

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

Interim Financial Report
31 December 2017

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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 31 December 2017.

The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31.12.2017 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31.12.2016 RM'000	6 MONTHS ENDED	
			31.12.2017 RM'000	31.12.2016 RM'000
Revenue	2,640,852	2,464,731	5,219,248	4,805,355
Cost of sales	(2,138,623)	(1,987,662)	(4,198,700)	(3,871,021)
Gross profit	502,229	477,069	1,020,548	934,334
Other operating income	10,284	21,518	25,756	37,471
Other operating expenses	(125,231)	(159,845)	(260,744)	(326,056)
Profit from operations	387,282	338,742	785,560	645,749
Finance costs	(263,315)	(196,603)	(544,321)	(397,749)
Share of profits of investments accounted for using the equity method	103,348	97,807	198,944	180,726
Profit before taxation	227,315	239,946	440,183	428,726
Taxation	(62,627)	(49,799)	(120,364)	(87,975)
Profit for the period	164,688	190,147	319,819	340,751
Attributable to:				
Owners of the parent	136,497	166,756	268,945	313,304
Non-controlling interests	28,191	23,391	50,874	27,447
	164,688	190,147	319,819	340,751
Earnings per share for profit attributable to owners of the parent				
Basic (sen)	1.74	2.15	3.44	4.05
Diluted (sen)	1.73	2.14	3.44	4.03

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

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31.12.2017 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31.12.2016 RM'000	6 MONTHS ENDED	
			31.12.2017 RM'000	31.12.2016 RM'000
Profit for the period	164,688	190,147	319,819	340,751
Other comprehensive income/(loss):				
<i>Items that may be reclassified subsequently to income statement:</i>				
Available-for-sale financial assets	3,553	(13,697)	(35,783)	(38,390)
Cash flow hedges:				
- Subsidiaries	79,813	267,420	182,302	370,562
- Associates and joint ventures	(2,006)	835	4,261	9,265
Currency translation differences:				
- Subsidiaries	(385,452)	226,515	(332,455)	416,488
- Associates and joint ventures	(89,142)	153,903	(114,030)	231,102
	-----	-----	-----	-----
Other comprehensive (loss)/income for the period, net of tax	(393,234)	634,976	(295,705)	989,027
	-----	-----	-----	-----
Total comprehensive (loss)/income for the period	(228,546)	825,123	24,114	1,329,778
	=====	=====	=====	=====
Attributable to:				
Owners of the parent	(228,479)	742,820	12,566	1,222,324
Non-controlling interests	(67)	82,303	11,548	107,454
	-----	-----	-----	-----
	(228,546)	825,123	24,114	1,329,778
	=====	=====	=====	=====

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

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	UNAUDITED	AUDITED
	As at	As at
	31.12.2017	30.6.2017
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	21,020,264	21,334,981
Investment properties	445,342	432,935
Intangible assets	8,175,707	8,392,717
Investments accounted for using the equity method	2,132,974	2,245,363
Investments	1,084,127	822,780
Derivative financial instruments	32,102	13,502
Receivables, deposits and prepayments	1,106,301	1,135,578
	-----	-----
	33,996,817	34,377,856
	-----	-----
Current assets		
Inventories	438,922	448,947
Investments	2,047,909	2,503,011
Receivables, deposits and prepayments	2,210,713	2,170,186
Derivative financial instruments	145,651	51,859
Cash and bank balances	7,997,352	8,946,301
	-----	-----
	12,840,547	14,120,304
	-----	-----
TOTAL ASSETS	46,837,364	48,498,160
	=====	=====
EQUITY AND LIABILITIES		
Share capital	7,036,060	7,019,847
Reserves	6,288,647	6,950,286
Treasury shares, at cost	(423,604)	(711,308)
	-----	-----
Equity attributable to owners of the parent	12,901,103	13,258,825
Non-controlling interests	144,017	230,855
	-----	-----
TOTAL EQUITY	13,045,120	13,489,680
	-----	-----

