YTL CORPORATION BERHAD

Company No. 92647-H
Incorporated in Malaysia

Interim Financial Report
31 December 2010

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

INTERIM FINANCIAL REPORT

Interim financial report on consolidated results for the financial quarter ended 31 December 2010.

The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	6 MONTHS ENDED	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
	RM'000	RM'000	RM'000	RM'000
REVENUE	4,499,630	3,927,270	8,904,679	7,857,350
COST OF SALES	(3,550,157)	(3,052,090)	(6,966,368)	(6,161,642)
GROSS PROFIT	949,473	875,180	1,938,311	1,695,708
OTHER OPERATING EXPENSES	(351,634)	(268,447)	(677,185)	(452,128)
OTHER OPERATING INCOME	74,049	64,096	215,518	139,729
PROFIT FROM OPERATIONS	671,888	670,829	1,476,644	1,383,309
FINANCE COSTS	(253,416)	(225,581)	(492,942)	(503,701)
SHARE OF PROFITS OF ASSOCIATED COMPANIES	62,420	69,470	121,006	138,261
PROFIT BEFORE TAXATION	480,892	514,718	1,104,708	1,017,869
TAXATION	(146,147)	(140,409)	(303,459)	(263,856)
PROFIT FOR THE PERIOD	334,745	374,309	801,249	754,013
ATTRIBUTABLE TO:				
OWNERS OF THE PARENT	164,182	216,224	443,088	423,738
NON-CONTROLLING INTERESTS	170,563	158,085	358,161	330,275
PROFIT FOR THE PERIOD	334,745	374,309	801,249	754,013
EARNINGS PER 50 SEN SHARE				
Basic (Sen)	9.15	12.04	24.70	23.59
Diluted (Sen)	9.07	11.94	24.48	23.40

The Condensed Consolidated Income Statement should be read in conjunction with the audited annual financial statements for the year ended 30 June 2010 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	6 MONTHS ENDED	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
	RM'000	RM'000	RM'000	RM'000
PROFIT FOR THE PERIOD	334,745	374,309	801,249	754,013
OTHER COMPREHENSIVE INCOME:				
AVAILABLE-FOR-SALE FINANCIAL ASSETS	19,770	-	25,921	-
CASHFLOW HEDGES	57,442	-	71,145	-
CURRENCY TRANSLATION DIFFERENCES	56,199	8,406	200,001	(150,623)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	133,411	8,406	297,067	(150,623)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	468,156	382,715	1,098,316	603,390
ATTRIBUTABLE TO:				
OWNERS OF THE PARENT	216,067	262,222	576,377	338,544
NON-CONTROLLING INTERESTS	252,089	120,493	521,939	264,846
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	468,156	382,715	1,098,316	603,390

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited annual financial statements for the year ended 30 June 2010 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	UNAUDITED AS AT 31.12.2010 RM'000	AUDITED AS AT 30.6.2010 (RESTATED) RM'000
ASSETS		
Non-current Assets		
Property, plant & equipment	19,385,602	19,162,783
Investment properties	1,376,361	1,333,720
Investment in associated companies & joint controlled entity	2,025,701	2,359,129
Available-for-Sale Financial Assets	841,582	-
Investments	-	666,670
Development expenditure	786,021	769,315
Intangible assets	4,503,304	4,347,670
Biological assets	1,012	1,024
Other receivables	48,237	64,481
	28,967,820	28,704,792
Current Assets		
Inventories	1,004,220	810,748
Property development costs	447,658	479,482
Trade & other receivables	3,286,635	4,002,023
Derivative financial instruments	60,839	1,949
Income tax assets	4,380	18,284
Amount due from related parties	68,194	51,924
Available-for-Sale Financial Assets	1,000,918	-
Short term investments	-	993,413
Fixed deposits	11,852,173	10,506,720
Cash & bank balances	690,812	584,520
	18,415,829	17,449,063
TOTAL ASSETS	47,383,649	46,153,855

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited annual financial statements for the year ended 30 June 2010 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION - continued

	UNAUDITED AS AT 31.12.2010 RM'000	AUDITED AS AT 30.6.2010 RM'000
EQUITY		
Share capital	950,831	950,109
Share premium	1,298,552	1,292,354
Other reserves	(617,813)	(646,255)
Retained profits	8,726,804	8,814,835
Less : Treasury shares, at cost	(708,348)	(687,121)
Total Equity Attributable to Owners of the Parent	9,650,026	9,723,922
Non-Controlling Interest	2,017,308	1,701,456
TOTAL EQUITY	11,667,334	11,425,378
LIABILITIES		
Non-current Liabilities		
Long term payables	97,291	94,432
Bonds & borrowings	23,823,845	22,791,826
Deferred income	231,930	218,140
Deferred tax liabilities	2,807,855	2,816,360
Post employment benefit obligations	193,063	185,866
	27,153,984	26,106,624
Current Liabilities		
Trade & other payables	3,337,744	3,060,253
Derivative financial instruments	99,788	23,749
Amount due to related parties	22,545	4,496
Bonds & borrowings	4,829,006	5,315,912
Income tax liabilities	246,229	184,686
Provision for liabilities & charges	27,019	32,757
	8,562,331	8,621,853
TOTAL LIABILITIES	35,716,315	34,728,477
TOTAL EQUITY & LIABILITIES	47,383,649	46,153,855
Net Assets per 50 sen share (RM)	5.38	5.42

