

YTL CORPORATION BERHAD

Company No. 92647-H

Incorporated in Malaysia

Interim Financial Report

31 December 2014

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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 period ended 31 December 2014.

The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT	PRECEDING YEAR	6 MONTHS ENDED	
	YEAR QUARTER 31.12.2014 RM'000	CORRESPONDING QUARTER 31.12.2013 RM'000	31.12.2014 RM'000	31.12.2013 RM'000
REVENUE	4,221,358	4,906,293	8,705,638	10,117,041
COST OF SALES	(3,021,724)	(3,736,559)	(6,495,367)	(7,776,641)
GROSS PROFIT	1,199,634	1,169,734	2,210,271	2,340,400
OTHER OPERATING EXPENSES	(425,569)	(363,645)	(830,802)	(861,720)
OTHER OPERATING INCOME	156,042	311,694	255,769	496,121
PROFIT FROM OPERATIONS	930,107	1,117,783	1,635,238	1,974,801
FINANCE COSTS	(284,065)	(280,752)	(555,274)	(563,515)
SHARE OF PROFITS OF ASSOCIATED COMPANIES	73,456	49,356	144,711	132,294
PROFIT BEFORE TAXATION	719,498	886,387	1,224,675	1,543,580
TAXATION	(162,676)	(127,968)	(292,625)	(190,268)
PROFIT FOR THE PERIOD	556,822	758,419	932,050	1,353,312
ATTRIBUTABLE TO:				
OWNERS OF THE PARENT	321,507	383,536	537,635	811,098
NON-CONTROLLING INTERESTS	235,315	374,883	394,415	542,214
PROFIT FOR THE PERIOD	556,822	758,419	932,050	1,353,312
EARNINGS PER 10 SEN SHARE				
Basic (Sen)	3.10	3.70	5.19	7.82
Diluted (Sen)	3.10	3.70	5.19	7.82

The Condensed Consolidated Income Statement should be read in conjunction with the audited annual financial statements for the year ended 30 June 2014 and the accompanying explanatory notes attached to the interim financial statements.

YTL CORPORATION BERHAD (Company No. 92647-H)
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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT	PRECEDING YEAR	6 MONTHS ENDED	
	QUARTER	QUARTER	31.12.2014	31.12.2013
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	RM'000	RM'000	RM'000	RM'000
PROFIT FOR THE PERIOD	556,822	758,419	932,050	1,353,312
OTHER COMPREHENSIVE INCOME/(LOSS):				
<i>ITEMS THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO INCOME STATEMENT:-</i>				
REMEASUREMENT LOSS	(83,344)	-	(83,344)	-
<i>ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO INCOME STATEMENT :-</i>				
AVAILABLE-FOR-SALE FINANCIAL ASSETS	48	11,274	(969)	11,409
CASH FLOW HEDGES	(601,963)	46,463	(686,835)	50,990
FOREIGN CURRENCY TRANSLATION	483,379	4,729	241,741	590,597
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	(201,880)	62,466	(529,407)	652,996
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	354,942	820,885	402,643	2,006,308
ATTRIBUTABLE TO:				
OWNERS OF THE PARENT	175,172	413,075	202,274	1,160,008
NON-CONTROLLING INTERESTS	179,770	407,810	200,369	846,300
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	354,942	820,885	402,643	2,006,308

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited annual financial statements for the year ended 30 June 2014 and the accompanying explanatory notes attached to the interim financial statement.

YTL CORPORATION BERHAD (Company No. 92647-H)
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	UNAUDITED	AUDITED
	AS AT	AS AT
	31.12.2014	30.06.2014
	RM'000	RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	25,638,224	25,314,106
Investment properties	7,812,500	7,586,285
Investment in associated companies and joint ventures	1,782,854	1,675,749
Investments	208,798	192,605
Development expenditure	955,646	940,529
Intangible assets	5,288,219	5,013,992
Biological assets	1,798	1,798
Other receivables and other non-current assets	602,364	637,741
Derivative financial instruments	48,826	19,848
	<u>42,339,229</u>	<u>41,382,653</u>
Current Assets		
Inventories	731,038	773,878
Property development costs	1,635,019	1,530,598
Trade, other receivables and other current assets	3,003,188	3,451,830
Derivative financial instruments	107,107	30,590
Income tax assets	4,940	4,661
Amount due from related parties	43,195	42,173
Short term investments	620,237	609,531
Fixed deposits	12,818,683	11,907,881
Cash and bank balances	901,523	1,308,615
	<u>19,864,930</u>	<u>19,659,757</u>
TOTAL ASSETS	<u><u>62,204,159</u></u>	<u><u>61,042,410</u></u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited annual financial statements for the year ended 30 June 2014 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION - continued

