

2019年度第1四半期（2018年7月～2018年9月）決算短信

会 社 名 ワイ・ティー・エル・コーポレーション・バーハッド

株式銘柄コード (1773)

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所 属 部 東証1部（外国）

決 算 期 本決算：年1回（6月） 中間決算：四半期ごと

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四半期報告書
提出予定日 2018年12月26日

1. 本国における決算発表日 2018年11月23日（金曜日）

2. 業績

	第1四半期（2018年7月から9月までの3ヶ月）（連結）		
	当期（未監査）	前期（未監査）	増減率
売上高または営業収入	4,088,523 千リンギット	3,920,006 千リンギット	4.30%
純利益（税引後）	264,435 千リンギット	308,039 千リンギット	-14.16%
一株当たり利益	1.19 セン	1.35 セン	-11.85%

配当金の推移			
	当 期	前 期	備 考
第1四半期	0 セン	0 セン	
第2四半期		0 セン	
第3四半期		0 セン	
第4四半期		4.0 セン	
合 計	0 セン	4.0 セン	

3. 概況・特記事項・その他

- (1) 純利益（税引後）は法人税考慮後・少数株式持分損益考慮前利益に基づき算出されている。
- (2) 上記1株当たり利益は基本的利益である。希薄化後1株当たり利益は、当期が1.19セン、前期が1.35センであった。これらの1株当たり利益は法人税考慮後・少数株主持分考慮後利益に基づき算出している。
- (3) 売上高または営業収入および純利益（税引後）の数値は百の位を四捨五入している。

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

Interim Financial Report
30 September 2018

YTL CORPORATION BERHAD

Company No. 92647-H

Incorporated in Malaysia

Interim Financial Report

30 September 2018

	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 - 33

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

INTERIM FINANCIAL REPORT

Interim financial report on consolidated results for the financial year ended 30 September 2018.

The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENT

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.09.2018 RM'000	Preceding Year Corresponding Quarter 30.09.2017 RM'000 (Restated)	3 Months Ended	
			30.09.2018 RM'000	30.09.2017 RM'000 (Restated)
Revenue	4,088,523	3,920,006	4,088,523	3,920,006
Cost of sales	<u>(3,054,168)</u>	<u>(2,781,174)</u>	<u>(3,054,168)</u>	<u>(2,781,174)</u>
Gross profit	1,034,355	1,138,832	1,034,355	1,138,832
Other operating income	61,887	56,944	61,887	56,944
Other operating expenses	<u>(417,329)</u>	<u>(431,535)</u>	<u>(417,329)</u>	<u>(431,535)</u>
Profit from operations	678,913	764,241	678,913	764,241
Finance costs	(428,732)	(419,919)	(428,732)	(419,919)
Share of results of associated companies and joint ventures	<u>91,764</u>	<u>94,196</u>	<u>91,764</u>	<u>94,196</u>
Profit before taxation	341,945	438,518	341,945	438,518
Taxation	<u>(77,510)</u>	<u>(130,479)</u>	<u>(77,510)</u>	<u>(130,479)</u>
Profit for the period	<u>264,435</u>	<u>308,039</u>	<u>264,435</u>	<u>308,039</u>
Attributable to:-				
Owners of the parent	125,790	141,817	125,790	141,817
Non-controlling interests	<u>138,645</u>	<u>166,222</u>	<u>138,645</u>	<u>166,222</u>
Profit for the period	<u>264,435</u>	<u>308,039</u>	<u>264,435</u>	<u>308,039</u>
Earnings per share				
Basic (Sen)	<u>1.19</u>	<u>1.35</u>	<u>1.19</u>	<u>1.35</u>
Diluted (Sen)	<u>1.19</u>	<u>1.35</u>	<u>1.19</u>	<u>1.35</u>

The Condensed Consolidated Income Statement should be read in conjunction with the audited annual financial statements for the year ended 30 June 2018 and the accompanying explanatory notes attached to the interim financial statements.

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

INTERIM FINANCIAL REPORT

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.09.2018 RM'000	Preceding Year Corresponding Quarter 30.09.2017 RM'000 (Restated)	3 Months Ended	
			30.09.2018 RM'000	30.09.2017 RM'000 (Restated)
Profit for the period	264,435	308,039	264,435	308,039
Other comprehensive (loss)/income :-				
<i>Items that may be reclassified subsequently to income statement:-</i>				
Available-for-sale financial assets	(749)	664	(749)	664
Cash flow hedges	30,642	111,326	30,642	111,326
Foreign currency translation	435,744	13,070	435,744	13,070
Other comprehensive income for the period, net of tax	465,637	125,060	465,637	125,060
Total comprehensive income for the period	730,072	433,099	730,072	433,099
Attributable to :-				
Owner of the parent	366,807	229,429	366,807	229,429
Non-controlling interests	363,265	203,670	363,265	203,670
Total comprehensive income for the period	730,072	433,099	730,072	433,099