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited annual financial statements for the year ended 30 June 2010 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 2010

	Attributable to Owners of the Parent							
	Share capital	**Share premium**	**Retained profits**	**Treasury shares**	**Other reserves**	**Total**	**Non-Controlling interests**	**Total equity**
Group	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
At 1.07.2010								
As previously reported	950,109	1,292,354	8,814,835	(687,121)	(646,255)	9,723,922	1,701,456	11,425,378
Effects of adoption of FRS 139	-	-	(374,953)	-	(60,611)	(435,564)	-	(435,564)
At 1.07.2010, as restated	950,109	1,292,354	8,439,882	(687,121)	(706,866)	9,288,358	1,701,456	10,989,814
Profit for the period	-	-	443,088	-	-	443,088	358,161	801,249
Other Comprehensive Income	-	-	-	-	133,289	133,289	163,778	297,067
Total Comprehensive Income for the period	-	-	443,088	-	133,289	576,377	521,939	1,098,316
Equity component of Ex. Bonds	-	-	-	-	(45,707)	(45,707)	-	(45,707)
Gain recognised on deemed dilution of interest in subsidiaries	-	-	(21,641)	-	-	(21,641)	(4,791)	(26,432)
Share buyback	-	-	-	(21,227)	-	(21,227)	-	(21,227)
Dividend paid	-	-	(134,525)	-	-	(134,525)	-	(134,525)
Distribution of treasury shares	-	-	-	-	-	-	-	-
Issue of share capital	722	6,198	-	-	-	6,920	-	6,920
Warrant reserve	-	-	-	-	(1,606)	(1,606)	-	(1,606)
Share options granted	-	-	-	-	3,077	3,077	-	3,077
Dividend paid to minority interest	-	-	-	-	-	-	(71,945)	(71,945)
Changes in composition of the Group	-	-	-	-	-	-	(129,351)	(129,351)
Balance at 31.12.2010	950,831	1,298,552	8,726,804	(708,348)	(617,813)	9,650,026	2,017,308	11,667,334

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited annual financial statements for the year ended 30 June 2010 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 2009

	← Attributable to Shareholders of the Company →							
	Share capital	Share premium	Retained profits	Treasury shares	Other reserves	Total	Minority interests	Total equity
Group	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Balance at 1.7.2009								
As previously reported	948,496	1,503,558	7,997,434	(892,549)	(109,774)	9,447,165	953,219	10,400,384
Profit for the period	-	-	423,738	-	-	423,738	330,275	754,013
Other Comprehensive Income	-	-	-	-	(85,194)	(85,194)	(65,429)	(150,623)
Total Comprehensive Income for the period	-	-	423,738	-	(85,194)	338,544	264,846	603,390
Equity component of Ex. Bonds	-	-	-	-	(2,008)	(2,008)	-	(2,008)
Gain recognised on deemed dilution of interest in subsidiaries	-	-	53,310	-	-	53,310	(56,100)	(2,790)
Share buyback	-	-	-	(2,022)	-	(2,022)	(21)	(2,043)
Dividend paid	-	-	(101,061)	-	-	(101,061)	-	(101,061)
Distribution of treasury shares	-	(229,873)	-	225,274	-	(4,599)	-	(4,599)
Issue of share capital	1,280	12,120	-	-	(2,136)	11,264	-	11,264
Share options granted	-	-	-	-	(68)	(68)	-	(68)
Changes in composition of the Group	-	-	-	-	-	-	161,786	161,786
Balance at 31.12.2009	949,776	1,285,805	8,373,421	(669,297)	(199,180)	9,740,525	1,323,730	11,064,255

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited annual financial statements for the year ended 30 June 2010 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2010

	FOR THE 6 MONTHS ENDED	
	31.12.2010	**31.12.2009**
	RM'000	**RM'000**
Net cash from operating activities	2,239,241	952,728
Net cash used in investing activities	(1,235,277)	(728,480)
Net cash from financing activities	457,962	1,739,041
Net changes in cash and cash equivalents	1,461,926	1,963,289
Cash and cash equivalents brought forward	11,046,029	9,071,219
Cash and cash equivalents carried forward	12,507,955	11,034,508

Cash and cash equivalents comprise:

	RM'000	**RM'000**
Fixed deposits	11,852,173	10,494,213
Cash and bank balances	690,812	551,407
Bank overdraft	(35,030)	(11,112)
	12,507,955	11,034,508

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited annual financial statements for the year ended 30 June 2010 and the accompanying explanatory notes attached to the interim financial statements.

INTERIM FINANCIAL REPORT

Notes:-

Disclosure requirements pursuant to FRS 134 – paragraph 16

The Condensed consolidated interim financial statements should be read in conjunction with the audited financial statements of the Group for the year ended 30 June 2010.

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 Main Market Listing Requirements of the Bursa Malaysia Securities Berhad ("Bursa Securities").

The explanatory notes contained herein provide an explanation of 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 2010.

The accounting policies and methods of computation adopted by the Group in the interim financial statements are consistent with those adopted in the latest audited annual financial statements except for the adoption of new and revised FRSs, amendments to FRSs and Interpretation Committee ("IC") Interpretations which were effective for financial period beginning 1 July 2010.

