

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

Interim Financial Report
31 December 2018

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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 2018.

The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31.12.2018 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31.12.2017 RM'000 (Restated)	6 MONTHS ENDED	
			31.12.2018 RM'000	31.12.2017 RM'000 (Restated)
Revenue	2,927,354	2,633,838	5,730,784	5,209,220
Cost of sales	(2,437,146)	(2,132,415)	(4,721,541)	(4,189,196)
Gross profit	490,208	501,423	1,009,243	1,020,024
Other operating income	13,150	10,284	30,291	25,756
Other operating expenses	(206,098)	(125,231)	(356,724)	(260,744)
Profit from operations	297,260	386,476	682,810	785,036
Finance costs	(283,859)	(263,315)	(571,259)	(544,321)
Share of profits of investments accounted for using the equity method	115,617	103,348	208,210	198,944
Profit before taxation	129,018	226,509	319,761	439,659
Taxation	(27,648)	(62,627)	(67,993)	(120,364)
Profit for the period	101,370	163,882	251,768	319,295
Attributable to:				
Owners of the parent	71,774	136,013	198,049	268,636
Non-controlling interests	29,596	27,869	53,719	50,659
	101,370	163,882	251,768	319,295
Earnings per share for profit attributable to owners of the parent				
Basic (sen)	0.94	1.73	2.57	3.44
Diluted (sen)	0.94	1.73	2.57	3.43

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 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 31.12.2018 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31.12.2017 RM'000 (Restated)	6 MONTHS ENDED	
			31.12.2018 RM'000	31.12.2017 RM'000 (Restated)
Profit for the period	101,370	163,882	251,768	319,295
Other comprehensive income/(loss):				
<i>Items that may be reclassified subsequently to income statement:</i>				
Available-for-sale financial assets	(31,979)	3,553	(49,762)	(35,783)
Cash flow hedges:				
- Subsidiaries	(570,647)	79,813	(557,190)	182,302
- Associates and joint ventures	(27,204)	(2,006)	(9,964)	4,261
Currency translation differences:				
- Subsidiaries	(154,220)	(385,452)	126,923	(332,455)
- Associates and joint ventures	(11,401)	(89,142)	31,701	(114,030)
Other comprehensive loss for the period, net of tax	(795,451)	(393,234)	(458,292)	(295,705)
Total comprehensive (loss)/income for the period	(694,081)	(229,352)	(206,524)	23,590
Attributable to:				
Owners of the parent	(723,138)	(228,963)	(276,721)	12,257
Non-controlling interests	29,057	(389)	70,197	11,333
	(694,081)	(229,352)	(206,524)	23,590

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 statements.

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	UNAUDITED	UNAUDITED
	As at	As at
	31.12.2018	30.6.2018
	RM'000	RM'000
		(Restated)
ASSETS		
Non-current assets		
Property, plant and equipment	21,319,504	21,227,246
Investment properties	467,422	452,112
Project development costs	219,363	196,891
Intangible assets	8,208,948	8,029,565
Investments accounted for using the equity method	2,184,541	2,137,331
Investments	227,392	1,063,418
Derivative financial instruments	3,602	44,049
Receivables, deposits and prepayments	990,795	958,657
	-----	-----
	33,621,567	34,109,269
	-----	-----
Current assets		
Inventories	432,777	430,004
Investments	1,585,782	1,883,669
Receivables, deposits and prepayments	1,981,867	2,296,849
Derivative financial instruments	37,377	197,681
Cash and bank balances	7,118,630	7,337,927
	-----	-----
	11,156,433	12,146,130
	-----	-----
TOTAL ASSETS	44,778,000	46,255,399
	=====	=====
EQUITY AND LIABILITIES		
Share capital	7,038,587	7,038,587
Reserves	5,825,610	6,483,378
Treasury shares, at cost	(708,259)	(509,634)
	-----	-----
Equity attributable to owners of the parent	12,155,938	13,012,331
Non-controlling interests	142,519	110,841
	-----	-----
TOTAL EQUITY	12,298,457	13,123,172
	-----	-----

