

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

INTERIM FINANCIAL REPORT

Interim financial report on consolidated results for the period ended 31 December 2007.

The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENTS

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31.12.2007	PRECEDING YEAR CORRESPONDING QUARTER 31.12.2006	6 MONTHS ENDED	
	RM'000	RM'000	RM'000	RM'000
REVENUE	1,515,160	1,415,267	3,098,029	2,808,088
COST OF SALES	(877,942)	(848,896)	(1,799,579)	(1,614,774)
GROSS PROFIT	637,218	566,371	1,298,450	1,193,314
OTHER OPERATING EXPENSES	(120,795)	(102,712)	(217,327)	(228,220)
OTHER OPERATING INCOME	93,497	36,264	182,624	63,244
PROFIT FROM OPERATIONS	609,920	499,923	1,263,747	1,028,338
FINANCE COSTS	(223,150)	(188,745)	(453,827)	(391,479)
SHARE OF (LOSSES)/PROFITS OF ASSOCIATED COMPANIES	59,111	49,317	109,025	87,776
PROFIT BEFORE TAXATION	445,881	360,495	918,945	724,635
TAXATION	(117,409)	(83,367)	(230,576)	(170,962)
PROFIT FOR THE PERIOD	328,472	277,128	688,369	553,673
ATTRIBUTABLE TO:				
SHAREHOLDERS	189,327	152,982	413,935	307,108
MINORITY INTERESTS	139,145	124,146	274,434	246,565
PROFIT FOR THE PERIOD	328,472	277,128	688,369	553,673
EARNINGS PER 50 SEN SHARE				
Basic (Sen)	12.61	10.44	27.57	21.23
Diluted (Sen)	11.62	9.89	25.40	20.26

The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 30 June 2007 and the accompanying explanatory notes attached to the interim financial statements.

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

	UNAUDITED	AUDITED
	AS AT	AS AT
	31.12.2007	30.6.2007
		(restated)
	RM'000	RM'000
ASSETS		
Non-current Assets		
Property, Plant & Equipment	16,800,555	16,902,393
Investment Properties	1,440,011	1,379,366
Prepaid Lease Payment	57,650	50,549
Investment In Subsidiaries	181,704	181,704
Investment In Associated Companies	1,416,237	1,328,826
Quoted Investments	16,954	15,979
Unquoted Investments	591,722	595,379
Development Expenditure	1,074,756	1,041,533
Fixed deposits	424	424
Intangible assets	1,374	953
Goodwill on Consolidation	1,051,076	941,330
	<u>22,632,463</u>	<u>22,438,436</u>
Current Assets		
Inventories	378,062	354,049
Property development costs	167,780	138,122
Trade & other receivables	1,840,853	1,880,878
Tax recoverable	107,236	54,342
Inter-company balances	58,581	13,627
Short term investments	45,182	175,283
Fixed deposits	10,295,722	8,753,951
Cash & bank balances	128,843	103,832
	<u>13,022,259</u>	<u>11,474,084</u>
TOTAL ASSETS	<u>35,654,722</u>	<u>33,912,520</u>

The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 30 June 2007 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED CONSOLIDATED BALANCE SHEETS – continued

	UNAUDITED AS AT 31.12.2007 RM'000	AUDITED AS AT 30.6.2007 (restated) RM'000
EQUITY		
Share capital	829,399	825,611
Share premium	678,410	652,522
Capital reserve	100,467	102,439
Statutory reserve	41,331	41,331
Exchange differences reserve	(259,285)	(31,836)
Other reserves	167,456	171,771
Retained profits	6,958,165	6,542,668
Less : Treasury shares, at cost	(1,018,784)	(922,643)
Total Equity Attributable to Shareholders of the Company	<u>7,497,159</u>	<u>7,381,863</u>
Minority Interests	<u>3,801,480</u>	<u>3,591,979</u>
TOTAL EQUITY	<u>11,298,639</u>	<u>10,973,842</u>
LIABILITIES		
Non-current Liabilities		
Long Term Borrowings	15,963,592	15,601,924
Other Long Term Liabilities	460,034	493,477
Deferred Income	138,959	147,363
Deferred Tax	2,314,248	2,373,794
	<u>18,876,833</u>	<u>18,616,558</u>
Current Liabilities		
Trade & other payables	1,573,008	1,349,877
Inter-company balances	2,410	2,934
Short term borrowings	3,630,698	2,801,021
Provision for taxation	267,622	120,951
Provision for liabilities & charges	5,512	47,337
	<u>5,479,250</u>	<u>4,322,120</u>
TOTAL LIABILITIES	<u>24,356,083</u>	<u>22,938,678</u>
TOTAL EQUITY & LIABILITIES	<u>35,654,722</u>	<u>33,912,520</u>
Net Assets per 50 sen share (Sen)	<u>499.72</u>	<u>490.44</u>

The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the year ended 30 June 2007 and the accompanying explanatory notes attached to the interim financial statements.

