

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

**INTERIM FINANCIAL REPORT**

Interim financial report on consolidated results for the period ended 30 June 2006.

The figures have not been audited.

**CONDENSED CONSOLIDATED INCOME STATEMENTS**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30.6.2006 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30.6.2005 (Restated) RM'000	12 MONTHS ENDED	
			30.6.2006 RM'000	30.6.2005 (Restated) RM'000
REVENUE	1,538,519	1,290,256	5,491,414	4,936,850
OPERATING EXPENSES	(1,024,356)	(888,034)	(3,603,061)	(3,153,094)
OTHER OPERATING INCOME	32,625	34,251	870,771	87,811
PROFIT FROM OPERATIONS	546,788	436,473	2,759,124	1,871,567
FINANCE COSTS	(206,744)	(227,097)	(798,285)	(807,942)
SHARE OF (LOSSES)/PROFITS OF ASSOCIATED COMPANIES	66,160	96,926	279,407	192,978
PROFIT BEFORE TAXATION	406,204	306,302	2,240,246	1,256,603
TAXATION	(67,273)	(97,045)	(370,018)	(341,307)
PROFIT AFTER TAXATION	338,931	209,257	1,870,228	915,296
MINORITY INTERESTS	(141,230)	(87,825)	(477,410)	(354,107)
NET PROFIT FOR THE PERIOD	197,701	121,432	1,392,818	561,189
<b>EARNINGS PER 50 SEN SHARE</b>				
Basic (Sen)	13.74	8.51	96.66	39.40
Diluted (Sen)	13.02	7.83	90.19	38.11

The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 30 June 2005

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

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**CONDENSED CONSOLIDATED BALANCE SHEETS**

	<b>UNAUDITED AS AT 30.6.2006 RM'000</b>	<b>AUDITED AS AT 30.6.2005 (Restated) RM'000</b>
PROPERTY, PLANT & EQUIPMENT	16,319,099	16,544,289
INVESTMENT PROPERTIES	239,739	556,998
INVESTMENT IN SUBSIDIARIES	181,474	181,704
INVESTMENT IN ASSOCIATED COMPANIES	1,296,822	1,122,421
QUOTED INVESTMENTS	624,736	14,324
UNQUOTED INVESTMENTS	588,212	580,357
DEVELOPMENT EXPENDITURE	608,289	719,339
DEFERRED TAX ASSETS	8,827	-
GOODWILL ON CONSOLIDATION	762,325	733,090
<b>CURRENT ASSETS</b>		
Inventories	334,021	284,072
Property development projects	215,536	219,245
Trade & other receivables	2,176,362	2,111,003
Tax recoverable	82,103	73,744
Inter-company balances	56,660	18,882
Short term investments	43,137	68,665
Fixed deposits	6,051,487	5,642,945
Cash & bank balances	72,885	75,483
	<u>9,032,191</u>	<u>8,494,039</u>

The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the year ended 30 June 2005

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

	<b>UNAUDITED</b>	<b>AUDITED</b>
	<b>AS AT</b>	<b>AS AT</b>
	<b>30.6.2006</b>	<b>30.6.2005</b>
		<b>(Restated)</b>
	<b>RM'000</b>	<b>RM'000</b>
LESS : CURRENT LIABILITIES		
Trade & other payables	1,243,553	1,283,159
Inter-company balances	2,248	1,090
Short term borrowings	2,407,185	3,377,772
Provision for taxation	174,496	144,553
Provision for liabilities & charges	37,766	31,341
	<hr/>	<hr/>
	3,865,248	4,837,915
NET CURRENT ASSETS	5,166,943	3,656,124
	<hr/>	<hr/>
	<u>25,796,466</u>	<u>24,108,646</u>

The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the year ended 30 June 2005

