

**YTL POWER INTERNATIONAL BERHAD**  
Company No. 406684-H  
Incorporated in Malaysia

**Interim Financial Report**  
**30 September 2016**

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**YTL POWER INTERNATIONAL BERHAD (Company No. 406684-H)**  
(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT**

Interim financial report on consolidated results for the financial period ended 30 September 2016.

The figures have not been audited.

**CONDENSED CONSOLIDATED INCOME STATEMENT**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30.9.2016 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30.9.2015 RM'000	3 MONTHS ENDED	
			30.9.2016 RM'000	30.9.2015 RM'000
Revenue	2,340,624	3,220,025	2,340,624	3,220,025
Cost of sales	(1,883,359)	(2,626,187)	(1,883,359)	(2,626,187)
Gross profit	457,265	593,838	457,265	593,838
Other operating income	15,953	18,131	15,953	18,131
Other operating expenses	(166,211)	(200,892)	(166,211)	(200,892)
Profit from operations	307,007	411,077	307,007	411,077
Finance costs	(201,146)	(238,211)	(201,146)	(238,211)
Share of profits of investments accounted for using the equity method	82,919	93,425	82,919	93,425
<b>Profit before taxation</b>	188,780	266,291	188,780	266,291
Taxation	(38,176)	(92,157)	(38,176)	(92,157)
<b>Profit for the period</b>	150,604	174,134	150,604	174,134
<b>Attributable to:</b>				
Owners of the parent	146,548	186,723	146,548	186,723
Non-controlling interests	4,056	(12,589)	4,056	(12,589)
	150,604	174,134	150,604	174,134
<b>Earnings per share for profit attributable to owners of the parent</b>				
Basic (sen)	1.90	2.64	1.90	2.64
Diluted (sen)	1.89	2.62	1.89	2.62

The Condensed Consolidated Income Statement should be read in conjunction with the audited annual financial statements for the year ended 30 June 2016 and the accompanying explanatory notes attached to the interim financial statements.

**YTL POWER INTERNATIONAL BERHAD (Company No. 406684-H)**  
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**INTERIM FINANCIAL REPORT**

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30.9.2016 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30.9.2015 RM'000	3 MONTHS ENDED	
			30.9.2016 RM'000	30.9.2015 RM'000
<b>Profit for the period</b>	150,604	174,134	150,604	174,134
<b>Other comprehensive income/(loss):</b>				
<i>Items that may be reclassified subsequently to income statement:</i>				
Available-for-sale financial assets	(24,693)	(46,988)	(24,693)	(46,988)
Cash flow hedges:				
- Subsidiaries	103,142	(185,039)	103,142	(185,039)
- Associates and joint ventures	8,430	(6,408)	8,430	(6,408)
Currency translation differences:				
- Subsidiaries	189,973	1,263,499	189,973	1,263,499
- Associates and joint ventures	77,199	269,940	77,199	269,940
	-----	-----	-----	-----
<b>Other comprehensive income for the period, net of tax</b>	354,051	1,295,004	354,051	1,295,004
	-----	-----	-----	-----
<b>Total comprehensive income for the period</b>	504,655	1,469,138	504,655	1,469,138
	=====	=====	=====	=====
<b>Attributable to:</b>				
Owners of the parent	479,504	1,384,170	479,504	1,384,170
Non-controlling interests	25,151	84,968	25,151	84,968
	-----	-----	-----	-----
	504,655	1,469,138	504,655	1,469,138
	=====	=====	=====	=====

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited annual financial statements for the year ended 30 June 2016 and the accompanying explanatory notes attached to the interim financial statements.

**YTL POWER INTERNATIONAL BERHAD (Company No. 406684-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>30.9.2016</b>	<b>30.6.2016</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	20,055,174	20,009,675
Investment properties	11,737	14,462
Intangible assets	8,202,686	8,077,220
Investments accounted for using the equity method	2,235,326	2,119,011
Investments	307,373	271,359
Derivative financial instruments	23,560	29,865
Receivables, deposits and prepayments	408,636	367,909
	-----	-----
	31,244,492	30,889,501
	-----	-----
<b>Current assets</b>		
Inventories	836,355	805,902
Receivables, deposits and prepayments	1,718,198	1,724,308
Derivative financial instruments	58,683	64,547
Cash and bank balances	9,574,079	9,761,333
	-----	-----
	12,187,315	12,356,090
	-----	-----
<b>TOTAL ASSETS</b>	<b>43,431,807</b>	<b>43,245,591</b>
	=====	=====
<b>EQUITY AND LIABILITIES</b>		
Share capital	4,057,580	4,050,801
Reserves	9,659,668	9,171,486
Treasury shares, at cost	(711,306)	(711,306)
	-----	-----
Equity attributable to owners of the parent	13,005,942	12,510,981
Non-controlling interests	247,826	242,337
	-----	-----
<b>TOTAL EQUITY</b>	<b>13,253,768</b>	<b>12,753,318</b>
	-----	-----

