

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

INTERIM FINANCIAL REPORT

Interim financial report on consolidated results for the second quarter ended 31 December, 2003.

The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENTS

	INDIVIDUAL QUARTER PRECEDING YEAR		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31.12.2003 RM'000	CORRESPONDING QUARTER 31.12.2002 RM'000	6 MONTHS ENDED 31.12.2003 31.12.2002 RM'000 RM'000	
REVENUE	1,115,029	1,007,623	2,197,494	1,985,707
OPERATING EXPENSES	(686,138)	(642,259)	(1,362,804)	(1,254,542)
OTHER OPERATING INCOME	15,475	29,708	138,106	42,217
PROFIT FROM OPERATIONS	444,366	395,072	972,796	773,382
FINANCE COSTS	(173,040)	(160,862)	(335,298)	(304,318)
SHARE OF PROFITS OF ASSOCIATED COMPANIES	7,553	5,453	15,619	3,624
PROFIT BEFORE TAXATION	278,879	239,663	653,117	472,688
TAXATION	(72,751)	(57,729)	(138,667)	(119,792)
PROFIT AFTER TAXATION	206,128	181,934	514,450	352,896
MINORITY INTERESTS	(81,321)	(65,166)	(153,248)	(132,470)
NET PROFIT FOR THE PERIOD	124,807	116,768	361,202	220,426
EARNINGS PER SHARE				
Basic (Sen)	8.62	8.05	24.93	15.19
Diluted (Sen)	8.40	7.97	24.30	14.93

The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 30 June, 2003

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

	UNAUDITED AS AT 31.12.2003 RM'000	AUDITED AS AT 30.6.2003 RM'000
PROPERTY, PLANT & EQUIPMENT	14,114,616	13,136,147
INVESTMENT PROPERTIES	534,450	531,250
INVESTMENT IN SUBSIDIARIES	196,870	196,870
INVESTMENT IN ASSOCIATED COMPANIES	319,241	303,415
QUOTED INVESTMENTS	15,980	20,474
UNQUOTED INVESTMENTS	433,639	243,601
DEVELOPMENT EXPENDITURE	578,468	566,965
CAPITAL WORK-IN-PROGRESS	4,960	4,960
GOODWILL ON CONSOLIDATION	622,164	533,694
CURRENT ASSETS		
Inventories	237,851	200,120
Property development projects	185,177	163,691
Trade & other receivables	2,049,834	2,068,255
Tax recoverable	62,041	59,166
Inter-company balances	25,613	29,003
Short term investments	70,160	108,976
Fixed deposits	6,177,263	5,481,348
Cash & bank balances	58,890	96,090
	8,866,829	8,206,649

The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the year ended 30 June, 2003

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CONDENSED CONSOLIDATED BALANCE SHEETS – continued

	UNAUDITED	AUDITED
	AS AT	AS AT
	31.12.2003	30.6.2003
	RM'000	RM'000
LESS : CURRENT LIABILITIES		
Trade & other payables	1,040,270	923,172
Inter-Company balances	24,936	28,082
Short term borrowings	1,563,634	2,173,943
Provision for taxation	119,584	65,101
Provision for liabilities & charges	55,249	24,613
	-----	-----
	2,803,673	3,214,911
	-----	-----
NET CURRENT ASSETS	6,063,156	4,991,738
	-----	-----
	22,883,544	20,529,114
	=====	=====

The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the year ended 30 June, 2003

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CONDENSED CONSOLIDATED BALANCE SHEETS - continued

	UNAUDITED AS AT 31.12.2003 RM'000	AUDITED AS AT 30.6.2003 RM'000
FINANCED BY : -		
SHARE CAPITAL	737,293	737,293
RESERVES		
Share premium	549,073	549,073
Capital reserve	60,959	60,959
Reserve on consolidation	346	346
Exchange differences reserve	166,749	63,190
Retained profits	4,080,370	3,719,202
Less : Treasury shares, at cost	(137,957)	(116,016)
SHAREHOLDERS' FUNDS	----- 5,456,833	----- 5,014,047
MINORITY INTERESTS	2,064,996	1,972,069
LONG TERM BORROWINGS	12,636,648	10,947,634
OTHER LONG TERM LIABILITIES	96,839	93,499
PROVISION FOR LIABILITIES	37,900	59,599
DEFERRED INCOME	145,639	137,890
DEFERRED TAXATION	2,444,689	2,304,376
	----- 22,883,544 =====	----- 20,529,114 =====
Net Tangible Assets Per 50 sen share (Sen)	----- 334.42 =====	----- 308.80 =====

