YTL CORPORATION BERHAD

Company No. 92647-H
Incorporated in Malaysia

Interim Financial Report
31 March 2018

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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 March 2018.

The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	9 MONTHS ENDED	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017
	RM'000	RM'000	RM'000	RM'000
Revenue	3,879,693	3,716,372	11,708,751	10,830,597
Cost of sales	(2,762,961)	(2,675,792)	(8,426,313)	(7,840,020)
Gross profit	1,116,732	1,040,580	3,282,438	2,990,577
Other operating income	45,685	81,067	193,291	272,113
Other operating expenses	(488,470)	(399,123)	(1,341,895)	(1,357,834)
Profit from operations	673,947	722,524	2,133,834	1,904,856
Finance costs	(401,836)	(327,859)	(1,223,673)	(949,785)
Share of results of associated companies and joint ventures	105,999	118,638	303,640	306,539
Profit before taxation	378,110	513,303	1,213,801	1,261,610
Taxation	(79,958)	(74,113)	(311,174)	(250,309)
Profit for the period	298,152	439,190	902,627	1,011,301
Attributable to:-				
Owners of the parent	136,252	285,952	405,242	583,974
Non-controlling interests	161,900	153,238	497,385	427,327
Profit for the period	298,152	439,190	902,627	1,011,301
Earnings per share				
Basic (Sen)	1.29	2.74	3.85	5.56
Diluted (Sen)	1.29	2.74	3.85	5.56

The Condensed Consolidated Income Statement should be read in conjunction with the audited annual financial statements for the year ended 30 June 2017 and the accompanying explanatory notes attached to the interim financial statements.

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

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	9 MONTHS ENDED	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017
	RM'000	RM'000	RM'000	RM'000
Profit for the period	298,152	439,190	902,627	1,011,301
Other comprehensive (loss)/income :-				
Items that will not be reclassified subsequently to income statement:-				
Re-measurement of post-employment benefit obligations	188,584	(202,355)	188,584	(202,355)
Items that may be reclassified subsequently to income statement:-				
Available-for-sale financial assets	1,731	(2,522)	1,639	(4,161)
Cash flow hedges	(118,997)	(126,567)	69,349	266,655
Foreign currency translation	(776,445)	457,415	(1,462,926)	1,473,217
Other comprehensive (loss)/income for the period, net of tax	(705,127)	125,971	(1,203,354)	1,533,356
Total comprehensive (loss)/ income for the period	(406,975)	565,161	(300,727)	2,544,657
Attributable to :-				
Owner of the parent	(121,523)	344,028	(64,505)	1,348,674
Non-controlling interests	(285,452)	221,133	(236,222)	1,195,983
Total comprehensive (loss)/ income for the period	(406,975)	565,161	(300,727)	2,544,657

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited annual financial statements for the year ended 30 June 2017 and the accompanying explanatory notes attached to the interim financial statement.

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

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	UNAUDITED AS AT 31.03.2018 RM'000	AUDITED AS AT 30.06.2017 RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	28,180,834	28,516,788
Investment properties	10,011,802	10,517,010
Investment in associated companies and joint ventures	2,271,284	2,480,383
Investments	1,143,961	845,165
Development expenditure	946,580	894,886
Intangible assets	5,908,798	6,386,034
Biological assets	1,798	1,798
Other receiveables and other non-current assets	1,082,224	1,155,280
Derivative financial instruments	24,387	13,629
	49,571,668	50,810,973
Current Assets		
Inventories	2,814,066	799,825
Property development costs	415,228	2,475,214
Trade, other receivables and other current assets	3,851,670	3,814,761
Derivative financial instruments	97,566	52,124
Income tax assets	108,802	80,116
Investments	2,065,741	2,503,011
Amount due from related parties	78,403	87,497
Short term investments	758,475	738,801
Fixed deposits	11,004,734	12,145,557
Cash and bank balances	993,730	1,174,691
	22,188,415	23,871,597
TOTAL ASSETS	71,760,083	74,682,570

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited annual financial statements for the year ended 30 June 2017 and the accompanying explanatory notes attached to the interim financial statements.