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited annual financial statements for the year ended 30 June 2016 and the accompanying explanatory notes attached to the interim financial statements.

**YTL POWER INTERNATIONAL BERHAD (Company No. 406684-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>30.9.2016</b>	<b>30.6.2016</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Deferred taxation	1,837,796	1,839,883
Borrowings	23,973,523	23,833,881
Grants and contributions	436,392	427,843
Post-employment benefit obligations	876,138	874,272
Derivative financial instruments	90,826	117,265
Payables	880,703	849,995
	-----	-----
	28,095,378	27,943,139
	-----	-----
<b>Current Liabilities</b>		
Payables and accrued expenses	1,537,803	1,844,835
Derivative financial instruments	183,659	248,266
Post-employment benefit obligations	1,582	2,518
Taxation	102,095	108,087
Borrowings	257,522	345,428
	-----	-----
	2,082,661	2,549,134
	-----	-----
<b>TOTAL LIABILITIES</b>	30,178,039	30,492,273
	-----	-----
<b>TOTAL EQUITY AND LIABILITIES</b>	43,431,807	43,245,591
	=====	=====
<b>Net assets per 50 sen share (RM) attributable to ordinary equity holders of the parent</b>	1.68	1.62
	=====	=====

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited annual financial statements for the year ended 30 June 2016 and the accompanying explanatory notes attached to the interim financial statements.

**YTL POWER INTERNATIONAL BERHAD (Company No. 406684-H)**  
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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016**

	-----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	Merger & Other Reserves RM'000	Treasury Shares RM'000	Retained Earnings RM'000			
At 1 July 2016	4,050,801	2,792,660	(1,713,893)	(711,306)	8,092,719	12,510,981	242,337	12,753,318
Profit for the financial period	-	-	-	-	146,548	146,548	4,056	150,604
Other comprehensive income for the financial period	-	-	332,956	-	-	332,956	21,095	354,051
Total comprehensive income for the financial period	-	-	332,956	-	146,548	479,504	25,151	504,655
Dividends paid to non-controlling interests	-	-	-	-	-	-	(19,662)	(19,662)
Issue of share capital	6,779	8,678	-	-	-	15,457	-	15,457
Share option lapsed	-	-	(52)	-	52	-	-	-
Warrants reserves	-	1,356	(1,356)	-	-	-	-	-
At 30 September 2016	4,057,580	2,802,694	(1,382,345)	(711,306)	8,239,319	13,005,942	247,826	13,253,768

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 2016 and the accompanying explanatory notes attached to the interim financial statements.

**YTL POWER INTERNATIONAL BERHAD (Company No. 406684-H)**  
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**INTERIM FINANCIAL REPORT**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2015**

	-----Attributable to Owners of the Parent-----						Non- Controlling Interests	Total Equity
	Share Capital	Share Premium	Merger & Other Reserves	Treasury Shares	Retained Earnings	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 July 2015	3,710,825	2,287,408	(1,892,193)	(711,304)	7,998,951	11,393,687	235,008	11,628,695
Profit for the financial period	-	-	-	-	186,723	186,723	(12,589)	174,134
Other comprehensive income for the financial period	-	-	1,197,447	-	-	1,197,447	97,557	1,295,004
Total comprehensive income for the financial period	-	-	1,197,447	-	186,723	1,384,170	84,968	1,469,138
Effects arising from changes in composition of the Group	-	-	-	-	-	-	(5,603)	(5,603)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(52,056)	(52,056)
Issue of share capital	339,919	437,695	(1,172)	-	-	776,442	-	776,442
Share option lapsed	-	-	(80)	-	80	-	-	-
Warrants reserves	-	67,455	(67,455)	-	-	-	-	-
At 30 September 2015	4,050,744	2,792,558	(763,453)	(711,304)	8,185,754	13,554,299	262,317	13,816,616

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 2016 and the accompanying explanatory notes attached to the interim financial statements.



