

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

(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT**

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

The figures have not been audited.

**CONDENSED CONSOLIDATED INCOME STATEMENTS**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30.9.2006 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30.9.2005 (Restated) RM'000	3 MONTHS ENDED	
			30.9.2006 RM'000	30.9.2005 (Restated) RM'000
<b>REVENUE</b>	1,392,821	1,357,638	1,392,821	1,357,638
COST OF SALES	(765,878)	(787,359)	(765,878)	(787,359)
GROSS PROFIT	626,943	570,279	626,943	570,279
OTHER OPERATING EXPENSES	(125,508)	(84,581)	(125,508)	(84,581)
OTHER OPERATING INCOME	26,980	45,460	26,980	45,460
<b>PROFIT FROM OPERATIONS</b>	528,415	531,158	528,415	531,158
FINANCE COSTS	(202,734)	(203,147)	(202,734)	(203,147)
SHARE OF (LOSSES)/PROFITS OF ASSOCIATED COMPANIES	38,459	30,136	38,459	30,136
<b>PROFIT BEFORE TAXATION</b>	364,140	358,147	364,140	358,147
TAXATION	(87,595)	(83,004)	(87,595)	(83,004)
<b>PROFIT FOR THE PERIOD</b>	276,545	275,143	276,545	275,143
<b>ATTRIBUTABLE TO:</b>				
SHAREHOLDERS	154,126	174,827	154,126	174,827
MINORITY INTERESTS	122,419	100,316	122,419	100,316
<b>PROFIT FOR THE PERIOD</b>	276,545	275,143	276,545	275,143
<b>EARNINGS PER 50 SEN SHARE</b>				
Basic (Sen)	10.77	12.32	10.77	12.32
Diluted (Sen)	10.13	11.25	10.13	11.25

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

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

(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT****CONDENSED CONSOLIDATED BALANCE SHEETS**

	<b>UNAUDITED AS AT 30.9.2006 RM'000</b>	<b>AUDITED AS AT 30.6.2006 (Restated) RM'000</b>
<b>ASSETS</b>		
<b>Non-current Assets</b>		
Property, Plant & Equipment	16,535,358	16,308,756
Investment Properties	1,488,020	1,371,182
Investment In Subsidiaries	181,704	181,704
Investment In Associated Companies	1,299,707	1,291,228
Quoted Investments	16,965	16,919
Unquoted Investments	586,216	588,211
Development Expenditure	623,890	653,699
Goodwill on Consolidation	853,934	848,159
	<u>21,585,794</u>	<u>21,259,858</u>
<b>Current Assets</b>		
Inventories	340,125	333,558
Property development projects	193,041	223,105
Trade & other receivables	2,088,823	2,214,165
Tax recoverable	74,584	70,924
Inter-company balances	57,544	20,803
Short term investments	43,460	70,585
Fixed deposits	7,477,605	6,125,084
Cash & bank balances	69,627	70,103
	<u>10,344,809</u>	<u>9,128,327</u>
<b>TOTAL ASSETS</b>	<u><u>31,930,603</u></u>	<u><u>30,388,185</u></u>