	UNAUDITED	AUDITED
	AS AT	AS AT
	31.12.2014	30.06.2014
	RM'000	RM'000
EQUITY		
Share capital	1,073,893	1,073,893
Share premium	1,987,700	1,987,700
Other reserves	(395,717)	(111,478)
Retained profits	11,595,577	12,033,219
Less : Treasury shares, at cost	(596,572)	(596,570)
Total Equity Attributable to		
Owners of the Parent	13,664,881	14,386,764
Non-Controlling Interests	5,154,743	5,392,919
TOTAL EQUITY	<u>18,819,624</u>	<u>19,779,683</u>
LIABILITIES		
Non-current liabilities		
Long term payables and other non-current liabilities	718,443	711,767
Bonds & borrowings	28,893,449	28,188,999
Grants and contributions	357,860	347,207
Deferred tax liabilities	2,278,298	2,275,723
Provision for liabilities and charges	656,142	553,780
Derivative financial instruments	244,894	10,754
	<u>33,149,086</u>	<u>32,088,230</u>
Current Liabilities		
Trade, other payables and other current liabilities	2,849,990	3,345,240
Derivative financial instruments	569,215	77,831
Amount due to related parties	5,842	6,559
Bonds & borrowings	6,441,871	5,396,109
Income tax liabilities	334,594	316,850
Provision for liabilities and charges	33,937	31,908
	<u>10,235,449</u>	<u>9,174,497</u>
TOTAL LIABILITIES	43,384,535	41,262,727
TOTAL EQUITY AND LIABILITIES	<u>62,204,159</u>	<u>61,042,410</u>
Net Assets per 10 share (RM)	<u>1.32</u>	<u>1.39</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited annual financial statements for the year ended 30 June 2014 and the accompanying explanatory notes attached to the interim financial statements.

YTL CORPORATION BERHAD (Company No. 92647-H)
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2014

Group	← Attributable to Owners of the Parent →					Total RM'000	Non- Controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Share premium RM'000	Retained profits RM'000	Treasury shares RM'000	Other reserves RM'000			
At 1 July 2014	1,073,893	1,987,700	12,033,219	(596,570)	(111,478)	14,386,764	5,392,919	19,779,683
Profit for the period	-	-	537,635	-	-	537,635	394,415	932,050
Other comprehensive income/(loss)	-	-	(47,325)	-	(288,036)	(335,361)	(194,046)	(529,407)
Total comprehensive income/(loss) for the year	-	-	490,310	-	(288,036)	202,274	200,369	402,643
Acquisition of shares in subsidiaries from non-controlling interest	-	-	-	-	-	-	(159,993)	(159,993)
Conversion of ICULS	-	-	-	-	(35)	(35)	-	(35)
Dividend paid	-	-	(984,541)	-	-	(984,541)	(485,801)	(1,470,342)
Effect of issue of shares by subsidiaries to non-controlling interest	-	-	(203)	-	-	(203)	264,041	263,838
Gain/(loss) recognised on deemed dilution of interest in subsidiaries	-	-	56,792	-	-	56,792	(56,792)	-
Issue of share capital	-	-	-	(2)	-	(2)	-	(2)
Shares options granted by subsidiary	-	-	-	-	3,832	3,832	-	3,832
At 31 December 2014	1,073,893	1,987,700	11,595,577	(596,572)	(395,717)	13,664,881	5,154,743	18,819,624

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 2014 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2013

Group	← Attributable to Owners of the Parent →					Total RM'000	Non- Controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Share premium RM'000	Retained profits RM'000	Treasury shares RM'000	Other reserves RM'000			
At 1 July 2013	1,073,893	1,987,700	11,395,643	(593,339)	(530,426)	13,333,471	2,224,274	15,557,745
Profit for the period	-	-	811,098	-	-	811,098	542,214	1,353,312
Other comprehensive income	-	-	-	-	348,910	348,910	304,086	652,996
Total comprehensive income for the year	-	-	811,098	-	348,910	1,160,008	846,300	2,006,308
Changes in composition of the Group	-	-	(314,689)	-	180	(314,509)	2,368,412	2,053,903
Dividend paid	-	-	-	-	-	-	(117,954)	(117,954)
Gain/(loss) recognised on deemed dilution of interest in subsidiaries	-	-	34,350	-	-	34,350	(34,350)	-
Share option granted by subsidiary	-	-	-	-	4,481	4,481	-	4,481
At 31 December 2013	1,073,893	1,987,700	11,926,402	(593,339)	(176,855)	14,217,801	5,286,682	19,504,483

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 2014 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2014

	6 MONTHS ENDED	
	31.12.2014	31.12.2013
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	1,224,675	1,543,580
Adjustment for :-		
Adjustments on fair value of investment properties	(87,585)	(353,020)
Allowance for impairment of inventories	760	20,894
Amortisation of deferred income	(2,132)	(2,092)
Amortisation of grants and contributions	(4,837)	(3,535)
Amortisation of other intangible assets	33,125	18,550
Depreciation	772,682	771,196
Dividend income	(772)	(1,396)
Fair value changes of derivatives	(46,557)	(42,680)
Gain on disposal of investments	704	(5,913)
Gain on disposal of property, plant and equipment	(1,869)	(1,054)
Impairment loss	38,208	103,542
Interest expense	555,274	563,515
Interest income	(120,601)	(98,145)
Provision for post-employment benefit	29,145	30,634
Provision for liabilities and charges	5,920	1,027
Share of results of associated companies and joint ventures	(144,711)	(132,294)
Unrealised loss/(gain) on foreign exchange - net	66,132	64,384
Other non cash items	(7,458)	4,685
Operating profit before changes in working capital	2,310,103	2,481,878

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited annual financial statements for the year ended 30 June 2014 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2014 - continued