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

	<b>UNAUDITED AS AT 30.6.2006 RM'000</b>	<b>AUDITED AS AT 30.6.2005 (Restated) RM'000</b>
FINANCE BY :-		
SHARE CAPITAL	782,355	762,966
RESERVES		
Share premium	389,756	290,759
Capital reserve	102,857	102,295
Statutory reserve	25,438	10,246
Exchange differences reserve	33,721	55,762
Other reserves	80,404	35,389
Retained profits	6,176,045	4,812,291
Less : Treasury shares, at cost	(668,270)	(542,103)
	<hr/>	<hr/>
SHAREHOLDERS' FUNDS	6,922,306	5,527,605
MINORITY INTERESTS	2,772,394	2,557,493
LONG TERM BORROWINGS	12,997,497	12,853,968
OTHER LONG TERM LIABILITIES	97,794	91,480
PROVISION FOR LIABILITIES	406,645	427,786
DEFERRED INCOME	147,203	149,213
DEFERRED TAXATION	2,452,627	2,501,101
	<hr/> <hr/>	<hr/> <hr/>
	25,796,466	24,108,646
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Net Assets per 50 sen share (Sen)	481.46	388.66

The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the year ended 30 June 2005

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

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2006**

<b>Group</b>	<b>Share capital RM'000</b>	<b>Share premium RM'000</b>	<b>Capital reserve RM'000</b>	<b>Statutory reserve RM'000</b>	<b>Translation reserve RM'000</b>	<b>Retained profits RM'000</b>	<b>Treasury shares RM'000</b>	<b>Other reserves RM'000</b>	<b>Total RM'000</b>
Balance at 1.7.2005									
- as previously reported	762,966	290,759	102,295	10,246	55,762	4,834,603	(542,103)	35,389	5,549,917
- prior years adjustment	-	-	-	-	-	(22,312)	-	-	(22,312)
- as restated	762,966	290,759	102,295	10,246	55,762	4,812,291	(542,103)	35,389	5,527,605
Currency translation differences	-	-	(63)	(570)	(22,041)	-	-	-	(22,674)
Net profit for the period	-	-	-	-	-	1,392,818	-	-	1,392,818
Gains recognized on deemed dilution of interest in subsidiaries	-	-	-	-	-	65,244	-	-	65,244
Irredeemable Convertible Unsecured Loan Stock	-	-	-	-	-	-	-	24,465	24,465
Bonus issue	-	-	625	-	-	(625)	-	-	-
Dividend paid	-	-	-	-	-	(77,921)	-	-	(77,921)
Reserve on consolidation	-	-	-	-	-	-	-	20,550	20,550
Treasury shares	-	-	-	-	-	-	(126,167)	-	(126,167)
Transfer	-	-	-	15,762	-	(15,762)	-	-	-
Issue of share capital	19,389	98,997	-	-	-	-	-	-	118,386
Balance at 30.6.2006	782,355	389,756	102,857	25,438	33,721	6,176,045	(668,270)	80,404	6,922,306

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 30 June 2005

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

**INTERIM FINANCIAL REPORT**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2005**

<b>Group</b>	<b>Share capital RM'000</b>	<b>Share premium RM'000</b>	<b>Capital reserve RM'000</b>	<b>Statutory reserve RM'000</b>	<b>Translation reserve RM'000</b>	<b>Retained profits RM'000</b>	<b>Treasury shares RM'000</b>	<b>Other reserves RM'000</b>	<b>Total RM'000</b>
Balance at 1.7.2004									
- as previously reported	737,293	549,075	60,959	-	83,907	4,258,148	(308,637)	-	5,380,745
- prior years adjustment	-	-	-	-	-	(23,703)	-	-	(23,703)
- as restated	737,293	549,075	60,959	-	83,907	4,234,445	(308,637)	-	5,357,042
Currency translation differences	-	-	-	-	(28,145)	-	-	-	(28,145)
Gains recognized on deemed dilution of interest in subsidiaries	-	-	-	-	-	100,682	-	-	100,682
Equity component of exchange bond	-	-	-	-	-	-	-	35,232	35,232
Net profit for the period	-	-	-	-	-	561,189	-	-	561,189
Treasury shares	-	-	-	-	-	-	(669,724)	-	(669,724)
Share dividend	-	(436,258)	-	-	-	-	436,258	-	-
Dividend paid	-	-	-	-	-	(73,779)	-	-	(73,779)
Revaluation	-	-	-	-	-	-	-	157	157
Interest accretion from bonds	-	-	40,220	-	-	-	-	-	40,220
Acquisition of associated company	-	-	1,116	-	-	-	-	-	1,116
Transfer	-	-	-	10,246	-	(10,246)	-	-	-
Issue of share capital	25,673	177,942	-	-	-	-	-	-	203,615
Balance at 30.6.2005	762,966	290,759	102,295	10,246	55,762	4,812,291	(542,103)	35,389	5,527,605