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

(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT**

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

**CONDENSED CONSOLIDATED BALANCE SHEETS - continued**

	<b>UNAUDITED AS AT 30.9.2006 RM'000</b>	<b>AUDITED AS AT 30.6.2006 (Restated) RM'000</b>
<b>EQUITY</b>		
Share Capital	784,225	782,355
Share premium	403,065	389,756
Capital reserve	102,471	102,529
Statutory reserve	25,504	26,009
Exchange differences reserve	71,141	9,041
Other reserves	65,699	60,253
Retained profits	6,011,529	5,857,463
Less : Treasury shares, at cost	(733,400)	(668,269)
<b>Total Equity Attributable to Shareholders of the Company</b>	<u>6,730,234</u>	<u>6,559,137</u>
<b>Minority Interests</b>	<u>3,783,877</u>	<u>3,666,565</u>
<b>TOTAL EQUITY</b>	<u>10,514,111</u>	<u>10,225,702</u>
<b>LIABILITIES</b>		
<b>Non-current Liabilities</b>		
Long Term Borrowings	14,419,790	13,168,236
Other Long Term Liabilities	510,097	494,592
Deferred Income	149,637	147,203
Deferred Taxation	2,516,483	2,450,333
	<u>17,596,007</u>	<u>16,260,364</u>
<b>Current Liabilities</b>		
Trade & other payables	1,312,300	1,284,115
Inter-company balances	1,771	5,832
Short term borrowings	2,318,499	2,415,813
Provision for taxation	152,822	146,931
Provision for liabilities & charges	35,093	49,428
	<u>3,820,485</u>	<u>3,902,119</u>
<b>TOTAL LIABILITIES</b>	<u>21,416,492</u>	<u>20,162,483</u>
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<u>31,930,603</u>	<u>30,388,185</u>
Net Assets per 50 sen share (Sen)	<u>470.51</u>	<u>462.40</u>

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

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

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2006**

Group	← Attributable to Shareholders of the Company →								Total RM'000	Minority interests RM'000	Total equity RM'000
	Share capital RM'000	Share premium RM'000	Capital reserve RM'000	Statutory reserve RM'000	Translation reserve RM'000	Retained profits RM'000	Treasury shares RM'000	Other reserves RM'000			
Balance at 1.7.2006											
- as previously reported	782,355	389,756	102,529	26,009	9,041	6,113,825	(668,269)	94,211	6,849,457	2,945,802	9,795,259
- prior years adjustments	-	-	-	-	-	(256,362)	-	(33,958)	(290,320)	720,763	430,443
- as restated	782,355	389,756	102,529	26,009	9,041	5,857,463	(668,269)	60,253	6,559,137	3,666,565	10,225,702
Currency translation differences	-	-	(58)	(505)	62,100	-	-	-	61,537	18,357	79,894
Loss recognized on deemed dilution of interest in subsidiaries	-	-	-	-	-	(69)	-	-	(69)	-	(69)
Acquisition of subsidiary	-	-	-	-	-	9	-	-	9	-	9
Income and expenses recognised directly in equity	-	-	(58)	(505)	62,100	(60)	-	-	61,477	18,357	79,834
Net profit for the period	-	-	-	-	-	154,126	-	-	154,126	122,419	276,545
Total recognised income and expenses for the period	-	-	(58)	(505)	62,100	154,066	-	-	215,603	140,776	356,379
Reserve on consolidation	-	-	-	-	-	-	-	(491)	(491)	-	(491)
Treasury shares	-	-	-	-	-	-	(65,131)	-	(65,131)	-	(65,131)
Share-based payment	-	-	-	-	-	-	-	5,937	5,937	-	5,937
Issue of share capital	1,870	13,309	-	-	-	-	-	-	15,179	-	15,179
Changes in composition of the Group	-	-	-	-	-	-	-	-	-	(23,464)	(23,464)
Balance at 30.9.2006	784,225	403,065	102,471	25,504	71,141	6,011,529	(733,400)	65,699	6,730,234	3,783,877	10,514,111