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION - Continued

	UNAUDITED	UNAUDITED
	As at	As at
	31.12.2018	30.6.2018
	RM'000	RM'000
		(Restated)
LIABILITIES		
Non-current liabilities		
Deferred taxation	1,783,037	1,788,657
Borrowings	25,736,792	23,780,022
Post-employment benefit obligations	692,356	685,509
Grants and contributions	567,298	548,493
Derivative financial instruments	105,496	21,077
Payables	814,890	811,875
	-----	-----
	29,699,869	27,635,633
	-----	-----
Current liabilities		
Payables and accrued expenses	1,784,527	2,071,009
Derivative financial instruments	262,273	19,229
Post-employment benefit obligations	5,638	1,637
Taxation	95,287	113,793
Borrowings	631,949	3,290,926
	-----	-----
	2,779,674	5,496,594
	-----	-----
TOTAL LIABILITIES	32,479,543	33,132,227
	-----	-----
TOTAL EQUITY AND LIABILITIES	44,778,000	46,255,399
	=====	=====
Net assets per share attributable to ordinary equity holders of the parent (RM)	1.58	1.66
	=====	=====

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 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 31 DECEMBER 2018**

	-----Attributable to Owners of the Parent-----					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	Total RM'000		
Balance as at 30 June 2018, as previously reported	7,038,587	(1,435,015)	(509,634)	7,919,190	13,013,128	111,386	13,124,514
Adjustments from adoption of MFRS 15	-	-	-	(797)	(797)	(545)	(1,342)
Restated balance as at 1 July 2018	7,038,587	(1,435,015)	(509,634)	7,918,393	13,012,331	110,841	13,123,172
Profit for the financial period	-	-	-	198,049	198,049	53,719	251,768
Other comprehensive (loss)/income for the financial period	-	(474,770)	-	-	(474,770)	16,478	(458,292)
Total comprehensive (loss)/income for the financial period	-	(474,770)	-	198,049	(276,721)	70,197	(206,524)
Effects arising from changes in composition of the Group	-	-	-	(13)	(13)	46	33
Dividends paid to non-controlling interests	-	-	-	-	-	(38,565)	(38,565)
Interim dividend paid for the financial year ended 30 June 2018	-	-	-	(383,765)	(383,765)	-	(383,765)
Share option lapsed	-	(347)	-	347	-	-	-
Share repurchased	-	-	(198,625)	-	(198,625)	-	(198,625)
Share option expenses	-	2,731	-	-	2,731	-	2,731
At 31 December 2018	7,038,587	(1,907,401)	(708,259)	7,733,011	12,155,938	142,519	12,298,457

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.

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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	Non-Controlling Interests	Total Equity
	Share Capital	Merger & Other Reserves	Treasury Shares	Retained Earnings			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 30 June 2017, as previously reported	7,019,847	(865,862)	(711,308)	7,816,148	13,258,825	230,855	13,489,680
Adjustments from adoption of MFRS 15	-	-	-	(1,127)	(1,127)	(752)	(1,879)
Restated balance as at 1 July 2017	7,019,847	(865,862)	(711,308)	7,815,021	13,257,698	230,103	13,487,801
Profit for the financial period	-	-	-	268,636	268,636	50,659	319,295
Other comprehensive loss for the financial period	-	(256,379)	-	-	(256,379)	(39,326)	(295,705)
Total comprehensive (loss)/income for the financial period	-	(256,379)	-	268,636	12,257	11,333	23,590
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)	-	-	-	-	-
Restated balance as at 31 December 2017	7,036,060	(1,123,765)	(423,604)	7,410,976	12,899,667	143,050	13,042,717

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.

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INTERIM FINANCIAL REPORT

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2018**

	6 MONTHS ENDED	
	31.12.2018	31.12.2017
	RM'000	RM'000
		(Restated)
Cash flows from operating activities		
Profit for the financial period	251,768	319,295
Adjustment for:		
Allowance for impairment of associate	-	442
Allowance for impairment of inventories	635	1,807
Allowance for impairment of receivables (net of reversals)	106,495	39,600
Amortisation of contract costs	7,549	17,694
Amortisation of deferred income	(719)	(4,527)
Amortisation of grants and contributions	(10,875)	(11,479)
Amortisation of intangible assets	3,150	3,770
Depreciation of property, plant and equipment	602,628	543,491
Fair value gain on derivatives	(6,032)	-
Fair value loss/(gain) on investments	2,758	(2,139)
Interest expense	571,259	544,321
Interest income	(3,938)	(3,955)
Net gain on disposal of property, plant and equipment	(5,314)	(3,360)
Property, plant and equipment written off	2,941	12,078
Provision for liabilities and charges	906	641
Provision for post-employment benefit	25,620	33,829
Share of profits of investments accounted for using the equity method	(208,210)	(198,944)
Share option expenses	2,731	-
Taxation	67,993	120,364
Unrealised (gain)/loss on foreign exchange	(264)	5,541
Other non-cash items	(2,863)	(3,031)
	-----	-----
	1,408,218	1,415,438
Changes in working capital:		
Inventories	4,428	(2,148)
Receivables, deposits and prepayments	193,951	(290,673)
Payables and accrued expenses	(284,410)	174,274
	-----	-----
Cash flows from operations	1,322,187	1,296,891
Interest paid	(555,361)	(507,015)
Payment to post-employment benefit obligations	(25,064)	(23,401)
Tax paid	(88,944)	(96,579)
	-----	-----
Net cash flows from operating activities	652,818	669,896
	-----	-----