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

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION - Continued

	UNAUDITED	AUDITED
	As at	As at
	31.12.2017	30.6.2017
	RM'000	RM'000
LIABILITIES		
Non-current liabilities		
Deferred taxation	1,735,453	1,761,764
Borrowings	26,968,758	23,807,374
Post-employment benefit obligations	1,097,034	1,115,512
Grants and contributions	564,382	547,775
Derivative financial instruments	11,067	24,437
Payables	834,398	862,118
	-----	-----
	31,211,092	28,118,980
	-----	-----
Current Liabilities		
Payables and accrued expenses	1,900,480	1,914,665
Derivative financial instruments	71,682	121,980
Post-employment benefit obligations	1,670	3,007
Taxation	129,716	129,560
Borrowings	477,604	4,720,288
	-----	-----
	2,581,152	6,889,500
	-----	-----
TOTAL LIABILITIES	33,792,244	35,008,480
	-----	-----
TOTAL EQUITY AND LIABILITIES	46,837,364	48,498,160
	=====	=====
Net assets per share attributable to ordinary equity holders of the parent (RM)	1.63	1.71
	=====	=====

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

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

	-----Attributable to Owners of the Parent-----				Total RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Merger & Other Reserves RM'000	Treasury Shares RM'000	Retained Earnings RM'000			
At 1 July 2017	7,019,847	(865,862)	(711,308)	7,816,148	13,258,825	230,855	13,489,680
Profit for the financial period	-	-	-	268,945	268,945	50,874	319,819
Other comprehensive loss for the financial period	-	(256,379)	-	-	(256,379)	(39,326)	(295,705)
Total comprehensive income for the financial period	-	(256,379)	-	268,945	12,566	11,548	24,114
Effects arising from changes in composition of the Group	-	-	-	3,393	3,393	(23,002)	(19,609)
Dividends paid to non-controlling interests	-	-	-	-	-	(75,384)	(75,384)
Interim dividend paid for the financial year ended 30 June 2017	-	-	-	(388,585)	(388,585)	-	(388,585)
Issue of share capital	14,905	-	-	-	14,905	-	14,905
Share dividend	-	-	287,705	(287,705)	-	-	-
Share option lapsed	-	(216)	-	216	-	-	-
Share repurchased	-	-	(1)	-	(1)	-	(1)
Warrants reserves	1,308	(1,308)	-	-	-	-	-
At 31 December 2017	7,036,060	(1,123,765)	(423,604)	7,412,412	12,901,103	144,017	13,045,120

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

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 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	-	-	-	-	313,304	313,304	27,447	340,751
Other comprehensive income for the financial period	-	-	909,020	-	-	909,020	80,007	989,027
Total comprehensive income for the financial period	-	-	909,020	-	313,304	1,222,324	107,454	1,329,778
Dividends paid to non-controlling interests	-	-	-	-	-	-	(66,996)	(66,996)
Interim dividends paid for the financial year ended 30 June 2016	-	-	-	-	(775,865)	(775,865)	-	(775,865)
Issue of share capital	20,687	26,480	-	-	-	47,167	-	47,167
Share option lapsed	-	-	(143)	-	143	-	-	-
Warrants reserves	-	4,137	(4,137)	-	-	-	-	-
At 31 December 2016	4,071,488	2,823,277	(809,153)	(711,306)	7,630,301	13,004,607	282,795	13,287,402