**YTL POWER INTERNATIONAL BERHAD (Company No. 406684-H)**  
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**INTERIM FINANCIAL REPORT**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016**

	<b>3 MONTHS ENDED</b>	
	<b>30.9.2016</b>	<b>30.9.2015</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from operating activities</b>		
Profit for the financial period	150,604	174,134
Adjustment for:		
Allowance for impairment of receivables (net of reversals)	21,549	22,712
Allowance for impairment of inventories	340	326
Amortisation of grants and contributions	(5,015)	(5,098)
Amortisation of intangible assets	21,315	23,589
Depreciation of property, plant and equipment	255,923	384,238
Interest expense	201,146	238,211
Interest income	(6,940)	(5,731)
Net gain on disposal of property, plant and equipment	(3,186)	(3,264)
Provision for post-employment benefit	8,695	15,256
Provision for liabilities and charges	-	429
Share of profits of investments accounted for using the equity method	(82,919)	(93,425)
Taxation	38,176	92,157
Unrealised loss on foreign exchange	353	16,366
Other non-cash items	3,502	1,422
	-----	-----
	603,543	861,322
Changes in working capital:		
Inventories	(25,525)	9,838
Receivables, deposits and prepayments	17,224	334,355
Payables and accrued expenses	(400,927)	(386,418)
	-----	-----
Cash flows from operations	194,315	819,097
Interest paid	(197,319)	(234,183)
Payment to post-employment benefit obligations	(14,431)	(15,049)
Tax paid	(56,043)	(114,731)
	-----	-----
Net cash flows (used in)/from operating activities	(73,478)	455,134
	-----	-----

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited annual financial statements for the year ended 30 June 2016 and the accompanying explanatory notes attached to the interim financial statements.

**YTL POWER INTERNATIONAL BERHAD (Company No. 406684-H)**  
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**INTERIM FINANCIAL REPORT**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016 - Continued**

	<b>3 MONTHS ENDED</b>	
	<b>30.9.2016</b>	<b>30.9.2015</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from investing activities</b>		
Acquisition of subsidiaries	-	(8,063)
Additional investments accounted for using the equity method	(4,022)	-
Additional investments	(59,930)	-
Dividends received	56,255	121,470
Grants received	12,371	20,309
Interest received	7,847	4,736
Purchase of intangible assets	(10,561)	(22,243)
Purchase of property, plant and equipment	(141,559)	(292,787)
Prepayment for land acquisitions	(20,171)	-
Proceeds from disposal of property, plant and equipment	3,069	5,502
	-----	-----
Net cash flows used in investing activities	(156,701)	(171,076)
	-----	-----
<b>Cash flows from financing activities</b>		
Dividends paid to non-controlling interests	(19,662)	(52,056)
Proceeds from borrowings	69,480	272,589
Proceeds from issue of shares	15,457	776,442
Repayment of borrowings	(115,470)	(92,879)
	-----	-----
Net cash flows (used in)/from financing activities	(50,195)	904,096
	-----	-----
Net changes in cash and cash equivalents	(280,374)	1,188,154
Effects of exchange rate changes	158,351	991,088
Cash and cash equivalents at beginning of the financial year	9,696,102	9,523,238
	-----	-----
Cash and cash equivalents at end of the financial period <i>[Note a]</i>	9,574,079	11,702,480
	=====	=====

*[Note a]*

Cash and cash equivalents at the end of the financial period comprise:

	<b>RM'000</b>	<b>RM'000</b>
Fixed deposits	8,748,124	11,260,939
Cash and bank balances	825,955	441,541
	-----	-----
	9,574,079	11,702,480
	=====	=====

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited annual financial statements for the year ended 30 June 2016 and the accompanying explanatory notes attached to the interim financial statements.

**INTERIM FINANCIAL REPORT**

**PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134**

The interim financial report should be read in conjunction with the audited annual financial statements of the Group for the financial year ended 30 June 2016.

**A1. Accounting Policies and Methods of Computation**

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

The accounting policies and methods of computations adopted by the Group in this interim financial report are consistent with those adopted in the annual audited financial statements for the financial year ended 30 June 2016.