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.

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2018 - Continued**

	6 MONTHS ENDED	
	31.12.2018	31.12.2017
	RM'000	RM'000
		(Restated)
Cash flows from investing activities		
Acquisition of a subsidiary	-	(19,600)
Additional investments accounted for using the equity method	-	(442)
Development expenditure incurred on investment properties	(19,286)	(22,443)
Dividends received	173,451	200,030
Grants received	31,407	42,812
Interest received	7,506	7,325
Maturities of income funds	1,125,382	175,304
Prepayment for land acquisitions	(7,120)	(3,117)
Proceeds from disposal of property, plant and equipment	5,647	4,719
Purchase of intangible assets	(140)	(2,103)
Purchase of property, plant and equipment	(751,785)	(709,952)
Shareholder loans	(18,576)	(18,954)
	-----	-----
Net cash flows from/(used in) investing activities	546,486	(346,421)
	-----	-----
Cash flows from financing activities		
Dividends paid	(383,765)	(388,585)
Dividends paid to non-controlling interests	(38,565)	(75,384)
Proceeds from borrowings	2,152,064	6,406,530
Proceeds from issue of shares	-	14,905
Repayment of borrowings	(3,036,007)	(6,986,717)
Repurchase of own shares	(198,625)	(1)
	-----	-----
Net cash flows used in financing activities	(1,504,898)	(1,029,252)
	-----	-----
Net changes in cash and cash equivalents	(305,594)	(705,777)
Effects of exchange rate changes	95,782	(247,422)
Cash and cash equivalents at beginning of the financial year	7,305,091	8,943,033
	-----	-----
Cash and cash equivalents at end of the financial period <i>[Note a]</i>	7,095,279	7,989,834
	=====	=====
<i>[Note a]</i>		
Cash and cash equivalents at the end of the financial period comprise:		
	RM'000	RM'000
Fixed deposits	6,754,702	7,610,717
Cash and bank balances	363,928	386,635
Bank overdrafts	(23,351)	(7,518)
(included within short term borrowing in [Note B9])		
	-----	-----
	7,095,279	7,989,834
	=====	=====

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.

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 2018.

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 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 2018.

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 2018, except for changes arises from the adoption of MFRS 9 “Financial Instruments” and MFRS 15 “Revenue from Contracts with Customers” as described below:

(a) 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.

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.

INTERIM FINANCIAL REPORT

Notes – continued

(a) MFRS 9 “Financial Instruments” (MFRS 9) (continued)

On the date of initial application, the Group has confirmed that its current hedge relationships will qualify as continuing hedges upon the adoption of MFRS 9. There is no change on classification. As for the ECL impact, the Group has concluded that the impact is immaterial.

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

The Group has adopted MFRS 15 in the current financial period. The core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers for an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Revenue is recognised when a customer obtains control of goods or services, i.e. when the customer has the ability to direct the use of and obtain the benefits from the goods or services.

MFRS 15 has resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. The main changes are explained below:

(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 device 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 are amortised consistently with the transfer of the good or service to the customer.

In accordance with the transitional provisions in MFRS 15, the Group has elected to adopt the full retrospective approach, requiring the restatement of the comparative period presented in the financial statements. Refer to Note A1(c) for the adjustments made to the comparative figures.