INTERIM FINANCIAL REPORT

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION – continued

	UNAUDITED AS AT 31.03.2018 RM'000	AUDITED AS AT 30.06.2017 RM'000
EQUITY		
Share capital	3,340,111	3,340,111
Other reserves	864,939	1,523,559
Retained profits	10,191,404	10,606,817
Less : Treasury shares, at cost	(261,699)	(596,577)
Total Equity Attributable to Owners of the Parent	14,134,755	14,873,910
Non-Controlling Interests	7,449,484	8,051,734
TOTAL EQUITY	21,584,239	22,925,644
LIABILITIES		
Non-current liabilities		
Long term payables and other non-current liabilities	961,901	932,394
Bonds & borrowings	35,711,923	34,132,823
Grants and contributions	548,770	547,775
Deferred tax liabilities	2,047,504	2,068,379
Post-employment benefit obligations	833,599	1,115,512
Provision for liabilities and charges	7,077	7,077
Derivative financial instruments	24,615	44,008
	40,135,389	38,847,968
Current Liabilities		
Trade, other payables and other current liabilities	3,584,146	3,376,463
Derivative financial instruments	59,240	128,772
Amount due to related parties	12,979	8,486
Bonds & borrowings	5,970,900	8,996,806
Income tax liabilities	231,430	210,474
Provision for liabilities and charges	181,760	187,957
	10,040,455	12,908,958
TOTAL LIABILITIES	50,175,844	51,756,926
TOTAL EQUITY AND LIABILITIES	71,760,083	74,682,570
Net Assets per share (RM)	1.32	1.43

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited annual financial statements for the year ended 30 June 2017 and the accompanying explanatory notes attached to the interim financial statements.

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

INTERIM FINANCIAL REPORT

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018

	Attributable to Owners of the Parent						
Group	**Share capital RM'000**	**Retained profits RM'000**	**Treasury shares RM'000**	**Other reserves RM'000**	**Total RM'000**	**Non-Controlling interests RM'000**	**Total equity RM'000**
At 1 July 2017	3,340,111	10,606,817	(596,577)	1,523,559	14,873,910	8,051,734	22,925,644
Profit for the period	-	405,242	-	-	405,242	497,385	902,627
Other comprehensive income	-	188,584	-	(658,331)	(469,747)	(733,607)	(1,203,354)
Total comprehensive income for the period	-	593,826	-	(658,331)	(64,505)	(236,222)	(300,727)
Changes in composition of the Group	-	(148,136)	-	(1)	(148,137)	140,510	(7,627)
Dividend paid	-	(526,761)	-	-	(526,761)	(506,538)	(1,033,299)
Issue of share capital	-	-	-	-	-	-	-
Purchase of treasury shares	-	-	(3)	-	(3)	-	(3)
Share dividend	-	(334,881)	334,881	-	-	-	-
Share option lapsed by subsidiary	-	539	-	(288)	251	-	251
At 31 March 2018	3,340,111	10,191,404	(261,699)	864,939	14,134,755	7,449,484	21,584,239

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 2017 and the accompanying explanatory notes attached to the interim financial statements.

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

INTERIM FINANCIAL REPORT

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2017

	←	Attributable to Owners of the Parent				→	Non-	
	Share	Share	Retained	Treasury	Other		Controlling	Total
	capital	premium	profits	shares	reserves	Total	interests	equity
Group	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
At 1 July 2016	1,079,399	2,069,188	11,223,837	(596,575)	827,630	14,603,479	7,408,598	22,012,077
Profit for the period	-	-	583,974	-	-	583,974	427,327	1,011,301
Other comprehensive income	-	-	(108,360)	-	873,060	764,700	768,656	1,533,356
Total comprehensive income for the period	-	-	475,614	-	873,060	1,348,674	1,195,983	2,544,657
Changes in composition of the Group	-	-	(373,764)	-	-	(373,764)	177,219	(196,545)
Dividend paid	-	-	(1,000,031)	-	.	(1,000,031)	(673,516)	(1,673,547)
Issue of share capital	11,657	179,867	-	-	-	191,524	-	191,524
Purchase of treasury shares	-	-	-	(2)	-	(2)	-	(2)
Share option lapsed by subsidiary	-	-	218	-	(117)	101	-	101
Transfer to no par value regime *	2,249,055	(2,249,055)	-	-	-	-	-	-
At 31 March 2017	3,340,111	-	10,325,874	(596,577)	1,700,573	14,769,981	8,108,284	22,878,265

* Effective from 31 January 2017, the new Companies Act 2016 ("Act") abolished the concept of authorised share capital and par value of share capital. Consequently, the credit balance of the share premium becomes part of the Company's share capital pursuant to the transitional provision set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use this amount for purposes as set out in Section 618(3) of the Act. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

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 2017 and the accompanying explanatory notes attached to the interim financial statements.

