

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

Interim Financial Report
31 December 2017

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

Interim Financial Report
31 December 2017

	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 - 9
Notes to the Interim Financial Report	10 - 27

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 2017.

The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT	PRECEDING YEAR	6 MONTHS ENDED	
	YEAR CORRESPONDING	YEAR CORRESPONDING		
	QUARTER	QUARTER	QUARTER	QUARTER
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	RM'000	RM'000	RM'000	RM'000
Revenue	3,899,196	3,622,075	7,829,058	7,114,225
Cost of sales	(2,876,326)	(2,657,397)	(5,663,352)	(5,164,228)
Gross profit	1,022,870	964,678	2,165,706	1,949,997
Other operating income	90,296	125,219	147,606	191,046
Other operating expenses	(419,312)	(476,010)	(853,425)	(958,711)
Profit from operations	693,854	613,887	1,459,887	1,182,332
Finance costs	(401,918)	(315,309)	(821,837)	(621,926)
Share of results of associated companies and joint ventures	103,667	103,434	197,641	187,901
Profit before taxation	395,603	402,012	835,691	748,307
Taxation	(100,684)	(93,050)	(231,216)	(176,196)
Profit for the period	294,919	308,962	604,475	572,111
Attributable to:-				
Owners of the parent	126,093	147,692	268,990	298,022
Non-controlling interests	168,826	161,270	335,485	274,089
Profit for the period	294,919	308,962	604,475	572,111
Earnings per share				
Basic (Sen)	1.20	1.42	2.55	2.84
Diluted (Sen)	1.20	1.42	2.55	2.84

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

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

INTERIM FINANCIAL REPORT

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT PRECEDING YEAR			
	YEAR CORRESPONDING		6 MONTHS ENDED	
	QUARTER	QUARTER	31.12.2017	31.12.2016
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	RM'000	RM'000	RM'000	RM'000
Profit for the period	294,919	308,962	604,475	572,111
Other comprehensive (loss)/income :-				
<i>Items that may be reclassified subsequently to income statement:-</i>				
Available-for-sale financial assets	(756)	(2,122)	(92)	(1,639)
Cash flow hedges	77,020	286,135	188,346	393,222
Foreign currency translation	(699,551)	523,597	(686,481)	1,015,802
Other comprehensive (loss)/income for the period, net of tax	(623,287)	807,610	(498,227)	1,407,385
Total comprehensive (loss)/income for the period	(328,368)	1,116,572	106,248	1,979,496
Attributable to :-				
Owner of the parent	(173,491)	547,490	57,018	1,004,646
Non-controlling interests	(154,877)	569,082	49,230	974,850
Total comprehensive (loss)/income for the period	(328,368)	1,116,572	106,248	1,979,496

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

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

INTERIM FINANCIAL REPORT

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	UNAUDITED	AUDITED
	AS AT	AS AT
	31.12.2017	30.06.2017
	RM'000	RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	28,044,901	28,516,788
Investment properties	10,304,930	10,517,010
Investment in associated companies and joint ventures	2,358,814	2,480,383
Investments	1,197,350	845,165
Development expenditure	933,876	894,886
Intangible assets	6,158,635	6,386,034
Biological assets	1,798	1,798
Other receivables and other non-current assets	1,123,791	1,155,280
Derivative financial instruments	32,384	13,629
	<u>50,156,479</u>	<u>50,810,973</u>
Current Assets		
Inventories	2,863,178	799,825
Property development costs	383,179	2,475,214
Trade, other receivables and other current assets	4,058,323	3,814,761
Derivative financial instruments	145,943	52,124
Income tax assets	84,605	80,116
Investments	2,047,909	2,503,011
Amount due from related parties	75,500	87,497
Short term investments	751,496	738,801
Fixed deposits	11,320,730	12,145,557
Cash and bank balances	819,891	1,174,691
	<u>22,550,754</u>	<u>23,871,597</u>
TOTAL ASSETS	<u><u>72,707,233</u></u>	<u><u>74,682,570</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 2017 and the accompanying explanatory notes attached to the interim financial statements.

