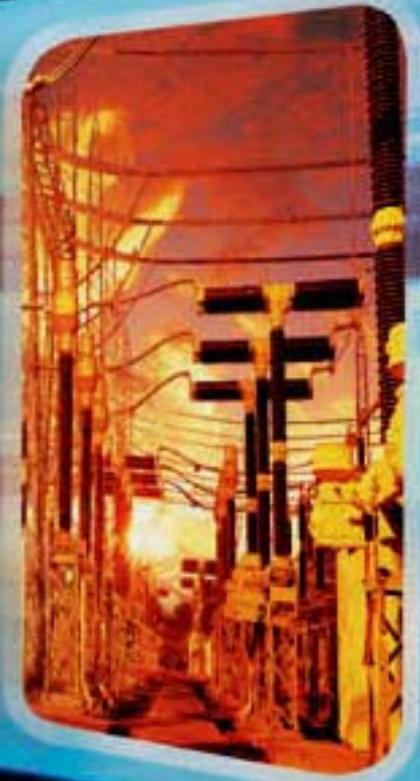
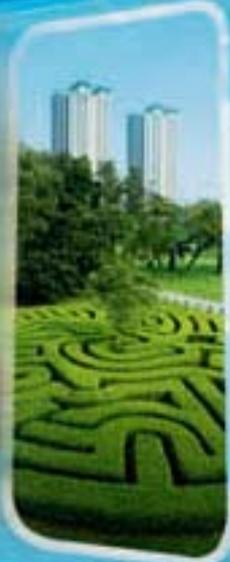




**YTL
CORPORATION
BERHAD** 92647-H

the journey continues...



annual report 2006



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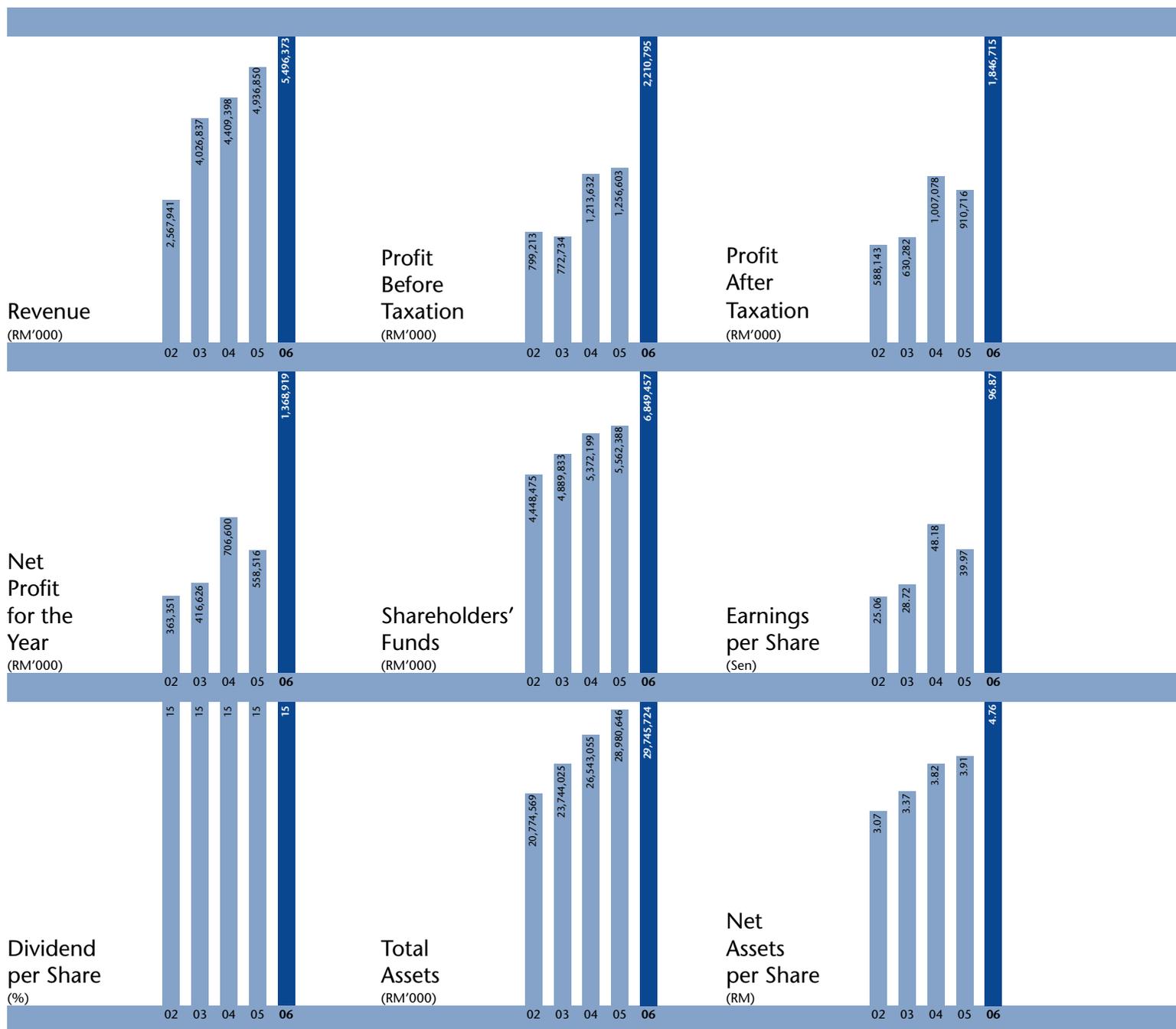
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Form of Proxy

Financial Highlights



Financial Highlights

	2006	2005	2004	2003	2002
Revenue (RM'000)	5,496,373	4,936,850	4,409,398	4,026,837	2,567,941
Profit Before Taxation (RM'000)	2,210,795	1,256,603	1,213,632	772,734	799,213
Profit After Taxation (RM'000)	1,846,715	910,716	1,007,078	630,282	588,143
Net Profit for the Year (RM'000)	1,368,919	558,516	706,600	416,626	363,351
Shareholders' Funds (RM'000)	6,849,457	5,562,388	5,372,199	4,889,833	4,448,475
Earnings per Share (Sen)	96.87	39.97	48.18	28.72	25.06
Dividend per Share (%)	15	15	15	15	15
Total Assets (RM'000)	29,745,724	28,980,646	26,543,055	23,744,025	20,774,569
Net Assets per Share (RM)	4.76	3.91	3.82	3.37	3.07

Chairman's Statement



TAN SRI DATO' SERI (DR) YEOH TIONG LAY
Executive Chairman

On behalf of the Board of Directors of YTL Corporation Berhad ("YTL Corp"), I have the pleasure of presenting to you the Annual Report and Audited Financial Statements of the Group and the Company for the financial year ended 30 June 2006.

OVERVIEW

During the financial year under review, YTL Corp continued to perform strongly, achieving another year of excellent results. The utilities division, with its operations in Malaysia, the United Kingdom ("UK"), Australia and Indonesia maintained its earnings strength, whilst the cement division performed well on the back of recovering cement prices and increasing demand. The Group's focus on acquiring regulated assets operating under long-term concessions continues to augur well for the utilities division, in particular, and is expected to remain a key growth strategy going forward.

On the domestic front, the Malaysian economy has remained robust with real Gross Domestic Product (GDP) projected to grow by 5.8% during 2006, compared to 5.2% in 2005, supported by favourable financing conditions and stable labour market conditions. In addition, the Government's decision to shift the Ringgit exchange rate regime to a managed float in July 2005 has been positive for the economy and the Ringgit has strengthened by approximately 3.7% against the US dollar, based on the country's strong trade performance, sustained capital flows and positive growth prospects.

Proactive efforts by Malaysian companies to enhance shareholder returns through capital management, mergers and acquisitions, and expansion into faster-growing markets (such as Indonesia, India and the Middle East) continue to drive corporate growth and the Malaysian Government is also expected to implement further accommodative fiscal and monetary policies to counteract any fallout from a potential US economic slowdown and to boost the long-term competitiveness of Malaysia. This should bode well for domestic demand sectors such as property and construction.

Chairman's Statement

Utilities

In general, owing to the regulated nature of its businesses, which are supported by long-term concessions or contracts, the Group's utility businesses continue to remain largely insulated from economic pressures. However, as revenues from these businesses are denominated in different currencies, exchange rate fluctuations are one of the more significant variables. Currently, earnings from the Group's investments in P.T. Jawa Power and P.T. YTL Jawa Timur in Indonesia are denominated in US Dollars, whilst earnings from Wessex Water Limited and ElectraNet Pty Ltd are denominated in Sterling and Australian Dollars, respectively, all of which remain very stable.

The Group's wholly-owned subsidiary in the UK, Wessex Water Limited ("Wessex Water"), continues to deliver outstanding results and has maintained its status as one of the most efficient water and sewerage companies in the industry. The UK water industry has seen a surge in merger and acquisition activity, with the recent acquisition of Thames Water by Australia's Macquarie bank being done at a premium of about 25% to Thames Water's regulated asset base ("RAB"). RAB is the value of the business, as calculated by the UK water industry regulator, the Office of Water Services ("OFWAT"), and is the basis upon which prices are set. The Group acquired Wessex Water in 2002 for an enterprise value of £1.24 billion, representing a discount of approximately 8% to Wessex Water's RAB at the time. For the year ended 30 June 2006, Wessex Water's RAB stood at £1.86 billion, a 50% increase over the Group's investment in Wessex Water.

Construction

The construction sector continued to face challenging operating conditions this year, including rising costs of building materials and transportation, brought about by the persistence in high fuel costs. However, new infrastructure development projects identified in the Ninth Malaysia Plan (9MP), which was unveiled in March 2006, are expected to result in a 0.7% growth of the construction sector for 2006, following a 1.6% contraction in 2005.

The 9MP has identified 880 new projects totalling approximately RM15 billion, earmarked for development in the next five years. The Malaysian Government has also announced measures such as an expansionary RM45bn development budget for 2007 (an increase of 24% year-on-year) and the intention to pursue large-scale projects such as the RM1bn Penang Monorail, RM10bn Kuala Lumpur rail/bus transport upgrade and RM3bn Penang Bridge.

During the year under review, the Group's construction division continued to perform steadily, completing construction on several phases of residential housing projects, as well as the new Sentul Link flyover connecting Lebuhraya Mahameru and the Sentul area.

Meanwhile, the KLIA Ekspres and KLIA Transit services continued to perform well, carrying the services' 10 millionth passenger during the year under review. YTL Corp holds a 50%-stake in Express Rail Link Sdn Bhd ("ERLSB"), the concession company responsible for constructing and operating the high-speed rail link between Kuala Lumpur Sentral Station and Kuala Lumpur International Airport. ERLSB operates under a 30-year concession from the Malaysian Government (which includes an option to extend for another 30 years) to own and operate the express rail link.



Chairman's Statement

Cement Manufacturing

The domestic cement industry continued to remain largely inhibited by the construction sector during the year under review. The increase in the electricity tariff early 2006, together with rising costs of raw materials, state royalties, quit rents, energy, transportation and logistics also posed challenges.

The Group's cement division, however, performed strongly by stemming the rising costs of production through optimisation of plant efficiency and output, as well as enhanced logistics and distribution networks and concentration on maintaining the highest levels of customer service. The export market has also proven to be a sound growth opportunity, particularly for cement producers who are competitive in delivering high quality, specialised products.

Property Development

Consumer sentiments have been dampened by domestic inflationary pressures, coupled with the increase in interest rates, with the base lending rate of commercial banks increasing in tandem with the adjustments in the overnight policy rate (OPR) during the year under review. Consequently, the domestic property market experienced a marginal slow-down in sales and new launches, although sales of landed properties in prime locations remained strong, with good demand levels from both foreign and local buyers.

During the year under review, the Group launched a new phase of its Sentul urban regeneration project, The Saffron at Sentul East, to strong take up rates, and completed The Maple at Sentul West, which was launched in 2003.

The Government's drive to encourage foreign investment via the 'Malaysia: My Second Home' initiative has helped to promote the country as a choice destination for property investment by foreigners and greatly broadened the customer base of the Malaysian property market. The Group's projects, such as The Maple and The Saffron, have attracted a diverse range of foreign buyers from Singapore and other parts of Asia, Europe and Australia, in addition to Malaysian buyers.

Hotel Development & Management

Higher tourist arrivals, together with the increasing popularity of Kuala Lumpur as a destination for international meetings, conferences and seminars, boosted average room occupancy rates during the year. The Group's focus this year was on product enhancement with Pangkor Laut Resort, Tanjong Jara Resort and The Ritz-Carlton, Kuala Lumpur all undergoing upgrading and refurbishment.

Operations also commenced at the Group's third luxury resort in Malaysia, Cameron Highlands Resort. The Resort was designed and conceptualised to complement its highland setting with its old English charm, and features welcoming fireplaces in the Reading Room and Highlands Bar as well as the new Spa Village Cameron Highlands.



Chairman's Statement

FINANCIAL PERFORMANCE

The Group achieved revenue of RM5,496.4 million for the financial year ended 30 June 2006, an 11.3% increase over RM4,936.9 million last year. Profit before taxation grew 75.9% to RM2,210.8 million this year, compared to RM1,256.6 million for the 2005 financial year, whilst net profit stood at RM1,368.9 million for the year ended 30 June 2006, an increase of 145.1% compared to RM558.5 million for the last financial year ended 30 June 2005.

The profit increase includes a gain of RM646.0 million on the disposal of three investment properties to Starhill Real Estate Investment Trust ("Starhill REIT"), which was listed on the Main Board of Bursa Malaysia Securities Berhad in December 2005. Even with the exclusion of this exceptional gain, however, profit before taxation still registered an increase of 24.5% to RM1,564.8 million for the year ended 30 June 2006 compared to the same period last year.

The continuing strength of the Group's overseas utility operations in the UK, Australia and Indonesia were the key drivers of this year's solid operating performance and, together with broad-based earnings growth across the Group's other core businesses, fuelled the growth in revenue and profit. The cement division, in particular, has recovered strongly from the previous year's market volatility.

DIVIDEND

The Board of Directors of YTL Corp is pleased to recommend for shareholders' approval a First and Final Dividend of 15% less Malaysian income tax for the year ended 30 June 2006.

This dividend is recommended in concurrence with the Group's policy of creating value for shareholders by sustaining consistent dividend yields. This is the 22nd consecutive year that YTL Corp has declared dividends to shareholders.

On 19 October 2006, YTL Corp also announced an Interim Dividend of 15% less Malaysian income tax for the financial year ending 30 June 2007. The book closure date for this Interim Dividend is 15 November 2006 whilst the payment date is 4 December 2006.

CORPORATE DEVELOPMENTS

- On 10 November 2005, YTL Cement Berhad ("YTL Cement"), a subsidiary of YTL Corp, issued Irredeemable Convertible Unsecured Loan Stocks ("ICULS") amounting to RM483,246,858. The 10-year ICULS bear an interest rate of 4%, stepping up to 6% over the life of the ICULS, and were offered to shareholders of YTL Cement on the basis of RM1.00 nominal value of ICULS for every one existing ordinary share of RM0.50 each held as at 27 September 2005, being the entitlement date. The ICULS were listed on Bursa Malaysia Securities Berhad on 16 November 2005 and are convertible into new ordinary shares of RM0.50 each in YTL Cement until maturity of the ICULS on 10 November 2015.



Chairman's Statement

- On 14 December 2005, YTL Land & Development Berhad ("YTL L&D"), a subsidiary of YTL Corp, announced that its wholly-owned subsidiary, SR Property Management Sdn Bhd ("SR Property"), had entered into a Share Sale and Purchase Agreement with Secure Parking Corporation Sdn Bhd (formerly known as Sistemurus Secure Parking Sdn Bhd) ("Secure Parking") for the purchase of the remaining 49% interest in Boom Time Strategies Sdn Bhd ("BoomTime") for a cash consideration of RM19,502.00. Boom Time was incorporated pursuant to a Joint Venture and Shareholders Agreement between SR Property and Secure Parking.
- On 16 December 2005, Starhill REIT was listed on the Main Board of Bursa Malaysia Securities Berhad. Starhill REIT's property portfolio comprises Starhill Gallery, the adjoining JW Marriott Hotel Kuala Lumpur and 137 parcels and 2 accessory parcels of retail, office, storage and other spaces within Lot 10 Shopping Centre. Pintar Projek Sdn Bhd, a subsidiary of the Group, is the management company for Starhill REIT.
- On 20 February 2006, YTL Cement announced that its wholly-owned subsidiary, Buildcon Concrete Enterprise Sdn Bhd had acquired a 51% equity interest in Buildcon-Ensidesa Sdn Bhd (formerly known as Barisan Mekar Sdn Bhd), which is involved in the manufacture and sale of ready-mixed concrete and related products mainly in Terengganu and Kelantan.
- On 3 April 2006, YTL Power International Berhad ("YTL Power"), a subsidiary of YTL Corp, announced that its wholly-owned subsidiary, YTL Utilities Limited ("YTL Utilities") had acquired YTL Utilities Holdings Limited, a new wholly-owned subsidiary principally involved in investment holdings.
- On 28 April 2006, YTL Power announced that YTL Utilities had acquired a new wholly-owned subsidiary, YTL Utilities Finance 3 Limited (formerly known as Concrete Investments Limited) which is principally involved in investment holdings.
- At an extraordinary general meeting held on 28 June 2006, YTL Corp received shareholders' approval for the proposed issue of up to USD300 million 5-year guaranteed exchangeable bonds to be issued by YTL Corp Finance (Labuan) Limited and guaranteed by YTL Corp ("Proposed Bonds"). The Proposed Bonds have not yet been issued.
- On 24 August 2006, YTL Corp announced a proposal to undertake a renounceable offer for sale of YTL Power shares to the shareholders of YTL Corp on the basis of one YTL Power share for every ten YTL Corp shares held, at an offer price of RM1.00 per YTL Power share. This proposal is pending implementation.
- On 30 August 2006, YTL L&D announced the acquisition of the entire issued and paid-up share capital of Pakatan Pavilion Sdn Bhd, which is principally involved in property development.
- On 13 September 2006, YTL Corp was awarded the Lakefront Collection in Sentosa Cove, Singapore, a waterfront development comprising luxury villas. This project, which spans an area of over 12,000 sq.m., marks YTL Corp's maiden foray into property development in Singapore.
- On 14 September 2006, YTL Corp announced that its wholly-owned subsidiary, YTL Hotels & Properties Sdn Bhd, had acquired Marble Valley Sdn Bhd, a new wholly-owned subsidiary which will be principally involved in the development, operation and management of a boutique hotel.
- On 19 October 2006, YTL Power announced a proposed share dividend distribution of one treasury share for every twenty-five YTL Power shares held at an entitlement date to be determined at a later date. The book closure and distribution dates for the distribution of treasury shares by YTL Power have not yet been announced.
- Status of utilisation of proceeds raised from corporate proposals
 - a 7% Redeemable Non-Guaranteed Unsecured Bonds

The proceeds received by YTL Power from the issue of its RM750 million 7% Redeemable Non-Guaranteed Unsecured Bonds on 11 January 2000 are currently placed under fixed deposits with licensed financial institutions pending investment in power generation assets.
 - b USD250 Million Guaranteed Exchangeable Bonds due 2010

The net proceeds received from the issue of USD250 million Guaranteed Exchangeable Bonds due 2010 by YTL Power Finance (Cayman) Limited, a wholly-owned subsidiary of YTL Power, are currently placed under fixed deposits pending investment in utility assets.

Chairman's Statement

CORPORATE SOCIAL RESPONSIBILITY

This year, the Group is pleased to integrate the corporate social responsibility aspect of its business as a new reporting procedure in the Annual Report. The Group's statements on corporate governance and internal control, which elaborate on these aspects, can also be found as a separate section in this Annual Report.

FUTURE DEVELOPMENTS

YTL Corp has successfully diversified and expanded its revenue base through strategic acquisitions both in Malaysia and internationally, in the UK, Australia, Indonesia and Singapore, and will continue to pursue this strategy of acquiring regulated assets operating under long-term concessions. Each acquisition has been value-enhancing to the Group, both in terms of achieving synergies across its portfolio of businesses and financial contributions to YTL Corp.

Looking ahead, the Group believes that it will be able to capitalise on potential projects and private finance initiatives (PFI) forthcoming under the 9MP recently announced by the Malaysian Government. The Malaysian economy is expected to strengthen further in 2007, with GDP growing by a projected 6%, with sustained growth expected in the cement and construction industries as implementation of the 9MP gets underway. On the external front, concerns over high crude oil prices following strong demand and tight refining capacity as well as heightened geopolitical tensions in the Middle East are expected to remain, which could lead to a sustained rise in global inflation and subsequent hikes in global interest rates, impacting both trade and growth.

In addressing these concerns, YTL Corp will continue to rely on its prudent and cohesive expansion strategy into activities correlated with its core construction business, which has diversified the Group's revenue base, whilst concurrently mitigating single-country risk. High technical efficiency levels will also continue to be integral in controlling the impact of rising costs. The Group cement and power plants, on average, operate within the highest efficiency levels of their industries and the Group intends to further enhance operational efficiencies where possible through the application of new technologies, production techniques and information technology.

The Group remains committed to growing earnings and creating shareholder value through an ongoing focus on attractive and viable investment opportunities predominantly in the utility and cement industries, both in Malaysia and internationally, in Europe and the Asia-Pacific region.

APPRECIATION

The Board of Directors of YTL Corp would like to thank our customers and business associates, the regulatory authorities, investors and shareholders for their continuing strong support, which has enabled the Group to achieve another successful year.

We would also like to thank the management and staff for their ongoing dedication, resourcefulness and commitment to the ideals of the Group.

TAN SRI DATO' SERI (DR) YEOH TIONG LAY

PSM, SPMS, DPMS, KMN, PPN, PJK
Executive Chairman



Managing Director's Review



TAN SRI DATO' (DR) FRANCIS YEOH SOCK PING, CBE
Managing Director

This year, YTL Corporation Berhad ("YTL Corp") has continued to pursue its policy of rewarding shareholders by recommending a cash dividend of 15% gross in respect of the financial year under review and the proposed renounceable restricted offer for sale of shares in its subsidiary company, YTL Power International Berhad ("YTL Power"), as well as a maiden Interim Dividend of 15% gross for the 2007 financial year. YTL Corp has consistently declared dividends for each of the 22 years since listing on the Main Board of Bursa Malaysia Securities Berhad in 1985. Along the way, the Company has also boosted dividend yields with bonus issues, rights issues and share dividend distributions.

The Group's objective is to create value for our long term shareholders through a progressive dividend policy that provides attractive yields on their investments, founded on the earnings growth of our subsidiary companies which has strengthened considerably over the years. The Group's core business strategy, which focuses on acquiring regulated assets operating under long-term concessions, has enabled us to acquire strong businesses and investments that enable the Group to achieve sustainable growth over the long term. This, in turn, ensures that the Group's operations and key management decisions are not driven by short-term indicators such as the tyranny of quarterly earnings and stock market volatility. We discourage economic myopia in every shape and form.

The Group remains committed to delivering superior value creation as our primary responsibility to our shareholders – either as individuals or as members of institutional funds that own the shares in the Company.

DIVIDEND TRACK RECORD

YTL Corp's listed subsidiaries, YTL Power, YTL Cement Berhad ("YTL Cement"), YTL Land & Development Berhad ("YTL L&D") and YTL e-Solutions Berhad ("YTL e-Solutions"), are dedicated to the creation of shareholder value. For the year to date, for example, the Group has the following distributions pending or due for payment:

- **Proposed renounceable restricted offer for sale** to YTL Corp shareholders of shares in YTL Power on the basis of 1 YTL Power share for every 10 YTL Corp shares held on the entitlement date, to be determined at a later date, at an offer price of RM1.00 per YTL Power share. This proposal, which was announced on 24 August 2006 and is pending approval from the relevant regulatory authorities, represents a significant opportunity for YTL Corp's shareholders to participate in the equity of YTL Power at a discount to market price.
- **Share dividend distribution** by YTL Power on the basis of 1 treasury share for every 25 YTL Power shares held on the entitlement date, to be announced later. This proposal was announced on 19 October 2006 and is pending implementation.
- **Interim dividend of 15% by YTL Corp** for the financial year ending 30 June 2007. This interim dividend was announced on 19 October and will be paid on 4 December 2006.

Managing Director's Review

The following First and Final Dividends in respect of the financial year ended 30 June 2006 have also been recommended and are subject to shareholders' approval at the forthcoming annual general meetings:

- YTL Corp – 15% gross (7.5 sen per RM0.50 share)
- YTL Power – 20% gross (10 sen per RM0.50 share)
- YTL Cement – 20% gross (10 sen per RM0.50 share)
- YTL e-Solutions – 2% gross (0.2 sen per RM0.10 share)

Over the years, the Group has established a track record of creating shareholder value and rewarding shareholders by increasing the value of their investments in the Group, as encapsulated below:

YTL Corp

- 22 consecutive years of dividend payments (1985-2006) since listing in 1985
- 2 share dividend distributions (2002, 2005)
- 6 bonus issues (1992, 1994, 1995, 1996, 1997, 1999)

YTL Power

- 9 consecutive years of dividend payments (1998-2006) since listing in 1997
- 2 share dividend distributions (2002, 2005)

YTL Cement

- 12 years of dividend payments (1993-98; 2001-06) since transfer to the Main Board in 1993
- 1 share dividend distribution (2005)
- 3 bonus issues (1994, 1997, 2001)

YTL e-Solutions

- 3 consecutive years of dividend payments (2004-2006) since listing in 2002

SHAREHOLDER VALUE AWARDS

On the governance front, YTL Corp earned the top award in the “**Management has long-term vision**” category among all companies assessed in Malaysia in **The Wall Street Journal Asia 200 Survey**. The survey ranks companies based on aspects such as good corporate governance, workplace and environmental policies, management's long-term vision, financial soundness and innovativeness in responding to customer needs. YTL Corp was also a recipient of the **Corporate Governance Asia Annual Recognition Awards 2006**, which is awarded in recognition of continuing commitment to the development of corporate governance in the Asian region.

Meanwhile, YTL e-Solutions won the **Malaysian Business Corporate Governance Award 2005** under the Mesdaq category.

The Group was honoured this year when YTL L&D received two top property awards. In July 2006, YTL L&D was named one of the Top 10 companies in **The Edge Top Property Developers Awards 2006**, which assesses companies in terms of quantitative attributes, such as shareholders' funds, revenue, profit and gearing, and qualitative attributes such as quality of product, innovation and creativity, value creation for buyers, image and expertise.

YTL L&D also won the prestigious **FIABCI Malaysia Property Award 2006** in the Best Residential Development (High Rise) Category for Andalucia at Pantai Hillpark. Developed by Syarikat Kemajuan Perumahan Negara Sdn Bhd, a wholly-owned subsidiary of YTL L&D, Andalucia comprises low density condo-villas that seamlessly combine form and functionality utilising Mediterranean-style architecture and landscaping.

Utilities



Operations Review

The Group's utilities division registered another excellent year, with strong financial performance achieved by all divisions of its operations in Malaysia, the UK, Australia and Indonesia.

POWER GENERATION

Paka & Pasir Gudang Power Stations, Malaysia

Located in Paka, Terengganu and Pasir Gudang, Johor, the Group's two combined-cycle, gas-fired power stations have a combined capacity of 1,212 megawatts ("MW") – 808 MW at Paka Power Station and 404 MW at Pasir Gudang Power Station.

For the year under review, the Group's power stations registered an overall average station availability of 92.93%, a marginal decrease of approximately 2.6% from last year due to scheduled maintenance. Paka Power Station recorded overall availability of 95.83% compared to 96.34% last year, with lower availability being due to the overhaul of one steam turbine and generator. Meanwhile Pasir Gudang registered availability of 90.02% compared to 93.96% last year as the station underwent inspections of its steam turbine and generator, as well as upgrading of its Distributed Control System (DCS), which required a complete station shutdown in June 2006. The DCS is the heart of the power station, controlling operation and monitoring of the station.

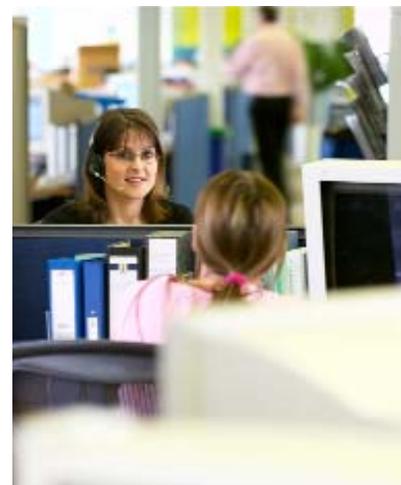
The combined total power output for the year increased marginally to 7,736,304 MW, with the increase resulting mainly from additional amounts requested by Tenaga Nasional Berhad ("TNB") from the Pasir Gudang Power Station.

The operation and maintenance of the Paka and Pasir Gudang power stations continues to be undertaken by YTL Power Services Sdn Bhd, a wholly-owned subsidiary of YTL Corp, under an 8-year Operation and Maintenance agreement entered into in December 2001.

Jawa Power, Indonesia

P.T. Jawa Power ("Jawa Power") is the owner of a modern, high quality, coal-fired electricity generation plant with an installed capacity of 1,220 MW in East Java. The Group acquired a 35% equity interest in Jawa Power in December 2004, together with a 100% equity interest in P.T. YTL Jawa Timur ("Jawa Timur"), which carries out operations and maintenance for Jawa Power under a 30-year agreement.

Jawa Power's plant comprises two electricity generation units, each having a net installed capacity of 610 MW and became commercially operational in November 2000. The plant is located at the Paiton Power Generation Complex in the district of Probolinggo, on Indonesia's most developed and populated island, Java. Jawa Power supplies power to P.T. Perusahaan Listrik Negara (PLN), the Indonesian state-owned integrated utility pursuant to a 30-year power purchase agreement. The other shareholders of Jawa Power are Jawa Power Holding GmbH, a wholly-owned subsidiary of Siemens AG, which holds 50% of the equity, and P.T. Bumipertiwij, which owns the remaining 15%.



Operations Review

Indonesia's demand for electricity grew 6.5% in 2005 and World Bank estimates place growth at 6% per year until 2012, necessitating substantial investments in the sector in order to avert a power crisis. Indonesia's estimated 57% rate of electrification translates into over 90 million people who do not yet have access to electricity and, in this respect, the current government has set a goal of providing electricity access to 90% of the current population by 2020.

During the year under review, the growth in demand led to Jawa Power supplying additional amounts of electricity, resulting in an actual dispatch rate of 89.98% compared to the 83% availability contracted under Jawa Power's power purchase agreement. Jawa Power's operational performance for 2005 was the best achieved since the station commenced operations in 2000 (Jawa Power has a financial year end of 31 December), and performance for the 6 months to 30 June 2006 was even better, with availability increasing to 95.83%. Jawa Power receives a bonus payment from PLN for dispatch in excess of 83% of contracted availability and the high dispatch rates for 2005 earned the company a bonus payment for the first time since the commencement of operations.

Operations and maintenance for Jawa Power are carried out by Jawa Timur which is responsible for co-ordinating, supervising and controlling all operations and maintenance as well as supplying all services, goods and material required to operate and maintain the power station. This investment continues to enable the Group to develop expertise in operations and maintenance of coal fired power plants.

POWER TRANSMISSION

ElectraNet, Australia

ElectraNet Pty Ltd ("ElectraNet") continued to perform well during the year under review, maintaining transmission line availability in excess of 99%. The Group acquired its 33.5% equity interest in ElectraNet in 2000 and, at the same time, acquired a 33.5% equity interest in ElectraNet Transmission Services Pty Limited which manages ElectraNet's transmission assets.

ElectraNet operates and manages the high voltage electricity transmission system throughout South Australia under a 200-year concession, providing the high capacity link that connects South Australian electricity generators to the distribution network operated by local utilities and to other major end users. Extending across some 200,000 square kilometres, ElectraNet's transmission network provides electricity to over 99% of South Australia's population, through approximately 6,000 circuit kilometres of transmission lines and its 76 substations and switchyards.

ElectraNet is subject to a revenue cap which generally applies for a five-year regulatory period before adjustment. The current revenue cap became effective on 1 January 2003 and is valid for a period of five and a half years until 30 June 2008.



Operations Review

WATER & SEWERAGE SERVICES

During the year under review, YTL Utilities (UK) Limited, a subsidiary of the Group and the holding company of Wessex Water Limited (“Wessex Water”), achieved a ranking of 347 out of the top 700 European companies in terms of value added on the 2006 Value Added Scorecard, which is compiled by the UK Department of Trade and Industry (DTI). The Value Added Scorecard assesses British and other European companies and ranks them in terms of wealth creation efficiency, return on equity and value added.

Wessex Water, United Kingdom

Wessex Water recorded another excellent year delivering some of the highest levels of service to its customers and achieving compliance rates for drinking water, sewage treatment and bathing water amongst the best in the UK. The company was also awarded the prestigious Charter Mark for the fifth time in a row, making it the only water and sewerage company to have retained the award for its entire business since the Charter Mark was introduced in 1992. The Charter Mark is the UK Government’s national standard for excellence in customer service and is valid for a three-year period.

Wessex Water has consistently maintained an excellent record as one of the most efficient of the water and sewerage companies, with a reputation for outperforming on capital, operating expenditure and other key targets set by its regulator, the UK Office of Water Services (“OFWAT”).

Overall, Wessex Water provides water services to 1.2 million customers and sewerage facilities to 2.6 million customers over an area of approximately 10,000 square kilometres in the south west of England and operates under a rolling 25-year licence granted by the UK Government. The company undertakes a complex set of operations, from collecting and treating raw water, and storing and transporting high quality drinking water to households and businesses all around the region, to collecting, treating and disposing of sewage safely back into the environment.

Wessex Water’s regulated asset base (“RAB”) increased by 6.32% to £1,834 million (RM12.47 billion, based on an exchange rate of £1.00 : RM6.80) for its regulatory year ended 31 March 2006, from £1,725 million (RM11.73 billion) the previous year. As at 30 June 2006, Wessex Water’s RAB was £1,861 million (RM12.65 billion).

FUTURE PROSPECTS

The Group will continue to rely on its core business philosophy, focusing on prudent and disciplined financial management, and undertaking projects and investments that provide long-term, predictable revenue streams in utility businesses. The Group’s practice of funding the debt component of its utility acquisitions and greenfield projects largely through non-recourse financing has ensured that it only invests in projects that are commercially viable on a stand-alone basis and this is expected to remain a key component of the Group’s growth strategy going forward.

In addition, private finance initiatives (PFI) announced in the Ninth Malaysia Plan are expected to provide more opportunities for the private sector to participate in the implementation of development projects, and the Group will fully examine all initiatives that are within the scope of its expertise.

The independent power producers’ (IPPs) discussions with the Malaysian Government and TNB on the restructuring of the Malaysian power industry have yet to be finalised.

The Group’s exemplary track record in greenfield project development and value enhancing strategies, as well as expertise in plant operations and maintenance, will stand the Group in good stead to capitalise on viable investment opportunities as and when they arise across all key segments in the utility sector both regionally and internationally.



Cement Manufacturing



Operations Review

The Group's cement division achieved excellent results for the year under review, driven mainly by sustained plant and logistical efficiency and strong recovery in the price of cement. In addition, the utilisation rate of the Group's cement plants remained satisfactory, supported by increased export activities. Customer service remains the highest priority and the Group continues to focus on expanding its range of high quality, high performance and specialised products to further benefit customers.

ORDINARY PORTLAND CEMENT OPERATIONS

Following the acquisition of Perak-Hanjoong Simen Sdn Bhd, the Group's capacity for clinker has increased to 4.2 million metric tonnes, whilst cement capacity has increased to 6.0 million metric tonnes. The Group has continued to strengthen its market presence throughout Peninsula Malaysia, whilst concurrently expanding overseas operations through rising export levels. Export volumes rose during the year under review and the cement division now exports clinker and cement-related products to a number of countries ranging from the ASEAN region and the Indian sub-continent to the Middle East.

SLAG & FLY-ASH CEMENT OPERATIONS

The Group's slag cement plants continued to operate at peak efficiency levels driven by strong demand for these products. The division also manufactures fly-ash blended cement to meet specialised needs of its customers, ensuring that the Group is the only cement producer in Malaysia able to manufacture and supply the full range of blended cement products. As a result, the Group's products continue to be well received in the market, particularly in the niche markets for specialised products, and efforts will continue to research and develop innovative new products to match customer demands.

READY-MIXED CONCRETE OPERATIONS

During the year under review, the ready-mixed concrete division continued to perform well, maintaining market share in key urban areas, with the resulting expanded distribution network across Malaysia facilitating ongoing opportunities for growth and expansion, as well as allowing the Group to serve customers nation-wide more effectively.



Operations Review

OVERSEAS OPERATIONS

The Group's development strategy has enabled it to become the only cement producer with operations and distribution networks throughout Peninsula Malaysia. The success of this growth model will continue to drive the cement division's regional expansion into other ASEAN countries, China and the Indian sub-continent.

FUTURE PROSPECTS

Demand for cement and cement-related products is expected to increase substantially in 2007 as the Government begins implementation of projects under the 9MP. Private finance initiatives (PFI) announced in the 9MP are also expected to provide more opportunities for the private sector to participate in the implementation of development projects and the Government's allocations for infrastructure projects, such as bridges, roads, airports and highways, are expected to alleviate current oversupply level in the local industry. The Group firmly believes that it will be able to capitalise on its long-standing dedication to strong customer service and continuing development of cement products to meet customer needs in these areas.

The Group's development strategies and operational efficiencies should mitigate the impact of dampening factors, such as global uncertainty over the price of crude oil and the movement of interest rates. In addition, a decision from the Government is pending on a proposal put forth by The Cement & Concrete Association of Malaysia to increase the price of ordinary portland cement, which is still a controlled item. The Group will also continue to develop and source more innovative and cost effective production methods and new fuel technologies in order to steadily build up and maintain its position in both the domestic and overseas cement markets.

Regionally, the cement division will continue to cultivate export markets and cater to increasing demand for cement from the Asian region, such as China and the Indian sub-continent, as well as internationally, to countries in the Middle East.





Construction Contracting



Operations Review

The residential sub-sector of the construction industry has seen some recovery as demand for housing remained strong during the year under review. The Group's construction division, backed by its portfolio of infrastructure development contracts and construction contracts for residential and commercial properties, continued to perform well during the year under review despite the 1.6% contraction of local construction sector during 2005.

INFRASTRUCTURE PROJECTS

In July 2006, construction was completed on the new Sentul Link, a flyover connecting Lebuhraya Mahameru and Sentul. The link, a Design & Build project under Dewan Bandaraya Kuala Lumpur (DBKL), was undertaken by Syarikat Pembinaan Yeoh Tiong Lay Sdn Bhd ("SPYTL"), a wholly-owned subsidiary of YTL Corp and the flagship construction company of the Group. Work is progressing well on new roads in and around the Group's Sentul urban renewal project, to cope with future increases in both pedestrian and motorised traffic.

COMMERCIAL PROPERTIES

Construction is in progress on the marina and its surrounding infrastructure works in Pulau Mentagor in Perak, being undertaken by SPYTL for the Ministry of Transport, Malaysia. The project is expected to be completed in mid-2007.

The company is also undertaking the engineering, procurement, construction and commissioning for the upgrading of an advanced waste water treatment facility for ASEAN Bintulu Fertilizer Sdn Bhd, scheduled for completion in mid-2007. On completion, it will be the most advanced waste water treatment plant in the country.

RESIDENTIAL PROPERTIES

In July 2006, SPYTL completed construction on The Maple at Sentul West, comprising 322 units of high cost condominiums in two 30-storey tower blocks. SPYTL was awarded the turnkey contract for the design and construction works for The Maple in 2003. Meanwhile, construction on the next phase of development, The Saffron at Sentul East, comprising 492 units of high-cost condominiums in four high-rise tower blocks, began in May 2006 and is scheduled for completion in mid-2008.

Construction on the launched phases of the Lake Edge project in Puchong, which is being developed by Pakatan Perakbina Sdn Bhd, a subsidiary of YTL Corp, is progressing on schedule. Phase 1 comprising 175 units of double-storey terrace houses was completed in November 2005 and, in July 2006, construction was completed on Phases 2 and 3 of Lake Edge, comprising 87 units and 33 units, respectively, of 2 $\frac{1}{2}$ -storey terrace houses.

Work is also underway on the Group's Lake Fields development in Sungei Besi. SPYTL is also the developer for Lake Fields. Construction works commenced in 2005 on Phases 1A and 1B, comprising 238 units and 276 units, respectively, of three-storey houses. Both phases are scheduled to be completed in mid-2007.

New projects secured during the year under review included the construction of 102 units of double-storey medium cost terrace houses comprising Phase 5C of the Taman Cahaya Masai development in Johor, which is being developed by Bayumaju Development Sdn Bhd, a subsidiary of the Group.

FUTURE PROSPECTS

The Group expects its construction activities to continue to be driven by the development of commercial and residential properties. Projects in the pipeline include new phases of the Sentul urban renewal project which will see approximately 7000 new condominiums built over the next 5 to 6 years, the Lake Edge residential development in Puchong and Lake Fields in Sungei Besi.

New infrastructure development projects identified in the Ninth Malaysia Plan (9MP), which was unveiled in March 2006, are expected to spur growth in the civil engineering sub-sector as the implementation of infrastructure projects under the 9MP begins. These include 880 new construction projects totalling approximately RM15 billion. In addition, private finance initiatives (PFI) announced in the 9MP are expected to provide more opportunities for the private sector to participate in the implementation of development projects and the Group will fully examine all initiatives that are within the scope of its construction expertise.



Property Development



Operations Review

The domestic property market experienced a marginal slow-down in sales and new launches during the year under review, although selective well-located projects continued to see robust selling momentum. This led the Group to launch one new phase of the Sentul project, The Saffron at Sentul East.

LAKE EDGE

During the year under review, construction was completed on all four phases of the Lake Edge project in Puchong launched to date. The 2-storey Courtyard Homes offer a built up area of 2,500 sq.ft., whilst Pavilion Terraces, Garden Terraces and Promenade Homes are 2½-storeys with built up areas of 3,100 sq.ft. The innovative designs of these properties have proven highly attractive to buyers and new phases of Lake Edge will consist of bungalows and semi-detached houses. In developing Lake Edge, the Group has placed the emphasis on creating an enclave of high-quality homes within a thriving gated community, creating an entire lifestyle concept that has proven appealing to buyers.

LAKE FIELDS

Development on the Group's Lake Fields project in Sungei Besi is well underway and expected to complete in mid-2007. Lake Fields offers 3-storey homes with built-up areas starting from 2,500 sq. ft., designed to create a generous sense of space. Set on the fringes of a charming lake with lush landscaping, the three phases of Lake Fields homes launched to date have achieved excellent take-up rates.

SENTUL EAST & SENTUL WEST

The Group's urban revitalisation of Sentul continues to progress well, with the completion of the second project launched under the Sentul Masterplan. Vacant possession of The Maple at Sentul West was delivered in August 2006. Comprising luxury condominiums, The Maple has achieved strong take-up rates by both local and foreign buyers attracted by The Maple's unique design features.

The Sentul Link, a flyover connecting Lebuhraya Mahameru and Sentul, was also completed and opened on schedule in July 2006, which has successfully alleviated traffic congestion to and from the Sentul area.

During the year under review, The Saffron at Sentul East was the second development launched at Sentul East, following the debut of the highly successful first development, The Tamarind. The Saffron comprises 490 freehold units in two 17-storey blocks and two 24-storey blocks and features extensive landscaping, three separate swimming pools, themed gardens and the exclusive Saffron Park, all of which enabled this latest phase to achieve take-up rates in excess of 88%.



Operations Review

PANTAI HILLPARK

This year, Andalucia, the most recent phase of the Group's Pantai Hillpark project, won the FIABCI Malaysia Property Award 2006 in the Best Residential Development (High Rise) Category. The Andalucia phase was completed and handed over in 2004.

The next phase of the Pantai Hillpark development to be launched will be Centrio, which comprises select retail shops, boutique offices and exclusive loft apartments, and will serve as the hub for future planned phases that will encompass semi-detached homes and bungalows. These new phases are designed to ensure that Pantai Hillpark will remain a sought-after address in Kuala Lumpur.

TAMAN CAHAYA MASAI

The latest phase of the Group's Taman Cahaya Masai project in Johor comprises 102 units double-storey terrace houses in Phase 5C, which are due for completion in late 2007. Earlier phases of this development, which consisted mainly of double storey terrace houses, have proven highly attractive, achieving strong take up rates and driving demand for further units.

TAMAN PAKATAN JAYA

Taman Pakatan Jaya in Ipoh currently comprises double-storey and single-storey houses. Following the completion of Phases 2H(a) and 4(a) last year, the Group will continue to launch additional phases, with Phase 4(b) consisting of 279 units of double-storey homes due to be launched later this year. Future development will comprise double-storey houses, a commercial centre and bungalow lots.

FUTURE PROSPECTS

The Group is confident that its strongly differentiated products and services provide a solid foundation to address the challenging conditions of the current market, driven by concerns over interest rates and the oversupply of residential units. The 9MP suggests that positive long-term fundamentals of the Malaysian property sector are intact and the Group believes that long-term demand for its properties is strongly supported by a young, growing population, rising urbanisation and robust GDP growth.

The relaxation of legislation on the purchase of properties by foreigners under the 'Malaysia: My Second Home' programme has also facilitated the marketing of properties to foreign buyers and expanded the Group's potential customer base. Among the big property markets in Malaysia where disposable income is above the national average, Kuala Lumpur and Johor are the 'better' markets, indicating a stronghold in terms of the Group's properties' positioning.

Lake Edge, Lake Fields and Sentul are expected to continue to form the core of the Group's focus over the next few years, whilst new phases of the Pantai Hillpark, Taman Pakatan Jaya and Taman Cahaya Masai developments are also expected to drive growth for the foreseeable future. The Group will continue to focus on providing homes that live up to the most stringent standards of quality for the benefit of our customers, with a focus on creative, responsible development and developing communities that offer customers a lifestyle.





Hotel Development & Management



Operations Review

Operating revenue for the year ended June 2006 was marginally ahead of the year before. Product enhancement projects were the first order of business this year. These are intended to enable key hotels to make significant revenue and profit gains in the coming year. Pangkor Laut Resort began renovations of their villas. Tanjong Jara Resort upgraded its spa facilities creating a Spa Village. The Ritz-Carlton, Kuala Lumpur began refurbishment of all its rooms and suites.

PANGKOR LAUT RESORT

Pangkor Laut Resort continues to garner awards from around the world. In the last year it was named one of the 20 Most Fabulous Spa Retreats in the World by Australian Gourmet Traveller Magazine, Best Spa Resort – International by the U.S. Cigar Aficionado Magazine, came 6th in the list of top Destination Spas by Condé Nast Traveller UK Readers' Travel Awards 2006 and received the Five Star Diamond Award from The American Academy of Hospitality Sciences for the fifth consecutive year. The Pangkor Laut Estates at Marina Bay made the Best 101 Hotels in the World list in the Tatler Travel Guide U.K. while the Spa Village was named Best Spa in Malaysia by The Ultimate Spa Guide 2006, Singapore and won Best Destination Spa at the Spa Asia Crystal Awards by Spa Asia Magazine.

The focus at the Resort this year was to take the opportunity to renovate and upgrade facilities to enable a new level of performance and image. The Hill, Garden and Beach Villas have been extensively renovated with a complete revamp of the interiors, from the soft furnishings, vanity area and open bath to the air-conditioning and hot water systems.

Traditional elements, such as the pitched roof, timber borders and timber ceiling have been freshly interpreted, marrying with modern materials to evoke a new sense of tropical chic. A new timber headboard framing the king sized bed, together with the new stained timber wardrobes and work desk, gives depth and contrast against the polished floorboards. The bathrooms have been completely refitted and are luxurious and spacious. Textural contrasts are provided by the use of natural stone and timber. Polished marble floors, mirrors and porcelain freestanding washbowls on polished granite stands create a cool atmosphere. The focal point is still the oversized bath of pale unpolished granite, open to the skies for a sensuous bathing experience, or glass enclosed with optional privacy blinds.

The natural materials used throughout the new villas are harmonised with rich fabrics and specially selected artifacts to render a remarkable synthesis between the traditional and modern, with total dedication to luxury and comfort. Early comments received from travel authorities rate the Pangkor Laut Villas as being superior to accommodations of other world renowned resorts.

One of the highlights of this year's promotional events was Pangkor Laut's joint sponsorship of the World Class Polo Day, at Hurtwood Park Polo Club in Ewhurst Surrey, England. The Pangkor Laut team challenged a team captained by HRH Prince Harry. This prestigious and well attended charity event garnered special attention in the British trend-setting high society.

YTL Corp Executive Director
Dato' Mark Yeoh Seok Kah (centre)
with HRH Prince Harry (right)



Operations Review

TANJONG JARA RESORT

Tanjong Jara's 'Sucimurni' concept, which emphasises wholesomeness and well being in all aspects of the Resort guests' stay, continues to be very successful. The traditional Malay spa treatments, an essential element of the 'Sucimurni' experience, have proven so popular with guests that The Tanjong Club spa has now been upgraded to a true Spa Village. The new Spa Village Tanjong Jara is a cluster of seven treatment pavilions designed for two occupants. A "Mandi Bunga" outdoor bathing area is the central point of every pavilion's private enclosed garden. Shower and change areas complete these facilities.

Tanjong Jara Resort is being positioned internationally as a unique spa destination and continues to be the first and only spa in the country featuring authentic Malay therapies.

The Nelayan beachside restaurant has been enhanced by enclosing the main restaurant to allow for air-conditioning and creating an extended outdoor terrace to take advantage of the prime beach views. The restaurant now offers 80 seats, compared to 56 previously. This allows for better utilisation of the restaurant and added guest comfort.

Tanjong Jara Resort has also added to its stable of awards, being named 'Hotel of The Week' by The Independent on Sunday, U.K., listed as 'One of the Seven Natural Wonders of the World' by Condé Nast Traveller U.K. and retained the Five Star Diamond Award by The American Academy of Hospitality Sciences for the fifth consecutive year. The spa clinched fifth position in the Overseas Hotel Spas category of the Condé Nast Traveller UK Readers' Travel Awards 2006.

CAMERON HIGHLANDS RESORT

Cameron Highlands Resort opened its doors in May 2006. The Group's third luxury resort in Malaysia, the 56-room hotel enjoys a prime location adjacent to the only golf course in the country's foremost hill resort. Designed and conceptualised to complement its highland setting with its old English charm, the hotel's interior resembles a genteel English colonial home, with welcoming fireplaces in the Reading Room and Highlands Bar.

All king bedded rooms and suites include four-poster beds, seating areas with comfortable settees and armchairs, and luxurious bathrooms.