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited annual financial statements for the year ended 30 June 2018 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 As at 30.09.2018 RM'000	Restated As at 30.06.2018 RM'000	Restated As at 30.06.2017 RM'000
ASSETS			
Non-current Assets			
Property, plant and equipment	28,607,368	28,085,524	28,516,788
Investment properties	10,210,771	10,003,889	10,517,010
Investment in associated companies and joint ventures	2,473,386	2,427,301	2,483,407
Investments	430,093	1,136,775	845,165
Development expenditure	1,200,689	1,161,417	1,060,293
Intangible assets	6,159,546	5,975,875	6,353,214
Biological assets	1,798	1,798	1,798
Other receivables and other non-current assets	1,015,873	977,026	1,014,915
Derivative financial instruments	51,272	49,860	13,629
	<u>50,150,796</u>	<u>49,819,465</u>	<u>50,806,219</u>
Current Assets			
Inventories	2,870,616	2,841,506	799,825
Property development costs	395,278	368,158	2,519,347
Trade, other receivables and other current assets	3,766,274	3,757,781	3,818,285
Derivative financial instruments	198,613	198,405	52,124
Income tax assets	122,445	128,091	80,116
Investments	2,343,156	2,650,117	3,241,812
Amount due from related parties	22,820	36,254	87,497
Fixed deposits	10,249,875	10,619,683	12,145,557
Cash and bank balances	1,354,389	1,014,971	1,174,691
	<u>21,323,466</u>	<u>21,614,966</u>	<u>23,919,254</u>
TOTAL ASSETS	<u>71,474,262</u>	<u>71,434,431</u>	<u>74,725,473</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 2018 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	Restated	Restated
	As at	As at	As at
	30.09.2018	30.06.2018	30.06.2017
	RM'000	RM'000	RM'000
EQUITY			
Share capital	3,340,111	3,340,111	3,340,111
Other reserves	1,251,328	1,009,646	1,523,559
Retained profits	10,140,766	10,124,479	10,628,056
Less : Treasury shares, at cost	(472,792)	(337,142)	(596,577)
Equity Attributable to Owners of the Parent	<u>14,259,413</u>	<u>14,137,094</u>	<u>14,895,149</u>
Non-Controlling Interests	<u>7,717,966</u>	<u>7,540,273</u>	<u>8,062,086</u>
TOTAL EQUITY	<u>21,977,379</u>	<u>21,677,367</u>	<u>22,957,235</u>
LIABILITIES			
Non-current liabilities			
Long term payables and other non-current liabilities	1,148,703	908,127	932,394
Bonds & borrowings	36,901,278	35,548,306	34,132,823
Grants and contributions	584,476	548,493	547,775
Deferred tax liabilities	2,118,463	2,073,937	2,077,993
Post-employment benefit obligations	707,144	685,509	1,115,512
Provision for liabilities and charges	7,077	7,077	7,077
Derivative financial instruments	28,929	34,308	44,008
	<u>41,496,070</u>	<u>39,805,757</u>	<u>38,857,582</u>
Current Liabilities			
Trade, other payables and other current liabilities	2,957,102	3,313,840	3,378,161
Derivative financial instruments	16,722	19,817	128,772
Amount due to related parties	11,866	9,105	8,486
Bonds & borrowings	4,641,070	6,238,206	8,996,806
Income tax liabilities	188,858	186,403	210,474
Provision for liabilities and charges	185,195	183,936	187,957
	<u>8,000,813</u>	<u>9,951,307</u>	<u>12,910,656</u>
TOTAL LIABILITIES	49,496,883	49,757,064	51,768,238
TOTAL EQUITY AND LIABILITIES	<u>71,474,262</u>	<u>71,434,431</u>	<u>74,725,473</u>
Net Assets per share (RM)	<u>1.35</u>	<u>1.32</u>	<u>1.41</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 2018 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 30 SEPTEMBER 2018**

Group	Attributable to Owners of the Parent						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	Total RM'000	Controlling interests RM'000		
At 1 July 2018 (as previously reported)	3,340,111	10,123,292	(337,142)	1,009,646	14,135,907	7,540,331	21,676,238	
Effect of first-time MFRS adoption		1,187			1,187	(58)	1,129	
At 1 July 2018 (restated)	3,340,111	10,124,479	(337,142)	1,009,646	14,137,094	7,540,273	21,677,367	
Profit for the period	-	125,790	-	-	125,790	138,645	264,435	
Other comprehensive income	-	-	-	241,017	241,017	224,620	465,637	
Total comprehensive income for the period	-	125,790	-	241,017	366,807	363,265	730,072	
Changes in composition of the Group	-	(109,677)	-	-	(109,677)	(88,378)	(198,055)	
Dividend paid	-	-	-	-	-	(97,194)	(97,194)	
Purchase of treasury shares	-	-	(135,650)	-	(135,650)	-	(135,650)	
Share option expenses	-	-	-	761	761	-	761	
Share option lapsed by subsidiary	-	174	-	(96)	78	-	78	
At 30 September 2018	3,340,111	10,140,766	(472,792)	1,251,328	14,259,413	7,717,966	21,977,379	

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 2018 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 30 SEPTEMBER 2017**

Group	← Share capital		Attributable to Owners of the Parent				→ Non-		Total equity RM'000
	RM'000	RM'000	Retained profits RM'000	Treasury shares RM'000	Other reserves RM'000	Total RM'000	Controlling interests RM'000		
At 1 July 2017 (as previously reported)	3,340,111		10,606,817	(596,577)	1,523,559	14,873,910	8,051,734	22,925,644	
Effect of first-time MFRS adoption	-		21,239	-	-	21,239	10,352	31,591	
At 1 July 2017 (restated)	3,340,111		10,628,056	(596,577)	1,523,559	14,895,149	8,062,086	22,957,235	
Profit for the year	-		141,817	-	-	141,817	166,222	308,039	
Other comprehensive income	-		-	-	87,612	87,612	37,448	125,060	
Total comprehensive income for the year	-		141,817	-	87,612	229,429	203,670	433,099	
Changes in composition of the Group	-		(699)	-	-	(699)	3,184	2,485	
Dividend paid	-		-	-	-	-	(122,798)	(122,798)	
Purchase of treasury shares	-		-	(1)	-	(1)	-	(1)	
Share option lapsed by subsidiary	-		122	-	(65)	57	-	57	
At 30 September 2017	3,340,111		10,769,296	(596,578)	1,611,106	15,123,935	8,146,142	23,270,077	

