

YTL POWER INTERNATIONAL BERHAD
Company No. 199601034332 (406684-H)
Incorporated in Malaysia

Interim Financial Report
30 September 2020

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YTL POWER INTERNATIONAL BERHAD [Company No. 199601034332 (406684-H)]
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT

Interim financial report on consolidated results for the financial period ended 30 September 2020.

The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30.9.2020 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30.9.2019 RM'000	3 MONTHS ENDED	
			30.9.2020 RM'000	30.9.2019 RM'000
Revenue	2,502,830	2,959,509	2,502,830	2,959,509
Cost of sales	(2,145,150)	(2,543,159)	(2,145,150)	(2,543,159)
Gross profit	357,680	416,350	357,680	416,350
Other operating income	21,247	52,669	21,247	52,669
Other operating expenses	(118,496)	(162,726)	(118,496)	(162,726)
Profit from operations	260,431	306,293	260,431	306,293
Finance costs	(239,101)	(289,193)	(239,101)	(289,193)
Share of profits of investments accounted for using the equity method	87,527	90,614	87,527	90,614
Profit before taxation	108,857	107,714	108,857	107,714
Taxation	(30,981)	(37,630)	(30,981)	(37,630)
Profit for the period	77,876	70,084	77,876	70,084
Attributable to:				
Owners of the parent	76,883	67,357	76,883	67,357
Non-controlling interests	993	2,727	993	2,727
	77,876	70,084	77,876	70,084
Earnings per share attributable to owners of the parent				
Basic (sen)	1.00	0.88	1.00	0.88
Diluted (sen)	1.00	0.88	1.00	0.88

The Condensed Consolidated Income Statement should be read in conjunction with the audited annual financial statements for the year ended 30 June 2020 and the accompanying explanatory notes attached to the interim financial statements.

INTERIM FINANCIAL REPORT

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30.9.2020 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30.9.2019 RM'000	3 MONTHS ENDED	
			30.9.2020 RM'000	30.9.2019 RM'000
Profit for the period	77,876	70,084	77,876	70,084
Other comprehensive income/(loss):				
<i>Items that will not be reclassified subsequently to income statement:</i>				
Financial assets at fair value through other comprehensive income	(13,760)	254	(13,760)	254
<i>Items that may be reclassified subsequently to income statement:</i>				
Cash flow hedges:				
- Subsidiaries	34,834	(299,393)	34,834	(299,393)
- Associates and joint ventures	-	(36,397)	-	(36,397)
Currency translation differences:				
- Subsidiaries	4,206	(199,352)	4,206	(199,352)
- Associates and joint ventures	(48,061)	8,293	(48,061)	8,293
	-----	-----	-----	-----
Other comprehensive loss for the period, net of tax	(22,781)	(526,595)	(22,781)	(526,595)
	-----	-----	-----	-----
Total comprehensive income/(loss) for the period	55,095	(456,511)	55,095	(456,511)
	=====	=====	=====	=====
Attributable to:				
Owners of the parent	73,405	(467,377)	73,405	(467,377)
Non-controlling interests	(18,310)	10,866	(18,310)	10,866
	-----	-----	-----	-----
	55,095	(456,511)	55,095	(456,511)
	=====	=====	=====	=====

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited annual financial statements for the year ended 30 June 2020 and the accompanying explanatory notes attached to the interim financial statements.

YTL POWER INTERNATIONAL BERHAD [Company No. 199601034332 (406684-H)]
(Incorporated in Malaysia)

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	UNAUDITED	AUDITED
	As at	As at
	30.9.2020	30.6.2020
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	22,267,895	21,880,462
Investment properties	489,463	467,208
Project development costs	252,541	248,617
Intangible assets	8,543,339	8,641,718
Right-of-use assets	594,572	621,765
Investments accounted for using the equity method	2,183,918	2,215,451
Investments	201,658	215,369
Derivative financial instruments	4,912	10,585
Receivables, deposits and prepayments	1,405,478	1,384,457
	-----	-----
	35,943,776	35,685,632
	-----	-----
Current assets		
Inventories	292,836	311,910
Investments	1,796,077	1,389,043
Receivables, deposits and prepayments	1,981,469	2,192,566
Derivative financial instruments	34,920	74,259
Cash and bank balances	6,959,069	7,484,725
	-----	-----
	11,064,371	11,452,503
	-----	-----
TOTAL ASSETS	47,008,147	47,138,135
	=====	=====
EQUITY AND LIABILITIES		
Share capital	7,038,587	7,038,587
Reserves	5,763,310	5,688,663
Treasury shares, at cost	(708,262)	(708,261)
	-----	-----
Equity attributable to owners of the parent	12,093,635	12,018,989
Non-controlling interests	(28,661)	23,765
	-----	-----
TOTAL EQUITY	12,064,974	12,042,754
	-----	-----

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited annual financial statements for the year ended 30 June 2020 and the accompanying explanatory notes attached to the interim financial statements.