There are 3 stylish restaurants: The Dining Room, which serves breakfast and colonial cuisine for dinner, The Jim Thompson Tea Room offering lunch and traditional English afternoon tea, and Gonbei, the only Japanese restaurant in the Cameron Highlands. A ballroom and seven function rooms cater for meetings and social functions. The Spa Village Cameron Highlands offers an extensive range of treatments and an original tea bath all inspired by the restorative properties of tea, which is widely grown here.

Cameron Highlands Resort restores the image of colonial prestige to this popular hill retreat. Its tagline of 'Trails, Tales and Tradition' captures the essence of this verdant setting of jungle trails, mystique, and colonial heritage.

THE RITZ-CARLTON, KUALA LUMPUR

The Ritz-Carlton intends to reinforce its claim of being the pre-eminent luxury hotel in Kuala Lumpur. Extensive renovations, new carpets and luxurious wall coverings blend with soft furnishings in a warm contemporary statement of luxury and plushness. Upgrades to accommodate technological innovations have been subtly and unobtrusively incorporated in each elegant guest room and suite.

The room layout has been completely revamped. A corner workstation features enhanced lighting and desk level power and communication points, positioned for ease of use by all guests. A handsome built-in wall-unit bookshelf frames a new high-definition flat-panel television and DVD/CD player in all rooms. A polished marble bathroom features a separate shower with a 'rainforest' showerhead that delivers the absolute luxury of a full volume but gentle flow of water. New bedding designs featuring six plush pillows, embroidered duvets, crisp lustrous bed sheets and a fluffy feather bed mattress topper promise the ultimate sleep experience.

The hotel was listed in the Top 50 hotels in Asia by the U.S. Travel + Leisure magazine while the Spa Village Kuala Lumpur won Best Spa Treatment at the Spa Asia Crystal Awards by Spa Asia Magazine.

JW MARRIOTT HOTEL KUALA LUMPUR

The JW Marriott Hotel Kuala Lumpur continues to consolidate its reputation as the business hotel of first choice for meetings, conferences and special events in Kuala Lumpur. The enhanced meetings experience provided by the flexibility and choice of dining options at the Feast Village in Starhill Gallery continue to give the hotel a considerable edge over the competition. Product levels were further improved with an upgrade in bedding in all guest rooms, including new bed linen, pillows and plush toppers.

Operations Review

VISTANA GROUP OF HOTELS

The Vistana group of Hotels continues to turn in solid performance results, led by the Vistana Kuala Lumpur with high occupancy levels. The hotels continue to work on product upgrades, intended to improve their customers' perception of value in their products. Among the initiatives taken was the refurbishment of all guest rooms.

SPA OPERATIONS

Spa Villages are an integral part of the YTL hotel product and are now located in each resort and key city hotel. The brand has been very well received, achieving a significant number of awards and accolades in a short time.

Spa Village participated in a highly successful month long spa festival in London, UK, in May at the invitation of Urban Retreat at Harrods, the celebrated department store. Three therapists from the Spa Villages at Pangkor Laut, Tanjong Jara and Kuala Lumpur were stationed full time at Urban Retreat and showcased 5 signature treatments selected to best represent Malaysian healing traditions. The response was tremendous, generating invaluable exposure for the Spa Village brand and the Resorts. Spa Village has been invited back to Harrods again next year for a similar promotion. Similar marketing activities are being initiated in other strategic locations.

YTL TRAVEL CENTRE

Continuing a very respectable rate of growth, the YTL Travel Centre remains the largest single source of travel business for the Pangkor Laut and Tanjong Jara Resorts. Overall sales increased by 7% compared with the previous year. The Travel Centre's role is now well established as a one stop centre for all travel arrangements to the Group's Resorts. Initiatives to streamline operations are ongoing, and a secure online booking mechanism is being devised for the Pangkor Laut and Tanjong Jara Resorts.

EASTERN AND ORIENTAL EXPRESS

The past year has seen encouraging growth for the E&O. The business rebounded significantly from the regional slowdown that followed the tsunami and there is renewed confidence in the prospects for 2007 and beyond.

An extended 3-night journey from Bangkok to Singapore was introduced in January 2006 and is enjoying an enthusiastic response, bringing healthier southbound passenger loads and thus improved operational efficiencies on these journeys. In addition, the new itinerary has attracted the attention of the press and is producing extensive coverage for the train in major media worldwide.

The outlook for 2007 is very promising. The E&O's traditional markets have shown strong growth and efforts in developing markets are helping to expand the customer base. The company is in a good position to see positive results in the coming year.

"I have been to many spas all over the world.....This is the best two hours of spa treatment I ever had. And the therapist was simply divine. It tops the bill and all I can say is 'Wow!'" - Maizie Williams, Boney M

Spa Village at Harrods' Urban Retreat



IT & e-Commerce Initiatives



INFOSCREEN

Operations Review

The Group has continued to pursue incubation and investment opportunities in high growth, knowledge-intensive companies that develop or utilise new technologies. However, the scarcity of viable investment opportunities in the local information technology (“IT”) and e-commerce sectors that meet the Group’s strategic investment requirements reported last year persisted during the year under review.

DIGITAL MEDIA APPLICATIONS

Infoscreen Networks Plc, a subsidiary of the Group, was listed on the Alternative Investment Market (“AIM”) of the London Stock Exchange in June 2005 with the intention of raising its profile in the UK to assist in sourcing opportunities to create value for the Group. As it was recently listed, there were no recruitments of UK-based incubatees during the year under review. The AIM Market is the London Stock Exchange’s international market for young and growing companies, enabling these businesses to access the capital and liquidity of the London markets.

INP’s wholly-owned subsidiary, YTL Info Screen Sdn Bhd (“YTLIS”), meanwhile, continues to develop its reputation as one of the leading plasma-based digital media networks in Malaysia, displaying high quality “in-house” created digital content. YTLIS is an innovator within the digital narrowcast media sector in Malaysia, both as a digital network owner and operator, and as a developer of digital media solutions. YTLIS’ growth during the year under review is attributed to greater media sales to leading brands on its digital narrowcast media networks in high traffic areas such as Sungei Wang Plaza, the Bintang Walk area of Kuala Lumpur and on the KLIA Ekspres trains.

TELEPHONY SOLUTIONS

Extiva Communications Sdn Bhd (“Extiva”), a subsidiary of the Group, continues to undertake value-added Alternative Voice Service Provider (“AVSP”) and telephony solutions and services and currently serves close to 2,800 accounts comprising individuals and local and multinational corporations. Lower demand for Extiva’s AVSP services resulted from intense competition within the industry during the year under review.

As such, Extiva’s upcoming efforts will include exploring alternative revenue streams that are synergistic to its current services and is also undertaking research and development on the delivery of voice services over broadband channels to enable it to compete in this highly competitive industry.



Operations Review

APPLICATIONS DEVELOPMENT

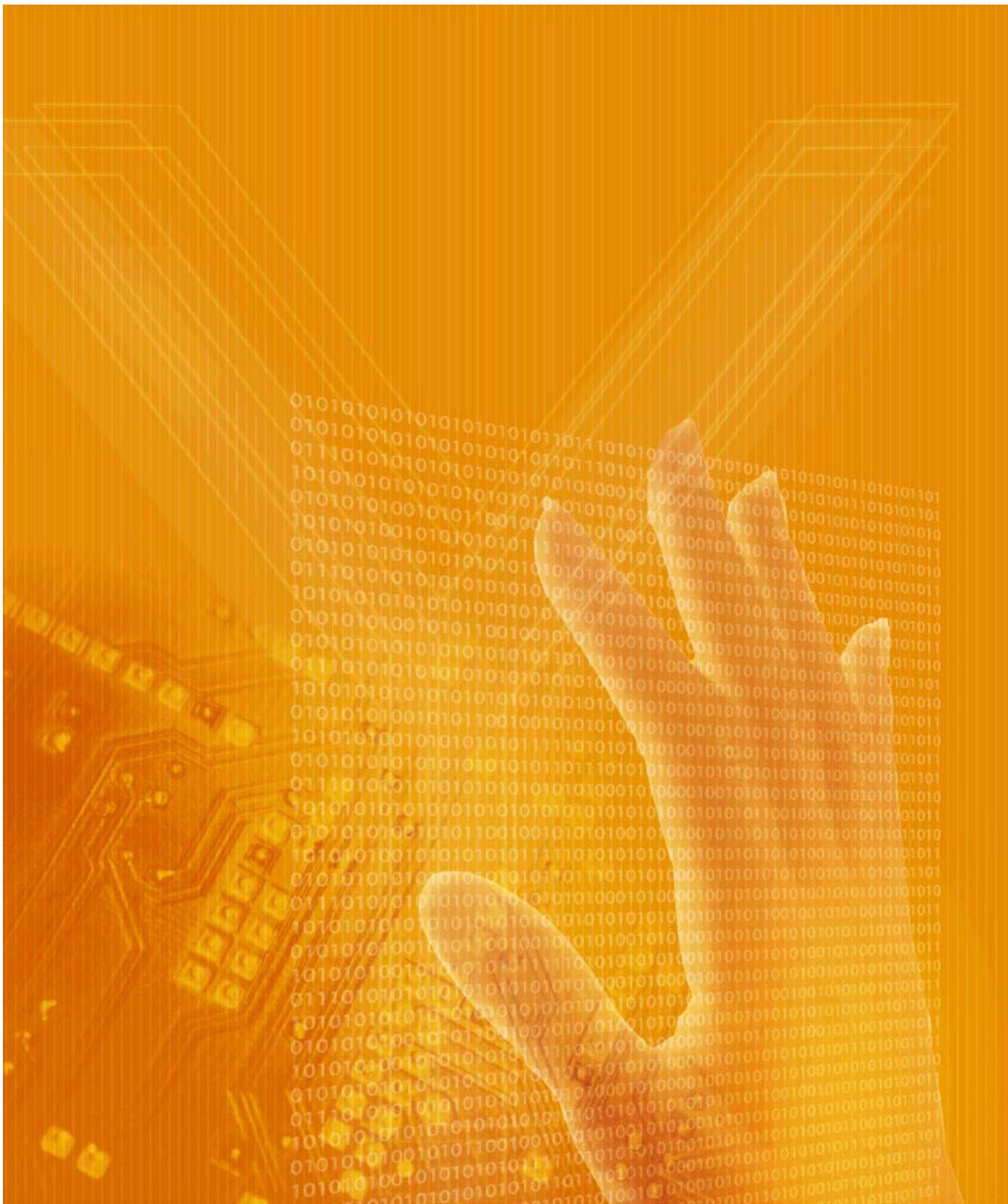
During the year under review, the Group's IT division continued to enhance a loyalty card points tracking software it had developed earlier, as well as YTLIS' scheduling software, and developed a C2C classifieds and auction website. The Group also manages and maintains the Automatic Fare Collection system for the KLIA Ekspres and KLIA Transit railway systems.

FUTURE PROSPECTS

The Government's increasing focus on information and communications technology ("ICT") is seen as a boon to the industry. Under the 9MP and the 2007 Budget, the Government intends to continue to implement measures to promote Malaysia as a choice destination for ICT-based investments by developing ICT-related skills and competencies and improving broadband connections for advanced multimedia applications, local content development, greater e-commerce adoption and improved information security.

This focus is expected to spur the development of innovative new companies suitable for investment and the Group intends to pursue these avenues for development. The Group will continue to actively pursue incubation and investment opportunities synergistic to its core knowledge competencies in these areas and in key overseas markets, in addition to leveraging on its availability of funds to identify new evolving and market demand technologies. The integrity and reliability of the selection and assessment process have served to mitigate the very high risks inherent in the business of technology incubation and the Group is committed to maintaining this growth strategy.





Corporate Events

26 SEPTEMBER 2005

University of Nottingham Opens New Campus



The official opening of the University of Nottingham's new Malaysian campus in Semenyih was officiated by Y.A.B Dato' Sri Haji Mohd. Najib bin Tun Haji Abdul Razak, Deputy Prime Minister and Minister of Defence. YTL Corp, which owns a 10.7% stake in the University of Nottingham in Malaysia, was represented by Managing Director Tan Sri Dato' (Dr) Francis Yeoh Sock Ping.

19 NOVEMBER 2005

CNBC CEO of the Year Award



CNBC Asia Pacific named YTL Corp Managing Director Tan Sri Dato' (Dr) Francis Yeoh Sock Ping CEO of the Year at the 4th Asia Business Leader Awards ceremony held in Kuala Lumpur. The award recognises remarkable and visionary business leaders in Asia who are creating and sustaining entrepreneurial initiatives, developing best practices and carving out powerful businesses in the global economy.

22 NOVEMBER 2005

Prospectus Launch for Starhill REIT



The prospectus for Starhill Real Estate Investment Trust was officially launched by YTL Corp, Starhill REIT's sponsor, together with advisers, AmMerchant Bank Berhad and ECM Libra Capital Sdn Bhd.

From left: Tan Sri Dato' Azman Hashim, Executive Chairman of AmMerchant Bank Berhad; Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, Managing Director of YTL Corp; Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay, Executive Chairman of YTL Corp; and Dato' Kalimullah Hassan, Executive Chairman and Co-Chief Executive Officer of ECM Libra Berhad.

Starhill Real Estate Investment Trust was listed on the Main Board of Bursa Malaysia Securities Berhad on 16 December 2005.



Above: Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay, Executive Chairman of YTL Corp, rings the ceremonial gong at the Listing Ceremony, accompanied by directors of the YTL Corp Group and Pintar Projek Sdn Bhd, the Management Company of Starhill Real Estate Investment Trust.

Left: Dato' Yeoh Seok Kian, Deputy Managing Director of YTL Corp and Director of Pintar Projek Sdn Bhd, Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, Managing Director of YTL Corp and Chief Executive Officer of Pintar Projek Sdn Bhd, and Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay, Executive Chairman of YTL Corp, observe as Starhill REIT's units begin actively trading on Bursa Malaysia Securities Berhad.



16 DECEMBER 2005

Listing of Starhill REIT

Corporate Events

17 DECEMBER 2005

YTL's 50th Anniversary Concert of Celebration Celebrating 50 Years of Running the Good Race



The Concert was the grand finale to a week of celebrations, with concerts and events organised every night and over 5,000 free tickets issued to the general public via ballot.

YTL celebrated its 50th Anniversary in December 2005 with a spectacular free concert featuring one of Britain's leading tenors, Russell Watson, accompanied by the Adelaide Symphony Orchestra.

Graced by the presence of DYMM Seri Paduka Baginda Yang di-Pertuan Agong Tuanku Syed Dirajuddin Ibni Al-Marhum Tuanku Syed Putra Jamalullail and DYMM Seri Paduka Baginda Raja Permaisuri Agong Tuanku Fauziah Binti Al-Marhum Tengku Abdul Rashid, and Malaysia's Prime Minister, Y.A.B. Dato' Seri Abdullah bin Haji Ahmad Badawi, the concert was held in Sentul Park, located at the YTL Corp Group's iconic Sentul urban regeneration project in the heart of Kuala Lumpur.



Y.A.B. Dato' Seri Abdullah bin Haji Ahmad Badawi and YTL Corp Managing Director Tan Sri Dato' (Dr) Francis Yeoh Sock Ping at the official launch of the Sentul Park Koi Centre.

The grand opening of the Sentul Park Koi Centre, officiated by Prime Minister of Malaysia, Y.A.B. Dato' Seri Abdullah bin Haji Ahmad Badawi, marked another milestone in the YTL Corp Group's masterplan for Sentul. The Sentul Park Koi Centre showcases a wide range of koi and the centre itself offers activities and supplies for both koi hobbyists and professional koi breeders alike.



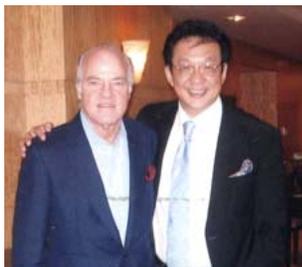
12 FEBRUARY 2006 Sentul Park Koi Centre Launch

Corporate Events

23-25 MARCH 2006

Asia Business Council Spring Forum 2006

The Asia Business Council, an independent, non-profit association of chief executive officers from leading Asian companies or multinational corporations with significant Asian operations, held its Spring Forum 2006 in Kuala Lumpur.



Henry Kravis, Founder Partner of Kohlberg, Kravis Roberts & Co., and YTL Corp Managing Director Tan Sri Dato' (Dr) Francis Yeoh Sock Ping.



From left: S. Dhanabalan, Chairman of Temasek Holdings Private Ltd, Tan Sri Dato' (Dr) Francis Yeoh Sock Ping & Mukesh Ambani, Chairman & Managing Director of Reliance Industries Ltd.



Tan Sri Dato' (Dr) Francis Yeoh Sock Ping and Steve Forbes, President & CEO of Forbes Inc.



Tan Sri Dato' (Dr) Francis Yeoh Sock Ping and N.R. Narayana Murthy, Chairman & Chief Mentor of Infosys Technologies Ltd



Tan Sri Dato' (Dr) Francis Yeoh Sock Ping was conferred an Honorary CBE (Commander of the Most Excellent Order of the British Empire) by Her Majesty Queen Elizabeth II, in recognition of his substantial contribution to economic relations between Malaysia and the United Kingdom.

H.E. Mr Bruce Cleghorn, Britain's High Commissioner to Malaysia, presents the award to Tan Sri Dato' (Dr) Francis Yeoh Sock Ping.

8 JUNE 2006

YTL Corp Managing Director Awarded Honorary CBE

Corporate Events

19 JULY 2006

The Edge Top Property Developers Awards 2006

YTL Land & Development Berhad, a listed subsidiary of YTL Corp, was honoured as one of the Top 10 property developers in the country at The Edge Top Property Developers Awards 2006, officiated by Y.B. Dato' Seri Ong Ka Ting, Minister of Housing and Local Government.



Y.B. Dato' Seri Ong Ka Ting presents the award to YTL Land & Development Berhad Executive Director Dato' Hamidah binti Maktar. (Photos courtesy of The Edge)



29 AUGUST 2006

YTL Platinum Plus Card Launch

YTL Corp's Executive Chairman Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay and Managing Director Tan Sri Dato' (Dr) Francis Yeoh Sock Ping officiated the launch of the YTL Platinum Plus programme at the new YTL Platinum Plus Lounge @ Starhill Gallery. The YTL Platinum Plus Programme offers members instant recognition, personalised services and a host of privileges that are the hallmark of YTL services at its shopping centres, restaurants, hotels and resorts.



YTL Corp's listed subsidiary, YTL Land & Development Berhad, received the Best Residential Development (High Rise) Award from the FIABCI Malaysian Chapter for the Andalucia phase of its Pantai Hillpark development.

Dato' Hamidah binti Maktar, Executive Director of YTL Land & Development Berhad, accepting the award on the company's behalf, presented by FIABCI Asia-Pacific Chairman Datuk Alan Tong.

5 SEPTEMBER 2006

FIABCI Malaysia Property Awards 2006



Louis Vuitton unveiled its new flagship store at Starhill Gallery, officiated by (from left) Francois Delage, President of Louis Vuitton Asia Pacific, Datin Siti Nurhaliza Tarudin, Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, Managing Director of YTL Corp, and Kathy Lam of Louis Vuitton Malaysia.

7 SEPTEMBER 2006

Launch of Louis Vuitton Flagship Store at Starhill Gallery

THE WALL STREET JOURNAL
ASIA
200

Corporate Leadership in Asia
Ranking Asia's major publicly traded companies.

YTL Corp earned the top award in the "Management has long-term vision" category among all companies assessed in Malaysia in The Wall Street Journal Asia 200 Survey. YTL Corp received the award at an awards ceremony on 19 October 2006 at the China Club in Hong Kong.

19 OCTOBER 2006

YTL Corp Recognised for Long-Term Vision by The Wall Street Journal Asia





"It is imperative that developments are sustainable for our own economic welfare otherwise we are cursing future generations with our negligence as we are now cursed by previous generations of political and business leaders who did not pay attention to sustainability..."

– Tan Sri Dato' (Dr) Francis Yeoh Sock Ping,
Managing Director, YTL Corporation Berhad

PROTECTION OF THE ENVIRONMENT

Corporate Social Responsibility

YTL Corporation Berhad (“YTL Corp”) and its subsidiaries (“YTL Group”) touch millions of lives because of the nature of the industries in which we do business. We employ more than 6,200 people around the world and have developed a global customer base, so we have a big influence on the lives of millions of people. We have responsibilities to our colleagues, customers and suppliers, the environment and the communities where we live and work.

We strive to improve lives everywhere we operate, aiming for a healthy, safe and sustainable environment. Considering the needs of the present generation whilst, at the same time, anticipating the needs of future generations are milestones of our achievements, and the forefront of our future developments.

Social responsibility is one of the YTL Group’s key values and something we take very seriously. Acting responsibly should be fundamental to how we carry out every aspect of our business. We demonstrate this with passion to our employees, our customers, the environment and society as a whole in a wide range of ways.

CORPORATE AND PERSONAL CONDUCT

We expect all our staff to maintain the highest standards of propriety, integrity and conduct in all their business relationships. Intellectual integrity is encouraged and corruption is not tolerated. We apply a similar requirement to our conduct as a company, and undertake to comply with all applicable legal and regulatory requirements.

RESPONSIBILITY TO EMPLOYEES

We acknowledge our employees are the key to unlocking our potential to make a good business great. We know the value of our intellectual capital and show this by encouraging development, by recognizing achievement and by looking after all aspects of their wellbeing. We are committed to ensuring equality of opportunity, and the health, safety and wellbeing of our employees in the workplace. All are encouraged to play a full part in guiding their own development.

RESPONSIBILITY TO SHAREHOLDERS

We believe effective corporate social responsibility can deliver benefits to our businesses and, in turn, to our shareholders, by enhancing:

- Good management practices
- Internal control systems
- Risk management performance
- Relationships with regulators
- Staff motivation and attraction of talent
- Customer preference and loyalty
- Goodwill of local communities
- Long-term shareholder value
- Investor protection
- Social duty
- Sustainable development
- Corporate leadership
- Accountability
- Information and transparency
- Reputation, business trust and integrity

YTL Corp’s statements on corporate governance and internal control are also included in this section of the Annual Report.

Corporate Social Responsibility

ENVIRONMENTAL RESPONSIBILITY

The YTL Group’s Environmental Vision

We are fully committed to being a responsible corporate citizen. Energy plays an essential role in ensuring quality of life for people everywhere, for us and for future generations. Supplying energy reliably is critical to helping people maintain and improve their standard of living. However, this brings with it significant challenges – for example, the very real threat of climate change means that we need to continue to provide and deliver energy in a way that minimises the impact our emissions have on the environment. We recognise the importance of sustainable development, taking account of the impact of our operations on society and understanding the dire consequences of global warming.

Energy Saving and Resource Conservation

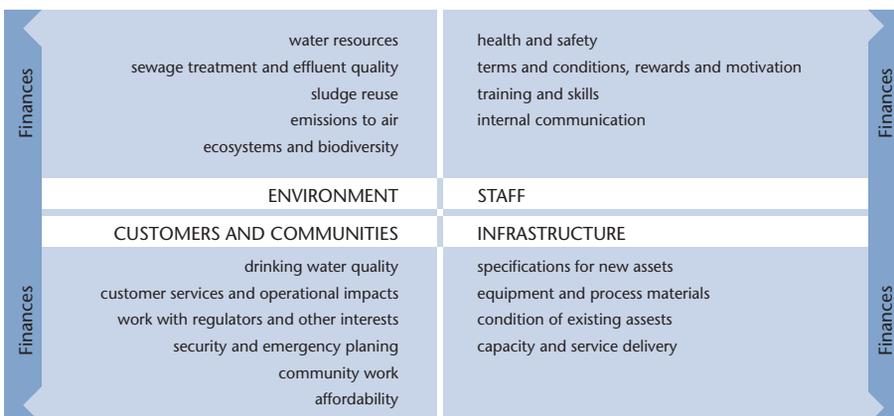
Water & Sewerage Services

Wessex Water, our subsidiary in the UK, operates under a stringent set of environmental directives and regulations with a key long term goal of becoming a sustainable water company. Wessex Water’s comprehensive programme to achieve this goal has ensured that all compliance rates for drinking water, sewage treatment and bathing water have not only been met but are amongst the best in the United Kingdom.

Wessex Water is currently recognised by the water industry regulator, Ofwat, as the most efficient operator in England and Wales. Advanced treatment techniques, automation, state-of-the-art control and monitoring systems ensure consistently high standards at a low cost. The company has a high 99.93% compliance rate in accordance with EU standards and has adopted the ISO 9000 quality assurance for its water production and control systems.

In terms of sewage treatment standards, the company has obtained greater than 99% compliance with discharge standards and almost 100% compliance with bathing water standards, as well as maintaining some of the best rivers and bathing waters in the country.

Issues to Incorporate in Sustainable Development



Source: Wessex Water; Striking the Balance Report: Introduction

Wessex Water publishes a yearly sustainability report reporting on environmental indicators and sustainability issues. The company’s “Striking the Balance” 2006 report, which provides a wealth of information on these important areas, can be accessed at <http://www.wessexwater.co.uk/strikingthebalance2006>.

Corporate Social Responsibility

Power Generation & Transmission

YTL Power has been instrumental in changing the Malaysian Government's policy to use clean fuel like natural gas instead of sticking to their four fuel policy which includes abundant use of coal and crude oil.

YTL Power was the first Independent Power Producer in Malaysia and we were very careful from the outset that our gas fuelled combined cycle power plants would not cause environmental damage. The potential damage involves the emissions of nitrogen dioxide (NOx) into the atmosphere and the discharge of hot water back into the sea. The Paka Power Station is designed to minimise these emissions.

The water cooling system uses submarine pipes laid out into the sea at different distances to carry cold sea water into the station and hot water out into the sea. This design has minimised hot water recirculation and we further ensured that the elevated sea water temperature would have a minimum impact on marine life by extending the length of the hot water discharge pipes by 10% further than required in the engineering by-laws.

Another specific design feature is the burners of the gas turbines. These gas burners produce very low NOx levels during operation and thus help to mitigate the amount of emissions into the atmosphere. The NOx emission levels achieved are well within World Bank standards.

YTL Power's ElectraNet operation in Australia operates in line with a Code of Sustainable Practice. Their procedures and systems for the management of potential environmental impacts are incorporated in the company's guide, accessible on their website (<http://www.electranet.com.au>).

Property Development

In our Sentul project, we made the decision to maintain a 35-acre green lung in the heart of Kuala Lumpur as a park for the use of our residents because we believe that this will enhance the quality of life of the people who buy our properties. We have adopted this philosophy throughout all our current residential property developments, such as Lake Edge in Puchong, Lake Fields in Sungei Besi and Pantai Hillpark. We have placed the focus on reducing the number of units in favour of maintaining a balance between nature and development, and have adopted building and design techniques that make the most of natural sunlight and improve airflow to reduce the need for artificial light and air-conditioners.



Wessex Water's operations centre, hailed as one of the greenest offices in Europe



The majestic Kuala Lumpur Performing Arts Centre in Sentul Park



Sentul Park



Lake Edge in Puchong

Corporate Social Responsibility

Express Rail Link

YTL Corp is a major shareholder of Express Rail Link Sdn Bhd (ERLSB), a railway development company which was awarded a concession on 25 August 1997 to finance, design, construct, operate and maintain the KLIA Ekspres, KLIA Transit and other ancillary activities related to railway services.

The ERL/CRS system is a modern electrical rail system, operating between Kuala Lumpur Sentral Station and Kuala Lumpur International Airport. The trains' operation and maintenance is efficiently managed by ERLSB's wholly owned subsidiary, ERL Maintenance Support Sdn Bhd (E-MAS).

E-MAS recognises the need to be as environmentally friendly as possible and as a company, is looking into a number of initiatives to improve the environmental impact of their business activities. E-MAS is entrusted with the responsibility to provide environment-friendly high speed rail services on a day-to-day basis to, and from, the airport and city, besides ensuring that these services are safe, reliable and economical.

The fleet therefore consists of twelve state of the art, high speed trains which have no direct emissions of pollutants and have "built in" energy savings by design. E-MAS acknowledges that environment friendliness does not end with the trains. There is an Energy Saving Programme for trains that was implemented in 2003. Drivers were trained to operate the trains using energy saving techniques, which EMAS named the "MAKAN" principle:

- Make sure that trains are switched off during stabling
- As much driving as possible in coasting mode
- Know to brake early and with not more than 40% braking force
- As much as possible using the electrical brake
- No traction effort more than 80%

With this programme, E-MAS was able to reduce the energy cost per trip from RM65.59 in 2003 to RM62.11 in 2005, translating into a total saving of approximately RM300,000 for the year 2005. In 2006, E-MAS's target is to reach an energy cost per trip of RM67, despite the 12% increase of electricity cost in June 2006. E-MAS also recently launched the Building Facilities Energy Saving Programme, with targets to achieve savings of energy costs of RM100,000 per year by modifying the existing installations.

Nature Conservation

Power Generation

At our power stations in Paka and Pasir Gudang, we have employed the technology necessary to maintain the ambient temperature of the bodies of water that border the stations, thereby ensuring the sustainability of marine life in these areas.

Hotel Development & Management

The importance of preserving the natural environment has also been the key to the design of our hotels and resorts, particularly at our Pangkor Laut, Tanjong Jara and Cameron Highlands resorts. Serious efforts have been made to ensure the development of the resort contributes to conservation efforts and integrates environmental aspects into the design, which includes the types of building materials used, location of the buildings, forest conservation, sustainability and waste disposal. The rainforest that covers much of Pangkor Laut Resort's island is millions of years old and is faithfully protected. Visitors to the island are encouraged to participate in guided tours to experience this majestic environment first-hand. There are resident ecologists on these 3 resorts, passionately dedicating their time to researching the biodiversity and ecology of the rainforest, wildlife and marine life which thrives on the island (our Senior Ecologist Yip, has this year published a book on the biodiversity, plant and wildlife found on the island of Pangkor Laut).

Corporate Social Responsibility

The Nature Conservancy

YTL has made a significant donation of USD500,000 to The Nature Conservancy (TNC), a leading conservation organisation working to protect the most ecologically important lands and waters around the world for nature and people. Our Managing Director, Tan Sri Dato' (Dr) Francis Yeoh Sock Ping is a long-time member of this organisation, joining the likes of Henry M. Paulson, Jr. (current US Treasury Secretary) and Wendy Paulson (the current Chair of the Board at the Nature Conservancy) to support work on forest protection and on coral reef conservation in South East Asia, primarily Indonesia.

TNC used these funds to combat illegal logging in Indonesia, in partnership with the government and industry, and local communities. This resulted in development of new tools for verification of legal and illegal timber based on bar-coding of logs, and tracking them from the forest through the production and export processes. This pioneering effort, which had previously never been tried anywhere else, became a success and is now being adopted by companies across Indonesia. A series of major new projects are unfolding, using international foreign assistance and private funds to help the Indonesian government to roll the system out nationally. Cooperation from Malaysia's government was paramount in this effort to help stem the flow of illegal logs moving from Indonesia to Sarawak and Sabah.

TNC's work on coral reef conservation is also continuing to grow from strength to strength. A regional center for marine conservation has been established in Bali and is now the hub for expansion of TNC's tried and tested tools to many sites around the region, combining improved enforcement methods to combat illegal and destructive fishing, with support to communities to find alternative sources of income, and use more sustainable fishing techniques.

Climate Change

We recognise the impact of global warming and climate change on our community, not just locally, but globally. We regard climate change as a clear risk and have taken measures to reduce Green House Gas (GHG) and noxious emissions in all our activities, from our utilities and cement manufacturing plants to property and hotel operations.

Our Managing Director, Tan Sri Dato' (Dr) Francis Yeoh Sock Ping attended the 2006 Clinton Global Initiative (CGI) in New York, an annual meeting where top leaders meet to focus on issues such as Energy and Climate Change. He was further invited by CNBC to discuss the effects, solutions and business of climate change, alongside a top panel of experts on their "Global Players" special, a follow up programme of the CGI. The panel included top academics and business personalities such as Jeffrey D. Sachs (Dean of the Earth Institute, Columbia University), Jim Hansen (Head of the Goddard Institute), Jeremy Leggett (CEO Solarcentury) and Fred Smith (President of the Competitive Enterprise Institute). Tan Sri Francis was the only Asian businessman chosen to represent Asian perspectives on climate change.

The YTL Group is constantly searching for innovative ways to encourage energy saving and to minimise the risk and glaringly visible effects of climate change. We therefore anticipate our future projects to integrate technology, policy and positive action to steer our company towards being not only clean and green, but also secure, in trust for future generations.

Water & Sewerage Services

Climate change awareness and carbon management have been at the forefront of Wessex Water's developments. Its environmental impacts - for example, quantities of water taken from the environment, effluent released into rivers, re-use of sludge and greenhouse gas emissions (mainly carbon dioxide and methane) - are closely monitored through environmental regulation. It is important to note that tighter environmental regulation has consequently benefited the water environment more. Wessex's carbon dioxide emissions are now lower than in 1990 because of technological advancements enabling the carbon content of an average kWh of electricity from the national grid to be lower.

However, its energy consumption has climbed through increase of sewage treatment to meet environmental regulation. The company's carbon dioxide emissions, 95% of which came from consuming energy, has increased significantly in the last few years. The Royal Commission of Environmental Pollution published a report in 2001 that lobbied for a 60% decrease in carbon dioxide emissions from energy use by 2050 to avoid escalating damage to the earth's environment.

Corporate Social Responsibility

Emissions Forecast

	REDUCTION OF EMISSIONS	
	Carbon Dioxide	Carbon Dioxide and Methane Combined
What we emitted in 1997	101,108 tonnes	168,224 tonnes
What we would need to emit in 2050 (60% less than 1997)	40,423 tonnes	67,312 tonnes
Annual reduction needed from 1997 levels	1,145 tonnes	1,904 tonnes

RESPONSIBILITY TO THE COMMUNITY

The YTL Group recognises our duty to be a good neighbour. We are an active partner of cities and communities, working closely with schools and charitable organisations to educate, support and engage with projects across Malaysia. From tackling poverty to helping children lead healthy, energetic lifestyles, we endeavour to build a better future for everybody.



YTL employees at the National Blood Bank donation drive



Donation to the Indonesian tsunami fund



Pink Ribbon Deeds (PRIDE)



Toys for Tots at the JW Marriott

The geographical diversity of our operations requires a heightened awareness of the social and economic conditions in the countries in which the Group operates. Our presence in Indonesia brought the Aceh tsunami that devastated swathes of the Asian region in December 2004 much closer to home and the Group contributed RM2.0 million to the Malaysian Government's RM12.95 million fund to assist with the relief efforts of the Indonesian Government. The Group also contributed Rp3.75 billion to the Indonesian Red Cross to assist with its various humanitarian programmes for Indonesian migrant workers returning home under the amnesty granted by the Malaysian Government.

Together with Jawa Power, our associate company in Indonesia, YTL contributed to relief efforts in Indonesia following the earthquake that hit Yogyakarta in May 2006, donating funds to purchase basic necessities, such as rice, baby food, milk, antibiotics, first-aid packages, tents and candles.

Amongst the many charities that we support, the ones that are closest to YTL's heart include Pink Ribbon Deeds (PRIDE) which increases awareness and raises funds to support breast cancer survivors and improves standards of diagnosis, treatment and care of breast cancer patients in Malaysia, and the annual 'Toys for Tots' Christmas charity campaign which enables guests and visitors at the Group's hotels to donate toys and gifts to benefit underprivileged children. YTL is an active supporter of these associations and, in addition to donations, we offer the use of our hotels, restaurants and shopping centres to serve as venues for fundraising events for these charities.





“ A country that is not rich with arts is a country that has either forgotten about its past or is not curious about its future. A very sterile society... The performing arts give people a chance to breathe and reflect on their own souls, to see whether they are nearer to life's objectives... As society progresses and business rolls on, the advancement of arts must also be pursued as a reflection of the soul.”

– YTL Corporation Berhad Managing Director Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, in an interview Business Times Malaysia on 18 April 2006

PROMOTION OF ARTS & CULTURE

Corporate Social Responsibility

COMMITMENT TO ARTS & CULTURE

The YTL Group is a passionate supporter of Arts and Art Culture in Malaysia. We are a partner in the Kuala Lumpur Performing Arts Centre (KLPac), the home for the performing arts in Malaysia, which is located in The Park at our Sentul development. This is a USD7 million (RM25 million) effort from our part. We take every opportunity to support productions that tap the potential of local talent and to encourage the development of our own arts and cultural scene in Malaysia to showcase the uniqueness of our heritage and also providing the people of the city an alternative medium of expression and communication.



Y.A.B. Dato' Seri Abdullah bin Haji Ahmad Badawi, Prime Minister of Malaysia, officiated the gala opening of The Kuala Lumpur Performing Arts Centre (KLPac), which paid tribute to the centre's patron, the late Datin Paduka Datin Seri Endon Mahmood, and the late Puan Seri Dato' Paduka Rosaline Yeoh, wife of YTL Corp Managing Director Tan Sri Dato' (Dr) Francis Yeoh Sock Ping.

Y.A.B. Dato' Seri Abdullah bin Haji Ahmad Badawi signs the commemoration plaque, witnessed by (from left) Tan Sri Dato' (Dr) Francis Yeoh Sock Ping; Dato' Faridah Merican, KLPac Executive Producer; and Nori Abdullah, Chairperson of Yayasan Budi Penyayang

YTL is also passionate about music and believe in harvesting talent to foster appreciation of musical talent. Our Managing Director, Tan Sri Dato' (Dr) Francis Yeoh Sock Ping was the President of the Kuala Lumpur Symphony Orchestra Society, an orchestra comprised of local young talented classical musicians, for six years. YTL has also been sponsoring the YTL-Penang Arts Festival since 2000.

In September 2002, a momentous concert was held at our resort island of Pangkor Laut, where world renowned tenor Pavarotti was invited to sing to an important global audience to foster peace and understanding, after the tumultuous events of 11th September 2001.

On the global front, YTL orchestrated a performance by three famed tenors – Pavarotti, Domingo and Carreras – for the city of Bath, in Wessex County in the United Kingdom, to an audience of 50,000, during the hot summer of August 2003. This was done as a thanks giving gesture to God and the people of Britain who welcomed our investments.

In December 2005, the YTL Group celebrated its 50th Anniversary by staging a free concert at our Sentul Park development, Kuala Lumpur, featuring Britain's top tenor, Russell Watson, accompanied by the well acclaimed Adelaide Symphony Orchestra.



In December 2005, the YTL Corp Group celebrated its 50th Anniversary by staging a free concert in Sentul Park, Kuala Lumpur, featuring Britain's top tenor, Russell Watson.



The Three Tenors in Bath, the spectacular free concert sponsored by YTL in Bath, where Wessex Water's headquarters are located. The free concert was attended by 12,500 fans and beamed live to an additional 20,000 fans at the adjoining Royal Victoria Park



Leela Mohd Ali, CEO of Yayasan Budi Penyayang Malaysia (second from left), Tan Sri Dato' (Dr) Francis Yeoh Sock Ping and Nori Abdullah, Chairperson of Yayasan Budi Penyayang (centre) together with the cast of 'M! The Opera'. YTL Corp was a sponsor of 'M! The Opera', a local production of international calibre, in February 2006.



Datin Sri Tiara Jacqueline, the lead actress, and YTL Corp Managing Director Tan Sri Dato' (Dr) Francis Yeoh Sock Ping at the Signing Ceremony for YTL Corp's sponsorship of 'Puteri Gunung Ledang: The Musical'. The YTL Corp Group sponsored the spectacular 'Puteri Gunung Ledang, The Musical' production in July 2006, a successful local musical which was showcased to sold-out audiences.

Corporate Social Responsibility

FOR THE NEXT GENERATION

The YTL Scholarship Foundation

We believe education plays a strong role in growing and safeguarding the potential of our future generation of leaders. The YTL Scholarship Foundation was established in 1995 with the objective of promoting higher education in Malaysia by offering scholarships to deserving individuals who would otherwise be denied of higher education due to financial constraints. Given the opportunity, we believe such individuals will be able to achieve their full potential and assume leadership positions to contribute towards the nation's economic development.

The University of Nottingham in Malaysia

In line with our plans for educational expansion, we have fostered a joint partnership with The University of Nottingham in Malaysia. Nottingham is declared one of the ten best universities in the United Kingdom, alongside institutions which include Oxford, Cambridge, Imperial College London and the London School of Economics. In 2006, the University of Nottingham has been confirmed in the top 1% of more than seven and a half thousand higher education institutions anywhere in the world.

Within the past year, The University of Nottingham has opened pioneering campuses in Asia, with the establishment of a multi-million pound campus in Malaysia, followed by the official opening of the first foreign university campus inside the People's Republic of China. Since opening its doors in Kuala Lumpur in September 2000, with just over 90 students, the student population has now grown to an international population of 1,300 students from more than 30 countries.

The University of Nottingham Malaysia Campus has a joint partnership with two local partners. The new campus (which opened early in 2005) sits on a 101-acre site close to Semenyih, 30km south of Kuala Lumpur, and is the first purpose-built campus of a British university outside of the United Kingdom. Built at a cost of RM 120 Million, it offers a high quality learning and living environment. Facilities include laboratories, library, sports complex, and Student Association building, bookshop, café and convenience stores, amongst others.

Harnessing Creativity through Workshops and the Arts

YTL also strives to encourage the creativity of children through a rich variety of programmes which offer not only memorable experiences but which also broadens their learning capacities. We believe learning and creativity are imperative in incubating talent, and the best means is to provide a platform which children and young adults can interact. YTL has historically sponsored numerous musical performances of which most are tailored to families and have also initiated several activity workshops at the Kuala Lumpur Performance Arts Centre (KLPac) at our Sentul Park development.







"We must not stop at just harnessing our imaginative minds; we must also begin to harness our hearts to re-engineer the world of man. We must bring it back to sanity and productive endeavour... Looking ahead, I wish all of you the imagination and will to create what you wish to create, and I pray with a warm and passionate heart. I urge you to keep running the good race - alongside us, for we will be running too".

- Speech by Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, Managing Director of YTL Corporation Berhad, at YTL's 50th Anniversary Concert of Celebration 2005 at Sentul Park on 17 December 2005

SUPPORTING EDUCATION & COMMUNITY DEVELOPMENT

Statement on Corporate Governance

INTRODUCTION

YTL Corporation Berhad (“YTL Corp” or “Company”) and its subsidiaries (“YTL Corp Group”) have a long-standing commitment to corporate governance and protection of shareholder value. This commitment has been integral to the YTL Corp Group’s achievements and strong financial profile to date and the Board of Directors (“Board”) remains firmly committed to implementing and attaining the highest standards of corporate governance throughout the YTL Corp Group. Good corporate governance is a fundamental part of the Board’s responsibility to protect and enhance long-term shareholder value and the financial performance of the YTL Corp Group, whilst taking into account the interests of other stakeholders.

During the year under review, the Board continued to adhere to the measures recommended by the Malaysian Code on Corporate Governance (“Code”) to enhance its corporate governance practices, and to fully comply with the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) (“Listing Requirements”). This section of the Annual Report details the measures implemented by the YTL Corp Group to strengthen its compliance with the Principles and Best Practices of Corporate Governance as set out in Parts 1 and 2 of the Code, respectively.

COMPOSITION OF THE BOARD

YTL Corp is led and managed by an experienced Board with a wide and varied range of expertise. This broad spectrum of skills and experience ensures the YTL Corp Group is under the guidance of an accountable and competent Board. The Directors recognise the key role they play in charting the strategic direction, development and control of the YTL Corp Group and have adopted the six primary responsibilities as listed in the Code, which facilitate the discharge of the Board’s stewardship responsibilities.

The Board currently has thirteen Directors comprising nine executive members and four non-executive members, all of whom are independent. This is in compliance with the requirement for one-third of the Board to be independent.

The positions of the Executive Chairman and the Managing Director are held by separate members of the Board. The Executive Chairman is primarily responsible for the orderly conduct and working of the Board, whilst the Managing Director oversees the day-to-day running of the business, implementation of Board policies and making of operational decisions. The Managing Director and the Executive Directors are accountable to the Board for the profitable operation and development of the YTL Corp Group, consistent with the primary aim of enhancing long-term shareholder value.

The presence of Independent Non-Executive Directors brings an additional element of balance to the Board and these Independent Non-Executive Directors have the experience to carry sufficient weight in the Board’s decisions. The differing roles of Executive and Non-Executive Directors are delineated, both having fiduciary duties towards shareholders. Executive Directors have a direct responsibility for business operations whereas Non-Executive Directors have the necessary skill and experience to bring an independent judgement to bear on issues of strategy, performance and resources brought before the Board.

The Executive Directors are responsible for the YTL Corp Group’s operations and for ensuring that strategies proposed by management are fully discussed and examined, and take account of the long term interests of shareholders, employees, customers, suppliers and the many communities in which the YTL Corp Group conducts its business. Together, the Directors possess the wide range of business, commercial and financial experience essential in the management and direction of a corporation with global presence. A brief description of the background of each Director is presented in the Profile of the Board of Directors in this Annual Report.

To date, the Board has not found it necessary to designate a senior independent non-executive director to whom concerns may be conveyed, mainly because the Chairman encourages full deliberation of issues affecting the YTL Corp Group by all members of the Board.

Statement on Corporate Governance

DIRECTORS' TRAINING

All the Directors have successfully completed the Mandatory Accreditation Programme and each Director has now obtained the applicable number of points under the Continuing Education Programme ("CEP") that they were required to obtain prior to the repeal of the CEP by Bursa Securities last year. The Directors attended various other conferences and programmes throughout the year to enhance their knowledge and expertise, and the Board will continue to evaluate and determine the training needs of its Directors on an ongoing basis.

BOARD MEETINGS

The Board met five times during the financial year ended 30 June 2006. Details of each Director's attendance of the Board meetings are disclosed in the Profile of the Board of Directors in this Annual Report.

The Directors have full and unrestricted access to all information pertaining to the YTL Corp Group's business and affairs, both as a full Board and in their individual capacities, to enable them to discharge their duties. There are matters specifically reserved for the Board's decision to ensure that the direction and control of the YTL Corp Group rests firmly with the Board. Prior to each Board meeting, all Directors receive the agenda together with a full set of Board papers containing information relevant to the business of the meeting. This allows the Directors to obtain further explanations or clarification, where necessary, in order to be properly briefed before each meeting.

All Directors have full access to the advice and services of the Company Secretary who ensures that Board procedures are adhered to at all times during meetings and advises the Board on matters including corporate governance issues and the Directors' responsibilities in complying with relevant legislation and regulations.

APPOINTMENT & RE-ELECTION OF DIRECTORS

The appointment of Directors is undertaken by the Board as a whole. The Managing Director recommends candidates suitable for appointment to the Board, and the final decision lies with the entire Board to ensure that the resulting mix of experience and expertise of members of the Board is sufficient to address the issues affecting the YTL Corp Group.

In accordance with the Company's Articles of Association, one-third of the Directors are required to retire from office at each Annual General Meeting ("AGM"). Retiring Directors can offer themselves for re-election. Directors who are appointed by the Board during the financial year are subject to re-election by shareholders at the next AGM held following their appointments. Directors who are over seventy years of age are required to submit themselves for re-appointment annually in accordance with Section 129 of the Companies Act, 1965. Details of Directors seeking re-election at the forthcoming AGM are disclosed in the Statement Accompanying the Notice of AGM in this Annual Report.

Statement on Corporate Governance

DIRECTORS' REMUNERATION

Directors' remuneration is decided in line with the objective recommended by the Code to determine the remuneration for directors so as to attract and retain directors of the calibre needed to run the YTL Corp Group successfully. In general, the component parts of remuneration are structured so as to link rewards to performance, in the case of Executive Directors. In the case of Non-Executive Directors, the level of remuneration reflects the experience and responsibilities undertaken by the particular non-executive concerned. Directors do not participate in decisions regarding their own remuneration packages and Directors fees must be approved by shareholders at the AGM.

Details of the aggregate remuneration of Directors categorised into appropriate components and the range of remuneration for each Director can be found in Note 6 of the Notes to the Financial Statements in this Annual Report (for security reasons, details are not shown with reference to Directors individually).

DIALOGUE WITH SHAREHOLDERS & INVESTORS

The YTL Corp Group values dialogue with investors as a means of effective communication that enables the Board to convey information about performance, corporate strategy and other matters affecting shareholders interests. The Board recognises the importance of timely dissemination of information to shareholders and accordingly ensures that they are well informed of any major developments of the YTL Corp Group. Such information is communicated through the Annual Report, the various disclosures and announcements to Bursa Securities, including quarterly and annual results, and corporate websites.

The Managing Director meets with analysts, institutional shareholders and investors throughout the year. Presentations based on permissible disclosures are made to explain the YTL Corp Group's performance and major development programs. Price-sensitive and information that may be regarded as undisclosed material information about the YTL Corp Group is, however, not disclosed in these sessions until after the prescribed announcement to Bursa Securities has been made.

The AGM is the principal forum for dialogue with shareholders. The Board provides opportunities for shareholders to raise questions pertaining to issues in the Annual Report, corporate developments in the YTL Corp Group, the resolutions being proposed and the business of the YTL Corp Group in general at every AGM and Extraordinary General Meeting of the Company. The Managing Director responds to shareholders questions during the meeting, thereby ensuring a high level of accountability, transparency and identification with the YTL Corp Group's business operations, strategy and goals. Each item of special business included in the notice of the meeting is accompanied by an explanatory statement for the proposed resolution to facilitate full understanding and evaluation of issues involved.

THE AUDIT COMMITTEE

The Company has in place an Audit Committee which comprises three Non-Executive Directors and one Executive Director. The Audit Committee holds quarterly meetings to review matters including the YTL Corp Group's financial reporting, the audit plans for the year and recurrent related party transactions, as well as to deliberate the findings of the internal and external auditors. The Audit Committee is fully compliant with the Code and the Listing Requirements.

The Audit Committee met five times during the financial year ended 30 June 2006. Full details of the composition, complete terms of reference and the activities of the Audit Committee during the financial year are set out in the Audit Committee Report in this Annual Report.

Statement on Corporate Governance

FINANCIAL REPORTING

The Directors are responsible for ensuring that financial statements are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia. In presenting the financial statements, the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates. The Directors also strive to ensure that financial reporting presents a true and fair assessment of the Company's position and prospects. Quarterly financial statements were reviewed by the Audit Committee and approved by the Board prior to release to Bursa Securities and Securities Commission.

The Statement by Directors made pursuant to Section 169 of the Companies Act, 1965, is set out in this Annual Report.

INTERNAL CONTROL

Information on the YTL Corp Group's system of internal control is presented in the Statement on Internal Control in this Annual Report.

