

YTL CORPORATION BERHAD

Company No. 92647-H

Incorporated in Malaysia

Interim Financial Report
30 September 2014

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Incorporated in Malaysia

Interim Financial Report
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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 year ended 30 September 2014.

The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT	PRECEDING YEAR	3 MONTHS ENDED	
	YEAR QUARTER 30.09.2014 RM'000	CORRESPONDING QUARTER 30.09.2013 RM'000	30.09.2014 RM'000	30.09.2013 RM'000
REVENUE	4,484,280	5,210,748	4,484,280	5,210,748
COST OF SALES	(3,473,643)	(4,040,082)	(3,473,643)	(4,040,082)
GROSS PROFIT	1,010,637	1,170,666	1,010,637	1,170,666
OTHER OPERATING EXPENSES	(405,233)	(498,075)	(405,233)	(498,075)
OTHER OPERATING INCOME	99,727	184,427	99,727	184,427
PROFIT FROM OPERATIONS	705,131	857,018	705,131	857,018
FINANCE COSTS	(271,209)	(282,763)	(271,209)	(282,763)
SHARE OF PROFITS OF ASSOCIATED COMPANIES	71,255	82,938	71,255	82,938
PROFIT BEFORE TAXATION	505,177	657,193	505,177	657,193
TAXATION	(129,949)	(62,300)	(129,949)	(62,300)
PROFIT FOR THE PERIOD	375,228	594,893	375,228	594,893
ATTRIBUTABLE TO:				
OWNERS OF THE PARENT	216,128	427,562	216,128	427,562
NON-CONTROLLING INTERESTS	159,100	167,331	159,100	167,331
PROFIT FOR THE PERIOD	375,228	594,893	375,228	594,893
EARNINGS PER 10 SEN SHARE				
Basic (Sen)	2.09	4.12	2.09	4.12
Diluted (Sen)	2.09	4.12	2.09	4.12

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		3 MONTHS ENDED	
	QUARTER 30.09.2014 RM'000	YEAR CORRESPONDING QUARTER 30.09.2013 RM'000	30.09.2014 RM'000	30.09.2013 RM'000
PROFIT FOR THE PERIOD	375,228	594,893	375,228	594,893
OTHER COMPREHENSIVE INCOME/(LOSS):				
<i>ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO INCOME STATEMENT :-</i>				
AVAILABLE-FOR-SALE FINANCIAL ASSETS	(1,017)	135	(1,017)	135
CASH FLOW HEDGES	(84,872)	4,527	(84,872)	4,527
FOREIGN CURRENCY TRANSLATION	(241,638)	585,868	(241,638)	585,868
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	(327,527)	590,530	(327,527)	590,530
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	47,701	1,185,423	47,701	1,185,423
ATTRIBUTABLE TO:				
OWNERS OF THE PARENT	27,102	746,933	27,102	746,933
NON-CONTROLLING INTERESTS	20,599	438,490	20,599	438,490
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	47,701	1,185,423	47,701	1,185,423

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.