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 2018 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 30 SEPTEMBER 2018

	3 Months Ended	
	30.09.2018	30.09.2017
	RM'000	RM'000
		(Restated)
Cash flows from operating activities		
Profit before tax	341,945	438,518
Adjustment for :-		
Adjustment on fair value of investment properties	(12,035)	-
Amortisation of contract costs	3,996	10,559
Amortisation of deferred income	(359)	(2,210)
Amortisation of grants and contributions	(5,415)	(4,559)
Amortisation of other intangible assets	1,817	2,015
Depreciation	390,970	377,575
Dividend income	(14,114)	(817)
Fair value changes of derivatives	(4,821)	(4,475)
Fair value changes of investments	(26,135)	(3,476)
Gain on disposal of property, plant and equipment	(3,661)	(2,616)
Impairment losses	13,443	22,502
Interest expense	428,732	419,919
Interest income	(74,799)	(83,729)
Property, plant and equipment written off	2,838	12,029
Provision for post-employment benefit	11,642	11,765
Provision for liabilities and charges	144	559
Share of results of associated companies and joint ventures	(91,764)	(94,196)
Unrealised gain on foreign exchange	(36,840)	(23,463)
Other non cash items	3,129	4,409
Operating profit before changes in working capital	928,713	1,080,309

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited annual financial statements for the year ended 30 June 2018 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 30 SEPTEMBER 2018 - continued

	3 Months Ended	
	30.09.2018	30.09.2017
	RM'000	RM'000
		(Restated)
Changes in working capital:-		
Inventories	6,141	(16,044)
Property development costs	(24,048)	26,858
Receivables, deposits and prepayments	(8,073)	(154,270)
Payables and accrued expenses	(216,212)	(62,573)
Related parties balances	16,194	3,839
Cash generated from operations	702,715	878,119
Dividend received	114,366	96,096
Interest paid	(421,462)	(345,883)
Interest received	76,523	84,680
Payment to a retirement benefits scheme	(12,643)	(11,738)
Income tax paid	(66,408)	(79,393)
Net cash from operating activities	393,091	621,881
Cash flows from investing activities		
Development expenditure incurred	(20,928)	(40,197)
Grants received in respect of infrastructure assets	12,441	5,364
Maturities/(placements) of income funds	1,125,382	38,025
Proceeds from disposal of property, plant & equipment	4,196	3,737
Purchase of investment properties	(10,402)	(18,951)
Purchase of property, plant & equipment	(361,857)	(415,626)
Purchase of intangible assets	(489)	(2,227)
Purchase of investments	(44,053)	(71,277)
Shareholder loans	(18,386)	(19,215)
Net cash used in investing activities	685,904	(520,367)

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited annual financial statements for the year ended 30 June 2018 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 30 SEPTEMBER 2018 - continued

	3 Months Ended	
	30.09.2018	30.09.2017
	RM'000	RM'000
		(Restated)
Cash flows from financing activities		
Dividend paid to non-controlling interests		
by subsidiaries	(97,194)	(122,798)
Repurchase of own shares by the company (at net)	(135,650)	(1)
Repurchase of subsidiaries' shares by subsidiaries	(198,625)	(1)
Proceeds from borrowings	1,580,153	7,794,616
Proceeds from issue of shares in subsidiaries to non-controlling interests	-	1,542
Repayment of borrowings	(2,416,648)	(8,666,165)
Net cash used in financing activities	<u>(1,267,964)</u>	<u>(992,807)</u>
Net changes in cash and cash equivalents	(188,969)	(891,293)
Effects of exchange rate changes	183,261	21,951
Cash and cash equivalents at beginning of the financial year	<u>11,601,643</u>	<u>13,316,838</u>
Cash and cash equivalents at end of the financial year	<u><u>11,595,935</u></u>	<u><u>12,447,496</u></u>
Cash and cash equivalent comprise :-		
Fixed deposit with licensed bank	10,249,875	11,629,866
Cash and bank balances	1,354,389	820,063
Bank overdraft	<u>(8,329)</u>	<u>(2,433)</u>
	<u><u>11,595,935</u></u>	<u><u>12,447,496</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 2018 and the accompanying explanatory notes attached to the interim financial statements.

YTL CORPORATION BERHAD (Company No. 92647-H)
(Incorporated in Malaysia)
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 2018.

A1. Accounting Policies and Methods of Computation

The interim financial report is unaudited and has been prepared in accordance with Financial Reporting Standard (“MFRS”) 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”).

Since the previous annual audited financial statements as at 30 June 2018 were issued, the Group has adopted the Malaysian Financial Reporting Standards (“MFRS”) framework issued by the Malaysian Accounting Standards Board (“MASB”). This MFRS framework was introduced by the MASB in order to fully converge Malaysia’s existing Financial Reporting Standards framework with the International Financial Reporting Standards (“IFRS”) framework issued by the International Accounting Standards Board. The effects on the adoption of MFRS framework are described as below.

