

**YTL CORPORATION BERHAD**

Company No. 92647-H

Incorporated in Malaysia

**Interim Financial Report**

**30 June 2014**

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

**Interim Financial Report**  
**30 June 2014**

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

**INTERIM FINANCIAL REPORT**

Interim financial report on consolidated results for the financial year ended 30 June 2014.

The figures have not been audited.

**CONDENSED CONSOLIDATED INCOME STATEMENT**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT	PRECEDING YEAR	12 MONTHS ENDED	
	YEAR QUARTER 30.06.2014 RM'000	CORRESPONDING QUARTER 30.06.2013 RM'000	30.06.2014 RM'000	30.06.2013 RM'000
<b>REVENUE</b>	4,545,327	5,025,411	19,207,657	19,972,948
COST OF SALES	(3,308,360)	(3,722,783)	(14,399,957)	(15,816,569)
GROSS PROFIT	1,236,967	1,302,628	4,807,700	4,156,379
OTHER OPERATING EXPENSES	(651,018)	(673,851)	(2,037,434)	(1,700,434)
OTHER OPERATING INCOME	199,931	93,824	851,033	406,936
<b>PROFIT FROM OPERATIONS</b>	785,880	722,601	3,621,299	2,862,881
FINANCE COSTS	(304,261)	(280,546)	(1,139,280)	(1,001,293)
SHARE OF PROFITS OF ASSOCIATED COMPANIES	81,087	123,417	298,329	451,801
<b>PROFIT BEFORE TAXATION</b>	562,706	565,472	2,780,348	2,313,389
TAXATION	102,243	(91,073)	(188,518)	(467,607)
<b>PROFIT FOR THE PERIOD/YEAR</b>	664,949	474,399	2,591,830	1,845,782
<b>ATTRIBUTABLE TO:</b>				
OWNERS OF THE PARENT	338,872	330,279	1,539,785	1,274,494
NON-CONTROLLING INTERESTS	326,077	144,120	1,052,045	571,288
<b>PROFIT FOR THE PERIOD/YEAR</b>	664,949	474,399	2,591,830	1,845,782
<b>EARNINGS PER 10 SEN SHARE</b>				
Basic (Sen)	3.27	3.19	14.86	12.30
Diluted (Sen)	3.27	3.19	14.86	12.30

The Condensed Consolidated Income Statement should be read in conjunction with the audited annual financial statements for the year ended 30 June 2013 and the accompanying explanatory notes attached to the interim financial statements.

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT PRECEDING YEAR		12 MONTHS ENDED	
	YEAR CORRESPONDING	QUARTER	30.06.2014	30.06.2013
	QUARTER	QUARTER	RM'000	RM'000
	30.06.2014	30.06.2013	30.06.2014	30.06.2013
	RM'000	RM'000	RM'000	RM'000
<b>PROFIT FOR THE PERIOD/YEAR</b>	664,949	474,399	2,591,830	1,845,782
<b>OTHER COMPREHENSIVE INCOME/(LOSS):</b>				
<i>ITEMS THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO INCOME STATEMENT:-</i>				
DEFINED BENEFIT PLAN				
ACTUARIAL GAIN	91,960	-	91,960	-
<i>ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO INCOME STATEMENT :-</i>				
AVAILABLE-FOR-SALE FINANCIAL ASSETS	3,420	(42,893)	5,135	(54,234)
CASH FLOW HEDGES	6,332	(66,361)	19,138	165,728
FOREIGN CURRENCY TRANSLATION	51,121	24,105	690,823	(245,428)
<b>OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD/YEAR, NET OF TAX</b>	152,833	(85,149)	807,056	(133,934)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD/YEAR</b>	817,782	389,250	3,398,886	1,711,848
<b>ATTRIBUTABLE TO:</b>				
OWNERS OF THE PARENT	431,469	339,579	1,983,166	1,255,561
NON-CONTROLLING INTERESTS	386,313	49,671	1,415,720	456,287
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD/YEAR</b>	817,782	389,250	3,398,886	1,711,848

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited annual financial statements for the year ended 30 June 2013 and the accompanying explanatory notes attached to the interim financial statement.

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

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	<b>UNAUDITED</b>	<b>AUDITED</b>
	<b>AS AT</b>	<b>AS AT</b>
	<b>30.06.2014</b>	<b>30.06.2013</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>		
<b>Non-current Assets</b>		
Property, plant and equipment	25,028,258	22,193,050
Investment properties	7,587,721	633,608
Investment in associated companies and jointly controlled entity	1,663,573	3,441,230
Investments	196,055	155,035
Development expenditure	949,417	975,874
Intangible assets	5,000,966	4,785,485
Biological assets	1,798	1,700
Other receivables and other non-current assets	608,416	706,283
Derivative financial instruments	19,848	7,850
	<u>41,056,052</u>	<u>32,900,115</u>
<b>Current Assets</b>		
Inventories	818,206	892,569
Property development costs	1,555,635	1,370,881
Trade, other receivables and other current assets	3,541,488	3,935,296
Derivative financial instruments	30,590	37,654
Income tax assets	11,527	37,251
Amount due from related parties	42,732	41,000
Short term investments	609,531	590,715
Fixed deposits	11,907,881	13,145,698
Cash and bank balances	1,308,344	668,315
	<u>19,825,934</u>	<u>20,719,379</u>
<b>TOTAL ASSETS</b>	<u><u>60,881,986</u></u>	<u><u>53,619,494</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 2013 and the accompanying explanatory notes attached to the interim financial statements.