The adoption of MFRSs or amendments to MFRSs which were effective for financial year beginning on or after 1 July 2016 do not have significant financial impact on the Group.

The explanatory notes contained herein provide an explanation of the events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the financial year ended 30 June 2016.

**A2. Seasonality or Cyclicity of Operations**

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

**A3. Unusual Items**

For the current financial year to date, there was no item of 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 to estimate of amount reported in prior interim periods or prior financial years.

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**INTERIM FINANCIAL REPORT**

**Notes – continued**

**A5. Changes in Debt and Equity Securities**

During the current financial quarter, the Company issued 13,559,165 ordinary shares of RM0.50 each pursuant to the exercise of Warrants 2008/2018 at a weighted average exercise price of RM1.14 per share.

There was no share issued pursuant to the exercise of employees' share options granted under the Company's Employees Share Option Scheme during the current financial quarter.

A total of 100 ordinary shares of RM0.50 each were repurchased from the open market for a total consideration of RM192 for the current financial quarter. The share buyback transactions were financed by internally generated funds. The shares purchased are held as treasury shares. As at 30 September 2016, the number of treasury shares held was 384,265,779 ordinary shares of RM0.50 each.

The outstanding debts are as disclosed in Note B9.

**A6. Dividends Paid**

There was no dividend paid during the current financial quarter.

**A7. Segment Information**

The Group has five reportable segments as described below:

- a) Power generation (Contracted)
- b) Multi utilities business (Merchant)
- c) Water and sewerage
- d) Mobile broadband network
- e) Investment holding activities

Management monitors the operating results of business segments separately for the purpose of making decisions about resources to be allocated and of assessing performance.

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**YTL POWER INTERNATIONAL BERHAD (Company No. 406684-H)**  
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**INTERIM FINANCIAL REPORT**

**Notes – continued**

Segment information for the financial period ended 30 September 2016:

	<b>Power generation (Contracted) RM'000</b>	<b>Multi utilities business (Merchant) RM'000</b>	<b>Water &amp; sewerage RM'000</b>	<b>Mobile broadband network RM'000</b>	<b>Investment holding activities RM'000</b>	<b>Group RM'000</b>
<b>External Revenue</b>	-	1,349,494	762,865	189,075	39,190	2,340,624
<b>Inter-segment Revenue</b>	-	-	-	1,911	18,028	19,939
<b>Segment profit/(loss) before tax</b>	(25,987)	34,968	240,231	(65,314)	4,882	188,780

Segment information for the financial period ended 30 September 2015:

	<b>Power generation (Contracted) RM'000</b>	<b>Multi utilities business (Merchant) RM'000</b>	<b>Water &amp; sewerage RM'000</b>	<b>Mobile broadband network RM'000</b>	<b>Investment holding activities RM'000</b>	<b>Group RM'000</b>
<b>External Revenue</b>	290,116	1,869,393	865,741	143,279	51,496	3,220,025
<b>Inter-segment Revenue</b>	-	-	-	152	30,849	31,001
<b>Segment profit/(loss) before tax</b>	61,066	36,701	241,665	(102,746)	29,605	266,291

**A8. Events After the Interim Period**

There was no item, transaction or event of a material or unusual nature during the period from the end of the quarter under review to the date of this report.

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**INTERIM FINANCIAL REPORT**

**Notes – continued**

**A9. Changes in the Composition of the Group**

There were no changes in the composition of the Group for the current financial period ended 30 September 2016, including business combinations, obtaining or losing control of subsidiaries and long-term investments, restructurings and discontinuing operations.

**A10. Changes in Contingent Liabilities**

There were no material changes in the contingent liabilities of the Group since the last financial year ended 30 June 2016.