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 30 June 2006

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

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2005**

Group	← Attributable to Shareholders of the Company →								Total RM'000	Minority interests RM'000	Total equity RM'000
	Share capital RM'000	Share premium RM'000	Capital reserve RM'000	Statutory reserve RM'000	Translation reserve RM'000	Retained profits RM'000	Treasury shares RM'000	Other reserves RM'000			
Balance at 1.7.2005											
- as previously reported	762,966	290,759	102,295	10,246	55,762	4,834,603	(542,103)	69,842	5,584,370	2,575,720	8,160,090
- prior years adjustments	-	-	-	-	-	(21,983)	-	-	(21,983)	(18,556)	(40,539)
- as restated	762,966	290,759	102,295	10,246	55,762	4,812,620	(542,103)	69,842	5,562,387	2,557,164	8,119,551
Currency translation differences	-	-	-	-	(57,113)	-	-	-	(57,113)	(23,440)	(80,553)
Gains recognized on deemed dilution of interest in subsidiaries	-	-	-	-	-	13,327	-	-	13,327	-	13,327
Income and expenses recognised directly in equity	-	-	-	-	(57,113)	13,327	-	-	(43,786)	(23,440)	(67,226)
Net profit for the period	-	-	-	-	-	154,126	-	-	154,126	100,316	254,442
Total recognised income and expenses for the period	-	-	-	-	(57,113)	167,453	-	-	110,340	76,876	187,216
Reserve on consolidation	-	-	-	-	-	-	-	20,303	20,303	-	20,303
Treasury shares	-	-	-	-	-	-	(61,816)	-	(61,816)	-	(61,816)
Issue of share capital	2,294	16,510	-	-	-	-	-	-	18,804	-	18,804
Changes in composition of the Group	-	-	-	-	-	-	-	-	-	(68,752)	(68,752)
Balance at 30.9.2005	765,260	307,269	102,295	10,246	(1,351)	4,980,073	(603,919)	90,145	5,650,018	2,565,288	8,215,306

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)**  
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**INTERIM FINANCIAL REPORT**

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT  
FOR THE PERIOD ENDED 30 SEPTEMBER 2006**

	<b>FOR THE YEAR ENDED</b>	
	<b>30.9.2006</b>	<b>30.9.2005</b>
	<b>RM'000</b>	<b>RM'000</b>
Net cash from operating activities	530,475	53,745
Net cash (used in) investing activities	(276,860)	381,214
Net cash from financing activities	1,257,865	(116,364)
Net changes in cash and cash equivalents	1,511,480	318,595
Cash and cash equivalents brought forward	6,029,586	5,641,793
Cash and cash equivalents carried forward	<u>7,541,066</u>	<u>5,960,388</u>

Cash and cash equivalents comprise:

	<b>RM'000</b>	<b>RM'000</b>
Fixed deposits	7,477,605	5,928,795
Cash and bank balances	69,627	42,148
Bank overdraft	(6,166)	(10,555)
	<u>7,541,066</u>	<u>5,960,388</u>

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

## **INTERIM FINANCIAL REPORT**

### **Notes:-**

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

The Condensed Financial Statements should be read in conjunction with the audited annual financial statements of the Group for the year ended 30 June 2006.

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

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

FRS 2	Share-based Payment
FRS 3	Business Combinations
FRS 5	Non-current Assets Held for Sale and Discontinued Operations
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
FRS 110	Events After the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 127	Consolidated and Separate Financial Statements
FRS 128	Investments in Associates
FRS 131	Interests in Joint Ventures
FRS 132	Financial Instruments: Disclosure and Presentation
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets
FRS 140	Investment Property

- (i) The adoption of the above FRSs does not have significant financial impact on the Group other than the effects of the following FRSs:

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

This FRS requires the entity to recognise share-based payment transactions in its financial statements, including transactions with employees or other parties to be settled in cash, other assets, or equity instruments of the entity or entity’s parent or another entity in the Group as the entity.

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

**INTERIM FINANCIAL REPORT**

**Notes: - continued**

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

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

For the current period under review, the application of FRS 2 has resulted in a charge of approximately RM5.89 million to the income statement of the Group arising from the ESOS granted to employees of the Group.

**b) FRS 3: Business Combinations**

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

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

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

The adoption of the revised FRS 101 has affected the presentation of minority interests, share of net after-tax results of associates and other disclosures in the consolidated income statement.

In the consolidated balance sheet, minority interests are now presented within total equity. In the consolidated income statement, minority interests are presented as an allocation of the total profit or loss for the period. A similar requirement is also applicable to the statement of changes in equity. FRS 101 also requires disclosure, on the face of the statement of changes in equity, the total income and expenses for the period, showing separately the amounts attributable to the equity holders of the parent and to minority interest.

The current period's presentation of the Group's financial statements is based on the revised requirements of FRS 101, with the comparatives restated to conform to the current period's presentation.