The adoption of the new and revised FRSs, amendments to FRSs and IC Interpretations do not have significant financial impact on the Group other than the effects of the following FRSs:

<u>FRS 101(revised): Presentation of Financial Statements</u>

The revised FRS 101 requires all non-owner changes in equity to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). The Group has elected to present the statement of comprehensive income in two statements.

There is no impact on the financial position of the Group since these changes affect only the presentation of items of income and expenses. The Group has adopted the standard retrospectively.

<u>FRS 7 Financial Instruments: Disclosures</u>

FRS 7 requires extensive disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments. Such information will be disclosed in the audited financial statements of the Group.

Amendment to FRS 117 Leases

With the adoption of the Amendment to FRS 117, the classification of a leasehold land as a finance lease or an operating lease is based on the extent to which risks and rewards incident to ownership lie. Accordingly, the Group has reclassified its leasehold land to property, plant and equipment. This change in classification has no effect on the financial position of the Group. The reclassification has been accounted for retrospectively in accordance with the transitional provision and comparative balances have been restated.

FRS 139 Financial Instruments: Recognition and Measurement

FRS 139 sets out the new requirements for the recognition and measurement of the Group's financial instruments. It also sets out the requirements for the application of hedge accounting.

Financial instruments are recorded initially at fair value. Subsequent measurement of those instruments at the end of the reporting date reflects the designation of the financial instrument. The Group determines the classification at initial recognition and re-evaluates this designation at each year end except for those financial instruments measured at fair value through profit or loss.

Financial Assets

a) Loans and Receivables

Prior to 1 July 2010, loans and receivables were stated at gross proceeds receivables less allowance for doubtful debts. Under FRS 139, loans and receivables are initially measured at fair value and subsequently at amortised cost using the effective interest rate method. Gains and losses are recognised in the consolidated income statement when the loans and receivables are derecognised, impaired or through the amortisation process.

b) Available-for-sale

Prior to 1 July 2010, available-for-sale financial assets such as other investments were accounted for at cost less impairment losses. Under FRS 139, available-for-sale financial asset is measured (a) at fair value initially and subsequently with unrealized gains or losses recognised directly in equity until the investment is derecognised or impaired or (b) at cost if the unquoted equity instrument is not carried at fair value because its fair value cannot be reliably measured.

c) Held-to-maturity

Prior to 1 July 2010, held-to-maturity financial assets such as negotiable instruments of deposits were accounted for at cost less impairment losses. Under FRS 139, held-to-maturity financial asset is initially measured at fair value and subsequently at amortised cost using the effective interest rate method. Gains and losses are recognised in the consolidated income statement when the investments are derecognised, impaired or through the amortisation process.

Financial Liabilities

a) Borrowings

Prior to 1 July 2010, borrowings were stated at the proceeds received less directly attributable transaction costs. Under FRS 139, borrowings are initially measured at fair value plus directly attributable transaction costs and subsequently at amortised cost using the effective interest rate method. Gains and losses are recognised in the consolidated income statement when the liabilities are derecognised or through the amortisation process.

b) Derivative Financial Instruments

Prior to 1 July 2010, derivatives were not recognised in the financial statements. Under FRS 139, derivatives are required to be initially recognised at fair value on the date the derivative contract is entered into and subsequently at fair value at each balance sheet date. Derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. Any gains or losses arising from changes in fair value on derivatives that do not qualify for hedge accounting are recognised in the income statement.

However, where derivatives qualify for hedge accounting, recognition of any changes in fair value will depend on the nature of items being hedged as explained below:

<u>Cash flow hedge</u>

The effective portion of the gain or loss on the hedging instrument is recognised directly in equity, while an ineffective portion is recognised immediately in the income statement. Amounts taken to equity are transferred to the income statement when the hedged transaction affects profit or loss, such as when the hedged financial expense is recognised or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts taken to equity are transferred to the initial carrying amount of non-financial asset or liability.

If the forecast transaction or firm commitment is no longer expected to occur, amounts previously recognised in equity are transferred to the income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in equity remain in equity until the forecast transaction or firm commitment occurs.

In accordance with the transitional provisions of FRS 139, the above changes are applied prospectively and the comparatives as at 30 June 2010 are not restated. Instead, the changes have been accounted for by restating the following opening balances in the balance sheet as at 1 July 2010.

Notes: - continued

The effects arising from the adoption of the new standard as described above, other than those disclosed in the statement of changes in equity are as follows:

	As perviously reported RM'000	Effect on adoption of amendment to FRS 117 RM'000	Effect on adoption of FRS 139 RM'000	As Restated RM'000
Non-current Assets				
Property, plant & equipment	19,027,087	135,696		19,162,783
Prepaid lease payment	135,696	(135,696)		-
Investment in associated companies & joint controlled entity	2,336,230		(378,994)	1,957,236
Available-for-sale investment	-		727,281	727,281
Investment	666,670		(666,670)	-
Derivative financial assets	-		1,684	1,684
Current Assets				
Derivative financial assets	1,949		35,117	37,066
Trade & other receivables	4,002,023		(11,952)	3,990,071
Available-for-sale investment			993,413	993,413
Short term Investments			(993,413)	(993,413)
Non-current liabilities				
Bonds & borrowings	22,791,826		(4,387)	22,787,439
Derivative financial liabilities	-		16,806	16,806
Current liabilities				
Trade & other payables	3,060,253		(875)	3,059,378
Derivative financial liabilities	23,749		77,934	101,683
Reserves				
Other reserves	(646,255)		(60,611)	(706,866)
Retained earnings	8,814,835		(374,953)	8,439,882