RELATIONSHIP WITH THE AUDITORS

The Board has established formal and transparent arrangements for maintaining an appropriate relationship with the Company's auditors. The Company's auditor, Messrs HLB Ler Lum, has continued to report to members of the Company on their findings which are included as part of the Company's financial reports with respect to each year's audit on the statutory financial statements.

ADDITIONAL DISCLOSURE

- **Employees' Share Option Scheme:** YTL Corp's Employees' Share Option Scheme ("ESOS") was approved by shareholders at an extraordinary general meeting in October 2001. Details of the number of ESOS options granted during the year under review can be found in the Directors' Report in the Financial Statements in this Annual Report. The Board believes that maintaining the calibre of its employees is vital to ensure the continued success of the YTL Corp Group and the consequent increase in returns to shareholders. To these ends, the YTL Corp Group has implemented various staff retention and assessment practices in addition to the ESOS, including a Thirteenth Month wage supplement, annual bonuses and biannual reviews of staff performance.
- **Share Buy-back:** Details of the Company's share buy-back exercises for the year under review have also been included in this Annual Report.

The Board is satisfied that the Company has, in all material aspects, complied with the best practices of the Code as at 30 June 2006.

This statement was approved by the Board of Directors on 19 October 2006.

Statement on Internal Control

INTRODUCTION

During the year under review, YTL Corporation Berhad (“YTL Corp” or “Company”) and its subsidiaries (“YTL Corp Group”) continued to enhance its system of internal control and risk management, in order to better quantify its compliance with the Malaysian Code on Corporate Governance (“Code”) and the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) (“Listing Requirements”).

The Code requires the Board of Directors (“Board”) of listed companies to maintain a sound system of internal control to safeguard shareholders’ investments and the Company’s assets. Paragraph 15.27(b) of the Listing Requirements requires the Board to include in the annual report of the Company a statement on the status of the system of internal control.

RESPONSIBILITIES OF THE BOARD

The Board is responsible for maintaining a sound system of internal control to safeguard shareholders’ investments and the assets of the YTL Corp Group, and for reviewing the adequacy and integrity of the system. The system of internal control covers not only financial controls but operational and compliance controls and risk management. However, the Board recognises that reviewing the YTL Corp Group’s system of internal control is a concerted and continuing process, designed to manage rather than eliminate the risk of failure to achieve business objectives. Accordingly, the system of internal control can only provide reasonable but not absolute assurance against material misstatement, fraud and loss.

The Board believes that the YTL Corp Group’s system of internal control, financial or otherwise, should provide reasonable assurance regarding the achievement of the objectives of ensuring effectiveness and efficiency of operations, reliability and transparency of financial information and compliance with laws and regulations.

PRINCIPAL FEATURES OF THE YTL CORP GROUP’S SYSTEM OF INTERNAL CONTROL

The principal features of the YTL Corp Group’s system of internal control can be summarised as follows:

- **Authorisation Procedures:** The YTL Corp Group has a clear definition of authorisation procedures and a clear line of accountability, with strict authorisation, approval and control procedures within which senior management operates. Responsibility levels are communicated throughout the YTL Corp Group which set out, among others, authorisation levels, segregation of duties and other control procedures.
- **Authority Levels:** The YTL Corp Group has delegated authority levels for major tenders, capital expenditure projects, acquisitions and disposals of businesses and other significant transactions. The approval of capital and revenue proposals above authorised limits is reserved for decision by the Board. Other investment decisions are delegated for approval in accordance with authority limits. Comprehensive appraisal and monitoring procedures are applied to all major investment decisions.

The authority of the Directors is required for key treasury matters including changes to equity, financing, cheque signatories, opening of bank accounts and foreign operations. Comprehensive due diligence is carried out when a business is to be acquired.

- **Financial Performance:** Interim financial results are reviewed by the Audit Committee and approved by the Board upon recommendation of the Audit Committee before release to Bursa Securities. The full year financial results and analyses of the YTL Corp Group’s state of affairs are disclosed to shareholders after review and audit by the external auditors.
- **Internal Compliance:** The YTL Corp Group monitors compliance with its internal financial controls through management reviews and reports which are internally reviewed by key personnel. Updates of internal policies and procedures are undertaken to reflect changing risks or resolve operational deficiencies. Internal audit visits are systematically planned over specific periods to monitor and scrutinise compliance with procedures and assess the integrity of financial information provided.

Statement on Internal Control

KEY PROCESSES OF THE YTL CORP GROUP'S SYSTEM OF INTERNAL CONTROL

The key processes that the Board has established to review the adequacy and integrity of the system of internal control are as follows:

- **Internal Audit Function:** During the year under review, an in-house internal audit department was established. The in-house internal audit department is also complemented by the internal audit functions outsourced to a professional firm. The internal auditors report to the Audit Committee, which reviews the effectiveness of the system of internal financial and accounting control as it operated during the year under review and reports their conclusions to the Board. The team advises executive and operational management on areas for improvement and subsequently reviews the extent to which its recommendations have been implemented.

During the year under review, the internal auditors reviewed the YTL Corp Group's system of internal control covering financial, accounting, operational and compliance controls. None of the weaknesses identified during this review have resulted in non-compliance with any relevant policies or procedures, listing requirements or recommended industry practices that would require disclosure in the Company's annual report.

The companies of the Wessex Water Limited group ("Wessex Water") based in the United Kingdom were not covered by the internal audit process discussed above. Wessex Water's operations are subject to stringent financial and operational controls imposed by its regulator, the UK Office of Water Services (OFWAT), a government body, and by its Regulatory Licence. Wessex Water Services Limited ("WWSL") possesses its own internal audit department. The internal audit department reports to WWSL's audit committee, which has the responsibility to ensure the preservation of good financial practices and monitor the controls that are in place to ensure the integrity of those practices. It reviews the annual financial statements and by way of timely meetings provides a line of communication between the board of directors and the external auditors. It has formal terms of reference which deal with its authorities and duties.

The system of internal control will continue to be reviewed, enhanced and updated in line with changes in the operating environment. The Board will seek regular assurance on the continuity and effectiveness of the internal control system through independent appraisals by the internal auditors. The Board is of the view that the current system of internal control in place throughout the YTL Corp Group is sufficient to safeguard its interests.

- **Senior Management Meetings:** The YTL Corp Group conducts weekly meetings of the senior management which comprises Executive Directors and all divisional heads. The purpose of these meetings is to deliberate and decide upon all urgent company matters. Decisions can then be communicated to all members of staff immediately. From these meetings, the Board is able to identify significant operational and financial risks of the business units concerned.
- **Treasury Meetings:** Weekly meetings to discuss significant financial and treasury matters and to monitor the financial standing of the YTL Corp Group are conducted. These meetings ensure that any new financial developments and/or areas of concern are highlighted early and can be dealt with promptly. The members of this meeting comprise the YTL Corp Group Managing Director, Executive Directors, Company Secretary, Legal Adviser and Treasurer.
- **Site Visits:** The Executive Directors undertake site visits to production and operating units and communicate with various levels of staff to gauge first-hand the effectiveness of strategies discussed and implemented.

Statement on Internal Control

RISK MANAGEMENT

The YTL Corp Group's strong financial profile is the result of a system of internal control and risk management designed to mitigate risks which arise in the course of business. This is exemplified by the YTL Corp Group's strategy of acquiring regulated assets and financing acquisitions on a non-recourse basis. These include the Paka and Pasir Gudang Power Stations, the Express Rail Link, ElectraNet and more recently, Wessex Water and P.T Jawa Power. These assets share common characteristics of highly predictable operating costs and revenue streams, which in turn generate stable and predictable cash flows and profits, underpinned by an established regulatory environment and a virtual monopoly in their respective markets of operation.

In addition, the YTL Corp Group has a long-standing policy of entering into joint venture agreements with local authorities and state governments in undertaking construction projects and cement plant operations, in order to reduce risk levels.

In its property development division, the YTL Corp Group has pursued joint venture agreements with landowners, particularly Government bodies, when undertaking projects. This strategy has helped keep holding costs low and provided better resilience against severe downswings in the property market. The Sentul development project, for instance, is being undertaken as a joint venture with Keretapi Tanah Melayu Berhad, whilst Pantai Hillpark is being developed with Kuala Lumpur City Hall. Other projects, such as Taman Puncak Kinrara and Taman Pakatan Jaya involve joint ventures with the Selangor and Perak State Governments, respectively.

The Board acknowledges that all areas of the YTL Corp Group's business activities involve some degree of risk and is committed to ensuring that there is an effective risk management framework which allows Management to manage risks within defined parameters and standards.

Identifying, evaluating and managing the significant risks faced by the YTL Corp Group is an ongoing process which is undertaken at each level of operations. During the year under review, this function was exercised through participation of Executive Directors in management meetings to ensure the adequacy and integrity of the system of internal control. Emphasis is placed on reviewing and updating the process for identifying and evaluating the significant risks affecting the business, and policies and procedures by which these risks are managed.

Management is responsible for the identification and evaluation of significant risks applicable to their areas of business together with the design and operation of suitable internal controls. These risks are assessed on a continual basis and may be associated with a variety of internal and external sources including control breakdowns, disruption in information systems, competition, natural catastrophe and regulatory requirements.

The Managing Director reports to the Board on significant changes in the business and the external environment which affects significant risks. Where areas for improvement in the system are identified, the Board considers the recommendations made by the Audit Committee and the internal auditors.

The Board will pursue its ongoing process of identifying, assessing and managing key business, operational and financial risks faced by its business units as well as regularly reviewing planned strategies to determine whether risks are mitigated and well-managed, and to ensure compliance with the guidelines issued by the relevant authorities.

CONCLUSION

The Board is of the view that the system of internal controls being instituted throughout the YTL Corp Group is sound and effective. Reviews of all the control procedures will be continuously carried out to ensure the ongoing effectiveness and adequacy of the systems of internal control, so as to safeguard shareholders' investments and the YTL Corp Group's assets.

This Statement was approved by the Board of Directors on 19 October 2006.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT THE TWENTY-THIRD ANNUAL GENERAL MEETING OF YTL CORPORATION BERHAD WILL BE HELD AT STARHILL 2, LEVEL 4, JW MARRIOTT HOTEL KUALA LUMPUR, 183 JALAN BUKIT BINTANG, 55100 KUALA LUMPUR ON THURSDAY, THE 7TH DAY OF DECEMBER, 2006 AT 3.00 P.M. TO TRANSACT THE FOLLOWING BUSINESS:

AS ORDINARY BUSINESS

- 1 To receive the Audited Financial Statements for the financial year ended 30 June 2006 together with the Reports of the Directors and Auditors thereon; **Resolution 1**
- 2 To sanction the declaration of a First and Final Dividend of 15% gross less Malaysian Income Tax in respect of the financial year ended 30 June 2006; **Resolution 2**
- 3 To re-elect the following Directors who retire pursuant to Article 84 of the Company's Articles of Association:
 - i Tan Sri Dato' (Dr) Francis Yeoh Sock Ping **Resolution 3**
 - ii Dato' Michael Yeoh Sock Siong **Resolution 4**
 - iii Dato' Yeoh Soo Keng **Resolution 5**
- 4 To re-appoint the following Directors who retire pursuant to Section 129(6) of the Companies Act, 1965 and to hold office until the next Annual General Meeting:
 - i Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay **Resolution 6**
 - ii Dato' (Dr) Yahya Bin Ismail **Resolution 7**
 - iii Mejj Jen (B) Dato' Haron Bin Mohd Taib **Resolution 8**
 - iv Eu Peng Meng @ Leslie Eu **Resolution 9**
- 5 To approve the payment of Directors' fees amounting to RM280,000 for the financial year ended 30 June 2006; **Resolution 10**
- 6 To re-appoint the Auditors and to authorise the Directors to fix their remuneration. **Resolution 11**

AS SPECIAL BUSINESS

To consider and, if thought fit, pass the following resolutions:

ORDINARY RESOLUTION 1

- 7 PROPOSED AUTHORITY TO ALLOT SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965

"THAT pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby empowered to allot and issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the issued and paid-up share capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad."

Resolution 12

Notice of Annual General Meeting

ORDINARY RESOLUTION 2

8 PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

“THAT subject to the Company’s compliance with all applicable rules, regulations, orders and guidelines made pursuant to the Companies Act, 1965, the provisions of the Company’s Memorandum and Articles of Association and the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and the approvals of all relevant authorities, the Company be and is hereby authorised, to the fullest extent permitted by law, to buy-back and/or hold from time to time and at any time such amount of ordinary shares of RM0.50 each in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interests of the Company (“the Proposed Share Buy-Back”) provided that:

- i The maximum number of shares which may be purchased and/or held by the Company at any point of time pursuant to the Proposed Share Buy-Back shall not exceed ten per centum (10%) of the total issued and paid-up share capital of the Company for the time being quoted on Bursa Securities provided always that in the event that the Company ceases to hold all or any part of such shares as a result of, amongst others, cancellation of shares, sale of shares on the market of Bursa Securities or distribution of treasury shares to shareholders as dividend in respect of shares bought back under the previous shareholders’ mandate for share buy-back which was obtained at the Annual General Meeting held on 8 December 2005, the Company shall be entitled to further purchase and/or hold such additional number of shares as shall (in aggregate with the shares then still held by the Company) not exceed ten per centum (10%) of the total issued and paid-up share capital of the Company for the time being quoted on Bursa Securities;

- ii The maximum amount of funds to be allocated by the Company pursuant to the Proposed Share Buy-Back shall not exceed the sum of Retained Profits and the Share Premium Account of the Company based on its latest audited financial statements available up to the date of a transaction pursuant to the Proposed Share Buy-Back. As at 30 June 2006, the audited Retained Profits and Share Premium Account of the Company were RM2,301,644,053 and RM389,755,734 respectively; and
- iii The shares purchased by the Company pursuant to the Proposed Share Buy-Back may be dealt with by the Directors in all or any of the following:
 - a the shares so purchased may be cancelled; and/or
 - b the shares so purchased may be retained in treasury for distribution as dividend to the shareholders and/or resold on the market of Bursa Securities and/or subsequently cancelled; and/or
 - c part of the shares so purchased may be retained as treasury shares with the remainder being cancelled.

AND THAT such authority shall commence upon the passing of this resolution, until the conclusion of the next Annual General Meeting of the Company or the expiry of the period within which the next Annual General Meeting is required by law to be held unless revoked or varied by Ordinary Resolution of the shareholders of the Company in general meeting but so as not to prejudice the completion of a purchase made before such expiry date;

AND THAT the Directors of the Company be and are hereby authorised to take all steps as are necessary or expedient to implement or to give effect to the Proposed Share Buy-Back with full powers to amend and/or assent to any conditions, modifications, variations or amendments (if any) as may be imposed by the relevant governmental/regulatory authorities from time to time and with full power to do all such acts and things thereafter in accordance with the Companies Act, 1965, the provisions of the Company’s Memorandum and Articles of Association and the Listing Requirements of Bursa Securities and all other relevant governmental/regulatory authorities.”

Resolution 13

Notice of Annual General Meeting

ORDINARY RESOLUTION 3

9 PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE AND NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

"THAT the Company and/or its subsidiaries be and is/are hereby authorised to enter into recurrent related party transactions from time to time with Related Parties who may be a Director, a major shareholder of the Company and/or its subsidiaries or a person connected with such a Director or a major shareholder, as specified in section 2.3 of the Circular to Shareholders dated 15 November 2006 subject to the following:

- i the transactions are of a revenue or trading in nature which are necessary for the day-to-day operations of the Company and/or its subsidiaries and are transacted on terms consistent or comparable with market or normal trade practices and/or based on normal commercial terms and on terms not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders; and
- ii disclosure is made in the annual report of the aggregate value of transactions conducted during the financial year pursuant to the shareholders' mandate in accordance with the Listing Requirements of Bursa Malaysia Securities Berhad.

THAT the mandate given by the shareholders of the Company shall only continue to be in force until the conclusion of the next Annual General Meeting of the Company or the expiry of the period within which the next Annual General Meeting is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (the "Act") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); unless revoked or varied by Ordinary Resolution of the shareholders of the Company in general meeting, whichever is the earlier;

AND THAT the Directors of the Company be authorised to complete and do such acts and things as they may consider expedient or necessary to give full effect to the shareholders' mandate."

Resolution 14

NOTICE OF BOOK CLOSURE

Notice is hereby given that the Register of Members of the Company will be closed at 5.00 p.m. on 14 December 2006 for the entitlement of the following:

Proposed First and Final Dividend of fifteen percent (15%) gross less Malaysian Income Tax in respect of the financial year ended 30 June 2006 as recommended by the Directors on 24 August 2006.

A Depositor shall qualify for entitlement to the first and final dividend only in respect of:

- a shares transferred into the Depositor's Securities Account before 4.00 p.m. on 14 December 2006 in respect of transfers; and
- b shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

Notice is also hereby given that the Dividend Payment Date of the Proposed First and Final Dividend of fifteen percent (15%) gross less Malaysian Income Tax in respect of the financial year ended 30 June 2006, if approved by the shareholders at the forthcoming Twenty-Third Annual General Meeting, shall be on 5 January 2007.

1997/2007 and 1999/2009 warrant holders are reminded to lodge with the Company's Registrar, YTL Corporation Berhad of 11th Floor, Yeoh Tiong Lay Plaza, 55 Jalan Bukit Bintang, 55100 Kuala Lumpur, their subscription forms and subscription monies for subscription of new shares by 5.00 p.m. on 14 December 2006 to qualify for the above dividend entitlement.

By Order of the Board,

Ho Say Keng
Company Secretary

KUALA LUMPUR
15 November 2006

Notice of Annual General Meeting

Notes:

A member entitled to attend and vote at the meeting may appoint a proxy to vote in his stead. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. A member other than an Authorised Nominee shall not be entitled to appoint more than one proxy to attend and vote at the same meeting and where such member appoints more than one proxy to attend and vote at the same meeting, such appointment shall be invalid. The instrument appointing a proxy, in the case of an individual, shall be signed by the appointer or his attorney and in the case of a corporation, either under seal or under the hand of an officer or attorney duly authorised in writing. An instrument appointing a proxy shall be deposited at the Registered Office of the Company at least 48 hours before the appointed time for holding the meeting. For the purpose of determining a member who shall be entitled to attend the Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd, in accordance with Article 60(2) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors as at 30 November 2006. Only a depositor whose name appears on the General Meeting Record of Depositors as at 30 November 2006 shall be entitled to attend the said meeting or appoint proxy to attend and/or vote in his stead.

Resolution pursuant to Section 132D of the Companies Act, 1965

The Company is actively pursuing business opportunities in prospective areas so as to broaden the operating base and earnings potential of the Company. Such expansion plans may require the issue of new shares not exceeding ten per centum of the Company's issued share capital. With the passing of the Resolution 12 mentioned above by the shareholders of the Company at the forthcoming Annual General Meeting, the Directors would avoid delay and cost of convening further general meetings to approve issue of such shares for such purposes.

Resolution pertaining to the renewal of Authority To Buy-Back Shares of the Company

For Resolution 13, further information on the Share Buy-Back is set out in the Share Buy-Back Statement dated 15 November 2006 which is despatched together with the Circular to Shareholders for the Proposed Mandate for recurrent related party transactions of a revenue or trading nature, and the Company's Annual Report 2006.

Resolution pertaining to the Recurrent Related Party Transactions

For Resolution 14, further information on the Recurrent Related Party Transactions is set out in the Circular to Shareholders of the Company dated 15 November 2006 which is despatched together with the Share Buy-Back Statement dated 15 November 2006 and the Company's Annual Report 2006.

Statement Accompanying Notice of Annual General Meeting

1 THE NAMES OF INDIVIDUALS WHO ARE STANDING FOR RE-ELECTION OR RE-APPOINTMENT

Directors retiring by rotation pursuant to Article 84 of the Company's Articles of Association:

- Tan Sri Dato' (Dr) Francis Yeoh Sock Ping
- Dato' Michael Yeoh Sock Siong
- Dato' Yeoh Soo Keng

Directors retiring pursuant to Section 129(6) of the Companies Act, 1965

- Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay
- Dato' (Dr) Yahya Bin Ismail
- Mej Jen (B) Dato' Haron Bin Mohd Taib
- Eu Peng Meng @ Leslie Eu

2 DETAILS OF ATTENDANCE OF DIRECTORS AT BOARD MEETINGS

There were five (5) Board meetings held during the financial year ended 30 June 2006. Details of attendance of the Directors are set out in the "Profile of the Board of Directors".

3 23RD ANNUAL GENERAL MEETING OF YTL CORPORATION BERHAD

Place : Starhill 2, Level 4
JW Marriott Hotel Kuala Lumpur
183 Jalan Bukit Bintang
55100 Kuala Lumpur

Date & Time : 7 December 2006 at 3.00 p.m.

4 FURTHER DETAILS OF DIRECTORS WHO ARE STANDING FOR RE-ELECTION OR RE-APPOINTMENT

The profile of the Directors who are standing for re-election or re-appointment are set out in the "Profile of the Board of Directors" and their securities holdings in the Company and its subsidiaries are presented in the "Statement of Directors' Interests" of the Annual Report.

Corporate Information

BOARD OF DIRECTORS

Executive Chairman

Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay

PSM, SPMS, DPMS, KMN, PPN, PJK
Hon D Eng (Heriot-Watt), DBA (Hon)
(UMS), Chartered Builder
FCIOB, FAIB, FFB, FBIM, FSIET, FBGAM,
FMID

Managing Director

Tan Sri Dato' (Dr) Francis Yeoh Sock Ping

PSM, CBE, SIMP, DPMS, DPMP, JMN, JP
Hon D Eng (Kingston), B Sc (Hons) Civil
Engineering, FFB, F Inst D, MBIM, RIM

Deputy Managing Director

Dato' Yeoh Seok Kian

DSSA
B Sc (Hons) Bldg, MCIOB, FFB

Directors

Dato' (Dr) Yahya Bin Ismail

DPMJ, DPCM, DPMP, KMN, PPT
Bachelor of Veterinary Science

Mej Jen (B) Dato' Haron Bin Mohd Taib

PSAT, DPMJ, DPMT, DPMK, JMN, PMK,
SMT, PIS, PJK, PKB, psc

Dato' Cheong Keap Tai

Dato' Yeoh Soo Min

DSPN
BA (Hons) Accounting

Dato' Yeoh Seok Hong

DSPN, JP
BE (Hons) Civil & Structural Engineering,
FFB

Dato' Michael Yeoh Sock Siong

DIMP
BE (Hons) Civil & Structural Engineering,
FFB

Dato' Yeoh Soo Keng

DIMP
B Sc (Hons) Civil Engineering

Dato' Mark Yeoh Seok Kah

DSSA
LLB (Hons)

Eu Peng Meng @ Leslie Eu

B Com, FCILT

Syed Abdullah Bin Syed Abd. Kadir

B Sc (Engineering Production), B Com
(Economics)

COMPANY SECRETARY

Ho Say Keng

REGISTERED OFFICE

11th Floor, Yeoh Tiong Lay Plaza
55 Jalan Bukit Bintang
55100 Kuala Lumpur
Tel • 03-2117 0088 / 03-2142 6633
Fax • 03-2141 2703

BUSINESS OFFICE

11th Floor, Yeoh Tiong Lay Plaza
55 Jalan Bukit Bintang
55100 Kuala Lumpur
Tel • 03-2117 0088 / 03-2142 6633
Fax • 03-2141 2703

REGISTRAR

11th Floor, Yeoh Tiong Lay Plaza
55 Jalan Bukit Bintang
55100 Kuala Lumpur
Tel • 03-2117 0088 / 03-2142 6633
Fax • 03-2141 2703

SOLICITORS

Dorairaj, Low & Teh
Lee, Perara & Tan
Shook Lin & Bok
Slaughter & May

Corporate Information

AUDIT COMMITTEE

Dato' (Dr) Yahya Bin Ismail

Chairman and Independent Non-Executive Director

Tan Sri Dato' (Dr) Francis Yeoh Sock Ping

Group Managing Director

Mej Jen (B) Dato' Haron Bin Mohd Taib

Independent Non-Executive Director

Dato' Cheong Keap Tai

Independent Non-Executive Director

AUDITORS

HLB Ler Lum (AF 0276)

Chartered Accountants

(A member of HLB International)

PRINCIPAL BANKERS OF THE GROUP

Affin Bank Berhad

Affin Merchant Bank Berhad

AmMerchant Bank Berhad

Aseambankers Malaysia Berhad

Bank Islam Malaysia Berhad

Bank of China (Malaysia) Berhad

Bank Pembangunan Malaysia Berhad

Barclays Bank Plc

Bayerische Landesbank

BNP Paribas

CIMB Bank Berhad (formerly known as

Bumiputra-Commerce Bank Berhad)

Citibank Berhad

DBS Bank Ltd

Deutsche Bank AG

Deutsche Bank (Malaysia) Berhad

Dresdner Bank AG

European Investment Bank

Hong Leong Bank Berhad

HSBC Bank Malaysia Berhad

HSBC Bank Plc

ING Bank N.V.

Lloyds TSB Bank Plc

Malayan Banking Berhad

Maybank International (L) Ltd

Mizuho Corporate Bank Ltd

National Australia Bank Limited

OCBC Bank (Malaysia) Berhad

Oversea-Chinese Banking Corporation
Limited

Public Bank Berhad

RHB Bank Berhad

Southern Bank Berhad

Standard Chartered Bank Malaysia Berhad

Sumitomo Mitsui Banking Corporation

The Bank of East Asia Limited

The Bank of Tokyo-Mitsubishi, Ltd

The Royal Bank of Scotland Plc

The Sumitomo Trust & Banking Co Ltd

United Overseas Bank (Malaysia) Berhad

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad

Main Board (3.4.1985)

Tokyo Stock Exchange

Foreign Section (29.2.1996)

Profile of the Board of Directors

TAN SRI DATO' SERI (DR) YEOH TIONG LAY

Malaysian, aged 76, was appointed to the Board on 24 June 1984 and has been the Executive Chairman since 24 January 1985. His contributions are well recognised with the conferment of the title of Doctor of Engineering by Heriot-Watt University, Edinburgh and his appointment as Honorary Life President of the Master Builders Association of Malaysia in 1988. He is the co-founder and the first Chairman of the ASEAN Constructors' Federation ("ACF"). On 26 October 2002, Tan Sri Yeoh Tiong Lay was conferred the Honorary Doctorate in Philosophy (Business Administration) by Universiti Malaysia Sabah. He was installed as Pro-Chancellor for Universiti Malaysia Sabah on 1 July 2005. He is the past President and Lifetime member of the International Federation of Asian and Western Pacific Contractors Association ("IFAWPCA"). Tan Sri Yeoh Tiong Lay is currently an EXCO member of the Malaysian Crime Prevention Foundation ("MCPF") and Vice President of the Malaysian Japanese Economic Association ("MAJECA"). He is also the Honorary Chairman of the Tung Shin Hospital and is on the board of Governors for several schools. Tan Sri Yeoh Tiong Lay is also the Executive Chairman of YTL Power International Berhad and YTL Cement Berhad, and a board member of YTL Industries Berhad, YTL Foundation and Wessex Water Limited (a private utilities company in UK).

TAN SRI DATO' (DR) FRANCIS YEOH SOCK PING

Malaysian, aged 52, was appointed to the Board on 6 April 1984 as an Executive Director and has been the Managing Director of the Company since April 1988. Tan Sri Francis obtained his secondary education at Victoria Institution, Kuala Lumpur, Malaysia where he was the Head Boy. He obtained his Bachelor of Science (Hons) Degree in Civil Engineering from Kingston University, United Kingdom in 1978. Under his stewardship, YTL Group has grown from a single listed entity in 1985 to a force comprising six listed entities i.e. YTL Corporation Berhad, YTL Power International Berhad, YTL Cement Berhad, YTL Land & Development Berhad, YTL e-Solutions Berhad, and Starhill Real Estate Investment Trust, a listed real estate investment trust fund.

He currently serves as a member of the Malaysian Pacific Basin Economic Council (PBEC), Commonwealth Partnership for Technology Management (CPTM), The Capital Markets Advisory Council, The Nature Conservancy Asia Pacific Council and the Asia Business Council. He is also the Trustee of the Asia Society. He is a Board Member of SEI for Advanced Studies in Management – Wharton School, the Council Member of INSEAD and a Member of the Asia Regional Advisory Board of London Business School. He was the past President of the Kuala Lumpur Symphony Orchestra Society (KLSO) and the Founder President of the famous Eastern and Orient Express train. He was named the Ernst & Young "Master Entrepreneur of the Year 2002". He holds fellowships in many of the Chartered Institutions in the United Kingdom and is also the recipient of many major awards conferred by the Government of Malaysia. On 13 February 2004, he was conferred the degree of Honorary Doctorate of Engineering by Kingston University, United Kingdom. Tan Sri Francis was awarded the BusinessWeek's "25 Stars of Asia 2003" on 6 November 2003 in Hong Kong and was ranked 21st by Fortune Magazine Asia's 25 Most Powerful Business Personalities on 9 August 2004. He was appointed as a member of Barclays Asia-Pacific Advisory Committee on 1 January 2005. CNBC Asia Pacific named him Malaysia CEO of the Year at its Asia Business Leaders Awards on 9 November 2005. On 8 June 2006, he was conferred an Honorary Commander of the Most Excellent Order of the British Empire (CBE) by Her Majesty Queen Elizabeth II.

Besides the 5 listed companies in the YTL Group, Tan Sri Francis also sits on the board of YTL Industries Berhad, YTL Foundation and the prominent private utilities companies in United Kingdom, Wessex Water Limited and Wessex Water Services Limited. He is also the chief executive officer of Pintar Projek Sdn Bhd, the Manager of Starhill Real Estate Investment Trust.

Profile of the Board of Directors

DATO YEOH SEOK KIAN

Malaysian, aged 49, was appointed to the Board on 24 June 1984 as an Executive Director. He is currently the Deputy Managing Director of the Company. He graduated from Heriot-Watt University, Edinburgh, United Kingdom in 1981 with a Bachelor of Science (Hons) Degree in Building. He attended the Advance Management Programme conducted by Wharton Business School, University of Pennsylvania in 1984. Dato' Yeoh Seok Kian is a Fellow of the Faculty of Building, United Kingdom as well as a Member of the Chartered Institute of Building (UK). He is also a director of YTL Power International Berhad, YTL Cement Berhad, YTL Land & Development Berhad, YTL Industries Berhad, The Kuala Lumpur Performing Arts Centre, YTL Vacation Club Berhad and private company, Wessex Water Limited. He also serves on the board of Pintar Projek Sdn Bhd, the Manager of Starhill Real Estate Investment Trust.

DATO' (DR) YAHYA BIN ISMAIL

Malaysian, aged 78, was appointed to the Board on 6 April 1984 as an Independent Non-Executive Director. He holds a Bachelor of Veterinary Science degree from University of Sydney, Australia which he obtained in 1957. He was formerly with the Government and his last appointment was as the Director General of the National Livestock Authority Malaysia. He was also with the Totalisator Board Malaysia from 1982 to 1990 and served as its Chairman since 1986. Dato' Yahya is also a director of YTL Power International Berhad, YTL Industries Berhad, Shell Refining Company (Federation Of Malaya) Berhad, Killinghall Malaysia Berhad and Metroplex Berhad. He also serves on the board of Pintar Projek Sdn Bhd, the Manager of Starhill Real Estate Investment Trust.

MEJ JEN (B) DATO' HARON BIN MOHD TAIB

Malaysian, aged 71, was appointed to the Board on 3 July 1990 as an Independent Non-Executive Director. He was enlisted as an officer cadet at the Royal Military College in Sungei Besi, Kuala Lumpur in 1957 and was commissioned as a Second Lieutenant at Royal Military Academy Sandhurst, England in 1957. Some of his various notable appointments include the Director of Manpower Planning in the Ministry of Defence in 1972, the Chief of Logistic Staff in 1986 and the Commander of Army Logistic Command in 1987. He has been a Director of YTL Power International Berhad since 31 October 1996.

DATO' CHEONG KEAP TAI

Malaysian, aged 58, was appointed to the Board on 30 September 2004 as an Independent Non-Executive Director. Dato' Cheong graduated from the University of Singapore with a Bachelor of Accountancy. He is a Chartered Accountant of Malaysian Institute of Accountants (MIA), a Member of the Malaysian Institute of Certified Public Accountants (MICPA) and a Member of the Institute of Chartered Secretaries and Administrators (ICSA). Dato' Cheong was the Executive Director and Partner of Coopers & Lybrand and upon its merger with Price Waterhouse was the Executive Director and Partner of PricewaterhouseCoopers until his retirement in December 2003. He continues to be a partner of a local accounting practice. He is also a director of YTL Land & Development Berhad, YTL e-Solutions Berhad, Cement Industries of Malaysia Berhad, Kinta Kellas Public Limited Company, Gromutual Berhad and certain private limited companies.

Profile of the Board of Directors

DATO' YEOH SOO MIN

Malaysian, aged 50, was appointed to the Board on 24 June 1984 as an Executive Director. She graduated with a Bachelor of Art (Hons) Degree in Accounting from University of North London in 1980. She did her Articleship at Leigh Carr and Partners, London and has gained vast experience in accounting and management. She was responsible for the setting up of the Travel Division of the YTL Group in December 1990. Dato' Yeoh Soo Min is currently responsible for the setting up of the accounting and finance systems for the YTL Group. She is a Member of the Malaysian Institute of Management and has been a Committee Member of the Women for Women Association, Malaysia since 1990. She was the past President of the Women in Travel Industry. She has been one of the Governors of International Students House, London since 1995 and a Trustee of Yayasan Tuanku Fauziah (Queen's Foundation). She also holds directorships in YTL Power International Berhad, YTL Industries Berhad and YTL Vacation Club Berhad.

DATO' YEOH SEOK HONG

Malaysian, aged 47, was appointed to the Board on 19 June 1985 as an Executive Director. He obtained his Bachelor of Engineering (Hons) Civil & Structural Engineering Degree from the University Bradford, United Kingdom in 1982. He is a member of the Faculty of Building, United Kingdom. Dato' Yeoh Seok Hong has vast experience in the construction industry, being the Executive Director responsible for the YTL Group's construction division. He was the project director responsible for the development and the construction of the two Independent Power Producer power stations owned by YTL Power Generation Sdn Bhd. He continues to be actively involved in the construction activities of the YTL Group, his most recent project being the construction of the Express Rail Link between the Kuala Lumpur International Airport and the Kuala Lumpur Sentral Station, and is also responsible for developing the power and utility businesses of the YTL Power International Berhad Group. He is also a director of YTL Power International Berhad, YTL Land & Development Berhad, YTL e-Solutions Berhad, YTL Industries Berhad, YTL Foundation, Wessex Water Limited and Wessex Water Services Limited.

DATO' MICHAEL YEOH SOCK SIONG

Malaysian, aged 46, was appointed to the Board on 19 June 1985 as an Executive Director. He graduated from the Bradford University, United Kingdom in 1983 with a Bachelor of Engineering (Hons) Civil & Structural Engineering Degree. Dato' Michael Yeoh is primarily responsible for YTL Group's Manufacturing Division which activities involve cement manufacturing, ready-mixed concrete and other building material industries. He is also a director of YTL Power International Berhad, YTL Cement Berhad, YTL Land & Development Berhad, YTL e-Solutions Berhad, YTL Industries Berhad, Sentul Raya Golf Club Berhad and private company, Wessex Water Limited.

Profile of the Board of Directors

DATO' YEOH SOO KENG

Malaysian, aged 43, was appointed to the Board on 16 May 1996 as an Executive Director. She graduated with a Bachelor of Science (Hons) in Civil Engineering from Leeds University, United Kingdom in 1985. She was the project director for the construction of the British High Commissioner's residence, Kuala Lumpur; the Design & Build of the National Art Gallery in Kuala Lumpur and the Selangor Medical Centre in Shah Alam. She was also in charge of a few turnkey projects such as the construction and completion of Yeoh Tiong Lay Plaza, Pahang Cement plant in Pahang and Slag Cement plants in Selangor and Johor. Dato' Yeoh Soo Keng is the purchasing director currently responsible for bulk purchases of building materials and related items for YTL Group's construction, hotels and resorts, and property development divisions. She is instrumental in the sales and marketing of cement and related products for YTL Cement Berhad, Pahang Cement Marketing Sdn Bhd and Perak-Hanjoong Simen Sdn Bhd. She is also a director of YTL Power International Berhad and YTL Cement Berhad.

DATO' MARK YEOH SEOK KAH

Malaysian, aged 41, was appointed to the Board on 22 June 1995. He graduated from King's College, University of London with an LLB (Hons) and was subsequently called to the Bar at Gray's Inn, London in 1988. Dato' Mark Yeoh joined YTL Group in 1989 and is presently the Executive Director responsible for the YTL Hotels and Resorts Division. In addition, he is also part of YTL Power's Mergers & Acquisitions Team and was involved in the takeovers of ElectraNet SA (Australia), Wessex Water Limited (UK) and P.T. Jawa Power (Indonesia). He also serves on the board of YTL Power International Berhad, YTL Land & Development Berhad, YTL e-Solutions Berhad, YTL Vacation Club Berhad and private company, Wessex Water Limited.

EU PENG MENG @ LESLIE EU

Malaysian, aged 71, was appointed to the Board on 31 March 2003 as an Independent Non-Executive Director. Mr Leslie Eu graduated with a Bachelor of Commerce degree from the Republic of Ireland. He is a Fellow of the Chartered Institute of Logistics and Transport and was one of the founding directors of Global Maritime Ventures Berhad. He has been in the shipping business for more than 40 years. He was the first Chief Executive Officer of Malaysian International Shipping Corporation Berhad from the company's inception in 1969 until his early retirement in 1985. He was a Board Member of Lembaga Pelabuhan Kelang from 1970 to 1999. In 1995, he was presented the Straits Transportation Personality award by the Minister of Transport. He was appointed by the United Nations Conference on Trade and Development as one of the 13 experts to assist the developing nations in establishing their maritime fleets. Mr Leslie Eu presently serves on the board of public companies such as Lloyd's Register of Shipping (Malaysia) Bhd, YTL Cement Berhad and YTL Land & Development Berhad. He is also a director of Pintar Projek Sdn Bhd, the Manager of Starhill Real Estate Investment Trust.

Profile of the Board of Directors

SYED ABDULLAH BIN SYED ABD. KADIR

Malaysian, aged 52, was appointed to the Board on 20 October 1999 as an Executive Director. He graduated from the University of Birmingham in 1977 with a Bachelor of Science (Engineering Production) and a Bachelor of Commerce (Economics) Double Degree. He has extensive experience in banking and financial services, having been with Bumiputra Merchant Bankers Berhad from 1984 to 1994, holding the position of general manager immediately prior to his departure from the Bank. Prior to joining YTL Corporation Berhad Group, he was the general manager of Amanah Capital Partners Berhad, a public listed company with subsidiaries involved in, *inter alia*, discount, money broking, unit trusts, finance and fund management operations from November 1994 to February 1996. He also serves on the board of YTL Power International Berhad, YTL e-Solutions Berhad, Iris Corporation Berhad, Malaysian South-South Corporation Berhad and Versatile Creative Berhad.

Notes:

- 1 Family Relationship with Director and/or Major Shareholder
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay who is a deemed major shareholder of the Company, is the father of Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, Dato' Yeoh Seok Kian, Dato' Yeoh Soo Min, Dato' Yeoh Seok Hong, Dato' Michael Yeoh Sock Siong, Dato' Yeoh Soo Keng and Dato' Mark Yeoh Seok Kah. Save as disclosed herein, none of the Directors has any family relationship with any director and/or major shareholder of the Company.
- 2 Conflict of Interest
None of the Directors has any conflict of interest with the Company.
- 3 Conviction of Offences
None of the Directors has been convicted of any offences in the past ten (10) years.

DETAILS OF ATTENDANCE OF DIRECTORS AT BOARD MEETINGS

During the financial year, a total of 5 Board meetings were held and the details of attendance are as follows:

	Attendance
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	5
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping	3
Dato' Yeoh Seok Kian	3
Dato' (Dr) Yahya Bin Ismail	4
Mej Jen (B) Dato' Haron Bin Mohd Taib	5
Dato' Cheong Keap Tai	5
Dato' Yeoh Soo Min	4
Dato' Yeoh Seok Hong	4
Dato' Michael Yeoh Sock Siong	4
Dato' Mark Yeoh Seok Kah	4
Eu Peng Meng @ Leslie Eu	4
Dato' Yeoh Soo Keng	4
Syed Abdullah Bin Syed Abd. Kadir	5

Statement of Directors' Responsibilities

The Directors are required by law to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year and of the results and cash flows of the Group and of the Company for the financial year then ended.

The Directors consider that, in preparing the financial statements for the financial year ended 30 June 2006, the Group has used appropriate accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent. The Directors also consider that all applicable approved accounting standards have been followed and confirm that the financial statements have been prepared on a going concern basis.

The Directors are responsible for ensuring that the Group and the Company keep accounting records which disclose with reasonable accuracy at any time the financial position of the Group and of the Company and which enable them to ensure that the financial statements comply with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia.

Audit Committee Report

MEMBERS

Dato' (Dr) Yahya Bin Ismail
Chairman/Independent Non-Executive Director

Tan Sri Dato' (Dr) Francis Yeoh Sock Ping
Member/Managing Director

Mej Jen (B) Dato' Haron Bin Mohd Taib
Member/Independent Non-Executive Director

Dato' Cheong Keap Tai
Member/Independent Non-Executive Director

TERMS OF REFERENCE

Primary Purposes

The Committee shall:

- 1 Provide assistance to the Board in fulfilling its fiduciary responsibilities relating to the corporate accounting and practices for YTL Corporation Berhad and all its wholly and majority owned subsidiaries ("Group").
- 2 Improve the Group's business efficiency, the quality of the accounting function, the system of internal controls and audit function and strengthen the confidence of the public in the Group's reported results.
- 3 Maintain through regularly scheduled meetings, a direct line of communication between the Board and the external auditors as well as internal auditors.
- 4 Enhance the independence of both the external and internal auditors' function through active participation in the audit process.
- 5 Strengthen the role of the Independent Directors by giving them a greater depth of knowledge as to the operations of the Company and of the Group through their participation in the Committee.
- 6 Act upon the Board of Directors' request to investigate and report on any issues or concerns in regard to the management of the Group.
- 7 Review existing practices and recommend to Management to formalise an ethics code for all executives and members of the staff of the Group.
- 8 Create a climate of discipline and control which will reduce opportunity of fraud.

Membership

- 1 The Committee shall be appointed by the Board from amongst their number and shall be composed of no fewer than three (3) members, majority of whom should be Independent Directors.
- 2 At least one member of the Audit Committee:
 - a must be a member of the Malaysian Institute of Accountants; or
 - b if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and:
 - i he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
 - ii he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967 or
 - c fulfils such other requirements as prescribed by Bursa Malaysia Securities Berhad ("Bursa Securities").
- 3 The Board must ensure that no alternate Director is appointed as a member of the Audit Committee.
- 4 The members of the Committee shall elect a Chairman from amongst their number who shall be an Independent Director.

Audit Committee Report

Authority

The Committee shall in accordance with the procedure determined by the Board and at the cost of the Company:

- 1 have authority to investigate any matter within its terms of reference;
- 2 have the resources which are required to perform its duties;
- 3 have full and unrestricted access to any information pertaining to the Company;
- 4 have direct communication channels with the external auditors and person(s) carrying out the internal audit function;
- 5 be able to obtain independent professional or other advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary; and
- 6 be able to convene meetings with the external auditors excluding the attendance of the executive members of the Company, whenever deemed necessary.

Functions And Duties

The Committee shall, amongst others, discharge the following functions:

- 1 Review the following and report the same to the Board of the Company:
 - a with the external auditors, the audit plan;
 - b with the external auditors, his evaluation of the quality and effectiveness of the entire accounting system, the adequacy and the integrity of the internal control system and the efficiency of the Group's operations and efforts and processes taken to reduce the Group's operational risks;
 - c with the external auditors, the audit report;
 - d the assistance given by the employees of the Company to the external auditors;

- e the adequacy of the scope, functions and resources of the internal audit functions and that it has the necessary authority to carry out its work;
- f the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
- g the quarterly results and year end financial statements, prior to the approval by the Board of Directors, focussing particularly on:
 - changes in or implementation of major accounting policy changes
 - significant and unusual events
 - the accuracy and adequacy of the disclosure of information essential to a fair and full presentation of the financial affairs of the Group
 - compliance with accounting standards, other statutory and legal requirements and the going concern assumption;
- h any related party transaction and conflict of interest situation that may arise within the Company/Group and any related parties outside the Group including any transaction, procedure or course of conduct that raises questions of management integrity;
- i any letter of resignation from the external auditors of the Company;
- j whether there is reason (supported by grounds) to believe that the Company's external auditors are not suitable for re-appointment; and
- k any significant audit findings, reservations, difficulties encountered or material weaknesses reported by the external and internal auditors.

Audit Committee Report

- 2 Recommend the nomination of a person or persons as external auditors and the external audit fee.
- 3 Promptly report to Bursa Securities on any matter reported by it to the Board of the Company which has not been satisfactorily resolved resulting in a breach of Listing Requirements of Bursa Securities.
- 4 Carry out any other function that may be mutually agreed upon by the Committee and the Board which would be beneficial to the Company and ensure the effective discharge of the Committee's duties and responsibilities.

Meetings

- 1 To form a quorum in respect of a meeting of the Committee, the majority of members present must be Independent Directors.
- 2 The Committee shall meet at least five (5) times a year, although additional meetings may be called at any time at the Audit Committee Chairman's discretion. An agenda shall be sent to all members of the Committee and any other persons who may be required/invited to attend. All meetings to review the quarterly results and annual financial statements, shall be held prior to such quarterly results and annual financial statements being presented to the Board for approval.
- 3 Notwithstanding paragraph 2 above, upon the request of any member of the Committee, the external auditors or the internal auditors, the Chairman of the Committee shall convene a meeting of the Committee to consider any matter which should be brought to the attention of the Directors or shareholders.
- 4 The external auditors have the right to appear and be heard at any meeting of the Committee and shall appear before the Committee when required to do so by the Committee.

- 5 The Committee may invite any Board member or any member of the Senior Management or any relevant employee within the Company who the Committee thinks fit to attend its meetings to assist in resolving and clarifying matters raised in audit reports.
- 6 The internal auditors shall be in attendance at meetings of the Committee to present and discuss the audit reports of findings and the recommendations relating thereto and to follow up on decisions made at these meetings.
- 7 The Committee may establish any regulations from time to time to govern its administration.

Retirement And Resignation

In the event of any vacancy in the Audit Committee resulting in the non-compliance of subparagraphs 15.10(1) of the Listing Requirements of Bursa Securities, the Company must fill the vacancy within 3 months.

Minutes

- 1 The Committee shall cause minutes to be duly entered in the books provided for the purpose of all resolutions and proceedings of all meetings of the Committee. Such minutes shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting and if so signed, shall be conclusive evidence without any further proof of the facts thereon stated.
- 2 Minutes of each meeting shall also be distributed to all attendees at the meetings and members of the Committee.
- 3 Detailed minutes of the Committee's meetings will be made available to all Board members. A summary of significant matters and resolutions will be reported to the Board by the Committee.
- 4 The books containing the minutes of proceedings of any meeting of the Committee shall be kept by the Company at the registered office of the Company and shall be opened to the inspection of any member of the Committee and of the Board.

Audit Committee Report

Secretary

The Secretary to the Committee shall be the Company Secretary.

ACTIVITIES

In line with the terms of reference of the Committee, the following activities were carried out by the Committee during the financial year ended 30 June 2006 in discharging its functions:

- 1 Review of the external auditors' scope of work and their audit plan.
- 2 Reviewing with the external auditors on the results of their audit, the audit report and internal control recommendations in respect of control weaknesses noted in the course of their audit.
- 3 Review of internal control procedures.
- 4 Review of the quarterly unaudited financial results announcements and recommending for the Board of Directors' approval.
- 5 Reviewing the audited financial statements before recommending for the Board of Directors approval.
- 6 Reviewing the Company's compliance with the Listing Requirements of Bursa Securities and the applicable approved accounting standards issued by the Malaysian Accounting Standards Board.
- 7 Verifying the allocation of share options pursuant to the Employees' Share Option Scheme.

NUMBER OF MEETINGS HELD AND DETAILS OF ATTENDANCE

During the financial year, a total of 5 Audit Committee meetings were held and the details of attendance are as follows:

	Attendance
Dato' (Dr) Yahya Bin Ismail	4
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping	3
Mej Jen (B) Dato' Haron Bin Mohd Taib	5
Dato' Cheong Keap Tai	5

Disclosure of Recurrent Related Party Transactions

At the last Annual General Meeting of YTL Corporation Berhad (“YTL Corporation”) held on 8 December 2005, the Company had obtained a mandate from its shareholders to allow YTL Corporation and/or its subsidiaries (“YTL Corporation Group”) to enter into Recurrent Related Party Transactions of a Revenue or Trading Nature (“Recurrent Transactions”).