The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the year ended 30 June, 2003

YTL CORPORATION BERHAD (Company No. 92647-H)

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INTERIM FINANCIAL REPORT**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2003**

Group	Share capital RM'000	Share premium RM'000	Capital reserve RM'000	Reserve on consolidation RM'000	Translation reserve RM'000	Retained profits RM'000	Treasury shares RM'000	Total RM'000
Balance at 1.7.2003	737,293	549,073	60,959	346	63,190	3,719,202	(116,016)	5,014,047
<i>Currency translation differences</i>	-	-	-	-	103,559	-	-	103,559
Net gains not recognised in the income statement	-	-	-	-	103,559	-	-	103,559
Net profit for the period	-	-	-	-	-	361,202	-	361,202
Transfer to capital reserve	-	-	-	-	-	-	-	-
Treasury shares	-	-	-	-	-	-	(21,941)	(21,941)
Excess of consideration for shares subscribed in a new subsidiary over net tangible assets required	-	-	-	-	-	(34)	-	(34)
Balance at 31.12.2003	<u>737,293</u>	<u>549,073</u>	<u>60,959</u>	<u>346</u>	<u>166,749</u>	<u>4,080,370</u>	<u>(137,957)</u>	<u>5,456,833</u>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 30 June, 2003

YTL CORPORATION BERHAD (Company No. 92647-H)

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INTERIM FINANCIAL REPORT**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR FINANCIAL PERIOD ENDED 31 DECEMBER 2003**

Group	Share capital RM'000	Share premium RM'000	Capital reserve RM'000	Reserve on consolidation RM'000	Translation reserve RM'000	Retained profits RM'000	Treasury shares RM'000	Total RM'000
Balance at 1.7.2002								
- as previously reported	737,293	549,073	24,577	129,442	29,836	3,252,276	(113,395)	4,609,102
- prior year adjustment	-	-	-	-	-	2,837	-	2,837
- as restated	737,293	549,073	24,577	129,442	29,836	3,255,113	(113,395)	4,611,939
<i>Currency translation differences</i>	-	-	-	-	33,101	-	-	33,101
Net gains not recognised in the income statement	-	-	-	-	33,101	-	-	33,101
Net profit for the period	-	-	-	-	-	220,426	-	220,426
Decrease in capital reserve	-	-	(1,500)	-	-	-	-	(1,500)
Transfer to capital reserve	-	-	1,210	-	-	(1,210)	-	-
Treasury shares	-	-	-	-	-	-	(1,021)	(1,021)
Balance at 31.12.2002	737,293	549,073	24,287	129,442	62,937	3,474,329	(114,416)	4,862,945

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 30 June, 2003

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2003**

	6 MONTHS ENDED	
	31.12.2003	31.12.2002
	RM'000	RM'000
Net cash from operating activities	642,266	526,911
	-----	-----
Net cash used in investing activities	(1,674,008)	(535,997)
	-----	-----
Net cash from financing activities	1,756,799	672,615
	-----	-----
Net changes in cash and cash equivalents	725,057	663,529
Cash and cash equivalents brought forward	5,490,866	4,496,126
	-----	-----
Cash and cash equivalents carried forward	6,215,923	5,159,655
	=====	=====

Cash and cash equivalents comprise :

	RM'000	RM'000
Fixed Deposits	6,177,263	5,124,750
Cash & bank balances	58,890	89,064
Bank overdrafts	(20,230)	(54,159)
	-----	-----
	6,215,923	5,159,655
	=====	=====

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the year ended 30 June, 2003

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Notes :

Disclosure requirements per MASB 26 – paragraph 16

A1. Accounting Policies and methods of computation

The interim financial report is unaudited and has been prepared in accordance with MASB 26 “Interim Financial Reporting” and Chapter 9, part K of the Listing Requirements of the Kuala Lumpur Stock Exchange.

The Condensed Financial Statements should be read in conjunction with the audited annual financial statements of the Group for the year ended 30 June, 2003.

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.

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, 2003.

