

YTL CORPORATION BERHAD

Company No. 92647-H
Incorporated in Malaysia

Interim Financial Report
31 December 2011

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

Interim Financial Report
31 December 2011

| | Page No. |
|-----------------------------------------------------------------|-----------------|
| Condensed Consolidated Income Statement | 1 |
| Condensed Consolidated Statement of Comprehensive Income | 2 |
| Condensed Consolidated Statement of Financial Position | 3 - 4 |
| Condensed Consolidated Statement of Changes in Equity | 5 - 6 |
| Condensed Consolidated Statement of Cash Flows | 7-8 |
| Notes to the Interim Financial Report | 9 - 30 |

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

INTERIM FINANCIAL REPORT

Interim financial report on consolidated results for the financial period ended 31 December 2011.

The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENT

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|-----------------------------------------------------|----------------------------------------------------|--------------------------------------------------------------------|----------------------|----------------------|
| | CURRENT YEAR QUARTER 31.12.2011 RM'000 | PRECEDING YEAR CORRESPONDING QUARTER 31.12.2010 RM'000 | 6 MONTHS ENDED | |
| | | | 31.12.2011 RM'000 | 31.12.2010 RM'000 |
| REVENUE | 5,325,194 | 4,499,630 | 9,868,243 | 8,904,679 |
| COST OF SALES | (4,269,484) | (3,550,157) | (7,807,523) | (6,966,368) |
| GROSS PROFIT | 1,055,710 | 949,473 | 2,060,720 | 1,938,311 |
| OTHER OPERATING EXPENSES | (281,293) | (351,634) | (637,037) | (677,185) |
| OTHER OPERATING INCOME | 28,188 | 74,049 | 109,475 | 215,518 |
| PROFIT FROM OPERATIONS | 802,605 | 671,888 | 1,533,158 | 1,476,644 |
| FINANCE COSTS | (249,904) | (253,416) | (520,864) | (492,942) |
| SHARE OF PROFITS OF ASSOCIATED COMPANIES | 57,402 | 62,420 | 127,952 | 121,006 |
| PROFIT BEFORE TAXATION | 610,103 | 480,892 | 1,140,246 | 1,104,708 |
| TAXATION | (165,997) | (146,147) | (306,295) | (303,459) |
| PROFIT FOR THE PERIOD | 444,106 | 334,745 | 833,951 | 801,249 |
| ATTRIBUTABLE TO: | | | | |
| OWNERS OF THE PARENT | 237,382 | 164,182 | 489,215 | 443,088 |
| NON-CONTROLLING INTERESTS | 206,724 | 170,563 | 344,736 | 358,161 |
| PROFIT FOR THE PERIOD | 444,106 | 334,745 | 833,951 | 801,249 |
| EARNINGS PER 10 SEN SHARE* | | | | |
| Basic (Sen) | 2.63 | 1.83* | 5.44 | 4.94* |
| Diluted (Sen) | 2.63 | 1.81* | 5.44 | 4.90* |

* On 29 April 2011, the subdivision of the Company's ordinary shares of RM0.50 each into ordinary shares of RM0.10 each was completed with the listing of and quotation for the new shares on the Main Market of Bursa Malaysia Securities Berhad. The earnings per share calculated above is based on the subdivided shares of the Company.

The Condensed Consolidated Income Statement should be read in conjunction with the audited annual financial statements for the year ended 30 June 2011 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 COMPREHENSIVE INCOME

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|--------------------------------------------------------------|----------------------------------------------|--------------------------------------------------------------------|----------------------|----------------------|
| | CURRENT YEAR QUARTER 31.12.2011 RM'000 | PRECEDING YEAR CORRESPONDING QUARTER 31.12.2010 RM'000 | 6 MONTHS ENDED | |
| | | | 31.12.2011 RM'000 | 31.12.2010 RM'000 |
| PROFIT FOR THE PERIOD | 444,106 | 334,745 | 833,951 | 801,249 |
| OTHER COMPREHENSIVE INCOME: | | | | |
| AVAILABLE-FOR-SALE FINANCIAL ASSETS | 16,466 | 19,770 | 1,633 | 25,921 |
| CASHFLOW HEDGES | 932 | 57,442 | 9,016 | 71,145 |
| SHARE OF OTHER COMPREHENSIVE EXPENSE OF ASSOCIATED COMPANY | 22,162 | - | 7,305 | - |
| CURRENCY TRANSLATION DIFFERENCES | (137,505) | 56,199 | (32,311) | 200,001 |
| OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX | (97,945) | 133,411 | (14,357) | 297,067 |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | 346,161 | 468,156 | 819,594 | 1,098,316 |
| ATTRIBUTABLE TO: | | | | |
| OWNERS OF THE PARENT | 196,335 | 216,067 | 488,549 | 576,377 |
| NON-CONTROLLING INTERESTS | 149,826 | 252,089 | 331,045 | 521,939 |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | 346,161 | 468,156 | 819,594 | 1,098,316 |

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited annual financial statements for the year ended 30 June 2011 and the accompanying explanatory notes attached to the interim financial statements.

INTERIM FINANCIAL REPORT

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | UNAUDITED | AUDITED |
|-----------------------------------------------------------------|--------------------------|--------------------------|
| | AS AT | AS AT |
| | 31.12.2011 | 30.6.2011 |
| | RM'000 | RM'000 |
| ASSETS | | |
| Non-current Assets | | |
| Property, plant & equipment | 20,293,787 | 19,774,461 |
| Investment properties | 101,784 | 137,484 |
| Investment in associated companies & joint controlled entity | 2,842,539 | 2,854,405 |
| Investments | 707,094 | 696,606 |
| Development expenditure | 1,034,759 | 960,717 |
| Intangible assets | 4,534,372 | 4,569,986 |
| Biological assets | 1,128 | 1,128 |
| Other receivables & other non-current assets | 84,703 | 73,316 |
| Derivative financial instruments | 4,275 | 2,611 |
| | <u>29,604,441</u> | <u>29,070,714</u> |
| Current Assets | | |
| Inventories | 873,890 | 835,802 |
| Property development costs | 1,363,910 | 1,485,700 |
| Trade, other receivables & other current assets | 3,856,549 | 3,911,601 |
| Derivative financial instruments | 104,375 | 95,904 |
| Income tax assets | 38,128 | 50,233 |
| Amount due from related parties | 56,619 | 21,798 |
| Short term investments | 563,915 | 554,925 |
| Fixed deposits | 12,404,303 | 11,478,146 |
| Cash & bank balances | 580,441 | 761,362 |
| | <u>19,842,130</u> | <u>19,195,471</u> |
| TOTAL ASSETS | <u><u>49,446,571</u></u> | <u><u>48,266,185</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 2011 and the accompanying explanatory notes attached to the interim financial statements.