In accordance with Paragraph 10.09(1)(b) and Section 4.1.5 of Practice Note 12/2001 of Bursa Malaysia Securities Berhad Listing Requirements, details of the Recurrent Transactions conducted during the financial year ended 30 June 2006 pursuant to the said shareholders’ mandate are as follows:

Companies in the YTL Corporation Group involved

Group involved in the Recurrent Transactions	Related Parties	Nature of Transactions	Interested Related Parties	Nature of Relationship	Value of Transactions RM’000
YTL Power Services Sdn Bhd	YTL Power International Berhad ⁽⁷⁾ Group via its subsidiary, YTL Power Generation Sdn Bhd	Provision of operation and maintenance services to Related Party.	Yeoh Tiong Lay & Sons Holdings Sdn Bhd (“YTLSH”); Tan Sri Dato’ Seri (Dr) Yeoh Tiong Lay (“Tan Sri Yeoh Tiong Lay”); Tan Sri Dato’ (Dr) Francis Yeoh Sock Ping, Dato’ Yeoh Seok Kian, Dato’ Yeoh Soo Min, Dato’ Yeoh Seok Hong, Dato’ Michael Yeoh Sock Siong, Dato’ Yeoh Soo Keng, and Dato’ Mark Yeoh Seok Kah [collectively referred to as the “Yeoh Siblings”]	Major Shareholder/ Person Connected ⁽¹⁾ Director/ Major Shareholder ^{(1) (2) (3) (4)} Directors ^{(1) (2) (3) (4)}	62,588
			Puan Sri Datin Seri Tan Kai Yong @ Tan Kay Neong, Datin Lim Lee Lee, Dato’ Tan Kim Kuan, Datin Kathleen Chew Wai Lin, Datin Tan Siew Bee, Choy Wai Hin, and Datin Julie Teh Chooi Gan [collectively referred to as the “Directors’ Spouses”]	Persons Connected ⁽⁴⁾	

Disclosure of Recurrent Related Party Transactions

Companies in the YTL Corporation Group involved in the Recurrent Transactions	Related Parties	Nature of Transactions	Interested Related Parties	Nature of Relationship	Value of Transactions RM'000
Syarikat Pembinaan Yeoh Tiong Lay Sdn Bhd ("SPYTL"), YTL Technologies Sdn Bhd, Batu Tiga Quarry Sdn Bhd, Dynamic Marketing Sdn Bhd, Superb Aggregates Sdn Bhd	YTL Cement Berhad ⁽⁸⁾ Group	Purchase of readymix concrete and construction materials from Related Party; Sale of equipment, cement tanker to Related Party, and maintenance of mixer trucks, plant and machinery charges received from Related Party; Hiring charges on mixer trucks, machinery and tankers paid to Related Party; Sale of raw material used for readymix concrete manufacturing, in particular sand and aggregates to Related Party; Sale of lubricants and diesel to Related Party; Purchase of cement from Related Party; Supply of lime stone and clay to Related Party;	YTLSh; Tan Sri Yeoh Tiong Lay; Yeoh Siblings; Directors' Spouses	Major Shareholder/ Person Connected ⁽¹⁾ Director/ Major Shareholder ^{(1) (2) (4) (5)} Directors ^{(1) (2) (4) (5)} Persons Connected ⁽⁴⁾	98,992
SPYTL	YTL Land & Development Berhad ⁽⁹⁾ Group	Progress billings for construction contract to Related Party	YTLSh; Tan Sri Yeoh Tiong Lay Yeoh Siblings	Major Shareholder/ Person Connected ⁽¹⁾ Director/ Major Shareholder ^{(1) (2)} Directors ^{(1) (2)}	65,148

Disclosure of Recurrent Related Party Transactions

Companies in the YTL Corporation Group involved in the Recurrent Transactions	Related Parties	Nature of Transactions	Interested Related Parties	Nature of Relationship	Value of Transactions RM'000
YTL Corporation Group	YTL e-Solutions Berhad ⁽¹⁰⁾ ("YTL e-Solutions" Group)	Provision of I.T. hardware and/or software, software development services, design artwork services, system integration services, development and management of advertising content services by Related Party;	YTLSh;	Major Shareholder/ Person Connected ⁽¹⁾	2,845.7
		Development of wireless LAN (Local Area Network) and provision of wireless broadband network and system connectivity by Related Party;	Tan Sri Yeoh Tiong Lay	Director/ Major Shareholder ⁽¹⁾⁽²⁾	
		Licence fees for I.T. software paid to Related Party;	Yeoh Siblings	Directors ⁽¹⁾⁽²⁾	
YTL Power Generation Sdn Bhd;	YTLSh ⁽¹⁾ Group	Renting of following premises from Related Party:	YTLSh;	Major Shareholder/ Person Connected ⁽¹⁾	1,090.5
Bayumaju Development Sdn Bhd;		<ul style="list-style-type: none"> office space at Plaza Yeoh Tiong Lay, Kuala Lumpur measuring a total of 19,022 sq.ft.; 	Tan Sri Yeoh Tiong Lay;	Director/ Major Shareholder ⁽¹⁾⁽²⁾⁽⁶⁾	
Syarikat Kemajuan Perumahan Negara Sdn Bhd;		<ul style="list-style-type: none"> premises at Indera Putra Courts, Johor Bahru measuring 1,840 sq.ft.; 	Yeoh Siblings	Directors ⁽¹⁾⁽²⁾⁽⁶⁾	
YTL Cement Marketing Sdn Bhd;		Provision of I.T. hardware and/or software to Related Party			
YTL e-Solutions Group					

Disclosure of Recurrent Related Party Transactions

Notes:

- (1) YTLSH is a major shareholder of YTL Corporation and the Related Parties. YTLSH is also a person connected with the directors, Tan Sri Yeoh Tiong Lay; and the Yeoh Siblings.
- (2) Tan Sri Yeoh Tiong Lay is a major shareholder of YTL Corporation and the Related Parties. Tan Sri Yeoh Tiong Lay is also a person connected with the directors, the Yeoh Siblings.
- (3) Tan Sri Yeoh Tiong Lay is also a director of YTL Power International Berhad. The Yeoh Siblings are also directors and shareholders of YTL Power International Berhad.
- (4) The Directors' Spouses are also shareholders of YTL Power International Berhad and YTL Cement Berhad.
- (5) The Yeoh Siblings are also shareholders of YTL Cement Berhad. Tan Sri Yeoh Tiong Lay, Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, Dato' Yeoh Seok Kian, Dato' Michael Yeoh Sock Siong and Dato' Yeoh Soo Keng are also directors of YTL Cement Berhad.
- (6) Tan Sri Yeoh Tiong Lay, Puan Sri Datin Seri Tan Kai Yong @ Tan Kay Neong and the Yeoh Siblings are also directors of YTLSH. Puan Sri Datin Seri Tan Kai Yong @ Tan Kay Neong, Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, Dato' Yeoh Seok Kian, Dato' Yeoh Seok Hong, Dato' Michael Yeoh Sock Siong, and Dato' Mark Yeoh Seok Kah are major shareholders of YTLSH. Dato' Yeoh Soo Min and Dato' Yeoh Soo Keng are shareholders of YTLSH.
- (7) YTL Power International Berhad is a 58.05% owned subsidiary of YTL Corporation, which in turn is a subsidiary of YTLSH.
- (8) YTL Corporation holds 6.03% direct interests in YTL Cement Berhad and together with YTL Industries Berhad (43.53%) and YTL Power International Berhad (2.07%), holds a total of 51.63% equity interest in YTL Cement Berhad.
- (9) YTL Land & Development Berhad is a 56.36% owned subsidiary of YTL Corporation, which in turn is a subsidiary of YTLSH.
- (10) YTL e-Solutions is a 74.07% owned subsidiary of YTL Corporation, which in turn is a subsidiary of YTLSH.

Analysis of Share/Warrant Holdings

as at 9 October 2006

Class of shares : Ordinary Shares of RM0.50 each
 Voting rights : One vote per shareholder on a show of hands or one vote per ordinary share on a poll

DISTRIBUTION OF SHAREHOLDINGS

Size of holding	No. of Shareholders	%	No. of Shares #	% #
Less than 100	1,593	15.22	48,322	0.00
100 – 1,000	1,576	15.06	935,139	0.07
1,001 – 10,000	5,632	53.81	17,869,144	1.25
10,001 – 100,000	1,340	12.80	36,082,804	2.52
100,001 to less than 5% of issued shares	324	3.10	514,122,204	35.96
5% and above of issued shares	2	0.01	860,602,801	60.20
Total	10,467	100.00	1,429,660,414	100.00

THIRTY LARGEST SHAREHOLDERS (without aggregating securities from different securities accounts belonging to the same person)

Name	No. of shares	% #
1 Yeoh Tiong Lay & Sons Holdings Sdn Bhd	694,926,940	48.61
2 Employees Provident Fund Board	165,675,861	11.59
3 Amanah Raya Nominees (Tempatan) Sdn Bhd - Skim Amanah Saham Bumiputera	36,146,400	2.53
4 Mayban Nominees (Tempatan) Sdn Bhd - Pledged Securities A/c for Yeoh Tiong Lay & Sons Holdings Sdn Bhd (414011601080)	31,500,000	2.20
5 HSBC Nominees (Asing) Sdn Bhd - Exempt An for JPMorgan Chase Bank, National Association (JPMINTL BK Ltd)	23,400,704	1.64
6 Malaysia Nominees (Tempatan) Sendirian Berhad - Great Eastern Life Assurance (Malaysia) Berhad (Par 1)	17,250,040	1.21
7 DB (Malaysia) Nominee (Asing) Sdn Bhd - Deutsche Bank Ag Singapore PBD for Steeloak International Limited	15,666,522	1.10
8 DB (Malaysia) Nominee (Asing) Sdn Bhd - Deutsche Bank Ag Singapore PBD for Jamaican Gold Limited	15,629,561	1.09
9 UOBM Nominees (Asing) Sdn Bhd - Deutsche Bank Ag Singapore Branch (PBD) for Orchestral Harmony Limited	15,556,403	1.09
10 UOBM Nominees (Asing) Sdn Bhd - Deutsche Bank Ag Singapore Branch (PBD) for Windchime Developments Limited	15,339,763	1.07
11 UOBM Nominees (Asing) Sdn Bhd - Deutsche Bank Ag Singapore Branch (PBD) for Velvet Properties Limited	15,233,920	1.07
12 DB (Malaysia) Nominee (Asing) Sdn Bhd - Deutsche Bank Ag Singapore PBD for Tien Shia International Limited	15,000,754	1.05
13 UOBM Nominees (Asing) Sdn Bhd - Deutsche Bank Ag Singapore Branch (PBD) for Water City Limited	13,980,582	0.98

Analysis of Share/Warrant Holdings

as at 9 October 2006

Name	No. of shares	% #
14 Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE	13,424,052	0.94
15 Citigroup Nominees (Tempatan) Sdn Bhd - Exempt An for Prudential Assurance Malaysia Berhad	10,751,052	0.75
16 Pertubuhan Keselamatan Sosial	10,220,091	0.71
17 Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	7,901,974	0.55
18 Yeoh Tiong Lay & Sons Holdings Sdn Bhd	6,904,320	0.48
19 HSBC Nominees (Tempatan) Sdn Bhd - Nomura Asset Mgmt Sg for Employees Provident Fund	6,815,256	0.48
20 Permodalan Nasional Berhad	6,564,300	0.46
21 Dato' Yeoh Soo Min	5,416,475	0.38
22 HSBC Nominees (Asing) Sdn Bhd - Exempt An for JPMorgan Chase Bank, National Association (U.K.)	5,348,100	0.37
23 Dato' Yeoh Seok Kian	5,146,010	0.36
24 Cartaban Nominees (Asing) Sdn Bhd - RBC Dexia Investor Services Bank for Robeco Emerging Marketsecurities (Eur-Rcgf)	5,000,333	0.35
25 Alliancegroup Nominees (Tempatan) Sdn Bhd - Pheim Asset Management Sdn Bhd for Employees Provident Fund	4,965,200	0.35
26 Dato' Yeoh Soo Keng	4,892,166	0.34
27 Dato' Yeoh Seok Hong	4,863,690	0.34
28 Citigroup Nominees (Tempatan) Sdn Bhd - Ing Insurance Berhad (Inv-II Par)	4,730,233	0.33
29 Cartaban Nominees (Asing) Sdn Bhd - Exempt An for Japan Securities Depository Center, Inc	4,610,300	0.32
30 Dato' Michael Yeoh Sock Siong	4,433,997	0.31
Total	1,187,294,999	83.05

SUBSTANTIAL SHAREHOLDERS (as per register of substantial shareholders)

Name	Direct	No of Shares Held		% #
		% #	Indirect	
Yeoh Tiong Lay & Sons Holdings Sdn Bhd	733,437,926	51.30	-	-
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	7,901,974	0.55	733,437,926 *	51.30
Employees Provident Fund Board	193,396,661	13.53	-	-

* Deemed interested by virtue of his interest in Yeoh Tiong Lay & Sons Holdings Sdn Bhd pursuant to Section 6A of the Companies Act, 1965

Based on the issued and paid-up share capital of the Company of RM784,689,059.50 comprising 1,569,378,119 ordinary shares and after deduction of 139,717,705 treasury shares retained by the Company as per Record of Depositors.

Analysis of Share/Warrant Holdings

as at 9 October 2006

Type of Securities : 1997/2007 Warrants
 Voting rights : One vote per 1997/2007 warrant holder on a show of hands or one vote per 1997/2007 warrant on a poll in respect of meeting of 1997/2007 warrant holders

DISTRIBUTION OF 1997/2007 WARRANT HOLDINGS

Size of holding	No. of 1997/2007 Warrant Holders		No. of 1997/2007 Warrants	
		%		%
Less than 100	83	6.96	3,558	0.00
100 – 1,000	361	30.26	181,003	0.24
1,001 – 10,000	639	53.56	1,726,250	2.29
10,001 – 100,000	83	6.96	2,019,129	2.68
100,001 to less than 5% of issued warrants	25	2.10	8,049,091	10.67
5% and above of issued warrants	2	0.16	63,447,851	84.12
Total	1,193	100.00	75,426,882	100.00

THIRTY LARGEST 1997/2007 WARRANT HOLDERS (without aggregating securities from different securities accounts belonging to the same person)

Name	No. of 1997/2007 warrants	%
1 Yeoh Tiong Lay & Sons Holdings Sdn Bhd	56,333,285	74.69
2 DB (Malaysia) Nominee (Asing) Sdn Bhd - Deutsche Bank Ag Singapore PBD for Water City Limited	7,114,566	9.43
3 DB (Malaysia) Nominee (Asing) Sdn Bhd - Deutsche Bank Ag Singapore PBD for Tien Shia International Limited	1,087,392	1.44
4 Seri Yakin Sdn Bhd	960,000	1.27
5 DB (Malaysia) Nominee (Asing) Sdn Bhd - Deutsche Bank Ag Singapore PBD for Velvet Properties Limited	720,000	0.95
6 DB (Malaysia) Nominee (Asing) Sdn Bhd - Deutsche Bank Ag Singapore PBD for Jamaican Gold Limited	720,000	0.95
7 Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE	609,600	0.81
8 Yeoh Tiong Lay & Sons Holdings Sdn Bhd	444,500	0.59
9 AMSEC Nominees (Asing) Sdn Bhd - Kim Eng Securities Pte Ltd for TH Investments Pte Ltd	367,200	0.49
10 Ng Chwee Cheng	323,720	0.43
11 Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	298,920	0.40
12 Elewinton Investment Limited	233,280	0.31
13 Sharikat Kim Loong Sendirian Berhad	200,000	0.27
14 Dato' Yeoh Soo Min	180,000	0.24
15 Citigroup Nominees (Asing) Sdn Bhd - Merrill Lynch International	178,800	0.24

Analysis of Share/Warrant Holdings

as at 9 October 2006

Name	No. of 1997/2007 warrants	%
16 Dato' Yeoh Seok Kian	175,200	0.23
17 Dato' Yeoh Seok Hong	172,800	0.23
18 Southern Investment Bank Berhad - Employees Provident Fund	171,600	0.23
19 Ding Hock Hing	161,162	0.21
20 Dato' Yeoh Soo Keng	156,000	0.21
21 Puan Sri Datin Seri Tan Kai Yong @ Tan Kay Neong	146,400	0.19
22 Datin Tan Siew Bee	145,200	0.19
23 Dato' Michael Yeoh Sock Siong	144,000	0.19
24 Paw Poe Choo	133,600	0.18
25 Datin Kathleen Chew Wai Lin	131,137	0.17
26 Fong Siew Fang	109,700	0.15
27 Mayban Securities Nominees (Tempatan) Sdn Bhd - Pledged Securities A/c for Lim Kim Chuan & Sons Holdings Sdn Bhd (REM 196)	106,000	0.14
28 Yeo Geok Goh	93,800	0.12
29 Tiong Yeo Chuan	71,000	0.09
30 General Technology Sdn Bhd	68,100	0.09
Total	71,756,962	95.13

Type of Securities : 1999/2009 Warrants

Voting rights : One vote per 1999/2009 warrant holder on a show of hands or one vote per 1999/2009 warrant on a poll in respect of meeting of 1999/2009 warrant holders

DISTRIBUTION OF 1999/2009 WARRANT HOLDINGS

Size of holding	No. of 1999/2009		No. of 1999/2009	
	Warrant Holders	%	Warrants	%
Less than 100	65	1.52	2,450	0.00
100 – 1,000	851	19.85	654,290	0.21
1,001 – 10,000	2,647	61.74	9,481,365	3.02
10,001 – 100,000	615	14.35	19,944,433	6.35
100,001 to less than 5% of issued warrants	107	2.50	88,771,779	28.27
5% and above of issued warrants	2	0.04	195,184,914	62.15
Total	4,287	100.00	314,039,231	100.00

Analysis of Share/Warrant Holdings

as at 9 October 2006

THIRTY LARGEST 1999/2009 WARRANT HOLDERS (without aggregating securities from different securities accounts belonging to the same person)

Name	No. of 1999/2009 warrants	%
1 Yeoh Tiong Lay & Sons Holdings Sdn Bhd	178,116,597	56.72
2 DB (Malaysia) Nominee (Asing) Sdn Bhd - Deutsche Bank Ag Singapore PBD for Jamaican Gold Limited	17,068,317	5.44
3 Yeoh Tiong Lay & Sons Holdings Sdn Bhd	7,818,700	2.49
4 DB (Malaysia) Nominee (Asing) Sdn Bhd - Deutsche Bank Ag Singapore PBD for Tien Shia International Limited	7,396,289	2.36
5 Seri Yakin Sdn Bhd	6,681,876	2.13
6 DB (Malaysia) Nominee (Asing) Sdn Bhd - Deutsche Bank Ag Singapore PBD for Steeloak International Limited	6,169,758	1.96
7 HSBC Nominees (Asing) Sdn Bhd - Exempt An for JPMorgan Chase Bank, National Association (JPMINTL BK Ltd)	5,364,000	1.71
8 DB (Malaysia) Nominee (Asing) Sdn Bhd - Deutsche Bank Ag Singapore PBD for Water City Limited	5,104,200	1.63
9 DB (Malaysia) Nominee (Asing) Sdn Bhd - Deutsche Bank Ag Singapore PBD for Windchime Developments Limited	4,214,100	1.34
10 DB (Malaysia) Nominee (Asing) Sdn Bhd - Deutsche Bank Ag Singapore PBD for Orchestral Harmony Limited	4,034,100	1.28
11 DB (Malaysia) Nominee (Asing) Sdn Bhd - Deutsche Bank Ag Singapore PBD for Velvet Properties Limited	2,910,000	0.93
12 Employees Provident Fund Board	2,453,620	0.78
13 Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE	2,285,472	0.73
14 Ke-Zan Nominees (Asing) Sdn Bhd - Kim Eng Securities Pte Ltd for Lim Chuan Seng	1,750,000	0.56
15 Alliancegroup Nominees (Asing) Sdn Bhd - Pledged Securities A/c for Lee Chin Weng (100685)	1,636,000	0.52
16 Roger Arthur Bambrough	1,335,900	0.43
17 Standpoint Holdings Sdn Bhd	1,300,000	0.41
18 Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	1,117,350	0.36
19 Tang Kee Hiong	1,115,000	0.36
20 Sally Shirley Bambrough	1,091,900	0.35
21 Ong Siok Liang	1,070,000	0.34
22 KAF Nominees (Tempatan) Sdn. Bhd. - KAF Fund Management Sdn Bhd for Abu Talib Bin Othman	1,000,000	0.32
23 Tng Geok Tin	998,200	0.32
24 Elewinton Investment Limited	874,800	0.28
25 Dato' Yeoh Soo Min	775,098	0.25
26 Ho Say Keng	678,660	0.22
27 HSBC Nominees (Asing) Sdn Bhd - Morgan Stanley And Co International London (Firm A/c)	661,600	0.21
28 Dato' Yeoh Seok Kian	655,866	0.21
29 Dato' Yeoh Soo Keng	654,600	0.21
30 Dato' Yeoh Seok Hong	648,372	0.21
Total	266,980,375	85.06

Statement of Directors' Interests

in the company and related corporations as at 9 October 2006

THE COMPANY

YTL CORPORATION BERHAD

Name	Direct	No. of Shares Held		%	No. of Share Options
		%	Indirect		
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	7,901,974	0.55	733,437,926	51.30	5,000,000
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE	13,424,052	0.94	-	-	5,000,000
Dato' Yeoh Seok Kian	5,146,010	0.36	-	-	3,500,000
Dato' (Dr) Yahya Bin Ismail	186,818	0.01	-	-	-
Dato' Yeoh Soo Min	5,416,475	0.38	-	-	3,000,000
Dato' Yeoh Seok Hong	4,863,690	0.34	-	-	3,000,000
Dato' Michael Yeoh Sock Siong	4,433,997	0.31	-	-	3,000,000
Dato' Yeoh Soo Keng	4,892,166	0.34	-	-	3,000,000
Dato' Mark Yeoh Seok Kah	3,246,248	0.23	-	-	3,000,000
Eu Peng Meng @ Leslie Eu	10,000	-	-	-	-
Syed Abdullah Bin Syed Abd Kadir	752,611	0.05	-	-	3,000,000

Name	Direct	No. of 1997/2007 Warrants Held		
		%	Indirect	%
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	298,920	0.40	56,882,985	75.41
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE	609,600	0.81	-	-
Dato' Yeoh Seok Kian	175,200	0.23	-	-
Dato' (Dr) Yahya Bin Ismail	22,320	0.03	-	-
Dato' Yeoh Soo Min	180,000	0.24	-	-
Dato' Yeoh Seok Hong	172,800	0.23	-	-
Dato' Michael Yeoh Sock Siong	144,000	0.19	-	-
Dato' Yeoh Soo Keng	156,000	0.21	-	-

Name	Direct	No. of 1999/2009 Warrants Held		
		%	Indirect	%
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	1,117,350	0.36	186,355,397	59.34
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE	2,285,472	0.73	-	-
Dato' Yeoh Seok Kian	655,866	0.21	-	-
Dato' (Dr) Yahya Bin Ismail	68,550	0.02	-	-
Dato' Yeoh Soo Min	775,098	0.25	-	-
Dato' Yeoh Seok Hong	648,372	0.21	-	-
Dato' Michael Yeoh Sock Siong	550,110	0.18	-	-
Dato' Yeoh Soo Keng	654,600	0.21	-	-
Dato' Mark Yeoh Seok Kah	271,800	0.09	-	-
Syed Abdullah Bin Syed Abd Kadir	600	-	-	-

Statement of Directors' Interests

in the company and related corporations as at 9 October 2006

HOLDING COMPANY

YEOH TIONG LAY & SONS HOLDINGS SDN BHD

Name	No. of Shares Held			
	Direct	%	Indirect	%
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	8,220,004	20.18	-	-
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE	5,000,000	12.28	-	-
Dato' Yeoh Seok Kian	5,000,000	12.28	-	-
Dato' Yeoh Soo Min	1,250,000	3.07	-	-
Dato' Yeoh Seok Hong	5,000,000	12.28	-	-
Dato' Michael Yeoh Sock Siong	5,000,000	12.28	-	-
Dato' Yeoh Soo Keng	1,250,000	3.07	-	-
Dato' Mark Yeoh Seok Kah	5,000,000	12.28	-	-

SUBSIDIARY COMPANIES

YTL CEMENT BERHAD

Name	Direct	No. of Shares Held			No. of Share Options
		%	Indirect	%	
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	1,681,634	0.35	250,124,222	51.63	1,400,000
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE	1,727,423	0.36	-	-	1,400,000
Dato' Yeoh Seok Kian	618,754	0.13	-	-	350,000
Dato' (Dr) Yahya Bin Ismail	45,136	0.01	-	-	-
Dato' Yeoh Soo Min	225,634	0.05	-	-	-
Dato' Yeoh Seok Hong	225,634	0.05	-	-	-
Dato' Michael Yeoh Sock Siong	1,265,634	0.26	-	-	1,000,000
Dato' Yeoh Soo Keng	918,251	0.19	-	-	700,000
Dato' Mark Yeoh Seok Kah	187,200	0.04	-	-	-
Eu Peng Meng @ Leslie Eu	5,000	-	-	-	-

Name	No. of Irredeemable Convertible Unsecured Loan Stocks 2005/2015 Held			
	Direct	%	Indirect	%
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	1,681,634	0.35	451,100,099	93.44
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE	1,727,423	0.36	-	-
Dato' Yeoh Seok Kian	618,754	0.13	-	-
Dato' Yeoh Soo Min	225,634	0.05	-	-
Dato' Yeoh Seok Hong	225,634	0.05	-	-
Dato' Michael Yeoh Sock Siong	1,265,634	0.26	-	-
Dato' Yeoh Soo Keng	818,251	0.17	-	-
Dato' Mark Yeoh Seok Kah	187,200	0.04	-	-

Statement of Directors' Interests

in the company and related corporations as at 9 October 2006

YTL E-SOLUTIONS BERHAD

Name	Direct	No. of Shares Held		%
		%	Indirect	
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	-	-	1,000,520,500	74.11
Dato' (Dr) Yahya Bin Ismail	292,000	0.02	-	-
Syed Abdullah Bin Syed Abd Kadir	300,000	0.02	-	-

YTL LAND & DEVELOPMENT BERHAD

Name	Direct	No. of Shares Held		%
		%	Indirect	
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	-	-	217,964,800	61.39

Name	Direct	No. of Irredeemable Convertible Preference Shares 2001/2011 Held		%
		%	Indirect	
Dato' Yeoh Seok Kian	240,000	0.09	-	-

Name	Direct	No. of Irredeemable Convertible Preference Shares 2003/2008 Held		%
		%	Indirect	
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	-	-	370,285,058	66.02

Statement of Directors' Interests

in the company and related corporations as at 9 October 2006

YTL POWER INTERNATIONAL BERHAD

Name	Direct	No. of Shares Held		%	No. of Share Options
		%	Indirect		
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	7,780,278	0.16	2,955,959,044	60.21	7,000,000
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE	11,047,939	0.23	-	-	7,000,000
Dato' Yeoh Seok Kian	3,669,194	0.07	-	-	3,000,000
Dato' (Dr) Yahya Bin Ismail	549,767	0.01	-	-	-
Dato' Yeoh Soo Min	3,578,108	0.07	-	-	3,000,000
Dato' Yeoh Seok Hong	5,785,322	0.12	-	-	5,000,000
Dato' Michael Yeoh Sock Siong	3,410,829	0.07	-	-	3,000,000
Dato' Yeoh Soo Keng	3,582,913	0.07	-	-	3,000,000
Dato' Mark Yeoh Seok Kah	4,693,134	0.10	-	-	3,000,000
Eu Peng Meng @ Leslie Eu	15,000	-	-	-	-
Syed Abdullah Bin Syed Abd Kadir	1,892,038	0.04	-	-	3,000,000

Name	Direct	No. of Warrants Held		%
		%	Indirect	
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	-	-	748,920,488	74.45
Dato' (Dr) Yahya Bin Ismail	136,000	0.01	-	-
Syed Abdullah Bin Syed Abd Kadir	87,000	0.01	-	-

By virtue of Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay deemed interests in the shares of the Company pursuant to section 6A of the Companies Act, 1965 through Yeoh Tiong Lay & Sons Holdings Sdn Bhd, Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay is deemed to have interests in the shares of the subsidiaries of the Company to the extent the Company has an interest.

Schedule of Share Buy-back

for the financial year ended 30 June 2006

Monthly Breakdown	No. of Shares Purchased And Retained As Treasury Shares	Purchase Price Per Share (RM)		Average Cost Per Share (RM)	Total Cost (RM)
		Lowest	Highest		
July 2005	5,639,800	5.50	5.75	5.6494	31,861,731.59
August 2005	4,017,500	5.40	5.75	5.5240	22,192,600.80
September 2005	1,419,900	5.40	5.55	5.4665	7,761,872.46
October 2005	337,000	5.25	5.50	5.3545	1,804,457.93
November 2005	3,918,800	5.30	5.55	5.4805	21,476,971.89
December 2005	3,540,300	5.30	5.45	5.4167	19,176,698.90
January 2006	129,500	5.25	5.40	5.3893	697,914.18
February 2006	393,200	5.15	5.20	5.1869	2,039,484.71
March 2006	300	5.15	5.20	5.2754	1,582.63
April 2006	1,000	5.10	5.10	5.1386	5,138.64
May 2006	3,396,300	4.98	5.20	5.0564	17,173,158.01
June 2006	404,200	4.52	5.00	4.8854	1,974,662.71
TOTAL	23,197,800	4.52	5.75	5.4387	126,166,274.45

During the financial year, all the shares purchased by the Company were retained as treasury shares. As at 30 June, 2006 a total of 126,922,805 ordinary shares were held as treasury shares. None of the treasury shares were resold or cancelled during the financial year.

List of Properties

as at 30 June 2006

Location	Tenure	Land Area	Description and Existing Use	Built up Area (sq. m.)	Approximate Age of Building (years)	Lease Expiry Date	Net Book Value as at 30 June 2006 RM'000	Date of Acquisition
Lot 6416 & 6435 Mukim Johol State of Negeri Sembilan	Freehold	119.28 hectare	Oil palm plantation	–	–	–	2,000	30.6.1978
Lot 8907, 8909, 8911 to 8914, 8931 & 11170/1 Mukim Bagan Serai District of Kerian State of Perak	Freehold	38.26 hectare	Industrial land with 1 storey brick factory	6,013.2	23	–	4,272	16.3.1982
Lot 964, 976, 2181 3169/4 & 3802/3 Mukim Port Dickson State of Negeri Sembilan	Freehold	22.43 hectare	Agricultural land/ Industrial land with factory building	–	–	–	2,102	Year 1977 to Year 1982
Lot 876 (Mukim Pontian) Lot 1055 (Mukim Endau) Lot 737 (Mukim Bebar) Daerah Rompin, State of Pahang	Freehold	6.07 hectare	Agricultural land	–	–	–	200	17.9.1981
Lot 3434, Gm 398 9th Mile, Mukim Kapar Kelang, State of Selangor	Freehold	3.71 hectare	Industrial land with 3 double storey factory	13,183	8	–	6,475	21.1.1982
GM 161, Lot 1387 Mukim Kuala Paka Dungun State of Terengganu	Freehold	2.04 hectare	Vacant land	–	–	–	113	1.10.1980
HS (D) 8557 PT64, Sek 11 Mukim Kuala Selangor Daerah Kuala Selangor State of Selangor	Leasehold	4,046.86 sq. m.	Vacant land	–	–	Year 2102	171	24.6.1978
HS (D) 1034 to 1043 Lot Nos. PT 20 to PT 29 Mukim Jeram Pekan Sungai Buloh State of Selangor	Leasehold	1,712.00 sq. m.	Commercial land-Vacant	–	–	Year 2023	566	Year 1989
Lot 30, 31, 32 and 62 to 66, Mukim Tanjong Karang Daerah Kuala Selangor, Selangor	Freehold	2,590.41 sq.m.	Commercial land	–	–	–	950	24.6.1978

* Details not stated on titles

List of Properties

as at 30 June 2006

Location	Tenure	Land Area	Description and Existing Use	Built up Area (sq. m.)	Approximate Age of Building (years)	Lease Expiry Date	Net Book Value as at 30 June 2006 RM'000	Date of Acquisition
Lot 4935 & 4952, Batu 5 ³ / ₄ Jalan Meru Mukim Kapar Kelang Selangor	Freehold	1.214 hectare	Industrial land and 1 block of factory and 4 blocks of steel factories	4,650	11	–	7,312	23.7.1969
Lot 2228 to 2229 CT 13478/13479 Section 41 Town of Kuala Lumpur	Freehold	287.44 sq. m.	5 storey office building	703.8	24	–	2,733	16.6.1978
Lot 665, CT 13477 Mukim of Kuala Lumpur	Freehold	72.048 sq. m.	Vacant land	529.38	Pre-war	–	385	6.6.1983
Grant 11013-11014 Lot 21 to 22 Mukim Kelang Daerah Kelang State of Selangor	Freehold	392.88 sq. m.	Vacant land	–	–	–	240	2.10.1968
G19584/4/1069-4-4 Parcel no 1069-4-4 Wilayah Persekutuan	Freehold	288.5 sq. m.	3rd floor of a 4 storey shophouse	288.5	31	–	279	1.7.1967
Geran 10020/M1/18/2/ Lot 41276, 299-19-2 Menara Bangsar Jalan Maarof Kuala Lumpur	Freehold	139.36 sq. m.	Condominium apartment	139.4	20	–	365	31.3.1982
CT 7404, Lot 70 Section 13 Town of Kuala Lumpur	Freehold	123.40 sq. m.	5 ¹ / ₂ storey office building	598.8	38	–	1,935	14.9.1981
14th Floor Bonds Tower Jalan Horley, Kuala Lumpur of Federal Territory	Freehold	104.05 sq. m.	Apartment	104.5	22	–	219	21.1.1982
Lot 948 Mukim Port Dickson Daerah Port Dickson Tanjong Gelam Seremban	Freehold	0.7588 hectare	Agriculture land	–	–	–	30	5.9.1983

* Details not stated on titles

List of Properties

as at 30 June 2006

Location	Tenure	Land Area	Description and Existing Use	Built up Area (sq. m.)	Approximate Age of Building (years)	Lease Expiry Date	Net Book Value as at 30 June 2006 RM'000	Date of Acquisition
G 19584 Pelan 1069-4-5 Lot 1069 Section 57 Kuala Lumpur	Freehold	149 sq. m.	3rd floor of 4 storey shophouse	149	30	–	205	21.12.1982
GRN 26745 Lot 106 & GRN 27114 Lot 107, Bandar Kuala Lumpur	Freehold	7,963 sq. m.	72 units of condominium known as Vistana Apartments	7,963	12	–	14,161	29.6.1992
Unit F-02-1 F-02-2 & F-02-4 Phase 1 Pantai Hillpark Jalan Pantai Dalam Kuala Lumpur	Leasehold	390 sq. m.	3 units of condominium known as Pantai Hillpark	390	14	Year 2090	436	11.8.1992
A sublease over land held under HS (D) 8331 PT 7044, Mukim of Lumut, Daerah Manjung Perak Darul Ridzuan	Leasehold	15 acres	9 estates Marina Bay Resort	25,084	8	Year 2095	62,562	13.4.2001
No 1, Clifton Place London SW 10 Hollywood Road Kensington Title No NGI 692081	Freehold	*	Residential	2,400 sq. ft	16	–	3,489	8.11.1991
Fairwinds London Road Virgin Water Title No SY461901	Freehold	*	Residential	*	77	–	4,402	22.9.1993
Lane's End Portnall Drive London Road Title No SY394312	Freehold	*	Residential	*	*	–	9,118	28.11.1994
Room 2610-2611 Tower Two Lippo Centre Hong Kong	Leasehold	3,144 sq. ft.	Office Space	3,144	20	Year 2059	19,366	15.11.1994

* Details not stated on titles

List of Properties

as at 30 June 2006

Location	Tenure	Land Area	Description and Existing Use	Built up Area (sq. m.)	Approximate Age of Building (years)	Lease Expiry Date	Net Book Value as at 30 June 2006 RM'000	Date of Acquisition
Land known as Site 7 on the piece of land covered by Sorkor1 No 423 located at Cheng Talay, Sub district Thalong District Phuket Province Thailand	Leasehold	*	Resort known as Layan Headland Resort	–	–	3 consecutive periods of 30 years upon grant of master lease	4,678	12.4.1999
Lot 14-B, 14-C and 14-D, Majada del Madrorid District of Benahavis Spain	Freehold	29,298 sq. m.	Residential	–	–	–	7,130	15.4.1999
G24619, Lot 254 Section 19, Town of Kuala Lumpur	Freehold	1,600 sq. m.	2 storey residential building, Tingkat Tung Shin	2,010 sq. ft.	Pre-war	–	312	21.10.1981
HS(D) 84475 PT 59 Seksyen 84 Bandar Kuala Lumpur	Freehold	200.69 sq. m.	5-storey shop office	736.56	8	–	1,954	09.8.1999
CT 4253, Lot 73 Section 17 Town of Kuala Lumpur	Freehold	229.84 sq. m.	3 storey shophouse building	689.5	Pre-war	–	1,979	13.6.1983
Title deed no 8874 Tambol Samsen Nai (North) Amphur Payathai (Babsue) Bangkok, Thailand	Freehold	177 sq. m.	Office condominium	177	14	–	1,207	18.4.1995
HS(D) 4211 PT No 1678 Daerah Timur Laut, Negeri Pulau Pinang	Leasehold	0.8155 hectare	Land with 1 unit of hotel block/apartment known as Vistana Penang	40,244.48	7	Year 2094	72,420	4.12.1996
Lot 37, Sek 20 Town of Petaling Jaya State of Selangor	Leasehold	3,318.42 sq. m.	Industrial land with 1 storey building	2,092.30	29	Year 2104	4,038	28.12.1983
Master Title HS(M) 8544 PT 5134 Lot 738 & Lot 740 Mukim Damansara	Leasehold	2,731 sq. m.	Office space @ Kelana Centre Point	2,731	8	Year 2094	641	Year 2000

* Details not stated on titles

List of Properties

as at 30 June 2006

Location	Tenure	Land Area	Description and Existing Use	Built up Area (sq. m.)	Approximate Age of Building (years)	Lease Expiry Date	Net Book Value as at 30 June 2006 RM'000	Date of Acquisition
8th Floor Menara ING Jalan Raja Chulan Kuala Lumpur of Federal Territory	Freehold	832.78 sq. m.	Office space	832.78	21	–	5,129	14.10.1982
Parcel No. C-7-03 C-7-08, A-7-04 Kelab Golf Sultan Aziz Shah	Leasehold	8,556 sq. ft.	3 units of condominiums known as Sri Alam	8,556 sq. ft.	5	Strata titles not issued yet	1,530	30.5.2001
Parcel No. 2-12-A2 Phase 1B Ratu Mutiara	Freehold	1,325 sq. ft.	1 unit of condominium	1,325 sq. ft.	7	–	281	1.3.2001
Parcel No. B-28-006 to B-28-011 Berjaya Times Square	Freehold	3,710 sq. ft.	4 units of service suite	2,474 sq. ft.	5	–	1,363	20.2.2002
Plot No. 020 Phase 2B Bandar Tasik Kesuma	Freehold	7,222 sq. ft.	3 storey office at Bandar Tasik Kesuma	7,222 sq. ft.	5	–	631	16.5.2001
Grant No 25142/3/4 & 30587, Lot 1806-1808 & 843, Mukim of Serendah Daerah Hulu Selangor	Freehold	35 acres	Vacant land	–	–	–	1,526	28.5.1993
Lot No PT2467 HS (D) 340 Mukim of Kuala Paka Terengganu	Leasehold	16.187 hectare	Power plant	–	11	Year 2018	1,368,319.5	3.12.1995
Lot No. PT64062 HS (D) 69515 Mukim of Plentong Johor	Leasehold	2.0577 hectare	Power plant	–	11	Year 2018	700,623.6	3.12.1995
Claverton Down, Bath	Freehold	27,100 sq. m.	Head Office	5,640	6	–	182,059	21.5.2002

* Details not stated on titles

List of Properties

as at 30 June 2006

Location	Tenure	Land Area	Description and Existing Use	Built up Area (sq. m.)	Approximate Age of Building (years)	Lease Expiry Date	Net Book Value as at 30 June 2006 RM'000	Date of Acquisition
Kennet Way Trowbridge Wiltshire	Freehold	7,400 sq. m.	Office and depot	654	16	–	10,628	21.5.2002
Galmington Taunton Somerset	Leasehold	4,900 sq. m.	Office and depot	758	34	24.12.2009	882	21.5.2002
Grosvenor House Bath	Freehold	3,100 sq. m.	Office let to 3rd party	1,227	14	–	18,697	21.5.2002
No. 3, Clifton Place London SW 10 Hollywood Road Kensington Title No. BGL 4544	Freehold	*	Residential	2,400	15	–	10,446	3.11.2003
Lot 3870, CT 16290 Mukim of Setul District of Seremban	Freehold	1 acre	Development Land	–	–	–	300	1993/1994
CT 21247, Lot 1839, Mukim of Ampang District of Kuala Lumpur	Freehold	0.483 acres	2 storey detached house for residential use	1,078.23	11	–	5,328	8.2.2002
Section 83 & 84 Bandar Kuala Lumpur Wilayah Persekutuan and Mukim Batu, Kuala Lumpur	Freehold	37.592 acres 47.212 acres	Golf Land Development Land	–	–	–	28,608	11.9.1995
HS(M) 8968 PT No. 11816 Mukim of Kapar District of Klang Selangor	Freehold	153 sq. m.	Single terrace house	153	11	–	84	20.6.1995
Geran 44701 Lot 20213 Bandar Johor Bahru Johor	Freehold	558 sq. m.	4 units of apartments known as Indera Putera Courts	558	21	–	848	21.5.1985
		276 sq.m.	2 units of apartments known as Indera Putera Courts	276	21	–	464	10.5.1985

* Details not stated on titles

List of Properties

as at 30 June 2006

Location	Tenure	Land Area	Description and Existing Use	Built up Area (sq. m.)	Approximate Age of Building (years)	Lease Expiry Date	Net Book Value as at 30 June 2006 RM'000	Date of Acquisition
Geran 44701 Lot 20213 Bandar Johor Bahru Johor	Freehold	276 sq. m.	2 units of apartments known as Indera Putera Courts	276	21	–	461	6.6.1984
		138 sq. m.	1 unit of apartment known as Indera Putera Courts	138	21	–	230	15.6.1984
		138 sq. m.	1 unit of apartment known as Indera Putera Courts	138	21	–	224	28.9.1984
		138 sq. m.	1 unit of apartment known as Indera Putera Courts	138	21	–	230	28.5.1984
		647.34 sq. m.	2 units of apartments known as Indera Putera Courts	647.34	21	–	1,040	28.2.1984
			1 unit of apartment known as Indera Putera Courts					28.6.1985
			1 unit of apartment known as Indera Putera Courts					10.5.1985

* Details not stated on titles

List of Properties

as at 30 June 2006

Location	Tenure	Land Area	Description and Existing Use	Built up Area (sq. m.)	Approximate Age of Building (years)	Lease Expiry Date	Net Book Value as at 30 June 2006 RM'000	Date of Acquisition
Lot 2124/U3 Mukim 2, Tanglin Singapore & Lot 3821/U65 Mukim 4, Ulu Pandan Singapore	Freehold	1,692 sq. m.	2 units of apartments	1,692	11	–	3,834	1983/1984
HS (D) 60573 Lot A/607573 Mukim Kuala Lumpur	Leasehold	0.809 hectare	Industrial land with batching plant	–	–	Year 2067	918	9.6.1992
Geran 15978 Lot 14924 Mukim Kuala Lumpur 83, Jalan Maarof Bangsar 59000 Kuala Lumpur	Freehold	549 sq. m.	Single storey detached house	137	11	–	1,491	26.4.1995
PM 82, Lot 7445 Mukim of Ulu Kelang Ampang, Selangor	Freehold	353 sq. m.	4 units of apartments known as Tudor Courts	353	16	–	326	31.12.1989
Pajakan Negeri No. 10023 Lot 45609 Mukim of Kuala Lumpur	Leasehold	4,237 sq. m.	Industrial land	–	–	Year 2067	1,747	30.9.1995
Sublease from Port Klang Authority Selangor	Leasehold	107,888 sq. m.	Slag cement plant	6,752	10	Year 2024	79,811	January 1996
Lot No. 38, Section 12 Phase 1A, Pulau Indah Industrial Park Pulau Indah Mukim Klang Selangor	Leasehold	1 hectare	Slag cement plant	–	–	Year 2094	2,133	16.5.2002
Sublease of part of a land held under master title HS (D) 238642, PT: D119841 Mukim Plentong Daerah Johor Bahru Johor	Leasehold	35,810 sq. m.	Slag cement plant	7,796	10	Year 2022	67,241	October 1997

* Details not stated on titles

List of Properties

as at 30 June 2006

Location	Tenure	Land Area	Description and Existing Use	Built up Area (sq. m.)	Approximate Age of Building (years)	Lease Expiry Date	Net Book Value as at 30 June 2006 RM'000	Date of Acquisition
Land title under title HS (D) 00013857 PT 000988 Mukim Ulu Kuantan Pahang	Leasehold	121.4 hectare	Cement plant	759,480	8	24.9.2061	391,991	25.9.1995
Land title under title HS (D) 00015539 PT 000991 Mukim Ulu Kuantan Pahang	Leasehold	8.09 hectare	Cement plant		8	2.6.2062		2.6.1996
Land title under title HS (D) 00011079 PT 000980 Mukim Ulu Kuantan Pahang	Leasehold	81 hectare	Cement plant		8	9.11.2060		9.11.1994
Geran 31549 Lot No. 3792 Mukim & District of Klang, Selangor	Freehold	387,684 sq. ft.	Land with factory building	11,603	6	–	7,975	30.6.2004
HS (D) 606 Lot No. 4150 Mukim Tanjung Bunga Pulau Pinang	Freehold	–	2 units of apartments known as Azuria	130.06	–	–	240	30.11.2002
QT (R) 479 TLO No. 443 District of Johor Bahru Johor	Leasehold	3.875 acres	Industrial land with batching plant	–	–	Year 2038	2,016	23.2.2005
PT No. 6017 HS (D) 22115 Bandar Johor Bahru Daerah Johor Bahru, Johor	Leasehold	3.875 acres	Industrial land with batching plant	–	–	Year 2038	2,016	23.2.2005
HS (M) 22017 PT 35760 Mukim Bandar Selayang	Leasehold	178.37 sq. m.	Shop office	–	3	Year 2098	808	26.7.2004
HS (M) 22018 PT 35761 Mukim Bandar Selayang	Leasehold	178.37 sq. m.	Shop office	–	3	Year 2098	808	26.7.2004

* Details not stated on titles

List of Properties

as at 30 June 2006

Location	Tenure	Land Area	Description and Existing Use	Built up Area (sq. m.)	Approximate Age of Building (years)	Lease Expiry Date	Net Book Value as at 30 June 2006 RM'000	Date of Acquisition
HS (D) 460/88 PT 1122 [#]	Leasehold	59.79 acres	Cement plant	–	–	Year 2087	1,140,872	30.7.1998
HS (D) 461/88 PT 1123 [#]	Leasehold	0.9864 acres	Cement plant	–	–	Year 2087		30.7.1988
HS (D) 2675 PT 1327 [#]	Leasehold	22.21 acres	Cement plant	–	–	Year 2095		17.4.1996
HS (D) 3705 PT 1417 [#]	Leasehold	1.46 acres	Warehouse & depot	–	–	Year 2096		29.12.1997
HS (D) 3706 PT 1418 [#]	Leasehold	14.55 acres	Cement plant	–	–	Year 2096		29.12.1997
HS (D) 2676 PT 1328 [#]	Leasehold	8.20 acres	Cement plant	–	–	Year 2095		17.4.1996
HS (D) 2677 PT 1329 [#]	Leasehold	30.25 acres	Cement plant	–	–	Year 2095		17.4.1996
HS (D) 2678 PT 1330 [#]	Leasehold	102.33 acres	Cement plant	–	–	Year 2095		17.4.1996
HS (D) 2679 PT 1331 [#]	Leasehold	130.97 acres	Cement plant	–	–	Year 2026		17.4.1996
HS (D) 2680 PT 1332 [#]	Leasehold	14.41 acres	Cement plant	–	–	Year 2026		17.4.1996
HS (D) 2735 PT 1326 [#]	Leasehold	28.24 acres	Staff quarter building	–	–	Year 2095		29.5.1996
HS (D) 2737 PT 417 [#]	Leasehold	28.17 acres	Cement plant	–	–	Year 2095		27.6.1996
HS (D) 2681 PT 1333 [#]	Leasehold	278.24 acres	Cement plant	–	–	Year 2026		17.4.1996
HS (D) 4170 PT 1419 [#]	Leasehold	30.06 acres	Cement plant	–	–	Year 2097		15.9.1998
HS (D) 4171 PT 1420 [#]	Leasehold	3.54 acres	Cement plant	–	–	Year 2097		15.9.1998
HS (D) 8804 PT 1421 [#]	Leasehold	13.38 acres	Cement plant	–	–	Year 2102		1.10.2003
PN 00108181, Lot 2764 [#]	Leasehold	49.57 acres	Cement plant	–	–	Year 2886		1.11.1996

* Details not stated on titles

[#] Mukim Kampung Buaya, Daerah Kuala Kangsar, Negeri Perak Darul Ridzuan.

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Directors' Report

The directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June, 2006.

PRINCIPAL ACTIVITIES

The principal activities of the Company are those of an investment holding and management company.

The principal activities of the Group are that of an integrated infrastructure development comprising construction contracting, power generation, property development, manufacturing of industrial products and supplies, hotel development and management, consultancy, incubating and advisory services for internet businesses, supply of water and the treatment and disposal of waste water.

There have been no significant changes in the nature of these activities during the financial year.

FINANCIAL RESULTS

	Group RM	Company RM
Net profit for the year	1,368,919,336	253,076,001
Unappropriated profits brought forward		
- as previously reported	4,834,602,745	2,126,489,167
- prior years adjustment	(21,982,717)	-
As restated	4,812,620,028	2,126,489,167
Profits available for appropriation	6,181,539,364	2,379,565,168
Gains recognised on deemed dilution of interest in subsidiaries	26,203,308	-
Transfer to capital reserve	(233,976)	-
Transfer to statutory reserve	(15,762,260)	-
Dividend	(77,921,115)	(77,921,115)
Unappropriated profits carried forward	6,113,825,321	2,301,644,053

DIVIDENDS

The amount of dividend paid since the end of the last financial year was as follows:-

In respect of the financial year ended 30 June, 2005 as reported in the directors' report of that year:-

	RM
First and final dividend of 15% less 28% tax, paid on 6 January, 2006	77,921,115

The Board of Directors has recommended a first and final dividend of 15% less Malaysian income tax for the financial year ended 30 June, 2006 subject to the approval by the shareholders at the forthcoming Annual General Meeting.

Directors' Report

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year except as disclosed in the Notes to the Financial Statements.

SHARE CAPITAL

Repurchase of shares

The shareholders of the Company granted a mandate to the Company to repurchase its own shares at the Annual General Meeting held on 8 December, 2005. The directors of the Company are committed to enhance the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interest of the Company and its shareholders.

The Company's repurchase of its own shares on the Main Board of Bursa Malaysia Securities Berhad are summarised as follows:-

Financial year ended	No. of shares repurchased/ (distributed as share dividend)	Average price paid/ (distributed as share dividend) RM/Share	Total consideration RM
30 June, 2001	52,024,000	4.81	249,979,832
30 June, 2002	(28,425,050)	(4.81)	(136,585,208)
30 June, 2003	775,000	3.38	2,621,528
30 June, 2004	42,702,400	4.51	192,620,786
30 June, 2005	127,906,500	5.24	669,724,236
30 June, 2005	(91,257,845)	(4.78)	(436,258,128)
30 June, 2006	23,197,800	5.44	126,166,275
Total	126,922,805		668,269,321

The repurchase transactions were financed by internally generated funds. The repurchased shares are being held as treasury shares in accordance with the requirement of Section 67A of the Companies Act, 1965.

WARRANTS AND EMPLOYEES' SHARE OPTION SCHEME

The Warrants 1997/2007 and Warrants 1999/2009 were constituted under the Deed Poll dated 20 September, 1997 and 31 July, 1999 respectively.