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2007**

Group	Attributable to Shareholders of the Company								Total	Minority interests	Total equity
	Share capital	Share premium	Capital reserve	Statutory reserve	Exchange differences reserve	Retained profits	Treasury shares	Other reserves			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance at 1.7.2007	825,611	652,522	102,439	41,331	(31,836)	6,542,668	(922,643)	171,771	7,381,863	3,591,979	10,973,842
Currency translation differences	-	-	(1,972)	-	(227,449)	-	-	-	(229,421)	65,031	(164,390)
Gain recognised on deemed dilution of interest in subsidiaries	-	-	-	-	-	28,994	-	-	28,994	-	28,994
Income and expenses recognised directly in equity	-	-	(1,972)	-	(227,449)	28,994	-	-	(200,427)	65,031	(135,396)
Net profit for the period	-	-	-	-	-	413,935	-	-	413,935	274,434	688,369
Total recognised income and expenses for the period	-	-	(1,972)	-	(227,449)	442,929	-	-	213,508	339,465	552,973
Reserve on consolidation	-	-	-	-	-	-	-	(10,816)	(10,816)	-	(10,816)
Treasury shares	-	-	-	-	-	-	(96,141)	-	(96,141)	-	(96,141)
Dividend paid	-	-	-	-	-	(27,432)	-	-	(27,432)	-	(27,432)
Share-based payment	-	-	-	-	-	-	-	6,501	6,501	-	6,501
Issue of share capital	3,788	25,888	-	-	-	-	-	-	29,676	-	29,676
Changes in composition of the Group	-	-	-	-	-	-	-	-	-	(129,964)	(129,964)
Balance at 31.12.2007	829,399	678,410	100,467	41,331	(259,285)	6,958,165	(1,018,784)	167,456	7,497,159	3,801,480	11,298,639

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 30 June 2007 and the accompanying explanatory notes attached to the interim financial statements.

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2006**

Group	Attributable to Shareholders of the Company								Total	Minority interests	Total equity
	Share capital	Share premium	Capital reserve	Statutory reserve	Translation reserve	Retained profits	Treasury shares	Other reserves			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	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	-	-	-	-	-	(680,798)	-	646,018	(34,780)	468,708	433,928
- as restated	782,355	389,756	102,529	26,009	9,041	5,433,027	(668,269)	740,229	6,814,677	3,414,510	10,229,187
Currency translation differences	-	-	(135)	(1,564)	42,168	-	-	-	40,469	21,876	62,345
Acquisition of subsidiary	-	-	-	-	-	9	-	-	9	-	9
Loss recognized on deemed dilution of interest in subsidiaries	-	-	-	-	-	18,408	-	-	18,408	-	18,408
Income and expenses recognised directly in equity	-	-	(135)	(1,564)	42,168	18,417	-	-	58,886	21,876	80,762
Net profit for the period	-	-	-	-	-	307,108	-	-	307,108	246,565	553,673
Total recognised income and expenses for the period	-	-	(135)	(1,564)	42,168	325,525	-	-	365,994	268,441	634,435
Reserve on consolidation	-	-	-	-	-	-	-	(491)	(491)	-	(491)
Treasury shares	(6,500)	-	-	-	-	-	(188,848)	-	(195,348)	-	(195,348)
Share-based payment	-	-	-	-	-	-	-	11,874	11,874	-	11,874
Dividend paid	-	-	-	-	-	(82,170)	-	-	(82,170)	-	(82,170)
Issue of share capital	47,142	181,508	-	-	-	-	-	-	228,650	-	228,650
Changes in composition of the Group	-	-	-	-	-	-	-	-	-	18,432	18,432
Balance at 31.12.2006	822,997	571,264	102,394	24,445	51,209	5,676,382	(857,117)	751,612	7,143,186	3,701,383	10,844,569

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 30 June 2007 and the accompanying explanatory notes attached to the interim financial statements.

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD ENDED 31 DECEMBER 2007**

	FOR THE 6 MONTHS ENDED	
	31.12.2007	31.12.2006
	RM'000	RM'000
Net cash from operating activities	739,988	994,777
Net cash used in investing activities	(60,382)	(670,289)
Net cash from financing activities	901,711	1,377,328
Net changes in cash and cash equivalents	1,581,317	1,701,816
Cash and cash equivalents brought forward	8,837,787	6,029,586
Cash and cash equivalents carried forward	<u>10,419,104</u>	<u>7,731,402</u>

Cash and cash equivalents comprise:

	RM'000	RM'000
Fixed deposits	10,296,146	7,662,647
Cash and bank balances	128,843	74,921
Bank overdraft	(5,885)	(6,166)
	<u>10,419,104</u>	<u>7,731,402</u>

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the year ended 30 June 2007 and the accompanying explanatory notes attached to the interim financial statements.

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Notes:-

Disclosure requirements pursuant to FRS 134 – 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 2007.

A1. Accounting Policies and Methods of Computation

The interim financial report is unaudited and has been prepared in accordance with the Financial Reporting Standard (“FRS”) 134, “Interim Financial Reporting” and Chapter 9, part K of the Listing Requirements of the Bursa Malaysia Securities Berhad.