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

INTERIM FINANCIAL REPORT

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION – continued

	UNAUDITED	AUDITED
	AS AT	AS AT
	31.12.2017	30.06.2017
	RM'000	RM'000
EQUITY		
Share capital	3,340,111	3,340,111
Other reserves	1,311,471	1,523,559
Retained profits	9,872,748	10,606,817
Less : Treasury shares, at cost	(261,697)	(596,577)
Total Equity Attributable to Owners of the Parent	<u>14,262,633</u>	<u>14,873,910</u>
Non-Controlling Interests	<u>7,829,395</u>	<u>8,051,734</u>
TOTAL EQUITY	<u>22,092,028</u>	<u>22,925,644</u>
LIABILITIES		
Non-current liabilities		
Long term payables and other non-current liabilities	904,905	932,394
Bonds & borrowings	39,261,436	34,132,823
Grants and contributions	564,382	547,775
Deferred tax liabilities	2,039,578	2,068,379
Post-employment benefit obligations	1,097,034	1,115,512
Provision for liabilities and charges	7,077	7,077
Derivative financial instruments	23,993	44,008
	<u>43,898,405</u>	<u>38,847,968</u>
Current Liabilities		
Trade, other payables and other current liabilities	3,277,654	3,376,463
Derivative financial instruments	76,216	128,772
Amount due to related parties	10,504	8,486
Bonds & borrowings	2,933,426	8,996,806
Income tax liabilities	235,071	210,474
Provision for liabilities and charges	183,929	187,957
	<u>6,716,800</u>	<u>12,908,958</u>
TOTAL LIABILITIES	<u>50,615,205</u>	<u>51,756,926</u>
TOTAL EQUITY AND LIABILITIES	<u>72,707,233</u>	<u>74,682,570</u>
Net Assets per share (RM)	<u>1.33</u>	<u>1.43</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 2017 and the accompanying explanatory notes attached to the interim financial statements.

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

INTERIM FINANCIAL REPORT

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

Group	← Attributable to Owners of the Parent →				Total RM'000	Non- Controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Retained profits RM'000	Treasury shares RM'000	Other reserves RM'000			
At 1 July 2017	3,340,111	10,606,817	(596,577)	1,523,559	14,873,910	8,051,734	22,925,644
Profit for the period	-	268,990	-	-	268,990	335,485	604,475
Other comprehensive income/(loss)	-	-	-	(211,972)	(211,972)	(286,255)	(498,227)
Total comprehensive income/(loss) for the period	-	268,990	-	(211,972)	57,018	49,230	106,248
Changes in composition of the Group	-	(141,633)	-	-	(141,633)	137,158	(4,475)
Dividend paid	-	(526,761)	-	-	(526,761)	(408,727)	(935,488)
Purchase of treasury shares	-	-	(1)	-	(1)	-	(1)
Share dividend	-	(334,881)	334,881	-	-	-	-
Share option lapsed by subsidiary	-	216	-	(116)	100	-	100
At 31 December 2017	<u>3,340,111</u>	<u>9,872,748</u>	<u>(261,697)</u>	<u>1,311,471</u>	<u>14,262,633</u>	<u>7,829,395</u>	<u>22,092,028</u>

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

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

INTERIM FINANCIAL REPORT

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2016**

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 2016	1,079,399	2,069,188	11,223,837	(596,575)	827,630	14,603,479	7,408,598	22,012,077
Profit for the period	-	-	298,022	-	-	298,022	274,089	572,111
Other comprehensive income	-	-	-	-	706,624	706,624	700,761	1,407,385
Total comprehensive income for the period	-	-	298,022	-	706,624	1,004,646	974,850	1,979,496
Changes in composition of the Group	-	-	(168,911)	-	-	(168,911)	225,049	56,138
Dividend paid	-	-	(1,000,031)	-	-	(1,000,031)	(559,079)	(1,559,110)
Issue of share capital	11,657	179,867	-	-	-	191,524	-	191,524
Share option lapsed by subsidiary	-	-	143	-	(77)	66	-	66
At 31 December 2016	<u>1,091,056</u>	<u>2,249,055</u>	<u>10,353,060</u>	<u>(596,575)</u>	<u>1,534,177</u>	<u>14,630,773</u>	<u>8,049,418</u>	<u>22,680,191</u>