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

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION - continued**

	<b>UNAUDITED</b>	<b>AUDITED</b>
	<b>AS AT</b>	<b>AS AT</b>
	<b>30.06.2014</b>	<b>30.06.2013</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>EQUITY</b>		
Share capital	1,073,893	1,073,893
Share premium	1,987,700	1,987,700
Other reserves	(115,693)	(530,426)
Retained profits	12,237,030	11,395,643
Less : Treasury shares, at cost	(596,570)	(593,339)
<b>Total Equity Attributable to</b>		
<b>Owners of the Parent</b>	14,586,360	13,333,471
<b>Non-Controlling Interests</b>	5,616,766	2,224,274
<b>TOTAL EQUITY</b>	<u>20,203,126</u>	<u>15,557,745</u>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Long term payables and other non-current liabilities	615,758	387,977
Bonds & borrowings	28,442,877	26,514,811
Grants and contributions	347,207	295,774
Deferred tax liabilities	2,391,774	2,513,137
Provision for liabilities and charges	35,481	100,012
Derivative financial instruments	10,754	140,332
	<u>31,843,851</u>	<u>29,952,043</u>
<b>Current Liabilities</b>		
Trade, other payables and other current liabilities	3,285,175	3,494,835
Derivative financial instruments	77,831	61,282
Amount due to related parties	7,497	5,359
Bonds & borrowings	5,144,539	4,227,257
Income tax liabilities	314,631	310,749
Provision for liabilities and charges	5,336	10,224
	<u>8,835,009</u>	<u>8,109,706</u>
<b>TOTAL LIABILITIES</b>	40,678,860	38,061,749
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>60,881,986</u>	<u>53,619,494</u>
Net Assets per 10 share (RM)	<u>1.41</u>	<u>1.29</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 2013 and the accompanying explanatory notes attached to the interim financial statements.

**YTL CORPORATION BERHAD (Company No. 92647-H)**  
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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014**

Group	← Attributable to Owners of the Parent →					Total RM'000	Non- Controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Share premium RM'000	Retained profits RM'000	Treasury shares RM'000	Other reserves RM'000			
At 1 July 2013	1,073,893	1,987,700	11,395,643	(593,339)	(530,426)	13,333,471	2,224,274	15,557,745
Profit for the year	-	-	1,539,785	-	-	1,539,785	1,052,045	2,591,830
Other comprehensive income	-	-	53,128	-	390,253	443,381	363,675	807,056
Total comprehensive income for the year	-	-	1,592,913	-	390,253	1,983,166	1,415,720	3,398,886
Changes in composition of the Group	-	-	(476,514)	-	170	(476,344)	3,171,750	2,695,406
Dividend paid	-	-	(259,120)	-	-	(259,120)	(303,571)	(562,691)
Effect of issue of shares by subsidiaries to non-controlling interest	-	-	-	-	-	-	(912,589)	(912,589)
Gain/(loss) recognised on deemed dilution of interest in subsidiaries	-	-	(15,892)	-	-	(15,892)	15,892	-
Issue of share capital	-	-	-	(3,231)	-	(3,231)	-	(3,231)
Reclassification of interest of non-controlling interest	-	-	-	-	-	-	5,290	5,290
Shares options expenses	-	-	-	-	8,610	8,610	-	8,610
Shares options granted	-	-	-	-	15,700	15,700	-	15,700
At 30 June 2014	1,073,893	1,987,700	12,237,030	(596,570)	(115,693)	14,586,360	5,616,766	20,203,126

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 2013 and the accompanying explanatory notes attached to the interim financial statements.

**YTL CORPORATION BERHAD (Company No. 92647-H)**  
**(Incorporated in Malaysia)**  
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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013**

Group	← Attributable to Owners of the Parent →					Total RM'000	Non- Controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Share premium RM'000	Retained profits RM'000	Treasury shares RM'000	Other reserves RM'000			
At 1 July 2012	1,054,677	1,674,496	10,305,216	(1,253,032)	397,317	12,178,674	2,200,582	14,379,256
Profit for the year	-	-	1,274,494	-	-	1,274,494	571,288	1,845,782
Other comprehensive income/(loss)	-	-	-	-	(18,933)	(18,933)	(115,001)	(133,934)
Total comprehensive income/(loss) for the year	-	-	1,274,494	-	(18,933)	1,255,561	456,287	1,711,848
Conversion of ICULS	-	-	-	-	(53)	(53)	-	(53)
Changes in composition of the Group	-	-	74,989	-	80	75,069	(271,561)	(196,492)
Dividend paid	-	-	(258,920)	-	-	(258,920)	(161,170)	(420,090)
Gain/(loss) recognised on deemed dilution of interest in subsidiaries	-	-	(136)	-	-	(136)	136	-
Issue of share capital	19,216	313,204	-	-	-	332,420	-	332,420
Share buyback	-	-	-	(274,447)	-	(274,447)	-	(274,447)
Share dividend declared	-	-	-	934,140	(934,140)	-	-	-
Share options granted	-	-	-	-	15,860	15,860	-	15,860
Share option granted by subsidiary	-	-	-	-	9,443	9,443	-	9,443
At 30 June 2013	1,073,893	1,987,700	11,395,643	(593,339)	(530,426)	13,333,471	2,224,274	15,557,745

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 2013 and the accompanying explanatory notes attached to the interim financial statements.



**YTL CORPORATION BERHAD (Company No. 92647-H)**  
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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014**

	<b>12 MONTHS ENDED</b>	
	<b>30.06.2014</b>	<b>30.06.2013</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from operating activities</b>		
Profit before tax	2,780,348	2,313,389
Adjustment for :-		
Adjustments on fair value of investment properties	(447,531)	(1,475)
Amortisation of grants and contributions	(9,757)	(9,324)
Amortisation of other intangible assets	42,088	21,276
Provision for post-employment benefit	60,768	60,473
Depreciation	1,564,655	1,441,564
Dividend income	(2,089)	(712)
Fair value changes of derivatives	(58,099)	(93,250)
Gain on disposal of investments	(6,793)	(12,408)
Gain on disposal of property, plant and equipment	(4,650)	(29,614)
Gain on redemption of preference shares	-	(39,600)
Impairment loss	229,251	170,770
Interest expense	1,139,280	1,001,293
Interest income	(182,172)	(151,353)
Property, plant and equipment written off	45,445	14,256
Share options expenses	15,700	25,329
Share of results of associated companies and jointly controlled entities	(298,329)	(451,801)
Unrealised loss/(gain) on foreign exchange - net	29,327	(35,658)
(Write back)/allowance for impairment of inventories	(1,180)	5,710
Other non cash items	13,529	(27,625)
<b>Operating profit before changes in working capital</b>	<b>4,909,791</b>	<b>4,201,240</b>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited annual financial statements for the year ended 30 June 2013 and the accompanying explanatory notes attached to the interim financial statements.