The accounting policies and methods of computation adopted by the Group in the interim financial report are consistent with those adopted for the annual audited financial statements for the year ended 30 June 2007 except for the adoption of the following new/revised FRSs, which are relevant to its operations, effective the financial period beginning 1 July 2007:

FRS 107	Cash Flow Statements
FRS 112	Income Taxes
FRS 117	Leases
FRS 118	Revenue
FRS 124	Related Party Disclosure
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets

The adoption of the above FRSs does not have significant impact on the Group other than the effects of the following FRSs:

(i) FRS 117: Leases

Prior to the adoption of the revised FRS 117, leasehold land was classified as property, plant and equipment and was stated at cost less accumulated depreciation and impairment losses. With the revised FRS 117, the unamortized carrying amounts of leasehold land are now classified as prepaid lease payment and amortised over the period of its remaining lease term. The reclassification of leasehold land as prepaid lease payments has been accounted for retrospectively and the comparatives in the balance sheet have been restated.

The effects on the comparatives to the Group on adoption of FRS 117 are as follows:

	As previously reported RM'000	Effect of Changes RM'000	As restated RM'000
30 June 2007			
Property, plant and equipment	16,952,942	(50,549)	16,902,393
Prepaid lease payment	-	50,549	50,549
	=====	=====	=====

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Notes: - continued

A2. Seasonality or Cyclicity of Operations

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

A3. 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.

A4. Changes in estimates of amounts reported

There was no change in 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:-

- (i) Repurchased a total of 7,099,700 and 12,458,300 ordinary shares of its issued share capital from the open market during the current financial quarter and current financial year to date, at an average cost of RM7.72 per share. The total consideration paid for the share buy-back, including transaction costs during the current financial quarter and financial year to date amounted to RM54.828 million and RM96.141 million respectively and 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 31 December 2007, 5,960,144 ordinary shares were issued pursuant to the exercise of 1999/2009 warrants at an exercise price of RM4.23 per share. During the current financial year to date a total of 1,599,627 and 5,975,444 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. The 1997/2007 warrants had expired on 21 September 2007.

A6. Dividend paid

A final dividend of 5% gross less Malaysian Income Tax of 27% amounting to RM27,432,198 in respect of financial year ended 30 June 2007 was paid on 31 December 2007.

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Notes: - continued

A7. Segment Reporting

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

The Group's segmental report for the second quarter ended 31 December 2007 is as follows:-

	Construction	Information technology & e-commerce related business	Cement Manufacturing & trading	Property investment & development	Management services & others	Hotels	Utilities	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	104,462	11,447	697,221	138,795	162,705	77,957	1,905,442	3,098,029
Results								
Operating profit	12,799	3,350	171,832	52,799	142,509	8,974	871,484	1,263,747
Finance costs								(453,827)
Share of profit of associated companies								109,025
Profit before taxation								918,945
Taxation								(230,576)
Profit for the period								688,369
Attributable to:								
Shareholders								413,935
Minority interests								274,434
Profit for the period								688,369

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Notes: - continued

A7. Segment Reporting - continued

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

The Group's segmental report for the second quarter ended 31 December 2006 is as follows:-

	Construction	Information technology & e-commerce related business	Cement Manufacturing & trading	Property investment & development	Management services & others	Hotels	Utilities	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	119,409	10,016	556,719	76,000	146,789	69,671	1,829,484	2,808,088
Results								
Operating profit	15,599	3,650	132,247	46,376	35,222	7,856	787,388	1,028,338
Finance costs								(391,479)
Share of profit of associated companies								87,776
Profit before taxation								724,635
Taxation								(170,962)
Profit for the period								553,673
Attributable to:								
Shareholders								307,108
Minority interests								246,565
Profit for the period								553,673

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Notes: - continued

A8. 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 and year to date, YTL Power International Berhad (“YTL Power”) repurchased a total of 16,268,700 and 53,218,800 ordinary shares of its issued share capital from the open market value for a total consideration of RM42,190,165 and RM129,525,455 at an average cost of RM2.59 and RM2.43 per share respectively. The repurchase of shares was financed by internally generated funds. As at 31 December 2007, the number of treasury shares held was 243,273,675 ordinary shares.

On 7 January 2008, YTL Power distributed 204,916,239 treasury shares as share dividend to the shareholders on the basis of one (1) treasury shares for every twenty five (25) ordinary shares held on 24 December 2007.

- (ii) During the current financial quarter and for the financial year to date, 18,741,530 and 21,923,130 ordinary shares were issued by YTL Power pursuant to the exercise of warrants at a weighted average exercise price of RM1.39 per share.
- (iii) For the current financial quarter and year to date, 3,104,750 and 3,178,750 ordinary shares were issued by YTL Power pursuant to the exercise of ESOS at a weighted average exercise price of RM1.35 per share.
- (iv) During the current financial quarter and year to date, 25,533,594 and 37,048,744 ordinary shares were issued by YTL Power pursuant to the exchange of US\$15,300,000 and US\$22,200,000 respectively. YTL Power Finance (Cayman) Limited’s 5-year zero coupon guaranteed exchangeable bonds due 2010 at the exchange price of RM2.277 per share.
- (v) For the year to date, a total of 17,000 ordinary shares of RM0.50 each respectively were issued by YTL Cement Berhad (“YTL Cement”) pursuant to the exercise of ESOS at an exercise price of RM1.21.
- (vi) During the current financial year to date, YTL Cement repurchased a total of 1,351,400 ordinary shares of its issued share capital from the open market at an average cost of RM4.95 per share. During the quarter ended 31 December 2007, a total of 279,200 shares were purchased from the open market at an average cost of RM5.15 per share. The total consideration paid for the share buy-back during the financial year to date and financial quarter ended 31 December 2007, including transaction costs, was RM6,691,113 and RM1,435,685 respectively, and was financed by internally generated funds. As at 31 December 2007, the total shares bought back, all of which are held as treasury shares, amounted to 20,733,164 ordinary shares.