A2. Seasonality or Cyclicality 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 significant change in estimates of amounts reported in prior interim periods or 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) For the current financial quarter, 1,197,000 ordinary shares of RM0.50 each were issued pursuant to the exercise of employees' share options granted under the Company's Employees Share Option Scheme ("ESOS") at a weighted average exercise price of RM4.81 per share. During the current financial year to date, a total of 1,444,000 ordinary shares of RM0.50 each were issued pursuant to the exercise of employees' share options granted under the Company's ESOS at a weighted average exercise price of RM4.79 per share.

(ii) For the current financial quarter and financial year to date, the Company repurchased 1,832,900 and 2,690,700 ordinary shares of RM0.50 each of its issued share capital from the open market, at an average cost of RM8.04 and RM7.89 per share, respectively. The total consideration paid for the share buy-back, including transaction costs during the current financial quarter and financial year to date amounted to RM14,737,452 and RM21,227,053, respectively and were financed by internally generated funds. The repurchase of shares are held as treasury shares in accordance with the requirements of Section 6A of the Companies Act, 1965. As at 31 December 2010, the total number of treasury shares held was 108,062,709 ordinary shares of RM0.50 each.

(iii) On 30 September 2010, a subsidiary of the Group had fully settled a SGD350 million 3.97% unsecured Bonds.

A6. Dividend paid

A first & final dividend of 20% or 10 sen per ordinary share of RM0.50 each gross less Malaysian Income Tax of 25% amounting to RM134,524,676 in respect of financial year ended 30 June 2010 was paid on 23 December 2010.

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Notes: - continued

A7. Segment Information

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

The Group's segmental result for the period ended 31 December 2010 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	Elimination RM'000	Total RM'000
External revenue	101,433	6,387	1,035,492	443,549	185,344	128,430	7,004,044	-	8,904,679
Inter-segment revenue	18,237	23,588	159,476	35,348	178,455	1,519	-	(416,623)	-
Total revenue	119,670	29,975	1,194,968	478,897	363,799	129,949	7,004,044	(416,623)	8,904,679
Segment results									
Profit from operations	10,422	1,933	243,879	118,117	44,933	2,995	1,054,365	-	1,476,644
Finance costs									(492,942)
									983,702
Share of profit of associated companies									121,006
Profit before taxation									1,104,708

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Notes: - continued

A7. Segment Reporting - continued

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

The Group's segmental result for the period ended 31 December 2009 is as follows:-

	Construction	Information technology & e-commerce related business	Cement Manufacturing & trading	Property investment & development	Management services & others	Hotels	Utilities	Elimination	Total
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
External revenue	161,675	7,154	1,039,548	139,117	145,620	76,890	6,287,346	-	7,857,350
Inter-segment revenue	63,140	15,663	68,304	60,084	197,668	2,577	-	(407,436)	-
Total revenue	224,815	22,817	1,107,852	199,201	343,288	79,467	6,287,346	(407,436)	7,857,350
Segment results									
Profit from operations	25,014	(576)	229,372	45,273	110,075	8,695	965,456	-	1,383,309
Finance costs									(503,701)
									879,608
Share of profit of associated companies									138,261
Profit before taxation									1,017,869

A8. Changes in the Composition of the Group

There were no significant changes in the composition of the Group for the current quarter ended 31 December 2010, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings and discontinuing operations except for the following:-

(i) On 30 July 2010, YTL Hotels & Properties Sdn Bhd ("YTLHP") incorporated a wholly-owned subsidiary in Singapore by the name YTL Hotels (Singapore) Pte Ltd ("YTLHS") with the issued and paid-up share capital of S$1.00 comprising 1 ordinary share at S$1.00. YTLHS was incorporated to undertake travel and hospitality-related business.

(ii) Dynamic Marketing (UK) Limited ("DMUK"), a wholly-owned subsidiary of YTL (Guernsey) Limited ("YTL (Guernsey)"), which in turn a wholly-owned subsidiary of the Company, had on 14 September 2010, been struck-off from the Companies House of UK. Accordingly, DMUK has ceased to be a subsidiary of YTL (Guernsey) and the Company.

(iii) On 24 September 2010, YTL Cement Berhad ("YTL Cement") announced that Gopeng Berhad ("Gopeng") had accepted its offer to purchase the 117,742,000 fully paid up ordinary shares of RM1.00 each ("Sale Shares") , representing 35.16% interest in Perak-Hanjoong Simen Sdn Bhd ("Perak-Hanjoong") for a total cash consideration of RM200,000,000 only ("Proposed Acquisition"). A sale and purchase agreement was entered into between YTL Cement and Gopeng on 20 October 2010. The Proposed Acquisition was completed on 10 December 2010. The Sale Shares were registered in the name of YTL Cement on 27 December 2010. Perak-Hanjoong is now a wholly-owned subsidiary of YTL Cement and an indirect subsidiary of the Company.