INTERIM FINANCIAL REPORT

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION - continued

| | UNAUDITED | AUDITED |
|----------------------------------------------------------|-------------------|-------------------|
| | AS AT | AS AT |
| | 31.12.2011 | 30.6.2011 |
| | RM'000 | RM'000 |
| EQUITY | | |
| Share capital | 971,013 | 952,802 |
| Share premium | 1,473,833 | 1,317,192 |
| Other reserves | (364,096) | (415,426) |
| Retained profits | 9,805,584 | 9,233,901 |
| Less : Treasury shares, at cost | (892,205) | (722,616) |
| Total Equity Attributable to Owners of the Parent | <u>10,994,129</u> | <u>10,365,853</u> |
| Non-Controlling Interest | <u>2,858,997</u> | <u>2,171,082</u> |
| TOTAL EQUITY | <u>13,853,126</u> | <u>12,536,935</u> |
| LIABILITIES | | |
| Non-current Liabilities | | |
| Long term payables & other non-current liabilities | 126,032 | 125,540 |
| Bonds & borrowings | 16,986,091 | 17,810,620 |
| Deferred income | 252,562 | 256,834 |
| Deferred tax liabilities | 2,800,503 | 2,785,365 |
| Provision for liabilities & charges | 141,253 | 132,769 |
| Derivative financial instruments | 20,852 | 19,989 |
| | <u>20,327,293</u> | <u>21,131,117</u> |
| Current Liabilities | | |
| Trade & other payables & other current liabilities | 3,282,499 | 3,518,850 |
| Derivative financial instruments | 176,166 | 248,648 |
| Amount due to related parties | 7,516 | 3,501 |
| Bonds & borrowings | 11,386,856 | 10,440,536 |
| Income tax liabilities | 407,997 | 359,329 |
| Provision for liabilities & charges | 5,118 | 27,269 |
| | <u>15,266,152</u> | <u>14,598,133</u> |
| TOTAL LIABILITIES | <u>35,593,445</u> | <u>35,729,250</u> |
| TOTAL EQUITY & LIABILITIES | <u>49,446,571</u> | <u>48,266,185</u> |
| Net Assets per 10 sen share (RM) | <u>1.21</u> | <u>1.15</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 2011 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 DECEMBER 2011**

| Group | ← Attributable to Owners of the Parent → | | | | | Total | Non-Controlling interests | Total equity |
|----------------------------------------------------------------|------------------------------------------|---------------|------------------|-----------------|----------------|------------|---------------------------|--------------|
| | Share capital | Share premium | Retained profits | Treasury shares | Other reserves | | | |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| At 1.07.2011 | 952,802 | 1,317,192 | 9,233,901 | (722,616) | (415,426) | 10,365,853 | 2,171,082 | 12,536,935 |
| Profit for the period | - | - | 489,215 | - | - | 489,215 | 344,736 | 833,951 |
| Other Comprehensive Income | | | | | | | | |
| - Available-for-Sale Financial Assets | | | | | (4,801) | (4,801) | 6,434 | 1,633 |
| - Cash Flow Hedges | | | | | 4,643 | 4,643 | 4,373 | 9,016 |
| - Share of Other Comprehensive expense of associated company | | | | | 7,305 | 7,305 | - | 7,305 |
| - Currency Transilation Differences | - | - | - | - | (7,813) | (7,813) | (24,498) | (32,311) |
| Total Comprehensive Income for the period | - | - | 489,215 | - | (666) | 488,549 | 331,045 | 819,594 |
| Gain recognised on deemed dilution of interest in subsidiaries | - | - | 10,825 | - | - | 10,825 | (10,825) | - |
| Share buyback | - | - | - | (169,589) | - | (169,589) | - | (169,589) |
| Issue of share capital | 18,211 | 156,641 | - | - | - | 174,852 | - | 174,852 |
| Warrant reserve | - | - | - | - | (527) | (527) | - | (527) |
| Share options granted | - | - | - | - | 19,813 | 19,813 | - | 19,813 |
| Dividend paid | - | - | (181,900) | - | - | (181,900) | - | (181,900) |
| Dividend paid to non-controlling interest | - | - | - | - | - | - | (106,601) | (106,601) |
| Changes in composition of the Group | - | - | 253,543 | - | 32,710 | 286,253 | 474,296 | 760,549 |
| Balance at 31.12.2011 | 971,013 | 1,473,833 | 9,805,584 | (892,205) | (364,096) | 10,994,129 | 2,858,997 | 13,853,126 |

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 2011 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 DECEMBER 2010**

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

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited annual financial statements for the year ended 30 June 2011 and the accompanying explanatory notes attached to the interim financial statements.