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Notes: - continued

- (vii) During the current financial quarter, a total of 889 ordinary shares of RM0.50 each were issued by YTL Cement pursuant to the conversion of RM2,420 Nominal value of 100% Irredeemable Convertible Unsecured Loan Stocks 2005/2015.
- (viii) During the current financial quarter, the share capital of YTL Land & Development Berhad (“YTL L&D”) increased from RM197,788,273 to RM198,916,426 as a result of the conversion of 8,799,600 Irredeemable Convertible Preference Shares (“ICPS-A”) of RM0.50 each into 2,256,305 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 financial year to date, a total of 6,890,339 new ordinary shares of RM0.50 each were issued as a result of the conversion of 26,872,323 ICPS-A. There was no issuance of Irredeemable Convertible Preference Shares (“ICPS-B”) during the current financial quarter. The total number of ICPS-A and ICPS-B outstanding as at 31 December 2007 were 188,410,470 and 533,290,580 of RM0.50 each respectively.

- (ix) During the current financial quarter, YTL L&D purchased 58,500 of its issued ordinary shares of RM0.50 each from the open market at an average price of RM1.6576 per share. The total share buy-back for the financial period ended 31 December 2007 was 2,385,000 ordinary shares. The total consideration paid, including transaction costs for the share buy-back during the current financial quarter and financial period ended 31 December 2007 was RM96,968.95 and RM5,036,058.16 respectively and was financed by internally generated funds. The shares purchased are being held as treasury shares in accordance with Section 67A of the Companies Act 1965.
- (x) During the current financial quarter, YTL e-Solutions Berhad (“YTLE”) repurchased a total of 50,100 ordinary shares of its issued share capital from the open market at an average cost of RM0.62 per share for a total consideration of RM31,373. The share buy-back was financed by internally generated funds. The shares purchased are held as treasury shares.
- (xi) On 2 October 2007, YTLE announced the acquisition by Y-Max Networks Sdn Bhd (formerly known as Bizsurf (M) Sdn Bhd (“Y-Max Networks”), a subsidiary of YTLE, of 2 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of Bizsurf MSC Sdn Bhd (“Bizsurf MSC”) from Chia Kok Lai and Wong Kian Lon who are also directors and shareholders of Y-Max Networks for a cash consideration of RM2.00.

Bizsurf MSC was incorporated on 28 April 2004 and is principally involved in the business of wireless network distribution equipment and services, broadband and internet services provisioning and other internet related services.

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Notes: - continued

- (xii) On 4 October 2007, Y-Max Solutions Holdings Sdn Bhd (formerly known as Titan Awards Sdn Bhd) (“Y-Max SH”), a subsidiary of YTLE, acquired 800 ordinary shares of RM1.00 each representing 80% of the issued and paid-up share capital of YMax Sdn Bhd (“YMax”) via the subscription of 798 ordinary shares at par value per share and acquisition of 2 ordinary shares for RM2.00. A total cash consideration of RM800 was paid for the subscription cum acquisition. The remaining 20% equity interest in YMax has been subscribed by Y-Max Networks. As a result, YMax has become a subsidiary of Y-Max SH and an indirect subsidiary of the Company.

YMax was incorporated on 12 March 2007, and will be principally engaged in the business of providing broadband internet access and other value added services.

- (xiii) On 8 October 2007, YTLE announced that it has entered into a Shareholders’ Agreement with Patrick Cruise O’Brien of 12 Simmonscourt, Simmonscourt Road, Dublin 4, Eire for the subscription by YTLE of 80 ordinary shares of £1 each representing 80% of the total shares to be issued, fully paid in the share capital of Wimax Capital Management Limited (“WCM”), for a total cash consideration of £80. On 17 November 2007, WCM became a subsidiary of YTLE and an indirect subsidiary of the Company.

WCM was incorporated in England on 17 April 2007 and presently has an authorized share capital of £100 divided into 100 ordinary shares of £1 each. WCM will be principally conduction business related to WiMAX technology, including without limitation the purchase and exploitation of WiMAX spectrum bandwith.