(iv) On 23 November 2010, YTL Utilities Limited ("YTL Utilities"), a wholly-owned subsidiary of YTL Power International Berhad ("YTL Power"), acquired 1 ordinary share of par value USD1.00 in YTL Jordan Energy Limited ("YTLJE") at par value. As a result, YTLJE became a wholly-owned subsidiary of YTL Utilities and an indirect subsidiary of the Company.

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A9. Changes in Contingent Liabilities or Contingent Assets

Since the last financial year ended 30 June 2010, there were no changes in the contingent liabilities of the Group except for the following:-

As at 31 December 2010, the Company had given corporate guarantees to financial institutions for facilities granted by the financial institutions to its subsidiaries as follows:-

	Total Amount Guaranteed	Amount Utilised
	RM'000	**RM'000**
Bank overdrafts	18,200	4,567
Letters of credit/trust receipts/bankers acceptances/ shipping guarantees	149,560	20,504
Revolving credits/term loans	60,531	24,565
Bankers' guarantees	94,055	39,263
	322,346	88,899
	S$'000	**S$'000**
Term loans	633,157	576,348
Bankers' guarantees	13,000	292
	646,157	576,640
	US$'000	**US$'000**
Exchangeable Bonds due 2012	300,000	8,900
Exchangeable Bonds due 2015	400,000	400,000
	700,000	408,900
	JPY'000	**JPY'000**
Revolving credits/term loan	8,000,000	7,000,000
	EUR'000	**EUR'000**
Letter of credit/bank guarantee/shipping guarantee	1,000	740

A10. Subsequent Events

There was no item, transaction or event of a material or unusual in nature during the period from the end of the quarter under review to 23 February 2011 except for the following:-

(i) On 10 November 2010, YTL e-Solutions Berhad ("YTLE") entered into a conditional sale and purchase agreement with YTL Communications Sdn Bhd ("YTL Comm"), a subsidiary of YTL Power, for the proposed disposal of 450,000 ordinary shares of RM1.00 each, representing 90% equity interest in Extiva Communications Sdn Bhd ("Extiva") ("Extiva Shares") to YTL Comm, for a total consideration of RM18 million ("Proposed Extiva Disposal"). Shareholders of YTLE approved the resolution on the Proposed Extiva Disposal at the Extraordinary General Meeting of YTLE held on 30 November 2010. The Proposed Extiva Disposal was completed on 14 January 2011. The Extiva Shares were registered in the name of YTL Comm on 16 February 2011. Extiva remains an indirect subsidiary of the Company.

(ii) On 12 January 2011, Autodome Sdn Bhd ("Autodome"), a wholly-owned subsidiary of YTLHP acquired, from United Overseas Business Sdn Bhd for a consideration of RM1.00, 400,000 ordinary shares of RM1.00 each in Happy Steamboat Sdn Bhd ("HSSB"), representing the remaining 50% of the issued and paid-up share capital not owned by Autodome. As a result, HSSB became a wholly-owned subsidiary of Autodome and an indirect wholly-owned subsidiary of the Company.

(iii) On 8 February 2011, YTL Power Services Sdn Bhd, a wholly-owned subsidiary of YTL Cayman Limited, incorporated a wholly-owned subsidiary, YTL Power Services (Leb) SARL ("YTLPS Leb") in Lebanon with an issued and paid-up share capital of 5,000,000 Lebanese Pounds divided into 100 parts with a nominal value of 50,000 Lebanese Pounds each.

YTLPS Leb was incorporated for the purpose of undertaking the operation and maintenance of power stations in Lebanon.

(iv) In relation to the striking off application by Specialist Cement Sdn Bhd ("Specialist Ccement"), an 85%-owned subsidiary of Buildcon Concrete Enterprise Sdn Bhd (a wholly-owned subsidiary of YTL Cement), pursuant to Section 308 of the Companies Act, 1965, as announced by YTL Cement on 12 October 2009, Specialist Cement had on 28 January 2011 received the final striking off notice from the Companies Commission of Malaysia that the name of Specialist Cement has been struck off its companies register

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Disclosure requirements per Part A of Appendix 9B of the Main Market Listing Requirements of Bursa Securities

B1. Review of Performance

For the current quarter under review, the Group recorded a revenue of RM4,499.6 million representing an increase of 14.6%, whilst profit before taxation decreased to RM480.9 million when compared to the preceding year corresponding quarter ended 31 December 2009 of RM514.7 million, representing a decrease of 6.6%.

For the six months under review, Group revenue and profit before taxation increased to RM8,904.7 million and RM1,104.7 million respectively, representing an increase of 13.3% and 8.5%, respectively. The increase in revenue and profit before taxation was substantially due to the better performance of its utilities and cement businesses and higher profit recognition from its offshore property development activities.

B2. Comparison with Preceding Quarter

	Current Quarter 31.12.2010 RM'000	**Preceding Quarter 30.9.2010 RM'000**
Revenue	4,499,630	4,405,049
Profit before taxation	480,892	623,816
Profit attributable to owners of the parent	164,182	278,906

For the current financial quarter, Group revenue increased by 2.1% whilst the profit before taxation decreased by 22.9 % when compared to the preceding quarter ended 30 September 2010. The increase in revenue was substantially due to better performance recorded by the foreign subsidiaries of the utilities division of the Group whilst decrease in profit before taxation was mainly attributable to lower profit recognition by the Group's offshore property development activities and higher operating costs recorded by its foreign subsidiaries.