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**INTERIM FINANCIAL REPORT**

**Notes: - continued**

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

**d) FRS 140: Investment Property**

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

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

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

<b>RM'000</b>	<b>As previously stated</b>	<b>Adjustments</b>		<b>As restated</b>
		<b>FRS 3</b>	<b>FRS 140</b>	
PPE	16,321,373	-	(12,617)	16,308,756
Investment properties	208,565	1,150,000	12,617	1,371,182
Investment In Associated Companies	1,300,133	(8,905)	-	1,291,228
Quoted investments	626,164	(609,245)	-	16,919
Goodwill on Consolidation	837,515	10,644	-	848,159
Trade & other receivables	2,212,189	1,976	-	2,214,165
Fixed deposits	6,027,167	97,917	-	6,125,084
Cash & bank balances	70,029	74	-	70,103
Other assets	2,142,589	-	-	2,142,589
<b>Total Assets</b>	<b>29,745,724</b>	<b>642,461</b>	<b>-</b>	<b>30,388,185</b>
Share capital and reserves	641,421	-	-	641,421
Other reserves	94,211	(33,958)	-	60,253
Retained profits	6,113,825	(256,362)	-	5,857,463
<b>Shareholders' Equity</b>	<b>6,849,457</b>	<b>(290,320)</b>	<b>-</b>	<b>6,559,137</b>
Minority Interests	2,945,802	720,763	-	3,666,565
Long Term Borrowings	12,988,236	180,000	-	13,168,236
Trade & other payables	1,258,005	26,110	-	1,284,115
Provision for taxation	141,023	5,908	-	146,931
Other liabilities	5,563,201	-	-	5,563,201
<b>Total Equity &amp; Liabilities</b>	<b>29,745,724</b>	<b>642,461</b>	<b>-</b>	<b>30,388,185</b>
Net Assets per 50 sen share (Sen)	482.87			462.40

**INTERIM FINANCIAL REPORT**

**Notes: - continued**

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

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

**A3. Seasonality or 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.

**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 12,769,900 ordinary shares of its issued share capital from the open market for a total consideration of RM65.131 million at an average cost of RM5.10 per share during the current financial quarter. 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 September 2006, 431,809 and 3,306,524 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 2,000 ordinary shares were issued at an exercise price of RM2.79 pursuant to the exercise of employees' share option scheme (ESOS).

**A7. Dividend paid**

There was no dividend paid during the financial quarter ended 30 September 2006.

**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 first quarter ended 30 September 2006 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>	51,442	5,116	278,536	40,263	76,768	35,814	904,882	1,392,821
<b>Results</b>								
Profit from Operations	7,006	1,843	68,202	21,890	35,216	5,000	389,258	528,415
Finance costs								(202,734)
Share of profit of associated companies								38,459
Net profit from operations								364,140
Exceptional items								-
Profit before taxation								364,140
Taxation								(87,595)
Profit for the period								276,545
<b>Attributable to:</b>								
Shareholders								154,126
Minority interests								122,419
Profit for the period								276,545

**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 first quarter ended 30 September 2005 (restated) is as follows:-

	Information technology & e-commerce related business <b>RM'000</b>	Cement Manufacturing & trading <b>RM'000</b>	Property investment & development <b>RM'000</b>	Management services & others <b>RM'000</b>	Hotels <b>RM'000</b>	Utilities <b>RM'000</b>	Total <b>RM'000</b>	
<b>Revenue</b>	56,617	9,436	284,022	56,944	39,282	27,850	883,487	1,357,638
<b>Results</b>								
Profit from Operations	6,325	4,908	61,341	22,510	43,598	1,045	359,831	499,558
Finance costs								(203,147)
Share of profit of associated companies								30,136
Net Profit from operations								326,547
Exceptional items:-								
Gain on disposal of investments								31,600
Profit before taxation								358,147
Taxation								(83,004)
Profit for the period								275,143
<b>Attributable to:</b>								
Shareholders								174,827
Minority interests								100,316
Profit for the period								275,143