YTL POWER INTERNATIONAL BERHAD [Company No. 199601034332 (406684-H)]
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INTERIM FINANCIAL REPORT

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION - Continued

	UNAUDITED	AUDITED
	As at	As at
	30.9.2020	30.6.2020
	RM'000	RM'000
LIABILITIES		
Non-current liabilities		
Deferred taxation	2,052,844	2,029,692
Borrowings	20,298,159	20,153,160
Lease liabilities	449,351	454,145
Post-employment benefit obligations	838,097	888,898
Grants and contributions	596,324	596,668
Derivative financial instruments	6,540	15,401
Payables	1,337,226	1,280,697
	-----	-----
	25,578,541	25,418,661
	-----	-----
Current liabilities		
Payables and accrued expenses	2,018,908	2,050,968
Derivative financial instruments	103,184	174,944
Post-employment benefit obligations	1,804	655
Taxation	11,806	3,695
Borrowings	7,122,393	7,311,704
Lease liabilities	106,537	134,754
	-----	-----
	9,364,632	9,676,720
	-----	-----
TOTAL LIABILITIES	34,943,173	35,095,381
	-----	-----
TOTAL EQUITY AND LIABILITIES	47,008,147	47,138,135
	=====	=====
Net assets per share attributable to ordinary equity holders of the parent (RM)	1.58	1.57
	=====	=====

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited annual financial statements for the year ended 30 June 2020 and the accompanying explanatory notes attached to the interim financial statements.

YTL POWER INTERNATIONAL BERHAD [Company No. 199601034332 (406684-H)]
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020**

	-----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		
At 1 July 2020	7,038,587	(1,692,576)	(708,261)	7,381,239	12,018,989	23,765	12,042,754
Profit for the financial period	-	-	-	76,883	76,883	993	77,876
Other comprehensive loss for the financial period	-	(3,478)	-	-	(3,478)	(19,303)	(22,781)
Total comprehensive (loss)/income for the financial period	-	(3,478)	-	76,883	73,405	(18,310)	55,095
Dividends paid	-	-	-	-	-	(34,116)	(34,116)
Share option expenses	-	1,242	-	-	1,242	-	1,242
Share option lapsed	-	(51)	-	51	-	-	-
Share repurchased	-	-	(1)	-	(1)	-	(1)
At 30 September 2020	7,038,587	(1,694,863)	(708,262)	7,458,173	12,093,635	(28,661)	12,064,974
	=====	=====	=====	=====	=====	=====	=====

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 2020 and the accompanying explanatory notes attached to the interim financial statements.

YTL POWER INTERNATIONAL BERHAD [Company No. 199601034332 (406684-H)]
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019**

	-----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		
At 30 June 2019, as previously reported	7,038,587	(1,596,412)	(708,259)	7,910,466	12,644,382	226,280	12,870,662
Adjustments from adoption of MFRS 16	-	-	-	(31,570)	(31,570)	(20,791)	(52,361)
At 1 July 2019, as restated	7,038,587	(1,596,412)	(708,259)	7,878,896	12,612,812	205,489	12,818,301
Profit for the financial period	-	-	-	67,357	67,357	2,727	70,084
Other comprehensive (loss)/income for the financial period	-	(534,734)	-	-	(534,734)	8,139	(526,595)
Total comprehensive (loss)/income for the financial period	-	(534,734)	-	67,357	(467,377)	10,866	(456,511)
Share option lapsed	-	(63)	-	63	-	-	-
Share repurchased	-	-	(1)	-	(1)	-	(1)
Share option expenses	-	1,334	-	-	1,334	-	1,334
At 30 September 2019, as restated	7,038,587	(2,129,875)	(708,260)	7,946,316	12,146,768	216,355	12,363,123