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

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

	6 MONTHS ENDED	
	31.12.2017	31.12.2016
	RM'000	RM'000
Cash flows from operating activities		
Profit for the financial period	319,819	340,751
Adjustment for:		
Allowance for impairment of associate	442	-
Allowance for impairment of inventories	1,807	693
Allowance for impairment of receivables (net of reversals)	39,600	60,357
Amortisation of deferred income	(4,527)	(1,568)
Amortisation of grants and contributions	(11,479)	(8,621)
Amortisation of intangible assets	26,776	39,908
Depreciation of property, plant and equipment	543,491	514,571
Interest expense	544,321	397,749
Interest income	(3,955)	(13,427)
Net gain on disposal of property, plant and equipment	(3,360)	(5,800)
Provision for liabilities and charges	641	-
Provision for post-employment benefit	33,829	25,790
Share of profits of investments accounted for using the equity method	(198,944)	(180,726)
Taxation	120,364	87,975
Unrealised loss/(gain) on foreign exchange	5,541	(3,345)
Other non-cash items	6,908	5,387
	-----	-----
	1,421,274	1,259,694
Changes in working capital:		
Inventories	(2,148)	(15,575)
Receivables, deposits and prepayments	(287,636)	(134,027)
Payables and accrued expenses	112,942	(105,332)
	-----	-----
Cash flows from operations	1,244,432	1,004,760
Interest paid	(447,194)	(387,073)
Payment to post-employment benefit obligations	(23,401)	(28,960)
Tax paid	(96,579)	(117,941)
	-----	-----
Net cash flows from operating activities	677,258	470,786
	-----	-----

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

INTERIM FINANCIAL REPORT

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

	6 MONTHS ENDED	
	31.12.2017	31.12.2016
	RM'000	RM'000
Cash flows from investing activities		
Acquisition of subsidiaries	(19,600)	(1,220)
Additional investments accounted for using the equity method	(442)	(6,168)
Additional investments	(579,700)	(212,478)
Dividends received	200,030	175,358
Grants received	42,812	23,221
Interest received	7,325	11,095
Prepayment for land acquisitions	(3,117)	(20,171)
Proceeds from disposal of investments	755,004	-
Proceeds from disposal of property, plant and equipment	4,719	5,740
Purchase of intangible assets	(9,465)	(21,699)
Purchase of investment properties	(22,443)	-
Purchase of property, plant and equipment	(709,952)	(682,300)
Shareholder loans	(18,954)	-
	-----	-----
Net cash flows used in investing activities	(353,783)	(728,622)
	-----	-----
Cash flows from financing activities		
Dividends paid	(388,585)	(775,865)
Dividends paid to non-controlling interests	(75,384)	(66,996)
Proceeds from borrowings	6,406,530	69,713
Proceeds from issue of shares	14,905	47,167
Repayment of borrowings	(6,986,717)	(203,075)
Repurchase of own shares	(1)	-
	-----	-----
Net cash flows used in financing activities	(1,029,252)	(929,056)
	-----	-----
Net changes in cash and cash equivalents	(705,777)	(1,186,892)
Effects of exchange rate changes	(247,422)	388,991
Cash and cash equivalents at beginning of the financial year	8,943,033	9,696,102
	-----	-----
Cash and cash equivalents at end of the financial period <i>[Note a]</i>	7,989,834	8,898,201
	=====	=====
<u><i>[Note a]</i></u>		
Cash and cash equivalents at the end of the financial period comprise:		
	RM'000	RM'000
Fixed deposits	7,610,717	8,442,355
Cash and bank balances	386,635	455,846
Bank overdrafts	(7,518)	-
(included within short term borrowing in [Note B9])		
	-----	-----
	7,989,834	8,898,201
	=====	=====

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

INTERIM FINANCIAL REPORT

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 2017.

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 2017.

The adoption of MFRSs or amendments to MFRSs which were effective for financial year beginning on or after 1 July 2017 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 2017.

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 and financial year to date, the Company issued 11,726,371 and 13,078,895 ordinary shares respectively, 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 and financial year to date.

A total of 1,000 ordinary shares were repurchased from the open market for a total consideration of RM1,465 for the current financial year to date. The share buyback transactions were financed by internally generated funds. The shares purchased are held as treasury shares.