**INTERIM FINANCIAL REPORT**

**Notes: - continued**

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

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

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

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

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

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

- (i) During the current financial quarter, YTL Power International Berhad (YTL Power) repurchased a total of 14,013,200 ordinary shares of its issued share capital from the open market value for a total consideration of RM26,827,215 at an average cost of RM1.91 per share. The repurchase of shares were financed by internally generated funds. As at 30 September 2006, the number of treasury shares held is 252,634,856 ordinary shares.
- (ii) During the current financial quarter, 2,000 ordinary shares were issued pursuant to the exercise of warrants at a weighted average exercise price of RM1.43 per share in YTL Power.
- (iii) For the current financial quarter, 70,000 ordinary shares were issued pursuant to the exercise of employees' share option scheme (ESOS) at a weighted average exercise price of RM1.32 per share in YTL Power.
- (iv) For the current financial quarter, 24,000 ordinary shares of RM0.50 each were issued pursuant to the exercise of ESOS at an exercise price of RM1.21 in YTL Cement Berhad (YTL Cement).
- (v) During the current financial quarter ended 30 September 2006, YTL Cement purchased a total of 9,400 ordinary shares from the open market at an average price of RM2.46 per share for a total consideration of RM23,089. The share buy-back were financed by internally generated funds. The shares purchased are held as treasury shares.

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**INTERIM FINANCIAL REPORT**

**Notes: - continued**

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

- (vi) During the current financial quarter, the share capital of YTL Land & Development Berhad (YTL L&D) increased from RM177,624,036 to RM177,646,036 as a result of the conversion of 171,600 Irredeemable Convertible Preference Shares (“ICPS-A”) of RM0.50 each into 44,000 new ordinary shares of RM0.50 each based on a conversion ratio of one (1) new ordinary share of RM0.50 each for every 3.90 of ICPS-A of RM0.50 each held.

During the current financial quarter to date, there were no issuance of ICPS-A and ICPS-B. The total number of ICPS-A and ICPS-B outstanding as at 30 September 2006 were 274,110,778 and 560,849,502 of RM0.50 each respectively.

- (vii) On 24 August 2006, YTL Corporation Berhad (“YTL Corp”) announced the proposal to undertake a renounceable restricted offer for sale (“ROS”) of ordinary shares of RM0.50 each in YTL Power International Berhad (YTL Power) on the basis of 1 YTL Power Share for every 10 ordinary shares of RM0.50 each in YTL Corp at an offer price of RM1.00 per YTL Power share held on a date to be determined by the Board of Directors of YTL Corp at a later date.
- (viii) On 19 October 2006, YTL Power declared a distribution of One (1) treasury share for every Twenty Five (25) existing ordinary shares of RM0.50 each held on an entitlement date to be determined at a later date.

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

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

As at 30 September 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	2,670
Bank overdrafts	20,200	751
Letters of credit/trust receipts/bankers acceptances/ shipping guarantees	184,300	57,101
Revolving loans/advances	59,413	28,870
Bankers’ guarantees:-		
Advance payment bonds/performance bonds, pre-bid bonds and other related guarantees	41,800	32,244
Commercial papers/medium term notes	-	-
	<u>328,653</u>	<u>121,636</u>

**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 RM1,392.8 million and RM364.1 million respectively, representing an increase of 2.59% and 1.67% respectively when compared to the previous corresponding quarter ended 30 September 2005.

The Group's net profit from operations (refer to Note A8) improved from RM326.5 million in the corresponding quarter ended 30 September 2005 to RM364.1 million in the current financial quarter ended 30 September 2006 representing an increase of 11.5%. However, by excluding the Group's ESOS expense of RM5.89 million provided under FRS2, which came into effect on 1 July 2006, the net profit from operations would have increased by 13.33%. This increase in operating profit was mainly attributed to the better performance of the cement manufacturing and utilities activities.