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

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014 - continued**

	<b>12 MONTHS ENDED</b>	
	<b>30.06.2014</b>	<b>30.06.2013</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Changes in working capital:-</b>		
Inventories	89,286	16,708
Property development costs	(184,754)	(115,939)
Receivables, deposits and prepayments	544,202	37,506
Payables and accrued expenses	(348,285)	(153,499)
Related parties balances	(24,802)	61,524
<b>Cash generated from operations</b>	<b>4,985,438</b>	<b>4,047,540</b>
Dividend received	303,064	227,329
Interest paid	(930,364)	(862,597)
Interest received	160,664	105,194
Payment to a retirement benefits scheme	(98,261)	(90,068)
Income tax paid	(566,835)	(656,361)
<b>Net cash from operating activities</b>	<b>3,853,706</b>	<b>2,771,037</b>
<b>Cash flows from investing activities</b>		
Acquisition of additional shares in existing subsidiaries	(324)	(19,741)
Acquisition of new subsidiaries (net of cash acquired)	(3,520)	(3,752)
Development expenditure incurred	42,234	(136,891)
Grants received in respect of infrastructure assets	33,766	29,059
Proceeds from disposal of investment properties	32,581	-
Proceeds from disposal of property, plant & equipment	12,189	31,210
Proceeds from disposal of investments	65,828	17,036
Proceeds from redemption of preference shares	-	45,600
Proceeds from disposal of shares in existing subsidiaries	-	137,834
Purchase of investment properties	(16,522)	(4,255)
Purchase of property, plant & equipment	(2,327,552)	(3,302,948)
Purchase of investments	(39,727)	(50,011)
Other investing activities	26,937	(11,483)
<b>Net cash used in investing activities</b>	<b>(2,174,110)</b>	<b>(3,268,342)</b>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited annual financial statements for the year ended 30 June 2013 and the accompanying explanatory notes attached to the interim financial statements.

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**INTERIM FINANCIAL REPORT**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014 - continued**

	<b>12 MONTHS ENDED</b>	
	<b>30.06.2014</b>	<b>30.06.2013</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from financing activities</b>		
Dividend paid	(259,120)	(258,920)
Dividend paid to non-controlling interests by subsidiaries	(303,571)	(161,170)
Repurchase of own shares by the company (at net)	(3,231)	(274,447)
Repurchase of subsidiaries' shares by subsidiaries	(1,332,167)	(270,176)
Proceeds from borrowings	2,031,967	11,086,790
Proceeds from disposal of interest in subsidiaries to non-controlling interests	(2,240)	273
Proceeds from issue of shares in subsidiaries to non-controlling interests	129,290	11,914
Proceeds from issue of bonds	500,000	522,212
Repayment of borrowings	(2,849,920)	(9,620,870)
Repayment of bonds	(500,000)	(3,090)
<b>Net cash (used in)/from financing activities</b>	<u>(2,588,992)</u>	<u>1,032,516</u>
Net changes in cash and cash equivalents	(909,396)	535,211
Effects of exchange rate changes	315,678	(69,675)
Cash and cash equivalents at beginning of the financial year	<u>13,742,611</u>	<u>13,277,075</u>
Cash and cash equivalents at end of the financial year	<u><u>13,148,893</u></u>	<u><u>13,742,611</u></u>
<b>Cash and cash equivalent comprise :-</b>		
Fixed deposit with licensed bank	11,907,881	13,145,698
Cash and bank balances	1,308,344	668,315
Bank overdraft	(67,332)	(71,402)
	<u><u>13,148,893</u></u>	<u><u>13,742,611</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 2013 and the accompanying explanatory notes attached to the interim financial statements.

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**Notes:-**

**Disclosure requirements pursuant to FRS 134 – paragraph 16**

The Condensed consolidated interim financial statements should be read in conjunction with the audited financial statements of the Group for the year ended 30 June 2013.

**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 2013.

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

**FRS 10: Consolidated Financial Statements**

FRS 10 replaces part of FRS 127 Consolidated and Separate Financial Statements that deals with consolidated financial statements and IC Interpretation 112 Consolidation – Special Purpose Entities.

Under FRS 10, an investor controls an investee when (a) the investor has power over an investee, (b) the investor has exposure, or rights, to variable returns from its involvement with the investee, and (c) the investor has ability to use its power over the investee to affect the amount of the investor’s returns. Under FRS 127 Consolidated and Separate Financial Statements, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

FRS 10 includes detailed guidance to explain when an investor has control over the investee. FRS 10 requires the investor to take into account all relevant facts and circumstances.

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**INTERIM FINANCIAL REPORT**

**Notes: - continued**

Malaysia Financial Reporting Standards (“MFRS Framework”)  
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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 for two years.

On 7 August 2013, MASB has decided to allow Transitioning Entities to defer the adoption of the MFRS Framework for an additional one year. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2015.

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 2016.

**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.

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

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**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:-

During the current financial year to date, the Company repurchased 2,000,100 ordinary shares of RM0.10 each of its issued share capital from the open market, at an average cost of RM1.62. The total consideration paid for the share buy-back, including transaction costs during the current financial year to date amounted to RM3,231,020 and were financed by internally generated funds. The repurchase of shares are held as treasury shares in accordance with the requirements of Section 67A of the Companies Act, 1965.

As at 30 June 2014, the total number of treasury shares held was 375,344,039 ordinary shares of RM0.10 each.

**A6. Dividend paid**

A first interim single tier dividend of 15% or 1.5 sen per ordinary share of RM0.10 amounting to RM155,483,841.75 in respect of financial year ended 30 June 2014 was paid on 16 January 2014.

A second interim single tier dividend of 10% or 1 sen per ordinary share of RM0.10 amounting to RM103,635,874.34 in respect of financial year ended 30 June 2014 was paid on 19 June 2014.

