

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 2004.

The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENTS

	INDIVIDUAL QUARTER PRECEDING YEAR		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31.12.2004 RM'000	CORRESPONDING QUARTER 31.12.2003 RM'000	6 MONTHS ENDED 31.12.2004 31.12.2003 RM'000 RM'000	
REVENUE	1,243,174	1,115,029	2,421,230	2,197,494
OPERATING EXPENSES	(776,808)	(686,138)	(1,482,391)	(1,362,804)
OTHER OPERATING INCOME	25,626	15,475	47,677	138,106
PROFIT FROM OPERATIONS	491,992	444,366	986,516	972,796
FINANCE COSTS	(190,658)	(173,040)	(371,774)	(335,298)
SHARE OF PROFITS OF ASSOCIATED COMPANIES	18,216	7,553	17,607	15,619
PROFIT BEFORE TAXATION	319,550	278,879	632,349	653,117
TAXATION	(76,770)	(72,751)	(141,819)	(138,667)
PROFIT AFTER TAXATION	242,780	206,128	490,530	514,450
MINORITY INTERESTS	(104,261)	(81,321)	(190,676)	(153,248)
NET PROFIT FOR THE PERIOD	138,519	124,807	299,854	361,202
EARNINGS PER SHARE				
Basic (Sen)	10.08	8.62	21.70	24.93
Diluted (Sen)	9.74	8.40	21.03	24.30

The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 30 June, 2004

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

	UNAUDITED AS AT 31.12.2004 RM'000	AUDITED AS AT 30.6.2004 RM'000
PROPERTY, PLANT & EQUIPMENT	16,025,974	15,051,570
INVESTMENT PROPERTIES	537,785	535,112
INVESTMENT IN SUBSIDIARIES	181,704	196,870
INVESTMENT IN ASSOCIATED COMPANIES	987,408	321,180
QUOTED INVESTMENTS	12,569	12,523
UNQUOTED INVESTMENTS	498,581	433,601
DEVELOPMENT EXPENDITURE	630,155	617,862
CAPITAL WORK-IN-PROGRESS	14,955	4,960
GOODWILL ON CONSOLIDATION	633,432	685,500
CURRENT ASSETS		
Inventories	226,983	235,380
Property development projects	235,655	206,000
Trade & other receivables	2,282,884	2,194,514
Tax recoverable	81,952	72,198
Inter-company balances	30,977	29,488
Short term investments	41,403	66,805
Fixed deposits	5,480,742	5,828,241
Cash & bank balances	73,835	54,205
	8,454,431	8,686,831

The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the year ended 30 June, 2004

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CONDENSED CONSOLIDATED BALANCE SHEETS – continued

	UNAUDITED AS AT 31.12.2004 RM'000	AUDITED AS AT 30.6.2004 RM'000
LESS : CURRENT LIABILITIES		
Trade & other payables	1,093,133	1,164,268
Inter-company balances	118	738
Short term borrowings	1,818,842	1,252,414
Provision for taxation	181,977	157,656
Provision for liabilities & charges	37,701	28,708
	-----	-----
	3,131,771	2,603,784
	-----	-----
NET CURRENT ASSETS	5,322,660	6,083,047
	-----	-----
	<u>24,845,223</u>	<u>23,942,225</u>

The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the year ended 30 June, 2004

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

	UNAUDITED AS AT 31.12.2004 RM'000	AUDITED AS AT 30.6.2004 RM'000
FINANCED BY : -		
SHARE CAPITAL	738,998	737,293
RESERVES		
Share premium	557,441	549,075
Capital reserve	60,959	60,959
Reserve on consolidation	346	346
Exchange differences reserve	250,886	83,907
Retained profits	4,558,002	4,258,148
Less : Treasury shares, at cost	(546,197)	(308,637)
SHAREHOLDERS' FUNDS	----- 5,620,435	----- 5,381,091
MINORITY INTERESTS	2,460,901	2,037,863
LONG TERM BORROWINGS	13,546,631	13,483,908
OTHER LONG TERM LIABILITIES	98,306	97,403
PROVISION FOR LIABILITIES	434,342	393,073
DEFERRED INCOME	156,178	145,320
DEFERRED TAXATION	2,528,430	2,403,567
	----- 24,845,223 =====	----- 23,942,225 =====
Net Tangible Assets Per 50 sen share (Sen)	----- 365.90 =====	----- 333.60 =====