The interim financial report of the Group for the current quarter ended 30 September 2018 is the first interim financial report prepared in accordance with MFRS Framework, including MFRS 1 “First-time Adoption of MFRS”. Subject to certain transition elections and effects of adoption of MFRS 9 “Financial Instruments” and MFRS 15 “Revenue from contracts with customers” as disclosed below, the Group has consistently applied the same accounting policies in its opening MFRS statement of financial position as at 1 July 2017, being the transition date, and throughout all periods presented, as if these policies had always been in effect.

The effects on the adoption of MFRS framework are as follows:

MFRS 9 : Financial Instruments (“MFRS 9”)

MFRS 9 replaces MFRS 139 “Financial Instruments: Recognition and Measurement”. The adoption of MFRS 9 has resulted in changes in the accounting policies for recognition, classification and measurement of financial assets and financial liabilities and impairment of financial assets.

MFRS 9 retains but simplifies the mixed measurement model in MFRS 139 and establishes three primary measurement categories for financial assets: amortised cost, fair value through profit or loss and fair value through other comprehensive income (“OCI”). The basis of classification depends on the entity’s business model and the cash flow characteristics of the financial asset. Investments in equity instruments are always measured at fair value through profit or loss with an irrevocable option at inception to present changes in fair value in OCI (provided the instrument is not held for trading). A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest.

For liabilities, the standard retains most of the MFRS 139 requirements. These include amortised cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity’s own credit risk is recorded in OCI rather than in the income statement, unless this creates an accounting mismatch.

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

Notes: - continued

MFRS 9 introduces an expected credit loss model on impairment that replaces the incurred loss impairment model used in MFRS 139. The expected credit loss model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

The Group has assessed the impact of the adoption of MFRS 9 and concluded that the adoption does not have any significant impact to the financial performance or position of the Group.

MFRS 15 : Revenue from Contracts with Customers (“MFRS 15”)

MFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. MFRS 15 supersedes the revenue recognition guidance including MFRS 118 : Revenue, MFRS 111 : Construction Contracts and the related interpretations when it becomes effective.

The core principle of MFRS 15 is that an entity should recognise revenue which depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

Revenue from property development is recognised as and when the control of the asset is transferred to the customer and it is probable that the Group will collect the consideration to which it will be entitled in exchange for the asset that will be transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group’s performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer in substance obtains control of the asset.

The Group recognises revenue over time using the input method, which is based on the level of completion in proportion of cost incurred to date against the expected total construction costs.

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

Notes: - continued

The Group adopts the new standards on the required effective date using the full retrospective method. The affected areas upon the application of the new standards are as follow:

(a) Utilities segment

(i) Accounting for sale of device as part of bundled telecommunication service package

MFRS 15 requires devices which the Group promises to transfer as part of a bundled package with mobile telecommunication services to be considered distinct and thus accounted for as a separate performance obligation.

As a result, total consideration received from such a package are allocated to the service and device based on relative stand-alone selling prices. This results in an allocation and early recognition of a portion of telecommunication service revenue as device revenue, an earlier recognition of device subsidy expenses which was capitalised as intangible asset previously and subsequently, a reduction in service revenue throughout the contract period. The recognition of higher device revenue upfront also resulted in recognition of what is known as a contract asset (a receivable arising from the customer contract that has not yet legally come into existence) in the statement of financial position.

(ii) Incremental costs of obtaining a contract

Under MFRS 15, the Group capitalises sales commissions and device costs (for those devices which is bundled with fixed line telecommunication service and not distinct performance obligation) as costs of obtaining a contract with a customer when they are incremental and expected to be recovered. These costs will then be amortised consistently with the transfer of the good or service to the customer.

(b) Property segment

(i) Multiple promises from the sale of development properties

Contracts with customers may include multiple promises to customers and therefore accounted for as separate performance obligations. Currently, the Group account for the bundled sales as one deliverable and recognises revenue over time. Under MFRS 15, revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer. The sale of development properties and the multiple promises are separate deliverables of bundled sales. The transaction price will be allocated to each performance obligation based on the standalone selling prices. If these are not directly observable, they are estimated based on expected cost-plus margin.

Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

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

Notes: - continued

(ii) Cost incurred in fulfilling a contract

Under the current standards, the Group expensed off sales commissions and legal fees of sales and purchase agreement ("SPA") as these costs do not qualify for recognition as an asset under any of the other accounting standards. However, the sales commissions and legal fees of SPA relate directly to contracts and are expected to be recovered through future fees for the services to be provided. Accordingly, under MFRS 15, these costs will be eligible for capitalisation and recognised as property development costs and contract sales respectively.

(iii) Recognition of provision for foreseeable losses for low cost housing

Under the current standards, the Group recognised upfront the provision for foreseeable losses for anticipated losses to be incurred on the development of involuntary low-cost housing as required by approving authorities. The application of the above is in accordance to FRSIC Consensus 17 : Development of Affordable Housing ("FRSIC 17") issued by Malaysia Institute of Accountants ("MIA").

MFRS 15 requires the accounting to be done on a contract basis. Pursuant to the clarification on the use to FRSIC 17 on 7 March 2018, it stated that FRSIC 17 is no longer relevant upon the adoption of MFRS framework. Pending further clarification from MIA, the Group is of the view that the recognition of foreseeable losses is still required due to existence of contractual obligation to build low cost housing.