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**YTL CORPORATION BERHAD (Company No. 92647-H)**  
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**Notes: - continued**

**A7. Segment Information**

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

The Group's segmental result for the financial year ended 30 June 2014 is as follows:-

	Construction	Information technology & e-commerce related business	Cement Manufacturing & trading	Property investment & development	Management services & others	Hotels	Utilities	Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>External revenue</b>	103,067	5,292	2,648,109	1,040,341	394,348	702,211	14,314,289	-	19,207,657
<b>Inter-segment revenue</b>	333,111	81,542	48,340	198,674	285,317	15,163	6,659	(968,806)	-
<b>Total revenue</b>	436,178	86,834	2,696,449	1,239,015	679,665	717,374	14,320,948	(968,806)	19,207,657
<b>Segment results</b>									
Profit/(loss) from operations	(20,229)	2,306	690,060	1,045,570	220,258	21,210	1,662,124	-	3,621,299
Finance costs									(1,139,280)
									2,482,019
Share of profit of associated companies									298,329
Profit before taxation									2,780,348

**YTL CORPORATION BERHAD (Company No. 92647-H)**  
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**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 year ended 30 June 2013 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
<b>External revenue</b>	248,581	7,019	2,366,641	607,022	494,018	504,785	15,744,882	-	19,972,948
<b>Inter-segment revenue</b>	239,096	80,864	43,259	136,422	254,634	14,337	2,016	(770,628)	-
<b>Total revenue</b>	<u>487,677</u>	<u>87,883</u>	<u>2,409,900</u>	<u>743,444</u>	<u>748,652</u>	<u>519,122</u>	<u>15,746,898</u>	<u>(770,628)</u>	<u>19,972,948</u>
<b>Segment results</b>									
Profit/(loss) from operations	16,764	2,955	536,767	257,389	434,679	38,382	1,575,945	-	2,862,881
Finance costs									(1,001,293)
									<u>1,861,588</u>
Share of profit of associated companies									451,801
Profit before taxation									<u><u>2,313,389</u></u>



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

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### **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 year ended 30 June 2014, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings and discontinuing operations except for the following:-

- On 5 July 2013, the Group's interest in Starhill Global Real Estate Investment Trust ("SGREIT") increased by 6.89% from 29.38% to 36.27% as a result of the issuance of 210,195,189 new units by SGREIT through the conversion of 152,727,825 convertible preferred units in SGREIT by the Company and YTL Hotels & Properties Sdn Bhd, a wholly-owned subsidiary of the Company.

In accordance to new FRS 10 as disclosed in Note A1, the above increase in interest has effectively made SGREIT a subsidiary of the Company by the Company's de facto control in SGREIT.

- On 18 July 2013, Syarikat Pembinaan Yeoh Tiong Lay Sdn Bhd ("SPYTL"), a wholly-owned subsidiary of the Company, acquired 2 ordinary shares of RM1.00 each in the share capital of Horizon Valley Sdn Bhd ("HVSBS") at par value, representing the entire issued and paid-up share capital of HVSBS. As a result, HVSBS became a wholly-owned subsidiary of SPYTL and indirect subsidiary of the Company.

Subsequently, HVSBS had on 24 July 2013 changed its name to YTL Development Sdn Bhd.

- On 24 July 2013, YTL Cement Berhad ("YTL Cement") incorporated a wholly-owned subsidiary known as YTL Cement (Myanmar) Pte Ltd ("YTLCM") in Singapore with an issued and paid-up share capital of SGD1.00 comprising 1 ordinary share. YTLCM will be principally involved in investment holding.
- On 25 July 2013, SPYTL acquired 90,000 ordinary shares of RM1.00 in the share capital of Suri Travel & Tours Sdn Bhd ("STT") at par value, representing 30% of the issued and paid-up share capital of STT not held by SPYTL ("Acquisition"). As a result of the Acquisition, STT became a wholly-owned subsidiary of SPYTL and remain an indirect subsidiary of the Company.
- On 29 July 2013, YTL Power International Berhad ("YTL Power") subscribed for 68 ordinary shares of RM1.00 each, representing 68% of the issued and paid-up share capital in SIPP Power Sdn Bhd ("SIPP") at par value of RM1.00 per share. As a result, SIPP became a subsidiary of YTL Power. On 30 July 2013, YTL Power acquired another 2 ordinary shares in SIPP resulting in SIPP becoming a 70% owned subsidiary of YTL Power and an indirect subsidiary of the Company. SIPP will be principally involved in developing, constructing, completing, maintaining and operating power plants.

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

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### **INTERIM FINANCIAL REPORT**

#### **Notes: - continued**

- On 24 October 2013, YTL Power acquired 2 ordinary shares of RM1.00 each in the share capital of Tunas Madani Sdn Bhd (“TMSB”) at par value, representing the entire issued and paid-up share capital of TMSB (“Acquisition”). As a result, TMSB became a wholly-owned subsidiary of YTL Power and an indirect subsidiary of the Company. TMSB will be principally involved in investment holding.

Subsequent to the Acquisition, TMSB had on 22 October 2013 and 25 October 2013 acquired/subscribed 70 ordinary shares of RM1.00 each in the share capital of Budaya Kencana Sdn Bhd (“BKSB”) at par value of RM1.00 per share. As a result, BKSB became a subsidiary of TMSB and an indirect subsidiary of YTL Power and the Company. BKSB will be principally involved in investment holding.

Both TMSB and BKSB had on 7 November 2013 and 1 November 2013, changed their name to YTL Power Energy Holdings Sdn Bhd (“YTLPEH”) and YTL SIPP Power Holdings Sdn Bhd (“YTL SIPP Power Holdings”), respectively. YTLPEH had on 14 February 2014 changed its name to YTL Energy Holdings Sdn Bhd.

