	<u>9.89</u>	<u>14.12</u>

\* Total cash expected to be received in the event of an exercise of all outstanding warrants and ESOS options is RM1,495.147 million. Accordingly, the Net Tangible Asset (NTA) on a proforma basis will increase by RM1495.147 million resulting in an increase in NTA per share of RM0.81. In arriving at the Diluted earnings per share, NTA and NTA per share, no income has been accrued for the cash proceeds.

By Order of the Board  
HO SAY KENG  
Secretary

Kuala Lumpur  
Dated: 8 February 2007