The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the year ended 30 June, 2004

YTL CORPORATION BERHAD (Company No. 92647-H)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SECOND QUARTER ENDED 31 DECEMBER 2004**

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 1.7.2004	737,293	549,075	60,959	346	83,907	4,258,148	(308,637)	5,381,091
<i>Currency translation differences</i>	-	-	-	-	166,979	-	-	166,979
Net gains not recognised in the income statement	-	-	-	-	166,979	-	-	166,979
Net profit for the period	-	-	-	-	-	299,854	-	299,854
Treasury shares	-	-	-	-	-	-	(237,560)	(237,560)
Issue of share capital	1,705	8,366	-	-	-	-	-	10,071
Balance at 31.12.2004	<u>738,998</u>	<u>557,441</u>	<u>60,959</u>	<u>346</u>	<u>250,886</u>	<u>4,558,002</u>	<u>(546,197)</u>	<u>5,620,435</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, 2004

YTL CORPORATION BERHAD (Company No. 92647-H)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SECOND QUARTER ENDED 31 DECEMBER 2004**

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
Excess of consideration for shares subscribed in a new subsidiary over net tangible asset required	-	-	-	-	-	(34)	-	(34)
Treasury shares	-	-	-	-	-	-	(21,941)	(21,941)
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, 2004

YTL CORPORATION BERHAD (Company No. 92647-H)
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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE SECOND QUARTER ENDED 31 DECEMBER 2004**

	6 MONTHS ENDED	
	31.12.2004	31.12.2003
	RM'000	RM'000
Net cash from operating activities	335,392	642,266
	-----	-----
Net cash (used in) investing activities	(3,146,244)	(1,674,008)
	-----	-----
Net cash from financing activities	2,539,075	1,756,799
	-----	-----
Net changes in cash and cash equivalents	(271,777)	725,057
Cash and cash equivalents brought forward	5,822,815	5,490,866
	-----	-----
Cash and cash equivalents carried forward	5,551,038	6,215,923
	=====	=====

Cash and cash equivalents comprise :

	RM'000	RM'000
Fixed Deposits	5,480,742	6,177,263
Cash & bank balances	73,835	58,890
Bank overdrafts	(3,539)	(20,230)
	-----	-----
	5,551,038	6,215,923
	=====	=====

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the year ended 30 June, 2004

INTERIM FINANCIAL REPORT

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 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 2004.

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 2004.

A2. Audit Report of the preceding financial year ended 30 June 2004

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

A5. Changes in estimates of amounts reported

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

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 29,820,880 ordinary shares of its issued share capital from the open market for a total consideration of RM152.308 million at an average cost of RM5.107 per share during the current financial quarter. During the current financial year to date, a total of 48,385,200 ordinary shares were repurchased from the open market for a total consideration of RM237.560 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) During the current financial quarter, and for the 6 months period ended 31 December 2004, 3,403,140 and 7,055 ordinary shares were issued pursuant to the exercise of 1997/2007 and 1999/2009 warrants at an exercise price of RM2.95 and RM4.54 per share respectively in the Company.
- (iii) During the current financial quarter and for the 6 months period ended 31 December 2004, YTL Power International Berhad (“YTL Power”) issued a total of 230,866,798 and 309,804,311 ordinary shares of RM0.50 each pursuant to the conversion of 2.5%. Exchangeable Guaranteed Unsecured Bonds (“Bonds”) respectively.
- (iv) Repayment of RM400 million Medium Term Loan (MTN”) on 16 July 2004 and re-issued RM100 million MTN on 23 August 2004 with a maturity date falling on 24 August 2005 by YTL Power Generation Sdn. Bhd. (“YTLPG”), a wholly owned subsidiary of YTL Power during the financial year to date.
- (v) On 7 January 2005, being the Redemption Date, YTL Power announced that it had redeemed all the outstanding Bonds amounting to USD5,415,000 (RM20,577,000). As at the Redemption Date, Bonds amounting to USD144,585,000 (RM549,423,000) had been converted into 373,537,607 ordinary shares of RM0.50 each in YTL Power. Each Bond was exchangeable at the option of the registered holder into fully paid Shares at an exchange price of RM1.47 per share.