INTERIM FINANCIAL REPORT

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2011**

| | FOR THE 6 MONTHS ENDED | |
|---------------------------------------------------------------------------|-------------------------------|-------------------|
| | 31.12.2011 | 31.12.2010 |
| | RM'000 | RM'000 |
| Cash flows from operating activities | | |
| Profit before tax | 1,140,246 | 1,104,708 |
| Depreciation of property, plant and equipment | 620,517 | 513,540 |
| Gain on disposal of investment properties | (5,649) | (8) |
| Interest expenses | 520,864 | 491,432 |
| Interest income | (105,470) | (91,418) |
| Provision for retirement benefit | 32,176 | 31,918 |
| Provision for liabilities and charges | (17,584) | 1,200 |
| Share of profits of associated companies & jointly controlled entities | (127,952) | - |
| Loss/(Gain) on foreign exchange | 79,926 | (12,263) |
| Dividend received | (16,737) | (19,795) |
| Gain on disposal of investments | (17,839) | - |
| Others non-cash item | (1,146) | 14 |
| | <u>2,101,352</u> | <u>1,898,322</u> |
| Changes in working capital | | |
| Inventories | (38,088) | (193,472) |
| Receivables, deposits and prepayments | (172,280) | 672,104 |
| Payable and accrued expenses | 169,433 | 499,462 |
| Net changes in inter-co balances | (30,922) | 1,779 |
| | <u>2,029,495</u> | <u>2,878,195</u> |
| Cash generated from operation | | |
| Interest paid | (294,188) | (435,364) |
| Interest received | 62,326 | 94,469 |
| Payment of retirement benefit | (29,419) | - |
| Income tax paid | (228,954) | (298,059) |
| | <u>1,539,260</u> | <u>2,239,241</u> |
| Net Cash flow from operating activities | | |

INTERIM FINANCIAL REPORT

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2011 - continued**

| | FOR THE 6 MONTHS ENDED | |
|------------------------------------------------------------|-------------------------------|--------------------|
| | 31.12.2011 | 31.12.2010 |
| | RM'000 | RM'000 |
| Cash flows from investing activities | | |
| Dividend received | 16,737 | 19,795 |
| Grant received | 17,656 | 16,881 |
| Interest received | 8,868 | - |
| Further investment in associate | (7,845) | - |
| Proceeds from disposal of property, plant and equipment | 9 | (20,919) |
| Purchase of property, plant and equipment | (894,695) | (848,026) |
| Land Held for Property Development | (46,008) | (8,854) |
| Acquisitions of subsidiaries | (113,055) | (200,698) |
| Purchase of other intangible | (10) | (193,464) |
| Acquisition of investment properties | 35,699 | - |
| Other investing activities | - | 8 |
| Net cash from investing activities | <u>(982,644)</u> | <u>(1,235,277)</u> |
| Cash flows from financing activities | | |
| Dividends paid | (181,900) | (134,525) |
| Proceeds from borrowings | 10,916,533 | 2,525,567 |
| Proceeds from issue of shares | 174,852 | 6,920 |
| Repayment from bonds & borrowings | (8,935,137) | (1,113,775) |
| Disposal of subsidiaries to Non-controlling interest | 544,566 | - |
| Redemption of bond | (2,200,000) | (805,000) |
| Dividends paid to Non-controlling interest | (106,601) | - |
| Net proceeds from rights issues of ICULS | 247,527 | - |
| Share buy back | (169,589) | (21,226) |
| Net cash from financing activities | <u>290,251</u> | <u>457,963</u> |
| Net changes in cash & cash equivalents | 846,867 | 1,416,211 |
| Effects of exchange rate changes | (60,876) | 45,715 |
| Cash and cash equivalents brought forward | 12,189,844 | 11,046,029 |
| | <u>12,975,835</u> | <u>12,507,955</u> |
| Note (a) | | |
| Cash and cash equivalents comprise: | | |
| Fixed deposits | 12,404,303 | 11,852,173 |
| Cash and bank balances | 580,441 | 690,812 |
| Bank overdraft | (8,909) | (35,030) |
| | <u>12,975,835</u> | <u>12,507,955</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 2011 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 2011.

A1. Accounting Policies and Methods of Computation

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

The explanatory notes contained herein provide an explanation of the events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the financial year ended 30 June 2011.

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 Interpretation Committee (“IC”) Interpretations that are applicable to the Group for financial period beginning 1 July 2011.

The adoption of the new and revised FRSs, amendments to FRSs and IC Interpretations does not have any significant impact to the financial statements of the Group.

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.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

INTERIM FINANCIAL REPORT

Notes: - continued

A5. Changes in Debt and Equity Securities

There was no issuance, cancellation, repurchase, resale and repayment of debts and equity securities except for the following:-

- (i) For the current financial quarter, 170,255,700 ordinary shares of RM0.10 each were issued pursuant to the exercise of employees' share options granted under the Company's Employees Share Option Scheme ("ESOS") at a weighted average exercise price of RM0.96 per share. During the current financial year to date, a total of 182,107,000 ordinary shares of RM0.10 each were issued pursuant to the exercise of employees' share options granted under the Company's ESOS at a weighted average exercise price of RM0.96 per share.
- (ii) For the current financial quarter and financial year to date, the Company repurchased 83,323,800 and 109,549,600 ordinary shares of RM0.10 each of its issued share capital from the open market, at an average cost of RM1.47 and RM1.45 per share, respectively. The total consideration paid for the share buy-back, including transaction costs during the current financial quarter and financial year to date amounted to RM122,235,682 and RM158,898,944, respectively and were financed by internally generated funds. The repurchase of shares are held as treasury shares in accordance with the requirements of Section 6A of the Companies Act, 1965. As at 31 December 2011, the total number of treasury shares held was 658,862,145 ordinary shares of RM0.10 each.

A6. Dividend paid

An interim single tier dividend of 20% or 2 sen per ordinary share of RM0.10 amounting to RM181,900,441 in respect of financial year ended 30 June 2011 was paid on 24 November 2011.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

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

INTERIM FINANCIAL REPORT

Notes: - continued

A7. Segment Information

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

The Group's segmental result for the financial period ended 31 December 2011 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 | 145,552 | 2,592 | 1,194,351 | 433,467 | 280,896 | 134,175 | 7,677,210 | - | 9,868,243 |
| Inter-segment revenue | 53,029 | 39,658 | 1,301 | 21,596 | 154,346 | 11,663 | - | (281,593) | - |
| Total revenue | 198,581 | 42,250 | 1,195,652 | 455,063 | 435,242 | 145,838 | 7,677,210 | (281,593) | 9,868,243 |
| Segment results | | | | | | | | | |
| Profit from operations | 40,064 | 2,270 | 245,081 | 82,304 | 96,168 | 1,457 | 1,065,814 | - | 1,533,158 |
| Finance costs | | | | | | | | | (520,864) |
| | | | | | | | | | 1,012,294 |
| Share of profit of associated companies | | | | | | | | | 127,952 |
| Profit before taxation | | | | | | | | | 1,140,246 |