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018

Cash flows from operating activities		
Profit before tax	1,213,801	1,261,610
Adjustment for :-		
Adjustment on fair value of investment properties	-	39,625
Allowance for impairment of inventories	955	1,405
Amortisation of deferred income	(6,773)	(2,352)
Amortisation of grants and contributions	(16,001)	(14,643)
Amortisation of other intangible assets	37,487	55,576
Depreciation	1,131,537	1,096,026
Dividend income	(24,439)	(45,975)
Fair value changes of derivatives	(11,930)	(5,660)
Fair value changes of investments	17,112	(1,364)
Gain on disposal of investments	(4)	(33,563)
Gain on disposal of property, plant and equipment	(20,515)	(13,941)
Impairment losses	60,455	87,204
Interest expense	1,223,673	949,785
Interest income	(231,686)	(163,429)
Property, plant and equipment written off	27,458	32,102
Provision for post-employment benefit	46,110	43,294
Provision for liabilities and charges	1,455	-
Share of results of associated companies and joint ventures	(303,640)	(306,539)
Unrealised (gain)/loss on foreign exchange	(94,030)	63,335
Other non cash items	(4,051)	(1,821)
Operating profit before changes in working capital	3,046,974	3,040,675

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited annual financial statements for the year ended 30 June 2017 and the accompanying explanatory notes attached to the interim financial statements.

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018 - continued

	9 MONTHS ENDED	
	31.03.2018	31.03.2017
	RM'000	RM'000
Changes in working capital:-		
Inventories	2,220	(54,844)
Property development costs	(83,658)	(30,564)
Receivables, deposits and prepayments	(300,295)	(1,259,160)
Payables and accrued expenses	287,253	(63,907)
Related parties balances	(13,587)	(13,238)
Cash generated from operations	2,938,907	1,618,962
Dividend received	324,746	347,345
Interest paid	(1,057,354)	(906,475)
Interest received	234,989	139,421
Payment to a retirement benefits scheme	(95,731)	(85,059)
Income tax paid	(293,300)	(337,300)
Net cash from operating activities	2,052,257	776,894
Cash flows from investing activities		
Acquisition of subsidiaries	(14,975)	(393,601)
Acqusition of associated companies	(71,921)	(11,002)
Development expenditure incurred	(54,579)	(87,860)
Grants received in respect of infrastructure assets	39,816	44,563
Maturities/(placements) of income funds	171,492	(365,719)
Proceeds from disposal of property, plant & equipment	31,963	17,882
Proceeds from disposal of investments	-	40,478
Purchase of investment properties	(54,709)	(6,749)
Purchase of property, plant & equipment	(1,627,764)	(1,406,070)
Purchase of intangible assets	(11,565)	(30,730)
Purchase of investments	(70,545)	(5,104)
Shareholder loans	(37,054)	-
Net cash used in investing activities	(1,699,841)	(2,203,912)

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited annual financial statements for the year ended 30 June 2017 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 CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018 - continued

	9 MONTHS ENDED	
	31.03.2018	**31.03.2017**
	RM'000	**RM'000**
Cash flows from financing activities		
Dividend paid	(526,761)	(1,000,031)
Dividend paid to non-controlling interests by subsidiaries	(506,538)	(673,516)
Repurchase of own shares by the company (at net)	(3)	(2)
Repurchase of subsidiaries' shares by subsidiaries	(3)	(2)
Proceeds from borrowings	8,527,487	2,979,925
Proceeds from issue of shares	-	191,524
Proceeds from issue of shares in subsidiaries to non-controlling interests	17,149	256,609
Repayment of borrowings	(8,527,168)	(972,798)
Net cash (used in)/from financing activities	(1,015,837)	781,709
Net changes in cash and cash equivalents	(663,421)	(645,309)
Effects of exchange rate changes	(663,105)	651,345
Cash and cash equivalents at beginning of the financial year	13,316,838	13,679,430
Cash and cash equivalents at end of the financial year	11,990,312	13,685,466

Cash and cash equivalent comprise :-		
Fixed deposit with licensed bank	11,004,734	12,141,836
Cash and bank balances	993,730	1,543,761
Bank overdraft	(8,152)	(131)
	11,990,312	13,685,466

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited annual financial statements for the year ended 30 June 2017 and the accompanying explanatory notes attached to the interim financial statements.

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 2017.

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 2017.

The adoption of these amendments to FRSs and IC Int does not have any significant impact on the financial statements of the Group.

<u>Malaysia Financial Reporting Standards ("MFRS") Framework</u>

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 2018. 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 2019.

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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:-

During the current financial quarter and period to date, the Company repurchased 1,000 and 2,000 ordinary shares of its issued share capital from the open market, at an average of RM1.46 per share. The total consideration paid for the share buy-back, including transaction costs amounted to RM1,465 and RM2,920, respectively and were financed by internally generated funds. The shares purchased are held as treasury shares in accordance with Section 127(6) of the Companies Act 2016.

During the current financial quarter and period to date, a total of 210,696,721 treasury shares amounting RM334,881,368 were distributed as share dividend on 9 November 2017 to the shareholders on the basis of one (1) treasury share for every fifty (50) ordinary shares held as at 26 October 2017.