A2. Audit Report of the preceding financial year ended 30 June 2003

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. Changes in estimates of amounts reported

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

A5. Changes in Debt and Equity Securities

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

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Notes : - continued

- (i) Repurchased a total of 4,802,200 ordinary shares of its issued share capital from the open market for a total consideration of RM20.875 million at an average cost of RM4.135 per share during the current financial quarter. During the current financial year to date, a total of 5,046,000 ordinary shares were repurchased from the open market for a total consideration of RM21.941 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 of the Companies Act, 1965
- (ii) During the current financial quarter and for the 6 months period ended 31 December 2003, the Company had purchased an additional 116,721,932 ordinary shares of YTL Power International Berhad (“YTL Power”), a subsidiary of the Company, for a total consideration of RM321,307,098.
- (iii) Repayment of debts securities of RM62.5 million for the current financial quarter and for the 6 months period ended 31 December 2003.
- (iv) During the current financial year to date , YTL Power Generation Sdn Bhd, a wholly owned subsidiary of YTL Power issued RM1.3 billion of Medium Term Notes (“MTNs”) under a Medium Term Loan Issuance Programme of up to 11 years. The proceeds from the MTNs were used to retire a Revolving Credit facility of RM900 million and loan due to its holding company. On 13 October 2003, a foreign subsidiary of YTL Power issued a £350 million Guaranteed Bonds due in year 2033 with 5.75% annual coupons. The net proceeds of the issue of the Bonds, amounting to approximately £344,711,500 were used to refinance its existing indebtedness
- (v) During the current financial quarter and for the 6 months period ended 31 December 2003, 4,122,031 ordinary shares were issued pursuant to the conversion of 2.5% Exchangeable Guaranteed Unsecured Bonds in YTL Power.
- (vi) During the current financial quarter and for the 6 months period ended 31 December 2003, YTL Cement Berhad, a subsidiary of the Company, issued a total of 3,496,250 ordinary shares of RM1 each pursuant to the exercise of 3,496,250 1994/2004 warrants.
- (vii) During the current financial quarter and for the 6 months period ended 31 December 2003, the share capital of YTL Land & Development Berhad, a subsidiary of the Company increased from RM155,247,445 to RM157,800,718 at the end of financial quarter ended 31 December 2003 as a result of conversions of 9,957,770 Irredeemable Convertible Preference Shares (“ICPS-A”) of RM1 each into 2,553,273 new ordinary shares of RM1 each based on a conversion ratio of one (1) new ordinary shares of RM1 each for every RM3.90 nominal value of ICPS-A.

The outstanding debts are as disclosed in note B9.

A6. Dividend paid

No dividend were paid in the current financial quarter ended 31 December 2003.

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INTERIM FINANCIAL REPORT**Notes : - continued****A7. Segment Reporting**

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

The Group's segmental report for the six months period ended 31 December 2003 is as follows:-

	Construction RM'000	Information technology & e-commerce related business RM'000	Manufacturing & trading RM'000	Property investment & development RM'000	Management services & others RM'000	Hotels RM'000	Power generation & transmission RM'000	Water & sewerage RM'000	Total RM'000
Revenue	71,994	15,549	289,714	70,654	133,729	57,700	597,438	960,716	2,197,494
Results									
Profit from operations	4,544	7,280	42,657	39,461	113,262	5,131	264,407	384,038	860,780
Finance costs									(335,298)
Gain on disposal of quoted investments									112,016
Share of profits of associated companies									15,619
Profit before taxation									653,117
Taxation									(138,667)
Profit after taxation									514,450
Minority interests									(153,248)
Net profit for the period									361,202

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INTERIM FINANCIAL REPORT**Notes : - continued****A7. Segment Reporting**

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

The Group's segmental report for the six months period ended 31 December 2002 is as follows: -

	Construction RM'000	Information technology & e-commerce related business RM'000	Manufacturing & trading RM'000	Property investment & development RM'000	Management services & others RM'000	Hotels RM'000	Power generation & transmission RM'000	Water & sewerage RM'000	Total RM'000
Revenue	75,547	9,541	216,737	49,354	65,070	56,535	640,351	872,572	1,985,707
<hr/>									
Results									
Profit from operations	8,765	6,517	53,638	32,871	21,345	4,132	296,828	349,286	773,382
<hr/>									
Finance costs									(304,318)
Share of profits of associated companies									3,624
<hr/>									
Profit before taxation									472,688
Taxation									(119,792)
<hr/>									
Profit after taxation									352,896
Minority interests									(132,470)
<hr/>									
Net profit for the period									220,426
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INTERIM FINANCIAL REPORT

Notes : - continued

A8. 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.