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 30 June 2005

**YTL CORPORATION BERHAD (Company No. 92647-H)**  
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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2006**

	<b>FOR THE YEAR ENDED</b>	
	<b>30.6.2006</b>	<b>30.6.2005</b>
	<b>RM'000</b>	<b>RM'000</b>
Net cash from operating activities	1,885,098	1,687,141
Net cash (used in) investing activities	(412,417)	(2,076,208)
Net cash from financing activities	(998,398)	208,045
Net changes in cash and cash equivalents	474,283	(181,022)
Cash and cash equivalents brought forward	5,641,793	5,822,815
Cash and cash equivalents carried forward	<u>6,116,076</u>	<u>5,641,793</u>

Cash and cash equivalents comprise:

	<b>RM'000</b>	<b>RM'000</b>
Fixed deposits	6,051,487	5,642,945
Cash and bank balances	72,885	75,483
Bank overdraft	(8,296)	(76,635)
	<u>6,116,076</u>	<u>5,641,793</u>

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the year ended 30 June 2005

**INTERIM FINANCIAL REPORT**

**Notes:-**

**Disclosure requirements per FRS 134 (formerly known as MASB 26) – paragraph 16**

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

The interim financial report is unaudited and has been prepared in accordance with FRS134<sub>2004</sub> “Interim Financial Reporting” (formerly known as MASB 26) and Chapter 9, part K of the Listing Requirements of Bursa Malaysia Securities Berhad.

The Condensed Financial Statements should be read in conjunction with the audited annual financial statements of the Group for the year ended 30 June 2005.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the latest audited annual financial statements for the financial year ended 30 June 2005 except for the prior year adjustment on related deferred tax liabilities in the subsidiaries of the Group. The effect of the change in this accounting basis on the Group financial statements is as follows:-

	<b>As previously Reported RM'000</b>	<b>Effect of changes RM'000</b>	<b>As reported RM'000</b>	
<b>30 June 2005</b>				
Balance Sheet				
- Retained profits	4,834,603	(22,312)	4,812,291	
- Minority interests	2,575,720	(18,227)	2,557,493	
- Deferred taxation	2,460,562	40,539	2,501,101	
<b>30 June 2004</b>				
Balance Sheet				
- Retained profits	4,249,602	(15,157)	4,234,445	
- Minority interests	2,031,291	(12,382)	2,018,909	
- Deferred taxation	2,403,567	27,539	2,431,106	
	<b>Current Quarter 30.6.2006 RM'000</b>	<b>Corresponding Quarter 30.6.2005 RM'000</b>	<b>Current Year to Date 30.6.2006 RM'000</b>	<b>Preceding Year Corresponding Period 30.6.2005 RM'000</b>
<b>Effects on net profits for the period:</b>				
- Net profit before changes in accounting basis	197,701	123,221	1,392,818	568,344
- Effects of prior year adjustment	-	(1,789)	-	(7,155)
- Net profit for the period	197,701	121,432	1,392,818	561,189



**INTERIM FINANCIAL REPORT**

**Notes: - continued**

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

The following notes explain the events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the financial year ended 30 June 2005.

**A2. Audit Report of the preceding financial year ended 30 June 2005**

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

**A3. Seasonality or Cyclicity of Operations**

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

**A4 Exceptional or Unusual Items**

During the current financial year to date, there was no item of an exceptional or unusual nature that affects the assets, liabilities, equity, net income or cash flows of the Group except for the exceptional gains on disposal of investment properties by a subsidiary company and on the redemption of MRCPS in an associated company of RM643.6 million and RM94.4 million respectively.