The outstanding debts are as disclosed in note B9.

A7. Dividend paid

No dividend was paid during the current financial quarter.

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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 second quarter ended 31 December 2004 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
Revenue	88,246	12,512	289,245	110,722	147,619	62,535	1,710,351	2,421,230
<hr/>								
Results								
Profit from Operations	16,878	5,628	71,303	41,152	128,435	3,071	718,580	985,047
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Finance costs								(371,774)
Gain on disposal of quoted investments								1,469
Share of profit of associated companies								17,607
<hr/>								
Profit before taxation								632,349
Taxation								(141,819)
<hr/>								
Profit after taxation								490,530
Minority interests								(190,676)
<hr/>								
Net profit for the period								299,854
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YTL CORPORATION BERHAD (Company No. 92647-H)

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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 second quarter ended 31 December 2003 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
Revenue	71,994	15,549	289,714	70,654	133,729	57,700	1,558,154	2,197,494
Results								
Profit from Operations	4,544	7,280	42,657	39,461	113,262	5,131	648,445	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

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 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 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) Share subdivision by YTL Land & Development Berhad (“YTL L&D”), a subsidiary of the Company into the followings:-
 - (i) subdivision of 169,116,369 ordinary share of RM1.00 each into 338,232,738 ordinary shares of RM0.50 each;
 - (ii) subdivision of 167,672,698 irredeemable convertible preference shares ("ICPS-A") of RM1.00 each into 335,345,396 ICPS-A of RM0.50 each; and
 - (iii) subdivision of 280,431,451 ICPS-B of RM1.00 each into 560,862,902 ICPS-B of RM0.50 each effective on 1 July 2004 was completed with the listing of the new ordinary shares of RM0.50 each on the Main Board of Bursa Securities Malaysia Berhad on 12 July 2004.
- (ii) Share subdivision by YTL Power, a subsidiary of the Company from 2,306,254,911 ordinary shares of RM1 each into 4,612,509,822 ordinary shares of RM0.50 each which was effective 1 July 2004 was completed with the listing of the new ordinary shares of RM0.50 each on the Main Board of Bursa Securities Malaysia Berhad on 12 July 2004.
- (iii) Share subdivision by YTL E-Solutions Berhad (“YTL E-Solutions”), a subsidiary of the Company from 135,000,000 ordinary shares of RM1.00 each into 1,350,000,000 ordinary shares of RM0.10 each which was effective 1 July 2004 was completed with the listing and quotation of the new shares on the MESDAQ market.
- (iv) Share subdivision by YTL Cement a subsidiary of the Company from 191,634,148 ordinary shares of RM1.00 each into 383,268,296 ordinary shares of RM0.50 each which was effective 1 July 2004 was completed with the listing of the new ordinary shares of RM0.50 each on the Main Board of Bursa Securities Malaysia Berhad on 12 July 2004.

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Notes : - continued

- (v) During the current financial quarter, YTL Power repurchased a total of 45,443,100 ordinary shares of its issued share capital from the open market value for a total consideration of RM85,809,626 at an average cost of RM1.888 per share. During the current financial year to date, a total of 62,469,200 shares were repurchased from the open market for a total consideration of RM115,795,407. The repurchase of shares were financed by internally generated funds.
- (vi) During the current financial quarter and for the 6 months period ended 31 December 2004, YTL Power issued a total of 230,866,798 and 309,804,311 ordinary shares of RM0.50 each pursuant to the conversion of 2.5% Exchangeable Guaranteed Unsecured Bonds respectively.
- (vii) During the current financial quarter and for the 6 months period ended 31 December 2004, 17,261,170 and 17,310,028 ordinary shares were issued respectively pursuant to the exercise of warrants at an exercise price of RM1.45 per share in YTL Power.
- (viii) During the current financial quarter and for the 6 months period ended 31 December 2004, YTL Cement issued a total of 92,539,490 and 95,233,626 ordinary shares of RM0.50 each pursuant to the exercise of 92,539,490 and 95,233,626 1994/2004 warrants respectively.
- (ix) During the current financial year to date, the share capital of YTL L&D has increased from RM169,116,369 to RM171,304,730 as a result of conversions of:-
- (1) 17,030,220 Irredeemable Convertible Preference Shares (“ICPS-A”) of RM0.50 into 4,366,723 new ordinary shares of RM0.50 each based on a conversion ratio of one (1) ordinary share of RM0.50 each for every RM3.90 of ICPS-A held; and
 - (2) 13,400 Irredeemable Convertible Preference Shares (“ICPS-B”) of RM0.50 into 10,000 new ordinary shares of RM0.50 each based on a conversion ratio of one (1) ordinary share of RM0.50 each for every RM1.34 of ICPS-B held.
- The total number of ICPS-A and ICPS-B outstanding as at 31 December 2004 were 318,439,976 and 560,849,502 respectively.
- (x) On 30 August 2004, YTL Power, a subsidiary of the Company acquired 100% equity interest in Dockdale Investments Limited (now known as YTL Jawa Power Holdings Limited), Worplan Investments Limited (now known as YTL Jawa O&M Holdings Limited), YTL Jawa Power B.V., YTL Jawa Power Services B.V., YTL Jawa O & M Holdings B.V. for a cash consideration of CYP1,000, CYP1,000, EUR18,000, EUR18,000 and EUR18,000 respectively.