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 2020 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 30 SEPTEMBER 2020**

	3 MONTHS ENDED	
	30.9.2020	30.9.2019
	RM'000	RM'000
Cash flows from operating activities		
Profit for the financial period	77,876	70,084
Adjustment for:		
Allowance for impairment of inventories	15,700	248
Allowance for impairment of receivables (net of reversals)	15,621	16,232
Amortisation of contract costs	2,056	2,485
Amortisation of grants and contributions	(5,897)	(4,734)
Amortisation of intangible assets	16,707	2,101
Bad debts recovered	(629)	(842)
Depreciation of property, plant and equipment	254,919	259,828
Depreciation of right-of-use assets	32,826	32,800
Fair value gain on derivatives	-	(2,950)
Fair value gain on investments	(7,536)	(8,430)
Interest expense	239,101	289,193
Interest income	(1,306)	(2,303)
Net gain on disposal of property, plant and equipment	(2,059)	(2,950)
Property, plant and equipment written off	1,228	3,697
Provision for liabilities and charges	648	978
Provision for post-employment benefit	11,738	20,530
Share of profits of investments accounted for using the equity method	(87,527)	(90,614)
Share option expenses	1,217	1,301
Taxation	30,981	37,630
Unrealised loss on foreign exchange	6,947	6,276
Other non-cash items	249	-
	-----	-----
	602,860	630,560
Changes in working capital:		
Inventories	2,965	153,263
Receivables, deposits and prepayments	134,046	189,652
Payables and accrued expenses	(27,104)	(286,430)
	-----	-----
Cash flows from operations	712,767	687,045
Interest paid	(210,932)	(241,164)
Payment to post-employment benefit obligations	(82,319)	(11,601)
Tax paid	(10,190)	(42,136)
	-----	-----
Net cash flows from operating activities	409,326	392,144
	-----	-----

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited annual financial statements for the year ended 30 June 2020 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 30 SEPTEMBER 2020 - Continued

	3 MONTHS ENDED	
	30.9.2020	30.9.2019
	RM'000	RM'000
Cash flows from investing activities		
Development expenditure incurred on investment properties	(16,118)	(12,703)
Dividends received	84,031	92,626
Grants received	2,594	6,827
Interest received	1,189	3,979
Net decrease in deposits maturing more than 90 days	70,811	-
Net placement of income funds	(406,958)	-
Prepayment for land acquisition	(1,959)	(2,014)
Proceeds from disposal of property, plant and equipment	4,278	4,623
Purchase of intangible assets	(2)	(68,442)
Purchase of property, plant and equipment	(384,354)	(295,118)
Shareholder loans	(23,693)	(26,279)
	-----	-----
Net cash flows used in investing activities	(670,181)	(296,501)
	-----	-----
Cash flows from financing activities		
Dividends paid to non-controlling interests	(34,116)	-
Proceeds from borrowings	19,065	1,066,100
Repayment of borrowings	(96,396)	-
Repayment of lease liabilities	(44,753)	(39,476)
Repurchase of own shares	(1)	(1)
	-----	-----
Net cash flows (used in)/from financing activities	(156,201)	1,026,623
	-----	-----
Net changes in cash and cash equivalents	(417,056)	1,122,266
Effects of exchange rate changes	(1,190)	(67,315)
Cash and cash equivalents at beginning of the financial year	6,923,559	7,539,691
	-----	-----
Cash and cash equivalents at end of the financial period <i>[Note a]</i>	6,505,313	8,594,642
	=====	=====
<i>[Note a]</i>		
Cash and cash equivalents at the end of the financial period comprise:		
	RM'000	RM'000
Fixed deposits	5,833,721	8,156,293
Cash and bank balances	1,125,348	438,630
Deposits with maturity 90 days and more	(453,756)	-
Bank overdrafts	-	(281)
(included within short term borrowing in Note B9)		
	-----	-----
	6,505,313	8,594,642
	=====	=====

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited annual financial statements for the year ended 30 June 2020 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 2020.

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 2020.

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 2020.

The adoption of MFRSs, amendments to MFRSs and IC interpretation which were effective for financial year beginning on or after 1 July 2020 do not have significant financial impact to the Group.