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	UNAUDITED	AUDITED
	AS AT	AS AT
	30.09.2014	30.06.2014
	RM'000	RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	25,059,546	25,314,106
Investment properties	7,550,479	7,586,285
Investment in associated companies and joint ventures	1,716,180	1,675,749
Investments	190,258	192,605
Development expenditure	956,301	940,529
Intangible assets	5,046,918	5,013,992
Biological assets	1,798	1,798
Other receivables and other non-current assets	634,668	637,741
Derivative financial instruments	15,043	19,848
	<u>41,171,191</u>	<u>41,382,653</u>
Current Assets		
Inventories	722,525	773,878
Property development costs	1,546,014	1,530,598
Trade, other receivables and other current assets	3,186,391	3,451,830
Derivative financial instruments	64,175	30,590
Income tax assets	4,760	4,661
Amount due from related parties	41,533	42,173
Short term investments	614,864	609,531
Fixed deposits	11,931,107	11,907,881
Cash and bank balances	881,308	1,308,615
	<u>18,992,677</u>	<u>19,659,757</u>
TOTAL ASSETS	<u><u>60,163,868</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
	30.09.2014	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	(298,522)	(111,478)
Retained profits	12,248,298	12,033,219
Less : Treasury shares, at cost	(596,572)	(596,570)
Total Equity Attributable to		
Owners of the Parent	14,414,797	14,386,764
Non-Controlling Interests	5,327,844	5,392,919
TOTAL EQUITY	<u>19,742,641</u>	<u>19,779,683</u>
LIABILITIES		
Non-current liabilities		
Long term payables and other non-current liabilities	700,580	711,767
Bonds & borrowings	27,017,930	28,188,999
Grants and contributions	345,849	347,207
Deferred tax liabilities	2,258,248	2,275,723
Provision for liabilities and charges	542,788	553,780
Derivative financial instruments	32,245	10,754
	<u>30,897,640</u>	<u>32,088,230</u>
Current Liabilities		
Trade, other payables and other current liabilities	2,906,180	3,345,240
Derivative financial instruments	172,152	77,831
Amount due to related parties	5,574	6,559
Bonds & borrowings	6,084,464	5,396,109
Income tax liabilities	326,569	316,850
Provision for liabilities and charges	28,648	31,908
	<u>9,523,587</u>	<u>9,174,497</u>
TOTAL LIABILITIES	40,421,227	41,262,727
TOTAL EQUITY AND LIABILITIES	<u>60,163,868</u>	<u>61,042,410</u>
Net Assets per 10 share (RM)	<u>1.39</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 30 SEPTEMBER 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	-	-	216,128	-	-	216,128	159,100	375,228
Other comprehensive income/(loss)	-	-	-	-	(189,026)	(189,026)	(138,501)	(327,527)
Total comprehensive income/(loss) for the year	-	-	216,128	-	(189,026)	27,102	20,599	47,701
Dividend paid	-	-	-	-	-	-	(72,537)	(72,537)
Effect of issue of shares by subsidiaries to non-controlling interest	-	-	(204)	-	-	(204)	(13,982)	(14,186)
Gain/(loss) recognised on deemed dilution of interest in subsidiaries	-	-	(845)	-	-	(845)	845	-
Issue of share capital	-	-	-	(2)	-	(2)	-	(2)
Shares options granted by subsidiary	-	-	-	-	1,982	1,982	-	1,982
At 30 September 2014	1,073,893	1,987,700	12,248,298	(596,572)	(298,522)	14,414,797	5,327,844	19,742,641

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 30 SEPTEMBER 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	-	-	427,562	-	-	427,562	167,331	594,893
Other comprehensive income	-	-	-	-	319,371	319,371	271,159	590,530
Total comprehensive income for the year	-	-	427,562	-	319,371	746,933	438,490	1,185,423
Changes in composition of the Group	-	-	61,272	-	180	61,452	2,888,478	2,949,930
Dividend paid	-	-	-	-	-	-	(114,175)	(114,175)
Gain/(loss) recognised on deemed dilution of interest in subsidiaries	-	-	(7,157)	-	-	(7,157)	7,157	-
Share option granted by subsidiary	-	-	-	-	2,335	2,335	-	2,335
At 30 September 2013	1,073,893	1,987,700	11,877,320	(593,339)	(208,540)	14,137,034	5,444,224	19,581,258

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 30 SEPTEMBER 2014

	3 MONTHS ENDED	
	30.09.2014	30.09.2013
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	505,177	657,193
Adjustment for :-		
Allowance for impairment of inventories	272	13,857
Amortisation of deferred income	(1,039)	-
Amortisation of grants and contributions	(2,470)	(3,178)
Amortisation of other intangible assets	15,799	8,851
Depreciation	383,179	368,818
Dividend income	(118)	(1,338)
Fair value changes of derivatives	(1,155)	(24,558)
Gain on disposal of investments	-	(5,913)
Gain on disposal of property, plant and equipment	(1,506)	(801)
Gain on derecognition of financial assets	-	(94,818)
Impairment loss	19,126	66,991
Interest expense	271,209	282,763
Interest income	(56,897)	(48,248)
Property, plant and equipment written off	2	2,032
Provision for post-employment benefit	14,616	14,807
Provision for liabilities and charges	298	504
Share options expenses	-	2,334
Share of results of associated companies and joint ventures	(71,255)	(82,938)
Unrealised loss/(gain) on foreign exchange - net	(1,605)	65,600
Other non cash items	3,898	2,130
Operating profit before changes in working capital	1,077,531	1,224,088