	6 MONTHS ENDED	
	31.12.2014	31.12.2013
	RM'000	RM'000
Changes in working capital:-		
Inventories	64,039	90,632
Property development costs	(101,150)	(139,845)
Receivables, deposits and prepayments	478,908	311,513
Payables and accrued expenses	(363,427)	(35,342)
Related parties balances	1,740	(71,446)
Cash generated from operations	2,390,213	2,637,390
Dividend received	115,295	219,614
Interest paid	(482,513)	(532,725)
Interest received	28,594	84,852
Payment to a retirement benefits scheme	(28,754)	(30,289)
Income tax paid	(296,695)	(278,094)
Net cash from operating activities	1,726,140	2,100,748
Cash flows from investing activities		
Acquisition of additional shares in existing subsidiaries	(159,993)	-
Acquisition of new subsidiaries (net of cash acquired)	(100,735)	-
Acquisition of associated companies	(1,587)	-
Development expenditure incurred	(30,655)	20,326
Grants received in respect of infrastructure assets	13,575	18,524
Proceeds from disposal of property, plant & equipment	60,898	4,035
Proceeds from disposal of investments	1,061	64,298
Purchase of investment properties	(14,364)	-
Purchase of property, plant & equipment	(1,164,868)	(1,002,748)
Purchase of other intangible assets	(67,650)	(30,459)
Purchase of investments	(18,947)	-
Other investing activities	(7,305)	(3,604)
Net cash used in investing activities	(1,490,570)	(929,628)

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited annual financial statements for the year ended 30 June 2014 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2014 - continued

	6 MONTHS ENDED	
	31.12.2014	31.12.2013
	RM'000	RM'000
Cash flows from financing activities		
Dividend paid	(984,541)	-
Dividend paid to non-controlling interests by subsidiaries	(485,801)	(117,954)
Repurchase of own shares by the company (at net)	(2)	-
Repurchase of subsidiaries' shares by subsidiaries	(3)	(1,177,228)
Proceeds from borrowings	2,120,697	1,491,694
Proceeds from issue of shares in subsidiaries to non-controlling interests	275,171	106,494
Repayment of borrowings	(794,067)	(2,369,418)
Net cash (used in)/from financing activities	<u>131,454</u>	<u>(2,066,412)</u>
Net changes in cash and cash equivalents	367,024	(895,292)
Effects of exchange rate changes	165,097	417,200
Cash and cash equivalents at beginning of the financial year	<u>13,149,164</u>	<u>13,742,611</u>
Cash and cash equivalents at end of the financial year	<u><u>13,681,285</u></u>	<u><u>13,264,519</u></u>
Cash and cash equivalent comprise :-		
Fixed deposit with licensed bank	12,818,683	12,416,937
Cash and bank balances	901,523	881,239
Bank overdraft	(38,921)	(33,657)
	<u>13,681,285</u>	<u>13,264,519</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited annual financial statements for the year ended 30 June 2014 and the accompanying explanatory notes attached to the interim financial statements.

**YTL CORPORATION BERHAD (Company No. 92647-H)
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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 2014.

A1. Accounting Policies and Methods of Computation

The interim financial report is unaudited and has been prepared in accordance with Financial Reporting Standard (“FRS”) 134 “Interim Financial Reporting” and Chapter 9, part K paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

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 the amendments to FRSs and IC Interpretations (“IC Int”) that are applicable to the Group for the financial period beginning 1 July 2014.

The adoption of these amendments to FRSs and IC Int does not have any significant impact on the financial statements of the Group except as disclosed below:-

Malaysia Financial Reporting Standards (“MFRS Framework”)

On 19 November 2011, the Malaysian Accounting Standards Board (“MASB”) issued a new MASB approved accounting framework, the MFRS Framework.

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture and IC Interpretation 15 Agreements for Construction of Real Estate, including its parent, significant investor and venturer (herein called ‘Transitioning Entities’). Transitioning Entities will be allowed to defer adoption of the new MFRS Framework. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2017. Early application of MFRS is permitted.

The Group and the Company fall within the scope definition of Transitioning Entities and have opted to defer adoption of the new MFRS Framework. Accordingly, the Group and the Company will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 30 June 2018.

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INTERIM FINANCIAL REPORT

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 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:-

During the current financial period to date, the Company repurchased 1,000 ordinary shares of RM0.10 each of its issued share capital from the open market, at an average cost of RM1.69. The total consideration paid for the share buy-back, including transaction costs during the current financial period to date amounted to RM1,693 and were financed by internally generated funds. The repurchase of shares are held as treasury shares in accordance with the requirements of Section 67A of the Companies Act, 1965.

As at 31 December 2014, the total number of treasury shares held was 375,345,039 ordinary shares of RM0.10 each.

A6. Dividend paid

A third interim single tier dividend of 95% or 9.5 sen per ordinary share of RM0.10 amounting to RM984,540,740.09 in respect of financial year ended 30 June 2014 was paid on 14 November 2014.

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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 financial period ended 31 December 2014 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	31,252	3,543	1,329,055	444,758	206,496	376,630	6,313,904	-	8,705,638
Inter-segment revenue	108,218	40,824	14,265	98,112	188,249	4,384	3,002	(457,054)	-
Total revenue	<u>139,470</u>	<u>44,367</u>	<u>1,343,320</u>	<u>542,870</u>	<u>394,745</u>	<u>381,014</u>	<u>6,316,906</u>	<u>(457,054)</u>	<u>8,705,638</u>
Segment results									
Profit/(loss) from operations	(1,020)	2,914	280,448	381,382	188,279	22,249	760,986	-	1,635,238
Finance costs									(555,274)
									<u>1,079,964</u>
Share of profit of associated companies									144,711
Profit before taxation									<u><u>1,224,675</u></u>