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

INTERIM FINANCIAL REPORT

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2017**

	6 MONTHS ENDED	
	31.12.2017	31.12.2016
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	835,691	748,307
Adjustment for :-		
Adjustment on fair value of investment properties	-	39,173
Allowance for impairment of inventories	1,825	693
Amortisation of deferred income	(4,527)	(1,568)
Amortisation of grants and contributions	(11,479)	(8,621)
Amortisation of other intangible assets	26,776	39,908
Depreciation	760,140	723,380
Dividend income	(4,253)	(3,086)
Fair value changes of derivatives	(6,988)	(9,502)
Fair value changes of investments	(4,006)	-
Gain on disposal of investments	-	(31,627)
Gain on disposal of property, plant and equipment	(14,526)	(6,838)
Impairment losses	41,055	60,538
Interest expense	821,837	621,926
Interest income	(146,910)	(110,996)
Property, plant and equipment written off	21,649	28,170
Provision for post-employment benefit	33,829	25,790
Provision for liabilities and charges	641	-
Share of results of associated companies and joint ventures	(197,641)	(187,901)
Unrealised (gain)/loss on foreign exchange	(41,971)	41,698
Other non cash items	(3,082)	(3,330)
Operating profit before changes in working capital	2,108,060	1,966,114

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

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

INTERIM FINANCIAL REPORT

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2017 - continued**

	6 MONTHS ENDED	
	31.12.2017	31.12.2016
	RM'000	RM'000
Changes in working capital:-		
Inventories	14,673	651
Property development costs	(41,045)	(48,264)
Receivables, deposits and prepayments	(489,227)	(367,253)
Payables and accrued expenses	42,342	(423,481)
Related parties balances	14,015	(10,917)
Cash generated from operations	1,648,818	1,116,850
Dividend received	210,134	181,338
Interest paid	(746,342)	(621,051)
Interest received	149,779	86,674
Payment to a retirement benefits scheme	(23,401)	(28,960)
Income tax paid	(187,792)	(229,345)
Net cash from operating activities	1,051,196	505,506
Cash flows from investing activities		
Acquisition of subsidiaries	(19,600)	(394,156)
Acquisition of associated companies	(442)	(17,170)
Development expenditure incurred	(41,604)	(54,657)
Grants received in respect of infrastructure assets	42,812	23,221
Proceeds from disposal of property, plant & equipment	17,803	7,056
Proceeds from disposal of investments	755,004	9,367
Purchase of investment properties	(37,816)	(5,555)
Purchase of property, plant & equipment	(891,042)	(516,966)
Purchase of intangible assets	(9,465)	(21,699)
Purchase of investments	(650,228)	(216,957)
Shareholder loans	(18,954)	-
Net cash used in investing activities	(853,532)	(1,187,516)

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

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

INTERIM FINANCIAL REPORT

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2017 - continued**

	6 MONTHS ENDED	
	31.12.2017	31.12.2016
	RM'000	RM'000
Cash flows from financing activities		
Dividend paid	(526,761)	(1,000,031)
Dividend paid to non-controlling interests by subsidiaries	(408,727)	(559,079)
Repurchase of own shares by the company (at net)	(1)	-
Repurchase of subsidiaries' shares by subsidiaries	(1)	-
Proceeds from borrowings	8,423,324	1,618,053
Proceeds from issue of shares	-	191,524
Proceeds from issue of shares in subsidiaries to non-controlling interests	14,905	446,584
Repayment of borrowings	(8,571,206)	(515,752)
Net cash (used in)/from financing activities	<u>(1,068,467)</u>	<u>181,299</u>
Net changes in cash and cash equivalents	(870,803)	(500,711)
Effects of exchange rate changes	(313,849)	485,187
Cash and cash equivalents at beginning of the financial year	<u>13,316,838</u>	<u>13,679,430</u>
Cash and cash equivalents at end of the financial year	<u><u>12,132,186</u></u>	<u><u>13,663,906</u></u>
Cash and cash equivalent comprise :-		
Fixed deposit with licensed bank	11,320,730	12,614,638
Cash and bank balances	819,891	1,049,393
Bank overdraft	(8,435)	(125)
	<u><u>12,132,186</u></u>	<u><u>13,663,906</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 2017 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 2017.