As at 31 March 2018, the number of treasury shares held was 164,652,418 ordinary shares.

A6. Dividend paid

The following dividend payment was made during the financial period ended 31 March 2018:

	RM'000
In respect of the financial year ended 30 June 2017:-	
An interim single tier dividend of 5 sen per ordinary share paid on 10 November 2017	526,761

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 March 2018 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	153,788	3,966	2,011,605	716,443	340,615	881,421	7,600,913	-	11,708,751
Inter-segment revenue	125,015	59,754	7,824	173,017	220,102	10,319	11,837	(607,868)	-
Total revenue	278,803	63,720	2,019,429	889,460	560,717	891,740	7,612,750	(607,868)	11,708,751
Segment results									
Profit from operations	12,929	3,115	203,957	599,243	336,299	58,088	920,203	-	2,133,834
Finance costs									(1,223,673)
									910,161
Share of profit of associated companies & joint ventures									303,640
Profit before taxation									1,213,801

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 March 2017 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	93,623	2,813	1,767,374	889,094	277,768	742,826	7,057,099	-	10,830,597
Inter-segment revenue	310,187	61,176	13,835	149,173	225,009	10,070	11,638	(781,088)	-
Total revenue	403,810	63,989	1,781,209	1,038,267	502,777	752,896	7,068,737	(781,088)	10,830,597
Segment results									
Profit from operations	31,617	1,434	237,661	350,766	385,498	107,707	790,173	-	1,904,856
Finance costs									(949,785)
									955,071
Share of profit of associated companies & joint ventures									306,539
Profit before taxation									1,261,610

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 March 2018, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings and discontinuing operations except for the following-

- On 31 July 2017, Ideal Worlds Pte Ltd, a subsidiary of the Company, disposed of all its shares held in Prestige Lifestyles & Living Sdn Bhd ("PLL"), comprising of 2 ordinary shares and representing the entire issued and paid-up share capital in PLL to Starhill Living.Com Sdn Bhd ("SHLC") for a consideration of RM2.00. As a result, PLL became a wholly-owned subsidiary of SHLC and remains an indirect subsidiary of the Company.

- On 27 September 2017, YTL Cement (Hong Kong) Limited ("YTL Cement HK"), a wholly-owned subsidiary YTL Cement Berhad ("YTL Cement"), which in turn is a subsidiary of the Company, acquired 1 share of US$1.00, representing the entire issued and paid-up share capital in Concrete Star Limited ("CSL") at par value. As a result, CSL became a wholly-owned subsidiary of YTL Cement HK and an indirect subsidiary of YTL Cement and the Company. CSL will be principally engaged in investment holding.

- On 2 November 2017, Zhejiang Hangzhou Dama Cement Co., Ltd., an indirect wholly-owned subsidiary of YTL Cement, has incorporated a wholly-owned subsidiary in the People's Republic of China, known as Hangzhou Dama Kai Tong Environmental Technology Co., Ltd. ("Hangzhou Dama Kai Tong") to undertake the business of treatment and disposal of waste materials. Hangzhou Dama Kai Tong is a limited liability company with a registered capital of Renminbi 1.0 million.

- On 19 January 2018, Syarikat Pembenaan Yeoh Tiong Lay Sdn Bhd ("SPYTL"), a wholly-owned subsidiary of the Company, incorporated a wholly-owned subsidiary known as YTL High Speed Rail Sdn Bhd ("YTL HSR") with an issued share capital of RM1.00 comprising of 1 ordinary share. YTL HSR will be principally to undertake, construct, maintain, improve, develop, implement, control, execute and manage any railway project. On 5 February 2018, YTL HSR changed its name to YTL THP JV Sdn Bhd. It became a 70% owned subsidiary of SPYTL following the subscription of 69 new ordinary shares by SPYTL and 30 new ordinary shares by TH Properties Sdn Bhd on 10 February 2018.

- On 25 January 2018, YTL Cement HK has incorporated a wholly-owned subsidiary in the People's Republic of China, known as Beijing Dama Sinosource Trading Co., Ltd. ("Beijing Dama Sinosource") to undertake the business of trading of mechanical, electrical equipment and parts, and technology transfer, development and consultancy. Beijing Dama Sinosource is a limited liability company with a registered capital of Renminbi 1.0 million.

- On 16 March 2018, YTL Jawa Energy B.V. ("YTLJE"), an indirect wholly-owned subsidiary of YTL Power International Berhad ("YTL Power"), entered into an agreement with Bel Air Hotel Holdings S.A.R.L ("SPA"), for the acquisition of 1,768,000 ordinary shares, representing the entire issued and outstanding shares in the share capital of Bel Air Den Haag Beheer B.V. ("Bel Air"), for cash consideration of EUR60,300,000.00, subject to such adjustments as set out in the SPA ("Proposed Acquisition").