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Notes: - continued

A7. Segment Information - continued

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

The Group's segmental result for the financial period ended 31 December 2013 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	47,602	3,117	1,296,256	537,186	181,138	336,772	7,714,970	-	10,117,041
Inter-segment revenue	143,702	40,332	4,152	94,796	119,889	5,832	1,073	(409,776)	-
Total revenue	191,304	43,449	1,300,408	631,982	301,027	342,604	7,716,043	(409,776)	10,117,041
Segment results									
Profit/(loss) from operations	(24,734)	1,810	342,349	585,676	133,285	11,234	925,181	-	1,974,801
Finance costs									(563,515)
									1,411,286
Share of profit of associated companies									132,294
Profit before taxation									1,543,580

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Notes: - continued

A8. Changes in the Composition of the Group

There were no significant changes in the composition of the Group for the current financial period ended 31 December 2014, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings and discontinuing operations except for the following:-

- On 1 August 2014, YTL Communications Sdn Bhd (“YTL Comm”), a subsidiary of YTL Power International Berhad (“YTL Power”), completed the acquisition of a total of 1,500,000 ordinary shares of RM1.00 each in the capital of Konsortium Jaringan Selangor Sdn Bhd (“KJS”), representing 60% of the issued and paid-up share capital of KJS, from Kumpulan Darul Ehsan Berhad and Ingres Software (M) Sdn Bhd, for an aggregate consideration of RM49,800,000.00, in cash subject to adjustment, if any.

KJS is principally engaged in the business of planning, implementation and maintenance of telecommunication towers and telecommunication related services.

Consequent thereto, KJS became a direct subsidiary of YTL Comm and indirect subsidiary of YTL Power and the Company.

- On 26 August 2014, Batu Tiga Quarry Sdn Bhd (“BTQ”), a subsidiary of YTL Cement Berhad (“YTL Cement”), acquired a total of 100 ordinary shares of RM1.00 each in the capital of Mobijack Sea Sdn Bhd (“Mobijack”), representing 100% of the issued and paid-up share capital of Mobijack, for a total cash consideration of RM5,250,001.00. As a result, Mobijack became a wholly owned subsidiary of BTQ and indirect subsidiary of YTL Cement and the Company. Mobijack will be principally involved in granite quarrying business.
- On 12 September 2014, YTL Vacation Club Berhad, a wholly-owned subsidiary of the Company, which is dormant, has been placed under member’s voluntary winding-up pursuant to Section 254(1)(b) of the Companies Act, 1965.
- On 23 October 2014, YTL Jawa Power Holdings Limited, a wholly-owned subsidiary of YTL Power, incorporated a wholly-owned subsidiary known as YTL Jawa Energy B.V. (“YTL Jawa Energy”) in The Netherlands with an issued and paid-up share capital of EUR10,000 comprising 10,000 shares with a nominal values of EUR1.00 each. As a result, YTL Jawa Energy has become an indirect wholly-owned subsidiary of the Company. YTL Jawa Energy will be principally involved in investment holding.
- On 26 November 2014, Wessex Water Enterprises Limited, an indirect wholly-owned subsidiary of Wessex Water Limited (“WWL”) and YTL Power, acquired the entire issued capital of 1 ordinary share of the nominal value of GBP1 in NES (South West) Limited (“NES (SW)”) from New Earth Solutions (Bristol) Limited for GBP1. As a result, NES (SW) became an indirect wholly-owned subsidiary of YTL Power and the Company. NES (SW) is principally involved in waste disposal.

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YTL CORPORATION BERHAD (Company No. 92647-H)

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INTERIM FINANCIAL REPORT

Notes: - continued

- On 3 December 2014, YTL Cement Singapore Pte Ltd (“YTL Cement Singapore”), a wholly-owned subsidiary of YTL Cement, acquired 30,000,000 ordinary shares in Sin Heng Chan (Singapore) Pte Ltd (“SHC (Singapore)”), representing 100% of the issued and paid-up capital of SHC (Singapore), for a total consideration of S\$24,734,274.00 (equivalent to RM64,969,517.52 based on Bank Negara Malaysia’s published middle rate of 2.6267 RM/SGD as at close of business on 3 December 2014)(“Acquisition”). As a result of the Acquisition, SHC (Singapore) became a wholly-owned subsidiary of YTL Cement Singapore and an indirect subsidiary of YTL Cement and the Company.

SHC (Singapore) is principally engaged in the business of cement terminal operation and trading in cement.

- On 4 December 2014, YTL Jawa O & M Holdings Limited, a wholly-owned subsidiary of YTL Power, subscribed for 75 shares representing 75% of the issued share capital of a company incorporated in the Netherlands and known as Attarat Operation and Maintenance Company B.V. (“Attarat O&M Co”). As a result, Attarat O&M Co became an indirect subsidiary of YTL Power and the Company. Attarat O&M Co will be principally involved in operating and maintaining power plants.
- On 17 December 2014, YTL Power Investments Limited (“YTLPIIL”), an indirect wholly-owned subsidiary of YTL Power and immediate holding company of Frog Education Limited (“Frog Ed”), agreed with all the other shareholders of Frog Ed (holding the remaining 42.4% of the issued and paid up capital of Frog Ed) (“Other Shareholders”) (YTLPIIL and Other Shareholders collectively referred to as the “Shareholders”) to reorganise Frog Ed (“Re-organisation”).