A1. Accounting Policies and Methods of Computation

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

The accounting policies and methods of computation adopted by the Group in the interim financial statements are consistent with those adopted in the latest audited annual financial statements except for the adoption of the amendments to FRSs and IC Interpretations (“IC Int”) that are applicable to the Group for the financial period beginning 1 July 2017.

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

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 2018. Early application of MFRS is permitted.

The Group and the Company fall within the scope definition of Transitioning Entities and have opted to defer adoption of the new MFRS Framework. Accordingly, the Group and the Company will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 30 June 2019.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

INTERIM FINANCIAL REPORT

Notes: - continued

A2. Seasonality or Cyclicity of Operations

The business operations of the Group are not materially affected by any seasonal or cyclical factors.

A3. Exceptional or Unusual Items

During the current financial quarter, there was no item of an exceptional or unusual nature that affects the assets, liabilities, equity, net income or cash flows of the Group.

A4. Changes in estimates of amounts reported

There was no significant change in estimates of amounts reported in prior interim periods or prior financial years.

A5. Changes in Debt and Equity Securities

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

During the current financial quarter and period to date, the Company repurchased 1,000 ordinary shares of its issued share capital from the open market, at an average RM1.45 per share. The total consideration paid for the share buy-back, including transaction costs amounted to RM1,455 and was financed by internally generated funds. The shares purchased are held as treasury shares in accordance with Section 127(6) of the Companies Act 2016.

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

As at 31 December 2017, the number of treasury shares held was 164,652,418 ordinary shares.

A6. Dividend paid

The following dividend payment was made during the financial period ended 31 December 2017:

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

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 2017 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	61,180	3,049	1,370,286	549,714	209,710	550,755	5,084,364	-	7,829,058
Inter-segment revenue	74,967	39,759	5,174	115,164	170,944	7,099	8,203	(421,310)	-
Total revenue	136,147	42,808	1,375,460	664,878	380,654	557,854	5,092,567	(421,310)	7,829,058
Segment results									
Profit from operations	11,934	2,475	169,312	419,453	241,498	10,993	604,222	-	1,459,887
Finance costs									(821,837)
									638,050
Share of profit of associated companies & joint ventures									197,641
Profit before taxation									835,691

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

INTERIM FINANCIAL REPORT

Notes: - continued

A7. Segment Information - continued

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

The Group's segmental result for the financial period ended 31 December 2016 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	53,583	2,252	1,200,712	536,867	156,083	454,256	4,710,472	-	7,114,225
Inter-segment revenue	227,716	40,704	10,835	99,001	171,944	6,144	8,838	(565,182)	-
Total revenue	<u>281,299</u>	<u>42,956</u>	<u>1,211,547</u>	<u>635,868</u>	<u>328,027</u>	<u>460,400</u>	<u>4,719,310</u>	<u>(565,182)</u>	<u>7,114,225</u>
Segment results									
Profit from operations	<u>20,804</u>	<u>1,301</u>	<u>196,641</u>	<u>220,011</u>	<u>142,193</u>	<u>56,225</u>	<u>545,157</u>	<u>-</u>	<u>1,182,332</u>
Finance costs									<u>(621,926)</u>
									<u>560,406</u>
Share of profit of associated companies & joint ventures									<u>187,901</u>
Profit before taxation									<u><u>748,307</u></u>

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 financial period ended 31 December 2017, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings and discontinuing operations except for the following-