B3. Audit Report of the preceding financial year ended 30 June 2010

The Auditors' Report on the financial statements of the financial year ended 30 June 2010 did not contain any qualification.

B4. 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 2011.

B5. Profit Forecast

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

B6. Taxation

Taxation comprises the following:-

	Current Quarter 31.12.2010 RM'000	Year To Date 31.12.2010 RM'000
Taxation based on profit for the period	148,331	288,289
Deferred taxation	(2,184)	15,170
	146,147	303,459

The provision for taxation of the Group for the current financial quarter reflects an effective tax rate higher than the Statutory Income Tax Rate due primarily to the losses incurred by some group companies which are not available for group relief and expenses that were not tax deductible.

B7. Sales of Unquoted Investment and /or Properties

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

B8. Quoted Securities

(a) Particulars of investment in quoted securities as at 31 December 2010:

	RM'000
- At cost	18,712
- At carrying value	32,094
- At market value	32,094
	=======

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B9. Corporate Developments

(a) Corporate Proposals Announced and Pending Completion

As at 23 February 2011, being the latest practicable date, there are no corporate proposals announced and pending completion, save for the following:-

(i) In relation to the proposed issue by YTL Cement via a wholly-owned subsidiary to be incorporated in the Federal Territory of Labuan, of up to US$200 million nominal value five-year guaranteed Exchangeable Bonds ("Exchangeable Bonds") which are exchangeable into new ordinary shares of RM0.50 each in YTL Cement ("Proposed YTLC Exchangeable Bonds Issue"), the Securities Commission has via letter dated 3 November 2010 approved YTL Cement's application for an extension of time up to 4 April 2011 to complete the Proposed YTLC Exchangeable Bonds Issue. The Proposed YTLC Exchangeable Bonds Issue is pending implementation subject to prevailing market conditions.

(ii) On 15 October 2010, the Company, YTL Cement and YTL Power International Berhad ("YTL Power") announced the proposed establishment and implementation of a new employees share option scheme ("ESOS") for the eligible employees and directors of the companies and/or their respective subsidiaries (collectively referred to as the "Proposed 2010 Schemes") in place of the existing ESOS scheme of the companies which will be expiring on 30 November 2011.

Bursa Securities had via its letters dated 9 June 2010 and 10 June 2010 approved the Proposed 2010 Schemes and 29 October 2010 approved the listing of and quotation for such number of new shares to be issued upon the exercise of the options under the Proposed 2010 Schemes.

Concurrently, YTL e-Solutions Berhad ("YTLE") and YTL Land & Development Berhad ("YTL Land") had announced the proposal to establish and implement a new employees share option scheme for the eligible employees and directors of the companies and/or their respective subsidiaries (collectively referred to as the "Proposed New ESOS Schemes").

Bursa Securities had via its letters dated 25 October 2010 and 29 October 2010 approved the listing of and quotation for such number of new shares to be issued upon the exercise of the options under the Proposed New ESOS Schemes of YTLE and YTL Land, respectively.

The Proposed 2010 Scheme and the Proposed New ESOS Schemes have been approved by the shareholders of the Company, YTL Power, YTL Cement, YTLE and YTL Land at the respective Extraordinary General Meetings held on 30 November 2010. The Proposed 2010 Scheme and the Proposed New ESOS Schemes are pending implementation.

(iii) On 23 November 2010, the following proposals were announced by the Company:-

(a) proposed disposal of the entire equity interests of the Company in the following subsidiaries to YTL Land & Development Berhad ("YTL Land") and the settlement of outstanding inter-company balances as at the latest practicable date preceding the relevant completion date ("Agreed Cut-Off Date"):-

(i) 100% equity interest in Arah Asas Sdn Bhd ("AASB") ("Proposed AASB Disposal")
(ii) 100% equity interest in Satria Sewira Sdn Bhd ("SSSB") ("Proposed SSSB Disposal")
(iii) 70% equity interest in Emerald Hectares Sdn Bhd ("EHSB") ("Proposed EHSB Disposal")
(iv) 100% equity interest in Pinnacle Trend Sdn Bhd ("PTSB") ("Proposed PTSB Disposal")
(v) 100% equity interest in Trend Acres Sdn Bhd ("TASB") ("Proposed TASB Disposal")
(vi) 100% equity interest in YTL Westwood Properties Pte Ltd ("YTLW") ("Proposed YTLW Disposal")

(b) proposed disposal of 70% equity interest in the following companies by YTL Singapore Pte Ltd ("YTLS"), a wholly-owned subsidiary of the Company and the settlement of outstanding inter-company balances as at the Agreed Cut-Off Date

(i) Lakefront Pte Ltd ("LFPL") ("Proposed LFPL Disposal"); and
(ii) Sandy Island Pte Ltd ("SIPL") ("Proposed SIPL Disposal")

(c) proposed disposal of 100% equity interest in Budaya Bersatu Sdn Bhd ("BBSB") by Syarikat Pembenaan Yeoh Tiong Lay Sdn Bhd ("SPYTL"), a wholly-owned subsidiary of the Company and the settlement of the outstanding inter-company balances as at the Agreed Cut-Off Date ("Proposed BBSB Disposal"); and

(d) proposed disposal of six (6) parcels of agricultural land ("Bidor Land")by YTL Land Sdn Bhd ("YLSB"), a wholly-owned subsidiary of the Company ("Proposed Bidor Land Disposal").