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

Notes: - continued

The financial impacts to the interim financial statements of the Group arising from the adoption of MFRS are disclosed in the following tables:

(i) Condensed Consolidated Income Statement

	Individual Quarter 30.09.2017			Cumulative Quarter 30.09.2017		
	As previously reported RM'000	Adoption of MFRS RM'000	Restated RM'000	As previously reported RM'000	Adoption of MFRS RM'000	Restated RM'000
Revenue	3,929,862	(9,856)	3,920,006	3,929,862	(9,856)	3,920,006
Cost of sales	(2,787,026)	5,852	(2,781,174)	(2,787,026)	5,852	(2,781,174)
Gross profit	1,142,836	(4,004)	1,138,832	1,142,836	(4,004)	1,138,832
Other operating income	57,310	(366)	56,944	57,310	(366)	56,944
Other operating expenses	(434,113)	2,578	(431,535)	(434,113)	2,578	(431,535)
Profit from operations	766,033	(1,792)	764,241	766,033	(1,792)	764,241
Finance costs	(419,919)	-	(419,919)	(419,919)	-	(419,919)
Share of results of associated companies and joint ventures	93,974	222	94,196	93,974	222	94,196
Profit before taxation	440,088	(1,570)	438,518	440,088	(1,570)	438,518
Taxation	(130,532)	53	(130,479)	(130,532)	53	(130,479)
Profit for the period	309,556	(1,517)	308,039	309,556	(1,517)	308,039
Attributable to:-						
Owners of the parent	142,897	(1,080)	141,817	142,897	(1,080)	141,817
Non-controlling interests	166,659	(437)	166,222	166,659	(437)	166,222
Profit for the period	309,556	(1,517)	308,039	309,556	(1,517)	308,039
Earnings per share						
Basic (Sen)	1.36		1.35	1.36		1.35
Diluted (Sen)	1.36		1.35	1.36		1.35

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

Notes: - continued

(ii) Condensed Consolidated Statement of Comprehensive Income

	Individual Quarter 30.09.2017		Cumulative Quarter 30.09.2017	
	As previously reported RM'000	Adoption of MFRS RM'000	Restated RM'000	As previously reported RM'000
Profit for the period	309,556	(1,517)	308,039	309,556
Other comprehensive income :-				(1,517)
<i>Items that may be reclassified subsequently to income statement:-</i>				
Available-for-sale financial assets	664	-	664	664
Cash flow hedges	111,326	-	111,326	111,326
Foreign currency translation	13,070	-	13,070	13,070
Other comprehensive income for the period, net of tax	125,060	-	125,060	125,060
Total comprehensive income for the period	434,616	(1,517)	433,099	434,616
Attributable to :-				(1,517)
Owner of the parent	230,509	(1,080)	229,429	230,509
Non-controlling interests	204,107	(437)	203,670	204,107
Total comprehensive income for the period	434,616	(1,517)	433,099	434,616
				(1,517)
				433,099

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

Notes: - continued

(iii) Condensed Consolidated Statement of Financial Position

	Audited as at 30.06.2018 RM'000	Adoption of MFRS RM'000	Restated as at 30.06.2018 RM'000	Audited as at 01.07.2017 RM'000	Adoption of MFRS RM'000	Restated as at 01.07.2017 RM'000
Non-current Assets						
Investment in associated companies and joint ventures	2,427,161	140	2,427,301	2,480,383	3,024	2,483,407
Intangible assets	5,986,886	(11,011)	5,975,875	6,386,034	(32,820)	6,353,214
Biological assets	1,798	-	1,798	1,798	-	1,798
Other receivables and other non-current assets	967,866	9,160	977,026	988,439	26,476	1,014,915
Current Assets						
Inventories	2,838,059	3,447	2,841,506	799,825	-	799,825
Property development costs	367,032	1,126	368,158	2,475,214	44,133	2,519,347
Trade, other receivables and other current assets	3,756,329	1,452	3,757,781	3,816,195	2,090	3,818,285
EQUITY						
Retained profits	10,123,292	1,187	10,124,479	10,606,817	21,239	10,628,056
Non-Controlling Interests	7,540,331	(58)	7,540,273	8,051,734	10,352	8,062,086
Non-current liabilities						
Deferred tax liabilities	2,073,201	736	2,073,937	2,068,379	9,614	2,077,993
Current Liabilities						
Trade, other payables and other current liabilities	3,311,391	2,449	3,313,840	3,376,463	1,698	3,378,161

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

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.09.2018 RM'000	Preceding Year Corresponding Quarter 30.09.2017 RM'000 (Restated)	3 Months Ended	
			30.09.2018 RM'000	30.09.2017 RM'000 (Restated)
Sale of electricity	1,578,431	1,347,171	1,578,431	1,347,171
Sale of clean water, treatment and disposal of waste water	847,283	857,662	847,283	857,662
Sale of goods	704,398	711,337	704,398	711,337
Hotel operations	278,676	272,474	278,676	272,474
Broadband and telecommunications revenue	192,412	191,268	192,412	191,268
Rental income	176,868	168,211	176,868	168,211
Rendering of services	39,558	24,890	39,558	24,890
Property development projects	25,554	61,886	25,554	61,886
Sale of fuel oil	9,510	3,459	9,510	3,459
Sale of land held for property development	8,120	133,875	8,120	133,875
Sale of steam	52,495	47,004	52,495	47,004
Construction contracts revenue	106,600	32,654	106,600	32,654
Interest income	54,504	67,298	54,504	67,298
Dividend income	14,114	817	14,114	817
	<u>4,088,523</u>	<u>3,920,006</u>	<u>4,088,523</u>	<u>3,920,006</u>

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

Notes: - continued

A4. 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.