**B2. Comparison with Preceding Quarter**

	<b>Current Quarter 30.9.2006 RM'000</b>	<b>Preceding Quarter 30.6.2006 RM'000</b>
Revenue	1,392,821	1,547,906
Consolidated profit before taxation	364,140	402,539
Consolidated profit after taxation after minority interests	154,126	204,953

For the current financial quarter, the Group's revenue and profit before taxation dropped by 10.0% and 9.5% respectively compared to the preceding quarter ended 30 June 2006.

**B3. Prospects**

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

**B4. Profit Forecast**

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

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**INTERIM FINANCIAL REPORT**

Notes: - continued

**B5. Taxation**

Taxation comprises the following:-

	<b>Current Year Quarter 30.9.2006 RM'000</b>	<b>Preceding Year Corresponding Quarter 30.9.2005 RM'000</b>	<b>Current Year To Date 30.9.2006 RM'000</b>	<b>Preceding Year Corresponding Period 30.9.2005 RM'000</b>
Taxation based on profit for the period	69,563	68,877	69,563	68,877
In respect of prior years				
- Income tax	130	(140)	130	(140)
- Deferred tax	-	-	-	-
Deferred taxation	17,902	14,267	17,902	14,267
	<u>87,595</u>	<u>83,004</u>	<u>87,595</u>	<u>83,004</u>

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

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

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

**B7. Quoted Securities**

(a)	<b>Current Year Quarter 30.9.2006 RM'000</b>	<b>Current year To Date 30.9.2006 RM'000</b>
Purchases	46	46
Sales	-	-
Gain on disposal	-	-
	<u>=====</u>	<u>=====</u>



**INTERIM FINANCIAL REPORT**

**Notes: - continued**

**B7. Quoted Securities - continued**

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

	<b>RM'000</b>
- At cost	16,965
- At carrying value	16,965
- At market value	15,574
	<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 14 September 2006, the Company announced that its wholly-owned subsidiary, YTL Hotels & Properties Sdn Bhd has subscribed for 1,000,000 ordinary shares of RM1.00 each in Marble Valley Sdn Bhd (MVSB) for a cash consideration of RM1.0 million only.

MVSB was incorporated on 17 October 2005. Its present authorised share capital is RM1.5 million comprising 1,500,000 shares of RM1.00 each and issued and paid-up share capital of RM1,250,000 comprising 1,250,000 shares of RM1.00 each. MVSB is principally involved in the development, operation and management of a boutique hotel.

(ii) On 21 September 2006, the Company announced that Yeoh Tiong Lay Construction (S) Pte. Ltd., a 99.9994% subsidiary of the Company's wholly-owned subsidiary, Syarikat Pembinaan Yeoh Tiong Lay Sdn Bhd, has subscribed for 7 ordinary shares representing 70% of the issued and paid-up share capital of The Lakefront @ Sentosa Cove Pte. Ltd. at SD1.00 per share. Lakefront @ Sentosa Cove Pte. Ltd. is principally involved in property development.

(iii) On 30 August 2006, YTL L&D announced that it has acquired the entire issued and paid-up share capital of Pakatan Pavilion Sdn Bhd (PPSB) comprising 2 ordinary shares of RM1.00 each at par value per share. PPSB was incorporated on 18 August 2006 and is principally involved in property development.

(iv) On 30 August 2006, YTL Corp announced that shareholders who are resident in Japan or are a corporation or entity organised under the laws of Japan or who holds shares in YTL Corp as nominee for any such resident, corporation or entity are excluded from the ROS.