(AASB, SSSB, EHSB, PTSB, TASB, YTLW, LFPL, SIPL and BBSB are collectively referred to as "Subject Companies")

(YTL Corp, SPYTL, YTLS and YLSB are collectively referred to as "Vendors")

(The proposed disposals of the Subject Companies and the Proposed Bidor Land Disposal are collectively referred to as "Proposed Disposals")

The total disposal consideration of RM476,053,870 for the Proposed Disposals and the settlement of the outstanding inter-company balances ("Total Consideration") is to be satisfied by the issuance by YTL Land of RM253,030,390 nominal value of ten (10)-year 3.0% stepping up to 6.0% irredeemable convertible unsecured loan stocks ("ICULS") at 100% of nominal value of RM0.50 per ICULS ("Proposed ICULS Consideration Issue") and the remaining RM223,023,480 in cash.

Save for the Proposed AASB Disposal, any adjustment to the disposal consideration (where applicable) shall be satisfied in a manner to be mutually agreed upon by the respective vendors and YTL Land.

Where applicable, the outstanding inter-company balances are subject to adjustment based on the difference between the following:

(i) the outstanding inter-company balances as at 30 June 2010 or 31 August 2010 (where applicable); and

(ii) the outstanding inter-company balances as at the Agreed Cut-Off Date to be mutually agreed upon by YTL Land and the respective Vendors,

to be mutually agreed upon by the Company and YTL Land and verified by Messrs HLB Ler Lum or such other firm of external accountants to be appointed and mutually agreed upon by YTL Land and the respective Vendors and shall be adjusted accordingly in cash.

YTL Land will undertake a renounceable rights issue of ICULS ("Proposed Rights Issue of ICULS") to raise funds to partly satisfy the cash portion of the Total Consideration, whereby the Company shall undertake to subscribe in full for its entitlement under the Proposed Rights Issue of ICULS ("Proposed Subscription").

The Proposed Disposals and the settlement of outstanding inter-company balances are subject to, inter alia, the following approvals and consents being obtained:

(i) approval from the shareholders of the Company and YTL Land at the respective extraordinary general meetings to be convened; and

(ii) any other relevant authorities/parties (if required).

The Proposed ICULS Consideration Issue and Proposed Rights Issue of ICULS were approved by the Securities Commission vide its letter dated 8 February 2011 subject to the terms and conditions stated therein.

(iv) On 14 December 2010, the following proposals were announced by the Company:-

(a) YTL Land Sdn Bhd, Niseko Village K.K., Business & Budget Hotels (Penang) Sdn Bhd and Prisma Tulin Sdn Bhd (which are either direct or indirect subsidiaries of the Company) ("Vendors"), have entered into four (4) separate conditional sale and purchase agreements with Mayban Trustees Berhad (as the trustee of Starhill Real Estate Investment Trust ("Starhill REIT")) ("Trustee") for the disposal of the following properties (together with appurtenant assets) ("Properties") for a total indicative disposal consideration of RM472.0 million ("Disposal Consideration"):-

(i) Cameron Highlands Resort;
(ii) Hilton Niseko;
(iii) Vistana Penang; and
(iv) Vistana Kuala Lumpur.

The proposed disposals of the abovementioned properties are collectively referred to as "Proposed Disposals".

(b) The Vendors (save for YTL Land Sdn Bhd) and Cameron Highlands Resort Sdn Bhd which is the current hotel operator for Cameron Highlands Resort have also on even date entered into four (4) separate lease agreements with the Trustee for the lease of the Properties which shall be effective upon the completion of the Proposed Disposals on the terms and conditions set out therein.

The Disposal Consideration is to be satisfied by:-

(i) cash consideration of RM100.0 million; and

(ii) convertible preference units ('CPUs') issued by Starhill Global Real Estate Investment Trust ('SG REIT') of a value equivalent to RM372.0 million.

The Disposal Consideration may vary due to the following:-

(i) final exchange rate used for Hilton Niseko
(ii) if the area of the land title for Hilton Niseko differs from the agreed area; and
(iii) any variation to the valuation of the Properties which the Securities Commission may impose to be agreed by the parties.

The Disposal Consideration was arrived at on a willing-buyer willing-seller basis after taking into consideration the market value of the Properties ascribed by the Independent Valuers, Messrs Raine & Horne International Zaki + Partners Sdn Bhd and Savills Japan Co., Ltd.

The Proposed Disposals is subject to, inter alia, the following approvals and consents being obtained:

(i) approval from the shareholders of the Vendors at the respective extraordinary general meetings to be convened;

(ii) approval from the unitholders of Starhill REIT at the unitholders' meeting to be convened; and

(iii) any other relevant authorities/parties (if required).