INTERIM FINANCIAL REPORT

Notes : - continued

- (xi) On 6 October 2004, the Company acquired 824,998 ordinary shares of RM1.00 each in Sentul Park Koi Centre Sdn. Bhd. (“SPKC”) via its subsidiary, Autodome Sdn. Bhd. for a cash consideration of RM824,998. This acquisition resulted in SPKC becoming a subsidiary of the Group.
- (xii) On 17 November 2004, YTL Power, a subsidiary of the Company acquired 100% equity interest in YTL Utilities Finance 2 Limited (Formerly known as YTL Jawa Power Holdings Ltd.) via its subsidiary, YTL Utilities Limited, for a purchase consideration of US\$50,000.
- (xiii) On 10 December 2004, YTL Power, a subsidiary of the Company has completed the acquisition of 122,920 ordinary shares of United States Dollars (“USD”) 1,000 each, representing 35 % equity interest in P.T. Jawa Power. YTL Power has also completed the acquisition of 500 ordinary shares of United States Dollars (“USD”) 1,000 each, representing 100 % equity interest in PT Powergen Jawa Timur.
- (xiv) On 23 February 2005, YTL Power, a subsidiary of the Company announced that it has incorporated YTL Jawa Power Holdings BV, a company incorporated in the Netherlands with an authorized share capital of EUR90,000.00 comprising 90,000 ordinary shares of EUR1.00 each. The issued and paid-up share capital is EUR18,000.00 divided into 18,000 ordinary shares of EUR1.00 each.

A12. Changes in Contingent Liabilities or Contingent Assets

Since the last annual balance sheet as at 30 June 2004, there were no changes in the contingent liabilities of the Group except for the reduction of trade facilities amounting to RM20 million, reduction of revolving credit facility amounting to RM60 million; reduction of supplier credit facility of RM0.5 million, reduction of bankers’ guarantee amounting to RM49.9 million and increase of hire purchase facility amounting to RM17 million for the subsidiaries of the Company.

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INTERIM FINANCIAL REPORT

Notes : - continued

As at 31 December 2004, the Company has given corporate guarantees amounting to RM793.45 million to financial institutions for facilities granted by the financial institutions to its subsidiaries as follows :-

	Total Amount Guaranteed RM'000	Amount Utilised RM'000
Block discounting / hire purchase facility	24,940	6,832
Bank overdrafts	32,400	547
Letters of credit/trust receipts/bankers acceptances/ shipping guarantees	149,900	58,342
Revolving loans/advances	64,413	44,413
Bankers' guarantees : -		
Advance payment bonds/performance bonds, pre-bid bonds and other related guarantees	21,800	6,952
Commercial papers/medium term notes	500,000	430,000
	-----	-----
	793,453	547,086
	=====	=====

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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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 RM1,243.2 million and RM319.6 million respectively, representing an increase of 11.5% and 14.6% respectively when compared to the previous corresponding quarter ended 31 December 2003.