**INTERIM FINANCIAL REPORT**

**Notes: - continued**

**B8. Corporate Developments - continued**

- (v) In relation to the proposed issue by wholly-owned subsidiary, YTL Corp Finance (Labuan) Limited of USD300 million nominal value 5-year guaranteed exchangeable bonds (“Bonds”) which are exchangeable into such number of new ordinary shares of RM0.50 each in YTL Corp (“Proposed Bonds Issue”), the Company has on 8 September 2006 announced that the Securities Commission (“SC”) has in its letter dated 4 September 2006 approved a variation to the conditions of its approval of the Proposed Bonds Issue. Further, the Singapore Exchange Securities Trading Limited (“SGX-ST”) and the Labuan International Financial Exchange Inc (“LFX”) have in their letters dated 24 August 2006 and 28 August 2006 respectively approved the listing of and quotation for the Bonds on SGX-ST and LFX. All required regulatory approvals for the Proposed Bonds Issue have now been obtained. As at todate, the Bonds have not been issued.
- (vi) On 11 October 2006, YTL Corp made an announcement clarifying that the ROS is applicable only to shareholders whose names appear on the Record of Depositors of YTL Corp on a date to be determined and announced later, but excludes persons or corporations or entities through Japan Securities Depository Center, Inc (“JSDC”), or hold such shares as nominee(s) directly or indirectly through JSDC, or have a registered address in any other jurisdictions outside Malaysia.
- (vii) On 10 November 2006, YTL e-Solutions Berhad announced that its subsidiary, Infoscreen Networks Plc, a subsidiary incorporated in UK the shares of which are listed on the AIM Market of the London Stock Exchange, has subscribed for 70,000 ordinary shares of 1 pence each in the capital of The Luxury Channel Limited (“LCL”) for a cash consideration of GBP700. As a result of this subscription, LCL became an indirect subsidiary of YTL Corp.
- (viii) On 17 November 2006, YTL Corp announced that the SC has in its letter dated 15 November 2006 approved the ROS.
- (ix) On 21 November 2006, YTL Corp announced that the book closure date in relation to the ROS of up to 185,531,543 ordinary shares of RM0.50 each in YTL Power (“Offer Shares”) to the Entitled Shareholders at an offer price of RM1.00 per Offer Share payable in full upon acceptance, on the basis of 1 Offer Share for every 10 existing ordinary shares of RM0.50 each held in YTL Corp be fixed on 11 December 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 September 2006 are as follows:-

	<b>RM'000</b>
(i) Short term	
- Secured	543,645
- Unsecured	1,774,854
	<hr/>
	2,318,499
	<hr/>
	<b>RM'000</b>
(ii) Long term	
- Secured	1,645,797
- Unsecured	12,773,993
	<hr/>
	14,419,790
	<hr/>

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

In US Dollar ('000)	420,000
	<hr/>
In Sterling Pound ('000)	1,443,391
	<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 Services 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 = RM6.9171)	74,705
Average fixed interest rate	5.95%
Average period to maturity of the fixed rate borrowing (years)	3.21

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**

On 19 October 2006, the Board of Directors declared an interim dividend of 15% gross less Malaysian Income Tax for the current financial year ending 30 June 2007.

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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:-

	<b>Current Quarter 30.9.2006</b>	<b>Preceding Year Corresponding Quarter 30.9.2005 (Restated)</b>
Net profit for the period / Profit attributable to shareholders (RM'000)	154,126	174,827
<hr/> <hr/>		
<i>Weighted average number of ordinary shares ('000)</i>		
Issued at the beginning of the period	1,565,986	1,528,838
Shares repurchased	(135,560)	(110,346)
	<hr/> 1,430,426	<hr/> 1,418,492
<hr/> <hr/>		
Basic earnings per share (sen)	10.77	12.32
<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 30.9.2006</b>	<b>Preceding Year Corresponding Quarter 30.9.2005 (Restated)</b>
Net profit for the period / Profit attributable to shareholders (RM'000)	154,126	174,827
<hr/> <hr/>		
<i>Weighted average number of ordinary shares-diluted ('000)</i>		
Weighted average number of ordinary shares-basic	1,430,426	1,418,492
Effect of unexercised warrants	90,773	113,868
Effect of unexercised employees share option scheme		21,730
	<hr/> 1,521,199	<hr/> 1,554,090
	<hr/> <hr/>	
* Diluted earnings per share (sen)	10.13	11.25
	<hr/> <hr/>	

\* Total cash expected to be received in the event of an exercise of all outstanding warrants and ESOS options is RM1,772.024 million. Accordingly, the Net Tangible Asset (NTA) on a proforma basis will increase by RM1,772.024 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: 23 November 2006