Notes: - continued

Upon completion of the Proposed Acquisition, Bel Air will become a subsidiary of YTLJE and an indirect subsidiary of YTL Power and the Company. B.V. Hotel Bel Air Den Haag ("BV Hotel"), a wholly-owned subsidiary of Bel Air, will consequently become an indirect subsidiary of YTLJE, YTL Power and the Company

Bel Air was incorporated in Amsterdam, the Netherlands on 26 May 2011. Bel Air is the legal and beneficial owner of the Marriott The Hague, a 306-guestroom hotel located at Johan de Wittlaan 30, 2517 JR The Hague, Netherlands ("Hotel"). Bel Air and BV Hotel are engaged in the business of operating of the Hotel.

- On 29 March 2018 and 30 March 2018, SPYTL incorporated the following wholly-owned subsidiaries, each with issued share capital of RM1.00 comprising of 1 ordinary share:-

  (i) Dayang Bay Development Sdn Bhd ("DBD")
  (ii) Dayang Bunting Resorts Sdn Bhd ("DBR")
  (iii) Northwestern Development Sdn Bhd ("NDSB")

  DBD, DBR and NDSB will be principally involved in property investment and development.

- On 30 March 2018, Konsortium Jaringan Selangor Sdn Bhd, an indirect subsidiary of YTL Power International Berhad ("YTL Power"), incorporated a wholly-owned subsidiary known as Yakin Telesel Sdn Bhd ("Yakin Telesel") with an issued share capital of RM1.00 comprising 1 ordinary share. Yakin Telesel will be principally involved in planning, development, implementation and management of telecommunications infrastructure and information communication technologies services.

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 2017.

A10. Subsequent Events

Save for the following, there were no items, transactions or events 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 April 2018, YTL Communications Sdn Bhd, a subsidiary of YTL Power, incorporated a wholly-owned subsidiary known as YesLinc Sdn Bhd ("YesLinc") with an issued share capital of RM1.00 comprising 1 ordinary share. YesLinc will be principally involved in providing solution & services relating to Internet of Things (IoT) initiatives, including managing and protecting any intellectual property and/or rights, as well as such initiatives associated with providing such services.

- On 5 April 2018, Ideal Worlds Pte Ltd ("IWPL") and Genesis-Alliance Retail Pte Ltd ("GAR"), both subsidiaries of YTL Singapore Pte Ltd ("YTL Singapore"), which in turn is a wholly-owned subsidiary of the Company, have been struck-off from the register of the Accounting and Corporate Regulatory Authority, Singapore, pursuant to Section 344A of the Companies Act, CAP 50. Accordingly, IWPL and GAR ceased to be subsidiaries of YTL Singapore and indirect subsidiaries of the Company.

YTL CORPORATION BERHAD (Company No. 92647-H)
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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		Variance	Cumulative Quarter		Variance
	31.03.2018	31.03.2017	%	31.03.2018	31.03.2017	%
	RM'000	RM'000	+/-	RM'000	RM'000	+/-
Revenue						
Construction	92,608	40,040	131%	153,788	93,623	64%
Information technology & e-commerce related business	917	561	63%	3,966	2,813	41%
Cement Manufacturing & trading	641,319	566,662	13%	2,011,605	1,767,374	14%
Property investment & development	166,729	352,227	-53%	716,443	889,094	-19%
Management services & others	130,905	121,685	8%	340,615	277,768	23%
Hotels	330,666	288,570	15%	881,421	742,826	19%
Utilities	2,516,549	2,346,627	7%	7,600,913	7,057,099	8%
	3,879,693	3,716,372		11,708,751	10,830,597	
Profit before taxation						
Construction	985	10,810	-91%	12,915	31,610	-59%
Information technology & e-commerce related business	640	133	381%	3,115	1,434	117%
Cement Manufacturing & trading	23,321	28,873	-19%	163,588	200,241	-18%
Property investment & development	113,375	78,716	44%	399,171	195,447	104%
Management services & others	(63,940)	127,935	-150%	(145,869)	62,696	-333%
Hotels	47,767	50,938	-6%	52,959	99,179	-47%
Utilities	255,962	215,898	19%	727,922	671,003	8%
	378,110	513,303		1,213,801	1,261,610	

Notes – continued

For the current quarter under review, the Group recorded revenue of RM3,879.7 million as compared to RM3,716.4 million recorded in the preceding year corresponding quarter. The Group profit before taxation for the current financial quarter was RM378.1 million, a decrease of RM135.2 million or 26.3% as compared to a profit of RM513.3 million recorded in the preceding year corresponding quarter.