As at 30 June, 2006, the total number of warrants that remain unexercised were as follows:-

Warrants 1997/2007	75,995,891
Warrants 1999/2009	318,136,181

At an Extraordinary General Meeting held on 16 October, 2001, the Company's shareholders approved the establishment of a New Employees' Share Option Scheme ("New ESOS") for eligible employees and executive directors of the Group.

Directors' Report

The main features of the New ESOS are as follows:-

- i The New ESOS shall be in force for a period of ten (10) years, effective from 30 November, 2001.
- ii The maximum number of shares which may be made available under the New ESOS shall not exceed ten per cent (10%) of the total issued and paid-up share capital of the Company at the time of offering the option.
- iii Any employee (including executive directors) of the Group shall be eligible to participate in the New ESOS if, as at the date of offer for an option ("Offer Date") the employee:-
 - a has attained the age of eighteen (18) years;
 - b is employed by and on the payroll of a company within the Group; and
 - c has been in the employment of the Group for a period of at least one (1) year of continuous service prior to and up to the Offer Date, including service during the probation period, and is confirmed in service. The options committee may, at its discretion, nominate any employee (including executive directors) of the Group to be an eligible employee despite the eligibility criteria under Clause 4.1(iii) of the Bye-Laws not being met, at any time and from time to time.
- iv The price payable for shares under the New ESOS shall be based on the five-day weighted average market price of the underlying shares at the time the option is granted, with a discount of not more than 10%, if deemed appropriate.
- v Subject to Clause 14 of the Bye-Laws, the options committee may, at any time and from time to time, before or after an option is granted, limit the exercise of the options to a maximum number of new ordinary shares of the Company and/or such percentage of the total ordinary shares of the Company comprised in the options during such period(s) within the option period and impose any other terms and/or conditions deemed appropriate by the options committee in its sole discretion including amending/varying any terms and conditions imposed earlier. Notwithstanding the above, and subject to Clauses 11 and 12 of the Bye-Laws, the options can only be exercised by the grantee three (3) years after the Offer Date, by notice in writing to the Company, provided however that the options committee may at its discretion or upon the request in writing by the grantee allow the options to be exercised at any earlier or other period.

The grantee shall be prohibited from disposing the ordinary shares of the Company so allotted to him for a period of twelve (12) months from the date on which the options are exercised. However, the options committee may as its discretion or upon request in writing by the grantee allow the disposal of such ordinary shares of the Company at any earlier or other period.

Information with respect to the number of options granted under the New ESOS is as follows:-

	Number of share options
At 1 July, 2005	31,343,000
Exercised	(30,892,500)
Granted	48,669,000
Lapsed	(1,216,000)
At 30 June, 2006	47,903,500

Directors' Report

The terms of share options outstanding as at the end of the financial year are as follows:-

Exercise period	Exercise price RM	Number of share options
16.10.2005 - 29.11.2011	2.79	304,500
01.07.2008 - 29.11.2011	4.81	47,599,000
		47,903,500

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose the names of option holders granted less than 500,000 options each during the year pursuant to the New ESOS. The name of option holders, other than directors, who have been granted options of 500,000 or more in the financial year are as follows:-

	Number of share options
Puan Sri Datin Seri Tan Kai Yong @ Tan Kay Neong	3,000,000
Ho Say Keng	700,000
Lim Khoon Hai	500,000

The name of directors who have been granted share options is disclosed in the directors' interests section in this report.

DIRECTORATE

The directors who served on the Board of the Company since the date of the last report are:-

Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE
Dato' Yeoh Seok Kian
Dato' (Dr) Yahya Bin Ismail
Mej. Jen. (B) Dato' Haron Bin Mohd. Taib
Dato' Chong Keap Thai @ Cheong Keap Tai
Dato' Yeoh Soo Min
Dato' Yeoh Seok Hong
Dato' Michael Yeoh Sock Siong
Dato' Mark Yeoh Seok Kah
Eu Peng Meng @ Leslie Eu
Dato' Yeoh Soo Keng
Syed Abdullah Bin Syed Abd. Kadir

In accordance with Article No. 84 of the Company's Articles of Association, Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, Dato' Michael Yeoh Sock Siong and Dato' Yeoh Soo Keng retire from the Board at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay, Dato' (Dr) Yahya Bin Ismail, Mej. Jen. (B) Dato' Haron Bin Mohd. Taib and Eu Peng Meng @ Leslie Eu being over seventy years of age, retire in accordance with Section 129 of the Companies Act, 1965 and offer themselves for re-appointment to hold office until the conclusion of the next Annual General Meeting.

Directors' Report

DIRECTORS' INTERESTS

The following directors of the Company who held office at the end of the financial year had, according to the register required to be kept under Section 134 of the Companies Act, 1965, interests in the shares of the Company and related companies as follows:-

THE COMPANY

-YTL CORPORATION BERHAD

The Company	Number of Ordinary Shares of RM0.50 Each			Balance at 30.6.2006
	Balance at 1.7.2005	Acquired	Disposed	
Direct Interests in the Company				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	5,401,974	2,500,000	–	7,901,974
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE	9,887,447	2,500,000	–	12,387,447
Dato' Yeoh Seok Kian	3,396,010	1,750,000	–	5,146,010
Dato' (Dr) Yahya Bin Ismail	330,042	–	(143,224)	186,818
Dato' Yeoh Soo Min	3,916,475	1,500,000	–	5,416,475
Dato' Yeoh Seok Hong	3,363,690	1,500,000	–	4,863,690
Dato' Michael Yeoh Sock Siong	2,933,997	1,500,000	–	4,433,997
Dato' Yeoh Soo Keng	3,392,166	1,500,000	–	4,892,166
Dato' Mark Yeoh Seok Kah	1,746,248	1,500,000	–	3,246,248
Syed Abdullah Bin Syed Abd. Kadir	2,611	1,500,000	(750,000)	752,611

Indirect Interests in the Company

Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	733,437,926 ⁽¹⁾	–	–	733,437,926 ⁽¹⁾
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⁽¹⁾ Deemed interests by virtue of his interests in Yeoh Tiong Lay & Sons Holdings Sdn. Bhd. pursuant to Section 6A of the Companies Act, 1965.

The Company	Number of Warrants			Balance at 30.6.2006
	Balance at 1.7.2005	Acquired	Exercised/ Disposed	
Direct Interests in the Company				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay				
- Warrants 1997/2007	298,920	–	–	298,920
- Warrants 1999/2009	1,117,350	–	–	1,117,350
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE				
- Warrants 1997/2007	573,600	–	–	573,600
- Warrants 1999/2009	2,147,472	–	–	2,147,472

Directors' Report

	Balance at 1.7.2005	Number of Warrants		Balance at 30.6.2006
		Acquired	Exercised/ Disposed	
Dato' Yeoh Seok Kian				
- Warrants 1997/2007	175,200	-	-	175,200
- Warrants 1999/2009	655,866	-	-	655,866
Dato' (Dr) Yahya Bin Ismail				
- Warrants 1997/2007	34,320	-	(12,000)	22,320
- Warrants 1999/2009	110,550	-	(42,000)	68,550
Dato' Yeoh Soo Min				
- Warrants 1997/2007	180,000	-	-	180,000
- Warrants 1999/2009	775,098	-	-	775,098
Dato' Yeoh Seok Hong				
- Warrants 1997/2007	172,800	-	-	172,800
- Warrants 1999/2009	648,372	-	-	648,372
Dato' Michael Yeoh Sock Siong				
- Warrants 1997/2007	144,000	-	-	144,000
- Warrants 1999/2009	550,110	-	-	550,110
Dato' Yeoh Soo Keng				
- Warrants 1997/2007	156,000	-	-	156,000
- Warrants 1999/2009	654,600	-	-	654,600
Dato' Mark Yeoh Seok Kah				
- Warrants 1999/2009	271,800	-	-	271,800
Syed Abdullah Bin Syed Abd. Kadir				
- Warrants 1999/2009	600	-	-	600
Indirect Interests in the Company				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay				
- Warrants 1997/2007	56,875,185 ⁽²⁾	7,800	-	56,882,985 ⁽²⁾
- Warrants 1999/2009	186,299,397 ⁽²⁾	56,000	-	186,355,397 ⁽²⁾

⁽²⁾ Deemed interests by virtue of his interests in Yeoh Tiong Lay & Sons Holdings Sdn. Bhd. pursuant to Section 6A of the Companies Act, 1965.

Directors' Report

	Number of Options Over Ordinary Shares of RM0.50 Each			Balance at 30.6.2006
	Balance at 1.7.2005	Granted	Exercised	
Direct Interests in the Company				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	2,500,000	5,000,000	(2,500,000)	5,000,000
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE	2,500,000	5,000,000	(2,500,000)	5,000,000
Dato' Yeoh Seok Kian	1,750,000	3,500,000	(1,750,000)	3,500,000
Dato' Yeoh Soo Min	1,500,000	3,000,000	(1,500,000)	3,000,000
Dato' Yeoh Seok Hong	1,500,000	3,000,000	(1,500,000)	3,000,000
Dato' Michael Yeoh Sock Siong	1,500,000	3,000,000	(1,500,000)	3,000,000
Dato' Yeoh Soo Keng	1,500,000	3,000,000	(1,500,000)	3,000,000
Dato' Mark Yeoh Seok Kah	1,500,000	3,000,000	(1,500,000)	3,000,000
Syed Abdullah Bin Syed Abd. Kadir	1,500,000	3,000,000	(1,500,000)	3,000,000

HOLDING COMPANY

YEHO TIONG LAY & SONS HOLDINGS SDN. BHD.

	Number of Ordinary Shares of RM1 Each			Balance at 30.6.2006
	Balance at 1.7.2005	Acquired	Disposed	
Direct Interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	8,220,004	–	–	8,220,004
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE	5,000,000	–	–	5,000,000
Dato' Yeoh Seok Kian	5,000,000	–	–	5,000,000
Dato' Yeoh Soo Min	1,250,000	–	–	1,250,000
Dato' Yeoh Seok Hong	5,000,000	–	–	5,000,000
Dato' Michael Yeoh Sock Siong	5,000,000	–	–	5,000,000
Dato' Yeoh Soo Keng	1,250,000	–	–	1,250,000
Dato' Mark Yeoh Seok Kah	5,000,000	–	–	5,000,000

SUBSIDIARIES

YTL CEMENT BERHAD

	Number of Ordinary Shares of RM0.50 Each			Balance at 30.6.2006
	Balance at 1.7.2005	Acquired	Disposed	
Direct Interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	1,681,634	–	–	1,681,634
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE	1,681,634	–	–	1,681,634
Dato' Yeoh Seok Kian	618,754	–	–	618,754
Dato' (Dr) Yahya Bin Ismail	81,536	–	(36,400)	45,136

Directors' Report

	Number of Ordinary Shares of RM0.50 Each			Balance at 30.6.2006
	Balance at 1.7.2005	Acquired	Disposed	
Mej. Jen. (B) Dato' Haron Bin Mohd. Taib	44,428	–	–	44,428
Dato' Yeoh Soo Min	225,634	–	–	225,634
Dato' Yeoh Seok Hong	225,634	–	–	225,634
Dato' Michael Yeoh Sock Siong	1,265,634	–	–	1,265,634
Dato' Yeoh Soo Keng	818,251	100,000	–	918,251
Dato' Mark Yeoh Seok Kah	187,200	–	–	187,200

Indirect Interests

Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	270,124,222 ⁽³⁾	–	(20,000,000)	250,124,222 ⁽³⁾
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⁽³⁾ Deemed interests by virtue of his interests in Yeoh Tiong Lay & Sons Holdings Sdn. Bhd., YTL Corporation Berhad, YTL Industries Berhad and YTL Power International Berhad pursuant to Section 6A of the Companies Act, 1965.

YTL CEMENT BERHAD

	Number of Irredeemable Convertible Unsecured Loan Stock 2005/2015			Balance at 30.6.2006
	Balance at 1.7.2005	Acquired	Disposed	
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	–	1,681,634	–	1,681,634
Tan Sri Dato' Seri (Dr) Francis Yeoh Sock Ping, CBE	–	1,681,634	–	1,681,634
Dato' Yeoh Seok Kian	–	618,754	–	618,754
Dato' Yeoh Soo Min	–	225,634	–	225,634
Dato' Yeoh Seok Hong	–	225,634	–	225,634
Dato' Michael Yeoh Sock Siong	–	1,265,634	–	1,265,634
Dato' Yeoh Soo Keng	–	818,251	–	818,251
Dato' Mark Yeoh Seok Kah	–	187,200	–	187,200

Indirect Interests

Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	–	451,100,099 ⁽⁴⁾	–	451,100,099 ⁽⁴⁾
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⁽⁴⁾ Deemed interests by virtue of his interests in Yeoh Tiong Lay & Sons Holdings Sdn. Bhd., YTL Corporation Berhad, YTL Industries Berhad and YTL Power International Berhad pursuant to Section 6A of the Companies Act, 1965.

Directors' Report

YTL CEMENT BERHAD

	Number of Options Over Ordinary Shares of RM0.50 Each			
	Balance at 1.7.2005	Granted	Exercised	Balance at 30.6.2006
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	–	1,400,000	–	1,400,000
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE	–	1,400,000	–	1,400,000
Dato' Yeoh Seok Kian	–	350,000	–	350,000
Dato' Michael Yeoh Sock Siong	–	1,000,000	–	1,000,000
Dato' Yeoh Soo Keng	–	700,000	–	700,000

YTL POWER INTERNATIONAL BERHAD

	Number of Ordinary Shares of RM0.50 Each			
	Balance at 1.7.2005	Acquired	Disposed	Balance at 30.6.2006
Direct Interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	780,278	7,000,000	–	7,780,278
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE	3,905,834	7,000,000	–	10,905,834
Dato' Yeoh Seok Kian	669,194	3,000,000	–	3,669,194
Dato' (Dr) Yahya Bin Ismail	602,132	–	(52,365)	549,767
Mej. Jen. (B) Dato' Haron Bin Mohd. Taib	101,836	–	–	101,836
Dato' Yeoh Soo Min	578,108	3,000,000	–	3,578,108
Dato' Yeoh Seok Hong	485,322	5,000,000	–	5,485,322
Dato' Michael Yeoh Sock Siong	410,829	3,000,000	–	3,410,829
Dato' Yeoh Soo Keng	482,913	3,100,000	–	3,582,913
Dato' Mark Yeoh Seok Kah	1,693,134	3,000,000	–	4,693,134
Syed Abdullah Bin Syed Abd. Kadir	392,038	3,000,000	(1,500,000)	1,892,038
Indirect Interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	2,935,283,144 ⁽⁵⁾	20,849,900	(88,000)	2,956,045,044 ⁽⁵⁾

⁽⁵⁾ Deemed interests by virtue of his interests in Yeoh Tiong Lay & Sons Holdings Sdn. Bhd., YTL Corporation Berhad and YTL Power Services Sdn. Bhd. pursuant to Section 6A of the Companies Act, 1965.

Directors' Report

YTL POWER INTERNATIONAL BERHAD

	Number of Warrants 2000/2010			Balance at 30.6.2006
	Balance at 1.7.2005	Acquired	Exercised/ Disposed	
Direct Interests				
Dato' (Dr) Yahya Bin Ismail	140,000	–	(4,000)	136,000
Mej. Jen. (B) Dato' Haron Bin Mohd. Taib	24,000	–	–	24,000
Syed Abdullah Bin Syed Abd. Kadir	87,000	–	–	87,000

Indirect Interests

Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	748,920,488 ⁽⁶⁾	–	–	748,920,488 ⁽⁶⁾
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⁽⁶⁾ Deemed interests by virtue of his interests in Yeoh Tiong Lay & Sons Holdings Sdn. Bhd., YTL Corporation Berhad and YTL Power Services Sdn. Bhd. pursuant to Section 6A of the Companies Act, 1965.

YTL POWER INTERNATIONAL BERHAD

	Number of Options Over Ordinary Shares of RM0.50 Each			Balance at 30.6.2006
	Balance at 1.7.2005	Granted	Exercised	
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	7,000,000	7,000,000	(7,000,000)	7,000,000
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE	7,000,000	7,000,000	(7,000,000)	7,000,000
Dato' Yeoh Seok Kian	3,000,000	3,000,000	(3,000,000)	3,000,000
Dato' Yeoh Soo Min	3,000,000	3,000,000	(3,000,000)	3,000,000
Dato' Yeoh Seok Hong	5,000,000	5,000,000	(5,000,000)	5,000,000
Dato' Michael Yeoh Sock Siang	3,000,000	3,000,000	(3,000,000)	3,000,000
Dato' Yeoh Soo Keng	3,000,000	3,000,000	(3,000,000)	3,000,000
Dato' Mark Yeoh Seok Kah	3,000,000	3,000,000	(3,000,000)	3,000,000
Syed Abdullah Bin Syed Abd. Kadir	3,000,000	3,000,000	(3,000,000)	3,000,000

YTL LAND & DEVELOPMENT BERHAD

	Number of Ordinary Shares of RM0.50 Each			Balance at 30.6.2006
	Balance at 1.7.2005	Acquired	Disposed	
Indirect Interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	217,856,000 ⁽⁷⁾	108,800	–	217,964,800 ⁽⁷⁾

⁽⁷⁾ Deemed interests by virtue of his interests in Yeoh Tiong Lay & Sons Holdings Sdn. Bhd. and YTL Corporation Berhad pursuant to Section 6A of the Companies Act, 1965.

Directors' Report

	Number of Irredeemable Convertible Preference Shares 2001/2011 of RM0.50 Each			
	Balance at 1.7.2005	Acquired	Disposed	Balance at 30.6.2006
Direct Interests				
Dato' Yeoh Seok Kian	240,000	–	–	240,000

YTL LAND & DEVELOPMENT BERHAD

	Number of Irredeemable Convertible Preference Shares 2003/2008 of RM0.50 Each			
	Balance at 1.7.2005	Acquired	Disposed	Balance at 30.6.2006
Indirect Interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	370,285,058 ⁽⁸⁾	–	–	370,285,058 ⁽⁸⁾

⁽⁸⁾ Deemed interests by virtue of his interests in YTL Corporation Berhad pursuant to Section 6A of the Companies Act, 1965.

YTL E-SOLUTIONS BERHAD

	Number of Ordinary Shares of RM0.10 Each			
	Balance at 1.7.2005	Acquired	Disposed	Balance at 30.6.2006
Direct Interests				
Dato' (Dr) Yahya Bin Ismail	527,000	–	(235,000)	292,000
Syed Abdullah Bin Syed Abd. Kadir	300,000	–	–	300,000
Indirect Interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	1,000,017,000 ⁽⁹⁾	503,500	–	1,000,520,500 ⁽⁹⁾

⁽⁹⁾ Deemed interests by virtue of his interests in Yeoh Tiong Lay & Sons Holdings Sdn. Bhd. and YTL Corporation Berhad pursuant to Section 6A of the Companies Act, 1965.

Directors' Report

*INFOSCREEN NETWORKS PLC

	Number of Ordinary Shares of 1 Pence Each			Balance at 30.6.2006
	Balance at 1.7.2005	Acquired	Disposed	

Direct Interests

Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE	100	–	–	100
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* Incorporated in the United Kingdom

SYARIKAT PELANCONGAN SERI ANDALAN (M) SDN. BHD.

	Number of Ordinary Shares of RM1 Each			Balance at 30.6.2006
	Balance at 1.7.2005	Acquired	Disposed	

Direct Interests

Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	1	–	–	1
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE	1	–	–	1

Yeoh Tiong Lay Construction (S) Pte. Ltd.

	Number of Ordinary Shares			Balance at 30.6.2006
	Balance at 1.7.2005	Acquired	Disposed	

Direct Interests

Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	1	–	–	1
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE	2	–	–	2

Incorporated in Singapore

By virtue of Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay's deemed interests in the shares of YTL Corporation Berhad ("the Company") under Section 6A of the Companies Act, 1965 through Yeoh Tiong Lay & Sons Holdings Sdn. Bhd., Tan Sri Dato' Seri is deemed to have interests in the shares of the subsidiaries of the Company to the extent that the Company has an interest.

Directors' Report

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangement subsisted to which the Company is a party, with the object or objects of enabling directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than as may arise from the share options to be granted pursuant to the New ESOS.

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of remuneration received or due and receivable by directors as shown in the financial statements of the Group and of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except as disclosed in the Notes to the financial statements.

INFORMATION ON THE FINANCIAL STATEMENTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps:-

- a to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts have been written off and that adequate allowance has been made for doubtful debts; and
- b to ensure that any current assets which were unlikely to realise their values as shown in the accounting records of the Group and of the Company in the ordinary course of business have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances:-

- a which would render the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- b which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- c which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

At the date of this report, there does not exist:-

- a any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liability of any other person; or
- b any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

Directors' Report

OTHER STATUTORY INFORMATION

The directors state that:-

At the date of this report, they are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the respective financial statements misleading.

In their opinion,

- a the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- b there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

HOLDING COMPANY

The Company regards Yeoh Tiong Lay & Sons Holdings Sdn. Bhd., a company incorporated in Malaysia as its holding company.

AUDITORS

The auditors, Messrs. HLB Ler Lum, Chartered Accountants, have expressed their willingness to continue in office.

On behalf of the Board,

Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE

Dato' Yeoh Seok Hong

Dated: 19 October 2006

Kuala Lumpur

Statement By Directors

We, TAN SRI DATO' (DR) FRANCIS YEOH SOCK PING, CBE, and DATO' YEOH SEOK HONG, being two of the directors of YTL CORPORATION BERHAD, do hereby state that, in the opinion of the directors, the accompanying financial statements are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved Accounting Standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 June, 2006 and of the results of the operations and cash flows of the Group and of the Company for the year ended on that date.

On behalf of the Board,

Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE

Dato' Yeoh Seok Hong

Dated: 19 October 2006

Kuala Lumpur

Statutory Declaration

I, TAN SRI DATO' (DR) FRANCIS YEOH SOCK PING, CBE, being the director primarily responsible for the financial management of YTL CORPORATION BERHAD, do solemnly and sincerely declare that to the best of my knowledge and belief the accompanying financial statements are correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE

Subscribed and solemnly declared
at Kuala Lumpur on 19 October 2006

Before me:

Soh Ah Kau, AMN
Commissioner for Oaths

Auditors' Report

to the members of YTL Corporation Berhad (Incorporated in Malaysia)

We have audited the financial statements set out on pages 118 to 211. These financial statements are the responsibility of the Company's directors. It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by directors, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:-

- a the financial statements have been prepared in accordance with the provisions of the Companies Act, 1965 and applicable approved Accounting Standards in Malaysia so as to give a true and fair view of:-
 - i the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company; and
 - ii the state of affairs of the Group and of the Company as at 30 June, 2006 and of the results of the operations and cash flows of the Group and of the Company for the year ended on that date;

and

- b the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and its subsidiaries, of which we are the auditors, have been properly kept in accordance with the provisions of the said Act.

The names of the subsidiaries of which we have not acted as auditors are indicated in Note 13 to the financial statements. We have considered the financial statements of these subsidiaries and the auditors' report thereon except as disclosed in Note 13(b) to the financial statements.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations as required by us for these purposes.

The auditors' report on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment made under subsection (3) of Section 174 of the Companies Act, 1965.

HLB LER LUM
(Firm Number: AF 0276)
Chartered Accountants

LUM TUCK CHEONG
1005/3/07(J/PH)
Partner of the Firm

Dated: 19 October 2006
Kuala Lumpur

Income Statements

for the year ended 30 June 2006

	Note	Group		Company	
		2006 RM	2005 (Restated) RM	2006 RM	2005 RM
REVENUE	4	5,496,373,226	4,936,849,854	311,009,733	297,940,652
COST OF SALES	5	(3,084,510,384)	(2,679,833,330)	-	-
GROSS PROFIT		2,411,862,842	2,257,016,524	311,009,733	297,940,652
OTHER OPERATING INCOME		853,120,141	87,810,692	94,438,918	5,500,531
SELLING & DISTRIBUTION COSTS		(46,989,964)	(51,629,730)	-	-
ADMINISTRATION EXPENSES		(404,446,809)	(324,198,331)	(17,015,077)	(14,726,705)
OTHER OPERATING EXPENSES		(103,059,183)	(83,328,086)	-	-
PROFIT FROM OPERATIONS	6	2,710,487,027	1,885,671,069	388,433,574	288,714,478
FINANCE COSTS	7	(783,164,750)	(822,046,277)	(69,825,985)	(54,426,737)
SHARE OF PROFITS OF ASSOCIATED COMPANIES		283,472,799	192,978,648	-	-
PROFIT BEFORE TAXATION		2,210,795,076	1,256,603,440	318,607,589	234,287,741
TAXATION					
Company and subsidiaries	8	(279,526,136)	(290,855,327)	(65,531,588)	(66,475,233)
Associated companies	8	(84,553,675)	(55,031,968)	-	-
		(364,079,811)	(345,887,295)	(65,531,588)	(66,475,233)
PROFIT AFTER TAXATION		1,846,715,265	910,716,145	253,076,001	167,812,508
MINORITY INTERESTS		(477,795,929)	(352,199,966)	-	-
NET PROFIT FOR THE YEAR		1,368,919,336	558,516,179	253,076,001	167,812,508
Earnings per share					
Basic	9	96.87 sen	39.97 sen		
Diluted	9	90.26 sen	37.27 sen		
Gross dividend per ordinary share	10	7.5 sen	7.5 sen		

The notes set out on pages 130 to 211 form an integral part of these financial statements.

Balance Sheets

as at 30 June 2006

	Note	Group		Company	
		2006 RM	2005 (Restated) RM	2006 RM	2005 RM
PROPERTY, PLANT & EQUIPMENT	11	16,321,373,472	16,544,289,290	2,855,630	2,666,904
INVESTMENT PROPERTIES	12	208,564,622	556,998,382	-	-
INVESTMENT IN SUBSIDIARIES	13	181,703,573	181,703,573	2,823,522,007	2,750,601,641
INVESTMENT IN ASSOCIATED COMPANIES	15	1,300,132,976	1,122,420,757	216,821,441	139,571,441
QUOTED INVESTMENTS	16	626,163,692	14,323,770	566,538,409	462,864
UNQUOTED INVESTMENTS	17	588,211,324	580,356,994	6,950,000	6,950,000
DEVELOPMENT EXPENDITURE	18	653,699,500	719,338,716	-	-
CURRENT ASSETS					
Inventories	19	333,557,835	284,072,059	-	-
Property development costs	20	184,914,220	183,565,212	-	-
Trade debtors	21	1,308,760,413	1,148,529,161	-	-
Accrued billings in respect of property development costs	20	38,191,029	35,312,136	-	-
Amount due from contract customers	22	12,712,815	23,500,657	-	-
Other debtors, deposits & prepayments	23	890,715,698	938,972,864	19,407,857	20,810,145
Tax recoverable		70,924,007	73,743,783	92,684,059	77,021,747
Amount due from holding company	24	-	165,830	-	2,301
Amount due from subsidiaries	13	-	-	1,009,411,594	1,196,300,504
Amount due from related companies	25	9,105,584	6,325,075	1,651,345	6,279
Amount due from associated companies	15	11,696,987	12,390,944	305,008	297,949
Short term investments	26	70,585,312	68,665,087	27,447,885	26,701,184
Fixed deposits	27	6,027,167,043	5,642,944,941	390,298,091	171,078,419
Cash & bank balances	27	70,029,436	75,483,374	1,443,521	1,362,867
		9,028,360,379	8,493,671,123	1,542,649,360	1,493,581,395

The notes set out on pages 130 to 211 form an integral part of these financial statements.

Balance Sheet

as at 30 June 2006

	Note	Group		Company	
		2006 RM	2005 (Restated) RM	2006 RM	2005 RM
LESS : CURRENT LIABILITIES					
Amount due to contract customers	22	8,604,395	19,793,718	-	-
Trade creditors	28	234,754,418	237,499,118	-	-
Other creditors & accruals	29	1,013,229,300	1,006,954,699	5,880,619	5,869,266
Property maintenance funds	30	153,139	3,354,811	-	-
Hire purchase liabilities	31	5,400,305	6,793,625	316,375	332,531
Finance lease liabilities	32	21,660,408	18,834,173	-	-
Amount due to holding company	24	550,212	-	-	-
Amount due to subsidiaries	13	-	-	719,699,652	35,520,313
Amount due to related companies	25	5,262,222	1,089,081	159,100	50,799
Amount due to associated companies	15	20,000	618	-	-
Bonds	33	974,508,928	225,000,000	-	-
Short term borrowings	34	1,251,182,709	2,925,104,566	1,127,398,000	1,213,298,000
Bankers' acceptances	35	95,450,556	100,919,941	-	-
Bank overdrafts	35	67,609,885	76,634,975	-	-
Provision for liabilities & charges	36	49,428,323	45,408,981	-	-
Post-employment benefit obligations	37	1,256,200	1,113,471	-	-
Employees' share option		8,027	7,271	8,027	7,271
Taxation		141,023,015	144,553,223	-	-
		3,870,102,042	4,813,062,271	1,853,461,773	1,255,078,180
NET CURRENT ASSETS/(LIABILITIES)		5,158,258,337	3,680,608,852	(310,812,413)	238,503,215
GOODWILL	38	837,514,717	767,543,826	-	-
		25,875,622,213	24,167,584,160	3,305,875,074	3,138,756,065

The notes set out on pages 130 to 211 form an integral part of these financial statements.

Balance Sheet

as at 30 June 2006

	Note	Group		Company	
		2006 RM	2005 (Restated) RM	2006 RM	2005 RM
FINANCED BY:-					
SHARE CAPITAL	39	782,355,080	762,966,001	782,355,080	762,966,001
SHARE PREMIUM	40	389,755,734	290,759,325	389,755,734	290,759,325
OTHER RESERVES	40	231,790,583	238,146,112	–	–
UNAPPROPRIATED PROFITS		6,113,825,321	4,812,620,028	2,301,644,053	2,126,489,167
TREASURY SHARES, AT COST	39	(668,269,321)	(542,103,046)	(668,269,321)	(542,103,046)
SHARE CAPITAL AND RESERVES		6,849,457,397	5,562,388,420	2,805,485,546	2,638,111,447
MINORITY INTERESTS		2,945,802,116	2,557,163,869	–	–
LONG TERM LIABILITIES					
Long term creditors	41	85,348,663	91,479,631	–	–
Bonds	33	8,840,667,991	9,504,470,360	500,000,000	500,000,000
Borrowings	34	3,577,590,674	2,768,854,285	–	–
Hire purchase liabilities	31	3,631,915	5,486,552	389,528	644,618
Finance lease liabilities	32	566,345,174	599,641,903	–	–
Deferred income	42	147,202,509	149,212,894	–	–
Deferred taxation	43	2,450,332,612	2,501,100,701	–	–
Post-employment benefit obligations	37	409,243,162	427,785,545	–	–
		25,875,622,213	24,167,584,160	3,305,875,074	3,138,756,065
Net tangible assets per share		418.07 sen	337.04 sen		

The notes set out on pages 130 to 211 form an integral part of these financial statements.

Consolidated Statement of Changes In Equity

for the year ended 30 June 2006

Group	Non-distributable			Distributable		Total RM
	Share capital RM	Share premium RM	Other reserves RM	Unappropriated profits RM	Treasury shares RM	
Balance at 1.7.2004						
- as previously reported	737,293,311	549,074,821	144,865,650	4,249,602,216	(308,636,938)	5,372,199,060
- prior year adjustment	-	-	-	(12,155,170)	-	(12,155,170)
- as restated	737,293,311	549,074,821	144,865,650	4,237,447,046	(308,636,938)	5,360,043,890
Currency translation differences	-	-	(28,144,567)	-	-	(28,144,567)
Net loss not recognised in the income statement	-	-	(28,144,567)	-	-	(28,144,567)
Capital reserve on consolidation	-	-	34,453,649	-	-	34,453,649
Treasury shares	-	-	-	-	(669,724,236)	(669,724,236)
Issue of share capital	25,672,690	177,942,632	-	-	-	203,615,322
Net profit for the year	-	-	-	558,516,179	-	558,516,179
Gains recognised on deemed dilution of interest in subsidiaries	-	-	-	100,682,791	-	100,682,791
Dividend paid	-	-	-	(73,779,259)	-	(73,779,259)
Equity component of exchangeable bonds	-	-	35,231,540	-	-	35,231,540
Revaluation reserve	-	-	157,254	-	-	157,254
Transfer	-	-	10,246,729	(10,246,729)	-	-
Dividend in kind of treasury shares	-	(436,258,128)	-	-	436,258,128	-
Balance carried forward	762,966,001	290,759,325	196,810,255	4,812,620,028	(542,103,046)	5,521,052,563

The notes set out on pages 130 to 211 form an integral part of these financial statements.

Consolidated Statement of Changes In Equity

for the year ended 30 June 2006

Group	Share capital RM	Non-distributable		Unappropriated profits RM	Distributable		Total RM
		Share premium RM	Other reserves RM		Treasury shares RM		
Balance brought forward	762,966,001	290,759,325	196,810,255	4,812,620,028	(542,103,046)		5,521,052,563
Interest accretion from bonds	-	-	40,219,455	-	-	-	40,219,455
Capital reserve arising from acquisition of an associated company	-	-	1,116,402	-	-	-	1,116,402
Balance at 30.6.2005	762,966,001	290,759,325	238,146,112	4,812,620,028	(542,103,046)		5,562,388,420
Balance at 1.7.2005							
- as previously reported	762,966,001	290,759,325	238,146,112	4,834,602,745	(542,103,046)		5,584,371,137
- prior years adjustment	-	-	-	(21,982,717)	-	-	(21,982,717)
- as restated	762,966,001	290,759,325	238,146,112	4,812,620,028	(542,103,046)		5,562,388,420
Currency translation differences	-	-	(46,724,046)	-	-	-	(46,724,046)
Net loss not recognised in the income statement	-	-	(46,724,046)	-	-	-	(46,724,046)
Treasury shares	-	-	-	-	(126,166,275)		(126,166,275)
Issue of share capital	19,389,079	98,996,409	-	-	-	-	118,385,488
Equity component of Irredeemable Convertible Unsecured Loan Stocks recognised during the year	-	-	24,368,652	-	-	-	24,368,652
Net profit for the year	-	-	-	1,368,919,336	-	-	1,368,919,336
Gains recognised on deemed dilution of interest in subsidiaries	-	-	-	26,203,308	-	-	26,203,308
Dividend paid	-	-	-	(77,921,115)	-	-	(77,921,115)
Balance carried forward	782,355,080	389,755,734	215,790,718	6,129,821,557	(668,269,321)		6,849,453,768

The notes set out on pages 130 to 211 form an integral part of these financial statements.

Consolidated Statement of Changes In Equity

for the year ended 30 June 2006

Group	-----Non-distributable-----			-----Distributable-----		Total RM
	Share capital RM	Share premium RM	Other reserves RM	Unappropriated profits RM	Treasury shares RM	
Balance brought forward	782,355,080	389,755,734	215,790,718	6,129,821,557	(668,269,321)	6,849,453,768
Revaluation reserve	-	-	3,629	-	-	3,629
Transfer to capital reserve	-	-	233,976	(233,976)	-	-
Transfer to statutory reserve	-	-	15,762,260	(15,762,260)	-	-
Balance at 30.6.2006	782,355,080	389,755,734	231,790,583	6,113,825,321	(668,269,321)	6,849,457,397

The notes set out on pages 130 to 211 form an integral part of these financial statements.

Statement of Changes In Equity

for the year ended 30 June 2006

Company	Share capital RM	Non-distributable Share premium RM	Distributable		Total RM
			Unappropriated profits RM	Treasury shares RM	
Balance at 1.7.2004	737,293,311	549,074,821	2,032,455,918	(308,636,938)	3,010,187,112
Issue of share capital	25,672,690	177,942,632	–	–	203,615,322
Net profit for the year	–	–	167,812,508	–	167,812,508
Dividend paid	–	–	(73,779,259)	–	(73,779,259)
Dividend in kind of treasury shares	–	(436,258,128)	–	436,258,128	–
Treasury shares	–	–	–	(669,724,236)	(669,724,236)
Balance at 30.6.2005	762,966,001	290,759,325	2,126,489,167	(542,103,046)	2,638,111,447
Issue of share capital	19,389,079	98,996,409	–	–	118,385,488
Net profit for the year	–	–	253,076,001	–	253,076,001
Dividend paid	–	–	(77,921,115)	–	(77,921,115)
Treasury shares	–	–	–	(126,166,275)	(126,166,275)
Balance at 30.6.2006	782,355,080	389,755,734	2,301,644,053	(668,269,321)	2,805,485,546

The notes set out on pages 130 to 211 form an integral part of these financial statements.

Cash Flow Statements

for the year ended 30 June 2006

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Cash flows from operating activities				
Profit before taxation	2,210,795,076	1,256,603,440	318,607,589	234,287,741
Adjustments for:-				
Allowance for doubtful debts - net	30,144,783	30,586,234	-	-
Amortisation of development expenditure	431,332	432,522	-	-
Bad debts recovered	(651,153)	(45,900)	-	-
Bad debts written off	4,739,081	1,899,830	25,350	2,984
Depreciation	642,717,417	644,423,440	616,523	521,700
Defined benefit plan	72,764,744	43,725,546	-	-
Defined contribution plan	13,199,527	10,343,297	-	-
Deferred income	(5,767,239)	(5,948,574)	-	-
Development expenditure written off	8,190,946	24,536,338	-	-
Dividend income	(17,163,128)	(67,812,502)	(288,697,319)	(283,539,847)
Gain on disposal of development expenditure	(231,994)	-	-	-
Gain on disposal of investments	(21,606,648)	(14,867,253)	(37,268)	(3,791,700)
Gain on disposal of investment properties	(646,018,661)	-	-	-
Loss/(Gain) on disposal of property, plant & equipment - net	8,505,042	(13,159,806)	-	(78,850)
Gain on redemption of investment	(94,400,000)	-	(94,400,000)	-
Interest expenses	783,164,750	822,046,277	69,825,985	54,426,737
Interest income	(247,380,399)	(158,355,346)	(21,822,794)	(13,782,186)
Investment written off	230,000	-	230,000	-
Property, plant & equipment written off	881,111	53,124	-	-
Provision for liabilities & charges	9,257,905	5,967,400	-	-
Shares based payment	78,379	192,669	-	-
Share of profits of associated companies	(283,472,799)	(192,978,648)	-	-
Unrealised gain on foreign exchange - net	(6,997,428)	(66,717)	-	-
Operating profit/(loss) before changes in working capital	2,461,410,644	2,387,575,371	(15,651,934)	(11,953,421)
Net changes in balances with contract customers	29,057	(2,740,211)	-	-
Inventories	(49,591,131)	21,261,213	-	-
Property development costs	(4,227,901)	(13,767,865)	-	-
Debtors	(159,172,845)	227,934,659	1,376,938	38,808,834
Creditors	71,606,094	(106,206,877)	12,109	(2,993,638)
Holding company	634,637	(179,711)	2,301	(1,645)
Subsidiaries	-	-	871,068,249	(325,546,935)
Related companies	1,534,551	8,398,599	(1,536,765)	(34,070)
Associated companies	713,339	3,462,754	(7,059)	(592)
Cash generated from/(absorbed by) operations	2,322,936,445	2,525,737,932	855,263,839	(301,721,467)

The notes set out on pages 130 to 211 form an integral part of these financial statements.

Cash Flow Statements

for the year ended 30 June 2006

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Dividends received	87,089,291	3,103,195	207,866,001	204,148,690
Interest paid	(698,519,832)	(720,820,253)	(69,825,985)	(54,426,737)
Interest received	250,622,008	152,080,835	21,822,794	13,782,186
Payment to a retirement benefits scheme	(106,758,754)	(43,939,960)	–	–
Taxation paid	(367,541,173)	(229,416,962)	(362,582)	(1,812,060)
Taxation refund	432,714	396,508	–	–
Net cash from/(used in) operating activities	1,488,260,699	1,687,141,295	1,014,764,067	(140,029,388)
Cash flows from investing activities				
Acquisition of additional shares in existing subsidiaries	(43,979,148)	(930,432)	(73,150,366)	(4,943,277)
Acquisition of additional shares in existing associated company	(113,400,000)	–	(113,400,000)	–
Acquisition of associated company	(20,134,114)	(654,306,545)	–	–
Acquisition of subsidiaries (net of cash acquired)	–	(199,710,070)	–	–
Development expenditure incurred	(94,101,999)	(104,498,736)	–	–
Grants received in respect of infrastructure assets	47,647,860	39,298,032	–	–
Grants received in respect of non-infrastructure assets	6,637,734	10,018,797	–	–
Proceeds from disposal of property, plant & equipment	12,428,826	29,759,822	–	78,850
Proceeds from disposal of investments	47,716,928	32,827,395	787,828	5,681,700
Proceeds from disposal of investment properties	631,129,180	–	–	–
Proceeds from redemption of investments	130,550,000	–	130,550,000	–
Proceeds from disposal of development expenditure	268,260	–	–	–
Purchase of investment properties	(13,931,446)	(21,886,391)	–	–
Purchase of property, plant & equipment	(714,439,196)	(1,049,376,290)	(517,249)	(376,580)
Purchase of short term investments	(746,701)	(5,699,520)	(746,701)	(733,273)
Purchase of investments	(90,868,346)	(151,703,955)	(566,826,105)	–
Net cash used in investing activities	(215,222,162)	(2,076,207,893)	(623,302,593)	(292,580)
Cash flows from financing activities				
Dividends paid	(77,921,115)	(73,779,259)	(77,921,115)	(73,779,259)
Dividends paid to minority shareholders of a subsidiary	(169,671,330)	(150,007,287)	–	–
Purchase of own shares	(126,166,275)	(669,724,236)	(126,166,275)	(669,724,236)
Purchase of own shares by subsidiaries	(171,748,338)	(358,030,054)	–	–
Proceeds from borrowings	1,097,344,478	2,032,897,706	250,000,000	328,300,000
Proceeds from issue of shares to minority interests in subsidiaries	226,153,749	102,495,462	–	–
Proceeds from issue of bonds	400,000,000	2,935,212,459	–	–
Proceeds from issue of shares	118,385,488	203,615,322	118,385,488	203,615,322
Repayment of bonds	(225,000,000)	(1,325,000,000)	–	–
Balance carried forward	1,071,376,657	2,697,680,113	164,298,098	(211,588,173)

The notes set out on pages 130 to 211 form an integral part of these financial statements.

Cash Flow Statements

for the year ended 30 June 2006

	Note	Group		Company	
		2006 RM	2005 RM	2006 RM	2005 RM
Balance brought forward		1,071,376,657	2,697,680,113	164,298,098	(211,588,173)
Net (repayment)/proceeds of hire purchase liabilities		(7,824,022)	958,565	(559,246)	(61,851)
Redemption of bonds		-	(23,963,768)	-	-
Repayment of borrowings		(1,876,347,127)	(2,397,591,337)	(335,900,000)	-
Repayment of finance lease liabilities		(18,164,792)	(16,874,542)	-	-
Net cash (used in)/from financing activities		(830,959,284)	260,209,031	(172,161,148)	(211,650,024)
Net changes in cash and cash equivalents		442,079,253	(128,857,567)	219,300,326	(351,971,992)
Effects of exchange rate changes		(54,285,999)	(52,164,283)	-	-
Cash and cash equivalents brought forward		5,641,793,340	5,822,815,190	172,441,286	524,413,278
Cash and cash equivalents carried forward	27	6,029,586,594	5,641,793,340	391,741,612	172,441,286

NOTES TO CONSOLIDATED CASH FLOW STATEMENTS

a Summary of net assets acquired:-

	Group	
	2006 RM	2005 RM
Property, plant & equipment	-	1,210,470,380
Development expenditure	-	39,542,657
Goodwill	-	247
Inventories	-	69,830,989
Debtors	-	39,870,878
Inter-company balances	-	(39,638,695)
Cash & cash equivalents	-	17,747,773
Creditors	-	(106,803,573)
Borrowings	-	(848,947,071)
Retirement benefits	-	(12,393,483)
Taxation	-	(553,130)
Deferred taxation	-	758,034
Minority interests	-	(119,952,165)

The notes set out on pages 130 to 211 form an integral part of these financial statements.

Cash Flow Statements

for the year ended 30 June 2006

	Group	
	2006	2005
	RM	RM
Net assets acquired	–	249,932,841
Goodwill on acquisition	–	1,483,180
Reserve on consolidation	–	(33,958,178)
Expenses directly attributable to the acquisition		
- paid in cash	–	(1,097,742)
- due but not paid	–	646,516
Total cost of acquisition	–	217,006,617
Expenses directly attributable to the acquisition		
- paid in cash	–	1,097,742
- due but not paid	–	(646,516)
Add : Cash & cash equivalents of subsidiaries acquired	–	(17,747,773)
Net cash paid	–	199,710,070

b Analysis of acquisition of property, plant & equipment:-

	Group		Company	
	2006	2005	2006	2005
	RM	RM	RM	RM
Cash	714,439,196	1,049,376,290	517,249	376,580
Hire purchase arrangements	4,576,065	5,916,491	288,000	1,039,000
Other creditors	–	3,124,906	–	–
Transfer from investment properties	1,641,991	–	–	–
Issue of shares in subsidiary	303,800	–	–	–
Transfer from development expenditure	65,350	–	–	–
Debtor	1,620,000	–	–	–
	722,646,402	1,058,417,687	805,249	1,415,580

The notes set out on pages 130 to 211 form an integral part of these financial statements.

Notes to the Financial Statements

1 GENERAL INFORMATION

The principal activities of the Company are those of an investment holding and management company. The principal activities of the subsidiaries are set out in Note 13 to the financial statements.

The Company is a limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Board of Bursa Malaysia Securities Berhad and the foreign section of the Tokyo Stock Exchange.

The address of the registered office of the Company is as follows:-

11th Floor, Yeoh Tiong Lay Plaza
55 Jalan Bukit Bintang
55100 Kuala Lumpur

The address of the principal place of business of the Company is as follows:-

11th Floor, Yeoh Tiong Lay Plaza
55 Jalan Bukit Bintang
55100 Kuala Lumpur

2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's operations are subject to a variety of financial risks, including foreign currency exchange risk, interest rate risk, credit risk, market risk, liquidity and cash flow risk.

The Group's financial risk management policy seeks to ensure that adequate resources are available to manage the above risks and to create value for its shareholders. The Board regularly reviews these risks and approves treasury policies, which covers the management of these risks. It is not the Group's policy to engage in speculative transactions.

a Foreign currency exchange risk

The Group is exposed to currency risk as a result of foreign currency transactions entered into by subsidiaries. However, the effect of the foreign currency risk is limited as the subsidiaries trade and obtain borrowings predominantly in their respective functional currency.

Where necessary, the Group enters into forward foreign currency exchange contracts to limit its exposure on foreign currency receivables and payables, and on cash flows generated from anticipated transactions denominated in foreign currencies.

b Interest rate risk

The Group finances its operations through a mixture of retained profits and borrowings. Interest rates exposures arise from the Group's borrowings and deposits. It is the Group's policy to manage its interest costs within predictable and desired range and the use of fixed and floating rate debts and derivative financial instruments. Deposits with licensed financial institutions are held for short term and not for speculative purposes.

Notes to the Financial Statements

c Credit risk

The Group is exposed to credit risk mainly from cash deposits and trade receivables. The Group extends credit to its customers based upon established credit evaluation and monitoring guidelines. The Group considers the risk of material loss in the event of non-performance by a financial counter party to be unlikely.

In the Group's Power Generation business, trade receivables are solely from its offtaker, a national electricity utility company and the counter party risk is considered to be minimal. As for the Group's Water and Sewerage business, the credit risk of receivables is mitigated through strict collection procedures. In addition, the directors are of the view that credit risk arising from the Water and Disposal of Waste Water businesses is limited due to its large customer base.

d Market risk

The Group manages its exposure to fluctuation in prices of key products used in its operations through floating and fixed price contracts in order to establish determinable prices of products used.

The Group operates substantially under a business regime of contractual sales or price regulation in its business segments of Power Generation and Water and Sewerage. The Group considers its market risk to be minimal as the tariff rates applicable to these business segments are either protected by agreement or set by industry regulators.

e Liquidity and cash flow risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business, the Group aims at maintaining flexibility in funding by keeping committed credit lines available.

3 SIGNIFICANT ACCOUNTING POLICIES

a Basis of preparation

The financial statements of the Group and of the Company have been prepared under the historical cost convention (unless stated otherwise in the significant accounting policies below) and comply with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia.

The preparation of financial statements in conformity with the applicable MASB Approved Accounting Standards in Malaysia and the provisions of the Companies Act, 1965 requires the directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

The accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements.

Notes to the Financial Statements

b Property, plant & equipment and depreciation

Property, plant & equipment except for infrastructure assets and certain freehold and leasehold land & buildings are stated at cost/valuation less accumulated depreciation and accumulated impairment losses.

Certain freehold and leasehold land and buildings were revalued by the directors in 1983 based on valuations carried out by independent professional valuers on the open market basis. In accordance with the transitional provisions issued by the Financial Reporting Standards (FRS) on the adoption of Standard 116, "Property, Plant & Equipment", the valuation of these property, plant & equipment have not been updated and they continue to be stated at their previously revalued amounts less depreciation and impairment losses.

Infrastructure assets comprise a network of systems of mains and sewers, impounding and pumped raw water storage reservoirs, dams, sludge pipelines, sea outfalls and infrastructure investigations and studies. Expenditure on infrastructure assets relating to enhancements of the network is treated as additions, which are included after deducting connection charges and grants. The system or network is required to be maintained in perpetuity and on this basis is deemed to have no finite useful economic life. Accordingly, no depreciation is charged to the Income Statement in relation to the use of the infrastructure assets due to its immateriality. Maintenance costs incurred in respect of infrastructure assets are charged to the Income Statement as incurred.

Where an indication of impairment exists for the infrastructure and other assets, the carrying amounts of the assets are assessed and written down immediately to their recoverable amounts.

Property, plant and equipment retired from active use and held for disposal are stated at the lower of net book value and net realisable value.

Freehold land and freehold oil palm plantation are not amortised whilst assets under construction are not depreciated. Depreciation for such assets will only be charged when the construction of the assets are completed for their intended use.

Depreciation on all other property, plant & equipment is calculated on the straight line basis at rates required to write off the cost of the property, plant & equipment over their estimated useful lives.

The principal annual rates of depreciation used are as follows:-

Leasehold land & buildings	16 - 99 years
	%
Factory & other buildings	1 - 20
Mains & lines	5
Infrastructure & site facilities	5 - 20
Plant, machinery & equipment	4 - 20
Furniture, fixtures & equipment	10 - 50
Motor vehicles & accessories	10 - 33 $\frac{1}{3}$
Yachts & boats	10
Helicopter	10
Aircraft	10 - 20
Crockery & other operating assets	10 - 50

Notes to the Financial Statements

c Impairment of assets

The carrying values of assets, other than inventories, assets arising from construction contracts, deferred tax assets and financial assets (excluding investment in subsidiaries and associated companies), are reviewed for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. Recoverable amounts are the higher of the net selling price and the value in use.