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Notes - continued

(c) Restatement of comparative figures

(i) Reconciliation of consolidated Income Statement

	QUARTER ENDED			6 MONTHS ENDED		
	31.12.2017			31.12.2017		
	Previously Reported RM'000	Effects of MFRS 15 RM'000	Restated RM'000	Previously Reported RM'000	Effects of MFRS 15 RM'000	Restated RM'000
Revenue	2,640,852	(7,014)	2,633,838	5,219,248	(10,028)	5,209,220
Cost of sales	(2,138,623)	6,208	(2,132,415)	(4,198,700)	9,504	(4,189,196)
Gross profit	502,229	(806)	501,423	1,020,548	(524)	1,020,024
Other operating income	10,284	-	10,284	25,756	-	25,756
Other operating expenses	(125,231)	-	(125,231)	(260,744)	-	(260,744)
Profit from operations	387,282	(806)	386,476	785,560	(524)	785,036
Finance costs	(263,315)	-	(263,315)	(544,321)	-	(544,321)
Share of profits of investments accounted for using the equity method	103,348	-	103,348	198,944	-	198,944
Profit before taxation	227,315	(806)	226,509	440,183	(524)	439,659
Taxation	(62,627)	-	(62,627)	(120,364)	-	(120,364)
Profit for the period	164,688	(806)	163,882	319,819	(524)	319,295
Attributable to:						
Owners of the parent	136,497	(484)	136,013	268,945	(309)	268,636
Non-controlling interests	28,191	(322)	27,869	50,874	(215)	50,659
	164,688	(806)	163,882	319,819	(524)	319,295
Earnings per share for profit attributable to owners of the parent:						
Basic (sen)	1.74		1.73	3.44		3.44
Diluted (sen)	1.73		1.73	3.44		3.43

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Notes - continued

(c) Restatement of comparative figures (continued)

(ii) Reconciliation of financial position and equity

	AS AT 30.6.2018		
	Previously reported RM'000	Effects of MFRS 15 RM'000	Restated RM'000
ASSETS			
Non-current assets			
Intangible assets	8,040,576	(11,011)	8,029,565
Receivables, deposits and prepayments	949,497	9,160	958,657
Other non-current assets	25,121,047	-	25,121,047
	<u>34,111,120</u>	<u>(1,851)</u>	<u>34,109,269</u>
Current assets			
Receivables, deposits and prepayments	2,295,541	1,308	2,296,849
Other current assets	9,849,281	-	9,849,281
	<u>12,144,822</u>	<u>1,308</u>	<u>12,146,130</u>
TOTAL ASSETS	<u>46,255,942</u>	<u>(543)</u>	<u>46,255,399</u>
EQUITY AND LIABILITIES			
Share capital	7,038,587	-	7,038,587
Reserves	6,484,175	(797)	6,483,378
Treasury shares, at cost	(509,634)	-	(509,634)
Equity attributable to owners of the parent	13,013,128	(797)	13,012,331
Non-controlling interests	111,386	(545)	110,841
TOTAL EQUITY	<u>13,124,514</u>	<u>(1,342)</u>	<u>13,123,172</u>
Non-current liabilities	<u>27,635,633</u>	<u>-</u>	<u>27,635,633</u>
Current liabilities			
Payables and accrued expenses	2,070,210	799	2,071,009
Other current liabilities	3,425,585	-	3,425,585
	<u>5,495,795</u>	<u>799</u>	<u>5,496,594</u>
TOTAL LIABILITIES	<u>33,131,428</u>	<u>799</u>	<u>33,132,227</u>
TOTAL EQUITY AND LIABILITIES	<u>46,255,942</u>	<u>(543)</u>	<u>46,255,399</u>
Net assets per share attributable to ordinary equity holders of the parent (RM)	<u>1.66</u>		<u>1.66</u>

INTERIM FINANCIAL REPORT

Notes - continued

(c) Restatement of comparative figures (continued)