- On 31 July 2017, Ideal Worlds Pte Ltd, a subsidiary of the Company, disposed of all its shares held in Prestige Lifestyles & Living Sdn Bhd (“PLL”), comprising of 2 ordinary shares and representing the entire issued and paid-up share capital in PLL to Starhill Living.Com Sdn Bhd (“SHLC”) for a consideration of RM2.00. As a result, PLL became a wholly-owned subsidiary of SHLC and remains an indirect subsidiary of the Company.
- On 27 September 2017, YTL Cement (Hong Kong) Limited (“YTL Cement HK”), a wholly-owned subsidiary YTL Cement Berhad (“YTL Cement”), which in turn is a subsidiary of the Company, acquired 1 share of US\$1.00, representing the entire issued and paid-up share capital in Concrete Star Limited (“CSL”) at par value. As a result, CSL became a wholly-owned subsidiary of YTL Cement HK and an indirect subsidiary of YTL Cement and the Company. CSL will be principally engaged in investment holding.
- On 2 November 2017, Zhejiang Hangzhou Dama Cement Co., Ltd., an indirect wholly-owned subsidiary of YTL Cement, has incorporated a wholly-owned subsidiary in the People’s Republic of China, known as Hangzhou Dama Kai Tong Environmental Technology Co., Ltd. (“Hangzhou Dama Kai Tong”) to undertake the business of treatment and disposal of waste materials. Hangzhou Dama Kai Tong is a limited liability company with a registered capital of Renminbi 1.0 million.

A9. Changes in Contingent Liabilities or Contingent Assets

There were no significant changes in the contingent liabilities of the Group since the last financial year ended 30 June 2017.

A10. Subsequent Events

Save for the following, there were no items, transactions or events of a material or unusual in nature during the period from the end of the quarter under review to the date of this report.

- On 19 January 2018, Syarikat Pembinaan Yeoh Tiong Lay Sdn Bhd (“SPYTL”), a wholly-owned subsidiary of the Company, incorporated a wholly-owned subsidiary known as YTL High Speed Rail Sdn Bhd (“YTL HSR”) with an issued share capital of RM1.00 comprising of 1 ordinary share. YTL HSR will be principally to undertake, construct, maintain, improve, develop, implement, control, execute and manage any railway project. On 5 February 2018, YTL HSR changed its name to YTL THP JV Sdn Bhd. It became a 70% owned subsidiary of SPYTL following the subscription of 69 new ordinary shares by SPYTL and 30 new ordinary shares by TH Properties Sdn Bhd on 10 February 2018.
- On 25 January 2018, YTL Cement HK has incorporated a wholly-owned subsidiary in the People’s Republic of China, known as Beijing Dama Sinosource Trading Co., Ltd. (“Beijing Dama Sinosource”) to undertake the business of trading of mechanical, electrical equipment and parts, and technology transfer, development and consultancy. Beijing Dama Sinosource is a limited liability company with a registered capital of Renminbi 1.0 million.

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

INTERIM FINANCIAL REPORT

Notes: - continued

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

B1. Review of Performance

	Individual Quarter		Variance	Cumulative Quarter		Variance
	31.12.2017	31.12.2016	%	31.12.2017	31.12.2016	%
	RM'000	RM'000	+/-	RM'000	RM'000	+/-
Revenue						
Construction	28,526	31,141	-8%	61,180	53,583	14%
Information technology & e-commerce related business	1,550	1,373	13%	3,049	2,252	35%
Cement Manufacturing & trading	732,542	624,938	17%	1,370,286	1,200,712	14%
Property investment & development	175,400	270,010	-35%	549,714	536,867	2%
Management services & others	95,909	46,833	105%	209,710	156,083	34%
Hotels	285,396	233,709	22%	550,755	454,256	21%
Utilities	2,579,873	2,414,071	7%	5,084,364	4,710,472	8%
	<u>3,899,196</u>	<u>3,622,075</u>		<u>7,829,058</u>	<u>7,114,225</u>	
Profit before taxation						
Construction	11,467	12,013	-5%	11,930	20,800	-43%
Information technology & e-commerce related business	1,296	1,149	13%	2,475	1,301	90%
Cement Manufacturing & trading	95,776	96,423	-1%	140,267	171,368	-18%
Property investment & development	95,378	78,350	22%	285,796	116,731	145%
Management services & others	(58,269)	(73,774)	-21%	(81,929)	(65,239)	26%
Hotels	6,532	34,552	-81%	5,192	48,241	-89%
Utilities	243,423	253,299	-4%	471,960	455,105	4%
	<u>395,603</u>	<u>402,012</u>		<u>835,691</u>	<u>748,307</u>	