An impairment loss is charged to the Income Statement immediately, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of previously recognised revaluation surplus for the same asset.

Subsequent increase in the recoverable amount of an asset is treated as reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the Income Statement immediately, unless the asset is carried at revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the Income Statement, a reversal of that impairment loss is recognised as income in the Income Statement.

d Investment properties

Investment properties, principally comprising land and buildings which are held for investment potential and rental income and are not occupied by the Group. These properties are stated at cost less allowance for any diminution in value other than temporary. Investment properties are not subject to depreciation. Increases in their carrying amount are credited to revaluation reserve. Decreases that offset previous increases of the same asset are charged against revaluation reserve, all other decreases are charged to the Income Statement.

Upon disposal of an investment property, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Income Statement, any amount in revaluation reserve relating to that investment property is transferred to retained earnings.

e Investment in subsidiaries and basis of consolidation

Investment in subsidiaries is stated at cost less allowance made or amount written off for any diminution in value other than temporary. Diminution in value other than temporary of an investment is recognised as an expense in the period in which the diminution is identified.

Subsidiaries are companies in which the Group has a long term equity interest and has power to exercise control over their financial and operating policies so as to obtain benefits from their activities.

The consolidated financial statements include the financial statements of the Company and its subsidiaries. The results of the subsidiaries acquired or disposed off during the year are included in the consolidated financial statements from the date of their acquisition or up to the date of their disposal.

A subsidiary is excluded from consolidation when control is intended to be temporary if the subsidiary is acquired and held exclusively with a view of its subsequent disposal in the near future and it has not previously been consolidated or it operates under severe long term restrictions which significantly impair its ability to transfer funds to the Company. Subsidiaries excluded on these grounds are accounted for as investments.

Notes to the Financial Statements

The excess or deficit of the cost of acquisition over the fair value of the Group's share of the identifiable net assets of the subsidiaries at the date of acquisition is included in the consolidated balance sheet as goodwill arising on acquisition or reserve arising on consolidation, as appropriate.

The Company adopts the acquisition method of accounting in preparing the consolidated financial statements.

All significant inter-company transactions and balances and the resulting unrealised profits are eliminated on consolidation. Unrealised losses resulting from inter-company transactions are also eliminated unless cost cannot be recovered.

The financial statements of the subsidiaries which have been consolidated are based on the financial statements as at 30 June, 2006.

f Investment in associated companies

Investment in associated companies is stated at cost less allowance made or amount written off for any diminution in value other than temporary. Diminution in value other than temporary of an investment is recognised as an expense in the period in which the diminution is identified.

Associated companies are those companies in which the Group is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions, but not control over their policies.

Investment in associated companies is accounted for by the equity method of accounting in the consolidated financial statements. The Group's share of results and reserves of the associated companies acquired or disposed of are included in the consolidated financial statements from the date of acquisition or up to the date of disposal based on the latest audited or management financial statements of the companies concerned.

Unrealised profits arising on transactions between the Group and its associated companies which are included in the carrying amount of the related assets and liabilities are eliminated partially to the extent of the Group's interests in the associated companies. Unrealised losses on such transactions are also eliminated partially unless cost cannot be recovered.

Goodwill/Premium on acquisition is calculated based on the fair value of net assets acquired.

g Joint ventures

Jointly controlled entities

Jointly controlled entities are corporations, partnerships or other entities over which there is contractually agreed sharing of control by the Group with one or more parties. The Group's interests in jointly controlled entities are accounted for in the consolidated financial statements by the equity method of accounting.

Equity accounting involves recognising in the Income Statement the Group's share of the results of jointly controlled entities for the financial year. The Group's investments in jointly controlled entities are carried in the Balance Sheet at an amount that reflects its share of the net assets of the jointly controlled entities and includes goodwill on acquisition.

Unrealised gains on transactions between the Group and its jointly controlled entities are eliminated to the extent of the Group's interest in the jointly controlled entities; unrealised losses are also eliminated unless the transaction provides evidence on impairment of the asset transferred. Where necessary, in applying the equity method, adjustments are made to the financial statements of jointly controlled entities to ensure consistency of accounting policies with those of the Group.

Notes to the Financial Statements

Jointly controlled operations

Jointly controlled operations are formed to combine the operations, resources and expertise of the Group with third parties. Assets controlled and liabilities and expenses incurred by the Group are recognised directly in the financial statements of the relevant subsidiaries and consequently in the consolidated financial statements of the Group.

h Investments

Investments held on long term basis are stated at cost. An allowance is made when the directors are of the opinion that there is a diminution other than temporary in their value.

Short term unquoted investments are stated at cost while short term quoted investments are carried at the lower of cost and market value, determined on an aggregate portfolio basis by category of investment. Cost is derived at on the weighted average basis. Market value is calculated by reference to quoted selling prices at the close of business on the balance sheet date. Increases or decreases in the carrying amount of short term investments are credited/charged to the Income Statement. An allowance is made when the directors are of the opinion that there is a diminution in their value which is other than temporary.

i Development expenditure

i Land held for property development

Land held for property development is stated at cost of acquisition including all related costs incurred subsequent to the acquisition on activities necessary to prepare the land for its intended use.

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(c).

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

ii Project development expenditure

Project development expenditure incurred is capitalised and charged to contract expenses upon commencement of the project. When there is insufficient certainty that future economic benefits will flow to the enterprise, they are written down to their recoverable amounts.

Capitalised development expenditure is stated at cost less accumulated amortisation and accumulated impairment losses.

Other development expenditure is charged to the Income Statement as and when incurred except for development expenditure relating to specific projects with technical and commercial viability and there is clear indication of the marketability of the products being developed. Such development expenditure is capitalised and charged to the Income Statement on the straight line basis over a twenty-year period or over the periods in which benefits are expected to be derived, whichever is shorter, commencing in the year in which the related sales are first made.

Notes to the Financial Statements

iii Internet portal development expenditure

Internet portal development expenditure is charged to the Income Statement as and when incurred except for development expenditure relating to specific projects with technical and commercial viability, in which the Group has sufficient resources to complete the development and there is clear indication of the marketability of the products being developed. Such development expenditure is capitalised and charged to the Income Statement on a straight line basis over a five-year period or over the periods in which benefits are expected to be derived, whichever is shorter, commencing in the year in which the related sales are first made.

j Inventories

i Developed properties

Inventories of developed properties held for resale are stated at the lower of cost and net realisable value. Cost of developed properties is determined using an appropriate basis of allocation and consists of land cost, construction costs and development costs incurred.

ii Other inventories

Other inventories are stated at the lower of cost and net realisable value on the weighted average or first-in-first-out basis. Cost of finished goods and work-in-progress consists of raw materials, direct labour, other direct charges and an appropriate proportion of factory overheads. Cost includes the actual cost of purchase and incidentals in bringing the inventories to their present location and condition.

k Property development costs

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

Property development revenue are recognised for all units sold using the percentage of completion method, by reference to the stage of completion of the property development projects at the balance sheet date as measured by the proportion that development costs incurred for work performed to-date bear to the estimated total property development costs on completion.

When the financial outcome of a property development activity cannot be estimated reliably, property development revenue is recognised to the extent of property development costs incurred that is probable of recovery.

Any anticipated loss on property development projects (including costs to be incurred over the defects liability period), is recognised as an expense immediately.

The excess of property development revenue recognised in the Income Statement over billings to purchasers is classified as accrued billings and the excess of billings to purchasers over property development revenue recognised in the Income Statement is classified as progress billings.

Notes to the Financial Statements

l Debtors

Debtors are stated at cost less any allowances for doubtful debts. Known bad debts are written off and doubtful debts are provided for based on estimates of possible losses which may arise from non-collection of certain debtors accounts.

m Amount due from/to contract customers

Amount due from contract customers for construction contracts is the net amount of costs incurred plus recognised profits less the sum of recognised losses and progress billings, for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceed progress billings.

Amount due to contract customers for construction contracts is the net amount of costs incurred plus recognised profits less the sum of recognised losses and progress billings, for all contracts in progress for which progress billings exceed costs incurred plus recognised profits (less recognised losses).

Cost on construction contracts includes the cost of materials, direct labour, subcontract costs and attributable overheads which include interest expenses relating to the financing of the construction.

n Creditors

Creditors are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Group and the Company.

o Property maintenance funds

Property maintenance funds relate to the accounts maintained in respect of the maintenance of the condominiums/apartments on behalf of the purchasers. All services charges and attributable expenses incurred have been credited/charged to these accounts. The excess of income over expenditure will be utilised for repairs and renewals in the future.

p Hire purchase

Property, plant & equipment acquired under hire purchase arrangements which in substance transfer the risks and benefits of ownership, are capitalised at the value equivalent to the principal sum of total hire purchase payables. The corresponding obligations are treated as liabilities.

Finance charges are allocated to the Income Statement to give a constant periodic rate of interest on the remaining hire purchase liabilities.

q Finance lease

Where assets are financed by leasing arrangements, which transfer substantially all the risks and rewards of ownership of an asset to the lessee (finance leases), the assets are treated as if they had been purchased and the corresponding capital cost is shown as an obligation to the lessor. Leasing payments are treated as consisting of a capital element and finance costs, the capital element reducing the obligation to the lessor and the finance charge being written off to the Income Statement over the period of the lease in reducing amounts in relation to the outstanding obligations. These assets are depreciated over the shorter of their useful lives and the period of the lease. All other leases are regarded as operating leases. Rental costs arising under operating leases are written off in the year they are incurred.

Notes to the Financial Statements

r Borrowings

Borrowings are initially recognised based on the proceeds received, net of transaction costs incurred, if any, including underwriting expenses. In subsequent financial years, borrowings are stated at amortised cost using the effective yield method. Any difference between proceeds (net of transaction costs) and the redemption value is recognised in the Income Statement over the period of the borrowings.

s Interest capitalisation

Interest on borrowings relating to property, plant & equipment is capitalised as part of the cost of assets during the financial year or time that is required to complete and prepare the assets for its intended use. Interest on borrowings relating to development property is capitalised during the period in which the activities to prepare and develop the property are carried out.

t Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

u Restructuring provisions

Restructuring provisions mainly comprise employee termination payments, and are recognised in the financial year in which the Group becomes legally or constructively committed to the payment. Employee termination benefits are recognised only either after an agreement is in place with the appropriate employee representatives specifying the terms of redundancy and the number of employees affected, or after individual employees have been advised of the specific terms. Costs related to the on-going activities of the Group are not provided in advance. Any property, plant and equipment that are no longer required for their original use are transferred to current assets and carried at the lower of the carrying amount and estimated net realisable value.

v Employee benefits

i Short term employee benefits

Wages, salaries, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group.

ii Post-employment benefits

The Group has various post-employment benefit schemes in accordance with local conditions and practices in the countries in which it operates. These benefit plans are either defined contribution or defined benefit plans.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that defines an amount of pension benefit to be provided, usually as a function of one or more factors such as age, years of service or compensation.

Defined contribution plan

The Group's contributions to a defined contribution plan are charged to the Income Statement in the period to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

Notes to the Financial Statements

Defined benefit plan

The liability in respect of a defined benefit plan is the present value of the defined benefit obligation at the balance sheet date minus the fair value of plan assets, together with adjustments for actuarial gains or losses and past service cost. The Group determines the present value of the defined benefit obligation and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the financial statements do not differ materially from the amounts that would be determined at the balance sheet date.

The defined benefit obligation, calculated using the projected unit credit method, is determined by independent actuaries, considering the estimated future cash outflows using market yields at balance sheet date of government securities which have currency and terms to maturity approximating the terms of the related liability.

Plan assets in excess of the defined benefit obligation are subject to the asset limitation specified in FRS 119.

Actuarial gains and losses arise from experience adjustments and changes in actuarial assumptions. The amount of net actuarial gains and losses recognised in the Income Statement is determined by the corridor method in accordance with FRS 119 and is charged or credited to income over the average remaining service lives of the related employees participating in the defined benefit plan.

iii Equity compensation benefits

Details of the Group's Employees' Share Option Scheme are set out in Note 39. The Group does not make a charge to the Income Statement in connection with share options granted. When the share options are exercised, the proceeds received, net of any transaction costs, are credited to share capital and share premium.

w Goodwill

Goodwill represents the excess of the cost of acquisition over the fair values of the identifiable net assets acquired.

Goodwill is retained in the Consolidated Balance Sheet at cost and an impairment loss is recognised only when the directors are of the opinion that there is a diminution in its value other than temporary.

x Reserve on consolidation

Reserve on consolidation represents the excess of the fair values of the identifiable net assets acquired over the cost of acquisition.

y Treasury shares

Shares bought back are held as treasury shares and are accounted for on the cost method. The amount of the consideration paid, including directly attributable costs, is recognised as cost and set off against equity. Should such shares be cancelled, their nominal amounts will be eliminated, and the differences between their cost and nominal amounts will be taken to reserves, as appropriate. Where the treasury shares are subsequently distributed as dividends to shareholders, the cost of the treasury shares is applied as reduction of the share premium account or the distributable unappropriated profits or both.

z Deferred income

Government grants relating to the purchase of non-infrastructure assets are included in non-current liabilities as deferred income and are credited to the Income Statement on a straight line basis over the expected useful economic lives of the related assets.

Notes to the Financial Statements

aa Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The specific recognition criteria for revenue are as follows:-

i Sale of goods and rendering of services

Revenue from sale of goods is measured at the fair value of the consideration receivable and is recognised when the significant risks and rewards of ownership of the goods have passed to the buyers.

Revenue from rendering of services is recognised in the Income Statement in proportion to the stage of completion of the transaction at the balance sheet date. The stage of completion is assessed by reference to the proportion that costs incurred to date that reflect services performed bear to the total estimated costs of the transaction. Where the outcome of the transaction cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

ii Sale of electricity

Revenue from sale of electricity is recognised upon performance of services based on the invoiced value of sale of electricity net of discounts allowed and also includes an estimate of the value of services provided between the last meter reading date and the financial year end.

iii Sale of water and the treatment and disposal of waste water

Revenue from supply of clean water and treatment and disposal of waste water represents the amounts (excluding value added tax) derived from the provision of goods and services to third party customers.

iv Property development projects

Revenue from property development projects is recognised on the percentage of completion method. Where foreseeable losses are anticipated, full allowance for these losses is made in the financial statements.

v Construction contracts

Contract revenue from fixed price construction contracts is recognised on the percentage of completion method when the outcome of the contracts can be reliably estimated. The percentage of completion is measured by reference to the construction costs incurred for contract works performed to date compared to the total estimated contract costs.

Where the outcome of a construction contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that is probable to be recoverable and contract costs are recognised as an expense in the period in which they are incurred.

Any expected loss on a contract is recognised immediately in the Income Statement.

vi Interest income

Revenue is recognised as the interest income accrues, taking into account the effective yield on the asset.

vii Dividend income

Revenue is recognised when the shareholders' right to receive the payment is established.

Notes to the Financial Statements

viii Rental income

Revenue is recognised on received and receivable basis unless collectibility is in doubt.

ix Hotel and restaurant operations

Revenue from room rental is recognised on the accrual basis. Revenue from the sale of food and beverages is recognised based on invoiced value of goods sold.

bb Income tax and deferred tax

Income tax on the profit or loss for the year comprises current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is provided for using the liability method in respect of all temporary differences arising between the carrying amounts of assets and liabilities in the financial statements and their attributable amounts for tax purposes.

Deferred tax asset is recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and unabsorbed tax losses can be utilised.

Deferred tax is recognised on temporary differences arising on investments in subsidiaries, associates and joint ventures except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Tax rates enacted or substantively enacted at the balance sheet date are used to determine deferred tax.

cc Foreign currencies

Foreign currency transactions

Foreign currency transactions in Group companies are accounted for at exchange rates prevailing at the transaction dates, unless hedged by forward foreign exchange contracts, in which case the rates specified in such forward contracts are used. Foreign currency monetary assets and liabilities are translated at exchange rates prevailing at the balance sheet date, unless hedged by forward foreign exchange contracts, in which case the rates specified in such forward contracts are used. Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in the Income Statement.

Translation of financial statements of foreign entities

The Group's foreign entities are those operations that are not an integral part of the operations of the Company. Income Statement of foreign entities is translated into Ringgit Malaysia at average exchange rates for the financial year and the Balance Sheet is translated at exchange rates ruling at the balance sheet date. Exchange differences arising from the retranslation of the net investment in foreign entities and of borrowings that hedge such investments are taken to 'exchange difference reserve' in shareholders' equity. On disposal of the foreign entity, such translation differences are recognised in the Income Statement as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the Company and are translated accordingly at the exchange rate ruling at the date of the transaction.

Notes to the Financial Statements

Exchange rates

The exchange rates (Ringgit Malaysia per unit of foreign currency used) ruling at balance sheet date are as follows:-

	2006 RM	2005 RM
1 Australian Dollar	2.73	2.90
1 Euro	4.68	4.59
1 Hong Kong Dollar	0.48	0.49
1 Papua New Guinea Kina	1.23	1.24
1 Singapore Dollar	2.31	2.25
1 Sterling Pound	6.76	6.87
1 Thailand Baht	0.10	0.09
1 US Dollar	3.69	3.80

dd Financial instruments

Financial instruments carried on the Balance Sheet include cash and bank balances, investments, receivables, payables, borrowings and share capital. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item, where applicable.

The Group is also a party to financial instruments that comprises interest rate swap agreements. These instruments are not recognised in the financial statements on inception except that amounts paid on inception are recognised as prepaid interest and amortised as a component of interest expense over the period of the contract.

The Group has taken advantage of the exemption provided by FRS 132 'Financial Instruments: Disclosure and Presentation' not to reclassify compound instruments issued by the Group prior to 1 July, 2003 into liability and equity components. These instruments (together with their associated interest) continue to be classified according to their legal form.

Interest rate swap contracts

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.

Fair value estimation for disclosure purposes

The fair value of publicly traded derivatives and securities is based on quoted market prices at the balance sheet date.

The fair value of interest rate swaps is calculated at the present value of the estimated future cash flows.

In assessing the fair value of non-traded derivatives and financial instruments, the Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Quoted market prices or dealer quotes for the specific or similar instruments are used for long term debt. Other techniques, such as estimated discounted value of future cash flows, are used to determine fair value for the remaining financial instruments. In particular, the fair value of financial liabilities is estimated by discounting the future contractual cash flows at the current market interest rate available to the Group for similar instruments.

Notes to the Financial Statements

The face values of financial assets (less any estimated credit adjustments) and financial liabilities with a maturity period of less than one year are assumed to approximate their fair values. The carrying amount of other financial assets and liabilities at the balance sheet date approximate their fair values unless stated otherwise in the Notes to the financial statements.

ee Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, bank overdrafts and deposits held at call with financial institutions and highly liquid investments which have an insignificant risk of changes in value. For the purpose of the Cash Flow Statements, cash and cash equivalents are presented net of bank overdrafts.

ff Segment reporting

Segment reporting is presented for enhanced assessment of the Group's risks and returns. Business segments provide products or services that are subject to risks and returns that are different from those of other business segments. Geographical segments provide products or services within a particular economic environment that is subject to risks and returns that are different from those components operating in other economic environments.

Segment revenue, expenses, assets and liabilities are those amounts resulting from the operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment. Segment revenue, expenses, assets and liabilities are determined before intragroup balances and intragroup transactions are eliminated as part of the consolidation process, except to the extent that such intragroup balances and transactions are between group enterprises within a single segment.

4 REVENUE

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Sale of goods	1,005,606,680	686,009,248	–	–
Rendering of services	170,495,449	80,367,423	489,620	579,378
Sale of electricity	1,160,620,631	1,142,600,657	–	–
Sale of water, treatment and disposal of waste water	2,368,738,209	2,328,000,799	–	–
Property development projects	218,949,952	200,999,920	–	–
Construction contracts	177,340,548	139,746,586	–	–
Interest	202,273,826	124,575,574	21,822,794	13,782,186
Gross dividends				
- quoted	2,375,892	2,319,632	288,697,319	277,659,847
- unquoted	14,714,751	65,315,179	–	5,880,000
Rental income	29,547,929	46,796,048	–	39,241
Hotel & restaurant operations	145,709,359	120,118,788	–	–
	5,496,373,226	4,936,849,854	311,009,733	297,940,652

Notes to the Financial Statements

5 COST OF SALES

Cost of inventories, cost of construction contracts and cost of services rendered recognised as an expense to the Income Statement included in cost of sales are as follows:-

	Group	
	2006 RM	2005 RM
Cost of inventories (for goods sold, electricity and water sold)	2,547,386,139	2,272,812,395
Cost of construction contracts (including property development costs)	376,563,077	303,210,672
Cost of services rendered	160,561,168	103,810,263
	3,084,510,384	2,679,833,330

6 PROFIT FROM OPERATIONS

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Profit from operations is stated after charging:-				
Allowance for doubtful debts - net	30,144,783	30,586,234	-	-
Amortisation of development expenditure (Note 18)	431,332	432,522	-	-
Directors' remuneration				
- emoluments	15,197,374	12,976,450	-	-
- fees				
- current year	925,000	722,000	280,000	260,000
- prior year	-	20,000	-	20,000
- benefits in kind	230,567	-	46,667	-
Auditors' remuneration				
- statutory				
- current year	2,379,186	2,229,449	103,000	103,000
- under-provision in prior year	49,163	-	-	-
- others	150,835	194,645	-	-
Bad debts written off	4,739,081	1,899,830	25,350	2,984
Depreciation (Note 11)	642,717,417	644,423,440	616,523	521,700
Development expenditure written off	8,190,946	24,536,338	-	-
Hiring of plant, machinery, equipment & motor vehicles	4,772,515	5,227,412	-	-
Investment written off	230,000	-	230,000	-
Loss on disposal of property, plant & equipment	8,505,042	-	-	-
Loss on foreign exchange				
- realised	607,301	261,924	-	-
- unrealised	1,227,627	3,405	-	-
Net provision of liquidated ascertained damages	256,000	1,031,000	-	-
Other rental	255,837	314,588	-	-
Property, plant & equipment written off	881,111	53,124	-	-
Provision for liabilities & charges	9,001,905	4,936,400	-	-
Rental of land & buildings	7,291,693	6,915,519	634,500	599,400
Rental of network & system connectivity	-	-	35,423	70,846
Rental of office equipment	627,988	443,993	8,340	4,050
Rental of plant & machinery	11,211,018	21,696,310	-	-

Notes to the Financial Statements

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
And crediting (other than those disclosed in Note 4):-				
Bad debts recovered	651,153	45,900	-	-
Gain on disposal of development expenditure	231,994	-	-	-
Gain on disposal of property, plant & equipment	-	13,159,806	-	78,850
Gain on disposal of investment properties	646,018,661	-	-	-
Gain on disposal of investments	21,606,653	14,867,253	37,268	3,791,700
Gain on foreign exchange				
- realised	589,584	104,430	-	-
- unrealised	8,225,055	70,122	-	-
Gain on redemption of Mudharabah Redeemable Convertible Preference Shares	94,400,000	-	94,400,000	-
Gross dividend from quoted investments				
- within Malaysia	71,161	177,691	-	-
Hiring income from plant, machinery & equipment	1,259,187	545,268	-	-
Interest income	45,106,573	33,779,772	-	-
Rental income	2,576,273	1,213,851	-	-

The aggregate remuneration of directors categorised into appropriate components for the year ended 30 June, 2006 are as follows:-

Group	Fees RM	Salaries RM	Bonus RM	Others* RM	Total RM
Executive directors	685,000	10,005,000	3,610,000	1,936,741	16,236,741
Non-executive directors	240,000	-	-	-	240,000

Company	Fees RM	Salaries RM	Bonus RM	Others RM	Total RM
Executive directors	185,000	-	-	46,667	231,667
Non-executive directors	95,000	-	-	-	95,000

Notes to the Financial Statements

The number of directors of the Group and of the Company whose total remuneration fall within the following bands for the financial year ended 30 June, 2006 are as follows:-

Range of remuneration	Group No. of Directors		Company No. of Directors	
	Executive	Non-Executive	Executive	Non-Executive
Below RM50,001	–	2	8	4
RM50,001 - RM100,000	1	2	1	–
RM100,001 - RM850,000	–	–	–	–
RM850,001 - RM900,000	1	–	–	–
RM900,001 - RM1,500,000	–	–	–	–
RM1,500,001 - RM1,550,000	1	–	–	–
RM1,550,001 - RM1,600,000	1	–	–	–
RM1,600,001 - RM1,650,000	1	–	–	–
RM1,650,001 - RM2,000,000	–	–	–	–
RM2,000,001 - RM2,050,000	1	–	–	–
RM2,050,001 - RM2,150,000	–	–	–	–
RM2,150,001 - RM2,200,000	1	–	–	–
RM2,200,001 - RM2,650,000	–	–	–	–
RM2,650,001 - RM2,700,000	1	–	–	–
RM2,700,001 - RM3,650,000	–	–	–	–
RM3,650,001 - RM3,700,000	1	–	–	–

* Included in the remuneration of directors of the Group is contributions to a defined contribution plan charged to the Income Statement amounting to RM1,653,774 (2005: RM1,412,850).

7 FINANCE COSTS

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Bonds interest	493,188,826	424,749,785	33,937,726	26,645,205
Bank overdraft interest	353,161	931,238	–	–
Bankers' acceptances, trust receipts, hire purchase & other interest	54,051,760	106,261,684	42,700	9,657
Medium term notes, term loans, revolving credits, time loans, bridging loans interest & Bai Bithaman Ajil expenses	235,571,003	290,103,570	35,845,559	27,771,875
	783,164,750	822,046,277	69,825,985	54,426,737

Notes to the Financial Statements

8 TAXATION

	Group		Company	
	2006	2005 (restated)	2006	2005
	RM	RM	RM	RM
Tax charge for the current year				
- Malaysian income tax	210,569,161	193,330,298	64,485,195	66,126,756
- Foreign income tax	73,313,536	40,983,988	-	-
(Over)/under-provision in prior years				
- Malaysian income tax	(1,475,115)	(3,092,741)	1,046,393	348,477
- Foreign income tax	(9,455)	(2,491,177)	-	-
Deferred taxation				
- Origination and reversal of temporary differences (Note 43)	(2,872,005)	62,122,801	-	-
Others	14	2,158	-	-
	279,526,136	290,855,327	65,531,588	66,475,233
Share of tax of associated companies	84,553,675	55,031,968	-	-
	364,079,811	345,887,295	65,531,588	66,475,233

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:-

	Group		Company	
	2006	2005 (restated)	2006	2005
	RM	RM	RM	RM
Profit before taxation	2,210,795,076	1,256,603,440	318,607,589	234,287,741
Income tax using Malaysian tax rate of 28% (2005: 28%)	619,022,621	351,848,963	89,210,125	65,600,567
Non-deductible expenses	71,234,117	86,045,608	1,669,905	1,376,566
Income not subject to tax	(228,105,839)	(43,347,677)	(26,442,435)	(1,083,754)
Reinvestment allowances	(1,236,142)	(1,312,082)	-	-
Utilisation of industrial building allowances	(161,161)	(784,744)	-	-
Utilisation of current year's capital allowances	(454,985)	(6,928,601)	-	-
Different tax rates in other countries	27,775,486	13,641,639	-	-
(Over)/under-provision in prior years	(1,484,570)	(5,583,918)	1,046,393	348,477
Tax effect of deferred tax assets not recognised during the year	711,180	6,355,723	47,600	233,377
Tax effect of unrecognised deferred tax assets in prior years	(57,516,358)	-	-	-
Over-provision of deferred tax in prior years	(64,998,905)	(52,815,741)	-	-
Tax effect of unrecognised deferred tax liabilities during the year	-	(311,401)	-	-
Expenses eligible for tax double deduction	-	(389,303)	-	-
Others	(705,633)	(531,171)	-	-
Taxation	364,079,811	345,887,295	65,531,588	66,475,233

Notes to the Financial Statements

The unutilised capital allowances of the Company carried forward as at 30 June, 2006 is estimated at RM1,997,091 (2005: RM1,778,822). This is, however, subject to confirmation by the Inland Revenue Board.

Subject to agreement with the Inland Revenue Board, the Company has exempt income estimated at RM15,008,587 (2005: RM15,008,587) pursuant to Section 12 of the Income Tax (Amendment) Act, 1999, from which tax exempt dividends can be declared.

Based on prevailing tax rate applicable to dividends and the estimated tax credits under Section 108 of the Income Tax Act, 1967 and the tax exempt account balance as mentioned above, the unappropriated profits of the Company as at 30 June, 2006 available for distribution by way of dividends without additional tax liabilities being incurred amounted to RM737,375,991 (2005: RM648,705,327). This is, however, subject to confirmation by the Inland Revenue Board.

If the balance of the unappropriated profits of RM1,564,268,062 (2005: RM1,477,783,840) were distributed as dividends prior to there being sufficient tax credit, the Company would have a Section 108 short fall of approximately RM608,326,469 (2005: RM574,693,716).

9 EARNINGS PER SHARE (EPS)

	Group	
	2006	2005 (restated)
Basic EPS		
Net profit for the year/Net profit attributable to ordinary shareholders (RM'000)	1,368,919	558,516
Weighted average number of ordinary shares in issue for basic EPS ('000)	1,413,173	1,397,261
Basic EPS (sen)	96.87	39.97

Basic EPS of the Group is calculated by dividing the net profit attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year.

Notes to the Financial Statements

	Group	
	2006	2005 (restated)
Diluted EPS		
Net profit for the year/Net profit attributable to ordinary shareholders (RM'000)	1,368,919	558,516
Weighted average number of ordinary shares in issue for basic EPS as above ('000)	1,413,173	1,397,261
Adjustment for:-		
- ordinary shares deemed issued at no consideration on assumed exercise of Options and Warrants ('000)	103,401	101,340
	1,516,574	1,498,601
Diluted EPS (sen)	90.26	37.27

For the diluted EPS calculation, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares.

10 DIVIDENDS

Dividends declared or proposed in respect of the respective financial years are as follows:-

	Group/Company	
	2006	2005
	RM	RM
Ordinary		
First and final proposed:-		
15% per share less Malaysian income tax (2005: 15% per share less Malaysian income tax)	77,640,517	76,799,178

At the forthcoming Annual General Meeting, a first and final dividend in respect of the financial year ended 30 June, 2006 of 7.5 sen per 50 sen share less Malaysian income tax (2005: 7.5 sen per 50 sen share less Malaysian income tax) amounting to RM77,640,517 (2005: RM76,799,178) will be proposed for shareholders' approval. The financial statements do not reflect this final dividend which will be accrued as a liability in the financial year ending 30 June, 2007 when approved by shareholders.

Notes to the Financial Statements

11. PROPERTY, PLANT & EQUIPMENT

Group	Balance at 1.7.2005 RM	Additions RM	Disposals RM
Freehold land			
- at cost	121,176,680	4,535,235	(9,270)
- at valuation	10,886,989	-	-
Long term leasehold land			
- at cost	88,418,309	71,350	-
- at valuation	200,000	-	-
Short term leasehold land			
- at cost	17,607,096	5,998,196	-
Buildings on freehold land			
- at cost	111,524,042	-	(314,038)
- at valuation	2,716,131	-	-
Buildings on long term leasehold land			
- at cost	803,252,149	1,675,397	-
Buildings on short term leasehold land			
- at cost	19,398,815	2,069,700	-
Freehold oil palm plantation			
- at valuation	2,000,000	-	-
Factory & other buildings	4,352,990,519	19,553,268	(3,990,598)
Mining lease	343,522	-	-
Mains & lines	22,699,942	-	-
Infrastructure & site facilities	5,119,341,462	34,470,881	-
Plant, machinery & equipment	8,256,977,461	153,108,937	(51,940,552)
Furniture, fixtures & equipment	437,449,284	37,686,691	(2,829,990)
Motor vehicles	195,322,085	30,356,678	(16,817,345)
Motor vehicles accessories	35,703	-	-
Yachts & boats	15,196,329	-	-
Helicopter	14,372,884	-	-
Aircraft	1,323,708	-	(1,323,708)
Crockery & other operating assets	589,783	45,999	-
Assets under construction	342,194,479	433,074,070	-
	19,936,017,372	722,646,402	(77,225,501)

Cost/Valuation				
Written off RM	Grants & contributions RM	Transfers/ Others RM	Translation differences RM	Balance at 30.6.2006 RM
-	-	1,704,906	(1,710,485)	125,697,066
-	-	(4,078,989)	85,020	6,893,020
-	-	-	(704,398)	87,785,261
-	-	-	-	200,000
-	-	-	-	23,605,292
-	-	(1,704,905)	-	109,505,099
-	-	309,005	-	3,025,136
-	-	-	-	804,927,546
-	-	-	-	21,468,515
-	-	-	-	2,000,000
(1,139,082)	-	13,716,038	(66,667,692)	4,314,462,453
(343,522)	-	-	-	-
-	-	-	-	22,699,942
(10,000)	(45,009,800)	9,584,582	(99,356,949)	5,019,020,176
(5,941,586)	-	28,313,323	(71,256,612)	8,309,260,971
(699,655)	-	9,602,551	(5,682,480)	475,526,401
(3,200)	-	-	(294,299)	208,563,919
-	-	-	-	35,703
-	-	-	(454,024)	14,742,305
-	-	-	-	14,372,884
-	-	-	-	-
-	-	-	-	635,782
-	-	(61,216,624)	155,691	714,207,616
(8,137,045)	(45,009,800)	(3,770,113)	(245,886,228)	20,278,635,087

Notes to the Financial Statements

11 PROPERTY, PLANT & EQUIPMENT

	Balance at 1.7.2005 RM	Charge for the year RM	Disposals RM
Freehold land			
- at cost	-	-	-
- at valuation	-	-	-
Long term leasehold land			
- at cost	9,733,193	1,239,564	-
- at valuation	105,399	979	-
Short term leasehold land			
- at cost	6,086,606	844,155	-
Buildings on freehold land			
- at cost	6,900,612	821,933	-
- at valuation	174,614	35,326	-
Buildings on long term leasehold land			
- at cost	92,886,721	14,068,225	-
Buildings on short term leasehold land			
- at cost	2,071,403	421,796	-
Freehold oil palm plantation			
- at valuation	-	-	-
Factory & other buildings	578,688,509	104,554,236	(1,667,004)
Mining lease	343,519	-	-
Mains & lines	11,917,469	1,134,997	-
Infrastructure & site facilities	609,030	12,892	-
Plant, machinery & equipment	2,346,792,699	456,593,517	(38,889,706)
Furniture, fixtures & equipment	202,668,632	39,742,217	(1,144,074)
Motor vehicles	113,868,281	21,987,979	(14,016,536)
Motor vehicles accessories	35,700	-	-
Yachts & boats	9,249,556	904,476	-
Helicopter	8,450,400	862,373	-
Aircraft	555,957	19,856	(575,813)
Crockery & other operating assets	589,782	-	-
Assets under construction	-	-	-
	3,391,728,082	643,244,521	(56,293,133)

Accumulated Depreciation				
Written off	Grants & contributions	Transfers/ Others	Translation differences	Balance at 30.6.2006
RM	RM	RM	RM	RM
-	-	-	-	-
-	-	-	-	-
-	-	-	-	10,972,757
-	-	-	-	106,378
-	-	-	-	6,930,761
-	-	(35,152)	-	7,687,393
-	-	35,152	-	245,092
-	-	-	-	106,954,946
-	-	-	-	2,493,199
-	-	-	-	-
(333,470)	-	-	(3,354,263)	677,888,008
(343,519)	-	-	-	-
-	-	-	-	13,052,466
(9,998)	-	-	-	611,924
(5,876,149)	-	-	(8,964,847)	2,749,655,514
(689,599)	-	-	(1,710,253)	238,866,923
(3,199)	-	-	(104,392)	121,732,133
-	-	-	-	35,700
-	-	-	-	10,154,032
-	-	-	-	9,312,773
-	-	-	-	-
-	-	(28,166)	-	561,616
-	-	-	-	-
(7,255,934)	-	(28,166)	(14,133,755)	3,957,261,615

Notes to the Financial Statements

	Net Book Value		Depreciation for
	at 30.6.2006	at 30.6.2005	the year ended
	RM	RM	30.6.2005
			RM
Freehold land			
- at cost	125,697,066	121,176,680	–
- at valuation	6,893,020	10,886,989	–
Long term leasehold land			
- at cost	76,812,504	78,685,116	540,993
- at valuation	93,622	94,601	990
Short term leasehold land			
- at cost	16,674,531	11,520,490	938,712
Buildings on freehold land			
- at cost	101,817,706	104,623,430	851,050
- at valuation	2,780,044	2,541,517	29,102
Buildings on long term leasehold land			
- at cost	697,972,600	710,365,428	7,570,091
Buildings on short term leasehold land			
- at cost	18,975,316	17,327,412	390,639
Freehold oil palm plantation			
- at valuation	2,000,000	2,000,000	–
Factory & other buildings	3,636,574,445	3,774,302,010	120,557,057
Mining lease	–	3	–
Mains & lines	9,647,476	10,782,473	1,134,997
Infrastructure & site facilities	5,018,408,252	5,118,732,432	14,625
Plant, machinery & equipment	5,559,605,457	5,910,184,762	446,476,002
Furniture, fixtures & equipment	236,659,478	234,780,652	48,681,421
Motor vehicles	86,831,786	81,453,804	18,861,517
Motor vehicles accessories	3	3	–
Yachts & boats	4,588,273	5,946,773	906,682
Helicopter	5,060,111	5,922,484	857,812
Aircraft	–	767,751	79,423
Crockery & other operating assets	74,166	1	31,999
Assets under construction	714,207,616	342,194,479	–
	16,321,373,472	16,544,289,290	647,923,112

Depreciation charge for the year is allocated as follows:-

	Group	
	2006	2005
	RM	RM
Income Statement (Note 6)	642,717,417	644,423,440
Amount due from contract customers (Note 22)	430,538	3,376,894
Property maintenance funds (Note 30)	96,566	122,778
	643,244,521	647,923,112

Notes to the Financial Statements

Assets under hire purchase & finance lease

The net book value of the property, plant & equipment of the Group acquired under hire purchase arrangement and finance lease are as follows:-

	Group	
	2006	2005
	RM	RM
Plant & machinery	563,736,240	620,096,850
Motor vehicles	12,407,443	13,330,802
Office equipment	230,000	494,000
	576,373,683	633,921,652

Security

The net book value of the Group's property, plant and equipment that have been charged to financial institutions for facilities granted to the Group are as follows:-

	Group	
	2006	2005
	RM	RM
Freehold land	12,643,181	12,643,181
Long term leasehold land & buildings	41,403,720	41,927,347
Short term leasehold land	3,774,511	4,076,472
Factory & other buildings	1,157,725,354	1,192,898,672
Mains & lines	9,647,476	10,782,473
Plant & machinery	2,500,977,308	2,663,632,887
Furniture, fixtures & equipment	5,244,591	5,938,644
Motor vehicles	27,128,947	28,301,072
	3,758,545,088	3,960,200,748

Revaluation

Certain land and buildings of the Group were revalued by the directors based on valuations carried out by independent professional valuers on the open market basis. The net book value of the property, plant & equipment that would have been carried at historical cost less accumulated depreciation and impairment losses are as follows:-

	Group	
	2006	2005
	RM	RM
Freehold land	4,622,989	8,150,698
Buildings	1,360,108	1,380,467
Long term leasehold land	57,279	58,029
Freehold oil palm plantation	916,128	916,128
	6,956,504	10,505,322

Notes to the Financial Statements

Company	Cost			Balance at 30.6.2006 RM
	Balance at 1.7.2005 RM	Additions RM	Disposals RM	
	Freehold building	1,207,372	–	
Yacht	1,959,397	–	–	1,959,397
Furniture, fixtures & equipment	1,209,553	205,536	–	1,415,089
Renovations	66,352	279,713	–	346,065
Motor vehicles	2,004,517	320,000	–	2,324,517
	6,447,191	805,249	–	7,252,440

Company	Accumulated Depreciation			Balance at 30.6.2006 RM
	Balance at 1.7.2005 RM	Charge for the year RM	Disposals RM	
	Freehold building	246,884	24,148	
Yacht	1,959,396	–	–	1,959,396
Furniture, fixtures & equipment	679,922	122,307	–	802,229
Renovations	60,626	57,375	–	118,001
Motor vehicles	833,459	412,693	–	1,246,152
	3,780,287	616,523	–	4,396,810

Company	Net Book Value		Depreciation for
	at 30.6.2006	at 30.6.2005	the year ended
	RM	RM	30.6.2005 RM
Freehold building	936,340	960,488	24,148
Yacht	1	1	2,205
Furniture, fixtures & equipment	612,860	529,631	93,013
Renovations	228,064	5,726	1,431
Motor vehicles	1,078,365	1,171,058	400,903
	2,855,630	2,666,904	521,700

The net book value of the motor vehicles of the Company under hire purchase arrangement is RM966,507 (2005: RM947,343).

Notes to the Financial Statements

12 INVESTMENT PROPERTIES

	Group	
	2006	2005
	RM	RM
a At beginning of the year		
- Freehold land & buildings, at cost	396,228,909	396,222,109
- Long term leasehold land & buildings (expire on 29.7.2076)	101,244,956	101,244,956
	497,473,865	497,467,065
Add : Capitalised during the year		
- Freehold land & building	13,931,446	6,800
Less : Disposed during the year		
- Freehold land & buildings	(419,326,121)	-
- Long term leasehold land	(96,184,398)	-
	(515,510,519)	-
Add : Cost transferred from development expenditure		
- Freehold land & buildings	151,017,321	-
Add : Cost transferred from property, plant & equipment		
- Freehold land & buildings	3,769,983	-
At end of the year	150,682,096	497,473,865
b Capital work-in-progress		
At beginning of the year	59,524,517	37,644,926
Capitalised during the year	-	21,879,591
Transferred to property, plant & equipment	(1,641,991)	-
At end of the year	57,882,526	59,524,517
	208,564,622	556,998,382

Freehold land costing RM25 million (2005: RM25 million) of the Group is subject to a charge in favour of banks for term loans granted (Note 34).

Notes to the Financial Statements

13 SUBSIDIARIES

a Investment in subsidiaries

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Quoted shares, at cost	-	-	2,191,132,255	2,147,172,605
Unquoted shares, at cost	-	-	421,495,462	421,725,463
# Quoted warrants, at cost	181,703,573	181,703,573	181,703,570	181,703,573
* Quoted ICULS, at cost	-	-	29,190,720	-
	181,703,573	181,703,573	2,823,522,007	2,750,601,641
Market value				
- Quoted shares	-	-	6,101,020,772	6,324,994,329
- Quoted warrants	471,963,730	417,506,377	471,963,730	417,506,377
- Quoted ICULS	-	-	28,606,906	-

The number of warrants held in a subsidiary is as follows:-

Warrants in

- YTL Power International Berhad	726,098,046	726,098,046	726,098,046	726,098,046
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Each warrant entitles its registered holder to subscribe for one (1) new ordinary share of 50 sen each in YTL Power International Berhad at the revised exercise price of RM1.41 payable in cash. On 11 January, 2006, the exercise price was increased from RM1.41 to RM1.43 pursuant to Appendix A of the Deed Poll. The exercise price of the warrants will be increased annually by two (2) sen from thereon until the ninth anniversary of the date of issue.

The warrants may be exercised at any time or before 8 January, 2010. Any warrant which has not been exercised at date of maturity will lapse and cease to be valid for any purpose.

The warrants are quoted on Bursa Malaysia Securities Berhad.

* These are ten (10) years ICULS issued by YTL Cement Berhad, a subsidiary of the Group on 10 November, 2005. These ICULS bear a step-up coupon rate ranging from 4% to 6% per annum until its maturity date. The interest is payable semi annually. The conversion price of the ICULS is fixed at a step-down basis. In the first four (4) years, the conversion price is at RM2.72 for one (1) ordinary share in YTL Cement Berhad, after which it is at RM2.04 in the next three (3) years and at RM1.82 for the remaining three (3) years.