The Group's revenue and profit before taxation for the 6 months period ended 31 December 2004 were recorded at RM2,421.2 million and RM632.3 million respectively, representing an increase of 10.2% and a decrease of 3.2% when compared to the previous corresponding half year ended 31 December 2003. Included in the profit before taxation in the previous corresponding half year ended 31 December 2003 was an exceptional gain on disposal of quoted investments of RM112.016 million.

In line with the increased revenue, the Group's net profit improved from RM249.2 million (excluding the exceptional gain of RM112.016 million) in the previous half year ended 31 December 2003 to RM299.9 million in the current half year ended 31 December 2004 representing an increase of 20.3%.

B2. Comparison with Preceding Quarter

For the current financial quarter, the Group registered a higher profit before taxation of RM319.6 million as compared to RM312.8 million for the preceding financial quarter representing an increase of 2.2%.

The increase in the Group's profit before taxation in the current financial quarter was due mainly to higher operating results of its utilities and construction activities.

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 2005.

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	Preceding	Current year	Preceding
	Quarter	Year	To Date	Year
	31.12.2004	Corresponding	31.12.2004	Corresponding
	RM'000	Quarter	31.12.2003	Period
	RM'000	31.12.2003	RM'000	31.12.2003
	RM'000	RM'000	RM'000	RM'000
Taxation based on profit for the period	63,232	69,305	126,832	121,752
Under (over) provision in prior year	(5,008)	233	(15,300)	233
Deferred taxation	13,516	3,243	25,168	16,558
Share of tax in associated companies:				
- taxation for the period	5,030	(30)	5,119	124
	-----	-----	-----	-----
	<u>76,770</u>	<u>72,751</u>	<u>141,819</u>	<u>138,667</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 to income of foreign subsidiaries which is tax exempt and the availability of reinvestment allowances for some of its local subsidiaries. Tax losses brought forward has also reduced taxation of the Group for the current financial quarter.

B6. Sales of Unquoted Investment and /or Properties

During the current financial quarter and financial year to date, profit on sales of unquoted investments amounted to RM33,753.

B7. Quoted Securities

(a) Purchase of quoted investments during the current financial quarter and financial year to date amounted to RM1,530,860.

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Notes : - continued

- (b) Particulars of investment in quoted securities as at 31 December 2004 :

	RM'000
- At cost	12,569
- At carrying value	12,569
- At market value	33,920
	<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 30 October 2003, YTL L&D announced the proposal for placement of up to 20,000,000 new ordinary shares of RM1.00 each in YTL L&D to Dato' Suleiman bin Abdul Manan, the Director of YTL L&D ("Proposed Placement"). Approval of the Securities Commission ("SC") was received vide its letter dated 25 February 2004.

On 11 June 2004, the SC has vide its letter dated 8 June 2004, approved the revision to the terms of approval for the Proposed Placement of up to 40,000,000 new ordinary shares of RM0.50 each, as opposed to up to 20,000,000 new ordinary shares of RM1.00 each as approved earlier.

Approval of shareholders was obtained on 8 June 2004. SC has vide its letter dated 28 January 2005 (received on 2 February 2005), approved the application for extension of time until 24 August 2005 to complete the implementation of the Proposed Placement.

- (ii) On 16 July 2004, YTL Cement entered into a conditional sale and purchase agreement ("S&P Agreement") with Doosan Heavy Industries & Construction Co. Ltd ("Doosan") of Korea to acquire 107,500,000 ordinary shares of RM1.00 each representing a 32.10 % stake in Perak-Hanjoong Simen Sdn. Bhd., a company incorporated under the laws of the Malaysia, for a total cash consideration of RM75,250,000 ("Proposed Doosan Acquisition").

The Ministry of International Trade and Industry had vide its letters dated 16 September 2004 and 4 October 2004 approved the Proposed Doosan Acquisition. The Proposed acquisition has been approved by the shareholders of YTL Cement at an extraordinary general meeting held on 9 December 2004.

On 5 November 2004, YTL Cement has also entered into a sale and purchase agreement ("SPA") with Danaharta Managers Sdn. Bhd., as security agent and trustee for and on behalf of Danaharta Managers (L)

INTERIM FINANCIAL REPORT

Notes : - continued

Ltd., to acquire 109,658,000 shares representing 32.74% of the issued and paid-up share capital of Perak-Hanjoong for a cash consideration of RM109,658,000 (“Proposed Danaharta Acquisition”).