A9. Material Events Subsequent to the end of the interim period

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

A10. Changes in the Composition of the Group

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

- (i) On 7 July 2003, the Company acquired 2 ordinary shares of RM1 each in YTL Vacation Club Berhad for a cash consideration of RM2. Subsequently, on 9 July 2003 the Company subscribed additional 999,998 ordinary shares of RM1 each for a cash consideration of RM999,998 representing 100% shareholdings in YTL Vacation Club Berhad ;
- (ii) On 11 July, 2003, YTL Land & Development Berhad (“YTL L&D”), a subsidiary of the Company acquired 100% equity interest in Sentul Park Management Sdn.Bhd. for a cash consideration of RM2 ;
- (iii) On 17 July, 2003, YTL E-Solutions Berhad, a subsidiary of the Company acquired 70% equity interest in Hipmobile (M) Sdn. Bhd. at cash consideration of RM100,000 ;
- (iv) On 28 November, 2003, YTL E-Solutions Berhad, a subsidiary of the Company acquired two (2) ordinary shares of S\$1.00 each in Hipmobile Singapore Pte Ltd via its subsidiary, Hipmobile (M) Sdn. Bhd, for purchase consideration of S\$2.00.
- (v) During the current financial quarter, YTL Cement Berhad, a subsidiary of the Company, repurchased a total of 1,120,800 ordinary shares of its issued share capital from the open market at an average price of RM4.96 per share. During the current financial year to date, a total of 1,121,900 shares were repurchased from the open market for a total consideration of RM5,566,963. The repurchase of shares were financed by internally generated funds ;

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Notes : - continued

- (vi) During the current financial quarter, YTL Power International Berhad (“YTL Power”), a subsidiary of the Company, repurchased a total of 5,422,200 ordinary shares of its issued share capital from the open market value for a total consideration of RM18,428,400.78 at an average cost of RM3.32 per share. During the current financial year to date, a total of 10,932,400 shares were repurchased from the open market for a total consideration of RM35,340,398.
- (vii) During the current financial quarter, YTL Land & Development Berhad, a subsidiary of the Company, repurchased a total of 109,100 ordinary shares of its issued share capital from the open market value for a total consideration of RM260,581 at an average cost of RM2.39 per share. The repurchased of shares were financed by internally generated funds.
- (viii) During the current financial quarter and for the 6 months period ended 31 December 2003, the Company had purchased an additional 116,721,932 ordinary shares of YTL Power for a total consideration of RM321,307,098.
- (ix) During the current financial quarter and for the 6 months period ended 31 December 2003, 4,122,031 ordinary shares were issued pursuant to the conversion of 2.5%. Exchangeable Guaranteed Unsecured Bonds in YTL Power.
- (x) During the current financial quarter and for the 6 months period ended 31 December 2003, YTL Cement Berhad, a subsidiary of the Company, issued a total of 3,496,250 ordinary shares of RM1 each pursuant to the exercise of 3,496,250 1994/2004 warrants.
- (xi) During the current financial quarter and for the 6 months period ended 31 December 2003, the share capital of YTL Land & Development Berhad, a subsidiary of the Company has increased from RM155,247,445 to RM157,800,718 at the end of financial quarter ended 31 December 2003 as a result of conversions of 9,957,770 Irredeemable Convertible Preference Shares (“ICPS-A”) of RM1 each into 2,553,273 new ordinary shares of RM1 each based on a conversion ratio of one (1) new ordinary shares of RM1 each for every RM3.90 nominal value of ICPS-A.

A11. Changes in Contingent Liabilities or Contingent Assets

Since the last annual balance sheet as at 30 June, 2003, there were no changes in the contingent liabilities of the Group except for the increase of letter of credit amounting to RM10.0 million and hire purchase facility amounting to RM0.44 million for the subsidiaries of the Company.