**A5. Changes in estimates of amounts reported**

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

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**INTERIM FINANCIAL REPORT**

**Notes: - continued**

**A6. Changes in Debt and Equity Securities**

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

- (i) Repurchased a total of 3,801,500 ordinary shares of its issued share capital from the open market for a total consideration of RM19.153 million at an average cost of RM5.03 per share during the current financial quarter. During the current financial year to date, a total of 23,197,800 ordinary shares were repurchased from the open market for a total consideration of RM126.166 million. The repurchased transactions were financed by internally generated funds. The repurchased shares are held as treasury shares in accordance with the requirements of Section 67A (as amended) of the Companies Act, 1965.
- (ii) For the current financial quarter ended 30 June 2006, 31,700 and 7,200 ordinary shares were issued pursuant to the exercise of 1997/2007 and 1999/2009 warrants at an exercise price of RM2.75 and RM4.23 per share respectively. During the current financial year to date, a total of 784,408 and 7,101,251 ordinary shares were issued pursuant to the exercise of 1997/2007 and 1999/2009 warrants at an exercise price of RM2.75 and RM4.23 per share respectively.
- (iii) For the current financial year to date, a total of 30,892,500 ordinary shares were issued at an exercise price of RM2.79 pursuant to the exercise of employees' share option scheme (ESOS).
- (iv) On 21 June 2005, YTL Cement Berhad (YTL Cement), a quoted subsidiary, 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 stock (ICULS) at 100% of its nominal value on the basis of RM1.00 nominal value of ICULS for every one (1) existing ordinary share of RM0.50 each share held in YTL Cement as at an entitlement date to be determined later (Proposed Rights Issue of ICULS).

On 29 August 2005, the shareholders of the 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.

The outstanding debts are as disclosed in note B9.

**A7. Dividend paid**

A first and final gross dividend 15% less income tax of 28% amounting to RM77,921,114 in respect of the financial year ended 30 June 2005 was paid during the current financial year to date.

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

**INTERIM FINANCIAL REPORT**

**Notes: - continued**

**A8. Segment Reporting**

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

The Group's segmental report for the year ended 30 June 2006 is as follows:-

	Information technology & e-commerce	Cement Manufacturing & trading	Property investment & development	Management services & others	Hotels	Utilities	Total	
	Construction related business RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>Revenue</b>	228,823	26,210	1,096,914	168,630	292,013	124,416	3,554,408	5,491,414
<b>Results</b>								
Profit from Operations	20,755	8,982	225,943	77,987	100,626	14,324	1,532,254	1,980,871
Finance costs								(798,285)
Gain on disposal of quoted investments								40,217
Gain on disposal of investment properties								643,636
Gain on redemption of Mudharabah Redeemable Convertible Preference Shares (MRCPS)								94,400
Share of profit of associated companies								279,407
Profit before taxation								2,240,246
Taxation								(370,018)
Profit after taxation								1,870,228
Minority interests								(477,410)
Net profit for the period								1,392,818

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

**Notes: - continued**

**A8. Segment Reporting - continued**

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

The Group's segmental report for the year ended 30 June 2005 (restated) is as follows:-

	Construction RM'000	Information technology & e-commerce related business RM'000	Cement Manufacturing & trading RM'000	Property investment & development RM'000	Management services & others RM'000	Hotels RM'000	Utilities RM'000	Total RM'000
<b>Revenue</b>	170,783	26,128	694,837	219,090	251,559	103,851	3,470,602	4,936,850
<b>Results</b>								
Profit from Operations	25,842	8,479	114,579	104,730	177,023	9,941	1,429,554	1,870,148
Finance costs								(807,942)
Gain on disposal of investments								1,419
Share of profit of associated companies								192,978
Profit before taxation								1,256,603
Taxation								(341,307)
Profit after taxation								915,296
Minority interests								(354,107)
Net profit for the period								561,189

**INTERIM FINANCIAL REPORT**

**Notes: - continued**

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

The valuation of property, plant & equipment have been brought forward without any amendments from the previous annual audited financial statements.