Notes to the Financial Statements

Details of the subsidiaries are as follows:-

Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest	
			2006 %	2005 %
Amanresorts Sdn. Bhd.	Malaysia	Dormant	56.36	58.10
Arah Asas Sdn. Bhd.	Malaysia	Dormant	100.00	100.00
*Austasia Metal Sdn. Bhd.	Malaysia	Inactive	100.00	100.00
Austasia Timbers Malaysia Sendirian Berhad	Malaysia	Inactive	100.00	100.00
Autodome Sdn. Bhd.	Malaysia	Operator of food & beverage outlets & sub-letting of premises	100.00	100.00
Awan Serunding Sdn. Bhd.	Malaysia	Investment holding	50.76	55.04
Batu Tiga Quarry Sdn. Bhd.	Malaysia	Quarry business & trading of granite aggregates	100.00	100.00
Batu Tiga Quarry (Sg. Buloh) Sdn. Bhd.	Malaysia	Quarry business & related services	100.00	100.00
Bayumaju Development Sdn. Bhd.	Malaysia	Property developer	56.36	58.10
*Boom Time Strategies Sdn. Bhd.	Malaysia	Dormant	56.36	29.63
Budaya Bersatu Sdn. Bhd.	Malaysia	Inactive	100.00	100.00
Buildcon Concrete Enterprise Sdn. Bhd.	Malaysia	Investment holding	50.76	55.04
Buildcon Concrete Sdn. Bhd.	Malaysia	Manufacture & sale of ready-mixed concrete	50.76	55.04
Buildcon-Cimaco Concrete Sdn. Bhd.	Malaysia	Manufacture & sale of ready-mixed concrete	25.61	27.77
Buildcon-Ensidesa Sdn. Bhd.	Malaysia	Manufacture & sale of ready-mixed concrete	25.89	–
Builders Brickworks Sdn. Bhd.	Malaysia	Manufacturers & dealers of all kind of bricks	93.80	93.80
Business & Budget Hotels Sdn. Bhd.	Malaysia	Investment holding & property investment	100.00	100.00
Business & Budget Hotels (Penang) Sdn. Bhd.	Malaysia	Hotel & resort operator	51.00	51.00
Business & Budget Hotels (Seberang Jaya) Sdn. Bhd.	Malaysia	Inactive	51.00	51.00
Cameron Highlands Resort Sdn. Bhd. (formerly known as Business & Budget Hotels (Ipoh) Sdn. Bhd.)	Malaysia	Hotel operator	100.00	100.00
Cane Creations (Marketing) Sdn. Bhd.	Malaysia	Trading in cane furniture, local handicrafts & accessories	100.00	100.00
Cane Creations Sdn. Bhd.	Malaysia	Manufacture & trading of cane furniture	100.00	100.00
C.I. Readymix Sdn. Bhd.	Malaysia	Manufacture & sale of ready-mixed concrete	50.76	55.04

Notes to the Financial Statements

Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest	
			2006 %	2005 %
Construction Lease (M) Sdn. Bhd.	Malaysia	Leasing, hire purchase & credit	100.00	100.00
Diamond Recipe Sdn. Bhd.	Malaysia	Operator of food & beverages	51.00	–
Dynamic Marketing Sdn. Bhd.	Malaysia	Trading of building & construction materials	100.00	100.00
Dynamic Property Management Sdn. Bhd.	Malaysia	Property development	100.00	100.00
Emerald Hectares Sdn. Bhd.	Malaysia	Property development	70.00	70.00
Extiva Communications Sdn. Bhd.	Malaysia	Developing & marketing of VoIP telephony services	51.85	51.85
First Commercial Development Sdn. Bhd.	Malaysia	Property investment	100.00	100.00
Gemilang Pintar Sdn. Bhd.	Malaysia	General trading, investment holding & property investment	70.00	70.00
GKM-SPYTL JV Sdn. Bhd.	Malaysia	Inactive	100.00	100.00
Hipmobile (M) Sdn. Bhd.	Malaysia	Telecommunication services & consultancy & the creation, aggregation & sale of wireless content multimedia works & applications	51.85	51.85
Intellectual Learning Sdn. Bhd.	Malaysia	Education & training using advanced technology	74.07	74.07
Intellectual Mission Sdn. Bhd.	Malaysia	Education & training using advanced technology	100.00	100.00
Island Air Sdn. Bhd.	Malaysia	Chartering of aircrafts	80.00	70.00
Jaksa Quarry Sdn. Bhd.	Malaysia	Quarry operator, manufacture of granite blocks, aggregates, chippings & crusher run	100.00	100.00
JDSB-SPYTL Sdn. Bhd.	Malaysia	Inactive	100.00	100.00
Katagreen Development Sdn. Bhd.	Malaysia	Dormant	100.00	100.00
Lay Seng Oil Palm Plantations Sdn. Bhd.	Malaysia	Cultivation of oil palms	100.00	100.00
* Lot Ten Security Sdn. Bhd.	Malaysia	Dormant	56.36	58.10
* Mayang Sari Sdn. Bhd.	Malaysia	Dormant	56.36	58.10
Mini-Mix Sdn. Bhd.	Malaysia	Manufacture & sale of ready-mixed concrete	50.76	55.04
Noriwasa Sdn. Bhd.	Malaysia	Dormant	56.36	58.10
* Pahang Cement Sdn. Bhd.	Malaysia	Manufacture & sale of ordinary Portland cement & slag cement	50.76	55.04
* Pahang Cement Marketing Sdn. Bhd.	Malaysia	Marketing of cement products	50.76	55.04
Pakatan Perakbina Sdn. Bhd.	Malaysia	Property development & building construction	56.36	58.10

Notes to the Financial Statements

Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest	
			2006 %	2005 %
PDC Heritage Hotel Sdn. Bhd.	Malaysia	Inactive	51.00	51.00
Perak-Hanjoong Simen Sdn. Bhd.	Malaysia	Manufacture & sale of cement & clinker	32.91	35.69
PHS Trading Sdn. Bhd.	Malaysia	Marketing of cement products	32.91	35.69
Pintar Projek Sdn. Bhd.	Malaysia	Managers, advisers, consultants, controllers, administrators & agents of real estate investment trust funds	70.00	70.00
Prisma Tulin Sdn. Bhd.	Malaysia	Hotel operator	59.30	59.30
PropertyNetAsia (Malaysia) Sdn. Bhd.	Malaysia	Developing & operating a property portal known as PropertyNetAsia.com.my & the provision of related services	44.44	44.44
Puncak Serunding Sdn. Bhd.	Malaysia	Dormant	100.00	100.00
PYP Sendirian Berhad	Malaysia	Property development	56.36	58.10
Restoran Kisap Sdn. Bhd.	Malaysia	Restaurant operator	100.00	100.00
Satria Sewira Sdn. Bhd.	Malaysia	Inactive	100.00	100.00
Sentul Park Koi Centre Sdn. Bhd.	Malaysia	Trading of fish & livestock	55.00	55.00
* Sentul Park Management Sdn. Bhd.	Malaysia	Park management	39.45	40.67
* Sentul Raya City Sdn. Bhd.	Malaysia	Property development & property investment	39.45	40.67
* Sentul Raya Golf Club Berhad.	Malaysia	Promotion of golf, other sports & hobbies	39.45	40.67
* Sentul Raya Sdn. Bhd.	Malaysia	Property development & property investment	39.45	40.67
Slag Cement Sdn. Bhd.	Malaysia	Manufacture & sale of slag cement	50.76	55.04
Slag Cement (Southern) Sdn. Bhd.	Malaysia	Manufacture & sale of slag cement	50.76	55.04
Specialist Cement Sdn. Bhd.	Malaysia	Inactive	43.15	46.78
* SR Property Management Sdn. Bhd.	Malaysia	Property management	56.36	58.10
Star Hill Hotel Sdn. Bhd.	Malaysia	Hotel operator	100.00	100.00
Star Hill Living. Com Sdn. Bhd.	Malaysia	Trading of paintings & related products	100.00	100.00
Straits Cement Sdn. Bhd.	Malaysia	Manufacture & sale of cement	50.76	55.04
Suri Travel & Tours Sdn. Bhd.	Malaysia	Car rental & air ticketing	70.00	70.00
Syarikat Kemajuan Perumahan Negara Sdn. Bhd.	Malaysia	Property development	56.36	58.10
Syarikat Pembinaan Yeoh Tiong Lay Sdn. Bhd.	Malaysia	Civil engineering works & construction, property & real estate investment, development, investment holding & related services	100.00	100.00
Transportable Camps Sdn. Bhd.	Malaysia	Trading & rental of transportable cabins & wood based products	100.00	100.00

Notes to the Financial Statements

Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest	
			2006 %	2005 %
Tugas Sejahtera Sdn. Bhd.	Malaysia	Investment holding	50.76	55.04
Udapakat Bina Sdn. Bhd.	Malaysia	Property development	56.36	58.10
Yap Yew Hup Brickworks (Perak) Sdn. Bhd.	Malaysia	Inactive	93.80	93.80
Yeoh Tiong Lay Brickworks Sdn. Bhd.	Malaysia	Inactive	100.00	100.00
Yeoh Tiong Lay Management Sdn. Bhd.	Malaysia	Dormant	100.00	100.00
Yeoh Tiong Lay Realty Sdn. Bhd.	Malaysia	Realty, investment & management services	100.00	100.00
YTL Building Products Sdn. Bhd.	Malaysia	Dormant	50.76	55.04
YTL Cement Berhad	Malaysia	Investment holding, management services & hiring of vehicles	50.76	55.04
YTL Cement Marketing Sdn. Bhd.	Malaysia	Marketing of cement products	50.76	55.04
YTL Charters Sdn. Bhd.	Malaysia	Chartering of aircrafts, helicopters, ships & vehicles	100.00	100.00
YTL Civil Engineering Sdn. Bhd.	Malaysia	Civil engineering works & construction	90.00	90.00
*YTL Corp Finance (Labuan) Ltd.	Malaysia	Special purpose vehicle for issuance of securities	100.00	–
YTL Design Services Sdn. Bhd.	Malaysia	Dormant	100.00	100.00
YTL Digital Sdn. Bhd.	Malaysia	Dormant	100.00	100.00
YTL Energy Sdn. Bhd.	Malaysia	Dormant	100.00	100.00
YTL e-Solutions Berhad	Malaysia	Investment in e-commerce, internet, non-internet related businesses & provision of related services	74.07	74.07
YTL Heritage Hotels Sdn. Bhd.	Malaysia	Dormant	100.00	100.00
YTL Hotel Management Services Sdn. Bhd.	Malaysia	Dormant	70.00	70.00
YTL Hotels Central Services Sdn. Bhd.	Malaysia	Dormant	100.00	100.00
YTL Hotels & Properties Sdn. Bhd.	Malaysia	Investment holding & management services	100.00	100.00
YTL Industries Berhad	Malaysia	Investment holding, property development & property investment	100.00	100.00
YTL Info Screen Sdn. Bhd.	Malaysia	Creating, providing & advertising content, web media & up to date information via electronic media	73.91	73.91
*YTL Land & Development Berhad	Malaysia	Provision of financial, treasury & secretarial services	56.36	58.10
YTL Land Sdn. Bhd.	Malaysia	Property investment	100.00	100.00
YTL Majestic Hotel Sdn. Bhd.	Malaysia	Inactive	100.00	100.00
*YTL Power Generation Sdn. Bhd.	Malaysia	Developing, constructing, completing, maintaining & operating power plants	58.06	58.68
*YTL Power International Berhad	Malaysia	Investment holding	58.06	58.68

Notes to the Financial Statements

Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest	
			2006 %	2005 %
YTL Power Services Sdn. Bhd.	Malaysia	Operation & maintenance of power stations	100.00	100.00
YTL Premix Sdn. Bhd.	Malaysia	Inactive	100.00	100.00
YTL Project Management Services Sdn. Bhd.	Malaysia	Provision of management services for construction projects	100.00	100.00
YTL Quarry Sdn. Bhd.	Malaysia	Dormant	50.76	55.04
YTL Technologies Sdn. Bhd.	Malaysia	Servicing & hiring of equipment	80.30	82.02
YTL Vacation Club Berhad	Malaysia	Inactive	100.00	100.00
* Buildcon Vietnam Limited	British Virgin Islands	Dormant	35.53	38.53
* Dynamic Marketing (UK) Limited	England	Inactive	100.00	100.00
* Hipmobile Singapore Pte. Ltd.	Republic of Singapore	Telecommunication services & consultancy & the creation, aggregation & sale of wireless content multimedia works & applications	51.85	51.85
* Infoscreen Networks Plc	United Kingdom	Investment holding	73.91	73.91
* P.T. YTL Jawa Timur	Indonesia	Construction management, consultancy services & power station operation services	58.06	58.68
* S.A. SC Technology France	France	Waste treatment processes	58.06	58.68
* SC Technology GmbH	Switzerland	Waste treatment processes	58.06	58.68
* SC Technology Denmark ApS	Denmark	Waste treatment processes	58.06	58.68
* SC Technology Deutschland GmbH	Germany	Waste treatment processes	58.06	58.68
* SC Technology Nederlands BV	Netherlands	Waste treatment processes	58.06	58.68
* Wessex Engineering & Construction Services Ltd. (formerly known as Wessex Engineering Services Ltd.)	England & Wales	Engineering & construction services	58.06	58.68
* Wessex Logistics Ltd.	England & Wales	Dormant	58.06	58.68
* Wessex Promotions Ltd.	England & Wales	Entertainment promotion	58.06	58.68
* Wessex Property Services Ltd.	England & Wales	Dormant	58.06	58.68
* Wessex Spring Water Ltd.	England & Wales	Dormant	58.06	58.68
* Wessex Water Commercial Ltd.	England & Wales	Inactive	58.06	58.68
* Wessex Water Engineering Services Limited	England & Wales	Dormant	58.06	58.68
* Wessex Water Enterprises Limited	England & Wales	Commercial activities outside of regulated business	58.06	58.68

Notes to the Financial Statements

Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest	
			2006 %	2005 %
* Wessex Water Limited	England & Wales	Investment holding	58.06	58.68
* Wessex Water Pension Scheme Trustee Limited	England & Wales	Management of Wessex Water Pension Scheme	58.06	58.68
* Wessex Water Services Finance Plc	England & Wales	Issue of bonds	58.06	58.68
* Wessex Water Services Limited	England & Wales	Water supply & waste water services	58.06	58.68
* Wessex Water Trustee Company Limited	England & Wales	Dormant	58.06	58.68
* Yeoh Tiong Lay Construction (S) Pte. Ltd.	Republic of Singapore	Property investment	100.00	100.00
* YTL Cayman Limited	Cayman Islands	Ownership & chartering of yachts & vessels	100.00	100.00
* YTL Cement Singapore Pte. Ltd.	Republic of Singapore	General importers & exporters of construction materials	50.76	55.04
* YTL Construction (SA) (Proprietary) Ltd.	South Africa	Inactive	100.00	100.00
* YTL Corp Finance (Cayman) Ltd.	Cayman Islands	Dormant	100.00	–
* YTL Corporation (UK) PLC	England	Dormant	100.00	100.00
* YTL-CPI Power Limited	Hong Kong	Dormant	29.61	29.93
* YTL Engineering Limited	England & Wales	Dormant	58.06	58.68
* YTL Events Limited	England & Wales	Providing entertainment events free to the public for payment by sponsors	58.06	58.68
* YTL (Guernsey) Limited	Guernsey	Investment & property holding	100.00	100.00
YTL Jawa O & M Holdings B.V.	Netherlands	Investment holding	58.06	58.68
YTL Jawa O & M Holdings Limited	Cyprus	Investment holding	58.06	58.68
YTL Jawa Power B.V.	Netherlands	Investment holding	58.06	58.68
YTL Jawa Power Finance Ltd.	Cayman Islands	Investment holding	58.06	–
YTL Jawa Power Holdings B.V.	Netherlands	Investment holding	58.06	58.68
YTL Jawa Power Holdings Limited	Cyprus	Investment holding	58.06	58.68
YTL Jawa Power Services B.V.	Netherlands	Investment holding	58.06	58.68
YTL Power Australia Limited	Cayman Islands	Investment holding	58.06	58.68
YTL Power Finance (Cayman) Limited	Cayman Islands	Investment holding	58.06	58.68
YTL Power International Holdings Limited	Cayman Islands	Investment holding	58.06	58.68
* YTL Services Limited	England & Wales	Dormant	58.06	58.68
YTL Utilities Finance Limited	Cayman Islands	Investment holding	58.06	58.68
YTL Utilities Finance 2 Limited	Cayman Islands	Investment holding	58.06	58.68
YTL Utilities Finance 3 Limited (formerly known as Concrete Investments Limited)	Cayman Islands	Investment holding	58.06	–
YTL Utilities Holdings Limited	Cayman Islands	Investment holding	58.06	–
YTL Utilities Limited	Cayman Islands	Investment holding	58.06	58.68
* YTL Utilities (UK) Limited	England & Wales	Investment holding	58.06	58.68

* Subsidiaries not audited by HLB Ler Lum

Notes to the Financial Statements

In compliance with the licence requirement, additional financial information to that contained in its statutory accounts have been prepared by Wessex Water Services Limited for its water and waste water business in accordance with guidance issued by the Director General of Water Services in the United Kingdom. These accounts measure profitability on the basis of real financial capital maintenance in the context of assets which are valued at the current cost value to the business. Specifically modern equivalent asset values arising from the latest periodic review are incorporated into the regulatory financial statements. Assets acquired and in operational use are valued at the replacement cost of their operating capability. Therefore, the tangible fixed assets value as at 31 March, 2006 as disclosed in the current cost balance sheet of Wessex Water Services Limited was RM68,692 million [GBP10,199 million] (2005: RM69,017 million [GBP10,048 million]).

b Subsidiaries' financial statements

The unaudited financial statements of Buildcon Vietnam Limited, YTL Cayman Limited and YTL (Guernsey) Limited were consolidated in the Group's financial statements as these subsidiaries were not required by their local legislations to have their financial statements audited.

c Amount due from/to subsidiaries

The amount due from/to subsidiaries pertain mainly to payments on behalf and advances made and received. The outstanding amounts are unsecured, interest free and have no fixed terms of repayment except for certain advances given to and received from subsidiaries which bear interest at rates ranging from 3.3% to 5.0% per annum (2005: 3.5% to 4.5% per annum).

d Significant subsidiaries acquired

- i On 14 October, 2005, a subsidiary of the Group, YTL Jawa Power Holdings Limited acquired YTL Jawa Power Finance Limited (formerly known as YTL Utilities Investments Limited).

YTL Jawa Power Finance Limited, a company incorporated in the Cayman Islands on 27 June, 2003, is an investment holding company with an authorised share capital of USD50,000 comprising 50,000 ordinary shares of USD1 each. The issued and paid-up share capital is USD6,200 divided into 6,200 ordinary shares of USD1 each.

- ii On 20 February, 2006, Buildcon Concrete Enterprise Sdn. Bhd., a subsidiary of the Group, subscribed for 316,200 shares of RM1 each in Buildcon Ensidesa Sdn. Bhd. ("BESB") by way of cash consideration of RM250,000 and capitalisation of equipment for a price of RM66,200 for a 51% equity interest in BESB.

- iii On 3 April, 2006, a subsidiary of the Group, YTL Utilities Limited acquired a new wholly-owned subsidiary, YTL Utilities Holdings Limited ("YTLUH").

YTLUH was incorporated in the Cayman Islands on 24 March, 2006 with an authorised share capital of GBP250,000 comprising 250,000 shares of par value GBP1 each. The issued and paid-up capital stands at GBP132,688 comprising 132,688 shares of GBP1 each. YTLUH is principally involved in investment holding.

On 28 April, 2006, YTL Utilities Limited acquired a new wholly-owned subsidiary, YTL Utilities Finance 3 Limited (formerly known as Concrete Investments Limited).

YTL Utilities Finance 3 Limited ("YTLUF3") was incorporated in the Cayman Islands on 18 May, 2004 with an authorised share capital of USD50,000 comprising 50,000 shares of par value USD1 each. The issued and paid-up share capital stands at USD1 comprising 1 share of USD1. YTLUF3 is principally involved in investment holding.

Notes to the Financial Statements

e Joint ventures

The joint ventures mentioned below are held by a subsidiary, Wessex Water Limited.

Jointly controlled operations

The Group has a 50% interest in a joint arrangement, Bristol Wessex Billing Services Limited, which was incorporated in England and Wales. On 28 June, 2001, Wessex Water Limited and Wessex Water Services Limited entered into a joint arrangement with a third party, under which the billing and customer services of both groups were transferred to Bristol Wessex Billing Services Limited.

The Group's share of the assets, liabilities and expenses of the jointly controlled operations has been accounted for in the books of the relevant subsidiary as follows:-

	Group	
	2006 RM	2005 RM
Current assets	16,164,480	20,605,500
Current liabilities	(18,858,560)	(23,352,900)
Net liabilities	(2,694,080)	(2,747,400)
Expenses	68,200,420	69,109,600

14 SUMMARY OF EFFECT OF ACQUISITION OF SUBSIDIARIES

During the year, the Group has completed the acquisition of certain subsidiaries, namely Buildcon Ensidesa Sdn. Bhd., Diamond Recipe Sdn. Bhd., YTL Jawa Power Finance Limited, YTL Utilities Holdings Limited and YTL Utilities Finance 3 Limited (formerly known as Concrete Investments Limited). These acquisitions were accounted for using the acquisition method of accounting.

a The effect of the acquisition of these subsidiaries on the financial results for the financial year is as follows:-

	Group	
	2006 RM	2005 RM
Revenue	82,005,923	169,140,600
Cost of sales	(5,424,199)	(125,383,131)
Gross profit	76,581,724	43,757,469
Other operating income	-	962,070
Other operating expenses	(10,808)	(16,218,108)
Administration expenses	(25,408,810)	(10,052,394)
Profit from operations	51,162,106	18,449,037
Finance costs	(1,529,361)	(20,718,271)
Profit/(Loss) before taxation	49,632,745	(2,269,234)
Taxation	(29,948)	(3,047,715)
Profit/(Loss) after taxation	49,602,797	(5,316,949)
Minority interests	(39,459)	2,965,919
Net profit/(loss) for the year	49,563,338	(2,351,030)
Increase/(Decrease) in net profits	49,563,338	(2,351,030)

Notes to the Financial Statements

b The effect of the acquisition of these subsidiaries on the financial position as at 30 June, 2006 is as follows:-

	Group	
	2006 RM	2005 RM
Development expenditure	–	39,542,657
Property, plant & equipment	1,475,592	1,189,625,852
Unquoted investments	868,037	–
Investment in associated companies	224,913,938	–
Inventories	239,365	62,195,043
Debtors	951,439	23,198,884
Inter-company balances	3,174,192,846	(6,373,126)
Cash & cash equivalents	755,708,306	31,047,754
Creditors	(25,874,189)	(105,150,158)
Borrowings	–	(866,297,316)
Taxation	(20,882)	(610,639)
Hire purchase liabilities	–	(233,344)
Goodwill on acquisition	–	247
Deferred taxation	–	275,188
Post-employment benefit obligations	–	(12,241,295)
	4,132,454,452	354,979,747
Minority interests	(793,800)	(119,952,165)
Purchase consideration	(579,171,637)	(215,713,585)
Purchase consideration due but not paid	–	(646,516)
Incidental costs	–	(1,097,742)
Increase in net assets	3,552,489,015	17,569,739

15 ASSOCIATED COMPANIES

a Investment in associated companies

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Unquoted shares, at cost	936,612,195	862,195,623	216,821,441	139,571,441
Share of post acquisition profits	363,520,781	260,225,134	–	–
	1,300,132,976	1,122,420,757	216,821,441	139,571,441

	Group	
	2006 RM	2005 RM
Represented by:-		
Share of net assets other than goodwill	1,264,599,484	1,067,647,362
Net premium on acquisition	35,533,492	54,773,395
	1,300,132,976	1,122,420,757

Notes to the Financial Statements

Details of the associated companies are as follows:-

Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest	
			2006 %	2005 %
Business & Budget Hotels (Kuantan) Sdn. Bhd.	Malaysia	Hotel & resort operations	50.00	50.00
* Express Rail Link Sdn. Bhd.	Malaysia	Operation & maintenance of Express Rail Link Railway System between KLIA & KL Sentral	50.00	50.00
IBSB-SPYTL Sdn. Bhd.	Malaysia	Inactive	50.00	50.00
* Jimah Power Generation Sdn. Bhd.	Malaysia	Dormant	28.45	28.75
North South Development Sdn. Bhd.	Malaysia	Property development	49.00	49.00
Perwira YTL Corporation Sdn. Bhd.	Malaysia	Civil engineering works & construction	49.00	49.00
RME-SPYTL Sdn. Bhd.	Malaysia	Inactive	50.00	50.00
Skaarup & Jespersen (Malaysia) Sdn. Bhd.	Malaysia	Management & consultancy services	40.00	40.00
SMC Mix Sdn. Bhd.	Malaysia	Manufacture & sale of ready-mixed concrete	25.38	27.52
Superb Aggregates Sdn. Bhd.	Malaysia	Extraction, removal, processing & sale of sand	50.00	50.00
* Teknologi Tenaga Perlis (Overseas) Consortium Sdn. Bhd.	Malaysia	Dormant	17.42	17.60
Trans-Pacific Hotels Sdn. Bhd.	Malaysia	Inactive	50.00	50.00
Trans-Pacific Resorts Sdn. Bhd.	Malaysia	Inactive	50.00	50.00
ZE-SPYTL Sdn. Bhd.	Malaysia	Inactive	50.00	50.00
* Bristol Wessex Billing Services Limited	England & Wales	Joint Venture billing company	29.03	29.34
* Eastern & Oriental Express Ltd.	Bermuda	Ownership & management of the luxury train service known as the 'Eastern & Oriental Express'	32.00	32.00
* ElectraNet Transmission Services Pty Ltd	Australia	Principal electricity transmission network service provider	19.45	19.66
* Jurong Cement Limited	Republic of Singapore	Investment holding	10.63	–
* P.T. Jawa Power	Indonesia	To construct, commission & operate a coal-fired thermal power station	20.32	20.54
* Surin Bay Company Limited	Thailand	Hotel & resort operations	49.00	49.00

* Companies not audited by HLB Ler Lum

b Amount due from/to associated companies

The amount due from/to associated companies pertain mainly to trade receivables and payables, fees charged, payments on behalf and advances. The outstanding amounts are unsecured, interest free and have no fixed terms of repayment.

Notes to the Financial Statements

16 QUOTED INVESTMENTS

The investments are quoted shares of corporations within and outside Malaysia, stated at cost. The cost and market value of the quoted investments are as follows:-

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Cost				
Within Malaysia	626,050,327	14,217,636	566,432,275	356,730
Outside Malaysia	113,365	106,134	106,134	106,134
	626,163,692	14,323,770	566,538,409	462,864
Market value				
Within Malaysia	609,002,032	35,139,280	519,051,450	212,452
Outside Malaysia	5,904	16,278	5,904	16,278
	609,007,936	35,155,558	519,057,354	228,730

The directors are of the opinion that the shortfall in market value of the quoted investments of the Group and of the Company is temporary in nature and there is no permanent diminution in the value of these investments in respect of the shortfall.

17 UNQUOTED INVESTMENTS

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Within Malaysia	562,674,830	561,575,000	6,950,000	6,950,000
Outside Malaysia	25,536,494	18,781,994	–	–
	588,211,324	580,356,994	6,950,000	6,950,000

The directors are of the opinion that it is not practicable within the constraints of cost to estimate the fair value of shares in unquoted corporations reliably. However, it is the directors' view that the carrying value of investment in unquoted corporations approximated its fair value at balance sheet as the investee companies are profitable and are in net tangible assets position.

Notes to the Financial Statements

18 DEVELOPMENT EXPENDITURE

a Land held for property development:-

	Group	
	2006	2005
	RM	RM
At beginning of the year		
Freehold land - at cost	131,606,000	128,215,000
Leasehold land - at cost	80,210,050	80,057,050
Development costs	255,935,977	268,803,491
	467,752,027	477,075,541
Add : Costs incurred during the year		
Freehold land - at cost	893,000	3,391,000
Leasehold land - at cost	15,246,449	-
Development costs	6,502,351	1,041,733
	22,641,800	4,432,733
Less : Disposed during the year		
Freehold land - at cost	(36,266)	-
Add/(Less) : Transferred from/(to) property development costs (Note 20)		
Leasehold land - at cost	-	153,000
Development costs	-	(13,909,247)
	-	(13,756,247)
At end of the year	490,357,561	467,752,027

b Project development expenditure:-

	Group	
	2006	2005
	RM	RM
At beginning of the year		
Freehold land - at cost	30,333,916	30,333,916
Leasehold land - at cost	42,896,638	4,182,638
Development costs	176,894,932	109,146,224
	250,125,486	143,662,778

Notes to the Financial Statements

	Group	
	2006	2005
	RM	RM
Add : Arising from acquisition of subsidiaries		
Leasehold land - at cost	–	38,714,000
Development costs	–	828,657
	–	39,542,657
Add : Cost incurred during the year		
Development costs	71,460,199	99,992,736
Amortisation	(207,260)	(207,260)
	71,252,939	99,785,476
Less : Cost written off during the year		
Development costs	(7,978,033)	(24,536,338)
Less : Transferred to property, plant & equipment		
Development costs	(65,350)	–
Less : Transferred to investment properties		
Development costs	(151,017,321)	–
Less : Others		
Development costs	–	(8,329,087)
At end of the year	162,317,721	250,125,486

c Internet portal development expenditure:-

	Group	
	2006	2005
	RM	RM
At beginning of the year	1,461,203	1,613,198
Capitalised during the year	–	73,267
Charged to Income Statement	(212,913)	–
Amortised during the year	(224,072)	(225,262)
At end of the year	1,024,218	1,461,203
	653,699,500	719,338,716

Notes to the Financial Statements

Included in the development expenditure are current charges of:-

	Group	
	2006	2005
	RM	RM
Director's remuneration		
- emoluments	106,400	-
- benefits in kind	17,400	-
Interest expenses	270,806	1,624,739
Staff costs	2,949,292	3,301,927

Freehold land costing RM64.97 million (2005: RM65.00 million) of the Group included in the land held for property development is subject to a charge in favour of banks for term loans granted (Note 34).

19 INVENTORIES

	Group	
	2006	2005
	RM	RM
Completed properties	54,424,855	40,908,901
Finished goods	29,896,930	14,954,714
Work-in-progress	25,480,727	12,641,679
Raw materials	53,556,397	50,610,095
Consumable stores	10,703,590	6,914,015
Spare parts	159,495,336	158,042,655
	333,557,835	284,072,059

Included in the inventories is an amount of RM37.83 million (2005: RM38.05 million) comprising completed properties for sale, stated at net realisable value.

Completed properties amounting to RM2.58 million of the Group, which were transferred from property development costs during the current financial year are subject to a charge in favour of banks for term loans granted (Note 34).

20 PROPERTY DEVELOPMENT COSTS

	Group	
	2006	2005
	RM	RM
At beginning of the year		
Freehold land - at cost	18,874,336	18,874,336
Leasehold land - at cost	5,117,945	373,000
Development costs	525,204,576	390,297,839
Less : Adjustment *	(24,669,000)	(24,669,000)
Allowance for foreseeable losses	(11,632,000)	(11,632,000)
	512,895,857	373,244,175

Notes to the Financial Statements

	Group	
	2006	2005
	RM	RM
Add : Costs incurred during the year		
Freehold land - at cost	35,000	-
Leasehold land - at cost	12,322,343	4,897,945
Development costs	138,444,700	120,997,490
	150,802,043	125,895,435
Less : Reversal of development costs for completed projects	(72,298,000)	-
Add : Transferred (to)/from land held for property development (Note 18)		
Leasehold land - at cost	-	(153,000)
Development costs	-	13,909,247
	-	13,756,247
Less : Transferred to inventories		
Freehold land - at cost	(3,662,000)	-
Development cost	(10,527,000)	-
	(14,189,000)	-
	577,210,900	512,895,857
Less : Costs recognised as an expense in Income Statement		
- Prior years	329,330,645	194,551,939
- Current year	135,264,035	134,778,706
- Completed projects	(72,298,000)	-
	392,296,680	329,330,645
At end of the year	184,914,220	183,565,212
Progress billings recognised	132,507,552	62,291,529
Less : Actual billings	(94,316,523)	(26,979,393)
Accrued billings	38,191,029	35,312,136

Notes to the Financial Statements

	Group	
	2006	2005
	RM	RM
Included in the property development costs are current charges of:-		
Interest expenses	5,534,000	4,435,000
Director's emoluments	–	106,400
Rental of premises	30,380	30,990
Staff costs (excluding director's emoluments)	102,272	2,461,331

Freehold land amounting to RM2.58 million of the Group which is subject to a charge in favour of banks for term loans granted (Note 34) has been transferred to inventories as completed properties during the current financial year.

The title deeds of the leasehold land are pending registration of the transfer from Employees Provident Fund Board in favour of the identified buyers upon completion of development units pursuant to a Development Agreement.

* The adjustment to property development costs arose from measurements by the consultants and project managers, of work-in-progress on a project suspended in 1998 which are deemed final by the directors of the Group. A corresponding amount has been adjusted to reduce the provision previously made in respect of these works. The financial statements do not include any adjustment that would arise should these measurements not be finally determined on the basis adopted.

21 TRADE DEBTORS

	Group	
	2006	2005
	RM	RM
Trade debtors	1,162,084,007	1,055,795,003
Less : Allowance for doubtful debts	(143,865,983)	(148,544,396)
	1,018,218,024	907,250,607
Progress billings & final sum receivables	286,651,658	235,954,730
Retention sum	3,890,731	5,323,824
	1,308,760,413	1,148,529,161

Credit terms of trade debtors ranged from 7 to 180 days (2005: 7 to 180 days).

The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or groups of debtors other than that related to its power generation business whereby it supplies to a single customer, which is a credit worthy entity. As at 30 June, 2006, 11% (2005: 14%) of trade debtors of the Group was due from a customer in relation to the sale of electricity. The amount was fully settled after the financial year end.

Notes to the Financial Statements

22 AMOUNT DUE FROM/TO CONTRACT CUSTOMERS

	Group	
	2006 RM	2005 RM
Aggregate costs incurred to date	545,391,285	525,650,466
Recognised profits less recognised losses	66,294,745	37,467,076
	611,686,030	563,117,542
Progress billings	(607,577,610)	(559,410,603)
	4,108,420	3,706,939
Amount due to contract customers classified as current liabilities	8,604,395	19,793,718
Amount due from contract customers	12,712,815	23,500,657
Included in aggregate costs incurred to date are current charges:-		
Depreciation (Note 11)	430,538	3,376,894
Hiring of motor vehicles	9,713	438
Hiring of plant, machinery & equipment	2,377,205	1,612,862
Interest expenses	1,844,919	1,734,239
Other rental	2,700	-
Rental of land	720,000	720,000
Staff costs	12,241,534	12,819,558

23 OTHER DEBTORS, DEPOSITS & PREPAYMENTS

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Other debtors	598,162,289	651,007,580	17,744,272	19,230,451
Less : Allowance for doubtful debts	(95,399)	(78,000)	-	-
	598,066,890	650,929,580	17,744,272	19,230,451
Amount recoverable from a supplier #	156,042,215	156,042,215	-	-
Deposits	17,695,262	10,925,552	341,627	175,189
Prepayments *	118,911,331	121,075,517	1,321,958	1,404,505
	890,715,698	938,972,864	19,407,857	20,810,145

Notes to the Financial Statements

The amount recoverable from a supplier was due to the following:-

A subsidiary of the Group entered into a Gas Supply Agreement (“GSA”) on 15 March, 1993. Under this agreement, the price of gas to be supplied was calculated by reference to a market price-related formula. However, since 1 May, 1997, the Government of Malaysia has fixed the price of gas. Accordingly, the market price-related formula applicable under the GSA has not been used. As a consequence, a dispute existed over whether a discount provided for under the market price-related formula is applicable under the GSA. The Government has informed the subsidiary that with effect from 1 January, 2002, the discount has been reinstated.

* Included in prepayments of the Group are:-

- i An amount of RM3,169,417 (2005: RM9,508,250) being prepaid interest in relation to the interest rate swap for the RM750,000,000 7% Redeemable Non-Guaranteed Unsecured Bonds. The amount is amortised over a period of 7 years commencing from January, 2000 (Note 33).
- ii An amount of RM57,533,341 (2005: RM63,803,704) being prepayment of gas costs representing price differential between the gas price calculated by reference to a market price-related formula as stipulated in the GSA and the gas price fixed by the Government on 1 May, 1997 to 31 December, 2001. This prepayment will be amortised to match with the benefits to be received from the discount over the remaining period of the GSA.

24 HOLDING COMPANY

The Company regards Yeoh Tiong Lay & Sons Holdings Sdn. Bhd., a company incorporated in Malaysia as its holding company.

The amount due from/to holding company pertains mainly to payments on behalf and advances made and received. The outstanding amount is unsecured, interest free and has no fixed terms of repayment.

25 AMOUNT DUE FROM/TO RELATED COMPANIES

The amount due from/to related companies pertain mainly to trade receivables/payables, advances and payments on behalf. These are unsecured, interest free and have no fixed terms of repayment.

26 SHORT TERM INVESTMENTS

	Group		Company	
	2006	2005	2006	2005
	RM	RM	RM	RM
Unquoted debt securities of corporations in Malaysia and unit trusts				
At cost	70,585,312	68,665,087	27,447,885	26,701,184

Short term investments comprise commercial papers, which would mature within the next financial year or are renewable on a monthly basis, and unit trusts.

The directors are of the opinion that it is not practicable within the constraints of cost to estimate the fair value of shares in unquoted debt securities of corporations and unit trusts reliably. However, it is the directors’ view that the carrying value of investment in unquoted debt securities of corporations and unit trusts approximated its fair value.

Notes to the Financial Statements

27 CASH & CASH EQUIVALENTS

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Fixed deposits				
- licensed banks	5,732,016,593	5,423,769,805	376,969,997	163,863,061
- licensed finance companies	46,090,000	28,133,703	-	-
- other corporations	249,060,450	191,041,433	13,328,094	7,215,358
	6,027,167,043	5,642,944,941	390,298,091	171,078,419
Cash & bank balances	70,029,436	75,483,374	1,443,521	1,362,867
Bank overdrafts	(67,609,885)	(76,634,975)	-	-
	6,029,586,594	5,641,793,340	391,741,612	172,441,286

Fixed deposits of certain subsidiaries amounting to RM687,752,745 (2005: RM785,678,376) have been pledged to financial institutions for banking facilities granted to these subsidiaries.

Cash and bank balances of the Group include accounts totalling RM9,432,594 (2005: RM12,494,521) held under Housing Development Accounts pursuant to Section 7A of the Housing Developers (Control and Licensing) Act, 1966.

The weighted average interest rates of deposits that were effective at the balance sheet date were as follows:-

	Group		Company	
	2006 %	2005 %	2006 %	2005 %
Deposits with licensed banks	3.40	2.90	2.71	2.71
Deposits with licensed finance companies	3.47	2.81	-	-
Deposits with other corporations	3.40	2.74	2.66	2.66

Deposits of the Group and of the Company have maturities ranging from 1 to 457 days (2005: 1 to 457 days). Bank balances are deposits held at call with banks.

28 TRADE CREDITORS

Credit terms of trade creditors granted to the Group vary from 21 to 180 days (2005: 21 to 180 days).

Notes to the Financial Statements

29 OTHER CREDITORS & ACCRUALS

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Other creditors	424,591,929	442,476,354	2,929,943	3,113,944
Accruals	588,637,371	564,478,345	2,950,676	2,755,322
	1,013,229,300	1,006,954,699	5,880,619	5,869,266

30 PROPERTY MAINTENANCE FUNDS

Included in property maintenance funds are current charges/(credits):-

	Group	
	2006 RM	2005 RM
Depreciation (Note 11)	96,566	122,778
Rental of equipment	–	(426)
Staff costs	1,740,372	1,881,993
Fixed deposit interest received	(76,021)	(25,364)
Gain on disposal of property, plant & equipment	–	(934)
Other interest received	(64,008)	(113,953)
Rental income	(39,000)	(41,914)

31 HIRE PURCHASE LIABILITIES

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Minimum hire purchase payments:-				
Payable not later than 1 year	5,765,546	7,722,699	343,920	372,744
Payable later than 1 year and not later than 5 years	3,799,927	5,441,965	403,093	673,963
	9,565,473	13,164,664	747,013	1,046,707
Less : Financing charges	(533,253)	(884,487)	(41,110)	(69,558)
Present value of hire purchase liabilities	9,032,220	12,280,177	705,903	977,149

Notes to the Financial Statements

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Present value of hire purchase liabilities:-				
Payable not later than 1 year	5,400,305	6,793,625	316,375	332,531
Payable later than 1 year and not later than 5 years	3,631,915	5,486,552	389,528	644,618
	9,032,220	12,280,177	705,903	977,149
Represented by hire purchase liabilities:-				
Current	5,400,305	6,793,625	316,375	332,531
Non-current	3,631,915	5,486,552	389,528	644,618
	9,032,220	12,280,177	705,903	977,149

The hire purchase liabilities of the Group and the Company carry weighted average interest at the balance sheet date at 2.57% (2005: 2.80%) and 2.58% (2005: 2.55%) per annum respectively.

32 FINANCE LEASE LIABILITIES

	Group	
	2006 RM	2005 RM
Minimum lease payments:-		
Payable not later than 1 year	51,213,719	49,917,880
Payable later than 1 year and not later than 5 years	771,447,381	838,941,592
	822,661,100	888,859,472
Less : Financing charges	(234,655,518)	(270,383,396)
Present value of minimum lease payments	588,005,582	618,476,076
Present value of minimum lease payments:-		
Payable not later than 1 year	21,660,408	18,834,173
Payable later than 1 year and not later than 5 years	566,345,174	599,641,903
	588,005,582	618,476,076

Notes to the Financial Statements

Represented by finance lease liabilities:-

	Group	
	2006 RM	2005 RM
Current	21,660,408	18,834,173
Non-current	566,345,174	599,641,903
	588,005,582	618,476,076

The finance lease of RM587,943,607 [GBP87,294,157] (2005: RM618,186,605 [GBP90,003,145]) is an unsecured obligation of a subsidiary of the Group, Wessex Water Services Limited. The principal amount is repayable in instalments until 30 June, 2019. This finance lease bears an interest rate of LIBOR minus 0.48% derived from the annual lease rental payable.

The other finance leases carry weighted average interest at the balance sheet date at 5.5% (2005: 4.93%) per annum derived from the monthly lease rentals payable.

33 BONDS

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Current:-				
Fixed rate bonds [Note 33(A)]	125,000,000	125,000,000	-	-
Medium term notes [Note 33(H)]	100,000,000	100,000,000	-	-
7% Redeemable Non-Guaranteed Unsecured Bonds 2000/2007 [Note 33(B)]	749,508,928	-	-	-
	974,508,928	225,000,000	-	-
Non current:-				
Fixed rate bonds [Note 33(A)]	187,500,000	312,500,000	-	-
7% Redeemable Non-Guaranteed Unsecured Bonds 2000/2007 [Note 33(B)]	-	748,526,786	-	-
5.875% Guaranteed Unsecured Bonds [Note 33(C)]	1,340,448,244	1,340,198,360	-	-
Guaranteed Variable Coupon Bonds Due 2009 [Note 33(D)]	673,520,000	686,850,000	-	-
3.52% Retail Price Index Guaranteed Bonds [Note 33(E)]	371,096,143	379,434,577	-	-
5.75% Guaranteed Unsecured Bonds [Note 33(F)]	2,324,432,280	2,369,209,438	-	-
5.375% Guaranteed Unsecured Bonds [Note 33(G)]	1,331,422,828	1,357,041,499	-	-
Medium term notes [Note 33(H)]	1,699,371,818	1,399,281,212	500,000,000	500,000,000
Zero Coupon Exchangeable Guaranteed Bonds Due 2010 [Note 33(I)]	912,876,678	911,428,488	-	-
	8,840,667,991	9,504,470,360	500,000,000	500,000,000
	9,815,176,919	9,729,470,360	500,000,000	500,000,000

Notes to the Financial Statements

	Carrying amount RM	Group Fair value RM
2006		
Fixed rate bonds	312,500,000	334,635,719
7% Redeemable Non-Guaranteed Unsecured Bonds 2000/2007	749,508,928	863,774,398
5.875% Guaranteed Unsecured Bonds	1,340,448,244	1,360,525,304
Guaranteed Variable Coupon Bonds Due 2009	673,520,000	683,607,895
3.52% Retail Price Index Guaranteed Bonds	371,096,143	430,379,280
5.75% Guaranteed Unsecured Bonds	2,324,432,280	2,518,964,800
5.375% Guaranteed Unsecured Bonds	1,331,422,828	1,353,101,680
Zero Coupon Exchangeable Guaranteed Bonds Due 2010	912,876,678	906,899,832
2005		
Fixed rate bonds	437,500,000	487,000,837
7% Redeemable Non-Guaranteed Unsecured Bonds 2000/2007	748,526,786	868,972,589
5.875% Guaranteed Unsecured Bonds	1,340,198,360	1,430,937,500
Guaranteed Variable Coupon Bonds Due 2009	686,850,000	715,468,750
3.52% Retail Price Index Guaranteed Bonds	379,434,577	423,099,600
5.75% Guaranteed Unsecured Bonds	2,369,209,438	2,628,574,950
5.375% Guaranteed Unsecured Bonds	1,357,041,499	1,431,395,400
Zero Coupon Exchangeable Guaranteed Bonds Due 2010	911,428,488	919,283,444

The carrying amounts of the medium term notes of the Group and of the Company at the balance sheet date approximated their fair value.

A FIXED RATE BONDS

The fixed rate bonds were issued by a subsidiary of the Group, YTL Power Generation Sdn. Bhd. pursuant to a Subscription Agreement dated 30 October, 1993 and bear interest at a rate of 10% per annum. The principle amount of the bonds issued under the Subscription Agreement was RM1,500,000,000.

The fixed rate bonds are secured by fixed and floating charges over all assets of the subsidiary, both present and future. The fixed rate bonds are repayable in half-yearly equal instalments commenced from the year 1999.

B 7% REDEEMABLE NON-GUARANTEED UNSECURED BONDS 2000/2007

Pursuant to a Trust Deed dated 5 January, 2000, a subsidiary, YTL Power International Berhad issued RM750 million nominal value of 7-year 7.0% Redeemable Non-Guaranteed Unsecured Bonds 2000/2007 ("RNGU Bonds") with 572,166,338 detachable warrants.

The RNGU Bonds with 572,166,338 detachable warrants were constituted under a Trust Deed and Deed Poll dated 5 January, 2000 and 13 March, 2000 respectively.

Notes to the Financial Statements

The principle features of the RNGU Bonds are as follows:-

- a The RNGU Bonds bear interest at 7.0% per annum, payable semi-annually on 11 July and 11 January of each financial year. The subsidiary entered into an associated interest rate swap agreement as set out in Note 45 (a).
- b The RNGU Bonds are redeemable on 11 January, 2007 ("Maturity Date") at one hundred percent (100%) of its nominal value. Unless previously redeemed, repurchased, cancelled or otherwise satisfied by the subsidiary, the Bonds will be redeemed in full by the subsidiary on the Maturity Date at one hundred percent (100%) of its nominal value together with all accrued interest on the surrender of the bond certificate.

The nominal value of the RNGU Bonds with 572,166,338 detachable warrants, amounted to RM750 million and remained outstanding as at 30 June, 2006, net of amortised fees and discount.

C 5.875% GUARANTEED UNSECURED BONDS

On 30 March, 1999, a subsidiary of the Group, Wessex Water Services Finance Plc ("Issuer"), issued GBP300,000,000 nominal value of 5.875% Guaranteed Unsecured Bonds due 2009 ("GU Bonds") unconditionally and irrevocably guaranteed by Wessex Water Services Limited ("Guarantor"), another subsidiary of the Group. The GU Bonds are constituted under a Trust Deed dated 30 March, 1999. The nominal value of GU Bonds issued amounted to GBP300,000,000 and GBP199,021,298 remained outstanding as at 30 June, 2006, net of amortised fees and discount.

The principal features of the GU Bonds are as follows:-

- a The GU Bonds bear interest at 5.875% per annum, payable annually on 30 March of each financial year.
- b Unless previously redeemed, repurchased, cancelled or otherwise satisfied by the Issuer, the GU Bonds will be redeemed in full by the Issuer on 30 March, 2009 at their nominal value together with all accrued interest on the surrender of the GU Bonds.
- c The Issuer may, at any time, purchase the GU Bonds in any manner and at any price. If purchases are made by tender, tenders must be available to all bondholders alike. All GU Bonds purchased by the Issuer will forthwith be cancelled.
- d The Issuer, by giving the appropriate notice and in accordance with the conditions laid out in the offering circular, may purchase the GU Bonds if there is a change in tax legislation or if it wishes to do so at a price determined by an agreed formula.
- e The bondholders may put the GU Bonds to the Issuer if:-
 - i Wessex Water Services Limited loses its Appointment;
 - ii the Issuer ceases to be a subsidiary of Wessex Water Services Limited; or
 - iii a Restructuring Event occurs which results in the GU Bonds being downgraded below investment grade.

'Appointment' refers to the Instrument of Appointment dated 1 September, 1989 under Section 11 of the Water Act, 1989 (now Section 6 of the Water Industry Act, 1991) appointing the Guarantor as a water undertaker and sewerage undertaker for the areas described therein. 'Restructuring Event' refers to either:-

- a any material rights, benefits or obligations of Wessex Water Services Limited under the Appointment or any material terms of the Appointment are modified; or
- b any legislation is enacted removing, reducing or qualifying the duties or powers of the Secretary of State for the Environment and/or the Director General of Water Services.

Notes to the Financial Statements

D GUARANTEED VARIABLE COUPON BONDS DUE 2009

On 30 March, 2001, GBP100,000,000 nominal value of the GU Bonds were redeemed by the issue of GBP100,000,000 Guaranteed Variable Coupon Bonds ("GVC Bonds") due 2009 by Wessex Water Services Finance Plc unconditionally and irrevocably guaranteed by Wessex Water Services Limited.

The nominal value of GVC Bonds issued remained outstanding as at 30 June, 2006 (2005: GBP100,000,000). Interest payable on the GVC Bonds is calculated by reference to ratings assigned to the GVC Bonds. The GVC Bonds are unsecured and the interest rate since issuance was 5.875% payable semi-annually in arrears on 30 September and 30 March of each financial year. Other features of the GVC Bonds remain similar to that of the GU Bonds mentioned in Note 33 (C).

E 3.52% RETAIL PRICE INDEX GUARANTEED BONDS

On 10 December, 2001, Wessex Water Services Finance Plc ("Issuer"), a subsidiary of the Group, issued GBP50,000,000 nominal value of 3.52% Guaranteed Retail Price Index with Zero Floor Bonds due 2023 ("RPIG Bonds") unconditionally and irrevocably guaranteed by Wessex Water Services Limited ("Guarantor"). The RPIG Bonds were constituted under a Trust Deed dated 10 December, 2001 and are unsecured.

The principal features of the RPIG Bonds are as follows:-

- a The RPIG Bonds bear interest semi-annually on 30 January and 30 July at an interest rate of 3.52% initially, indexed up by the inflation rate every year. The effective interest rate as at 30 June, 2006 is 5.95% (2005: 6.97%) per annum.
- b Unless previously redeemed, repurchased, cancelled or otherwise satisfied by the Issuer, the RPIG Bonds will be redeemed in full by the Issuer on 30 July, 2023 at their indexed value together with all accrued interest on the surrender of the RPIG Bonds.
- c The Issuer may, at any time, purchase the RPIG Bonds in any manner and at any price. If purchases are made by tender, tenders must be available to all bondholders alike. All RPIG Bonds purchased by the Issuer will forthwith be cancelled.
- d The Issuer, by giving the appropriate notice and in accordance with the conditions laid out in the offering circular, may purchase the RPIG Bonds if there is a change in tax legislation or if it wishes to do so at a price determined by an agreed formula.
- e The bondholders may put the RPIG Bonds to the Issuer if:-
 - i Wessex Water Services Limited loses its Appointment;
 - ii the Issuer ceases to be a subsidiary of Wessex Water Services Limited; or
 - iii a Restructuring Event occurs which results in the RPIG Bonds being downgraded below investment grade.

'Appointment' refers to the Instrument of Appointment dated 1 September, 1989 under Section 11 of the Water Act, 1989 (now Section 6 of the Water Industry Act, 1991) appointing the Guarantor as a water undertaker and sewerage undertaker for the areas described therein. 'Restructuring Event' refers to either:-

- a any material rights, benefits or obligations of Wessex Water Services Limited under the Appointment or any material terms of the Appointment are modified; or

Notes to the Financial Statements

- b any legislation is enacted removing, reducing or qualifying the duties or powers of the Secretary of State for the Environment and/or the Director General of Water Services.

The nominal value of RPIG Bonds issued of GBP50,000,000 remained outstanding as at 30 June, 2006, net of amortised fees and discount.

F 5.75% GUARANTEED UNSECURED BONDS

On 15 October, 2003, Wessex Water Services Finance Plc (“Issuer”), a subsidiary of the Group, issued GBP350,000,000 nominal value of 5.75% Guaranteed Unsecured Bonds due 2033 (“GU Bonds”) unconditionally and irrevocably guaranteed by Wessex Water Services Limited (“Guarantor”). The GU Bonds are constituted under a Trust Deed dated 15 October, 2003. The nominal value of GU Bonds issued amounted to GBP350,000,000 and GBP345,117,039 (2005: GBP344,938,406) remained outstanding as at 30 June, 2006, net of amortised fees and discount. The net proceeds of the GU Bonds were used for refinancing of existing financial indebtedness and for general corporate purposes.

The principal features of the GU Bonds are as follows:-

- a The GU Bonds bear interest at 5.75% per annum, payable annually on 14 October of each financial year.
- b Unless previously redeemed, repurchased, cancelled or otherwise satisfied by the Issuer, the GU Bonds will be redeemed in full by the Issuer on 14 October, 2033 at their nominal value together with all accrued interest on the surrender of the GU Bonds.
- c The Issuer may, at any time, purchase the GU Bonds in any manner and at any price. If purchases are made by tender, tenders must be available to all bondholders alike. All GU Bonds purchased by the Issuer will forthwith be cancelled.
- d The Issuer, by giving the appropriate notice and in accordance with the conditions laid out in the offering circular, may purchase the GU Bonds if there is a change in tax legislation or if it wishes to do so at a price determined by an agreed formula.
- e The bondholders may put the GU Bonds to the Issuer if:-
 - i Wessex Water Services Limited loses its Appointment;
 - ii the Issuer ceases to be a subsidiary of Wessex Water Services Limited; or
 - iii a Restructuring Event occurs which results in the GU Bonds being downgraded below investment grade.

‘Appointment’ refers to the Instrument of Appointment dated 1 September, 1989 under Section 11 of the Water Act, 1989 (now Section 6 of the Water Industry Act, 1991) appointing the Guarantor as a water undertaker and sewerage undertaker for the areas described therein. ‘Restructuring Event’ refers to either:-

- a any material rights, benefits or obligations of the Guarantor under the Appointment or any material terms of the Appointment are modified;
- b any legislation is enacted removing, reducing or qualifying the duties or powers of the Secretary of State for the Environment and/or the Director General of Water Services.

Notes to the Financial Statements

G 5.375% GUARANTEED UNSECURED BONDS

On 10 March, 2005, Wessex Water Services Finance Plc (“Issuer”), a subsidiary of the Group, issued GBP200,000,000 nominal value 5.375% Guaranteed Unsecured Bonds due 2028 (“GU Bonds”) unconditionally and irrevocably guaranteed by Wessex Services Limited (“Guarantor”). The GU Bonds are constituted under a Trust Deed dated 10 March, 2005. The nominal value of GU Bonds issued amounted to GBP200,000,000 and GBP197,681,261 (2005: GBP197,574,652) remained outstanding as at 30 June, 2006, net of amortised fees and discount. The net proceeds of the GU Bonds were used for refinancing of existing financial indebtedness and for general corporate purposes.

The principal features of the GU Bonds are as follows:-

- a The GU Bonds bear interest at 5.375% per annum, payable on 10 March of each financial year.
- b Unless previously redeemed, repurchased, cancelled or otherwise satisfied by the Issuer, the GU Bonds will be redeemed in full by the Issuer on 10 March, 2028 at their nominal value together with accrued interest on the surrender of the GU Bonds.
- c The Issuer may, at any time, purchase the GU Bonds in any manner and at any price. If purchases are made by tender, tenders must be available to all bondholders alike. All GU Bonds purchased by the Issuer will forthwith be cancelled.
- d The Issuer, by giving the appropriate notice and in accordance with the conditions laid out in the offering circular, may purchase the GU Bonds if there is a change in tax legislation or if it wishes to do so at a price determined by an agreed formula.
- e The bondholders may put the GU Bonds to the Issuer if:-
 - i Wessex Water Services Limited loses its Appointment;
 - ii the Issuer ceases to be a subsidiary of Wessex Water Services Limited; or
 - iii a Restructuring Event occurs which results in the GU Bonds being downgraded below investment grade.