During the current financial quarter and financial year to date, a total of 155,424,067 treasury shares were distributed as share dividend on 9 November 2017 to the shareholders on the basis of one (1) treasury share for every fifty (50) ordinary shares held as at 26 October 2017. As at 31 December 2017, the number of treasury shares held was 228,843,712 ordinary shares.

The outstanding debts are as disclosed in Note B9.

A6. Dividends Paid

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

	<u>RM'000</u>
In respect of the financial year ended 30 June 2017:	
An interim single tier dividend of 5 sen per ordinary share paid on 10 November 2017	<u>388,585</u>

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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Notes – continued

Segment information for the financial period ended 31 December 2017:

	Power generation (Contracted) RM'000	Multi utilities business (Merchant) RM'000	Water & sewerage RM'000	Mobile broadband network RM'000	Investment holding activities RM'000	Group RM'000
External Revenue	246,913	2,725,381	1,720,517	399,757	126,680	5,219,248
Inter-segment Revenue	-	-	-	3,970	31,249	35,219
Segment profit/(loss) before tax	(3,825)	56,012	422,983	(37,727)	2,740	440,183

Segment information for the financial period ended 31 December 2016:

	Power generation (Contracted) RM'000	Multi utilities business (Merchant) RM'000	Water & sewerage RM'000	Mobile broadband network RM'000	Investment holding activities RM'000	Group RM'000
External Revenue	-	2,821,569	1,510,097	387,644	86,045	4,805,355
Inter-segment Revenue	-	-	-	2,407	38,706	41,113
Segment profit/(loss) before tax	(52,095)	94,031	457,678	(80,731)	9,843	428,726

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.

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 31 December 2017, 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 2017.

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
31.12.2017				
Assets				
Financial assets at fair value through profit or loss:				
- Trading derivatives	-	11,979	-	11,979
- Income funds	-	2,875,954	-	2,875,954
- Equity investments	-	3,956	-	3,956
Available-for-sale	60,732	44	191,350	252,126
Derivatives used for hedging	-	165,774	-	165,774
Total assets	60,732	3,057,707	191,350	3,309,789
Liabilities				
Financial liabilities at fair value through profit or loss:				
- Trading derivatives	-	6,203	-	6,203
Derivatives used for hedging	-	76,546	-	76,546
Total liabilities	-	82,749	-	82,749

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**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:

	Individual Quarter		Variance %	Cumulative Quarter		Variance %
	31.12.2017 RM'000	31.12.2016 RM'000		31.12.2017 RM'000	31.12.2016 RM'000	
Revenue						
Power generation (Contracted)	197,127	-	NM	246,913	-	NM
Multi utilities business (Merchant)	1,324,301	1,472,075	-10.0	2,725,381	2,821,569	-3.4
Water & sewerage	859,116	747,232	+15.0	1,720,517	1,510,097	+13.9
Mobile broadband network	203,380	198,569	+2.4	399,757	387,644	+3.1
Investment holding activities	56,928	46,855	+21.5	126,680	86,045	+47.2
	<u>2,640,852</u>	<u>2,464,731</u>	+7.1	<u>5,219,248</u>	<u>4,805,355</u>	+8.6
Profit/(Loss) before taxation						
Power generation (Contracted)	14,421	(26,108)	+155.2	(3,825)	(52,095)	+92.7
Multi utilities business (Merchant)	29,620	59,063	-49.9	56,012	94,031	-40.4
Water & sewerage	202,275	217,447	-7.0	422,983	457,678	-7.6
Mobile broadband network	(20,106)	(15,417)	-30.4	(37,727)	(80,731)	+53.3
Investment holding activities	1,105	4,961	-77.7	2,740	9,843	-72.2
	<u>227,315</u>	<u>239,946</u>	-5.3	<u>440,183</u>	<u>428,726</u>	+2.7

NM = Not meaningful

INTERIM FINANCIAL REPORT

Notes – continued

a) Current Quarter vs Preceding Year Corresponding Quarter

The Group recorded a revenue of RM2,640.9 million for the current financial quarter ended 31 December 2017 as compared to RM2,464.7 million recorded in the preceding year corresponding quarter ended 31 December 2016. The Group profit before taxation for the current financial quarter was RM227.3 million, a decrease of RM12.6 million or 5.3% as compared to a profit of RM239.9 million recorded in the preceding year corresponding quarter.