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

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

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

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

- (i) During the current financial quarter, YTL Power International Berhad (YTL Power) repurchased a total of 11,462,300 ordinary shares of its issued share capital from the open market value for a total consideration of RM22,874,597 at an average cost of RM2.00 per share. During the current financial year to date, a total of 78,164,600 shares were repurchased from the open market for a total consideration of RM168,068,857. The repurchase of shares were financed by internally generated funds. As at 30 June 2006, the number of treasury shares held is 238,621,656 ordinary shares.
- (ii) During the current financial quarter and for the financial year to date, 98,400 and 92,401,656 ordinary shares were issued respectively pursuant to the exercise of warrants at a weighted average exercise price of RM1.43 and RM1.41 per share respectively in YTL Power.
- (iii) For the current financial quarter and year to date, 452,000 and 73,873,000 ordinary shares respectively were issued pursuant to the exercise of employees' share option scheme (ESOS) at a weighted average exercise price of RM1.34 and RM1.25 per share respectively in YTL Power.
- (iv) For the current financial year to date, a total of 2,696,000 ordinary shares of RM0.50 each were issued pursuant to the exercise of ESOS at an exercise price of RM1.21 in YTL Cement.
- (v) During the current financial quarter and for the 12 months period ended 30 June 2006, YTL Cement purchased a total of 302,500 and 1,574,400 ordinary shares from the open market at an average price of RM2.39 per share for a total consideration of RM723,369 and RM3,679,402 respectively. The share buy-back were financed by internally generated funds. The shares purchased are held as treasury shares.

**INTERIM FINANCIAL REPORT**

**Notes: - continued**

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

- (vi) For the current financial year to date, a total of 166,463 ordinary shares of RM0.50 each were issued pursuant to the conversion of 452,780 nominal value of 100% Irredeemable Convertible Unsecured Loan Stocks 2005/2015 in YTL Cement.
- (vii) During the current financial quarter, there were no changes in the share capital of YTL Land & Development Berhad (YTL L&D). The total share capital was RM177,624,036 comprising 355,248,072 ordinary shares of RM0.50 each. There were also no issuance of Irredeemable Convertible Preference Shares (“ICPS-A”) and Irredeemable Convertible Preference Shares (“ICPS-B”) during the current financial quarter. The total number of ICPS-A and ICPS-B outstanding as at 30 June 2006 were 274,282,378 and 560,849,502 of RM0.50 each respectively.
- (viii) On 2 September, 2005, a wholly-owned subsidiary of YTL Cement, YTL Cement Singapore Pte Ltd has entered into separate share purchase agreements with Kindo Pte Ltd and Andree Halim @ Liem Sien Tjong @ Liem Sien Tjiong to acquire 6,186,000 and 3,093,300 ordinary shares of S\$1 each representing 13.96% and 6.98% equity interest respectively in Jurong Cement Limited for a total cash consideration of S\$5,876,700 and S\$2,938,350 respectively. These acquisitions were completed in the same month. The completion of these acquisitions resulted in YTL Cement holding a 20.94% equity interest in Jurong Cement Limited.
- (ix) On 14 October 2005, a wholly-owned subsidiary of YTL Power, YTL Jawa Power Holdings Limited has acquired YTL Jawa Power Finance Limited (formerly known as YTL 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 US\$50,000.00 comprising 50,000 ordinary shares of US\$1.00 each. The issued and paid-up share capital as at date of announcement of acquisition was US\$1.00 divided into 1 ordinary share of US\$1.00 each. As at 30 June 2006, the issued and paid-up capital of YTL Jawa Power Finance Limited was US\$6,200 comprising 6200 ordinary share of US\$1.00 each of which 96% (or 5,932 shares) was held by YTL Jawa Power Holdings Limited and the remaining 4% (or 268 shares) by YTL Jawa O & M Holdings Limited.

- (x) On 14 December 2005, SR Property Management Sdn Bhd, a wholly owned subsidiary of YTL L&D acquired the remaining 49% interest in Boom Time Strategies Sdn Bhd for a cash consideration of RM19,502.00 resulting in Boom Tim Strategies Sdn Bhd becoming a wholly owned subsidiary of the YTL L&D Group.

**INTERIM FINANCIAL REPORT**

**Notes: - continued**

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

- (xi) On 20 February 2006, YTL Cement announced that its wholly-owned subsidiary, Buildcon Concrete Enterprise Sdn Bhd (“Building Concrete Enterprise”) has issued a total of 316,199 new ordinary shares of RM1.00 each in the share capital of Buildcon-Ensidesa Sdn Bhd (formerly known as Barisan Mekar Sdn Bhd) (“Buildcon-Ensidesa”) for a consideration comprising the supply and grant of license to use by Buildcon Concrete Enterprise to Buildcon-Ensidesa of three units of auto batch system (hardware and software) for the price of RM66,200 and cash of RM250,000. As a result, Buildcon-Ensidesa has become a 51% subsidiary of Buildcon Concrete Enterprise.
- (xii) On 3 April 2006, YTL Power announced that its wholly-owned subsidiary, YTL Utilities Limited has acquired a new wholly-owned subsidiary, YTL Utilities Holdings Limited.