- On 25 October 2013, YTL Power transferred its entire holding of 70 ordinary shares of RM1.00 each in SIPP Power Sdn Bhd (“SIPP”), representing 70% of the issued and paid-up share capital in SIPP to YTL SIPP Power Holdings at cost of RM70.00 (“Share Transfer”). Concurrently with the Share Transfer, the remaining 30% equity stake in SIPP not held by YTL Power was also transferred to YTL SIPP Power Holdings. As a result, SIPP became a wholly-owned subsidiary of YTL SIPP Power Holdings and an indirect subsidiary of YTL Power and the Company.
- On 6 November 2013, Batu Tiga Quarry Sdn Bhd (“BTQ”), a wholly-owned subsidiary of YTL Cement, acquired a total of 250,002 ordinary shares of RM1.00 each in Madah Seloka Sdn Bhd (“MSSB”), representing the entire issued and paid-up share capital of MSSB for a cash consideration of RM18,000,000.00 (“Acquisition”). As a result of the Acquisition, MSSB has become a wholly-owned subsidiary of BTQ and an indirect subsidiary of YTL Cement and the Company. MSSB is principally involved in investment holding.
- On 7 November 2013, Buildcon Concrete Enterprise Sdn Bhd (“BCE”), a wholly-owned subsidiary of YTL Cement, acquired 2 ordinary shares of RM1.00 each in Shatoosh.Com Sdn Bhd (“SCSB”) at par value of RM1.00 per share, representing the entire issued and paid-up share capital of SCSB (“Acquisition”). As a result of the Acquisition, SCSB has become a wholly-owned subsidiary of BCE and an indirect subsidiary of YTL Cement and the Company. SCSB will be principally involved in trading, sale and manufacturing of building materials.

SCSB had on 11 November 2013, changed its name to Bentara Gemilang Industries Sdn Bhd.

- On 20 November 2013, YTL Cement acquired a total of 250,000 ordinary shares of RM1.00 each in Competent Teamwork Sdn Bhd (“CTSB”), representing the entire issued and paid-up share capital of CTSB for a cash consideration of RM11,177,868.39. As a result, CTSB has become a wholly-owned subsidiary of YTL Cement and an indirect subsidiary of the Company. CTSB is principally involved in investment holding.

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

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### **INTERIM FINANCIAL REPORT**

#### **Notes: - continued**

- On 31 January 2014, YTL Hotels & Properties Sdn Bhd (“YTLHP”), a wholly-owned subsidiary of the Company, acquired the entire issued and paid-up share capital of Thermae Development Company Limited (“Thermae Development”) comprising 260,000 ordinary shares of £1 each, at a total cash consideration of £12,000,000. As a result, Thermae Development became a wholly-owned subsidiary of YTLHP and an indirect subsidiary of the Company.
- On 11 March 2014, Maybank Trustee Berhad (formerly known as Mayban Trustee Berhad) (“MTB”), as the trustee for YTL Hospitality REIT (formerly known as Starhill Real Estate Investment Trust) (“YTL REIT”) (“Trustee”) acquired the entire issued and paid-up share capital of YTL REIT MTN Sdn Bhd (“YTLRMTN”) comprising 2 ordinary shares of RM1.00 each (“Shares”), at a total consideration of RM2.00 (“Acquisition”). The Trustee shall hold the Shares in trust and on behalf of YTL REIT. As a result, YTLRMTN has become a wholly-owned subsidiary of YTL REIT and an indirect subsidiary of the Company. YTLRMTN will be the finance vehicles for YTL REIT.
- On 5 May 2014, BTQ acquired and subscribed for 51 ordinary shares of RM1.00 each representing 51% of the issued and paid-up share capital of Solaris Concept Sdn Bhd (“Solaris Concept”) at par value of RM1.00 per share (“Acquisition”). As a result, Solaris Concept became a subsidiary of BTQ and an indirect subsidiary of the Company.

Concurrently with the Acquisition, Solaris Concept acquired and subscribed for 7 ordinary shares of RM1.00 each representing 70% of the issued and paid-up share capital of Oasis Vision Sdn Bhd (“Oasis Vision”) at par value of RM1.00 per share. As a result, Oasis Vision became an indirect subsidiary of BTQ and the Company.

Both Solaris Concept and Oasis Vision will be principally involved in the business of manufacturing, production, trading and delivery of building and construction materials and products to the building and construction industry.

- On 6 May 2014, Pagabo Limited, a subsidiary of I Education Limited (“I Education”) which in turn is an indirect subsidiary of YTL Power, had been dissolved following its deregistration under Section 1000 of the Companies Act 2006 of the United Kingdom (“Dissolution”). As a result of the Dissolution, Pagabo has ceased to be a subsidiary of I Education and an indirect subsidiary of YTL Power and the Company.

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

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**INTERIM FINANCIAL REPORT**

**Notes: - continued**

**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 2013.

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

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

The Acquisition was completed on 1 August 2014. Consequent thereto, KJS has become a direct subsidiary of YTL Comm and indirect subsidiary of YTL Power and the Company.

- On 26 August 2014, Batu Tiga Quarry Sdn Bhd (“BTQ”), a subsidiary of YTL Cement, acquired a total of 100 ordinary shares of RM1.00 each in the capital of Mobijack Sea Sdn Bhd (“Mobijack”), representing 100% of the issued and paid-up share capital of Mobijack, for a total cash consideration of RM5,250,001. (“Acquisition”). As a result, Mobijack became a 100% owned subsidiary of BTQ and indirect subsidiary of YTL Cement and the Company.

Mobijack will be principally involved in granite quarrying business.

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**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**

	Individual Quarter		Cumulative Quarter	
	30.06.2014	30.06.2013	30.06.2014	30.06.2013
	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>				
Construction	23,368	57,568	103,067	248,581
Information technology & e-commerce related business	781	1,762	5,292	7,019
Cement Manufacturing & trading	696,309	647,893	2,648,109	2,366,641
Property investment & development	225,801	210,506	1,040,341	607,022
Management services & others	125,805	92,165	394,348	494,018
Hotels	155,214	131,924	702,211	504,785
Utilities	3,318,049	3,883,593	14,314,289	15,744,882
	<u>4,545,327</u>	<u>5,025,411</u>	<u>19,207,657</u>	<u>19,972,948</u>
<b>Profit before tax</b>				
Construction	(6,214)	(7,683)	(20,238)	16,752
Information technology & e-commerce related business	(103)	(392)	2,294	2,947
Cement Manufacturing & trading	199,028	174,993	661,991	509,106
Property investment & development	263,211	94,960	893,366	300,598
Management services & others	(139,983)	5,364	(131,705)	118,085
Hotels	(18,714)	(15,853)	82	25,096
Utilities	265,481	314,083	1,374,558	1,340,805
	<u>562,706</u>	<u>565,472</u>	<u>2,780,348</u>	<u>2,313,389</u>

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

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### **INTERIM FINANCIAL REPORT**

#### **Notes – continued**

For the current quarter under review, the Group revenue and profit before tax decreased to RM4,545.3 million and RM562.7 million, representing a decrease of 9.6% and 0.5% from RM5,025.4 million and RM565.5 million, respectively recorded in the preceding year corresponding quarter ended 30 June 2013.