For the nine months under review, the Group revenue of RM11,708.8 million as compared to RM10,830.6 million, recorded in the preceding financial year ended 31 March 2018. The Group profit before tax for the current financial period was RM1,213.8 million, a decrease of RM47.8 million or 3.8% as compared to a profit of RM1,261.6 million recorded in the preceding year corresponding period.

Performance of the respective operating business segments for the financial quarter/period ended 31 March 2018 as compared to the preceding year corresponding financial quarter/period are analysed as follows:

Construction
For the current financial quarter/nine months under review, the increase in revenue was principally due to better site progress whilst the decrease in profit before tax was mainly due to lower construction margin recorded and higher operating cost.

Information technology & e-commerce related business
For the current financial quarter/nine months under review, the increase in revenue and profit before taxation was mainly due to higher digital media advertising recorded from content and digital media division and higher interest income earned on cash deposits.

Cement Manufacturing & trading
For the current financial quarter/nine months under review, the increase in revenue was mainly attributable to higher sales volume from all division. Despite the improved revenue, the decrease in profit before taxation was mainly due to increase in production cost, finance costs and competitive pricing in domestic market.

Property investment & development
For the current financial quarter/nine months under review, the decrease in revenue was mainly attributable to completion of Midfields 2 project undertaken by SPYTL and lower progress billings from The Fennel, Dahlia and U-Thant projects undertaken by Sentul Raya Sdn. Bhd., PYP Sendirian Berhad and Budaya Bersatu Sdn. Bhd., respectively as these projects are at its completion. However, profit before tax increased mainly due to a higher unrealised foreign exchange gain on the Australian Dollar denominated term loan recorded by YTL Hospitality REIT.

Management services & others

For the current financial quarter/nine months under review, increase in revenue was mainly contributed by higher interest income whilst loss before taxation was primarily due to absence of the one-off adjustments arising from accounting treatment of loan restructuring recorded by an associated company and higher finance costs incurred by YTL Power International Berhad Group.

Hotels

For the current financial quarter/nine months under review, revenue increase was mainly contributed by The Hotel Stripes in Kuala Lumpur, Sydney Harbour Marriott Hotel in Australia and 3 newly acquired Hotels in United Kingdom. However, the decrease in profit before taxation was mainly due to the higher unrealised foreign exchange loss on inter-company balances and pre-opening and training expenses incurred by The Ritz-Carlton, Koh Samui, Thailand.

Utilities

For the current financial quarter/nine months under review, the increase in revenue and profit before taxation was mainly contributed by Power generation (Contracted) division's commencement of its short-term capacity generation on 1 September 2017 and opening of the retail market for non-household customers, increase in price as allowed by regulator and coupled with lower operating costs registered by Water & sewerage division.

The utilities segment contributes to 64.9% and 60.0% of the Group revenue and profit before taxation, respectively.

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B2. Comparison with Preceding Quarter

	Current Quarter 31.03.2018 RM'000	**Preceding Quarter 31.12.2017 RM'000**	**Variance % +/-**
Revenue	3,879,693	3,899,196	-1%
Profit before taxation	378,110	395,603	-4%
Profit attributable to owners of the parent	136,252	126,093	8%

The decrease in revenue and profit before taxation was mainly attributable to lower sales volume contribution from all divisions during festival seasons coupled with competitive pricing recorded by Cement Manufacturing & trading segment.

B3. Audit Report of the preceding financial year ended 30 June 2017

The Auditors' Report on the financial statements of the financial year ended 30 June 2017 did not contain any qualification.

B4. Prospects

Construction
The construction segment is expected to achieve satisfactory performance for the financial year ending 30 June 2018 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 2018 should be satisfactory, given that a significant portion of its revenue is derived from relatively resilient spectrum sharing fee income.

Cement manufacturing & trading
The outlook for the cement industry remains highly competitive amongst industry players and the segment is expected to achieve satisfactory performance for the financial year ending 30 June 2018.

Property investment & development
This segment is expected to achieve satisfactory performance for the financial year ending 30 June 2018 through the property development activities undertaken by its subsidiaries and joint venture.

Management services & others/Hotels
Considering the current market condition, the performance of these two segments for the financial year ending 30 June 2018 is expected to remain satisfactory.

Utilities

The YTL Power Group has an 80% equity interest in PT Tanjung Jati Power Company ("TJPC"), an independent power producer which is undertaking the development of Tanjung Jati A, a 2 x 660 megawatt coal-fired power project in Java, Indonesia. TJPC has a 30-year power purchase agreement with PT PLN (Persero), Indonesia's state-owned electric utility company, amended and restated in December 2015 and March 2018. The project is currently in the development stage and progress is underway towards achieving financial close.