A5. Changes in estimates of amounts reported

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

A6. 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, the Company repurchased 109,029,600 ordinary shares of its issued share capital from the open market, at an average of RM1.24 per share. The total consideration paid for the share buy-back, including transaction costs amounted to RM135,650,318 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.

As at 30 September 2018, the number of treasury shares held was 341,861,418 ordinary shares.

A7. Dividend paid

There was no dividend paid during the current financial quarter:

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

Notes: - continued

A8. Segment Information

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

The Group's segmental result for the financial period ended 30 September 2018 is as follows:-

	Construction RM'000	Information technology & e-commerce related business RM'000	Cement Manufacturing & trading RM'000	Property investment & development RM'000	Management services & others RM'000	Hotels RM'000	Utilities RM'000	Elimination RM'000	Total RM'000
External revenue	106,601	1,088	661,733	198,173	112,247	288,929	2,719,752	-	4,088,523
Inter-segment revenue	45,491	19,885	695	57,249	48,345	2,530	3,669	(177,864)	-
Total revenue	152,092	20,973	662,428	255,422	160,592	291,459	2,723,421	(177,864)	4,088,523
Segment results									
Profit from operations	606	1,283	54,675	155,618	158,668	12,517	295,546	-	678,913
Finance costs									(428,732)
Share of profit of associated companies & joint ventures									250,181
Profit before taxation									91,764
									341,945

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

Notes: - continued

A8. Segment Information - continued

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

The Group's segmental result for the financial period ended 30 September 2017 (Restated) 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	32,654	1,499	637,744	367,472	113,801	265,359	2,501,477	-	3,920,006
Inter-segment revenue	51,214	19,691	1,885	50,270	71,773	1,701	4,153	(200,687)	-
Total revenue	83,868	21,190	639,629	417,742	185,574	267,060	2,505,630	(200,687)	3,920,006
Segment results									
Profit from operations	466	1,179	55,895	257,197	137,696	4,032	307,776	-	764,241
Finance costs									(419,919)
Share of profit of associated companies & joint ventures									344,322
Profit before taxation									94,196
									438,518

INTERIM FINANCIAL REPORT

Notes: - continued

A9. Changes in the Composition of the Group

There were no significant changes in the composition of the Group for the current financial period ended 30 September 2018, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings and discontinuing operations except for the following-

- On 6 July 2018, the Company announced that Linan Lu Hong Transport Co., Ltd (“Linan Lu Hong”), an indirect subsidiary of YTL Cement Berhad (“YTL Cement”), which in turn is a subsidiary of the Company, has been placed under member’s voluntary winding-up pursuant to Article 180(2) of the Company Law of the People’s Republic of China. Linan Lu Hong has ceased its business operations since May 2016. The member’s voluntary winding-up was completed and the Administration for Industries and Commerce of the People’s Republic of China has on 13 November 2018 issued its approval for deregistration of Linan Lu Hong. Linan Lu Hong has ceased to be an indirect subsidiary of the Company.
- On 10 September 2018, Hangzhou Dama Kai Tong Environmental Technology Co., Ltd (“Hangzhou Dama Kai Tong”), an indirect subsidiary of YTL Cement, has been dissolved following its deregistration under Article 179 of the Company Law of the People’s in Republic of China. Accordingly, Hangzhou Dama Kai Tong has ceased to be an indirect subsidiary of the Company.

A10. 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 2018.

A11. Subsequent Events

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.

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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	
	30.09.2018	30.09.2017	%	+/-	30.09.2018	30.09.2017	%	+/-
	RM'000	RM'000			RM'000	RM'000		
Revenue								
Construction	106,601	32,654	226%		106,601	32,654	226%	
Information technology & e-commerce related business	1,088	1,499	-27%		1,088	1,499	-27%	
Cement Manufacturing & trading	661,733	637,744	4%		661,733	637,744	4%	
Property investment & development	198,173	367,472	-46%		198,173	367,472	-46%	
Management services & others	112,247	113,801	-1%		112,247	113,801	-1%	
Hotels	288,929	265,359	9%		288,929	265,359	9%	
Utilities	2,719,752	2,501,477	9%		2,719,752	2,501,477	9%	
	<u>4,088,523</u>	<u>3,920,006</u>			<u>4,088,523</u>	<u>3,920,006</u>		
Profit before taxation								
Construction	599	463	29%		599	463	29%	
Information technology & e-commerce related business	1,283	1,179	9%		1,283	1,179	9%	
Cement Manufacturing & trading	43,499	44,491	-2%		43,499	44,491	-2%	
Property investment & development	85,958	188,566	-54%		85,958	188,566	-54%	
Management services & others	(5,597)	(23,660)	76%		(5,597)	(23,660)	76%	
Hotels	7,082	(1,340)	629%		7,082	(1,340)	629%	
Utilities	209,121	228,819	-9%		209,121	228,819	-9%	
	<u>341,945</u>	<u>438,518</u>			<u>341,945</u>	<u>438,518</u>		

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

INTERIM FINANCIAL REPORT

Notes – continued

For the current financial quarter under review, the Group revenue was RM4,088.5 million as compared to RM3,920.0 million, recorded in the preceding year corresponding quarter. The Group recorded a profit before tax of RM341.9 million for the current financial quarter. This represents a decrease of RM96.6 million or 22.0% as compared to a profit of RM438.5 million recorded in the preceding year corresponding quarter.

Performance of the respective operating business segments for the financial quarter/period ended 30 September 2018 as compared to the preceding year corresponding financial quarter/period are analysed as follows:

Construction

For the current financial quarter under review, the increase in revenue was principally due to significant increase in construction works which has resulted in an increase in profit before tax.