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

INTERIM FINANCIAL REPORT

Notes: - continued

A7. Segment Reporting - continued

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

The Group's segmental result for the financial period ended 31 December 2010 is as follows:-

| | Construction RM'000 | Information technology & e-commerce related business RM'000 | Cement Manufacturing & trading RM'000 | Property investment & development RM'000 | Management services & others RM'000 | Hotels RM'000 | Utilities RM'000 | Elimination RM'000 | Total RM'000 |
|-----------------------------------------|------------------------|-------------------------------------------------------------------------|------------------------------------------------|---------------------------------------------------|----------------------------------------------|------------------|---------------------|-----------------------|-----------------|
| External revenue | 101,433 | 6,387 | 1,035,492 | 443,549 | 185,344 | 128,430 | 7,004,044 | - | 8,904,679 |
| Inter-segment revenue | 18,237 | 23,588 | 159,476 | 35,348 | 178,455 | 1,519 | - | (416,623) | - |
| Total revenue | 119,670 | 29,975 | 1,194,968 | 478,897 | 363,799 | 129,949 | 7,004,044 | (416,623) | 8,904,679 |
| Segment results | | | | | | | | | |
| Profit from operations | 10,422 | 1,933 | 243,879 | 118,117 | 44,933 | 2,995 | 1,054,365 | - | 1,476,644 |
| Finance costs | | | | | | | | | (492,942) |
| | | | | | | | | | 983,702 |
| Share of profit of associated companies | | | | | | | | | 121,006 |
| Profit before taxation | | | | | | | | | 1,104,708 |

INTERIM FINANCIAL REPORT

Notes: - continued

A8. Changes in the Composition of the Group

There were no significant changes in the composition of the Group for the current quarter ended 31 December 2011, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings and discontinuing operations except for the following:-

- On 7 July 2011, YTL Power International Berhad (“YTL Power”) together with YTL Jawa Power Holdings Limited (“YTLJPHL”), an indirect wholly-owned subsidiary of the Company, entered into a share purchase agreement (“SPA”) with Marubeni Corporation (“Marubeni”) and Aster Power Holding B.V., a wholly-owned subsidiary of Marubeni, relating to the sale and purchase of 7,714 ordinary shares of EUR1.00 and certain Company Interests (as defined in the SPA) in YTL Jawa Power Holdings BV (“YTLJPH”) representing 15/35 or 42.86% equity interests in YTLJPH. The sale was completed on 15 August 2011.
- On 18 July 2011, YTL Cement Singapore Pte Ltd, a wholly-owned subsidiary of YTL Cement Berhad (“YTL Cement”), incorporated a wholly-owned subsidiary known as YTL Cement Terminal Services Pte Ltd (“YTL Cement Terminal Services”) in Singapore with an issued and paid-up share capital of S\$1.00 comprising 1 ordinary share. YTL Cement Terminal Services will be principally involved in the operation of port terminal and specialize in handling of cementitious products.
- On 22 August 2011, YTL Cayman Limited (“YTL Cayman”), a wholly-owned subsidiary of the Company, acquired 1 ordinary share of par value USD1.00 in YTL Property Investments Limited (“YTLPIIL”) at par value. As a result, YTLPIIL became a wholly-owned subsidiary of YTL Cayman and an indirect subsidiary of the Company. YTLPIIL will be principally involved in investment holding.
- On 29 September 2011, YTL Land & Development Berhad (“YTL Land”), incorporated a wholly-owned subsidiary, YTL Land & Development Management Pte Ltd (“YTL Land Management”) in Singapore with an issued and paid-up share capital of S\$1.00 comprising 1 ordinary share. YTL Land Management will be principally involved in the provision of financial services and management consultancy services.
- On 4 October 2011, YTL Hotels & Properties Sdn Bhd (“YTLHP”), a wholly-owned subsidiary of the Company, subscribed for the entire issued and paid-up share capital of EUR18,000.00 comprising 18,000 shares of EUR1.00 each in Bath Hotel & SPA B.V. (“Bath Hotel”). As a result, Bath Hotel has become a wholly-owned subsidiary of YTLHP and an indirect subsidiary of the Company. Bath Hotel will be principally involved in investment holding.
- Wimax Capital Management Ltd (“WCM”), a 80% owned subsidiary of YTL e-Solutions Berhad (“YTLE”), had on 18 October 2011, been struck-off from the register of the Companies House of UK. Accordingly, WCM has ceased to be a subsidiary of YTLE and the Company.

INTERIM FINANCIAL REPORT

Notes: - continued

- On 10 October 2011, YTL Power acquired 1 ordinary share in YTL Power Trading (Labuan) Ltd (“YTL Power Trading”) at USD1.00. As a result, YTL Power Trading became a wholly-owned subsidiary of YTL Power and an indirect subsidiary of the Company. YTL Power Trading will be principally involved in trading.
- On 27 October 2011, YTL Communication Sdn Bhd, a 60% owned subsidiary of YTL Power, incorporated a wholly-owned subsidiary, YTL Communications Pte Ltd (“YCPL”) in Singapore with an issued and paid-up share capital of S\$1.00 comprising 1 ordinary share. YCPL will be principally involved in provision of software integration and technical services (inclusive of hardware, software and system maintenance).
- On 4 November 2011, the disposal of the following companies (“Subject Companies”) to YTL Land pursuant to the rationalization to house the property development assets of the YTL Corp Group under YTL Land, have been completed:-
 - (i) Satria Sewira Sdn Bhd
 - (ii) Emerald Hectares Sdn Bhd
 - (iii) Pinnacle Trend Sdn Bhd
 - (iv) Trend Acres Sdn Bhd
 - (v) Lakefront Pte Ltd
 - (vi) Sandy Island Pte Ltd
 - (vii) Budaya Bersatu Sdn Bhd
 - (viii) YTL Westwood Properties Pte Ltd

The sale shares of the Subject Companies were registered in the name of YTL Land on 14 November 2011 and 6 December 2011 respective.

As a result, all the Subject Companies have become direct subsidiaries of YTL Land and remain indirect subsidiaries of the Company.