The YTL Power Group also has a 45% equity interest in Attarat Power Company ("APCO"), which is developing a 554 megawatt oil shale fired power generation project in the Hashemite Kingdom of Jordan. APCO has signed a 30-year power purchase agreement (including construction period of 3.5 years) with the National Electric Power Company ("NEPCO"), Jordan's state-owned utility, for the entire electrical capacity and energy of the power plant, with an option for NEPCO to extend the power purchase agreement to 40 years (from the commercial operation date of the project's second unit). Construction has commenced on the project, with operations scheduled to commence in mid-2020.

YTL Power Generation Sdn. Bhd. ("YTLPG") has commenced its operation on 1 September 2017 for the supply of 585MW of capacity from the existing facility in Paka for a term of 3 years 10 months, which will be expiring on 30 June 2021. YTLPG is expected to perform satisfactorily as it operates under a regulatory regime.

The electricity market in Singapore will remain competitive, driven by volatilities across global markets and generation capacity oversupply in the wholesale electricity market. Despite the current challenges, this segment will continue to focus on customer service, diversification beyond the core business into integrated multi-utilities supply and non-regulated ancillary businesses in steam sales, oil storage tank leasing, bunkering services and potable water sales.

As for Water & Sewerage division, Wessex Water which operates under a strict regulatory regime is confident of delivering its 2015-20 regulatory outperformance target by improving its business processes and will continue to provide customers with first-class affordable service.

The mobile broadband segment will continuously be coming up with more competitive products to increase the subscriber base to generate higher revenue, supported by the launch of its nationwide 4G LTE and Voice-over-LTE (VoLTE) services in the preceding year. In its drive to champion the use of Internet technology to empower Malaysian students and equip them with a culture of lifelong learning and technology know-how to succeed in the global knowledge economy, the Group continued to make good progress in its implementation of the 1BestariNet project, a project undertaken for the Government of Malaysia that aims to leverage information technology to scale up the quality of learning across the country. A key feature of the project is the provision of the Frog VLE (Virtual Learning Environment) to more than 10,000 state schools, a learning platform that allows schools to simplify and enhance teaching and learning, communication and administration. Plans are also underway to roll out the LTE version of the Yes Zoom gateway device as well as to expand the Yes platform into Sarawak in the near future.

B5. Profit Forecast

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

B6. Profit for the period

	Current Quarter 31.03.2018 RM'000	Year To Date 31.03.2018 RM'000
Profit for the period is stated after charging/(crediting):		
(Write back)/Allowance for impairment of associate	(10)	432
(Write back)/Allowance for impairment of inventories	(870)	955
Allowance for impairment of receivables - net of reversal	19,410	59,973
Amortisation of deferred income	(2,246)	(6,773)
Amortisation of grants and contributions	(4,522)	(16,001)
Amortisation of other intangible assets	10,711	37,487
Depreciation of property, plant and equipment	371,397	1,131,537
Dividend income	(20,186)	(24,439)
Fair value changes of derivatives	(4,942)	(11,930)
Fair value changes of investments	21,118	17,112
Interest expense	401,836	1,223,673
Interest income	(18,500)	(51,358)
Gain on foreign exchange	(61,273)	(107,065)
Net gain on disposal of property, plant and equipment	(5,989)	(20,515)
Provision for liabilities and charges	814	1,455

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

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B7. Taxation

Taxation comprise the following:-

	Current Quarter 31.03.2018 RM'000	Year To Date 31.03.2018 RM'000
In respect of current period		
- Income tax	80,321	297,629
- Deferred tax	(363)	13,545
	79,958	311,174

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 was mainly due to non-deductibility of certain expenses for tax purposes and partially offset by income subjected to different tax jurisdictions.

B8. Corporate Developments

(a) Corporate Proposals Announced and Pending Completion

As at the date of this report, being the latest practicable date, there are no corporate proposals announced and pending completion.

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B9. Group Borrowings and Debt Securities

The Group's borrowings and debts securities as at 31 March 2018 are as follows:-

	Secured RM'000	Unsecured RM'000	Total RM'000
Current			
Bankers' acceptances	-	4,555	4,555
Bank overdrafts	-	8,152	8,152
Finance lease liabilities	81,548	30,160	111,708
ICULS *	-	15,850	15,850
Recolving credit	-	2,425,125	2,425,125
Term loans	23,750	1,183,961	1,207,711
Bonds	-	2,197,799	2,197,799
	105,298	5,865,602	5,970,900
Non-current			
Finance lease liabilities	27,503	8,491	35,994
ICULS *	-	10,909	10,909
Term loans	3,085,287	14,397,935	17,483,222
Bonds	328,196	17,853,602	18,181,798
	3,440,986	32,270,937	35,711,923
Total borrowings	**3,546,284**	**38,136,539**	**41,682,823**