- (xiv) On 12 October 2007, the Company announced that BTQ, entered into the following agreements:-
- Share Sale Agreements with Kennison Quarries Sdn Bhd (“KQSB”) for the acquisition of 2,000,000 ordinary shares of RM1.00 each representing 100% of the issued and paid-up share capital of Kenneison Construction Materials Sdn Bhd (“KCM”), and 1,201,000 ordinary shares of RM1.00 each representing 100% of the issued and paid-up share capital of Kenneison Northern Quarry Sdn Bhd (“KNQ”) for RM17,000,000 and RM500,000 respectively in cash (“Proposed Acquisitions”);
 - A Sale and Purchase Agreement with KQSB for the purchase of quarry equipment and other assets for a total consideration of RM6.5 million (“Proposed Assets Purchase”);

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Notes: - continued

- A Quarry Agreement with Kenneison Brothers Sdn Bhd (“KBSB”) for the rights to carry out quarry operations on all that parcels of leasehold land measuring 625 acres held under Lot 6668, Pajakan Negeri 7957 and Lot 6669, Pajakan 7958, both in Mukim and District of Ulu Langat, State of Selangor Darul Ehsan (“the Quarry Lands”) for a period of twelve (12) years with a minimum annual guaranteed payment of RM3.0 million commencing the calendar year 2008 and the proposed lease by KBSB of all immovable property or assets on the Quarry Lands for the duration of the term for a nominal consideration of RM10.00. (“Proposed Quarrying Rights”)

The Proposed Acquisitions, Proposed Assets Purchase and Proposed Quarrying Rights were completed on 31 October 2007.

- (xv) On 12 October 2007, Marble Valley Sdn Bhd, an 80%-owned subsidiary of YTL Hotels & Properties Sdn Bhd which in turn is a wholly-owned subsidiary of the Company, subscribed for 1 ordinary share representing 50% of the issued and paid-up share capital of Marble Valley Two Sdn Bhd.

Marble Valley Two Sdn Bhd was incorporated on 12 October 2007 with an authorised share capital of RM500,000.00 divided into 500,000 ordinary shares of RM1.00 each. Marble Valley Two Sdn Bhd is principally engaged in the business of managing and operating a boutique hotel known as “Majestic Hotel Melaka”.

On 21 January 2008, Marble Valley Sdn Bhd subscribed for a further 199,998 ordinary shares of RM1.00 each in Marble Valley Two Sdn Bhd. As a result of the further subscription of shares, Marble Valley Two Sdn Bhd has become an 80%-owned subsidiary of Marble Valley Sdn Bhd and an indirect subsidiary of the Company.

- (xvi) On 12 October 2007, YTL Hotels BV, a wholly-owned subsidiary of YTL Hotels & Properties Sdn Bhd, acquired 35,000,000 shares representing 50% of the entire issued share capital of Samui Hotel 2 Co. Ltd (“Samui Hotel”), a company incorporated under the laws of the Kingdom of Thailand.

Samui Hotel has an authorized share capital of THB 700,000,000 divided into 70,000,000 ordinary shares with a par value of THB 10 of which the entire 70,000,000 ordinary shares have been issued and paid-up to THB300,000,000.

- (xvii) On 25 October 2007, YTL Cayman Limited (“YTL Cayman”), a wholly owned subsidiary of the Company, subscribed for 9,980 shares of THB 100 each comprising 49.9% equity interests in YTL (Thailand) Limited.

YTL (Thailand) Limited was incorporated on 25 October 2007 under the laws of the Kingdom of Thailand with a registered capital of THB 2,000,000.

INTERIM FINANCIAL REPORT

Notes: - continued

- (xviii) On 26 October 2007, the Company announced that YTL Cayman has acquired 1 ordinary share of par value US\$1.00 representing the entire issued and paid-up share capital of YTL Construction International (Cayman) Limited (“YTL Construction International”) for US\$1.00 in cash. As a result of the acquisition, YTL Construction International has become a wholly-owned subsidiary of YTL Cayman and an indirect subsidiary of the Company.
- (xix) On 2 November 2007, Y-Max SH completed its subscription of 1,400,000 ordinary shares of par value RM1.00 each and 5,600,000 redeemable convertible preference shares (“RCPS A”) of par value RM0.10 each at the issue price of RM1.00 per ordinary share and RM1.00 per RCPS A respectively, representing 70% of the issued and paid-up share capital of Airzed Broadband Sdn Bhd (“AZB”). As a result of this subscription, AZB became an indirect subsidiary of YTL and of the Company.
- (xx) On 15 November 2007, the acquisition by YTL HK of the entire equity interest in Zhejiang Lin’an Cement Co., Ltd., (“Jin Yuan”) a limited liability company incorporated on 22 October 2003 under the laws of the People’s Republic of China with a registered capital of RMB100,000,000 for a total consideration of RMB150,000,000 was completed.

Jin Yuan owns a cement plant with a cement production capacity of 1.5 million tonne per year and a clinker production capacity of 1.55 million tonne per year.