As at 31 December 2003, the Company has given corporate guarantees amounting to RM930.25 million to financial institutions for facilities granted by the financial institutions to its subsidiaries as follows :-

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Notes : - continued

Total Amount	Amount Guaranteed RM'000	Utilised RM'000
Block discounting / hire purchase facility	29,340	5,745
Bank overdrafts	33,900	19,103
Letters of credit/trust receipts/bankers acceptances/ shipping guarantees	164,800	39,119
Revolving loans/advances	124,413	109,413
Suppliers credit facility	500	360
Bankers' guarantees : -		
Advance payment bonds/performance bonds, pre-bid bonds and other related guarantees	77,300	61,629
Commercial papers/medium term notes	500,000	430,000
	-----	-----
	930,253	665,369
	=====	=====

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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Disclosure requirements per KLSE 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 RM1,115.0 million and RM278.9 million respectively, representing an increase of 10.7% and 16.4% when compared to the previous corresponding quarter ended 31 December, 2002.

The Group's revenue and profit before taxation for the 6 months period ended 31 December, 2003 were recorded at RM2,197.5 million and RM653.1 million respectively, representing an increase of 10.7% and 38.2% when compared to the previous corresponding period ended 31 December, 2002.

The increase in the Group's profit before taxation for the current financial quarter was mainly due to better operating results of its subsidiaries.

B2. Comparison with Preceding Quarter

For the current financial quarter, the Group registered a higher operating profit before tax of RM278.9 million as compared to RM262.2 million for the preceding financial quarter. However, the profit before tax for the preceding financial quarter was higher at RM374.2 million due to a gain on disposal of quoted investments amounting to RM112 million.

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 2004.

B4. Profit Forecast

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

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Notes : - continued

B5. Taxation

Taxation comprises the following: -

	Current Year Quarter 31.12.2003 RM'000	Preceding Year Corresponding Quarter 31.12.2002 RM'000	Current year To Date 31.12.2003 RM'000	Preceding Year Corresponding Period 31.12.2002 RM'000
Taxation based on profit for the period	69,305	68,649	121,752	118,277
Under-provision of tax	233	(2,569)	233	(2,681)
Deferred taxation	3,243	(8,559)	16,558	3,936
Share of tax in associated companies	(30)	208	124	260
	----- 72,751 =====	----- 57,729 =====	----- 138,667 =====	----- 119,792 =====

The provision for taxation of the Group for the current financial quarter reflects an effective tax rate lower than the statutory tax rate due mainly to the availability of reinvestment allowances and tax losses brought forward in certain subsidiaries and income of certain foreign subsidiaries which is tax exempt. The provision for taxation of the Group for the current year to date reflects an effective tax rate lower than the statutory tax rate mainly due to capital gain on disposal of quoted investments.

B6. Sales of Unquoted Investment and /or Properties

There was no sale of unquoted investments or properties during the financial quarter and the six months period ended 31 December, 2003 except for profit on sale of unquoted investments by YTL Power International Berhad group amounted to RM0.215 million and RM0.558 million respectively.

B7. Quoted Securities

(a) Details of the purchase and sales of quoted securities are as follows :-

	Current Year Quarter 31.12.2003 RM'000	Current Year To Date 31.12.2003 RM'000
Purchase	-	59
Sales	50	6,498
	=====	=====

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Notes : - continued

(b) Particulars of investment in quoted securities as at 31 December, 2003 :

	RM'000
- At cost	15,980
- At carrying value	15,980
- At market value	33,073
	<u> </u>

B8. Corporate Developments

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

(i) YTL Land & Development Berhad (“YTL L&D”), a subsidiary of the Company had on 30 October, 2003 announced the proposal for the placement of up to 20,000,000 new ordinary shares of RM1 each in YTL L&D to Dato’ Suleiman bin Abdul Manan, a Director of the YTL L&D (“Proposed Placement”). The Proposed Placement is conditional upon the approval from the relevant authorities and shareholders of YTL L&D.

(ii) On 12 September 2003, YTL Cement Berhad (“YTL Cement”), a subsidiary of the Company entered into a conditional sale and purchase agreement with Perbadanan Setiausaha Kerajaan Pahang and Pasdec Corporation Sdn.Bhd., to acquire 70,000,000 ordinary shares of RM1 each in Pahang Cement Sdn. Bhd. (“PCSB”) representing the remaining 50% equity interest in PCSB not already owned by the YTL Cement for a purchase consideration of RM138,000,000 to be satisfied by the issuance of 36,800,000 new ordinary shares in YTL Cement (“New YTL Cement Shares”)at an issue price of RM3.75 per share (“Proposed Acquisition”).