A2. Seasonality or Cyclicity of Operations

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

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INTERIM FINANCIAL REPORT

Notes – continued

A3. Disaggregation of revenue

	Individual Quarter		Cumulative Quarter	
	30.9.2020	30.9.2019	30.9.2020	30.9.2019
	RM'000	RM'000	RM'000	RM'000
Power generation (Contracted)				
- Sale of electricity	72,285	208,655	72,285	208,655
Multi utilities business (Merchant)				
- Sale of electricity	1,316,252	1,471,966	1,316,252	1,471,966
- Sale of steam	45,927	54,509	45,927	54,509
- Others	44,146	165,879	44,146	165,879
	<u>1,406,325</u>	<u>1,692,354</u>	<u>1,406,325</u>	<u>1,692,354</u>
Water & sewerage				
- Supply of clean water and treatment and disposal of waste water	873,932	857,199	873,932	857,199
Telecommunications business				
- Sale of devices	1,524	2,889	1,524	2,889
- Telecommunications services	87,165	80,362	87,165	80,362
- Telecommunications infrastructure business	12,775	14,339	12,775	14,339
	<u>101,464</u>	<u>97,590</u>	<u>101,464</u>	<u>97,590</u>
Investment holding activities				
- Investment income	19,176	45,926	19,176	45,926
- Management, operation and maintenance fees	15,948	40,428	15,948	40,428
- Others	13,700	17,357	13,700	17,357
	<u>48,824</u>	<u>103,711</u>	<u>48,824</u>	<u>103,711</u>
	<u>2,502,830</u>	<u>2,959,509</u>	<u>2,502,830</u>	<u>2,959,509</u>

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.

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.

A total of 1,000 ordinary shares were repurchased from the open market for a total consideration of RM734 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 2020, the number of treasury shares held was 482,909,712 ordinary shares.

The outstanding debts are as disclosed in Note B9.

A7. Dividends Paid

There was no dividend paid during the current financial quarter.

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) Telecommunications business
- 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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INTERIM FINANCIAL REPORT

Notes – continued

Segment information for the financial period ended 30 September 2020:

	Power generation (Contracted) RM'000	Multi utilities business (Merchant) RM'000	Water & sewerage RM'000	Telecom- munications business RM'000	Investment holding activities RM'000	Group RM'000
Total Revenue	72,285	1,406,325	873,932	102,202	60,967	2,515,711
Inter-segment elimination	-	-	-	(738)	(12,143)	(12,881)
External Revenue	<u>72,285</u>	<u>1,406,325</u>	<u>873,932</u>	<u>101,464</u>	<u>48,824</u>	<u>2,502,830</u>
Segment profit/(loss) before tax	<u>(1,762)</u>	<u>36,119</u>	<u>131,148</u>	<u>(69,559)</u>	<u>12,911</u>	<u>108,857</u>
Finance costs						239,101
Depreciation and amortisation						300,611
EBITDA*						<u>648,569</u>

*Included is a fair value gain of RM7.5 million and allowance for impairment of RM31.3 million.

Segment information for the financial period ended 30 September 2019:

	Power generation (Contracted) RM'000	Multi utilities business (Merchant) RM'000	Water & sewerage RM'000	Telecom- munications business RM'000	Investment holding activities RM'000	Group RM'000
Total Revenue	208,655	1,692,354	857,199	97,767	120,566	2,976,541
Inter-segment elimination	-	-	-	(177)	(16,855)	(17,032)
External Revenue	<u>208,655</u>	<u>1,692,354</u>	<u>857,199</u>	<u>97,590</u>	<u>103,711</u>	<u>2,959,509</u>
Segment profit/(loss) before tax	<u>13,686</u>	<u>(69,151)</u>	<u>195,026</u>	<u>(69,732)</u>	<u>37,885</u>	<u>107,714</u>
Finance costs						289,193
Depreciation and amortisation						292,480
EBITDA*						<u>689,387</u>

*Included is a fair value gain of RM11.4 million and allowance for impairment of RM16.5 million.

INTERIM FINANCIAL REPORT

Notes – continued

A9. 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.

A10. 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 2020, including business combinations, obtaining or losing control of subsidiaries and long-term investments, restructurings and discontinuing operations save for the following:

- (i) On 10 September 2020, P.T. YTL Harta Indonesia (“YTL Harta Indonesia”) was incorporated by YTL Jawa O & M Holdings B.V. and P.T. YTL Jawa Timur (the indirect subsidiaries of the Company) at the shareholdings of 95% and 5% respectively. As a result, YTL Harta Indonesia became an indirect subsidiary of the Company.