- (xxi) On 27 November 2007, the Company announced that YTL Construction (Thailand) Limited (“YTL Construction Thailand”) has become an indirect subsidiary of the Company via the subscription of shares by YTL Construction International (Cayman) Limited (“YTL Construction Cayman”) and YTL (Thailand) Limited (“YTL Thailand”). YTL Construction Cayman, a wholly-owned subsidiary of YTL Cayman, subscribed for 9,980 ordinary shares with a par value of THB100 each representing 49.9% of the issued and paid-up share capital of YTL Construction Thailand, whilst YTL Thailand which is a 49.9% associate company of YTL Cayman, subscribed for 10,013 ordinary shares with a par value of THB100 each representing 50.065% of the issued and paid-up share capital of YTL Construction Thailand

YTL Construction Thailand was incorporated as a limited company in the Kingdom of Thailand on 26 November 2007 and has a registered capital of THB2,000,000. YTL Construction Thailand will be principally involved in construction activities.

- (xxii) On 28 November 2007, YTL acquired two ordinary shares of RM1.00 each in All Century Systems Sdn Bhd (“ACS”) representing the entire issued and paid-up share capital of ACS. ACS was incorporated on 30 October 2007 and will be principally involved in the business of broadband internet access and other value added services.

YTL subscribed for a further 499,998 shares in the capital of All Century Systems on 14 December 2007.

INTERIM FINANCIAL REPORT

Notes: - continued

All Century Systems changed its name to Y-Max Infra Sdn Bhd on 17 December 2007.

(xxiii) On 29 November 2007, the Company announced that YTL Construction (S) Pte Ltd (formerly known as Yeoh Tiong Lay Construction (Singapore) Pte Ltd) (“YTL Construction”) a wholly-owned subsidiary of Syarikat Pembinaan Yeoh Tiong Lay Sdn Bhd (“SPYTL”), subscribed for one (1) ordinary share at SGD1.00 in cash in the capital of YTL Westwood Properties Pte Ltd (“YTL Westwood”) representing the entire issued and paid share capital of the YTL Westwood. As a result of the subscription, YTL Westwood became a wholly-owned subsidiary of YTL Construction and an indirect subsidiary of the Company.

YTL Westwood was incorporated on 29 November 2007 with an issued and paid-up share capital of SGD1.00 comprising 1 ordinary share. YTL Westwood will be principally involved in real estate development.

A9. Changes in Contingent Liabilities or Contingent Assets

Since the last annual balance sheet as at 31 December 2007, there were no changes in the contingent liabilities of the Group.

As at 31 December 2007, the Company had given corporate guarantees amounting to RM697.047 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	17,000	152
Bank overdrafts	20,200	3,433
Letters of credit/trust receipts/bankers acceptances/ shipping guarantees	159,300	35,635
Revolving loans/advances	428,747	379,468
Bankers' guarantees:- Advance payment bonds/performance bonds, pre-bid bonds and other related guarantees	71,800	48,083
	<u>697,047</u>	<u>466,771</u>

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INTERIM FINANCIAL REPORT

Notes: - continued

A10. Subsequent Events

There was no item, transaction or event of a material or unusual nature during the period from the end of the quarter under review to 19 February 2008, except as disclosed below.

- (i) On 21 January 2008, YTL Construction (S) Pte Ltd transferred its entire shareholding of one (1) ordinary share in YTL Westwood Properties Pte Ltd (“YTL Westwood”) to the Company for SGD1.00 cash. As a result of the transfer, YTL Westwood became a direct wholly-owned subsidiary of the Company.
- (ii) On 31 January 2008, YTL Cement Singapore Pte Ltd, a wholly-owned subsidiary of YTL Cement, subscribed for 1 ordinary share at SGD1.00 representing the entire issued and paid-up share capital of YTL Cement Marketing Singapore Pte Ltd.

YTL Cement Marketing Singapore Pte Ltd was incorporated on 31 January 2008 for the purpose of undertaking the business of sales and marketing of cement, cementitious products and other related construction products.

- (iii) On 13 February 2008, the Company announced the acquisition of the following subsidiaries incorporated in France vide the subscription of shares as follows:-
 - (a) the subscription by YTL Corp of 1 share of par value One EURO and the subscription by Divine View Sdn Bhd, a wholly-owned subsidiary of the Company of 999,999 shares of par value One EURO each representing 0.0001% and 99.9999% respectively of the registered capital of YTL Hotels Saint Tropez; and
 - (b) subscription of 100,000 shares of par value Five EURO each representing the entire registered capital of YTL Hotel Management Saint Tropez.

YTL Hotels Saint Tropez was incorporated on 3 December 2007 as a *Societe Civile Immobiliere* (“SCI”) or partnership company which will be principally involved in acquisition, management, renting and administration and/or resale of real estate.

YTL Hotel Management Saint Tropez was incorporated on 29 January 2008 as a *Societe a Responsabilite Limitee* (“SARL”) or a private limited company with the intended principal activities of hotel operations and management services.

INTERIM FINANCIAL REPORT

Disclosure requirements per Part A of Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad

B1. Review of Performance

The Group recorded a revenue and profit before taxation for the current financial quarter of RM1,515.2 million and RM445.9 million respectively, representing an increase of 7.1% and 23.7% respectively when compared to the previous corresponding quarter ended 31 December 2006.

The Group's profit from operations improved from RM1,028.3 million in the corresponding six months to 31 December 2006 to RM1,263.7 million in the current financial six months ended 31 December 2007 representing an increase of 22.9%. The profit after taxation increased by 26.8% from RM724.6 million recorded in the previous corresponding six months ended 31 December 2006 to RM918.9 million recorded in the current six months ended 31 December 2007. The improvement was attributed to the better performance of its utilities and cement businesses.