**A11. Fair value measurement**

The Group measures fair value using the following fair value hierarchy that reflects the significance of the input used in making the measurements:

- a) Level 1 – quoted price (unadjusted) in active market for identical assets or liabilities;
- b) Level 2 – inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (that is, as prices) or indirectly (that is, derived from prices); and
- c) Level 3 – inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The following table presents the Group's assets and liabilities that are measured at fair value as at:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>30.9.2016</b>				
<b>Assets</b>				
Financial assets at fair value through profit or loss:				
- Trading derivatives	-	824	-	824
Available-for-sale	55,394	65,460	186,519	307,373
Derivatives used for hedging	-	81,419	-	81,419
<b>Total assets</b>	<b>55,394</b>	<b>147,703</b>	<b>186,519</b>	<b>389,616</b>
<b>Liabilities</b>				
Financial liabilities at fair value through profit or loss:				
- Trading derivatives	-	13,291	-	13,291
Derivatives used for hedging	-	261,194	-	261,194
<b>Total liabilities</b>	<b>-</b>	<b>274,485</b>	<b>-</b>	<b>274,485</b>

**INTERIM FINANCIAL REPORT**

**PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

**B1. Review of the Results**

The comparison of the results is tabulated below:

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>30.9.2016</b>	<b>30.9.2015</b>	<b>30.9.2016</b>	<b>30.9.2015</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Revenue</b>				
Power generation (Contracted)	-	290,116	-	290,116
Multi utilities business (Merchant)	1,349,494	1,869,393	1,349,494	1,869,393
Water & sewerage	762,865	865,741	762,865	865,741
Mobile broadband network	189,075	143,279	189,075	143,279
Investment holding activities	39,190	51,496	39,190	51,496
	<u>2,340,624</u>	<u>3,220,025</u>	<u>2,340,624</u>	<u>3,220,025</u>
<b>Profit/(Loss) before taxation</b>				
Power generation (Contracted)	(25,987)	61,066	(25,987)	61,066
Multi utilities business (Merchant)	34,968	36,701	34,968	36,701
Water & sewerage	240,231	241,665	240,231	241,665
Mobile broadband network	(65,314)	(102,746)	(65,314)	(102,746)
Investment holding activities	4,882	29,605	4,882	29,605
	<u>188,780</u>	<u>266,291</u>	<u>188,780</u>	<u>266,291</u>

Current Quarter vs Preceding Year Corresponding Quarter

The Group recorded a revenue of RM2,340.6 million for the current financial quarter ended 30 September 2016 as compared to RM3,220.0 million recorded in the preceding year corresponding quarter ended 30 September 2015. The Group profit before taxation for the current financial quarter was RM188.8 million, a decrease of RM77.5 million or 29.1% as compared to a profit of RM266.3 million recorded in the preceding year corresponding quarter. The lower profit before taxation was principally attributable to the absence of revenue in the Power generation (Contracted) segment and lower contribution from the associate company in Indonesia. However, it was partially offset by a better performance of the Mobile broadband segment.

Performance of the respective operating business segments for the quarter ended 30 September 2016 as compared to the preceding year corresponding quarter is analysed as follows:

Power generation (Contracted)

There was no revenue recorded in the current quarter as the power purchase agreement has expired on 30 September 2015.

**INTERIM FINANCIAL REPORT**

**Notes – continued**

Multi utilities business (Merchant)

The decrease in revenue was principally due to lower fuel oil price coupled with lower oil trading volume.

Water & sewerage

The decrease in revenue was mainly due to the strengthening of Ringgit Malaysia against Great Britain Pound.

Mobile broadband network

The successful launch of the nationwide 4G LTE services has resulted in better performance.

Investment holding activities

The decrease in both revenue and profit before taxation recorded was mainly due to lower interest income and lower share of results of the associate company.

**B2. Comparison with Preceding Quarter**

	<b>Current Quarter 30.9.2016 RM'000</b>	<b>Preceding Quarter 30.6.2016 RM'000</b>
Revenue	2,340,624	2,166,330
Consolidated profit before taxation	188,780	442,809
Consolidated profit after taxation	150,604	492,877

The increase in Group revenue as compared to the preceding quarter was primarily attributable to higher revenue accorded by Multi utilities business segment. The lower profit after taxation was mainly due to a significant one-off tax credit recognised in the preceding quarter by an associate company in Indonesia.

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## **INTERIM FINANCIAL REPORT**

### **Notes – continued**

#### **B3. Prospects**

##### Power generation (Contracted)

The Group has an 80% equity interest in P.T. 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 (Pesero), Indonesia's state-owned electric utility company, entered into in December 2015. The project is currently in the development stage and progress is underway towards achieving financial close.

The 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 with the National Electric Power Company (NEPCO), the Jordan 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. The project is currently in the development stage and progress is underway towards achieving financial close.