For the current financial year, the Group revenue decreased by 3.8% to RM19,207.7 million from RM19,972.9 million recorded in the preceding year corresponding financial year ended 30 June 2013, whilst profit before tax increased by 20.2% to RM2,780.3 million from RM2,313.4 million recorded in the preceding financial year.

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

#### Construction

Revenue for the current quarter under review decreased by 59.4% to RM23.4 million from RM57.6 million whilst loss before tax decreased by 19.1% to RM6.2 million from RM7.7 million when compared to preceding year corresponding quarter. The decrease in revenue was mainly due to lower profit recognised as a result of lower value of construction contracts recorded by Syarikat Pembinaan Yeoh Tiong Lay Sdn Bhd. (“SPYTL”) whilst decrease in loss before tax was mainly due to lower operating expenses incurred by SPYTL.

For the current financial year, revenue decreased by 58.5% to RM103.1 million from RM248.6 million whilst a loss before tax of RM20.2 million was recorded as compared to a profit before tax of RM16.8 million recorded in the preceding year, representing a decrease of 220.8%. The decrease in revenue and profit before tax were principally due to lower profit recognized as a result of lower construction contracts recorded by both SPYTL and YTL Construction (Singapore) Pte. Ltd.

#### Information technology & e-commerce related business

For the current quarter under review, revenue decreased to RM0.8 million from RM1.8 million recorded in the preceding year corresponding quarter, representing a decrease of 55.7% whilst loss before tax decreased to RM0.1 million from RM0.4 million recorded in the preceding year corresponding quarter ended 30 June 2013. The decrease in revenue was mainly due to lower income recorded on hardware sales activities and maintenance services. However, the decrease in loss before tax was mainly due to higher interest income on higher cash deposits in the current quarter.

Revenue and profit before tax for the current financial year decreased to RM5.3 million and RM2.3 million, representing a decrease of 24.3% and 20.7%, respectively, when compared to RM7.0 million and RM2.9 million, respectively recorded in the preceding year. The decrease in revenue was mainly due to lower hardware sales activities and maintenance services. Decrease of profit before tax was mainly due to lower gross profit margin recorded as a result of the change in the revenue mix, a delay in the opening of KLIA 2 which impacted advertising revenue on the company’s digital media network on the KLIA Express Rail Link and a higher depreciation charge due to network expansion.

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

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### **INTERIM FINANCIAL REPORT**

#### **Notes – continued**

##### Cement Manufacturing & trading

Revenue and profit before tax for the current quarter under review increased to RM696.3 million and RM199.0 million, representing an increase of 7.5% and 13.7% from RM647.9 million and RM175.0 million, respectively recorded in the preceding year corresponding quarter.

For the current financial year, revenue and profit before tax increased to RM2,648.1 million and RM662.0 million, representing an increase of 11.9% and 30.0% from RM2,366.6 million and RM509.1 million, respectively recorded in the preceding year corresponding period.

The increase in revenue and profit before tax were mainly due to better performance in concrete and quarry businesses.

This segment contributes to 13.8% and 23.8% of the Group's revenue and profit before tax, respectively.

##### Property investment & development

For the current quarter under review, revenue and profit before tax increased to RM225.8 million and RM263.2 million from RM210.5 million and RM95.0 million, respectively recorded in the preceding year corresponding quarter ended 30 June 2013 representing an increase of 7.3% and 177.2%, respectively.

For the current financial year, revenue and profit before tax increased to RM1,040.3 million and RM893.4 million, representing an increase of 71.4% and 197.2% from RM607.0 million and RM300.6 million, respectively recorded in the preceding year.

The higher revenue was mainly contributed by the Fennel and Capers projects undertaken by Sentul Raya Sdn Bhd ("SRSB"), sales of completed properties by Sandy Island Pte Ltd and consolidation of the results of Starhill Global Real Estate Investment Trust ("SGREIT") during the current financial year. The increase in profit before tax was attributable to the net fair value gain on investment properties recorded by YTL Hospitality REIT and SGREIT.

##### Management services & others

Revenue for the current quarter under review increased by 36.5% to RM125.8 million from RM92.2 million whilst loss before tax of RM140.0 million was recorded as compared to a profit before tax of RM5.4 million recorded in the preceding year corresponding quarter. The increase in revenue was mainly due to higher revenue recorded by YTL Power Services Sdn Bhd whilst loss before tax was mainly due to increase in development expenses incurred by YTL Power.

For the current financial year, revenue decrease by 20.2% to RM394.3 million from RM494.0 million whilst loss before tax of RM131.8 million was recorded as compared to a profit before tax of RM118.1 million recorded in the preceding year. The decrease in revenue and loss before tax were mainly due to provision for impairment of investment in associate and unrealised foreign exchange losses recorded by YTL Power.

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### **INTERIM FINANCIAL REPORT**

#### **Notes – continued**

##### Hotels

Revenue for the current quarter under review increased by 17.7% to RM155.2 million from RM131.9 million, whilst loss before tax increased by 18.0% to RM18.7 million from RM15.9 million when compared to preceding year corresponding quarter. The increase in revenue was contributed by YTL Majestic Kuala Lumpur and Thermae Development Company Limited (“Thermae”), a subsidiary acquired on 31 January 2014. The increase in loss before tax was mainly contributed by a wholly owned subsidiary, namely Niseko Village K.K. due to lower unrealised foreign exchange gain on inter-company balances recorded in the current quarter following the weakening of Japanese Yen in the current year as compared to preceding year. Higher finance costs incurred also contributed to the increase in loss before tax.