YTL Utilities Holdings Limited (“YTLUH”) was incorporated in the Cayman Islands on 24 March 2006 with an authorised share capital of GBP250,000.00 comprising 250,000 shares of par value GBP1.00 each. Its issued and paid-up share capital of YTLUH as at 30 June 2006 was GBP132,688 comprising 132,688 shares of GBP1.00 each. YTLUH is principally involved in investment holdings.

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

YTL Utilities Finance 3 Limited (“YTL Utilities Finance 3”) was incorporated in the Cayman Islands on 18 May 2004 with an authorised share capital of US\$50,000.00 comprising 50,000 shares of par value US\$1.00 each. Its present issued and paid-up share capital stands at US\$1.00 comprising 1 share of US\$1.00 each. YTL Utilities Finance 3 is principally involved in investment holdings.

- (xiii) On 17 May 2006, the Company announced that it proposes to issue up to US\$300 million nominal value 5-year guaranteed exchangeable bonds issue. This exercise is to be carried out via an offshore special purpose vehicle (“SPV”). As such, YTL Corp Finance (Cayman) Limited (“YTLCF (Cayman)”) was incorporated on the same day in the Cayman Islands with an authorised share capital of US\$50,000.00. The Company holds YTLCF (Cayman)’s entire issued and paid-up capital of US\$1.00.

However, on 5 June 2006, it was announced that the exercise will be carried out via an offshore SPV to be incorporated in the Federal Territory of Labuan instead of Cayman Islands. On 28 June 2006, YTL Corp Finance (Labuan) Limited (“YTLCF (Labuan)”) was incorporated for the purpose, with an authorised share capital of US\$50,000.00 and the Company holds YTLCF (Labuan)’s entire issued and paid-up capital of US\$1.00. YTLCF (Labuan)’s principal activity will be financing and investment.

**INTERIM FINANCIAL REPORT**

**Notes: - continued**

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

Since the last annual balance sheet as at 30 June 2005, there were no changes in the contingent liabilities of the Group.

As at 30 June 2006, the Company has given corporate guarantees amounting to RM328.653 million to financial institutions for facilities granted by the financial institutions to its subsidiaries as follows:-

	<b>Total Amount Guaranteed RM'000</b>	<b>Amount Utilised RM'000</b>
Block discounting / hire purchase facility	22,940	3,470
Bank overdrafts	20,200	171
Letters of credit/trust receipts/bankers acceptances/ shipping guarantees	184,300	50,302
Revolving loans/advances	59,413	28,870
Bankers' guarantees:-		
Advance payment bonds/performance bonds, pre-bid bonds and other related guarantees	41,800	32,577
Commercial papers/medium term notes	-	-
	<u>328,653</u>	<u>115,390</u>

The Company has also entered into an option agreement with Dato' Hj. Mohd. Zainal Abidin Hj. Abdul Kadir ("Dato' Zainal") on 2 October 2001 wherein Dato' Zainal, in consideration of RM10 paid by the Company, agrees to grant the Company a call option to purchase 7,100,000 ordinary shares and 61,092,272 irredeemable convertible preference shares in YTL Land & Development Berhad received by Dato' Zainal pursuant to the acquisition by YTL Land & Development Berhad of 60% equity interest in Pakatan Perakbina Sdn. Bhd. from Dato' Zainal at an option price of RM1.00 per share.

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**INTERIM FINANCIAL REPORT**

Notes: - continued

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

**B1. Review of Performance**

The Group recorded a revenue and profit before taxation for the current financial quarter of RM1,538.5 million and RM406.2 million respectively, representing an increase of 19.2% and 32.6% respectively when compared to the previous corresponding quarter ended 30 June 2005.