(iii) Reconciliation of cash flows

	6 MONTHS ENDED		
	31.12.2017		
	Previously reported RM'000	Effects of MFRS 15 RM'000	Restated RM'000
Cash flows from operating activities			
Profit for the financial period	319,819	(524)	319,295
Adjustment for:			
Amortisation of contract costs	-	17,694	17,694
Amortisation of intangible assets	26,776	(23,006)	3,770
Other non-cash items	1,074,679	-	1,074,679
	<u>1,421,274</u>	<u>(5,836)</u>	<u>1,415,438</u>
Changes in working capital:			
Inventories	(2,148)	-	(2,148)
Receivables, deposits and prepayments	(287,636)	(3,037)	(290,673)
Payables and accrued expenses	172,763	1,511	174,274
Cash flows from operations	<u>1,304,253</u>	<u>(7,362)</u>	<u>1,296,891</u>
Other cash flows used in operating activities	<u>(626,995)</u>	<u>-</u>	<u>(626,995)</u>
Net cash flows from operating activities	<u>677,258</u>	<u>(7,362)</u>	<u>669,896</u>
Cash flows from investing activities			
Purchase of intangible assets	(9,465)	7,362	(2,103)
Other cash flows used in investing activities	<u>(344,318)</u>	<u>-</u>	<u>(344,318)</u>
Net cash flows used in investing activities	<u>(353,783)</u>	<u>7,362</u>	<u>(346,421)</u>
Cash flows from financing activities			
Net cash flows used in financing activities	<u>(1,029,252)</u>	<u>-</u>	<u>(1,029,252)</u>
Net changes in cash and cash equivalents	(705,777)	-	(705,777)
Effects of exchange rate changes	(247,422)	-	(247,422)
Cash and cash equivalents at beginning of the financial year	<u>8,943,033</u>	<u>-</u>	<u>8,943,033</u>
Cash and cash equivalents at end of the financial period	<u>7,989,834</u>	<u>-</u>	<u>7,989,834</u>

The adoption of MFRSs or amendments to MFRSs which were effective for financial year beginning on or after 1 July 2018 do not have significant financial impact on the Group other than as disclosed above.

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 factor.

A3. Disaggregation of revenue

	Individual Quarter		Cumulative Quarter	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
	RM'000	RM'000	RM'000	RM'000
		(Restated)		(Restated)
Sale of electricity	1,637,453	1,440,062	3,216,108	2,787,660
Sale of steam	57,273	46,644	109,768	93,648
Sale of clean water and treatment and disposal of waste water	873,632	857,199	1,720,915	1,716,484
Broadband and telecommunications	211,049	196,366	405,555	389,729
Investment income and others	147,947	93,567	278,438	221,699
Total	2,927,354	2,633,838	5,730,784	5,209,220

A4. 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.

A5. 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

A6. Changes in Debt and Equity Securities

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 168,188,300 ordinary shares were repurchased from the open market for a total consideration of RM198,624,520 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. As at 31 December 2018, the number of treasury shares held was 482,905,712 ordinary shares.

On 24 August 2018, the Company issued two tranche of borrowings amounted to RM500.0 million each totalling RM1.0 billion Medium Term Notes ("MTN") pursuant to a MTN programme of up to RM5.0 billion. The proceeds were utilised on the same day to partially repay the Company's outstanding MTN of RM2.2 billion.

The outstanding debts are as disclosed in Note B9.

A7. Dividends Paid

The following dividend payment was made during the financial period ended 31 December 2018:-

	<u>RM'000</u>
In respect of the financial year ended 30 June 2018:	
An interim single tier dividend of 5 sen per ordinary share paid on 13 November 2018	<u>383,765</u>

A8. 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.

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

INTERIM FINANCIAL REPORT

Notes – continued

Segment information for the financial period ended 31 December 2018:

	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
Total Revenue	400,615	3,025,046	1,725,949	407,768	206,536	5,765,914
Inter-segment elimination	-	-	-	(2,213)	(32,917)	(35,130)
External Revenue	400,615	3,025,046	1,725,949	405,555	173,619	5,730,784
Segment profit/(loss) before tax	26,972	(133,092)	399,727	(18,396)	44,550	319,761

Segment information for the financial period ended 31 December 2017 (Restated):

	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
Total Revenue	246,913	2,725,381	1,720,517	393,699	157,929	5,244,439
Inter-segment elimination	-	-	-	(3,970)	(31,249)	(35,219)
External Revenue	246,913	2,725,381	1,720,517	389,729	126,680	5,209,220
Segment (loss)/profit before tax	(3,825)	56,012	422,983	(38,251)	2,740	439,659

A9. Events After the Interim Period

Save for the following, 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:-

YTL Jawa Power Services B.V. (“YTLJPS”) has been deregistered from the Netherlands Chamber of Commerce Business Register as from 1 February 2019 followings its merger with YTL Jawa O & M Holdings B.V. in accordance with Title 7, Book 2 of the Dutch Civil Code. YTLJPS has then ceased to be an indirect wholly-owned subsidiary of the Company.