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 30 SEPTEMBER 2014 - continued

	3 MONTHS ENDED	
	30.09.2014	30.09.2013
	RM'000	RM'000
Changes in working capital:-		
Inventories	50,118	84,283
Property development costs	(12,382)	(97,319)
Receivables, deposits and prepayments	194,207	109,196
Payables and accrued expenses	(303,453)	(88,039)
Related parties balances	(1,625)	8,519
Cash generated from operations	1,004,396	1,240,728
Dividend received	33,703	92,737
Interest paid	(274,755)	(310,264)
Interest received	48,023	39,588
Payment to a retirement benefits scheme	(14,423)	(14,622)
Income tax paid	(133,630)	(120,445)
Net cash from operating activities	663,314	927,722
Cash flows from investing activities		
Acquisition of additional shares in existing subsidiaries	(89)	139,870
Acquisition of new subsidiaries (net of cash acquired)	(55,251)	-
Additional investment in associated companies	-	(1,953)
Development expenditure incurred	(18,688)	6,333
Grants received in respect of infrastructure assets	7,767	10,083
Proceeds from disposal of investment properties	741	-
Proceeds from disposal of property, plant & equipment	2,036	1,740
Proceeds from disposal of investments	-	65,119
Purchase of property, plant & equipment	(617,118)	(511,917)
Other investing activities	(1,597)	(4,894)
Net cash used in investing activities	(682,199)	(295,619)

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 30 SEPTEMBER 2014 - continued

	3 MONTHS ENDED	
	30.09.2014	30.09.2013
	RM'000	RM'000
Cash flows from financing activities		
Dividend paid to non-controlling interests by subsidiaries	(72,537)	(114,175)
Repurchase of own shares by the company (at net)	(2)	-
Repurchase of subsidiaries' shares by subsidiaries	(3)	(257,813)
Proceeds from borrowings	531,242	1,371,986
Proceeds from issue of shares in subsidiaries to non-controlling interests	2,611	25,003
Repayment of borrowings	(722,834)	(2,044,738)
Net cash (used in)/from financing activities	<u>(261,523)</u>	<u>(1,019,737)</u>
Net changes in cash and cash equivalents	(280,408)	(388,634)
Effects of exchange rate changes	(63,981)	352,181
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>12,804,775</u></u>	<u><u>13,706,158</u></u>
Cash and cash equivalent comprise :-		
Fixed deposit with licensed bank	11,931,107	12,973,211
Cash and bank balances	881,308	777,886
Bank overdraft	(7,640)	(44,939)
	<u><u>12,804,775</u></u>	<u><u>13,706,158</u></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.

INTERIM FINANCIAL REPORT

Notes:-

Disclosure requirements pursuant to FRS 134 – paragraph 16

The Condensed consolidated interim financial statements should be read in conjunction with the audited financial statements of the Group for the year ended 30 June 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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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 quarter and 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 quarter and 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 30 September 2014, the total number of treasury shares held was 375,345,039 ordinary shares of RM0.10 each.

A6. Dividend paid

There was no dividend paid during the current financial quarter ended 30 September 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 30 September 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	26,479	1,454	624,809	230,551	104,587	171,190	3,325,210	-	4,484,280
Inter-segment revenue	52,143	20,057	8,287	49,078	83,438	2,789	1,464	(217,256)	-
Total revenue	78,622	21,511	633,096	279,629	188,025	173,979	3,326,674	(217,256)	4,484,280
Segment results									
Profit/(loss) from operations	7,147	1,066	134,314	134,130	70,806	10,331	347,337	-	705,131
Finance costs									(271,209)
									433,922
Share of profit of associated companies									71,255
Profit before taxation									505,177

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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 30 September 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	24,480	1,449	612,540	338,272	111,562	163,319	3,959,126	-	5,210,748
Inter-segment revenue	71,340	20,216	1,399	26,706	77,846	4,079	533	(202,119)	-
Total revenue	95,820	21,665	613,939	364,978	189,408	167,398	3,959,659	(202,119)	5,210,748
Segment results									
Profit/(loss) from operations	(3,540)	1,016	153,857	129,071	148,531	(1,875)	429,958	-	857,018
Finance costs									(282,763)
									574,255
Share of profit of associated companies									82,938
Profit before taxation									657,193

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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 30 September 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 has become 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 100% 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.