- On 8 November 2011, Mayban Trustee Berhad (“MTB”), as the trustee for Starhill Real Estate Investment Trust (“Starhill REIT”) (“Trustee”) subscribed and held in trust for Starhill REIT, the entire issued and paid-up share capital of JPY1 comprising 1 share in Starhill REIT Niseko G.K (“Starhill REIT Niseko”). As a result, Starhill REIT Niseko has become a wholly-owned subsidiary of Starhill REIT and an indirect subsidiary of the Company. Starhill REIT Niseko will be principally involved in purchase, possession, disposal, lease and management of real properties.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

INTERIM FINANCIAL REPORT

Notes: - continued

- As part of the rationalization exercise to reposition Starhill REIT as a full-fledged hospitality REIT, the acquisition of all the following hospitality assets by MTB, the trustee of Starhill REIT were completed on 15 November 2011, save for the acquisition of Hilton Niseko, which was completed on 22 December 2011:-
 - (i) Cameron Highlands Resort;
 - (ii) Vistana Penang; and
 - (iii) Vistana Kuala Lumpur.
 - (iv) Vistana Kuantan;
 - (v) Residences@Ritz-Carlton;
 - (vi) Ritz Carlton, Kuala Lumpur;
 - (vii) Pangkor Laut Resort; and
 - (viii) Tanjong Jara Resort.

On 15 November 2011, a total of 145,500,000 new units were issued to the respective vendors at an issue price of RM1.00 per unit as part payment of the purchase consideration for the acquisition of the following hospitality related properties:-

- (i) Vistana Kuantan;
- (ii) Residences@Ritz-Carlton;
- (iii) Ritz Carlton, Kuala Lumpur;
- (iv) Pangkor Laut Resort;

and such new units were quoted on Bursa Securities on 15 November 2011.

As a result, the fund size of the Starhill REIT increased from 1,178,888,889 units to 1,324,388,889 units as at the current financial quarter ended 31 December 2011.

- On 22 December 2011, YTL Cement and its wholly-owned subsidiaries, Awan Seruding Sdn Bhd and Tugas Sejahtera Sdn Bhd, transferred 10,000,000 ordinary shares of RM1.00 each in Straits Cement Sdn Bhd (“Straits Cement”), representing the entire issued and paid-up share capital of Straits Cement, to Pahang Cement Sdn Bhd (“Pahang Cement”), another wholly-owned subsidiary of YTL Cement, for a total cash consideration of RM1 million. As a result, Strait Cement became a direct subsidiary of Pahang Cement and an indirect subsidiary of YTL Cement. Straits Cement remains as an indirect subsidiary of the Company.

A9. Changes in Contingent Liabilities or Contingent Assets

There were no material events subsequent to the end of the current financial quarter that have been reflected in this interim financial report.

INTERIM FINANCIAL REPORT

Notes: - continued

A10. Subsequent Events

Save for the following, there was no item, transaction or event of a material or unusual in nature during the period from the end of the quarter under review to the date of this report:-

- On 4 January 2012, YTL Power Services Sdn Bhd, a wholly-owned subsidiary of YTL Cayman Limited, which in turn a wholly-owned subsidiary of the Company, has incorporated a wholly-owned subsidiary known as YTL Power Services (S) Pte Ltd Ltd (“YTLPS Singapore”) in Singapore with an issued and paid-up share capital of S\$1.00 comprising 1 ordinary share. YTLPS Singapore will be principally involved in operation and maintenance of power stations.
- On 31 January 2012, YTL Communication Sdn Bhd, a 60% owned subsidiary of YTL Power, acquired two (2) ordinary shares of RM1.00 each in YTL Digital Sdn Bhd (“YTL Digital”), representing the entire issued and paid-up share capital of YTL Digital from YTL Energy Sdn Bhd, a wholly-owned subsidiary of the Company, at par value per share. As a result, YTL Digital became a wholly-owned subsidiary of YTL Comm and an indirect subsidiary of YTL Power. YTL Digital remains as an indirect subsidiary of the Company.
- On 21 February 2012, Bath Hotel & SPA B.V. (“Bath Hotel”), a wholly-owned subsidiary of YTLHP, subscribed for the entire issued and paid-up share capital of £100.00 comprising 100 shares of £1.00 each in Gainsborough Hotel (Bath) Limited (“Gainsborough Hotel”). As a result, Gainsborough Hotel became a wholly-owned subsidiary of Bath Hotel and an indirect subsidiary of YTLHP and the Company. Gainsborough Hotel will be principally engaged in hotel operations.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

INTERIM FINANCIAL REPORT

Notes: - continued

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

B1. Review of Performance

The comparison of the results are tabulated below:

| | Individual Quarter | | Cumulative Quarter | |
|------------------------------------------------------|---------------------------|-------------------|---------------------------|-------------------|
| | 31.12.2011 | 31.12.2010 | 31.12.2011 | 31.12.2010 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | | | | |
| Construction | 68,416 | 39,725 | 145,552 | 101,433 |
| Information technology & e-commerce related business | 528 | 2,477 | 2,592 | 6,387 |
| Cement Manufacturing & trading | 643,720 | 567,035 | 1,194,351 | 1,035,492 |
| Property investment & development | 321,385 | 196,841 | 433,467 | 443,549 |
| Management services & others | 138,816 | 79,183 | 280,896 | 185,344 |
| Hotels | 86,459 | 68,658 | 134,175 | 128,430 |
| Utilities | 4,065,870 | 3,545,711 | 7,677,210 | 7,004,044 |
| | 5,325,194 | 4,499,630 | 9,868,243 | 8,904,679 |
| Profit before tax | | | | |
| Construction | 14,194 | 2,193 | 39,540 | 9,865 |
| Information technology & e-commerce related business | 1,359 | 978 | 2,269 | 1,930 |
| Cement Manufacturing & trading | 111,819 | 115,231 | 215,482 | 215,156 |
| Property investment & development | 57,944 | 47,077 | 81,910 | 116,313 |
| Management services & others | 12,173 | (58,348) | 48,639 | (1,083) |
| Hotels | (603) | (708) | (4,067) | 49 |
| Utilities | 413,217 | 374,469 | 756,473 | 762,478 |
| | 610,103 | 480,892 | 1,140,246 | 1,104,708 |

INTERIM FINANCIAL REPORT

Notes – continued

Group revenue was RM5,325.2 million for the current financial quarter ended 31 December 2011 as compared to RM4,499.6 million recorded in the preceding year corresponding quarter ended 31 December 2010. The Group profit before taxation for the current financial quarter was RM610.1 million, an increase of 26.9% as compared to RM480.9 million recorded in the preceding year corresponding quarter.