The Re-organisation involves the transfer of the Shareholders’ existing shareholdings in Frog Ed to Frog Education Group Limited (“Frog Ed Grp”) in exchange for the issue of shares in the capital of Frog Ed Grp of the same number and class and therefore, in the same proportion, as the Shareholders currently hold in Frog Ed.

As a result of the Re-organisation,

- Frog Ed became a wholly-owned subsidiary of Frog Ed Grp;
- Frog Ed Grp became a subsidiary of YTLPIIL and indirect subsidiary of YTL Power;
- Frog Ed remains effectively, a 57.6%-owned subsidiary of YTL Power.

Frog Ed Grp is an investment holding company whilst Frog Ed is principally involved in the business of providing internet services, including the development and provision of education learning platforms.

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Notes: - continued

- On 29 December 2014, YTL Cement (Hong Kong) Limited (“YTL Cement HK”), a wholly-owned subsidiary of YTL Cement, acquired 1 ordinary share in Hopefield Enterprises Limited (“Hopefield”), representing 100% of the issued and paid-up capital of Hopefield, for a cash consideration of HK\$1.00. As a result, Hopefield became a wholly-owned subsidiary of YTL Cement HK and an indirect subsidiary of YTL Cement and the Company. Hopefield will be principally involved in investment holding.

A9. Changes in Contingent Liabilities or Contingent Assets

There were no significant changes in the contingent liabilities of the Group since the last financial year ended 30 June 2014.

A10. Subsequent Events

Save for the following, 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 the date of this report:

- On 4 February 2015, YTL Comm, a subsidiary of YTL Power, acquired/subscribed for a total of 4,000,000 ordinary shares, representing 80% of the issued and paid-up share capital of YTL Broadband Sdn Bhd (formerly known as Y Concept Sdn Bhd) (“YTL Broadband”) at par value of RM1.00 per share. As a result, YTL Broadband became a subsidiary of YTL Comm and an indirect subsidiary of YTL Power and the Company. YTL Broadband will be principally involved in the marketing or sale of fibre broadband services to homes and business.

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INTERIM FINANCIAL REPORT

Notes: - continued

Disclosure requirements per Part A of Appendix 9B of the Bursa Securities Main Market Listing Requirements**B1. Review of Performance**

	Individual Quarter		Cumulative Quarter	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	RM'000	RM'000	RM'000	RM'000
Revenue				
Construction	4,773	23,122	31,252	47,602
Information technology & e-commerce related business	2,089	1,668	3,543	3,117
Cement Manufacturing & trading	704,246	683,716	1,329,055	1,296,256
Property investment & development	214,207	198,914	444,758	537,186
Management services & others	101,909	69,576	206,496	181,138
Hotels	205,440	173,453	376,630	336,772
Utilities	2,988,694	3,755,844	6,313,904	7,714,970
	<u>4,221,358</u>	<u>4,906,293</u>	<u>8,705,638</u>	<u>10,117,041</u>
Profit before tax				
Construction	(8,168)	(21,196)	(1,022)	(24,739)
Information technology & e-commerce related business	1,846	791	2,910	1,803
Cement Manufacturing & trading	136,506	181,793	264,117	328,772
Property investment & development	207,619	418,738	301,839	509,342
Management services & others	22,761	(102,815)	8,245	(50,327)
Hotels	9,486	9,460	15,167	2,101
Utilities	349,448	399,616	633,419	776,628
	<u>719,498</u>	<u>886,387</u>	<u>1,224,675</u>	<u>1,543,580</u>

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YTL CORPORATION BERHAD (Company No. 92647-H)

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Notes – continued

For the current quarter under review, the Group revenue and profit before tax decreased to RM4,221.4 million and RM719.5 million, representing a decrease of 14.0% and 18.8% from RM4,906.3 million and RM886.4 million, respectively recorded in the preceding year corresponding quarter ended 31 December 2013.

For the six months under review, the Group revenue and profit before tax decreased to RM8,705.6 million and RM1,224.7 million, representing a decrease of 14.0% and 20.7% when compared to RM10,117.0 million and RM1,543.6 million, respectively recorded in the preceding year corresponding period.

Performance of the respective operating business segments for the period ended 31 December 2014 as compared to the preceding year corresponding quarter are analysed as follows:

Construction

Revenue for the current quarter under review decreased by 79.4% to RM4.8 million from RM23.1 million whilst loss before tax decreased by 61.5% to RM8.2 million from RM21.2 million when compared to the preceding year corresponding quarter.

For the six months under review, revenue decreased by 34.3% to RM31.3 million from RM47.6 million whilst loss before tax decreased by 95.9% to RM1.0 million from RM24.7 million when compared to the preceding year corresponding period.

The decrease in revenue was mainly due to lower revenue recognition of construction contracts and decrease in loss before tax was mainly due to lower operating expenses incurred by Syarikat Pembinaan Yeoh Tiong Lay Sdn. Bhd.

Information technology & e-commerce related business

For the current quarter under review, revenue and profit before tax increased to RM2.1 million and RM1.8 million from RM1.7 million and RM0.8 million recorded in the preceding year corresponding quarter, representing an increase of 25.3% and 133.4%, respectively.

For the six months under review, revenue and profit before tax increased to RM3.5 million and RM2.9 million, representing an increase of 13.7% and 61.4%, when compared to RM3.1 million and RM1.8 million, respectively recorded in the preceding period.

The increase in revenue and profit before tax were mainly due to higher digital media advertising revenue and higher interest income earned on cash deposits.