INTERIM FINANCIAL REPORT

Notes – continued

A10. 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 2018, including business combinations, obtaining or losing control of subsidiaries and long-term investments, restructurings and discontinuing operations save for the following:

- (i) On 9 July 2018, Yakin Telesel Sdn. Bhd. (“Yakin Telesel”) increased its share capital from RM1.00 to RM100,000.00 via an issuance of additional 99,999 ordinary shares. KJS Alunan Sdn. Bhd. (“KJS Alunan”) and Menteri Besar Selangor (Pemerbadanan) subscribed for 69,999 ordinary shares and 30,000 ordinary shares respectively in Yakin Telesel, at an issue price of RM1.00 per share in cash.

As a result, Yakin Telesel became a 70%-owned subsidiary of KJS Alunan and remain an indirect subsidiary of the Company.

- (ii) On 9 August 2018, KJS Alunan increased its share capital from RM1.00 to RM10,000.00 via an issuance of additional 9,999 ordinary shares. Konsortium Jaringan Selangor Sdn. Bhd. (“Konsortium Jaringan”) and Alunan Media Sdn. Bhd. subscribed for 6,999 ordinary shares and 3,000 ordinary shares respectively in KJS Alunan, at an issue price of RM1.00 per share in cash.

As a result, KJS Alunan became a 70%-owned subsidiary of Konsortium Jaringan and remain an indirect subsidiary of the Company.

A11. Changes in Contingent Liabilities

There were no material changes in the contingent liabilities of the Group since the last financial year ended 30 June 2018.

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INTERIM FINANCIAL REPORT

Notes – continued

A12. 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
31.12.2018				
Assets				
Financial assets at fair value through profit or loss:				
- Trading derivatives	-	4,517	-	4,517
- Income funds	-	1,585,782	-	1,585,782
- Equity investments	-	3,802	-	3,802
Available-for-sale	55,416	45	168,129	223,590
Derivatives used for hedging	-	36,462	-	36,462
Total assets	55,416	1,630,608	168,129	1,854,153
Liabilities				
Financial liabilities at fair value through profit or loss:				
- Currency options contracts	12,936	-	-	12,936
- Trading derivatives	-	659	-	659
Derivatives used for hedging	-	354,174	-	354,174
Total liabilities	12,936	354,833	-	367,769

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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:

	Individual Quarter		Variance %	Cumulative Quarter		Variance %
	31.12.2018 RM'000	31.12.2017 RM'000 (Restated)		31.12.2018 RM'000	31.12.2017 RM'000 (Restated)	
Revenue						
Power generation (Contracted)	192,655	197,127	-2.3	400,615	246,913	+62.2
Multi utilities business (Merchant)	1,554,204	1,324,301	+17.4	3,025,046	2,725,381	+11.0
Water & sewerage	876,050	859,116	+2.0	1,725,949	1,720,517	+0.3
Mobile broadband network	211,049	196,366	+7.5	405,555	389,729	+4.1
Investment holding activities	93,396	56,928	+64.1	173,619	126,680	+37.1
	2,927,354	2,633,838	+11.1	5,730,784	5,209,220	+10.0
Profit/(Loss) before taxation						
Power generation (Contracted)	12,898	14,421	-10.6	26,972	(3,825)	+805.2
Multi utilities business (Merchant)	(117,232)	29,620	-495.8	(133,092)	56,012	-337.6
Water & sewerage	199,238	202,275	-1.5	399,727	422,983	-5.5
Mobile broadband network	(10,122)	(20,912)	+51.6	(18,396)	(38,251)	+51.9
Investment holding activities	44,236	1,105	+3,903.3	44,550	2,740	+1,525.9
	129,018	226,509	-43.0	319,761	439,659	-27.3

INTERIM FINANCIAL REPORT

Notes – continued

a) Current Quarter vs Preceding Year Corresponding Quarter

The Group recorded a revenue of RM2,927.4 million for the current financial quarter ended 31 December 2018 as compared to RM2,633.8 million recorded in the preceding year corresponding quarter ended 31 December 2017. The Group profit before taxation for the current financial quarter was RM129.0 million, a decrease of RM97.5 million or 43.0% as compared to a profit of RM226.5 million recorded in the preceding year corresponding quarter.