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

INTERIM FINANCIAL REPORT

Notes – continued

For the current quarter under review, the Group recorded revenue of RM3,899.2 million as compared to RM3,622.1 million recorded in the preceding year corresponding quarter. The Group profit before taxation for the current financial quarter was RM395.6 million, a decrease of RM6.4 million or 1.6% as compared to a profit of RM402.0 million recorded in the preceding year corresponding quarter.

For the six months under review, the Group revenue and profit before taxation increased to RM7,829.1 million and RM835.7 million, respectively representing an increase of 10.0% and 11.7%, respectively when compared to the preceding year corresponding period.

Performance of the respective operating business segments for the financial quarter/period ended 31 December 2017 as compared to the preceding year corresponding financial quarter/period are analysed as follows:

Construction

For the current financial quarter under review, the decrease in revenue and profit before taxation was mainly due to lower site progress recorded.

For the six months under review, the increase in revenue was principally due to better site progress whilst the decrease in profit before tax was mainly due to lower construction margin recorded.

Information technology & e-commerce related business

For the current financial quarter/six months under review, the increase in revenue and profit before taxation was mainly due to higher digital media advertising recorded from content and digital media division and higher interest income earned on cash deposits.

Cement Manufacturing & trading

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

Property investment & development

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

For the six months under review, revenue and profit before tax increased, primarily due to the land disposal by Udapakat Bina Sdn. Bhd. a wholly-owned subsidiary of YTL Land & Development Berhad for the Mass Rapid Transit project and the unrealised foreign exchange gain as mentioned above.

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

INTERIM FINANCIAL REPORT

Notes – continued

Management services & others

For the current financial quarter under review, increase in revenue was mainly contributed by higher interest income whilst the loss before taxation improved mainly due to an increase in associated companies' profit recorded by YTL Power International Berhad Group.

For the six months under review, increase in revenue was mainly contributed by higher interest income whilst the loss before taxation was mainly due to higher finance costs.

Hotels

For the current financial quarter/six months under review, revenue increase was mainly contributed by The Hotel Stripes in Kuala Lumpur, Sydney Harbour Marriott Hotel in Australia and 3 newly acquired Hotels in United Kingdom. However, the decrease in profit before taxation was mainly due to the unrealised foreign exchange loss on inter-company balances following the strengthening of Ringgit Malaysia against Japanese Yen, impact of ongoing phased renovation of The JW Marriott Kuala Lumpur and pre-opening and training expenses incurred by The Ritz-Carlton, Koh Samui, Thailand.

Utilities

For the current financial quarter under review, the increase in revenue was mainly contributed by Power generation (Contracted) division's commencement of its short-term capacity generation on 1 September 2017 whilst the decrease in profit before taxation was mainly due to lower margin recorded for both electricity sales and oil tank leasing, and coupled with higher finance costs recorded by Multi utilities business division.

For the six months under review, the increase in revenue and profit before taxation was principally attributable to the better performance in Power generation (Contracted) division as mentioned above and lower operating cost following the launch of the nationwide 4G LTE services registered by Mobile broadband division in the preceding year.