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INTERIM FINANCIAL REPORT

Notes – continued

Cement Manufacturing & trading

Revenue for the current quarter under review increased by 3.0% to RM704.2 million from RM683.7 million whilst profit before tax decreased by 24.9% to RM136.5 million from RM181.8 million when compared to preceding year corresponding quarter.

For the six months under review, revenue increased to RM1,329.1 million from RM1,296.3 million, representing an increase of 2.5% whilst profit before tax decreased to RM264.1 million from RM328.8 million, representing a decrease of 19.7% when compared to preceding year corresponding period.

The increase in revenue was contributed by concrete, quarry businesses and the new acquisition of subsidiary whilst decrease in profit before tax was substantially attributed to intense competition in the cement industry.

Property investment & development

For the current quarter under review, revenue increased marginally whilst profit before tax decreased by 50.4% to RM207.6 million from RM418.7 million recorded in the preceding year corresponding quarter ended 31 December 2013.

For the six months under review, revenue and profit before tax decreased to RM444.8 million and RM301.8 million, representing a decrease of 17.2% and 40.7% from RM537.2 million and RM509.3 million, respectively recorded in the preceding year corresponding period.

The decrease in revenue and profit before tax were mainly due to lower progress billings recognized from the Capers project undertaken by Sentul Raya Sdn. Bhd., the absence of sales of completed properties by Sandy Island Pte. Ltd. and lower net fair value gain on investment properties contributed by Starhill Global Real Estate Investment Trust (“SGREIT”) in the current financial period.

Management services & others

Revenue for the current quarter under review increased by 46.5% to RM101.9 million from RM69.6 million whilst profit before tax increased to RM22.8 million from loss before tax of RM102.8 million when compared to the preceding year corresponding quarter, representing an increase of 122.1%.

For the six months under review, revenue increased to RM206.5 million from RM181.1 million, representing an increase of 14.0% whilst profit before tax increased to RM8.2 million from loss before tax of RM50.3 million, representing an increase of 116.4% when compared to preceding year corresponding period.

The increase in revenue and profit before tax were mainly due to higher interest income, increase in share of profit of associate and unrealized foreign exchange gain recorded by YTL Power International Berhad.

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Notes – continued

Hotels

Revenue for the current quarter under review increased by 18.4% to RM205.4 million from 173.5 million whilst profit before tax increased marginally when compare to preceding year corresponding quarter.

For the six months under review, revenue and profit before tax increased to RM376.6 million and RM15.2 million, representing an increase of 11.8% and 621.9% from RM336.8 million and RM2.1 million, respectively recorded in the preceding year corresponding period.

The increase in revenue and profit before tax were contributed by Thermae Development Company Limited, YTL Majestic Kuala Lumpur, Niseko Village K.K. and higher unrealised foreign exchange gain on inter-company balances.

Utilities

Revenue and profit before tax for the current quarter under review decreased to RM2,988.7 million and RM349.4 million, representing a decrease of 20.4% and 12.6% from RM3,755.8 million and RM399.6 million, respectively recorded in preceding year corresponding quarter ended 31 December 2013.

For the six months under review, revenue and profit before tax decreased to RM6,313.9 million and RM633.4 million, representing a decrease of 18.2% and 18.4% from RM7,715.0 million and RM776.6 million, respectively recorded in the preceding year corresponding period.

The decrease in revenue and profit before tax were mainly due to lower units of electricity sold, coupled with lower price from retail contracts and also lower revenue and profit recorded by the fuel oil trading business under the multi utilities business division and lower contribution from projects sales and higher unrealized foreign exchange loss incurred by mobile broadband network division.

The Utilities segment contributes to 72.5% and 51.7% of the Group's revenue and profit before tax, respectively.

B2. Comparison with Preceding Quarter

	Current Quarter 31.12.2014 RM'000	Preceding Quarter 30.09.2014 RM'000
Revenue	4,221,358	4,484,280
Profit before taxation	719,498	505,177
Profit attributable to owners of the parent	321,507	216,128

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Notes – continued

For the current financial quarter, the Group revenue decreased by 5.9% to RM4,221.4 million from RM4,484.3 million whilst profit before tax increased by 42.4% to RM719.5 million from RM505.2 million when compared to the preceding quarter ended 30 September 2014.

The decrease revenue was principally attributable to lower sales recorded in the multi utilities business division whilst increase in profit before tax was mainly due to net fair value gain on investment properties recorded by SGREIT under property investment & development segment and higher profit recorded by water & sewerage division.

B3. Audit Report of the preceding financial year ended 30 June 2014

The Auditors' Report on the financial statements of the financial year ended 30 June 2014 did not contain any qualification.

B4. Prospects

Construction

The construction segment is expected to achieve satisfactory performance for the financial year ending 30 June 2015 as the construction contracts relate mainly to the Group's property development and infrastructure works.

Information technology & e-commerce related business

The outlook for the segment's performance in the financial year ending 30 June 2015 should be satisfactory, given that a significant portion of its revenue is derived from relatively resilient spectrum sharing fee income.

Cement Manufacturing & trading

Considering the Group's current level of operations and continued growth in the construction sector, the segment is expected to achieve satisfactory performance for the financial year ending 30 June 2015.

Property investment & development

This segment is expected to achieve satisfactory performance for the financial year ending 30 June 2015 through the property development activities undertaken by its subsidiaries.

Management services & others/Hotels

After considering the current market condition and the level of uncertainty in the global economy, the performance of these two segments for the financial year ending 30 June 2015 is expected to remain satisfactory.