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

Power generation (Contracted)

Paka Power Plant commenced its short-term capacity generation from 1 September 2017 and this contributes to a profit before taxation for the current financial quarter.

Multi utilities business (Merchant)

The decrease in revenue and profit before taxation was mainly due to lower margin recorded for both electricity sales and oil tank leasing, and coupled with higher finance costs.

Water & sewerage

The increase in revenue was mainly due to the opening of the retail market for non-household customers and increase in price as allowed by regulator. The lower profit before taxation was mainly due to higher finance costs incurred.

Mobile broadband network

The increased loss was mainly attributable to higher operating costs and depreciation charges incurred.

Investment holding activities

The increase in revenue was mainly contributed by higher interest income. The lower profit before taxation was mainly due to higher finance costs which were partially offset by increase in share of results of the associate companies.

b) Current Year to date vs Preceding Year to date

Group revenue was RM5,219.2 million for the current financial period ended 31 December 2017 as compared to RM4,805.4 million recorded in the preceding financial period ended 31 December 2016. The Group profit before taxation for the current financial period was RM440.2 million, an increase of RM11.5 million or 2.7% as compared to a profit of RM428.7 million recorded in the preceding year corresponding period. The higher profit before taxation was principally attributable to the better performance in Mobile broadband segment, Power generation (Contracted) segment and partially offset by lower profit recorded in Multi utilities business segment and Water & sewerage segment.

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Notes – continued

Performance of the respective operating business segments for the period ended 31 December 2017 as compared to the preceding year corresponding period was consistent with the notes mentioned in (a) above with the exception of the business segment mentioned below:

Mobile broadband network

This segment recorded an increase in revenue and lower operating cost following the launch of the nationwide 4G LTE services in the preceding year.

B2. Comparison with Preceding Quarter

	Current Quarter 31.12.2017 RM'000	Preceding Quarter 30.9.2017 RM'000	Variance % +/-
Revenue	2,640,852	2,578,396	+2.4
Consolidated profit before taxation	227,315	212,868	+6.8
Consolidated profit after taxation	164,688	155,131	+6.2

The increase in Group revenue and profit after taxation as compared to the preceding quarter was primarily attributable to the higher returns registered by Power generation (Contracted) segment following the successful launch of its short-term capacity generation on 1 September 2017 and partially offset by lower returns recorded in Water & sewerage segment.

B3. Prospects

Power generation (Contracted)

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

The 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.

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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.

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 improving its business processes and will continue to provide customers with first-class affordable service.

Mobile broadband network

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

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 2017

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

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B6. Profit for the period

	Current Quarter 31.12.2017 RM'000	Current Year To Date 31.12.2017 RM'000
Profit before taxation is stated after charging/(crediting):		
Allowance for impairment of associate	442	442
Allowance for impairment of inventories	1,546	1,807
Allowance for impairment of receivables (net of reversal)	17,715	39,600
Amortisation of deferred income	(2,317)	(4,527)
Amortisation of grants and contributions	(6,920)	(11,479)
Amortisation of intangible assets	11,478	26,776
Depreciation of property, plant and equipment	275,491	543,491
Interest income	(1,440)	(3,955)
Interest expense	263,315	544,321
Loss on foreign exchange	2,021	5,986
Net gain on disposal of property, plant and equipment	(1,828)	(3,360)
Provision for liabilities and charges	82	641
	=====	=====

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

B7. Taxation

	Current Quarter 31.12.2017 RM'000	Current Year To Date 31.12.2017 RM'000
In respect of current period		
- Income Tax	53,117	104,501
- Deferred Tax	9,510	15,863
	-----	-----
	62,627	120,364
	=====	=====

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

B8. Corporate Proposals

There were no corporate proposals announced by the Company which are not completed as at the date of this report.