* *Irredeemable Convertible Unsecured Loan Stock ("ICULS")*

Foreign currency borrowings included in the above are as follows :-

	Foreign Currency '000	RM Equivalents '000
US Dollar	896,466	3,462,152
Singapore Dollar	3,275,205	9,650,064
Sterling Pound	2,135,642	11,571,335
Japanese Yen	16,070,112	583,650
Thai Baht	1,501,521	185,801
Australia Dollar	529,384	1,570,471
		27,023,473

Save for the borrowings of RM166.7 million, US Dollar 242.5 million, Sterling Pound 84.1 million, Yen 11.3 billion and Thai Baht 2.0 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 and Fair Value hierarchy

(a) Derivatives Financial Instruments

As at 31 March 2018, 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	903,211	967,020
- 1 year to 3 years	177,979	198,438
- More than 3 years	1,121	1,185
Currency forwards		
- Less than 1 year	936,599	911,932
- 1 year to 3 years	239,855	228,397
- More than 3 years	1,135	1,144
Interest rate swap contracts		
- 1 year to 5 years	958,262	(10,492)

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.

The Group entered into interest rate swap contracts to manage its interest rate risk arising primarily from interest-bearing borrowings. Borrowings at floating rate expose the Group to fair value interest rates and the derivative financial instruments minimise the fluctuation of cash flow due to changes in the market interest rates.

The derivative financial instruments are stated at fair value based on banks' quotes. The fair value changes on the effective portion of the derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

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

(b) Fair Value Changes of Financial Liabilities

The gains arising from fair value changes of financial liabilities for the current financial period ended 31 March 2018 are as follows:

Type of financial liabilities	**Basis of fair value measurement**	**Reason for the gains**	**Fair value gains**	
			Current quarter 31.03.2018 RM'000	**Current year to date 31.03.2018 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	(1,595)	(436)
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 of the Group	(408)	12,423
		Total	(2,003)	11,987

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(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 March 2018			
Assets			
Financial assets at fair value			
through profit and loss			
- Trading derivatives	-	7,243	7,243
- Income funds	-	2,852,219	2,852,219
- Equity investments	-	3,921	3,921
Derivative used for hedging	-	114,710	114,710
Available-for-sale financial assets	73,575	42	73,617
Total assets	73,575	2,978,135	3,051,710
Liabilities			
Financial liabilities at fair value			
through profit and loss			
- Trading derivatives	-	5,926	5,926
Derivative used for hedging	-	77,929	77,929
Total liabilities	-	83,855	83,855

B11. Material litigation

Save for the following, there were no changes to the material litigations since the date of the last audited financial statements of financial position:

In 2015, a foreign subsidiary of the Group commenced proceedings in court against two customers to recover monies due to the subsidiary under contract, following termination of their electricity retail contracts. The trial took place in November 2017, and parties are currently in the process of filing closing submissions. It is anticipated that the court will deliver its decision sometime in the middle of 2018.

Based on legal advice sought by the board, the subsidiary has strong prospects of succeeding in its claim and the customers are highly unlikely to succeed in their counterclaims. Thus, no provision has been made for potential losses that may arise from the counterclaims.

B12. Dividend

No dividend has been declared for the current financial quarter.

B13. Earnings Per Share

i) Basic earnings per share

The basic earnings per share of the Group has been computed by dividing the net profit 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 31.03.2018	**Preceding Year Corresponding Quarter 31.03.2017**
Profit attributable to owners of the parent (RM'000)	136,252	285,952
Weighted average number of ordinary shares ('000)		
Weighted average number of ordinary shares ('000)	10,910,559	10,793,991
Less: Shares repurchased	(375,348)	(375,348)
	10,535,211	10,418,643
Basic earnings per share (sen)	1.29	2.74

B13. Earnings Per Share

ii) Diluted earnings per 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:-

	Current Year Quarter 31.03.2018	Preceding Year Corresponding Quarter 31.03.2017
Profit attributable to owners of the parent (RM'000)	136,252	285,952
Weighted average number of ordinary shares - diluted ('000)		
Weighted average number of ordinary shares-basic	10,535,211	10,418,643
Effect of unexercised employees share option scheme ("ESOS")	-	-
	10,535,211	10,418,643
Diluted earnings per share (sen)	1.29	2.74

Total cash expected to be received in the event of an exercise of all outstanding ESOS options is RM220.859 million (2017: RM227.430 million). Accordingly, the Net Asset ("NA") on a proforma basis will increase by RM220.859 million (2017: RM227.430 million) resulting in an increase in NA per share of RM0.02 (2017: 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: 24 May 2018