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 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. YTL Jawa Energy will be principally involved in investment holding.

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Notes: - continued

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

	Individual Quarter		Cumulative Quarter	
	30.09.2014	30.09.2013	30.09.2014	30.09.2013
	RM'000	RM'000	RM'000	RM'000
Revenue				
Construction	26,479	24,480	26,479	24,480
Information technology & e-commerce related business	1,454	1,449	1,454	1,449
Cement Manufacturing & trading	624,809	612,540	624,809	612,540
Property investment & development	230,551	338,272	230,551	338,272
Management services & others	104,587	111,562	104,587	111,562
Hotels	171,190	163,319	171,190	163,319
Utilities	3,325,210	3,959,126	3,325,210	3,959,126
	<u>4,484,280</u>	<u>5,210,748</u>	<u>4,484,280</u>	<u>5,210,748</u>
Profit before tax				
Construction	7,146	(3,543)	7,146	(3,543)
Information technology & e-commerce related business	1,064	1,012	1,064	1,012
Cement Manufacturing & trading	127,611	146,979	127,611	146,979
Property investment & development	94,220	90,604	94,220	90,604
Management services & others	(14,516)	52,488	(14,516)	52,488
Hotels	5,681	(7,359)	5,681	(7,359)
Utilities	283,971	377,012	283,971	377,012
	<u>505,177</u>	<u>657,193</u>	<u>505,177</u>	<u>657,193</u>

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YTL CORPORATION BERHAD (Company No. 92647-H)

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INTERIM FINANCIAL REPORT

Notes – continued

For the current quarter under review, the Group revenue and profit before tax decreased to RM4,484.3 million and RM505.2 million, representing a decrease of 13.9% and 23.1% from RM5,210.7 million and RM657.2 million, respectively recorded in the preceding year corresponding quarter ended 30 September 2013.

Performance of the respective operating business segments for the period ended 30 September 2014 as compared to the preceding year corresponding quarter are analysed as follows:

Construction

Revenue and profit before tax for the current quarter under review increased to RM26.5 million and RM7.1 million, representing an increase of 8.2% and 301.6% from RM24.5 million and loss before tax of RM3.5 million, respectively recorded in the preceding year corresponding quarter. The increase in revenue and profit before tax were mainly due to increase in revenue recognition of construction contracts and better profit margin recorded by Syarikat Pembinaan Yeoh Tiong Lay Sdn. Bhd. (“SPYTL”).

Information technology & e-commerce related business

For the current quarter under review, revenue and profit before tax increased to RM1.5 million and RM1.1 million from RM1.4 million and RM1.0 million recorded in the preceding year corresponding quarter, representing an increase of 0.3% and 5.1%, respectively. The increase in revenue and profit before tax was mainly due to a higher gross profit margin as a result of substantially higher digital media advertising revenue and higher interest income earned on cash deposits in the current financial quarter.

Cement Manufacturing & trading

Revenue for the current quarter under review increased by 2.0% to RM624.8 million from RM612.5 million whilst profit before tax decreased by 13.2% to RM127.6 million from RM147.0 million when compared to preceding year corresponding quarter. The increase in revenue was mainly due to higher sales recorded by the concrete and quarry businesses 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 decreased by 31.8% to RM230.6 million from RM338.3 million whilst profit before tax increased by 4.0% to RM94.2 million from RM90.6 million recorded in the preceding year corresponding quarter ended 30 September 2013. The decrease in revenue was mainly due to higher revenue contributed by the Fennel project undertaken by Sentul Raya Sdn Bhd (“SRSB”) but was offset by the absence of sales of completed properties by Sandy Island Pte. Ltd. in the current financial quarter. The increase in profit before tax was mainly due to higher profit recognition by the development project of SPYTL and lower operating expenses incurred by Starhill Global Real Estate Investment Trust.