The Proposed Acquisition has been duly approved by the shareholders of YTL Cement at the Extraordinary General meeting held on 4 December 2003. Approval from Securities Commission (“SC”) was received on 20 January 2004 vide its letter dated 19 January 2004.

The Ministry of International Trade and Industry has vide its letter dated 28 January 2004, which was received on 29 January 2004 approved the Proposed Acquisition.

The Proposed Acquisition is still subject to and conditional upon the approval of the Malaysia Securities Exchange Berhad for the listing of and quotation for the New YTL Cement Shares to be issued pursuant to the Proposed Acquisition.

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Notes : - continued

B8. Corporate Developments

(b) Status of utilisation of proceeds

(i) 8.5% Redeemable Non-Guaranteed Unsecured Bonds

A sum of RM120.3 million of the remaining unutilised proceeds received by the Company from the issue of the RM500 million Bonds on 29 June, 1999 is placed under Fixed Deposits with licensed financial institutions pending completion of construction works for a particular phase under Sentul Raya Sdn Bhd and equity investments in Express Rail Link Sdn.Bhd., a 50% associate of the Company. The approval of the Securities Commission to extend for a period of 12 months from 31 December, 2003 to 31 December, 2004 to complete the utilisation of the above amount was received vide its letter dated 2 January, 2004.

(ii) 7 % Redeemable Non-Guaranteed Unsecured Bonds

The proceeds received by YTL Power International Berhad from the issued of the RM750 million 7% Redeemable Non-Guaranteed Unsecured Bonds on 11 January, 2000 is placed under Fixed Deposits with licensed financial institutions pending investment in power generation assets.

B9. Group Borrowings and Debt Securities

Particulars of the Group's borrowings and debts securities as at 31 December, 2003 are as follows :-

Borrowings

	RM'000
(i) Short term	
- secured	1,299,454
- unsecured	264,180

	1,563,634

(ii) Long term	
- secured	1,833,781
- unsecured	10,802,867

	12,636,648

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

In US Dollar ('000)	150,000
In Sterling Pound ('000)	1,166,653
	=====

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Notes : - continued

B10. Off Balance Sheet Financial Instruments

The Group finances its activities through a combination of short-term borrowings, long-term loans and bonds. The Group uses derivative 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 remain the same to that disclosed in the latest audited financial statements is as follows :-

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

There has been no material change to the terms and condition of derivative 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 :-

	Total £'000
Notional Principal Amount (denotes in Sterling Pound)	730,800
	=====
	RM'000
RM equivalent (exchange rate £1 = RM5.93)	4,945,908
Average fixed interest rate	5.62%
Average period to maturity of the fixed rate borrowing (years)	1.48

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

B11. Dividend paid

The Board does not recommend any interim dividend for the current financial quarter.

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

Notes : - continued

B12. Material litigation

None.

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 :-

	Current Quarter 31.12.2003	Preceding Year Corresponding Quarter 31.12.2002
Net profit for the period / Profit attributable to shareholders (RM'000)	124,807 =====	116,768 =====
<i>Weighted average number of ordinary shares ('000)</i>		
Issued at the beginning of the period	1,474,586	1,474,586
Shares repurchased	(27,218)	(23,669)
	----- 1,447,368 =====	----- 1,450,917 =====
Basic earnings per share (sen)	8.62 =====	8.05 =====

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 :-

	Current Quarter 31.12.2003	Preceding Year Corresponding Quarter 31.12.2002
*Net profit for the period / Profit attributable to shareholders (RM'000)	124,807 =====	116,768 =====
<i>Weighted average number of ordinary shares-diluted ('000)</i>		
Weighted average number of ordinary shares-basic	1,447,368	1,450,917
Effect of unexercised warrants	26,883	8,938
Effect of unexercised employees share option scheme	10,937	4,552
	----- 1,485,188 =====	----- 1,464,407 =====
*Diluted earnings per share (sen)	8.40 =====	7.97 =====

* *Total cash expected to be received in the event of an exercise of all outstanding warrants and ESOS options is RM2,006.653 million. Accordingly, the Net Tangible Asset (NTA) on a proforma basis will increase by RM2,006.653 million resulting in an increase in NTA per share of RM1.04. 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 : 26 February 2004