The power purchase agreement between YTL Power Generation Sdn. Bhd. (YTLPG) and Tenaga Nasional Berhad (Tenaga) expired on 30 September 2015. On 5 August 2015, the Malaysian Energy Commission (Energy Commission) awarded the project for the supply of 585MW of capacity from the existing facility in Paka for the period 1 March 2016 to 30 December 2018 to YTLPG under the short term capacity bid called by the Energy Commission. The power purchase agreement with Tenaga has yet to be signed as Tenaga included a condition for a new land lease to be entered into for the term of the new power purchase agreement. The Energy Commission subsequently issued a directive (Directive) to Tenaga under the Electricity Supply Act 1990 to remove this condition as the existing land lease for Paka will only expire on 30 December 2018. On 4 July 2016, Tenaga applied to the High Court for leave to commence proceedings for a judicial review to, inter alia, quash the Directive. The proceedings are pending before the High Court.

##### Multi utilities business (Merchant)

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

##### Water & sewerage

Wessex Water which operates under a strict regulatory regime is confident of delivering its 2015-20 regulatory outperformance target by restructuring its business objectives and will continue to provide customers with first-class affordable service.

##### Mobile broadband network

This segment has successfully launched its nationwide 4G LTE services for mobile devices and becoming Malaysia's first voice over LTE (VoLTE) service provider. This business segment will continuously be coming up with more competitive products to increase the subscriber base to generate higher revenue.

**INTERIM FINANCIAL REPORT**

**Notes – continued**

**B4. Variance of Actual Profit from Financial Estimate, Forecast, Projection or Profit Guarantee**

The Group did not issue any financial estimate, forecast, projection or profit guarantee during the current financial year to date.

**B5. Audit Report of the preceding financial year ended 30 June 2016**

The Auditors' Report on the financial statements of the financial year ended 30 June 2016 did not contain any qualification.

**B6. Profit for the period**

	<b>Current Quarter 30.9.2016 RM'000</b>	<b>Current Year To Date 30.9.2016 RM'000</b>
<b>Profit before taxation is stated after charging/(crediting):</b>		
Allowance for impairment of inventories	340	340
Allowance for impairment of receivables (net of reversal)	21,549	21,549
Amortisation of grants and contributions	(5,015)	(5,015)
Amortisation of intangible assets	21,315	21,315
Depreciation of property, plant and equipment	255,923	255,923
Interest income	(6,940)	(6,940)
Interest expense	201,146	201,146
Gain on foreign exchange	145	145
Net gain on disposal of property, plant and equipment	(3,186)	(3,186)
	=====	=====

There was no exceptional items charged/(credited) for the period.

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**INTERIM FINANCIAL REPORT**

Notes – continued

**B7. Taxation**

	<b>Current Quarter 30.9.2016 RM'000</b>	<b>Current Year To Date 30.9.2016 RM'000</b>
In respect of current period		
- Income Tax	46,398	46,398
- Deferred Tax	(8,222)	(8,222)
	-----	-----
	38,176	38,176
	=====	=====

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 partially offset by non-deductibility of certain expenses for tax purposes.

**B8. Corporate Proposals**

There were no corporate proposals announced by the Company which are not completed as at the date of this report save for the following:

On 6 May 2016, YTL Jordan Services Holdings Limited (“YTLJSH”), a wholly-owned subsidiary of the Company incorporated in Cyprus, entered into a conditional share purchase agreement for the disposal of 30 ordinary shares of USD1 each, representing 30% of the issued share capital of Attarat Operation and Maintenance Company B.V. (“OMCO”) to Yudean International Development Limited (“Yudean”) (or a party nominated by Yudean to be the transferee) for a consideration of USD30 subject to the terms and conditions of the agreement.

The disposal is to facilitate the introduction of Yudean as a strategic investor that will jointly undertake the greenfield oil shale-fired mine mouth power project at Attarat um Ghudran in the Hashemite Kingdom of Jordan.

Upon completion of the disposal, OMCO will cease to be a subsidiary and become an associated company of YTLJSH and YTL Power as YTLJSH will hold a balance of 45 ordinary shares of USD1 each, representing 45% of the issued share capital of OMCO.