Group revenue was RM9,898.6 million for the current financial period ended 31 December 2011 as compared to RM8,904.7 million recorded in the preceding year corresponding period ended 31 December 2010. The Group profit before taxation for the current financial period was RM1,140.2 million, representing an increase of 3.2% as compared to RM1,104.7 million recorded in the preceding year corresponding period.

Performance of the respective operating business segments for the period ended 31 December 2011 as compared to the preceding corresponding period are analysed as follows:

Construction

The increase in revenue and profit were principally due to higher percentage of work done recognised from both local and Singapore projects.

Information technology & e-commerce related business

Decrease in revenue mainly due to absence of revenue contributed by Extiva Communications Sdn Bhd in previous year corresponding period. Despite revenue reduced, this segment recorded a growth of 17% arising from higher fixed deposit income and gain in liquidation of a subsidiary, namely Wimax Capital Management Ltd.

Cement Manufacturing & trading

The better performance in the cement manufacturing & trading segment is substantially attributed to higher demand of cement in construction industry and contribution from offshore subsidiaries.

Property investment & development

The increase in revenue and profit before taxation were substantially contributed by the Capers under the Sentul Raya project during the financial period under review.

Management services & others

The better performance in this segment is mainly attributable to the one-off operating cost incurred by a foreign subsidiary in the previous corresponding quarter ended 31 December 2010.

Hotels

This segment continued to grow with increased revenue from oversea business.

Utilities

Increase in revenue and profit before taxation for current quarter was mainly due to overall higher volume of business, favourable fair value adjustments on fuel and saving in finance cost. However, profit before taxation was lower for the current year to date due to higher losses recorded in the segment of mobile broadband network.

INTERIM FINANCIAL REPORT

Notes – continued

B2. Comparison with Preceding Quarter

| | Current Quarter 31.12.2011 RM'000 | Preceding Quarter 30.09.2011 RM'000 |
|------------------------------------------------|------------------------------------------------------|--------------------------------------------------------|
| Revenue | 5,325,194 | 4,543,049 |
| Profit before taxation | 610,103 | 530,143 |
| Profit attributable to owners of the parent | 237,382 | 251,833 |

For the current financial quarter, Group revenue and profit before taxation increased by 17.2% and 15.1%, respectively when compared to the preceding quarter ended 30 September 2011.

The increase in revenue and profit before taxation is mainly attributable to better performance in the multi-utilities segments.

B3. Audit Report of the preceding financial year ended 30 June 2011

The Auditors' Report on the financial statements of the financial year ended 30 June 2011 did not contain any qualification.

B4. Prospects

Construction

The construction segment is expected to achieve satisfactory performance for the financial year ending 30 June 2012 as the construction projects are mainly related to the Group's property development and infrastructure works.

Information technology & e-commerce related business

The Group, after considering its current level of operations, is expected to achieve a satisfactory performance in the financial year ending 30 June 2012.

Cement Manufacturing & trading

The better performance in the cement manufacturing & trading segment is substantially attributed to higher demand of cement in construction industry and contribution from offshore subsidiaries.

Property investment & development

The Group is expected to achieve satisfactory performance for the financial year ending 2012 through the property development activities undertaken by its subsidiaries.

Management services & others

The Group, after considering the current market condition, is expected to achieve satisfactory performance for the financial year ending 30 June 2012.

INTERIM FINANCIAL REPORT

Notes: - continued

Hotels

The hotels business will continue to grow and expand to new markets.

Utilities

The utilities business segment continues to strive for long-term sustainable growth despite the competitive environment with focus on customer service and value-added solutions. Despite challenging market in the telecommunications industry, this business segment is expected to continuously grow its subscriber base to generate higher revenue.

B5. Profit Forecast

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

B6. Profit for the period

| | Year Quarter 31.12.2011 RM'000 | Year To Date 31.12.2011 RM'000 |
|----------------------------------------------------------------------|---------------------------------------------------|---------------------------------------------------|
| Profit before taxation is stated after charging/ (crediting): | | |
| Depreciation of property, plant and equipment | 357,456 | 620,517 |
| Dividends income | (8,150) | (16,737) |
| Interest income | (49,829) | (105,470) |
| Gain on disposal of subsidiaries | - | 180 |
| Gain on disposal of investment properties | (5,138) | (5,649) |
| Interest expense | 249,904 | 520,864 |
| Provision for & write off of receivables | 22,799 | 22,799 |
| Loss on foreign exchange | 24,175 | 79,926 |

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

INTERIM FINANCIAL REPORT

Notes: - continued

B7. Taxation

Taxation comprises the following:-

| | Current Quarter 31.12.2011 RM'000 | Year To Date 31.12.2011 RM'000 |
|--------------------------------------------|------------------------------------------------------|---------------------------------------------------|
| Taxation based on profit for the period | 182,884 | 351,905 |
| Deferred taxation | (16,887) | (45,610) |
| | <u>165,997</u> | <u>306,295</u> |

The provision for taxation of the Group for the current financial quarter reflects an effective tax rate higher than the Statutory Income Tax Rate due to income subjected to different tax jurisdictions and expenses not deductible for tax purposes, partially offset by income not subjected to tax.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

INTERIM FINANCIAL REPORT

Notes: - continued

B10. Corporate Developments

(a) Corporate Proposals Announced and Pending Completion

As at 22 February 2012, being the latest practicable date, there are no corporate proposals announced and pending completion, save for the following:-

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

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

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

The disposals of the abovementioned properties are collectively referred to as “Disposals”.