‘Appointment’ refers to the Instruments of Appointment dated 1 September, 1989 under Section 11 of the Water Act, 1989 (now Section 6 of the Water Industry Act, 1991) appointing the Guarantor as a water undertaker and sewerage undertaker for the areas described therein. ‘Restructuring Event’ refers to either:-

- a any material rights, benefits or obligations of Wessex Water Services Limited under the Appointment or any material terms of the Appointment are modified;
- b any legislation is enacted removing, reducing or qualifying the duties or powers of the Secretary of State for the Environment and/or the Director General of Water Services.

H MEDIUM TERM NOTES (“MTNs”)

The MTNs of the Company were constituted under the MTNs Programme Agreement and MTNs Trust Deed both dated 18 June, 2004, and the First Supplemental MTNs Trust Deed dated 13 July, 2004.

A nominal value of RM500 million of MTNs was issued on 25 June, 2004 to refinance the Company’s RM500 million nominal value 8.5% Redeemable Non-Guaranteed Unsecured Bonds 1999/2004. The coupon rate of the MTNs is 5.30% per annum, payable semi-annually in arrears and the MTNs are redeemable on 25 June, 2009 at nominal value.

Notes to the Financial Statements

The nominal value of RM1.3 billion unsecured MTNs ranging between 1 year to 11 years were issued by YTL Power Generation Sdn. Bhd. ("YTLPG"), a subsidiary of the Group, pursuant to a Facility Agreement dated 16 July, 2003. Interest is payable semi-annually. The Facility bears interest rates ranging from 3.20% to 4.05% per annum (2005: 3.20% to 4.05% per annum).

A principal amount of RM100 million was repaid by YTLPG during the financial year.

During the financial year, YTLPG issued an additional unsecured MTNs at a nominal value of RM400 million ranging between 1 year to 3 years which bears an interest rate ranging from 3.02% to 4.55% per annum. Interest is payable semi-annually.

I ZERO COUPON EXCHANGEABLE GUARANTEED BONDS DUE 2010

On 9 May, 2005, YTL Power Finance (Cayman) Limited ("YTLPF"), a subsidiary of the Group, issued USD250 million nominal value 5-year Exchangeable Guaranteed Bonds at 100% nominal value ("ZCEG Bonds") which were listed on the Singapore Exchange Securities Trading Limited on 10 May, 2005. Each ZCEG Bond entitles its registered holder to exchange for fully paid ordinary shares ("Shares") of a subsidiary, YTL Power International Berhad ("YTLPI"), with a par value of RM0.50 each at an initial exchange price of RM2.277 per share at a fixed exchange rate of USD1.00 = RM3.80. The initial exchange price is also subject to adjustments in accordance with the terms and conditions of the ZCEG Bonds as set out in the Trust Deed dated 9 May, 2005.

The net proceeds from the issue of the ZCEG Bonds will be used by YTLPI to finance its offshore investments and projects and/or for the potential repayment of foreign currency borrowings.

The principal features of the ZCEG Bonds which mature on 9 May, 2010 are as follows:-

- a The ZCEG Bonds carry no coupon, have a maturity yield of 3.375% and have a put option at 110.56% on 9 May, 2008.
- b The ZCEG Bonds constitute direct, unsubordinated, unconditional and (subject to the negative pledge) unsecured obligations of YTLPF shall at all times rank *pari passu* and without any preference or priority among themselves.
- c The ZCEG Bonds will be unconditionally and irrevocably guaranteed by YTLPI.
- d Final redemption

Unless previously purchased and cancelled, redeemed or exchanged, the ZCEG Bonds will be redeemed on 9 May, 2010 at 118.22% of their principal amount.

- e Mandatory exchange option of YTLPF or YTLPI

On or at any time after 23 May, 2007 but not less than 21 days prior to the Maturity Date, either YTLPF or YTLPI may, in respect of all (but not some) of the outstanding ZCEG Bonds exercise an option to mandatorily exchange the ZCEG Bonds for Shares, provided that the volume weighted average price of the Shares into which each USD100,000 principal amount of ZCEG Bonds can be exchanged for each of 20 consecutive trading days ending on a date no earlier than five trading days prior to the date of notice of mandatory exchange was at least 120% of the early redemption amount of such USD100,000 principal amount Bond. YTLPF or YTLPI, as the case may be, has the option to settle the mandatory exchange in full or in part by the payment of cash.

Notes to the Financial Statements

f Redemption at the option of YTLPF

YTLPF may redeem the ZCEG Bonds, in whole but not in part, at their early redemption amount if less than 10% of the aggregate principal amount of the ZCEG Bonds originally issued is still outstanding.

g Redemption by bondholders upon delisting of the Shares or a change of control of YTLPI

Upon the Shares ceasing to be listed on Bursa Malaysia Securities Berhad or upon a change of control of YTLPI, the ZCEG Bonds may be redeemed at the option of bondholders at their early redemption amount at the relevant redemption date.

34 BORROWINGS

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Term loans [Note 34(A)]	2,325,326,648	2,594,973,042	–	–
Revolving credit [Note 34(B)]	1,826,719,934	2,398,645,902	877,398,000	1,213,298,000
Committed bank loans [Note 34(C)]	43,010,988	46,781,354	–	–
Commercial papers [Note 34(D)]	250,000,000	–	250,000,000	–
Bai Bithaman Ajil [Note 34(E)]	373,814,953	653,558,553	–	–
Irredeemable Convertible Unsecured Loan Stocks [Note 34(F)]	9,900,860	–	–	–
	4,828,773,383	5,693,958,851	1,127,398,000	1,213,298,000
Repayable not later than 1 year	1,251,182,709	2,925,104,566	1,127,398,000	1,213,298,000
Repayable later than 1 year and not later than 5 years	1,990,219,227	2,727,666,259	–	–
Repayable later than 5 years	1,587,371,447	41,188,026	–	–
	4,828,773,383	5,693,958,851	1,127,398,000	1,213,298,000
Represented by:-				
Current	1,251,182,709	2,925,104,566	1,127,398,000	1,213,298,000
Non-current	3,577,590,674	2,768,854,285	–	–
	4,828,773,383	5,693,958,851	1,127,398,000	1,213,298,000

Notes to the Financial Statements

The carrying amounts of borrowings of the Group and of the Company at the balance sheet date approximated their fair value.

	Group		Company	
	2006 %	2005 %	2006 %	2005 %
Weighted average effective interest rate				
Terms loans	4.44	4.95	–	–
Revolving credit	4.27	3.64	3.30	3.30
Committed bank loans	4.28	5.00	–	–
Commercial papers	2.96	–	–	–
Bai Bithaman Ajil	6.08	5.11	–	–
Irredeemable Convertible Unsecured Loan Stocks	4.00	–	–	–

	Group		Securities
	2006 RM	2005 RM	
	28,868,580	33,309,900	- A first party first fixed charge over the long term leasehold land and buildings of a subsidiary to be erected thereon - A debenture creating a first fixed and floating charge over a subsidiary's present and future assets
	188,413,389	205,939,026	- A first party first fixed charge over the freehold land of a subsidiary
	3,127,203,171	3,778,366,389	- Clean
	181,000,000	154,000,000	- Corporate guarantee by the Company - A first legal charge on the freehold land of a subsidiary - An assignment of shareholders undertaking in favour of the lenders
	223,999,999	130,000,000	- A first fixed and floating charge over the assets of a subsidiary
	648,321,935	661,345,903	- Secured by fixed deposits of a subsidiary
	57,151,356	24,484,750	- A deferred payment facility and is secured by progress payment from Dewan Bandaraya Kuala Lumpur
	373,814,953	706,512,883	- A fixed charge over the long term leasehold land of a subsidiary - A debenture to create fixed and floating charges over the present and future assets of a subsidiary
	4,828,773,383	5,693,958,851	

Notes to the Financial Statements

Company		Securities
2006	2005	
RM	RM	
1,127,398,000	1,213,298,000	- Clean

A Term loans

	Group	
	2006	2005
	RM	RM
The currency exposure profile of the term loans is as follows:-		
Denominated in Great Britain Pounds	1,324,140,320	1,201,987,500
Denominated in US Dollar	622,753,003	946,297,536
Denominated in Ringgit Malaysia	378,433,325	446,688,006
	2,325,326,648	2,594,973,042

i Term loans denominated in Great Britain Pounds

The term loans of RM1,324,140,320 [GBP196,600,000] (2005: RM1,201,987,500 [GBP175,000,000]) are unsecured loans of Wessex Water Services Limited and are guaranteed by Wessex Water Limited, both are subsidiaries of the Group. The loans bear interest rates of LIBOR plus 0.15% and LIBOR plus a different variable margin for each of the GBP21,600,000 and GBP175,000,000 respectively. Wessex Water Services Limited entered into interest rate swap agreements in relation to the term loans as set out in Note 45(b).

ii Term loans denominated in US Dollars

YTL Utilities Finance 2 Limited ("YTLUF2"), a subsidiary of the Group, had in 2005 drawdown a term loan of USD250,000,000. The term loan is unsecured and is guaranteed by YTL Power International Berhad ("YTLPI"). The loan bears an interest rate of LIBOR plus 0.475% margin. The term loan facility was subsequently novated by YTLUF2 to YTLPI on 7 October, 2005, of which USD80,000,000 has been prepaid during the current financial year.

iii Term loans denominated in Ringgit Malaysia

Term loan of RM188.41 million (2005: RM208.94 million) bears interest at 1.25% (2005: 1.25%) per annum above the banks' cost of funds and is secured by a first legal charge on the freehold land of a subsidiary of the Group, Sentul Raya Sdn. Bhd. and a corporate guarantee of its holding company, YTL Land & Development Berhad.

The term loan shall be repaid in 9 equal semi-annual instalments.

Notes to the Financial Statements

B Revolving credit

Revolving credit of RM648,321,935 (2005: RM661,345,903) is secured by fixed deposits of YTL Utilities Finance Limited, a subsidiary of the Group. The facility bears an interest rate of LIBOR plus 0.10%.

C Committed bank loans

A committed bank loan totalling RM43,010,988 [EUR9,226,486] (2005: RM46,781,352 [EUR10,084,131]) is guaranteed by Wessex Water Limited, a subsidiary of the Group. The loan bears an interest rate of EURO base rate plus 0.60% and varies depending on the credit rating of Wessex Water Limited.

D Commercial papers ("CP")

The CP of the Company were constituted under the Trust Deed dated 18 June, 2004 and expires on 20 October, 2012.

The first issuance of CP was made on 20 October, 2005 at a nominal value of RM250 million with upfront interest rate ranging from 2.86% to 3.69% per annum and tenure period ranging from one to six months.

E Bai Bithaman Ajil

The Bai Bithaman Ajil Facility bears interest rates ranging from 5.35% to 6.80% (2005: 5.00% to 6.25%) per annum and is secured by identified landed properties, a debenture to create fixed and floating charges over the present and future assets, a first fixed charge over all designated accounts and all insurance policies of Perak-Hanjoong Simen Sdn. Bhd. ("PHS"), a subsidiary of the Group.

The Bai Bithaman Ajil Facility is repayable over 15 semi-annual instalments, where the first of which was paid on 15 May, 2006. During the financial year, PHS has prepaid RM300 million of the Bai Bithaman Ajil Facility and the prepaid amount was applied in inverse order of the Bai Bithaman Ajil Facility.

The other main terms and conditions of the Bai Bithaman Ajil Facility are as follows:-

- i gearing must be maintained at a ratio not exceeding 1.85 times at all times during the remaining tenure of the Bai Bithaman Ajil Facility;
- ii minimum Debt Service Coverage Ratio ("DSCR") of 1.3 times at all times during the remaining tenure of the Bai Bithaman Ajil Facility; and
- iii cash flow management through establishment of Designated Accounts and annual budget for operational and capital expenditures.

Notes to the Financial Statements

F Irredeemable Convertible Unsecured Loan Stocks

On 10 November, 2005, YTL Cement Berhad ("YTL Cement"), a subsidiary of the Group issued 483,246,858 10 years 4% stepping up to 6% Irredeemable Convertible Unsecured Loan Stocks ("ICULS") at a nominal value of RM1.00 each.

The main features of the ICULS are as follows:-

- a The ICULS bear interest of 4% per annum from date of issue up to fourth anniversary and 5% per annum from the date after the fourth anniversary up to the seventh anniversary. Thereafter, the ICULS bear interest at 6% per annum up to the maturity date. The interest is payable semi-annually in arrears.
- b The ICULS are convertible at any time on or after its issuance date into new ordinary shares of YTL Cement at the conversion price, which is fixed on a step-down basis, as follows:-
 - i For conversion at any time from the date of issue up to the fourth anniversary is RM2.72
 - ii For conversion at any time after fourth anniversary of issue up to the seventh anniversary is RM2.04
 - iii For conversion at any time after seventh anniversary of issue up to the maturity date is RM1.82
- c The ICULS are not redeemable and any ICULS remaining immediately after the maturity date shall be automatically converted into ordinary shares at the conversion price.
- d The new ordinary shares issued from the conversion of ICULS will be deemed fully paid up and rank pari passu in all respects with all existing ordinary shares of YTL Cement.

The fair values of the liability component and the equity conversion component were determined at issuance of the loan stocks.

The ICULS is recognised in the Balance Sheet of the Group as follows:-

	Group	
	2006	2005
	RM	RM
Face value of ICULS issued	483,246,858	-
Less : ICULS held by the Company and certain subsidiaries of the Group	(451,081,069)	-
	32,165,789	-
Equity component, net of deferred tax	(21,965,293)	-
Liability component on initial recognition	10,200,496	-
Interest expenses	520,924	-
Interest paid	(640,860)	-
Accrued interest	(179,700)	-
Liability component as at 30 June, 2006	9,900,860	-

Notes to the Financial Statements

	Group	
	2006	2005
	RM	RM
Equity component, net of deferred tax	21,965,293	–
Deferred tax assets	2,856,139	–
Equity component on initial recognition	24,821,432	–
Conversion to ordinary shares of YTL Cement	(452,780)	–
Equity component as at 30 June, 2006	24,368,652	–

Interest expenses on the ICULS is calculated on the effective yield basis by applying the effective interest rate, 8% per annum, for an equivalent non-convertible loan stock to the liability component of the ICULS.

35 BANKERS' ACCEPTANCES & BANK OVERDRAFTS

Included in bank overdrafts are RM63,923,783 [GBP9,491,000] (2005: RM62,414,060 [GBP9,087,000]) of unsecured loans of Wessex Water Services Limited, Wessex Water Limited and SC Technology Nederlands BV, subsidiaries of the Group. These overdrafts are repayable in full on demand and bear interest of Base Rate plus 1%.

The effective weighted average interest rates charged on the other unsecured bank overdrafts and bankers' acceptances are 4.59% and 3.83% (2005: 7.19% and 3.51%) per annum respectively.

36 PROVISION FOR LIABILITIES & CHARGES

	Group	
	2006	2005
	RM	RM
As at beginning of the year	45,408,981	49,851,729
Currency translation differences	(487,840)	(84,665)
Charged to Income Statement	9,257,905	5,967,400
Payments	(4,750,723)	(10,325,483)
As at end of the year	49,428,323	45,408,981

Provision for liabilities and charges of RM37.17 million (2005: RM31.02 million) relate to the scaling down of operations of certain subsidiaries of the Group.

The other provisions for liabilities and charges relate to expected liquidated ascertained damages claims based on the terms of the applicable sale and purchase agreements in respect of projects undertaken by a subsidiary of the Group.

Notes to the Financial Statements

37 POST-EMPLOYMENT BENEFIT OBLIGATIONS

a Defined contribution plan - current

	Group	
	2006 RM	2005 RM
Charged to Income Statement	13,199,527	10,343,297
Payments	(11,943,327)	(9,229,826)
As at end of the year	1,256,200	1,113,471

Group companies incorporated in Malaysia contribute to the Employees Provident Fund, the national defined contribution plan. Once the contributions have been paid, the Group has no further payment obligations.

b Defined benefit plan - non-current

	Group	
	2006 RM	2005 RM
Malaysia	2,599,426	10,250,336
Overseas		
- United Kingdom	404,010,972	415,544,250
- Indonesia	2,632,764	1,990,959
	409,243,162	427,785,545

i Malaysia

One of the subsidiaries operates an unfunded defined benefit scheme under its Industry Employees' Union Agreement. The subsidiary is also liable to pay retirement benefits to eligible union employees upon their retirement after five years of continuous service upon voluntary resignation after ten years of continuous service. The provision is calculated based on length of service and remuneration as at the year end for all employees regardless of their years of service assuming there will be no resignation. The present value of the defined benefit obligations as required by Financial Reporting Standard 119, Employee Benefits has not been used in arriving at the provision, as the retirement scheme is insignificant to the Group. Accordingly no further disclosure as required by the standard is made.

	Group	
	2006 RM	2005 RM
At 1 July	10,250,336	–
Arising from acquisition of subsidiaries	–	10,216,892
Charged to Income Statement	1,789,108	551,185
Payments	(9,440,018)	(517,741)
At 30 June	2,599,426	10,250,336

Notes to the Financial Statements

ii Overseas

United Kingdom

The Group operates final salary defined benefit plans for its employees in the United Kingdom, the assets of which are held in separate trustee-administered funds. The latest actuarial valuation of the plan was undertaken at 31 December, 2004. This valuation was updated as at 30 June, 2006 using revised assumptions.

The movements during the financial year in the amounts recognised in the Consolidated Balance Sheet are as follows:-

	2006 RM	2005 RM
As at 1 July	415,544,250	393,072,680
Pension cost	69,425,379	57,121,200
Contributions and benefits paid	(72,835,400)	(33,849,600)
Currency translation differences	(8,123,257)	(800,030)
As at 30 June	404,010,972	415,544,250

The amounts recognised in the Consolidated Balance Sheet may be analysed as follows:-

	2006 RM	2005 RM
Present value of funded obligations	2,251,476,332	2,141,598,300
Fair value of plan assets	(1,770,010,560)	(1,651,187,400)
Status of funded plan	481,465,772	490,410,900
Unrecognised actuarial loss	(77,454,800)	(74,866,650)
Liability in the balance sheet	404,010,972	415,544,250

The pension cost recognised may be analysed as follows:-

	2006 RM	2005 RM
Current service cost	52,507,702	39,491,200
Interest cost	103,293,840	107,190,400
Expected return on plan assets	(92,699,600)	(93,086,400)
Past service cost	6,323,437	3,526,000
Total, included in staff costs	69,425,379	57,121,200
Actual return on plan assets	114,188,180	232,245,300

Notes to the Financial Statements

The charge to the Income Statement was included in the following line items:-

	2006 RM	2005 RM
Cost of sales	21,287,801	9,167,600
Administration expenses	26,949,098	22,566,600
Finance cost	10,594,240	14,104,000
Total charge to Income Statement	58,831,139	45,838,200
Capitalised spread across fixed assets	10,594,240	11,283,000
	69,425,379	57,121,200

The principal actuarial assumptions used in respect of the Group's defined benefit plan were as follows:-

	2006 %	2005 %
Discount rate	5.20	5.00
Expected rate of increase in pension payment	2.80	2.50
Expected rate of salary increase	3.80	3.50
Price inflation	2.80	2.50

Indonesia

The Group operates a pension benefit plan for its employees in Indonesia. Employee benefits due from prevailing manpower law and regulations as well as the company's regulations are recognised when they accrue to the employees. In accordance with Labour Law No. 13/2003 ("Law 13") the subsidiary is required to provide pension benefits, with minimum benefits as stipulated in the Law. Pension benefits under the Law No. 13/2003 represent a defined benefits plan. An employee is entitled to this pension benefits if the employee enters pension age/retires under the subsidiary's employment. Further, as determined in the prevailing Collective Labour Agreement ("CLA") between the subsidiary and the employees, employees are entitled to certain amount of benefits upon voluntary resignation. As per the subsidiary's regulation, Indonesian national employees are also eligible to be paid a long leave service benefit, while expatriate employees are eligible to receive a foreign service benefit in accordance with a standard clause in all expatriate secondment agreements.

Contribution to the plan charged to the Income Statement amounted to RM1,550,257 (2005: RM157,161). The Group's accumulated contribution to the plan has been accounted in the actuarial calculation for determining provision for Post Employment Benefits. Based on this actuary calculation, provision for Post Employment Benefit as at 30 June, 2006 is RM2,632,764 (2005: RM1,990,959).

The latest actuarial valuation of the plan was undertaken on 10 March, 2006.

Notes to the Financial Statements

38 GOODWILL

	Group	
	2006 RM	2005 RM
As at beginning of the year	767,543,826	685,499,924
Arising from acquisition of new subsidiaries	31,870	1,781,511
Arising from acquisition of additional shares in existing subsidiaries	22,982,177	3,209,991
Realisation of goodwill on disposal of shares in subsidiaries	(12,368)	(517,728)
Arising from deemed acquisition due to share buy-back by the listed subsidiaries	50,607,150	100,612,333
Realisation of goodwill upon deemed dilution of interest in subsidiaries	(3,637,938)	(23,042,205)
As at end of the year	837,514,717	767,543,826

39 SHARE CAPITAL

	Group/Company	
	2006 RM	2005 RM
Authorised:-		
As at beginning and end of the year		
- 3,000,000,000 ordinary shares of RM0.50 sen each	1,500,000,000	1,500,000,000
Issued and fully paid:-		
As at beginning of the year		
- 1,525,932,001 (2005: 1,474,586,623) ordinary shares of RM0.50 each	762,966,001	737,293,311
Exercise of ESOS options		
- 30,892,500 (2005: Nil) ordinary shares of RM0.50 each	15,446,250	-
Exercise of warrants		
- 7,885,659 (2005: 51,345,378) ordinary shares of RM0.50 each	3,942,829	25,672,690
As at end of the year		
- 1,564,710,160 (2005: 1,525,932,001) ordinary shares of RM0.50 each	782,355,080	762,966,001

TREASURY SHARES

The shareholders of the Company granted the authority to the directors to repurchase its own shares at an Extraordinary General Meeting held on 2 October, 2000 of which the mandate was subsequently renewed at the Annual General Meeting held on 8 December, 2005. The directors of the Company are committed to enhance the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interest of the Company and its shareholders.

Notes to the Financial Statements

The Company's repurchase of its own shares on the Main Board of Bursa Malaysia Securities Berhad are summarised as follows:-

Financial year ended	No. of shares repurchased/ (distributed as share dividend)	Average price paid/ (distributed as share dividend) RM/Share	Total consideration RM
30 June, 2001	52,024,000	4.81	249,979,832
30 June, 2002	(28,425,050)	(4.81)	(136,585,208)
30 June, 2003	775,000	3.38	2,621,528
30 June, 2004	42,702,400	4.51	192,620,786
30 June, 2005	127,906,500	5.24	669,724,236
30 June, 2005	(91,257,845)	(4.78)	(436,258,128)
30 June, 2006	23,197,800	5.44	126,166,275
Total	126,922,805		668,269,321

The repurchase transactions were financed by internally generated funds. The repurchased shares are being held as treasury shares in accordance with the requirement of Section 67A of the Companies Act, 1965.

WARRANTS AND EMPLOYEES' SHARE OPTION SCHEME

The Warrants 1997/2007 and Warrants 1999/2009 were constituted under the Deed Poll dated 20 September, 1997 and 31 July, 1999 respectively.

Each of the Warrants 1997/2007 and Warrants 1999/2009 entitles the holder to the right of allotment of one ordinary share in the Company for every warrant held at a subscription price of RM2.75 per share and RM4.23 per share respectively which are payable in cash (initial subscription price was RM3.80 per share and RM5.45 per share respectively and subsequently adjusted to RM2.95 per share and RM4.54 per share respectively). The subscription price and number of warrants are subject to adjustments under certain circumstances in accordance with the provisions of the Deed Poll.

In addition, the initial exercise price of Warrants 1999/2009 is also subject to adjustments under "step-up pricing mechanism" as set-out in the Deed Poll dated 31 July, 1999.

Warrants 1997/2007 and Warrants 1999/2009 may be exercised at any time before 20 September, 2007 and 26 June, 2009 respectively; thereafter the outstanding warrants will cease to be valid for any purpose.

The new ordinary shares allotted and issued upon exercise of the warrants shall be fully paid and rank pari passu with the then existing ordinary shares of the Company. The warrant holders will not have any voting rights in any general meeting of the Company unless the warrants are exercised into new ordinary shares and registered prior to the date of the general meeting of the Company.

The warrants are quoted on Bursa Malaysia Securities Berhad.

Notes to the Financial Statements

As at 30 June, 2006, the total number of warrants that remain unexercised are as follows:-

Warrants 1997/2007	75,995,891
Warrants 1999/2009	318,136,181

At an Extraordinary General Meeting held on 16 October, 2001, the Company's shareholders approved the establishment of a New Employees' Share Option Scheme ("New ESOS") for eligible employees and executive directors of the Group.

The main features of the New ESOS are as follows:-

- i The New ESOS shall be in force for a period of ten (10) years, effective from 30 November, 2001.
- ii The maximum number of shares which may be made available under the New ESOS shall not exceed ten per cent (10%) of the total issued and paid-up share capital of the Company at the time of offering the option.
- iii Any employee (including executive directors) of the Group shall be eligible to participate in the New ESOS if, as at the date of offer for an option ("Offer Date") the employee:-
 - a has attained the age of eighteen (18) years;
 - b is employed by and on payroll of a company within the Group; and
 - c has been in the employment of the Group for a period of at least one (1) year of continuous service prior to and up to the Offer Date, including service during the probation period, and is confirmed in service. The options committee may, at its discretion, nominate any employee (including executive directors) of the Group to be an eligible employee despite the eligibility criteria under Clause 4.1(iii) of the Bye-Laws not being met, at any time and from time to time.
- iv The price payable for shares under the New ESOS shall be based on the five-day weighted average market price of the underlying shares at the time the option is granted, with a discount of not more than 10%, if deemed appropriate.
- v Subject to Clause 14 of the Bye-Laws, the options committee may, at any time and from time to time, before or after an option is granted, limit the exercise of the options to a maximum number of new ordinary shares of the Company and/or such percentage of the total ordinary shares of the Company comprised in the options during such period(s) within the option period and impose any other terms and/or conditions deemed appropriate by the options committee in its sole discretion including amending/varying any terms and conditions imposed earlier. Notwithstanding the above, and subject to Clauses 11 and 12 of the Bye-Laws, the options can only be exercised by the grantee three (3) years after the Offer Date, by notice in writing to the Company, provided however that the options committee may at its discretion or upon the request in writing by the grantee allow the options to be exercised at any earlier or other period.

The grantee shall be prohibited from disposing the ordinary shares of the Company so allotted to him for a period of twelve (12) months from the date on which the options are exercised. However, the options committee may at its discretion or upon request in writing by the grantee allow the disposal of such ordinary shares of the Company at any earlier or other period.

Notes to the Financial Statements

Information with respect to the number of options granted under the New ESOS is as follows:-

	Number of share options
At 1 July, 2005	31,343,000
Exercised	(30,892,500)
Granted	48,669,000
Lapsed	(1,216,000)
At 30 June, 2006	47,903,500

The terms of share options outstanding as at the end of the financial year are as follows:-

Exercise period	Exercise price RM	Number of share options
16.10.2005 - 29.11.2011	2.79	304,500
01.07.2008 - 29.11.2011	4.81	47,599,000
		47,903,500

40 NON-DISTRIBUTABLE RESERVES

A Share premium

	Group/Company	
	2006	2005
	RM	RM
As at beginning of the year	290,759,325	549,074,821
Shares issued upon exercise of warrants	28,252,584	177,942,632
Shares issued upon exercise of ESOS	70,743,825	-
Distribution of share dividends	-	(436,258,128)
As at end of the year	389,755,734	290,759,325

B Other reserves

	Group	
	2006	2005
	RM	RM
Capital reserve [Note 40(B)(i)]	102,529,125	102,295,149
Equity component of exchangeable bonds [Note 40 (B)(ii)]	35,231,540	35,231,540
Equity component of Irredeemable Convertible Unsecured Loan Stocks [Note 40(B)(iii)]	24,368,652	-
Exchange difference reserve [Note 40 (B)(iv)]	9,041,374	55,761,791
Reserve on consolidation	34,453,649	34,453,649
Revaluation reserve [Note 40(B)(v)]	157,254	157,254
Statutory reserve [Note 40(B)(vi)]	26,008,989	10,246,729
	231,790,583	238,146,112

Notes to the Financial Statements

The movement in each category of reserves are as follows:-

i Capital reserve

	Group	
	2006	2005
	RM	RM
As at beginning of the year	102,295,149	60,959,292
Interest accretion from bonds	–	40,219,455
Acquisition of an associated company	–	1,116,402
Transferred from distributable unappropriated profits	233,976	–
As at end of the year	102,529,125	102,295,149

ii Equity component of exchangeable bonds

	Group	
	2006	2005
	RM	RM
As at beginning of the year	35,231,540	–
Equity component of exchangeable bonds recognised during the year	–	35,231,540
As at end of the year	35,231,540	35,231,540

iii Equity component of Irredeemable Convertible Unsecured Loan Stocks (“ICULS”)

	Group	
	2006	2005
	RM	RM
As at beginning of the year	–	–
Equity component of ICULS recognised during the year	24,368,652	–
As at end of the year	24,368,652	–

iv Exchange difference reserve

	Group	
	2006	2005
	RM	RM
As at beginning of the year	55,761,791	83,906,358
Currency translation differences	(46,720,417)	(28,144,567)
As at end of the year	9,041,374	55,761,791

Notes to the Financial Statements

v Revaluation reserve

	Group	
	2006	2005
	RM	RM
As at beginning of the year	157,254	–
Revaluation surplus arising from freehold land in a subsidiary	–	157,254
As at end of the year	157,254	157,254

vi Statutory reserve

	Group	
	2006	2005
	RM	RM
As at beginning of the year	10,246,729	–
Share of associated company's statutory reserves transferred from distributable unappropriated profits	15,762,260	10,246,729
As at end of the year	26,008,989	10,246,729

41 LONG TERM CREDITORS

	Group	
	2006	2005
	RM	RM
Deposits	16,132,441	22,263,409
Amount due to Keretapi Tanah Melayu Berhad ("KTMB")	69,216,222	69,216,222
	85,348,663	91,479,631

Deposits represent money received from developers of housing development in relation to the provision of water and sewerage infrastructure.

Amount due to KTMB represents the balance of the total purchase consideration of not less than RM105,616,000 (2005: RM105,616,000) for the acquisition of Sentul Raya Development Project Site from KTMB. The amount outstanding will be settled by way of phased development, construction and completion of the Railway Village by YTL Land & Development Berhad, a subsidiary of the Company for KTMB at its sole cost and expense in accordance with the provisions of the development agreement between the subsidiary and KTMB. Pursuant to the Supplementary Development Agreement with KTMB dated 21 December, 2000, the completion date of the Railway Village was deferred to 31 December, 2007.

Notes to the Financial Statements

42 DEFERRED INCOME

	Group	
	2006	2005
	RM	RM
As at beginning of the year	149,212,894	145,320,483
Currency translation differences	(2,880,879)	(177,811)
Credited to Income Statement	(5,767,239)	(5,948,574)
Received during the financial year	6,637,733	10,018,796
As at end of the year	147,202,509	149,212,894

Deferred income represents government grants in respect of specific expenditure on non-infrastructure assets.

43 DEFERRED TAXATION

	Group	
	2006	2005
	RM	(restated) RM
As at beginning of the year	2,501,100,701	2,426,525,444
(Credited)/Charged to Income Statement (Note 8)	(2,872,005)	62,122,801
Currency translation differences	(45,039,945)	(2,669,094)
Acquisition of subsidiaries	-	(758,034)
Acquisition of associated company	-	15,879,584
Arising from issue of Irredeemable Convertible Unsecured Loan Stocks	(2,856,139)	-
As at end of the year	2,450,332,612	2,501,100,701

Deferred tax provided are in respect of:-

	Group	
	2006	2005
	RM	(restated) RM
Deferred tax assets		
Property, plant & equipment		
- capital allowances in excess of depreciation	(1,155,443)	(1,358,194)
Unabsorbed tax losses	(137,136,900)	(550,595)
Unutilised capital allowances	(131,295,439)	(58,932,384)
Retirement benefits	-	(45,366,681)
Advance corporate tax	-	(225,575,277)
Temporary differences		
- Irredeemable Convertible Unsecured Loan Stocks	(122,479,651)	-
Others	(8,422,212)	(7,031,970)
	(400,489,645)	(338,815,101)

Notes to the Financial Statements

	Group	
	2006	2005 (restated)
	RM	RM
Deferred tax liabilities		
Property, plant & equipment		
- capital allowances in excess of depreciation	2,775,570,488	2,755,101,404
Potential real property gains tax on revaluation surplus	235,820	235,820
Revaluation surplus arising from freehold land	59,202,969	61,100,753
Other temporary differences	15,812,980	23,477,825
	2,450,332,612	2,501,100,701

Deferred tax assets have not been recognised in respect of the following items:-

	Group	
	2006	2005
	RM	RM
Unabsorbed tax losses	51,555,594	88,056,909
Unutilised capital allowances	26,412,815	44,039,322
Deductible temporary differences	3,876,826	7,969,636
Taxable temporary differences		
- property, plant & equipment	(12,856,015)	(8,523,213)
Others	-	67,107
	68,989,220	131,609,761
Potential tax benefits calculated at 28% (2005: 28%) tax rate	19,316,982	36,850,733

The unabsorbed tax losses, unutilised capital allowances and unutilised investment allowances are subject to agreement with the Inland Revenue Board.

44 EMPLOYEES INFORMATION

	Group		Company	
	2006	2005	2006	2005
	RM	RM	RM	RM
Staff costs (excluding directors' remuneration)	449,568,818	462,615,886	4,357,654	3,250,917
Included in staff costs are:-				
- defined contribution plan	13,199,527	10,343,297	370,535	316,186
- defined benefit plan	72,764,744	57,829,546	-	-

The number of employees of the Group and of the Company (excluding directors) at the end of the financial year was 6,232 (2005: 6,295) and 36 (2005: 32) respectively.

Notes to the Financial Statements

45 FINANCIAL INSTRUMENTS

Interest rate swaps

Under the interest rate swaps, the Group agrees with other parties to exchange, the differences between interest amounts calculated by reference to the agreed notional principal amounts and payment terms.

The interest rate swap contracts outstanding as at 30 June, 2006 are as follows:-

- a In respect of the 7% RINGGU Bonds Note 33(B), the Group entered into an associated interest rate swap agreement with a financial institution to reduce the annual coupon rate of 7% per annum to an annual coupon rate of 0.725% per annum.
- b In respect of certain term loans in Note 34(A), a subsidiary entered into interest rate swap agreements with financial institutions for a total notional principal amount of GBP10,800,000 (2005: GBP70,800,000) and with expiry periods ranging from 1 year to 5 years. Average floating interest rates ranged from 4.48% to 4.76% (2005: 4.69% to 4.89%) per annum receivable quarterly as compared to fixed interest rate of 5.95% (2005: 5.37% to 5.95%) per annum payable semi-annually as a result of the swap agreements.

	Contract or notional principal amount RM	Group Unfavourable RM
Interest rate swaps		
- at 30 June, 2006	72,740,160	(2,562,901)
- at 30 June, 2005	486,289,800	(6,975,523)

46 SIGNIFICANT RELATED PARTY TRANSACTIONS

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions.

Entity	Relationship	Type of transactions	Group	
			2006 RM	2005 RM
Business & Budget Hotels (Kuantan) Sdn. Bhd.	Associated company of the Company	Progress billings on construction contracts awarded	1,350,000	-
Commercial Central Sdn. Bhd.	Subsidiary of the holding company	Rental of premises	1,242,574	1,228,784
Corporate Promotions Sdn. Bhd.	Subsidiary of the holding company	Advertising & promotional services	4,536,467	1,959,457
Express Rail Link Sdn. Bhd.	Associated company of the Company	Civil engineering & construction works awarded to a subsidiary	-	3,966,332
SMC Mix Sdn. Bhd.	Associated company of a subsidiary	Sale of computer equipment & services rendered	2,792,605	1,076,592
		Charges for media rights	1,666,666	-
		Sale of building materials	6,802,342	5,735,200

Notes to the Financial Statements

Entity	Relationship	Type of transactions	Group	
			2006 RM	2005 RM
Superb Aggregates Sdn. Bhd.	Associated company of a subsidiary	Purchase of building materials	5,961,744	3,437,098
Syarikat Pelanchongan Pangkor Laut Sdn. Bhd.	Subsidiary of the holding company	Management & data processing fees	1,376,239	1,421,930
		Progress billings on construction contracts awarded	2,200,000	–

The directors are of the opinion that these transactions are conducted in the normal course of business and are under terms that are not less favourable than those arranged with third parties.

47 CONTINGENT LIABILITIES - unsecured

- a The Company has given corporate guarantees amounting to RM328,653,000 (2005: RM790,953,000) to financial institutions for facilities granted by financial institutions to its subsidiaries as follows:-

	Total Amount Guaranteed	
	2006 RM'000	2005 RM'000
Block discounting/hire purchase facility	22,940	22,940
Bank overdrafts	20,200	31,900
Letters of credit/trust receipts/bankers' acceptances/shipping guarantees	184,300	134,900
Revolving loans/advances	59,413	59,413
Bankers guarantees:-		
Advance payment bonds/performance bonds, pre-bid bonds and other related guarantees	41,800	41,800
Commercial papers/medium term notes	–	500,000
	328,653	790,953

	Amount Utilised	
	2006 RM'000	2005 RM'000
Block discounting/hire purchase facility	3,470	6,832
Bank overdrafts	171	13,319
Letters of credit/trust receipts/bankers' acceptances/shipping guarantees	50,302	62,998
Revolving loans/advances	28,870	33,310
Advance payment bonds/performance bonds, pre-bid bonds and other related guarantees	32,577	34,531
Commercial papers/medium term notes	–	300,000
	115,390	450,990

Notes to the Financial Statements

- b YTL Power International Berhad, a quoted subsidiary has provided performance guarantees on behalf of its subsidiary in respect of tendering for contracts. The maximum liability as at 30 June, 2006 amounted to RM7,981,771 (2005: RM8,808,566).
- c In YTL Power International Berhad, there is a joint and several shareholders' contingent support with Siemens Financial Services to invest up to a further equity amounting to RM42,850,500.

48 COMMITMENTS

	Group	
	2006	2005
	RM	RM
Capital commitments:-		
Property, plant & equipment		
- Contracted but not provided for in the financial statements	741,930,349	368,175,477
- Authorised but not contracted for in the financial statements	565,500,862	767,764,464
Investments		
- Contracted but not provided for in the financial statements #	100,000,000	100,000,000
Lease rental on sublease of land		
Not later than 1 year	1,219,739	1,219,739
Later than 1 year and not later than 5 years	4,567,557	4,436,877
Later than 5 years	19,469,602	19,640,477
	25,256,898	25,297,093

- # Included in the commitments is an amount of RM100 million (2005: RM100 million) comprising a put option granted by a subsidiary, YTL Land & Development Berhad ("YTL L&D"), to Keretapi Tanah Melayu Berhad ("KTMB") for the purchase of KTMB's 30% equity interest in Sentul Raya Sdn. Bhd., a subsidiary of YTL L&D at a consideration of RM100 million to be satisfied by the issue of new ordinary shares of RM0.50 each at RM1.95 each by YTL L&D. The put option is exercisable by KTMB within three (3) months after the date of approval by shareholders of YTL L&D in general meeting adopting that subsidiary's audited financial statements for the financial year ending 2007.

49 SEGMENTAL INFORMATION

The Group is organised into seven main business segments:-

- i Construction
- ii Information technology & e-commerce related business
- iii Hotel & restaurant operations
- iv Cement manufacturing & trading
- v Management services & others
- vi Property investment & development
- vii Utilities

Notes to the Financial Statements

a Primary reporting business segments

	Construction RM'000	Information technology & e-commerce related business RM'000	Hotel & restaurant operations RM'000	Cement manu- facturing & trading RM'000	Management services & others RM'000	Property investment & development RM'000	Utilities RM'000	Total RM'000
30 June, 2006								
Revenue	273,667	26,535	115,816	1,077,957	314,487	158,552	3,529,359	5,496,373
Results								
Profit from operations (external)	17,651	8,932	12,265	221,425	199,633	721,614	1,528,967	2,710,487
Finance costs								(783,165)
Share of results of associated companies								<u>283,473</u>
Profit from ordinary activities before tax								2,210,795
Tax								<u>(364,080)</u>
Profit from ordinary activities after tax								<u>1,846,715</u>
At 30 June, 2006								
Other information								
Segment assets	489,979	174,920	259,955	2,537,178	5,032,440	1,292,204	17,151,138	26,937,814
Unallocated assets								<u>2,807,910</u>
Total assets								<u>29,745,724</u>
Segment liabilities	(71,184)	(5,129)	(35,448)	(226,509)	(1,245,615)	(124,455)	(246,721)	(1,955,061)
Unallocated liabilities								<u>(17,995,404)</u>
Total liabilities								<u>(19,950,465)</u>
Capital expenditure	2,028	1,296	10,153	46,257	19,177	79,236	651,998	810,145
Depreciation & amortisation	3,886	1,473	2,390	95,562	4,814	3,406	531,920	643,451

Notes to the Financial Statements

	Construction RM'000	Information technology & e-commerce related business RM'000	Hotel & restaurant operations RM'000	Cement manu- facturing & trading RM'000	Management services & others RM'000	Property investment & development RM'000	Utilities RM'000	Total RM'000
30 June, 2005								
Revenue	170,783	26,128	102,264	694,837	235,292	236,944	3,470,602	4,936,850
Results								
Profit from operations (external)	25,829	8,479	9,304	114,632	186,413	95,937	1,445,077	1,885,671
Finance costs								(822,046)
Share of results of associated companies								<u>192,978</u>
Profit from ordinary activities before tax								1,256,603
Tax								<u>(345,887)</u>
Profit from ordinary activities after tax								<u>910,716</u>
At 30 June, 2005								
Other information								
Segment assets	474,605	172,961	239,701	2,499,177	5,748,171	1,871,034	15,967,994	26,973,643
Unallocated assets								<u>2,007,003</u>
Total assets								<u>28,980,646</u>
Segment liabilities	(72,085)	(6,934)	(30,404)	(249,951)	(1,413,972)	(140,306)	(70,048)	(1,983,700)
Unallocated liabilities								<u>(18,877,394)</u>
Total liabilities								<u>(20,861,094)</u>
Capital expenditure	3,468	1,211	4,836	35,886	27,614	108,908	1,002,879	1,184,802
Depreciation & amortisation	6,758	1,692	3,014	70,837	4,669	2,280	558,880	648,130

Notes to the Financial Statements

b Secondary reporting format - geographical segments

Although the Group's business segments are managed on a worldwide basis, they operate in two main geographical areas:-

- i Malaysia
 - Construction
 - Information technology & e-commerce related business
 - Hotel & restaurant operations
 - Cement manufacturing & trading
 - Management services & others
 - Property investment & development
 - Utilities
- ii United Kingdom
 - Utilities

	Sales		Total assets		Capital expenditure	
	2006	2005	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Malaysia	2,930,970	2,440,785	11,123,709	10,716,193	154,496	203,163
United Kingdom	2,373,496	2,328,467	13,377,718	13,288,758	651,998	979,701
Other countries	191,907	167,598	5,244,297	4,975,695	3,651	1,938
	5,496,373	4,936,850	29,745,734	28,980,646	810,145	1,184,802

50 PRIOR YEARS ADJUSTMENT

In prior financial years, the Group recognised deferred tax assets on unused reinvestment allowances. During the financial year, the Group changed its accounting policy and accordingly, deferred tax assets on unused reinvestment allowances are no longer recognised.

The effects of these changes on the Group's financial statements were as follows:-

	As previously reported	Prior years adjustment	As restated
	RM	RM	RM
Financial year ended 30 June, 2005			
Income statement			
Taxation	(328,307,325)	(17,579,970)	(345,887,295)
Minority interest	(359,952,389)	7,752,423	(352,199,966)
Net profit for the year	568,343,726	(9,827,547)	558,516,179

Notes to the Financial Statements

Financial year ended 30 June, 2005	As previously reported RM	Prior years adjustment RM	As restated RM
Balance sheet			
Unappropriated profits	4,834,602,745	(21,982,717)	4,812,620,028
Minority interest	2,575,719,597	(18,555,728)	2,557,163,869
Deferred taxation	2,460,562,256	40,538,445	2,501,100,701
Statement of changes in equity			
As at 1 July, 2004			
- Unappropriated profits	4,249,602,216	(12,155,170)	4,237,447,046
Net profit for the year	568,343,726	(9,827,547)	558,516,179

51 COMPARATIVE INFORMATION

Certain comparative figures have been reclassified to conform with current financial year's presentation as follows:-

	As previously reported RM	Reclassification RM	As re-presented RM
i Consolidated Income Statement			
Cost of sales	2,693,937,330	(14,104,000)	2,679,833,330
Finance costs	807,942,277	14,104,000	822,046,277
ii Consolidated Balance Sheet			
Property development costs	182,430,216	1,134,996	183,565,212
Accrued billings in respect of property development costs	36,815,132	(1,502,996)	35,312,136
Progress billings in respect of property development costs	(368,000)	368,000	-
Other creditors and accruals	(1,022,142,981)	15,188,282	(1,006,954,699)
Provision for liabilities & charges	(31,017,981)	(14,391,000)	(45,408,981)
Post-employment benefit obligations			
- Current	(316,189)	(797,282)	(1,113,471)
Goodwill	733,090,177	34,453,649	767,543,826
Other reserve	(203,692,463)	(34,453,649)	(238,146,112)

Notes to the Financial Statements

	As previously reported RM	Reclassification RM	As re-presented RM
iii Consolidated Statement of Changes in Equity			
Other reserve			
Balance at 1.7.2004	144,865,650	34,453,649	179,319,299
Balance at 30.6.2005	203,692,463	34,453,649	238,146,112

52 SIGNIFICANT EVENTS DURING THE YEAR

- a On 15 March, 2005 and 7 July, 2005, the Company has announced that its subsidiary, YTL Land Sdn. Bhd. proposed to dispose its investment properties, namely Starhill Shopping Centre, JW Marriott Hotel, Kuala Lumpur and Lot 10 Shopping Centre (collectively referred to as "Properties") to a real estate investment trust, Starhill Real Estate Investment Trust ("Starhill REIT") to be established and sponsored by the Company, at RM1.2 billion to be satisfied by units in Starhill REIT and cash consideration.

On 26 August, 2005, the Securities Commission approved the establishment and listing of Starhill REIT and the purchase consideration of the Properties of RM1.15 billion.

The said disposal was completed on 18 November, 2005 and Starhill REIT was listed on the Main Board of Bursa Malaysia Securities Berhad on 16 December, 2005.

- b On 21 June, 2005, YTL Cement Berhad ("YTL Cement"), a subsidiary of the Group announced the proposal for a renounceable rights issue of up to RM490,325,922 nominal value of 10 years 4% stepping up to 6% Irredeemable Convertible Unsecured Loan Stocks ("ICULS") at 100% of its nominal value on the basis of RM1 nominal value of ICULS for every one (1) existing ordinary share of RM0.50 each held in YTL Cement at an entitlement date to be determined later ("Proposed Rights Issue of ICULS").

On 29 August, 2005, the shareholders of YTL Cement had approved the Proposed Rights Issue of ICULS at the Extraordinary General Meeting held on even date. On 5 September, 2005, the Securities Commission had granted its approval for the Rights Issue. The Proposed Rights Issue of ICULS was completed on 16 November, 2005 with the admission to the Official List of the Bursa Securities Malaysia Berhad and the listing of and quotation for 483,246,858 ICULS.

53 AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

The financial statements have been authorised for issue in accordance with a resolution of the Board of Directors on 19 October 2006.

Notes

Notes

Notes



Form of Proxy

I/We (full name as per NRIC/company name in block capitals)

NRIC/Company No. (new and old NRIC Nos.)

CDS Account No. (for nominee companies only)

of (full address)

being a member of **YTL Corporation Berhad** hereby appoint (full name as per NRIC in block capitals)

NRIC No. (new and old NRIC Nos.)

of (full address)

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the 23rd Annual General Meeting of the Company to be held at Starhill 2, Level 4, JW Marriott Hotel Kuala Lumpur, 183 Jalan Bukit Bintang, 55100 Kuala Lumpur on Thursday, 7 December 2006 at 3.00 p.m. and at any adjournment thereof.

My/Our proxy is to vote as indicated below:

NO.	RESOLUTIONS	FOR	AGAINST
1.	Receipt of Reports and Audited Financial Statements		
2.	Declaration of First and Final Dividend		
3.	Re-election of Tan Sri Dato' (Dr) Francis Yeoh Sock Ping		
4.	Re-election of Dato' Michael Yeoh Sock Siong		
5.	Re-election of Dato' Yeoh Soo Keng		
6.	Re-appointment of Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay		
7.	Re-appointment of Dato' (Dr) Yahya Bin Ismail		
8.	Re-appointment of Mej Jen (B) Dato' Haron Bin Mohd Taib		
9.	Re-appointment of Eu Peng Meng @ Leslie Eu		
10.	Approval of the payment of Directors' fees		
11.	Re-appointment of Messrs HLB Ler Lum as Company Auditors		
12.	Authorisation for Directors to Allot and Issue Shares		
13.	Proposed Renewal of Share Buy-Back Authority		
14.	Proposed Renewal of Shareholders' Mandate and New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		

Dated this _____ day of _____ 2006

Signature of shareholder _____

No. of shares held _____

Notes:

- 1 A member entitled to attend and vote at the meeting may appoint a proxy to vote in his stead. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. A member other than an Authorised Nominee shall not be entitled to appoint more than one proxy to attend and vote at the same meeting and where such member appoints more than one proxy to attend and vote at the same meeting, such appointment shall be invalid.
- 2 This form of proxy and the Power of Attorney or other authority (if any) under which it is signed or notarially certified copy thereof must be lodged at the Registered Office, 11th Floor, Yeoh Tiong Lay Plaza, 55 Jalan Bukit Bintang, 55100 Kuala Lumpur not less than 48 hours before the time appointed for the Meeting.
- 3 In the case of a corporation, this proxy should be executed under its Common Seal or under the hand of some officer of the corporation duly authorised in writing on its behalf.
- 4 Unless voting instructions are indicated in the spaces provided above, the proxy may vote as he thinks fit.
- 5 For the purpose of determining a member who shall be entitled to attend the Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd, in accordance with Article 60(2) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors as at 30 November 2006. Only a depositor whose name appears on the General Meeting Record of Depositors as at 30 November 2006 shall be entitled to attend the said meeting or appoint proxy to attend and/or vote in his stead.

The Company Secretary

affix stamp here

YTL CORPORATION BERHAD

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