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**INTERIM FINANCIAL REPORT**

Notes – continued

**B9. Group Borrowings and Debt Securities**

The Group's borrowings from financial institutions as at 30 September 2016 are as follows:

	Short term		Long term		Total RM'000
	Bonds RM'000	Borrowings RM'000	Bonds RM'000	Borrowings RM'000	
Secured	-	95,246	-	105,522	200,768
Unsecured	-	162,276	13,233,547	10,634,454	24,030,277
Total	-	257,522	13,233,547	10,739,976	24,231,045

The borrowings which are denominated in foreign currency are as follows:

In US Dollar ('000)	400,000
In Sterling Pound ('000)	2,015,732
In Singapore Dollar ('000)	2,229,463

All borrowings of subsidiaries are on a non-recourse basis to the Company.

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**INTERIM FINANCIAL REPORT**

**Notes – continued**

**B10. Derivative Financial Instruments, Fair Value Changes of Financial Liabilities and Realised and Unrealised Profits or Losses**

(a) Derivative Financial Instruments

As at 30 September 2016, 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	1,072,701	934,558
- 1 year to 3 years	312,488	235,562
- More than 3 years	-	-
<b><u>Currency forwards</u></b>		
- Less than 1 year	1,127,450	1,140,618
- 1 year to 3 years	401,621	411,353
- More than 3 years	1,113	1,040

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.

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/(losses) arising from fair value changes of financial liabilities for the current financial period ended 30 September 2016 are as follows:

Type of financial liabilities	Basis of fair value measurement	Reason for the gain/(loss)	Fair value gain/(loss)	
			Current quarter 30.9.2016 RM'000	Current year to date 30.9.2016 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	3	3
Fuel oil swap	Fuel oil price differential between the contracted price and the market forward price	Fuel oil price differential between the contracted price and the market forward price which have moved unfavourably against the Group	(10,722)	(10,722)
Total			(10,719)	(10,719)

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**INTERIM FINANCIAL REPORT**

**Notes – continued**

(c) Realised and Unrealised Profits or Losses

	<b>As at 30.9.2016 RM'000</b>	<b>Audited As at 30.6.2016 RM'000</b>
Retained earnings/(Accumulated losses) of the Group		
- Realised	7,250,293	7,020,127
- Unrealised	(410,236)	(283,475)
	-----	-----
	6,840,057	6,736,652
	-----	-----
Retained earnings/(Accumulated losses) from investments accounted for using the equity method		
- Realised	968,995	942,330
- Unrealised	66,134	66,134
	-----	-----
	1,035,129	1,008,464
	-----	-----
Add: Consolidation adjustments	364,133	347,603
	-----	-----
Total Group retained earnings	8,239,319	8,092,719
	=====	=====

**B11. Material Litigation**

There were no changes to the material litigations since the date of the last audited financial statements of financial position.

During the previous financial year, 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 customers have filed their defence and counterclaims, and the matter is now awaiting trial.

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.

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**INTERIM FINANCIAL REPORT**

**Notes – continued**

**B12. Dividend**

No dividend has been declared for the current financial quarter.

**B13. Earnings Per Share**

**i) Basic Earnings Per 50 sen Share**

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

	<b>Current Year Quarter 30.9.2016</b>	<b>Preceding Year Corresponding Quarter 30.9.2015</b>
Profit attributable to Owners of the Parent (RM'000)	146,548	186,723
Weighted average number of ordinary shares ('000)	7,719,135	7,069,258
Basic earnings per share (Sen)	1.90	2.64

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**INTERIM FINANCIAL REPORT**

**Notes – continued**

**ii) Diluted Earnings Per 50 sen Share**

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

	<b>Current Year Quarter 30.9.2016</b>	<b>Preceding Year Corresponding Quarter 30.9.2015</b>
Profit attributable to Owners of the Parent (RM'000)	146,548 =====	186,723 =====
<i>Weighted average number of ordinary shares – diluted ('000)</i>		
Weighted average number of ordinary shares – basic	7,719,135	7,069,258
Effect of unexercised Warrants 2008/2018	34,562	42,443
Effect of unexercised ESOS	4,893	5,453
	----- 7,758,590 =====	----- 7,117,154 =====
Diluted earnings per share (Sen)	1.89 =====	2.62 =====

\* *Total cash expected to be received in the event of an exercise of all outstanding warrants and ESOS is RM341.7 million. Accordingly, the Net Asset (NA) on a pro forma basis will increase by RM341.7 million resulting in a decrease in NA per share of RM0.01. 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: 17 November 2016