B2. Comparison with Preceding Quarter

	Current Quarter 31.12.2007 RM'000	Preceding Quarter 30.9.2007 RM'000
Revenue	1,515,160	1,582,869
Consolidated profit before taxation	445,881	473,064
Consolidated profit after taxation attributable to shareholders	189,327	224,608

For the current financial quarter, the Group's revenue decreased by 4.3% while the profit before taxation decreased by 5.7% compared to the preceding quarter ended 30 September 2007.

B3. Audit Report of the preceding financial year ended 30 June 2007

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

B4. Prospect

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 2008.

B5. Profit Forecast

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

INTERIM FINANCIAL REPORT

Notes: - continued

B6. Taxation

Taxation comprises the following:-

	Quarter 31.12.2007 RM'000	Quarter 31.12.2006 RM'000	To Date 31.12.2007 RM'000	Period 31.12.2006 RM'000
Taxation based on profit for the period	118,060	72,476	229,986	141,575
In respect of prior years				
- Income tax	-	(14,621)	1,544	(14,491)
- Deferred tax	-	-	-	-
Deferred taxation	(651)	25,512	(954)	43,878
Others	-	-	-	-
	<u>117,409</u>	<u>83,367</u>	<u>230,576</u>	<u>170,962</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 certain income of foreign subsidiaries not subject to tax.

B7. Sales of Unquoted Investment and /or Properties

During the current financial quarter and year to date, the Company purchased an investment property amounting to RM61.1 million.

B8. Quoted Securities

(a)	Current Year Quarter 31.12.2007 RM'000	Current year To Date 31.12.2007 RM'000
Purchases	929	944
Sales	-	-
Gain on disposal	-	-
	=====	=====

(b) Particulars of investment in quoted securities as at 31 December 2007:

	RM'000
- At cost	16,954
- At carrying value	16,954
- At market value	28,201
	<u>=====</u>

INTERIM FINANCIAL REPORT

Notes: - continued

B9. Corporate Developments

(a) Corporate Proposal Announced and Pending Completion

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

- (i) In relation to the proposal by YTL Cement to issue via a wholly-owned subsidiary to be incorporated in the Federal Territory of Labuan, up to USD200 million nominal value five (5) year guaranteed Exchangeable Bonds which are exchangeable into new ordinary shares of RM0.50 each in YTL Cement (“the Proposed Exchangeable Bonds Issue”), the relevant exemptions sought from the Minister of Finance under the Offshore Companies Act, 1990 and approval from the Labuan Offshore Financial Services Authority (“LOFSA”) for the Proposed Exchangeable Bonds Issue have been obtained via LOFSA’s letter dated 28 December 2007 (“Approvals”). The Approvals are subject to, *inter-alia*, the condition that YTL Cement Labuan, a proposed wholly-owned subsidiary to be incorporated prior to the issue of the Exchangeable Bonds, shall submit the final prospectus for the Exchangeable Bonds within 2 weeks from the date of issuance and no significant changes has been made.

The Ministry of International Trade and Industry (“MITI”) has also given its approval for the Proposed Exchangeable Bonds Issue vide its letter dated 28 January 2008 (“the said MITI approval”) subject to the condition that YTL Cement obtains the approval of the SC and complies with the FIC Guidelines for Acquisition of Interest, Mergers and Take-Overs by Local and Foreign Interests (“FIC Guidelines”).

The Equity Compliance Unit of the SC had vide its letter dated 4 October 2007 approved the Proposed Exchangeable Bonds Issue pursuant to the FIC Guidelines.

The said MITI approval also granted C.I. Readymix Sdn Bhd, Pahang Cement Sdn Bhd and Straits Cement Sdn Bhd (all wholly-owned subsidiaries of YTL Cement which are licensed by MITI), a period of 1 year from the date of the said MITI approval for the respective subsidiaries to comply with the relevant equity conditions imposed by MITI.

As approvals of the SC, Bank Negara Malaysia, and shareholders of YTL Cement have been obtained earlier on 4 October 2007, 12 October 2007 and 6 November 2007 respectively, the Proposed Exchangeable Bonds Issue is now pending implementation, subject to prevailing market conditions.

INTERIM FINANCIAL REPORT

Notes: - continued

- (ii) In relation to the proposal for the renounceable restricted offer for sale of up to 128,280,114 ordinary shares of RM0.50 each in YTL Power (“Offer Shares”) by the Company (“YTL Corp”) to the entitled shareholders of YTL Corp at an offer price of RM1.00 per Offer Share payable in full upon acceptance, on the basis of 1 Offer Share for every 15 existing ordinary shares of RM0.50 each held in the Company (“ROS 2”), the number of Offer Shares available for subscription as determined as at the book closure date of 14 December 2007 was 99,929,116. The ROS 2 was completed on 18 January 2008 with the successful crediting of the 99,929,116 Offer Shares into the CDS accounts of the entitled shareholders and/or their renounee(s).
- (iii) On 16 November 2007, YTL Power announced the following:-
- Proposed issue of up to RM2,200,000,000 nominal value of 3.00% redeemable bonds (“Bonds”) with up to 2,227,964,871 detachable warrants (“Warrants”) on a bought deal basis to primary subscriber(s) (“Proposed Bonds with Warrants”); and
 - Proposed offer for sale by the primary subscriber(s) of up to 2,227,964,871 Warrants to the existing shareholders of YTL Power on a renounceable rights basis of one (1) Warrant for every three (3) existing ordinary shares of RM0.50 each held in YTL Power on an entitlement date and at an offer price to be determined and announced later (“Proposed Offer for Sale”).

collectively referred to as “the Proposals”.