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Notes – continued

Management services & others

Revenue for the current quarter under review decreased by 6.3% to RM104.6 million from RM111.6 million whilst loss before tax of RM14.5 million was recorded as compared to a profit before tax of RM52.5 million recorded in the preceding year corresponding quarter, representing a decrease of 127.7%. The decrease in revenue was mainly due to lower revenue contributed by YTL Power Services Sdn Bhd whilst loss before tax was mainly due to an unrealised foreign exchange loss and derivative loss on the exchangeable bonds issued by an offshore subsidiary in the current financial quarter.

Hotels

Revenue and profit before tax for the current quarter under review increased to RM171.2 million and RM5.7 million, representing an increase of 4.8% and 177.2% from RM163.3 million and loss before tax of RM7.4 million, respectively recorded in the preceding year corresponding quarter. The increase in revenue was contributed by Thermae Development Company Limited (“Thermae”) whilst the increase in profit before tax mainly contributed by a wholly owned subsidiary, Niseko Village K.K. due to higher unrealised foreign exchange gain on inter-company balances recorded in the current quarter following the weakening of Japanese Yen in the current quarter as compared to preceding year corresponding quarter.

Utilities

Revenue and profit before tax for the current quarter under review decreased to RM3,325.2 million and RM284.0 million, representing a decrease of 16.0% and 24.7% from RM3,959.1 million and RM377.0 million, respectively recorded in preceding year corresponding quarter ended 30 September 2013. 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.

The Utilities segment contributes to 74.2% and 56.2% of the Group’s revenue and profit before tax, respectively.

B2. Comparison with Preceding Quarter

	Current Quarter 30.09.2014 RM'000	Preceding Quarter 30.06.2014 RM'000
Revenue	4,484,280	4,606,907
Profit before taxation	505,177	593,957
Profit attributable to owners of the parent	216,128	354,067

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Notes – continued

For the current financial quarter, the Group revenue and profit before tax decreased to RM4,484.3 million and RM505.2 million, representing a decrease of 2.7% and 14.9% when compared to RM4,606.9 million and RM594.0 million, respectively recorded in the preceding quarter ended 30 June 2014.

The decrease in profit before tax was mainly due to absence of net fair value gain on investment properties recorded by YTL Hospitality REIT recorded in the preceding quarter.

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 30.09.2014 RM'000	Year To Date 30.09.2014 RM'000
Profit for the period is stated after charging/(crediting):		
Allowance for impairment of inventories	272	272
Amortisation of grant and contributions	(2,470)	(2,470)
Amortisation of deferred income	(1,039)	(1,039)
Amortisation of intangible assets	15,799	15,799
Depreciation of property, plant and equipment	383,179	383,179
Fair value changes of derivatives	(1,155)	(1,155)
Gain on disposal of property, plant and equipment	(1,506)	(1,506)
Gain on foreign exchange	(30,825)	(30,825)
Impairment loss on receivables - net of reversal	19,126	19,126
Interest income	(56,897)	(56,897)
Interest expense	271,209	271,209
Provision for liabilities and charges	<u>298</u>	<u>298</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 30.09.2014 RM'000	Year To Date 30.09.2014 RM'000
In respect of current period		
- Income tax	111,111	111,111
- Deferred tax	18,838	18,838
	<u>129,949</u>	<u>129,949</u>

The lower effective tax rate of the Group as compared to the Malaysian statutory income tax rate for the current financial quarter is mainly attributable to lower corporation tax rate regime prevailing in foreign tax jurisdiction were the foreign subsidiaries operate.

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

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INTERIM FINANCIAL REPORT**Notes: - continued**

- (c) Increase in borrowing limit to 60% of total asset value of YTL Hospitality REIT and its subsidiaries, to provide Starhill 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").

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.