The Group's operating profit improved from RM436.5 million in the corresponding quarter ended 30 June 2005 to RM546.8 million in the current financial quarter ended 30 June 2006 representing an increase of 25.3%. Net profit of RM197.7 million recorded in the current financial quarter as compared to the corresponding quarter ended 30 June 2005 of RM121.4 million, representing an increase of 62.8%.

The increase in net profit to RM1,392.8 million for the year ended 30 June 2006 from RM561.2 million in 30 June 2005, representing an increase of 148.2%, was mainly attributed to the cement manufacturing and utilities activities, and the gains on disposal of investment properties by a subsidiary company and on the redemption of MRCPS in an associated company of RM643.6 million and RM94.4 million respectively.

**B2. Comparison with Preceding Quarter**

	<b>Current Quarter 30.6.2006 RM'000</b>	<b>Preceding Quarter 31.3.2006 RM'000</b>
Revenue	1,538,519	1,309,554
Consolidated profit before taxation	406,204	368,119
Consolidated profit after taxation after minority interests	197,701	152,590

For the current financial quarter, the Group's revenue and profit before taxation improved by 17.5% and 10.3% respectively compared to the preceding quarter ended 31 March 2006. The net profit also increased by 29.6% between the comparative periods.

**B3. Prospects**

The Group, after considering the Group's current level of operations and the current market condition, is expected to achieve satisfactory performance for the financial year ending 30 June 2007.

**B4. Profit Forecast**

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

**INTERIM FINANCIAL REPORT**

Notes: - continued

**B5. Taxation**

Taxation comprises the following:-

	<b>Current Year Quarter 30.6.2006 RM'000</b>	<b>Preceding Year Corresponding Quarter 30.6.2005 (Restated) RM'000</b>	<b>Current Year To Date 30.6.2006 RM'000</b>	<b>Preceding Year Corresponding Period 30.6.2005 (Restated) RM'000</b>
Taxation based on profit for the period	69,382	48,834	285,479	234,314
In respect of prior years				
- Income tax	(1,270)	(2,386)	(2,403)	(5,584)
- Deferred tax	-	23,273	-	-
Deferred taxation	(21,550)	4,072	2,460	57,543
Others	-	2	-	2
Share of tax in associated companies:				
- taxation for the period	20,711	23,250	84,482	55,032
- deferred taxation	-	-	-	-
	<u>67,273</u>	<u>97,045</u>	<u>370,018</u>	<u>341,307</u>

The provision for taxation of the Group for the current financial quarter reflects an effective tax rate lower than the Statutory Income Tax Rate due primarily to the availability of reinvestment allowances and tax losses brought forward for some of its subsidiaries. The Group's taxation for the current financial year to date is also lower than the Statutory Income Tax Rate as the gains on disposal of investment properties and redemption of preference shares are not taxable.

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

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

**B7. Quoted Securities**

(a)	<b>Current Year Quarter 30.6.2006 RM'000</b>	<b>Current year To Date 30.6.2006 RM'000</b>
Purchases	25,354	610,490
Sales	-	46,929
Gain on disposal	-	31,600
	<u>=====</u>	<u>=====</u>

**INTERIM FINANCIAL REPORT**

**Notes: - continued**

**B7. Quoted Securities - continued**

(b) Particulars of investment in quoted securities as at 30 June 2006:

	<b>RM'000</b>
- At cost	624,736
- At carrying value	624,736
- At market value	574,010
	<u>=====</u>

**B8. Corporate Developments**

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

(i) On 17 May 2005, Commerce International Merchant Bankers Berhad ("CIMB") announced on behalf of the Company that the Company proposes to issue up to US\$300 million nominal value 5-year guarantee exchangeable bonds ("Bonds") via an offshore special purpose vehicle ("SPV") to be incorporated in the Federal Territory of Labuan ("Labuan"). In addition, the Company intends to seek a dual listing of and quotation for the Bonds on the Labuan International Financial Exchange Inc. ("LFX") and the Singapore Exchange Securities Trading Limited ("SGX"). However, the proposal is not conditional upon the said listings of the Bonds on LFX and SGX.