Performance of the respective operating business segments for the quarter ended 31 December 2018 as compared to the preceding year corresponding quarter is analysed as follows:

Power generation (Contracted)

The decrease in profit before taxation was mainly attributable to lower revenue recorded.

Multi utilities business (Merchant)

The higher revenue was mainly due to higher fuel oil price. The loss before taxation was mainly due to lower vesting contract level, lower retail and tank leasing margin and coupled with an allowance for impairment of receivable following a court decision on the outstanding litigation as disclosed in Note B11.

Water & sewerage

The increase in revenue was mainly due to the increase in price as allowed by regulator. The lower profit before taxation was mainly due to higher finance costs.

Mobile broadband network

The reduction in loss before taxation was mainly attributable to increase in revenue recorded.

Investment holding activities

The higher profit before taxation was principally attributable to higher share of profits of the associates and interest income, and coupled with accrued technical service income.

b) Current Year to date vs Preceding Year to date

Group revenue was RM5,730.8 million for the current financial period ended 31 December 2018 as compared to RM5,209.2 million recorded in the preceding financial period ended 31 December 2017. The Group profit before taxation for the current financial period was RM319.8 million, a decrease of RM119.9 million or 27.3% as compared to a profit of RM439.7 million recorded in the preceding year corresponding period. The lower profit before taxation was principally attributable to the loss recorded in Multi utilities business segment and partially offset by better performance in Mobile broadband segment, Power generation (Contracted) segment and Investment holding activities segment.

INTERIM FINANCIAL REPORT

Notes – continued

Performance of the respective operating business segments for the period ended 31 December 2018 as compared to the preceding year corresponding period was consistent with the notes mentioned in (a) above with the exception of the business segments mentioned below:

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 year to date.

Water & sewerage

The lower profit before taxation was mainly due to higher finance costs and strengthening of Ringgit Malaysia against Great Britain Pound.

B2. Comparison with Preceding Quarter

	Current Quarter 31.12.2018 RM'000	Preceding Quarter 30.9.2018 RM'000	Variance % +/-
Revenue	2,927,354	2,803,430	+4.4
Consolidated profit before taxation	129,018	190,743	-32.4
Consolidated profit after taxation	101,370	150,398	-32.6

The lower profit before taxation was primarily attributable to recognition of an allowance of impairment of receivable following a court decision on the outstanding litigation in Multi utilities business (Merchant) segment as disclosed in Note B11 and partially offset by better returns in Investment holding activities 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 and March 2018. 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.

INTERIM FINANCIAL REPORT

Notes – continued

Power generation (Contracted)

YTL Power Generation Sdn. Bhd. (“YTLPG”) 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 and diversification beyond the core business into integrated multi-utilities supply.

Water & sewerage

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.

Mobile broadband network

The Group has continued to implement the 1BestariNet project for the Government of Malaysia, providing internet connectivity to more than 10,000 schools across the country and adding new features to the Frog VLE (Virtual Learning Environment), a learning platform that allows schools to simplify and enhance teaching and learning, communication and administration. Plans are also underway to expand the Yes service in Sarawak.

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 2018

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

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INTERIM FINANCIAL REPORT

Notes – continued

B6. Profit for the period

	Current Quarter 31.12.2018 RM'000	Current Year To Date 31.12.2018 RM'000
Profit before taxation is stated after charging/(crediting):		
Allowance for impairment of inventories	477	635
Allowance for impairment of receivables (net of reversals)	89,216	106,495
Amortisation of contract costs	3,553	7,549
Amortisation of deferred income	(360)	(719)
Amortisation of grants and contributions	(5,460)	(10,875)
Amortisation of intangible assets	1,525	3,150
Depreciation of property, plant and equipment	324,134	602,628
Fair value gain on derivatives	(610)	(6,032)
Fair value loss on investments	426	2,758
Interest income	(2,344)	(3,938)
Interest expense	283,859	571,259
Loss on foreign exchange	3,117	4,372
Net gain on disposal of property, plant and equipment	(3,193)	(5,314)
Property, plant and equipment written off	-	2,941
Provision for liabilities and charges	762	906
	=====	=====

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

B7. Taxation

	Current Quarter 31.12.2018 RM'000	Current Year To Date 31.12.2018 RM'000
In respect of current period		
- Income Tax	38,956	72,218
- Deferred Tax	(11,308)	(4,225)
	-----	-----
	27,648	67,993
	=====	=====