On 14 December 2007, YTL Power announced that it has proposed to revise the terms of the Proposals as follows:-

- (i) The Bonds may be issued at par or a discount to their nominal value, and at 3.0% coupon or such other coupon rate, in each case to be determined nearer to the point of issuance; and
- (ii) The offer price of the Warrants shall be calculated either:-
- (a) based on the difference between the nominal value of the Bonds and the discounted value of the Bonds (as agreed between the Company and primary subscriber(s) divided by the number of the Warrants to be issued); or
 - (b) based on market-based principles and after taking into account the working capital requirements of the YTL Power Group.

Bank Negara Malaysia has vide its letter dated 31 December 2007 approved the issuance of the Warrants to shareholders of YTL Power who are non-residents of Malaysia in respect of the Proposed Offer for Sale of Warrants.

INTERIM FINANCIAL REPORT

Notes: - continued

Approval from the SC for the Proposals including the issuance of up to 2,227,964,871 new ordinary shares in YTL Power pursuant to the exercise of Warrants, and proposed listing of and quotation for the Warrants on the Main Board of Bursa Securities was obtained vide letter dated 31 January 2008 subject to compliance with certain conditions.

Shareholders of YTL Power have approved the Proposals at the Extraordinary General Meeting held on 19 February 2008.

The Proposals are now pending implementation

b) **Status of Utilization of Proceeds**

USD300 million Guaranteed Exchangeable Bonds Due 2012

The net proceeds received from the issue of the USD300 million Guaranteed Exchangeable Bond due 2012 is currently placed under fixed deposits pending investments.

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INTERIM FINANCIAL REPORT

Notes: - continued

B10. Group Borrowings and Debt Securities

Particulars of the Group's borrowings and debts securities as at 31 December 2007 are as follows:-

	RM'000
(i) Short term	
- Secured	682,655
- Unsecured	2,948,043
	<hr/> 3,630,698 <hr/>
	RM'000
(ii) Long term	
- Secured	2,629,302
- Unsecured	13,334,290
	<hr/> 15,963,592 <hr/>

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

In Singapore Dollar ('000)	4,584
In Chinese RMB ('000)	48,198
In US Dollar ('000)	401,812
In Sterling Pound ('000)	1,655,272

Save for the borrowings of RM418.688 million by the subsidiary companies of which corporate guarantees are provided by the Company, all other borrowings of subsidiary companies are on a non-recourse basis to the Company.

B11. Off Balance Sheet Financial Instruments

There were no off balance sheet instruments as at 31 December 2007.

B12. Material litigation

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

B13. Dividend

The Board of Directors declared a second interim dividend of 15% gross less Malaysian Income Tax for the current financial year ending 30 June 2008 and that the Book Closure and Payment Dates in respect of the aforesaid dividend be 10 March 2008 and 24 March 2008 respectively.

INTERIM FINANCIAL REPORT

Notes: - continued

B14. 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 31.12.2007	Preceding Year Corresponding Quarter 31.12.2006
Profit attributable to shareholders (RM'000)	189,327	152,982
<i>Weighted average number of ordinary shares ('000)</i>		
Issued at the beginning of the period	1,654,413	1,624,193
Shares repurchased	(153,178)	(159,540)
	1,501,235	1,464,653
Basic earnings per share (sen)	12.61	10.44

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INTERIM FINANCIAL REPORT

Notes: - continued

B14. 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 30.9.2007	Preceding Year Corresponding Quarter 30.9.2006
Profit attributable to shareholders (RM'000)	189,327	152,982
<i>Weighted average number of ordinary shares-diluted ('000)</i>		
Weighted average number of ordinary shares-basic	1,501,235	1,464,653
Effect of unexercised warrants	112,251	74,746
Effect of unexercised employees share option scheme	16,471	7,056
	<u>1,629,957</u>	<u>1,546,455</u>
* Diluted earnings per share (sen)	<u>11.62</u>	<u>9.89</u>

* Total cash expected to be received in the event of an exercise of all outstanding warrants and ESOS options is RM1,359.082 million. Accordingly, the Net Asset (NA) on a proforma basis will increase by RM1,359.082 million resulting in an increase in NTA per share of RM0.75. In arriving at the Diluted earnings per share, NA and NA per share, no income has been accrued for the cash proceeds.

By Order of the Board
HO SAY KENG
Secretary

Kuala Lumpur
Dated: 22 February 2008