(b) **Status of Utilisation of Proceeds**

The net proceeds received from the issue of the US$400 million Guaranteed Exchangeable Bonds due 2015 ("2015 Bonds") were partially utilised to repay a principal amount of US$291.1 million of the USD$300 million Guaranteed Exchangeable Bonds due 2012 ("2012 Bonds") pursuant to the exercise by bondholders of their right under the trust deed dated 15 May 2007 constituting the 2012 Bonds to require the Company to redeem all or some of the 2012 Bonds on 15 May 2010 at 108.70% of their principal amount, amounting to US$316.4 million.

The balance of the proceeds of the 2015 Bonds is currently placed under fixed deposits pending investment.

B10. Group Borrowings and Debt Securities

Particulars of the Group's borrowings and debts securities as at 31 December 2010 are as follows:-

		RM'000
(i)	Short term	
	- Secured	1,938,465
	- Unsecured	2,890,541
		4,829,006

		RM'000
(ii)	Long term	
	- Secured	5,883,466
	- Unsecured	17,940,379
		23,823,845

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

In Singapore Dollar ('000)	3,256,428
	========
In US Dollar ('000)	1,045,461
	========
In Sterling Pound ('000)	1,602,125
	========
In Japanese Yen ('000)	7,000,000
	========
In Euro ('000)	740
	========

Save for the borrowings of RM49.636 million, S$576.348 million, EUR 0.74 million and Yen 7 billion by 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.

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B11. Derivatives Financial Instruments

(a) Derivatives Financial Instrument

As at 31 December 2010, the Group's outstanding derivatives are as follows:

Type of Derivatives	Contract/Notional Value RM'000	Fair Value RM'000
Fuel oil swaps		
- Less than 1 year	837,924	895,823
- 1 year to 3 years	17,264	18,012
Currency forwards		
- Less than 1 year	2,004,977	1,956,695
- 1 year to 3 years	30,535	29,317
Interest rate swaps		
- More than 3 years	596,475	567,195

The Group entered into fuel oil swaps to hedge highly probable forecast physical fuel oil and natural gas purchases that are expected to occur at various dates in the future. The fuel oil swaps have maturity dates that match the expected occurrence of these transactions.

The Group entered into currency forwards to hedge highly probable forecast transactions denominated in foreign currency expected to occur in the future. The currency forwards have maturity dates that match the expected occurrence of these transactions.

Interest rate swaps are entered to hedge floating rate interest payments on bank borrowings which were obtained to finance acquisition of subsidiaries and for the construction of property, plant and equipment.

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

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(b) Fair Value Changes of Financial Liabilities

The gains/losses arising from fair value changes of financial liabilities for the current financial period ended 31 December 2010 are as follows:

Type of financial liabilities	Basis of fair value measurement	Reason for the gain/(loss)	Fair value gain/(loss)	
			Current year quarter 3 months to 31.12.2010	Current year to date 6 months to 31.12.2010
			RM'000	RM'000
Forward foreign currency exchange contracts	Foreign exchange differential between the contracted rate and the market forward rate	Foreign exchange rates differential between the contracted rate and the market forward rate which have moved in favour /(unfavourably) against the Group	(24)	(1,323)
Fuel oil swap	Fuel oil price differential between the contracted price and the market forward price	Fuel oil price differential between the contracted price and the market forward price which have moved in favour /(unfavourably) against the Group	(760)	1,079
		Total	(784)	(244)

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(c) Retained Earnings

	As at 31.12.2010 RM'000	As at 30.09.2010 RM'000
Retained earnings/ (accumulated losses) of the Company and its subsidiaries		
- Realised	12,534,853	12,408,881
- Unrealised	(774,860)	(711,689)
	11,759,993	11,697,192
Total share of accumulated losses from jointly controlled entity		
- Realised	(3)	(2)
	(3)	(2)
Total share of profit/(loss) from associated companies		
- Realised	179,439	182,231
- Unrealised	361,047	306,408
	540,1486	488,639
Less: consolidated adjustments	(3,573,672)	(3,462,142)
Total Group retained earnings as per consolidated accounts	8,726,804	8,723,687

B12. Material litigation

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

B13. Dividend

The Board of Directors has not recommended any interim dividend for the current financial period to date.

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 Year Quarter 31.12.2010	**Preceding Year Corresponding Quarter 31.12.2009**
Profit attributable to owners of the parent (RM'000)	164,182	216,224
Weighted average number of ordinary shares ('000)		
Issued at the beginning of the period	1,901,210	1,895,765
Shares repurchased	(107,654)	(99,165)
	1,793,556	1,796,600
Basic earnings per share (sen)	9.15	12.04

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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 current financial quarter as set out below:-

	Current Year Quarter 31.12.2010	Preceding Year Corresponding Quarter 31.12.2009
Profit attributable to owners of the parent (RM'000)	164,182	216,224
Weighted average number of ordinary shares-diluted ('000)		
Weighted average number of ordinary shares-basic	1,793,556	1,796,600
Effect of unexercised employees share option scheme	16,682	14,719
	1,810,238	1,811,319
* Diluted earnings per share (sen)	9.07	11.94

* *Total cash expected to be received in the event of an exercise of all ESOS options is RM199.524 million. Accordingly, the Net Asset (NA) on a proforma basis will increase by RM199.524 million resulting in an increase in NA per share of RM0.11. 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: 24 February 2011