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 30 September 2014 are as follows:-

	Short term		Long term		Total
	Bonds	Borrowings	Bonds	Borrowings	
	RM'000	RM'000	RM'000	RM'000	RM'000
Secured	-	928,749	-	4,200,088	5,128,837
Unsecured	1,221,322	3,934,393	14,119,651	8,698,191	27,973,557
Total	1,221,322	4,863,142	14,119,651	12,898,279	33,102,394

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INTERIM FINANCIAL REPORT**Notes: - continued**

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

In Singapore Dollar ('000)	2,619,752
	=====
In US Dollar ('000)	675,191
	=====
In Sterling Pound ('000)	1,912,392
	=====
In Japanese Yen ('000)	8,750,000
	=====
In Euro ('000)	251,862
	=====

Save for the borrowings of RM231.1 million, EUR 251.9 million and Yen 8.75 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 30 September 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	1,432,424	1,358,967
- 1 year to 3 years	521,512	496,270
- More than 3 years	108,399	102,519
<u>Currency forwards</u>		
- Less than 1 year	3,271,617	3,298,784
- 1 year to 3 years	646,344	654,850
- More than 3 years	138,661	139,482

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.

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INTERIM FINANCIAL REPORT**Notes: - continued**

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.

(b) Fair Value Changes of Financial Liabilities

The gains/(losses) arising from fair value changes of financial liabilities for the current financial period ended 30 September 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 30.09.2014	Current year to date 3 months to 30.09.2014
			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 / (unfavourably) against the Group	10,550	10,550
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	(41,415)	(41,415)
Exchangeable bonds	Quoted market price	The quoted market price has decreased from the last measurement date	(3,055)	(3,055)
Total			(33,920)	(33,920)

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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
30 September 2014			
Assets			
Financial assets at fair value			
through profit and loss			
- Trading derivatives	-	36,755	36,755
- Inventories held for trading	-	11,137	11,137
Derivative used for hedging	-	42,463	42,463
Available-for-sale financial assets	29,018	-	29,018
Total assets	<u>29,018</u>	<u>90,355</u>	<u>119,373</u>
Liabilities			
Financial liabilities at fair value			
through profit and loss			
- Trading derivatives	-	41,092	41,092
Derivative used for hedging	-	163,305	163,305
Total liabilities	<u>-</u>	<u>204,397</u>	<u>204,397</u>

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INTERIM FINANCIAL REPORT**Notes: - continued**

(d) Realised and Unrealised Profits or Losses

	As at 30.09.2014 RM'000	As at 30.06.2014 RM'000
Retained earnings of the Company and its subsidiaries		
- Realised	16,942,875	16,791,495
- Unrealised	1,233,474	(467,772)
	<u>18,176,349</u>	<u>16,323,723</u>
Total share of accumulated profit from associated companies and joint ventures		
- Realised	1,351,951	1,323,531
- Unrealised	(145,223)	(145,205)
	<u>1,206,728</u>	<u>1,178,326</u>
Less: consolidated adjustments	(7,134,779)	(5,468,830)
	<u>12,248,298</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 30.09.2014	Preceding Year Corresponding Quarter 30.09.2013
Profit attributable to owners of the parent (RM'000)	216,128	427,562
<i>Weighted average number of ordinary shares ('000)</i>		
Issued at the beginning of the period	10,738,931	10,738,931
Shares repurchased	(375,344)	(373,344)
	10,363,587	10,365,587
Basic earnings per share (sen)	2.09	4.12

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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:-

	Current Year Quarter 30.09.2014	Preceding Year Corresponding Quarter 30.09.2013
Profit attributable to owners of the parent (RM'000)	216,128	427,562
<i>Weighted average number of ordinary shares - diluted ('000)</i>		
Weighted average number of ordinary shares-basic	10,363,587	10,365,587
Effect of unexercised employees share option scheme	-	-
	<u>10,363,587</u>	<u>10,365,587</u>
Diluted earnings per share (sen)	<u>2.09</u>	<u>4.12</u>

Total cash expected to be received in the event of an exercise of all ESOS options is RM240.949 million. Accordingly, the Net Asset (NA) on a proforma basis will increase by RM240.949 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: 20 November 2014