For the current financial year, revenue increased by 39.1% to RM702.2 million from RM504.8 million recorded in the preceding year whilst profit before tax decreased by 99.7% to RM0.08 million from RM25.1 million recorded in the preceding year. The increase in revenue was contributed by YTL Majestic Kuala Lumpur, 3 Marriott Hotels in Australia and Thermae. Niseko Village K.K, YTL Majestic Kuala Lumpur and Thermae contributed to higher profit before tax but this was offset by a lower unrealised foreign exchange gain highlighted above, higher finance costs incurred and the losses recorded by Vistana Penang Bukit Jambul and Vistana Kuala Lumpur Titiwangsa as these hotels were undergoing refurbishment resulting in a lower profit before taxation recorded for the financial year.

##### Utilities

Revenue and profit before tax for the current quarter under review decreased to RM3,318.0 million and RM265.5 million, representing a decrease of 14.6% and 15.5% from RM3,883.4 million and RM314.1 million, respectively recorded in preceding year corresponding quarter ended 30 June 2013. The decrease in revenue and profit before tax were mainly due to lower units of electricity sold, lower revenue recorded for fuel oil trading and lower margin for retail contracts in multi utilities business division.

For the current financial year, revenue decreased to RM14,314.3 million, representing a decrease of 9.1% from RM15,744.9 million recorded in the preceding year whilst profit before tax increased to RM1,374.6 million, representing an increase of 2.5% from RM1,340.8 million recorded in the preceding year. The decrease in revenue was due to lower units of electricity sold coupled with lower electricity price as a result of lower fuel oil price recorded by the multi utilities business division whilst increase in profit before tax was mainly due to increase in price as allowed by the regulator and the strengthening of Great Britain Pound against Ringgit Malaysia recorded by water & sewerage division.

The Utilities segment contributes to 74.5% and 49.4% of the Group’s revenue and profit before tax, respectively.

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**INTERIM FINANCIAL REPORT**

**Notes – continued**

**B2. Comparison with Preceding Quarter**

	<b>Current Quarter 30.06.2014 RM'000</b>	<b>Preceding Quarter 31.03.2014 RM'000</b>
Revenue	4,545,327	4,545,289
Profit before taxation	562,706	674,062
Profit attributable to owners of the parent	338,872	389,815

For the current financial quarter, the Group revenue increased marginally whilst profit before tax decreased to RM562.7 million, representing a decrease of 16.5% when compared to RM674.1 million recorded in the preceding quarter ended 31 March 2014

The decrease in profit before tax was due to lower share of profits of associates and increase in development expenses incurred by management services & others segment.

**B3. Audit Report of the preceding financial year ended 30 June 2013**

The Auditors' Report on the financial statements of the financial year ended 30 June 2013 did not contain any qualification.

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

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### **INTERIM FINANCIAL REPORT**

#### **Notes – continued**

#### **B4. Prospects**

##### Construction

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

##### Information technology & e-commerce related business

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

##### Cement Manufacturing & trading

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

##### Property investment & development

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

##### Management services & others/Hotels

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

##### Utilities

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

#### **B5. Profit Forecast**

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

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**INTERIM FINANCIAL REPORT****Notes – continued****B6. Profit for the period/year**

	<b>Current Quarter 30.06.2014 RM'000</b>	<b>Year To Date 30.06.2014 RM'000</b>
<b>Profit for the period/year is stated after charging/(crediting):</b>		
Adjustments on fair value of investment properties	(92,929)	(447,531)
Amortisation of grant and contributions	(3,222)	(9,757)
Amortisation of deferred income	(985)	(3,399)
Amortisation of intangible assets	8,381	42,088
Bad debts written off	6	20
Depreciation of property, plant and equipment	418,527	1,564,655
Fair value changes of derivatives	17,995	(58,099)
Gain on disposal of investment	(880)	(6,793)
Gain on disposal of property, plant and equipment	(2,439)	(4,650)
(Gain)/loss on foreign exchange	(13,561)	90,805
Impairment loss on receivables - net of reversal	23,187	123,390
Impairment loss on investment in associates	(31)	23,938
Impairment loss on goodwill	26,869	26,869
Impairment loss on property, plant and equipment	54,666	54,695
Interest income	(133,525)	(182,172)
Interest expense	304,261	1,139,280
(Write back)/allowance for impairment of inventories	<u>(23,037)</u>	<u>(1,180)</u>

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

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

Taxation comprises the following:-

	<b>Current Quarter 30.06.2014 RM'000</b>	<b>Year To Date 30.06.2014 RM'000</b>
In respect of current period/year		
- Income tax	254,865	679,398
- Deferred tax	(274,092)	(408,108)
In respect of prior periods/years		
- Income tax	(94,528)	(94,284)
- Deferred tax	11,512	11,512
	<u>(102,243)</u>	<u>188,518</u>

The lower 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 is mainly attributable to lower corporate tax rate regime prevailing in foreign tax jurisdiction and tax credits recorded by Wessex Water Group of RM190.6 million relating to the 3% staged reduction in the UK corporation tax rate from 23% to 21% with effect from 1 April 2014 and then to 20% with effect from 1 April 2015, substantively enacted on 2 July 2013 and a one-off prior year tax credit of RM101.7 million and deferred tax credit of RM165.7 million recorded as a result of an industry-wide agreement reached with Her Majesty's Revenue and Customs ('HMRC') for the re-categorisation of capital allowances from industrial building allowances ('IBA') into long life plant.

The agreement followed HRMC's decision under the UK Finance Act 2008 issued on 2 July 2008 to reduce IBA over the period 2008 to 2012 from 4% in the year 2008 to zero in the year 2012.

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**INTERIM FINANCIAL REPORT**

**Notes – continued**

**B8. Corporate Developments**

**(a) Corporate Proposals Announced and Pending Completion**

As at 27 August 2014, being the latest practicable date, there are no corporate proposals announced and pending completion, save for the following:-

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

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

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

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

The Placement and the Subscription are now pending implementation.