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B9. Group Borrowings and Debt Securities

The Group's borrowings from financial institutions as at 31 December 2017 are as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
Current			
Bank overdrafts	-	7,518	7,518
Finance lease	177	116,887	117,064
Revolving credit	-	353,022	353,022
	<u>177</u>	<u>477,427</u>	<u>477,604</u>
Non-current			
Bonds	-	15,975,058	15,975,058
Finance lease	617	49,811	50,428
Term loans	-	10,943,272	10,943,272
	<u>617</u>	<u>26,968,141</u>	<u>26,968,758</u>
Total borrowings	<u>794</u>	<u>27,445,568</u>	<u>27,446,362</u>

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

	Foreign currency '000	RM Equivalents '000
US Dollar	<u>646,466</u>	<u>2,625,943</u>
Sterling Pound	<u>2,055,819</u>	<u>11,237,109</u>
Singapore Dollar	<u>1,990,306</u>	<u>6,048,939</u>

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

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B10. Derivative Financial Instruments and Fair Value Changes of Financial Liabilities

(a) Derivative Financial Instruments

As at 31 December 2017, the Group's outstanding derivatives are as follows:

Type of Derivatives	Contract/Notional Value RM'000	Fair Value RM'000
<u>Fuel oil Swaps</u>		
- Less than 1 year	1,014,645	1,105,894
- 1 year to 3 years	176,785	208,835
- More than 3 years	-	-
<u>Currency forwards</u>		
- Less than 1 year	1,050,202	1,032,922
- 1 year to 3 years	251,790	240,775
- More than 3 years	-	-

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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(b) Fair Value Changes of Financial Liabilities

The gains arising from fair value changes of financial liabilities for the current financial period ended 31 December 2017 are as follows:

Type of financial liabilities	Basis of fair value measurement	Reason for the gain	Fair value gain	
			Current quarter 31.12.2017 RM'000	Current year to date 31.12.2017 RM'000
Forward foreign currency exchange contracts	Foreign exchange differential between the contracted rate and the market forward rate	Foreign exchange rates differential between the contracted rate and the market forward rate which have moved in favour of the Group	183	1,159
Fuel oil swap	Fuel oil price differential between the contracted price and the market forward price	Fuel oil price differential between the contracted price and the market forward price which have moved in favour of the Group	5,537	12,831
Total			5,720	13,990

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B11. Material Litigation

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

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

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

B12. Dividend

No dividend has been declared for the current financial quarter.

B13. Earnings Per Share

i) Basic Earnings Per Share

The basic earnings per share of the Group has been computed by dividing the 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:

	Current Year Quarter 31.12.2017	Preceding Year Corresponding Quarter 31.12.2016
Profit attributable to Owners of the Parent (RM'000)	136,497	166,756
Weighted average number of ordinary shares ('000)	7,859,591	7,754,465
Basic earnings per share (Sen)	1.74	2.15

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ii) Diluted Earnings Per 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:

	Current Year Quarter 31.12.2017	Preceding Year Corresponding Quarter 31.12.2016
Profit attributable to Owners of the Parent (RM'000)	136,497 =====	166,756 =====
<i>Weighted average number of ordinary shares – diluted ('000)</i>		
Weighted average number of ordinary shares – basic	7,859,591	7,754,465
Effect of unexercised Warrants 2008/2018	10,580	29,618
Effect of unexercised ESOS	-	6,370
	----- 7,870,171 =====	----- 7,790,453 =====
Diluted earnings per share (Sen)	1.73 =====	2.14 =====

* *Total cash expected to be received in the event of an exercise of all outstanding warrants and ESOS is RM291.4 million. Accordingly, the Net Asset (NA) on a pro forma basis will increase by RM291.4 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: 23 February 2018