The utilities segment contributes to 64.9% and 56.5% of the Group revenue and profit before taxation, respectively.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

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

INTERIM FINANCIAL REPORT

Notes – continued

B2. Comparison with Preceding Quarter

	Current Quarter 31.12.2017 RM'000	Preceding Quarter 30.09.2017 RM'000	Variance % +/-
Revenue	3,899,196	3,929,862	-1%
Profit before taxation	395,603	440,088	-10%
Profit attributable to owners of the parent	126,093	142,897	-12%

The decrease in revenue and profit before taxation was principally attributable to the land disposal for the Mass Rapid Transit project as set out under Note B1 recorded during the preceding financial quarter.

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

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

B4. Prospects

Construction

The construction segment is expected to achieve satisfactory performance for the financial year ending 30 June 2018 as the construction contracts relate mainly to the Group's property development and infrastructure works.

Information technology & e-commerce related business

The outlook for the segment's performance in the financial year ending 30 June 2018 should be satisfactory, given that a significant portion of its revenue is derived from relatively resilient spectrum sharing fee income.

Cement manufacturing & trading

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

Property investment & development

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

Management services & others/Hotels

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

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

INTERIM FINANCIAL REPORT

Notes – continued

Utilities

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

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

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

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

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

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

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

INTERIM FINANCIAL REPORT

Notes – continued

B5. Profit Forecast

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

B6. Profit for the period

	Current Quarter 31.12.2017 RM'000	Year To Date 31.12.2017 RM'000
Profit for the period is stated after charging/(crediting):		
Allowance for impairment of associate	442	442
Allowance for impairment of inventories	1,546	1,825
Allowance for impairment of receivables - net of reversal	18,061	40,563
Amortisation of deferred income	(2,317)	(4,527)
Amortisation of grants and contributions	(6,920)	(11,479)
Amortisation of other intangible assets	11,478	26,776
Depreciation of property, plant and equipment	382,565	760,140
Dividend income	(3,436)	(4,253)
Fair value changes of derivatives	(2,513)	(6,988)
Fair value changes of investments	(530)	(4,006)
Interest expense	401,918	821,837
Interest income	(16,426)	(32,858)
Gain on foreign exchange	(15,592)	(45,792)
Net gain on disposal of property, plant and equipment	(11,910)	(14,526)
Provision for liabilities and charges	82	641

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

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

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

INTERIM FINANCIAL REPORT

Notes – continued

B7. Taxation

Taxation comprise the following:-

	Current Quarter 31.12.2017 RM'000	Year To Date 31.12.2017 RM'000
In respect of current period		
- Income tax	92,287	217,308
- Deferred tax	8,397	13,908
	<u>100,684</u>	<u>231,216</u>

The higher effective tax rate of the Group as compared to the Malaysian statutory income tax rate for the current financial quarter and financial year to date was mainly due to non-deductibility of certain expenses for tax purposes and partially offset by income subjected to different tax jurisdictions.

B8. Corporate Developments

(a) Corporate Proposals Announced and Pending Completion

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

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

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

INTERIM FINANCIAL REPORT

Notes – continued

B9. Group Borrowings and Debt Securities

The Group's borrowings and debts securities as at 31 December 2017 are as follows:-

	Secured RM'000	Unsecured RM'000	Total RM'000
Current			
Bankers' acceptances	-	3,563	3,563
Bank overdrafts	-	8,434	8,434
Finance lease liabilities	90,883	30,413	121,296
ICULS *	-	15,557	15,557
Revolving credit	-	2,399,646	2,399,646
Term loans	9,500	375,430	384,930
	<u>100,383</u>	<u>2,833,043</u>	<u>2,933,426</u>
Non-current			
Finance lease liabilities	43,855	8,772	52,627
ICULS *	-	10,841	10,841
Term loans	3,132,211	15,616,783	18,748,994
Bonds	328,196	20,120,778	20,448,974
	<u>3,504,262</u>	<u>35,757,174</u>	<u>39,261,436</u>
Total borrowings	<u>3,604,645</u>	<u>38,590,217</u>	<u>42,194,862</u>

* Irredeemable Convertible Unsecured Loan Stock ("ICULS")

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

	Foreign Currency '000	RM Equivalents '000
US Dollar	896,466	3,641,445
Singapore Dollar	3,275,205	9,954,003
Sterling Pound	2,135,642	11,673,419
Japanese Yen	16,070,112	578,845
Thai Baht	1,501,521	186,690
Australia Dollar	529,384	1,675,977
	<u>24,408,330</u>	<u>27,710,379</u>

Save for the borrowings of RM156.9 million, US Dollar 250.0 million, Sterling Pound 80.3 million, Yen 11.3 billion and Thai Baht 1.496 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.