Approval of shareholders was obtained on 28 June 2006 and YTL Corp Finance (Labuan) Limited ("YTLCF (Labuan)") was incorporated as the SPV to undertake the Bonds issue. The Bonds are exchangeable into new ordinary shares of RM0.50 each of the Company.

Approval of the Labuan Offshore Financial Services Authority ("LOFSA") was received vide its letter dated 27 June 2006.

Approval-in-principle of Bank Negara Malaysia (Controller of Foreign Exchange) ("BNM") was obtained via its letter dated 7 July 2006.

Approval was also obtained from the Securities Commission ("SC") vide its letter dated 10 July 2006.

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**INTERIM FINANCIAL REPORT**

**Notes: - continued**

**B9. Group Borrowings and Debt Securities**

Particulars of the Group's borrowings and debts securities as at 30 June 2006 are as follows:-

	<b>RM'000</b>
(i) Short term	
- Secured	520,917
- Unsecured	1,886,268
	<hr/> 2,407,185 <hr/>
	<b>RM'000</b>
(ii) Long term	
- Secured	1,515,876
- Unsecured	11,481,621
	<hr/> 12,997,497 <hr/>

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

In US Dollar ('000)	420,000
	<hr/> <hr/>
In Sterling Pound ('000)	1,292,948
	<hr/> <hr/>

**B10. Off Balance Sheet Financial Instruments**

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

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**INTERIM FINANCIAL REPORT**

**Notes: - continued**

**B10. Off Balance Sheet Financial Instruments - continued**

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

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

	<b>Total £’000</b>
National Principal Amount (denotes in Sterling Pound)	10,800
	=====
	<b>RM’000</b>
RM equivalent (exchange rate £1 = RM6.7352)	72,740
Average fixed interest rate	5.95%
Average period to maturity of the fixed rate borrowing (years)	3.46

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

**B11. Material litigation**

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

**B12. Dividend**

The Board of Directors is pleased to recommend for the approval of the shareholders a First and Final Dividend of 15% less 28% tax for the year ended 30 June 2006 (30 June 2005: RM77,921,114 being 15% less 28% tax). The Book Closure and Payment Dates in respect of the aforesaid dividend will be determined by the Board at a later date.

**INTERIM FINANCIAL REPORT**

**Notes: - continued**

**B13. Earnings Per Share**

**i) Basic earnings per share**

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

	<b>Current Quarter 30.6.2006</b>	<b>Preceding Year Corresponding Quarter 30.6.2005 (Restated)</b>
Net profit for the period / Profit attributable to shareholders (RM'000)	197,701	121,432
<hr/> <hr/>		
<i>Weighted average number of ordinary shares ('000)</i>		
Issued at the beginning of the period	1,564,701	1,501,927
Shares repurchased	(125,521)	(74,686)
	<hr/> 1,439,180	<hr/> 1,427,241
	<hr/> <hr/>	
Basic earnings per share (sen)	13.74	8.51
	<hr/> <hr/>	

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**INTERIM FINANCIAL REPORT**

**Notes: - continued**

**B13. Earnings Per Share - continued**

**ii) Diluted earnings per share**

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

	<b>Current Quarter 30.6.2006</b>	<b>Preceding Year Corresponding Quarter 30.6.2005 (Restated)</b>
Net profit for the period / Profit attributable to shareholders (RM'000)	197,701	121,432
<hr/> <hr/>		
<i>Weighted average number of ordinary shares-diluted ('000)</i>		
Weighted average number of ordinary shares-basic	1,439,180	1,427,241
Effect of unexercised warrants	78,135	107,602
Effect of unexercised employees share option scheme	1,196	15,119
	<hr/> 1,518,511	<hr/> 1,549,962
	<hr/> <hr/>	
* Diluted earnings per share (sen)	13.02	7.83
	<hr/> <hr/>	

\* Total cash expected to be received in the event of an exercise of all outstanding warrants and ESOS options is RM1,784.505 million. Accordingly, the Net Tangible Asset (NTA) on a proforma basis will increase by RM1,784.505 million resulting in an increase in NTA per share of RM0.95. In arriving at the Diluted earnings per share, NTA and NTA per share, no income has been accrued for the cash proceeds.

By Order of the Board  
HO SAY KENG  
Secretary

Kuala Lumpur  
Dated: 24 August 2006