Information technology & e-commerce related business

For the current financial quarter under review, the decrease in revenue was mainly due to lower digital media advertising recorded from content and digital media division whilst increase in profit before tax was mainly due to higher interest income earned on cash deposits and lower administrative expenses incurred in the current financial quarter.

Cement Manufacturing & trading

For the current financial quarter under review, the increase in revenue was mainly attributable to higher sales volume and better selling price recorded by operations in China and Singapore. Despite the improved revenue, the marginal decrease in profit before taxation was mainly due to higher finance costs incurred in the current financial quarter.

Property investment & development

For the current financial quarter under review, the decrease in revenue and profit before tax was mainly attributable to the lower recognition of revenue and profits following completion of development projects in the current quarter and the land disposal by Udapakat Bina Sdn. Bhd., a wholly-owned subsidiary of YTL Land & Development Berhad following the acquisition by Pentadbir Tanah Kuala Lumpur for Mass Rapid Transit project recorded in the preceding year corresponding financial quarter.

Management services & others

For the current financial quarter under review, decrease in revenue was mainly due to lower interest income whilst loss before tax improved mainly due to higher distribution income received from investment in a fund by a foreign subsidiary.

Hotels

For the current financial quarter under review, increase in revenue was mainly contributed by The Ritz-Carlton Koh Samui, Thailand and The Hague Marriott Hotel, The Netherlands. However, the improved result was mainly attributable to better performance of Star Hill Hotel Sdn. Bhd. following the completion of a refurbishment exercise of JW Marriott Hotel Kuala Lumpur at the end of 2017.

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

INTERIM FINANCIAL REPORT

Notes – continued

Utilities

For the current financial quarter under review, the increase in revenue was substantially contributed by Power generation (Contracted) division and higher fuel oil price registered by Multi utilities business (Merchant). However, the lower profit before tax was mainly due to lower vesting contract level, lower retail non-fuel and tank leasing margin recorded by Multi utilities business (Merchant) divisions.

The utilities segment contributes to 66.5% and 61.2% of the Group revenue and profit before taxation, respectively.

B2. Comparison with Preceding Quarter

	Current Quarter 30.09.2018 RM'000	Preceding Quarter 30.06.2018 RM'000 (Restated)	Variance %
Revenue	4,088,523	4,204,760	-3%
Profit before taxation	341,945	124,127	175%
Profit attributable to owners of the parent	125,790	(63,998)	297%

The decrease in revenue was mainly due to lower revenue contributed by the Construction segment. Despite the lower revenue, the higher profit before tax was mainly attributable to the absence of lower net realizable value of inventories recorded by the Property investment & development segment.

B3. Audit Report of the preceding financial year ended 30 June 2018

The Auditors' Report on the financial statements of the financial year ended 30 June 2018 did not contain any qualification.

B4. Prospects

Construction

The construction segment is expected to achieve satisfactory performance for the financial year ending 30 June 2019 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 2019 should be satisfactory, given that a significant portion of its revenue is derived from relatively resilient spectrum sharing fee income.

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

INTERIM FINANCIAL REPORT

Notes – continued

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 2019.

Property investment & development

Notwithstanding the challenging property market conditions both in Malaysia and Singapore, the Group remains optimistic that properties in strategic locations across these jurisdictions will continue to draw prospective buyers. The Group will continue to embark on marketing efforts and initiatives to unlock sales including positioning itself to launch the sale of its residential project in Singapore. The Group is expected to achieve satisfactory performance for the financial year ending 2019 through the Group's unbilled sales and inventories.

Management services & others/Hotels

Considering the current market condition, the performance of these two segments for the financial year ending 30 June 2019 is expected to remain satisfactory.

Utilities

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

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

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

The electricity market in Singapore will remain competitive, driven by volatilities across global markets and generation capacity oversupply in the wholesale electricity market. Despite the current challenges, this segment will continue to focus on customer service and diversification beyond the core business into integrated multi-utilities supply.

As for Water & Sewerage division, Wessex Water which operates under a strict regulatory regime is confident of delivering its 2015-20 regulatory outperformance target whilst continuing to provide customers with first-class affordable service.

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

INTERIM FINANCIAL REPORT

Notes – continued

The rollout of the new 800MHz spectrum will further enhance network coverage and reach and customers will be able to enjoy better connectivity. This coupled with availability of devices for this spectrum will facilitate the marketing of more competitive and affordable products and services to customers. Going forward, this business segment is confident of increasing subscriber base. 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 expand the Yes platform in Sarawak.

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 30.09.2018 RM'000	Year To Date 30.09.2018 RM'000
Profit for the period is stated after charging/(crediting):		
Adjustments on fair value of investment properties	(12,035)	(12,035)
Allowance for impairment of receivables - net of reversal	13,443	13,443
Amortisation of contract costs	3,996	3,996
Amortisation of deferred income	(359)	(359)
Amortisation of grants and contributions	(5,415)	(5,415)
Amortisation of other intangible assets	1,817	1,817
Depreciation of property, plant and equipment	390,970	390,970
Dividend income	(14,114)	(14,114)
Fair value changes of derivatives	(4,821)	(4,821)
Fair value changes of investments	(26,135)	(26,135)
Interest expense	428,732	428,732
Interest income	(20,295)	(20,295)
Gain on foreign exchange	(15,738)	(15,738)
Net gain on disposal of property, plant and equipment	(3,661)	(3,661)
Property, plant and equipment written off	2,838	2,838
Provision for liabilities and charges	144	144

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.