INTERIM FINANCIAL REPORT

Notes – continued

B10. Derivatives Financial Instruments, Fair Value Changes of Financial Liabilities and Fair Value hierarchy

(a) Derivatives Financial Instruments

As at 31 December 2017, 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	1,014,645	1,105,894
- 1 year to 3 years	176,785	208,835
- More than 3 years	-	-
<u>Currency forwards</u>		
- Less than 1 year	1,050,202	1,032,922
- 1 year to 3 years	251,790	240,775
- More than 3 years	-	-
<u>Interest rate swap contracts</u>		
- 1 year to 5 years	1,022,639	(12,091)

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

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

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

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

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

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

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 2017 are as follows:

Type of financial liabilities	Basis of fair value measurement	Reason for the gains	Fair value gains	
			Current quarter 31.12.2017 RM'000	Current year to date 31.12.2017 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	183	1,159
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	5,537	12,831
Total			5,720	13,990

[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) Fair Value Hierarchy

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

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

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

	Level 1	Level 2	Total
	RM'000	RM'000	RM'000
31 December 2017			
Assets			
Financial assets at fair value through profit and loss			
- Trading derivatives	-	11,979	11,979
- Income funds	-	2,875,954	2,875,954
- Equity investments	-	3,956	3,956
Derivative used for hedging	-	166,348	166,348
Available-for-sale financial assets	74,312	44	74,356
Total assets	<u>74,312</u>	<u>3,058,281</u>	<u>3,132,593</u>
Liabilities			
Financial liabilities at fair value through profit and loss			
- Trading derivatives	-	6,203	6,203
Derivative used for hedging	-	94,006	94,006
Total liabilities	<u>-</u>	<u>100,209</u>	<u>100,209</u>

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

INTERIM FINANCIAL REPORT

Notes: - continued

B11. Material litigation

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

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

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

B12. Dividend

No dividend has been declared for the current financial quarter.

B13. Earnings Per Share

i) Basic earnings per share

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

	Current Year Quarter 31.12.2017	Preceding Year Corresponding Quarter 31.12.2016
Profit attributable to owners of the parent (RM'000)	126,093	147,692
<hr/>		
<i>Weighted average number of ordinary shares ('000)</i>		
Weighted average number of ordinary shares ('000)	10,910,559	10,803,127
Less: Shares repurchased	(375,348)	(375,347)
	<hr/> 10,535,211	<hr/> 10,427,780
	<hr/>	
Basic earnings per share (sen)	1.20	1.42
	<hr/>	

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

INTERIM FINANCIAL REPORT

Notes: - continued

B13. Earnings Per Share

ii) Diluted earnings per share

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

	Current Year Quarter 31.12.2017	Preceding Year Corresponding Quarter 31.12.2016
Profit attributable to owners of the parent (RM'000)	126,093	147,692
<i>Weighted average number of ordinary shares - diluted ('000)</i>		
Weighted average number of ordinary shares-basic	10,535,211	10,427,780
Effect of unexercised employees share option scheme ("ESOS")	-	-
	<u>10,535,211</u>	<u>10,427,780</u>
Diluted earnings per share (sen)	<u>1.20</u>	<u>1.42</u>

Total cash expected to be received in the event of an exercise of all outstanding ESOS options is RM223.221 million (2016: RM251.361 million). Accordingly, the Net Asset ("NA") on a proforma basis will increase by RM223.221 million (2016: RM251.361 million) resulting in an increase in NA per share of RM0.02 (2016: 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: 23 February 2018