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

INTERIM FINANCIAL REPORT

Notes – continued

B8. Corporate Proposals

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

B9. Group Borrowings and Debt Securities

The Group's borrowings from financial institutions as at 31 December 2018 are as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
Current			
Bank overdrafts	-	23,351	23,351
Committed bank loans	-	55,012	55,012
Finance lease	348	50,704	51,052
Revolving credit	-	502,534	502,534
	<u>348</u>	<u>631,601</u>	<u>631,949</u>
Non-current			
Bonds	-	14,570,523	14,570,523
Committed bank loans	-	728,246	728,246
Finance lease	638	28,162	28,800
Revolving credit	-	298,383	298,383
Term loans	-	10,110,840	10,110,840
	<u>638</u>	<u>25,736,154</u>	<u>25,736,792</u>
Total borrowings	<u>986</u>	<u>26,367,755</u>	<u>26,368,741</u>

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

	Foreign currency '000	RM Equivalents '000
US Dollar	<u>647,267</u>	<u>2,678,715</u>
Sterling Pound	<u>2,099,281</u>	<u>11,027,944</u>
Singapore Dollar	<u>1,974,637</u>	<u>5,987,495</u>

All borrowings of the subsidiaries are on non-recourse basis to the Company save and except for borrowings totalling RM312.9 million, for which the Company has provided corporate guarantees to the financial institutions.

INTERIM FINANCIAL REPORT

Notes – continued

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

(a) Derivative Financial Instruments

As at 31 December 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	1,475,842	(222,795)
- 1 year to 3 years	519,567	(89,182)
- More than 3 years	-	-
<u>Currency forwards</u>		
- Less than 1 year	1,522,367	(2,102)
- 1 year to 3 years	667,129	193
- More than 3 years	4,024	32
<u>Currency options contracts</u>		
- Less than 1 year	-	-
- 1 year to 3 years	1,655,400	(12,936)
- 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.

The Group entered into currency options contracts to enjoy interest rate reduction in related borrowings with an acceptable risk profile.

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

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 31 December 2018 are as follows:

Type of financial liabilities	Basis of fair value measurement	Reason for the gain/(loss)	Fair value gain/(loss)	
			Current quarter 31.12.2018 RM'000	Current year to date 31.12.2018 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/(unfavourably against) the Group	15	(1,661)
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	2,906	3,149
Currency options contracts	Spot rate, interest rate and basis curve, volatility and time to maturity	Change in time value was greater due to shorter remaining tenor	610	6,032
Total			3,531	7,520

INTERIM FINANCIAL REPORT

Notes – continued

B11. Material Litigation

There were no changes to the material litigations since the date of the last audited financial statements of financial position save for the following:

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 was heard at the end of 2017 followed by a further hearing in November 2018. On 2 January 2019, the High Court ruled in favour of the subsidiary but awarded damages on a different basis from that claimed. This resulted in nominal damages being paid to the subsidiary. The foreign subsidiary's legal counsel has advised that there are real merits to appeal against the High Court's decision on the issue of damages and steps are currently being taken to file the appeal.

Notwithstanding the outcome of any further action, the subsidiary has recognised a provision for the sum of RM70.5 million (SGD23.4 million) in the quarter ended 31 December 2018 based on the decision of the court.

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 31.12.2018	Preceding Year Corresponding Quarter 31.12.2017 (Restated)
Profit attributable to Owners of the Parent (RM'000)	71,774	136,013
Weighted average number of ordinary shares ('000)	7,675,303	7,859,591
Basic earnings per share (Sen)	0.94	1.73

INTERIM FINANCIAL REPORT

Notes – continued

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 31.12.2018	Preceding Year Corresponding Quarter 31.12.2017 (Restated)
Profit attributable to Owners of the Parent (RM'000)	71,774 =====	136,013 =====
<i>Weighted average number of ordinary shares – diluted ('000)</i>		
Weighted average number of ordinary shares – basic	7,675,303	7,859,591
Effect of unexercised Warrants 2008/2018	-	10,580
Effect of unexercised ESOS	-	-
	----- 7,675,303 =====	----- 7,870,171 =====
Diluted earnings per share (Sen)	0.94 =====	1.73 =====

* *Total cash expected to be received in the event of an exercise of all outstanding ESOS is RM284.5 million. Accordingly, the Net Asset (NA) on a pro forma basis will increase by RM284.5 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: 27 February 2019