On 14 December 2010, the Trustee had also entered in another five (5) separate conditional sale and purchase agreements with Business & Budget Hotels (Kuantan) Sdn Bhd, Megahub Development Sdn Bhd, East-West Ventures Sdn Bhd, Syarikat Pelanchongan Pangkor Laut Sendirian Berhad and Tanjong Jara Beach Hotel Sdn Bhd for the acquisition of the following properties (together with appurtenant assets) for a total indicative purchase consideration of RM582.0 million:-

- (i) Vistana Kuantan;
- (ii) Residences@Ritz-Carlton;
- (iii) Ritz Carlton, Kuala Lumpur;
- (iv) Pangkor Laut Resort; and
- (v) Tanjong Jara Resort.

The acquisition of the abovementioned properties are collectively referred to as “Acquisition”.

The Disposals and the Acquisition are collectively referred to as “Proposals”.

INTERIM FINANCIAL REPORT

Notes: - continued

The Proposals were completed on 15 November 2011 and 22 December 2011.

In conjunction with the completion of the Proposals, the following were undertaken by Starhill REIT:-

- A total of 145,500,000 new units were issued to the respective Vendors, as the case may be, and such new units were quoted on Bursa Securities on 15 November 2011; and
- A cash payment of RM536.5 million and the transfer of a total 155,564,250 convertible preference units (“CPUs”) issued by Starhill Global REIT, as the case may be, to part satisfy the consideration of the Proposals.

However, compliance of clause 8.22(d) of the Guidelines on REITs on Starhill REIT’s investments in CPUs which must not exceed 10% of the CPUs issued by Starhill Global REIT is still pending. SC had on 10 January 2012 approved Starhill REIT’s application for an extension of time until 28 March 2012 to comply with clause 8.22(d) of the Guidelines on REITs.

(ii) On 19 December 2011, the Company announced a proposed conditional share exchange offer, to be undertaken via its wholly-owned subsidiary, YTL Industries Berhad (“YTL Industries” or “Offeror”) to acquire the following securities of YTL Cement Berhad (“YTL Cement”) through the issuance of ordinary shares of RM0.10 each in the Company at an issue price of RM1.42 each (“Consideration Shares”):-

- (a) all the remaining voting shares of RM0.50 each (excluding treasury shares) in YTL Cement (“YTL Cement Shares”) and such number of new YTL Cement Shares that may be issued prior to the close of the Offer (as defined below) which are not already held by YTL Industries and the Company, as the “Ultimate Offeror”, (“Offer Shares”) pursuant to the conversion of any outstanding irredeemable convertible unsecured loan stocks issued by YTL Cement (“ICULS”), at an offer price of RM4.50 for each Offer Share, which translates to an exchange ratio of approximately 3.17 Consideration Shares for each Offer Share (“Shares Offer”); and
- (b) all the remaining ICULS which are not already held by the Offeror and the Ultimate Offeror (“Offer ICULS”), at an offer price of RM2.21 for each Offer ICULS, which translates to an exchange ratio of approximately 1.56 Consideration Shares for each Offer ICULS (“ICULS Offer”),

The Shares Offer and ICULS Offer are collectively referred to as the “Offer”.

The Offer Shares and Offer ICULS are collectively referred to as the “Offer Securities”

INTERIM FINANCIAL REPORT

Notes: - continued

On 9 January 2011, the offer document which sets out the details of the Offer together with the form of acceptance and transfer (“Offer Document”) was despatched to the shareholders and ICULS holders of YTL Cement or their designated agents.

The Offer became unconditional on 8 February 2012 upon the fulfillment of the following conditions:-

- (i) the Offeror having received by the closing date valid acceptances (provided that such acceptances are not, where permitted, subsequently withdrawn) in respect of the Offer Shares, which would result in the Offeror and Ultimate Offeror holding, together with such YTL Cement Shares that are already acquired, held or entitled to be acquired or held, more than 50% of the total voting shares of YTL Cement (“Acceptance Condition”). The Acceptance Condition was met on 20 January 2012;
- (ii) approval of the Securities Commission Malaysia under the equity requirements for public companies for the Offer, received on 20 January 2012 ;
- (iii) approval of Bursa Malaysia Securities Berhad (“Bursa Securities”) for the listing of and quotation for the Consideration Shares on the Main Market of Bursa Securities, received on 16 January 2012;
- (iv) approval of the Ministry of International Trade and Industry for the Offer, received on 8 February 2012; and
- (v) approval of the shareholders of the Company for the issuance of the Consideration Shares to its Directors and/or major shareholders or persons connected to them who are also holders of the Offer Securities at an extraordinary general meeting to be convened, unless a waiver for the aforesaid is granted by Bursa Securities. Bursa Securities granted the Company a waiver from complying with paragraph 6.04(c)(i) and 6.06(1) of the Main Market Listing Requirements of Bursa Securities (“Main LR”) in respect of the Offer via its letter date 16 January 2012.

The first closing date for the Offer was fixed at 5.00 p.m. on 10 February 2012. On 8 February 2012, the closing date was extended to 5.00 p.m. on 24 February 2012.

On 9 February 2012, the Company announced that the Offeror had received acceptances in respect of the Offer, resulting in the Offeror and Ultimate Offeror collectively holding more than 75% of YTL Cement Shares. As a result, YTL Cement does not comply with the public shareholding spread requirement (“Public Shareholding Spread Requirement”) as set out under paragraph 8.02(1) of the Main LR. On 21 February 2012, YTL Cement announced that Bursa Securities had, via its letter dated 17 February 2012, granted YTL Cement an extension of time until the completion of the corporate proposals as stipulated in the Offer Document to comply with the Public Shareholding Spread Requirement.

INTERIM FINANCIAL REPORT

Notes: - continued

On 21 February 2012, the Company announced that the Offeror had received valid acceptances in respect of the Offer resulting in the Offeror, Ultimate Offeror and YTL Power International Berhad, a person acting in concert with them, collectively holding more than 90% of the listed shares (excluding treasury shares) of YTL Cement as at 21 February 2012. In accordance with Paragraph 16.02(3) of the Main LR, Bursa Securities will suspend the trading of YTL Cement shares and ICULS with effect from 9.00 a.m. on 29 February 2012, being 5 market days from the date of the announcement. The Offeror will also procure YTL Cement to make an application to Bursa Securities for the withdrawal of its listing status from the Official List of Bursa Securities pursuant to Paragraph 16.07(a) of the Main LR.