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INTERIM FINANCIAL REPORT**Notes – continued**Utilities

For the financial year ending 30 June 2015, the increase in generation capacity into the electricity market of Singapore would add pressure to both margin and sales volume for the current financial year for the multi utilities business (merchant) division. Nevertheless, this division would continue to strive to diversify beyond their core business into integrated multi-utilities energy platform with focus on customer service. The water & sewerage company operates under strict regulatory regime and has met all of its regulatory targets and is top of the regulator's league table for customer service. Hence, the management is confident of delivering its 2010-15 regulatory outperformance target. This division has a long term planning horizon to ensure that water resources are going to be available in the future. Despite the challenging market in the telecommunications industry, this business division is expected to continuously grow its subscriber base to generate higher revenue by introducing improved and innovative services to the market.

B5. Profit Forecast

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

B6. Profit for the period

	Current Quarter 31.12.2014 RM'000	Year To Date 31.12.2014 RM'000
Profit for the period is stated after charging/(crediting):		
Adjustments on fair value of investment properties	(87,585)	(87,585)
Allowance for impairment of inventories	488	760
Amortisation of grant and contributions	(2,367)	(4,837)
Amortisation of deferred income	(1,093)	(2,132)
Amortisation of other intangible assets	17,326	33,125
Depreciation of property, plant and equipment	389,503	772,682
Fair value changes of derivatives	(45,402)	(46,557)
Gain on disposal of property, plant and equipment	(363)	(1,869)
Loss/(gain) on foreign exchange	20,033	(10,792)
Impairment loss on receivables - net of reversal	19,082	38,208
Interest income	(63,704)	(120,601)
Interest expense	284,065	555,274
Provision for liabilities and charges	<u>5,622</u>	<u>5,920</u>

Other than the above items, there were no other income including investment income, write off of receivables, allowance for impairment and write off of inventories, gain or loss on disposal of properties, impairment of assets and exceptional items for the current financial quarter and financial year-to-date.

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INTERIM FINANCIAL REPORT**Notes – continued****B7. Taxation**

Taxation comprises the following:-

	Current Quarter 31.12.2014 RM'000	Year To Date 31.12.2014 RM'000
In respect of current period		
- Income tax	171,725	282,836
- Deferred tax	(9,049)	9,789
	<u>162,676</u>	<u>292,625</u>

The higher effective tax rate of the Group as compared to the Malaysian statutory income tax rate for the current financial quarter and financial year to date are mainly attributable to certain expenses not deducted for tax purposes and balancing charge on disposal of assets.

B8. Corporate Developments**(a) Corporate Proposals Announced and Pending Completion**

As at 19 November 2014, being the latest practicable date, there are no corporate proposals announced and pending completion, save for the following:-

- (i) On 14 June 2013, Pintar Projek Sdn Bhd, a 70% subsidiary of the Company and the Manager for Starhill Real Estate Investment Trust, now known as YTL Hospitality REIT proposed to undertake the following proposals:-
 - (a) Placement of new units in YTL Hospitality REIT (“Placement Units”), at a price to be determined later, to raise gross proceeds of up to RM800 million to partially repay YTL Hospitality REIT’s borrowings and reduce its gearing level (“Placement”)
 - (b) Increase in the existing approved fund size of YTL Hospitality REIT from 1,324,388,889 units up to a maximum of 2,125,000,000 units to facilitate the issuance of the Placement Units pursuant to the Placement (“Increase in Fund Size”); and
 - (c) Increase in borrowing limit to 60% of total asset value of YTL Hospitality REIT and its subsidiaries, to provide YTL Hospitality REIT with the flexibility of funding larger acquisition opportunities through borrowings in the future. This flexibility will be essential in situations where potential acquisitions are made through bidding or tender process as raising finance through borrowings may be more expedient as compared to an equity fund raising via issuance of new units.

On 28 June 2013, the Company accepted the YTL Hospitality REIT’s conditional invitation to subscribe for the Placement Units of up to RM310 million in value (“Subscription”).

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INTERIM FINANCIAL REPORT**Notes – continued**

Unitholders of YTL Hospitality REIT approved the Placement and Subscription at the meeting of unitholders held on 11 February 2014.

On 14 May 2014 and 28 May 2014, an application was submitted by the Manager of YTL Hospitality REIT to the Securities Commission Malaysia (“SC”) and Bursa Malaysia Securities Berhad (“Bursa Securities”) respectively, to seek an extension of time of six (6) months from 30 June 2014 until 29 December 2014 to complete the Placement and Increase in Fund Size (“Extension of Time”). SC and Bursa Securities had vide their letter dated 23 May 2014 and 12 June 2014 approved the Extension of Time.

On 21 November 2014 and 26 November 2014, a further application was submitted to the SC and Bursa Securities respectively, to seek a further extension of time of six (6) months from 30 December 2014 until 29 June 2015 to complete the Placement and Increase in Fund Size (“Further Extension of Time”). SC and Bursa Securities had vide their letter dated 2 December 2014, respectively approved the Further Extension of Time.

The Placement and the Subscription are now pending implementation.