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

INTERIM FINANCIAL REPORT

Notes – continued

B7. Taxation

Taxation comprise the following:-

	Current Quarter 30.09.2018 RM'000	Year To Date 30.09.2018 RM'000
In respect of current period		
- Income tax	73,708	73,708
- Deferred tax	3,802	3,802
	<u>77,510</u>	<u>77,510</u>

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

B8. Corporate Developments

Corporate Proposals Announced and Pending Completion

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

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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 30 September 2018 are as follows:-

	Secured RM'000	Unsecured RM'000	Total RM'000
Current			
Bankers' acceptances	-	2,683	2,683
Bank overdrafts	-	8,329	8,329
Committed bank loans	-	56,665	56,665
Finance lease liabilities	55,313	8,352	63,665
ICULS *	-	20,116	20,116
Revolving credit	-	2,597,764	2,597,764
Term loans	28,500	1,024,457	1,052,957
Bonds	-	838,891	838,891
	<u>83,813</u>	<u>4,557,257</u>	<u>4,641,070</u>
Non-current			
Finance lease liabilities	39,696	515	40,211
ICULS *	-	6,428	6,428
Revolving credit	-	170,000	170,000
Term loans	3,362,751	14,895,266	18,258,017
Bonds	328,195	18,098,427	18,426,622
	<u>3,730,642</u>	<u>33,170,636</u>	<u>36,901,278</u>
Total borrowings	<u>3,814,455</u>	<u>37,727,893</u>	<u>41,542,348</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	882,063	3,652,182
Singapore Dollar	3,257,581	9,866,887
Sterling Pound	2,166,580	11,732,464
Japanese Yen	21,007,048	766,169
Thai Baht	2,005,515	256,688
Australia Dollar	535,379	1,599,498
		<u>27,873,888</u>

Save for the borrowings of RM159.2 million, US Dollar 235.0 million, Sterling Pound 89.3 million, Yen 11.3 billion and Thai Baht 2.0 billion by subsidiary companies of which corporate guarantees are provided by the Company, all other borrowings of subsidiary companies are on a non-recourse basis to the Company.

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

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 30 September 2018, 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	1,079,376	182,615
- 1 year to 3 years	184,515	42,860
- More than 3 years	-	-
<u>Currency forwards</u>		
- Less than 1 year	1,096,558	(855)
- 1 year to 3 years	246,202	1,112
- More than 3 years	585	24
<u>Currency options</u>		
- Less than 1 year	-	-
- 1 year to 3 years	1,615,400	(13,554)
- More than 3 years	-	-
<u>Interest rate swap contracts</u>		
- 1 year to 5 years	965,045	(9,610)

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 30 September 2018 are as follows:

Type of financial liabilities	Basis of fair value measurement	Reason for the gains	Fair value (loss)/gain	
			Current quarter 30.09.2018 RM'000	Current year to date 30.09.2018 RM'000
Forward foreign currency exchange contracts	Foreign exchange differential between the contracted rate and the market forward rate	Foreign exchange rates differential between the contracted rate and the market forward rate which have moved in favour of the Group	(1,676)	(1,676)
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	243	243
Currency options contract	Spot rate and interest rate curve, volatility and time to maturity	Spot rate has moved in favour of the Group	5,422	5,422
Total			3,989	3,989

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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 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
30 September 2018				
Assets				
Financial assets at fair value through profit and loss				
- Income funds	-	1,573,770	-	1,573,770
- Equity investments	-	3,919	-	3,919
Derivative used for hedging	-	249,885	-	249,885
Available-for-sale financial assets	73,506	45	1,122,009	1,195,560
Total assets	73,506	1,827,619	1,122,009	3,023,134
Liabilities				
Financial liabilities at fair value through profit and loss				
- Trading derivatives	-	4,620	-	4,620
- Currency options contract	13,554	-	-	13,554
Derivative used for hedging	-	27,477	-	27,477
Total liabilities	13,554	32,097	-	45,651

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 substantive case was heard at the end of 2017 followed by a further hearing in November 2018. The court will deliver its decision on a date to be fixed.

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 or 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 30.09.2018	Preceding Year Corresponding Quarter 30.09.2017 (Restated)
Profit attributable to owners of the parent (RM'000)	125,790	141,817
<i>Weighted average number of ordinary shares ('000)</i>		
Weighted average number of ordinary shares ('000)	10,910,559	10,910,559
Less: Shares repurchased	(336,827)	(375,349)
	<u>10,573,732</u>	<u>10,535,210</u>
Basic earnings per share (sen)	<u>1.19</u>	<u>1.35</u>

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 30.09.2018	Preceding Year Corresponding Quarter 30.09.2017 (Restated)
Profit attributable to owners of the parent (RM'000)	125,790	141,817
<i>Weighted average number of ordinary shares - diluted ('000)</i>		
Weighted average number of ordinary shares-basic	10,573,733	10,535,210
Effect of unexercised employees share option scheme ("ESOS")	-	-
	<u>10,573,733</u>	<u>10,535,210</u>
Diluted earnings per share (sen)	<u>1.19</u>	<u>1.35</u>

Total cash expected to be received in the event of an exercise of all outstanding ESOS options is RM544.818 million (2018: RM226.765 million). Accordingly, the Net Asset ("NA") on a proforma basis will increase by RM544.818 million (2018: RM226.765 million) resulting in an increase in NA per share of RM0.05 (2018: 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 November 2018