On 22 February 2012, the Company announced a final extension of time for acceptance of the Offer to 5.00 p.m. on 9 March 2012.

(b) Status of Utilisation of Proceeds

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

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

B11. Group Borrowings and Debt Securities

Particulars of the Group’s borrowings and debts securities as at 31 December 2011 are as follows:-

| | Short term | | Long term | | Total |
|-----------|------------|------------|-----------|------------|------------|
| | Bonds | Borrowings | Bonds | Borrowings | |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Secured | - | 1,667,247 | - | 2,710,282 | 4,377,529 |
| Unsecured | - | 9,719,609 | 7,076,838 | 7,198,971 | 23,995,418 |
| | ----- | ----- | ----- | ----- | ----- |
| Total | - | 11,386,856 | 7,076,838 | 9,909,253 | 28,372,947 |
| | ===== | ===== | ===== | ===== | ===== |

INTERIM FINANCIAL REPORT

Notes: - continued

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

| | |
|----------------------------|-----------|
| In Singapore Dollar ('000) | 2,698,651 |
| | ===== |
| In US Dollar ('000) | 856,936 |
| | ===== |
| In Sterling Pound ('000) | 1,718,919 |
| | ===== |
| In Japanese Yen ('000) | 7,850,000 |
| | ===== |
| In Euro ('000) | 1,835 |
| | ===== |

Save for the borrowings of RM40.671 million, EUR 1.835 million and Yen 7.85 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.

B12. Derivatives Financial Instruments

As at 31 December 2011, 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> | 2,583,469 | 2,618,355 |
| - Less than 1 year | 90,486 | 93,935 |
| - 1 year to 3 years | | |
| <u>Currency forwards</u> | 2,112,791 | 2,046,601 |
| - Less than 1 year | 189,493 | 182,557 |
| - 1 year to 3 years | | |
| <u>Interest rate swaps</u> | 572,508 | 548,095 |
| - 1 year to 3 years | | |

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

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

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

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

INTERIM FINANCIAL REPORT

Notes: - continued

(b) Fair Value Changes of Financial Liabilities

The gains arising from fair value changes of financial liabilities for the current financial period ended 31 December 2011 are as follows:

| Type of financial liabilities | Basis of fair value measurement | Reason for the gain | Fair value gain/(loss) | |
|---------------------------------------------|---------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------|---------------------------------------------|
| | | | Current year quarter 3 months to 31.12.2011 | Current year to date 6 months to 31.12.2011 |
| | | | RM'000 | RM'000 |
| Forward foreign currency exchange contracts | Foreign exchange differential between the contracted rate and the market forward rate | Foreign exchange rates differential between the contracted rate and the market forward rate which have moved in favour of the Group | 6,937 | 10,002 |
| 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 | 15,669 | 29,244 |
| Exchangeable bonds | Quoted market price | The quoted market price has increased from the last measurement date | (38,576) | 33,771 |
| Total | | | (15,970) | 73,017 |

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

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

INTERIM FINANCIAL REPORT

Notes: - continued

(c) Retained Earnings

| | As at 31.12.2011 RM'000 | As at 30.06.2011 RM'000 |
|----------------------------------------------------------------|----------------------------------------|----------------------------------------|
| Retained earnings of the Company and its subsidiaries | | |
| - Realised | 15,272,416 | 13,341,038 |
| - Unrealised | (1,449,198) | (1,239,198) |
| | <u>13,823,218</u> | <u>12,101,840</u> |
| Total share of losses from jointly controlled entity | | |
| - Realised | (3) | (3) |
| | <u>(3)</u> | <u>(3)</u> |
| Total share of accumulated profit from associated companies | | |
| - Realised | 1,027,581 | 1,320,943 |
| - Unrealised | (107,838) | (132,633) |
| | <u>919,743</u> | <u>1,188,310</u> |
| Less: consolidated adjustments | (4,937,374) | (4,056,246) |
| | <u>9,805,584</u> | <u>9,233,901</u> |

B13. Material litigation

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

B14. Dividend

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

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

INTERIM FINANCIAL REPORT

Notes: - continued

B15. Earnings Per Share

i) Basic earnings per 10 sen share

The basic earnings per share of the Group is computed by dividing the net profit for the financial quarter as set out below:-

| | Current Year Quarter 31.12.2011 | Preceding Year Corresponding Quarter 31.12.2010 |
|--------------------------------------------------------------|----------------------------------------------------|--------------------------------------------------------------------|
| Profit attributable to owners of the parent (RM'000) | 237,382 | 164,182 |
| <i>Weighted average number of ordinary shares ('000)</i> | | |
| Issued at the beginning of the period | 9,654,490 | 9,506,050 |
| Shares repurchased | (637,006) | (538,270) |
| | <u>9,017,484</u> | <u>8,967,780</u> |
| Basic earnings per share (sen) | <u>2.63</u> | <u>1.83</u> |

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

INTERIM FINANCIAL REPORT

Notes: - continued

B15. Earnings Per Share - continued

ii) Diluted earnings per 10 sen share

The diluted earnings per share of the Group is computed by dividing the net profit for the current financial quarter as set out below:-

| | Current Year Quarter 31.12.2011 | Preceding Year Corresponding Quarter 31.12.2010 |
|----------------------------------------------------------------------|----------------------------------------------------|--------------------------------------------------------------------|
| Profit attributable to owners of the parent (RM'000) | 237,382 | 164,182 |
| <i>Weighted average number of ordinary shares-diluted ('000)</i> | | |
| Weighted average number of ordinary shares-basic | 9,017,484 | 8,967,780 |
| Effect of unexercised employees share option scheme | - | 83,410 |
| | <u>9,017,484</u> | <u>9,051,190</u> |
| Diluted earnings per share (sen) | <u>2.63</u> | <u>1.81</u> |

By Order of the Board
HO SAY KENG
Secretary

Kuala Lumpur
Dated: 23 February 2012