The Proposed Danaharta Acquisition has been approved by the Ministry of International Trade and Industry vide its letter dated 6 December 2004 and approved by the shareholders of YTL Cement at an extraordinary general meeting held on 9 December 2004.

The Proposed Doosan Acquisition and Proposed Danaharta Acquisition (collectively referred to as “Proposed Acquisitions”) are not inter-conditional upon each other and are subject to the terms and conditions of the respective sale and purchase agreements

The Proposed Acquisitions were completed in December 2004 resulting in YTL Cement holding a 64.84% equity interest in Perak-Hanjoong.

Gopeng Berhad, the shareholder for the remaining 117,742,000 ordinary shares in Perak-Hanjoong had on 13 January 2005 declined the Mandatory Offer pursuant to Part II of the Code.

- (iii) On 3 November 2004, YTL E-Solutions announced the proposal for restructuring and listing of YTL Info Screen Sdn. Bhd. (“YTLIS”), a wholly owned subsidiary, via a company to be incorporated in the United Kingdom (“Newco”) on the Alternative Investment Market (AIM) of the London Stock Exchange (“LSE”). The Proposed Restructuring and Listing will involve, amongst others, the incorporation of Newco in the UK to be owned by the Company. Newco proposes to acquire the entire equity interest of YTLIS from the Company through the issue of new ordinary shares in Newco to the Company at an issue price to be determined.

Newco shall subsequently seek the admission of and the listing of and quotation for its entire issued and paid-up share capital on the AIM of the LSE. Newco will principally be engaged in the business of creating, providing and advertising content, media, web media, and up-to-date information via electronic media in the UK and Europe. Further details of the Proposed Restructuring and Listing will be announced at a later date.

INTERIM FINANCIAL REPORT

Notes : - continued

(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 SC 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 from the issue 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.

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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 31 December 2004 are as follows :-

Borrowings

	RM'000
(i) Short term	
- Secured	1,538,951
- unsecured	279,891

	1,818,842

	RM'000
(ii) Long term	
- Secured	3,645,222
- unsecured	9,901,409

	13,546,631

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

In US Dollar ('000)	395,389
	=====
In Sterling Pound ('000)	1,219,844
	=====

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 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”.

INTERIM FINANCIAL REPORT

Notes : - continued

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 :-

	Total £'000
National Principal Amount (denotes in Sterling Pound)	730,800 =====
	RM'000
RM equivalent (exchange rate £1 = RM6.8347)	5,347,191
Average fixed interest rate	5.62%
Average period to maturity of the fixed rate borrowing (years)	0.48

All 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.

B12. Material litigation

There are claims made by third parties against YTL L&D, a subsidiary of the Company via its subsidiary, Sentul Raya Sdn Bhd but the Directors of the Company are of the opinion that the claims will not materially affect the future position or business of the Group.

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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 :-

	Current Quarter 31.12.2004	Preceding Year Corresponding Quarter 31.12.2003
Net profit for the period / Profit attributable to shareholders (RM'000)	138,519 =====	124,807 =====
<i>Weighted average number of ordinary shares ('000)</i>		
Issued at the beginning of the period	1,475,756	1,474,586
Shares repurchased	(101,443)	(27,218)
	----- 1,374,313 =====	----- 1,447,368 =====
Basic earnings per share (sen)	10.08 =====	8.62 =====

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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 31.12.2004	Preceding Year Corresponding Quarter 31.12.2003
Net profit for the period / Profit attributable to shareholders (RM'000)	138,519 =====	124,807 =====
<i>Weighted average number of ordinary shares-diluted ('000)</i>		
Weighted average number of ordinary shares-basic	1,374,313	1,447,368
Effect of unexercised warrants	33,789	26,883
Effect of unexercised employees share option scheme	13,504 -----	10,937 -----
	1,421,606 =====	1,485,188 =====
*Diluted earnings per share (sen)	9.74 =====	8.40 =====

** Total cash expected to be received in the event of an exercise of all outstanding warrants and ESOS options is RM1,994,912 million. Accordingly, the Net Tangible Asset (NTA) on a proforma basis will increase by RM1,994,912 million resulting in an increase in NTA per share of RM1.08. 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 : 25 February 2005