B9. Group Borrowings and Debt Securities

Particulars of the Group’s borrowings and debts securities as at 31 December 2014 are as follows:-

	Short term		Long term		Total
	Bonds	Borrowings	Bonds	Borrowings	
	RM'000	RM'000	RM'000	RM'000	RM'000
Secured	-	938,366	-	4,570,757	5,509,123
Unsecured	1,297,682	4,205,823	15,338,013	8,984,679	29,826,197
Total	1,297,682	5,144,189	15,338,013	13,555,436	35,335,320

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

In Singapore Dollar ('000)	2,627,999
In US Dollar ('000)	675,512
In Sterling Pound ('000)	1,912,048
In Japanese Yen ('000)	9,800,000
In Euro ('000)	10,731
In Thai Baht ('000)	297,000

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INTERIM FINANCIAL REPORT**Notes – continued**

Save for the borrowings of RM232.9 million, EUR 10.7 million, Thai Baht 297.0 million and Yen 9.8 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.

B10. Derivatives Financial Instruments, Fair Value Changes of Financial Liabilities, Fair Value hierarchy and Realised and Unrealised Profits or Losses

(a) Derivatives Financial Instruments

As at 31 December 2014, the Group's outstanding derivatives are as follows:

Type of Derivatives	Contract/Notional Value RM'000	Fair Value RM'000
<u>Fuel oil swaps</u>		
- Less than 1 year	1,453,406	938,191
- 1 year to 3 years	646,485	430,028
- More than 3 years	84,318	60,266
<u>Currency forwards</u>		
- Less than 1 year	2,095,672	2,167,956
- 1 year to 3 years	723,394	755,792
- More than 3 years	109,699	115,579

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.

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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YTL CORPORATION BERHAD (Company No. 92647-H)

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INTERIM FINANCIAL REPORT**Notes – continued**

(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 2014 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 31.12.2014	Current year to date 6 months to 31.12.2014
			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 of the Group	43,031	53,581
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 unfavourably against the Group	(180,438)	(221,853)
Exchangeable bonds	Quoted market price	The quoted market price has decreased from the last measurement date	43,650	40,595
Total			(93,757)	(127,677)

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INTERIM FINANCIAL REPORT**Notes: - continued**

(c) Fair Value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- (a) Level 1 : Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- (b) Level 2 : Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices).
- (c) Level 3 : Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

At the reporting date, the Group and the Company held the following financial instruments carried at fair value on the statement of financial position:-

	Level 1	Level 2	Total
	RM'000	RM'000	RM'000
31 December 2014			
Assets			
Financial assets at fair value through profit and loss			
- Trading derivatives	-	27,231	27,231
- Inventories held for trading	-	7,693	7,693
Derivative used for hedging	-	128,702	128,702
Available-for-sale financial assets	27,753	-	27,753
Total assets	<u>27,753</u>	<u>163,626</u>	<u>191,379</u>
Liabilities			
Financial liabilities at fair value through profit and loss			
- Trading derivatives	-	44,179	44,179
Derivative used for hedging	-	769,930	769,930
Total liabilities	<u>-</u>	<u>814,109</u>	<u>814,109</u>

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YTL CORPORATION BERHAD (Company No. 92647-H)

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INTERIM FINANCIAL REPORT**Notes: - continued**

(d) Realised and Unrealised Profits or Losses

	As at 31.12.2014 RM'000	As at 30.06.2014 RM'000
Retained earnings of the Company and its subsidiaries		
- Realised	15,946,746	16,791,495
- Unrealised	1,335,082	(467,772)
	<u>17,281,828</u>	<u>16,323,723</u>
Total share of accumulated profit from associated companies and joint ventures		
- Realised	1,355,460	1,323,531
- Unrealised	(145,223)	(145,205)
	<u>1,210,237</u>	<u>1,178,326</u>
Less: consolidated adjustments	(6,896,488)	(5,468,830)
	<u>11,595,577</u>	<u>12,033,219</u>

B11. Material litigation

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

B12. Dividend

No dividend has been declared for the current financial quarter.

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

Notes: - continued

B13. Earnings Per Share

i) Basic/diluted earnings per 10 sen share

The basic earnings per share of the Group has been computed by dividing the net profit attributable to owners of the parent for the financial quarter by the weighted average number of ordinary shares in issue during the financial quarter as set out below:-

	Current Year Quarter 31.12.2014	Preceding Year Corresponding Quarter 31.12.2013
Profit attributable to owners of the parent (RM'000)	321,507	383,536
<i>Weighted average number of ordinary shares ('000)</i>		
Issued at the beginning of the period	10,738,931	10,738,931
Shares repurchased	(375,345)	(373,344)
	10,363,586	10,365,587
Basic earnings per share (sen)	3.10	3.70

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YTL CORPORATION BERHAD (Company No. 92647-H)

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INTERIM FINANCIAL REPORT**Notes: - continued****B13. Earnings Per Share****ii) Diluted earnings per 10 sen share**

The diluted earnings per share of the Group has been computed by dividing the net profit attributable to owners of the parent for the financial quarter by the weighted average number of ordinary shares in issue during the financial quarter as set out below:-

Profit attributable to owners of the parent (RM'000)	321,507	383,536
<i>Weighted average number of ordinary shares - diluted ('000)</i>		
Weighted average number of ordinary shares-basic	10,363,586	10,365,587
Effect of unexercised employees share option scheme	-	-
	<u>10,363,586</u>	<u>10,365,587</u>
Diluted earnings per share (sen)	<u>3.10</u>	<u>3.70</u>

Total cash expected to be received in the event of an exercise of all ESOS options is RM240.266 million. Accordingly, the Net Asset (NA) on a proforma basis will increase by RM240.266 million resulting in an increase in NA per share of RM0.02. 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: 12 February 2015