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**INTERIM FINANCIAL REPORT**

Notes: - continued

**B9. Group Borrowings and Debt Securities**

Particulars of the Group's borrowings and debts securities as at 30 June 2014 are as follows:-

	Short term		Long term		Total RM'000
	Bonds	Borrowings	Bonds	Borrowings	
	RM'000	RM'000	RM'000	RM'000	
Secured	-	688,347	-	4,420,101	5,108,448
Unsecured	1,519,382	2,936,810	14,321,482	9,701,294	28,478,968
<b>Total</b>	<b>1,519,382</b>	<b>3,625,157</b>	<b>14,321,482</b>	<b>14,121,395</b>	<b>33,587,416</b>

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

In Singapore Dollar ('000)	2,595,613
In US Dollar ('000)	674,870
In Sterling Pound ('000)	1,919,442
In Japanese Yen ('000)	8,250,000
In Euro ('000)	158,036

Save for the borrowings of RM226.2 million, EUR 158.0 million and Yen 8.25 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.

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**INTERIM FINANCIAL REPORT****Notes: - continued****B10. Derivatives Financial Instruments, Fair Value Changes of Financial Liabilities, Fair Value hierarchy and Realised and Unrealised Profits or Losses****(a) Derivatives Financial Instruments**

As at 30 June 2014, the Group's outstanding derivatives are as follows:

<b>Type of Derivatives</b>	<b>Contract/Notional Value RM'000</b>	<b>Fair Value RM'000</b>
<b><u>Fuel oil swaps</u></b>		
- Less than 1 year	1,349,277	1,413,957
- 1 year to 3 years	576,802	589,313
- More than 3 years	130,551	133,100
<b><u>Currency forwards</u></b>		
- Less than 1 year	1,502,464	1,496,671
- 1 year to 3 years	696,195	691,785
- More than 3 years	169,579	167,298
<b><u>Interest rate swaps</u></b>		
- Less than 1 year	281,127	277,502

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 acquisition of subsidiaries and for 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.

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**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 30 June 2014 are as follows:

Type of financial liabilities	Basis of fair value measurement	Reason for the gain/(loss)	Fair value gain/(loss)	
			Current year quarter 3 months to 30.06.2014	Current year to date 12 months to 30.06.2014
Forward foreign currency exchange contracts	Foreign exchange differential between the contracted rate and the market forward rate	Foreign exchange rates differential between the contracted rate and the market forward rate which have moved in favour of / (unfavourably) against the Group	RM'000 (20,340)	RM'000 (10,629)
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	31,160	44,087
Exchangeable bonds	Quoted market price	The quoted market price has decreased from the last measurement date	(11,249)	68,809
Total			(429)	102,267

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**INTERIM FINANCIAL REPORT**

**Notes: - continued**

(c) Fair Value hierarchy

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

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

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

	<b>Level 1</b>	<b>Level 2</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>30 June 2014</b>			
<b>Assets</b>			
Financial assets at fair value through profit and loss			
- Trading derivatives	-	8,899	8,899
Derivative used for hedging	-	41,539	41,539
Available-for-sale financial assets	31,301	-	31,301
<b>Total assets</b>	<b>31,301</b>	<b>50,438</b>	<b>81,739</b>
<b>Liabilities</b>			
Financial liabilities at fair value through profit and loss			
- Trading derivatives	-	3,011	3,011
Derivative used for hedging	-	85,574	85,574
<b>Total liabilities</b>	<b>-</b>	<b>88,585</b>	<b>88,585</b>

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**INTERIM FINANCIAL REPORT****Notes: - continued**

## (d) Realised and Unrealised Profits or Losses

	As at 30.06.2014 RM'000	As at 30.06.2013 RM'000
Retained earnings of the Company and its subsidiaries		
- Realised	17,016,396	16,386,422
- Unrealised	(910,802)	(1,562,792)
	<u>16,105,594</u>	<u>14,823,630</u>
Total share of accumulated profit from associated companies and jointly controlled entity		
- Realised	1,521,724	1,622,684
- Unrealised	(153,033)	(140,136)
	<u>1,368,691</u>	<u>1,482,548</u>
Less: consolidated adjustments	(5,237,255)	(4,910,535)
	<u><u>12,237,030</u></u>	<u><u>11,395,643</u></u>

**B11. Material litigation**

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

**B12. Dividend**

The Board of Directors ("Board") is pleased to declare a third interim single tier dividend of 95% or 9.5 sen per ordinary share of 10 sen each for the financial year ended 30 June 2014.

The book closure and payment dates in respect of the aforesaid dividend are 31 October 2014 and 14 November 2014, respectively.

The Board does not recommend a final dividend for the financial year ended 30 June 2014 (2013 : nil).

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**INTERIM FINANCIAL REPORT**

Notes: - continued

**B13. Earnings Per Share****i) Basic/diluted earnings per 10 sen share**

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

	<b>Current Year Quarter 30.06.2014</b>	<b>Preceding Year Corresponding Quarter 30.06.2013</b>
Profit attributable to owners of the parent (RM'000)	338,872	330,279
<i>Weighted average number of ordinary shares ('000)</i>		
Issued at the beginning of the period	10,738,931	10,738,931
Shares repurchased	(375,344)	(373,344)
	10,363,587	10,365,587
Basic earnings per share (sen)	3.27	3.19

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

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

	<b>Current Year Quarter 30.06.2014</b>	<b>Preceding Year Corresponding Quarter 30.06.2013</b>
Profit attributable to owners of the parent (RM'000)	338,872	330,279
<i>Weighted average number of ordinary shares - diluted ('000)</i>		
Weighted average number of ordinary shares-basic	10,363,587	10,365,587
Effect of unexercised employees share option scheme	-	-
	<u>10,363,587</u>	<u>10,365,587</u>
Diluted earnings per share (sen)	<u>3.27</u>	<u>3.19</u>

*Total cash expected to be received in the event of an exercise of all ESOS options is RM241.736 million. Accordingly, the Net Asset (NA) on a proforma basis will increase by RM241.736 million resulting in an increase in NA per share of RM0.02. In arriving at the Diluted earnings per share, NA and NA per share, no income has been accrued for the cash proceeds*

By Order of the Board  
HO SAY KENG  
Secretary

Kuala Lumpur  
Dated: 28 August 2014