YTL Harta Indonesia was incorporated in Indonesia with an issued share capital of Rp2,500,000,000 comprising 2,500 ordinary shares to undertake industrial estate business activities.

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 2020.

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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
30.9.2020				
Assets				
Financial assets at fair value through profit or loss:				
- Trading derivatives	-	2,844	-	2,844
- Income funds	-	1,796,077	-	1,796,077
- Equity investments	-	3,656	-	3,656
Financial assets at fair value through other comprehensive income	35,912	45	162,045	198,002
Derivatives used for hedging	-	36,988	-	36,988
Total assets	35,912	1,839,610	162,045	2,037,567
Liabilities				
Financial liabilities at fair value through profit or loss:				
- Trading derivatives	-	218	-	218
Derivatives used for hedging	-	109,506	-	109,506
Total liabilities	-	109,724	-	109,724

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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 %
	30.9.2020 RM'000	30.9.2019 RM'000		30.9.2020 RM'000	30.9.2019 RM'000	
Revenue						
Power generation (Contracted)	72,285	208,655	-65.4%	72,285	208,655	-65.4%
Multi utilities business (Merchant)	1,406,325	1,692,354	-16.9%	1,406,325	1,692,354	-16.9%
Water & sewerage	873,932	857,199	+2.0%	873,932	857,199	+2.0%
Telecommunications business	101,464	97,590	+4.0%	101,464	97,590	+4.0%
Investment holding activities	48,824	103,711	-52.9%	48,824	103,711	-52.9%
	<u>2,502,830</u>	<u>2,959,509</u>	-15.4%	<u>2,502,830</u>	<u>2,959,509</u>	-15.4%
Profit/(Loss) before taxation						
Power generation (Contracted)	(1,762)	13,686	->100.0%	(1,762)	13,686	->100.0%
Multi utilities business (Merchant)	36,119	(69,151)	>100.0%	36,119	(69,151)	>100.0%
Water & sewerage	131,148	195,026	-32.8%	131,148	195,026	-32.8%
Telecommunications business	(69,559)	(69,732)	+0.2%	(69,559)	(69,732)	+0.2%
Investment holding activities	12,911	37,885	-65.9%	12,911	37,885	-65.9%
	<u>108,857</u>	<u>107,714</u>	+1.1%	<u>108,857</u>	<u>107,714</u>	+1.1%

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Current Quarter vs Preceding Year Corresponding Quarter

The Group recorded a revenue of RM2,502.8 million for the current financial quarter ended 30 September 2020 as compared to RM2,959.5 million recorded in the preceding year corresponding quarter ended 30 September 2019. The Group profit before taxation for the current financial quarter was RM108.9 million, which is comparable to the profit of RM107.7 million recorded in the preceding year corresponding quarter.

Performance of the respective operating business segments for the quarter ended 30 September 2020 as compared to the preceding year corresponding quarter is analysed as follows:

Power generation (Contracted)

The lower revenue was mainly due to the lower energy payment recorded.

The loss before taxation was mainly due to one-off write-down of inventories. However, the EBITDA of this segment is positive.

Multi utilities business (Merchant)

The lower revenue was primarily due to the decrease in fuel oil price.

The improvement in profit before taxation was mainly due to the higher retail and ancillary margins, higher fuel oil tank leasing rates and lower finance costs.

Water & sewerage

The higher revenue was primarily due to the strengthening of Great Britain Pound against Ringgit Malaysia and an increase in unregulated project income.

The lower profit before taxation was mainly due to the higher depreciation charges and price reset as determined by regulator.

Telecommunications business

The revenue and loss before taxation was consistent to the comparative quarter.

Investment holding activities

The lower revenue was primarily due to the lower interest and technical services income.

The lower profit before taxation was mainly due to the lower share of profits of investments accounted for using the equity method and lower revenue as mentioned above.

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B2. Comparison with Preceding Quarter

	Current Quarter 30.9.2020 RM'000	Preceding Quarter 30.6.2020 RM'000	Variance % +/-
Revenue	2,502,830	2,291,570	+9.2%
Consolidated profit before taxation	108,857	99,403	+9.5%
Consolidated profit/(loss) after taxation	77,876	(93,041)	>100.0%

The higher profit before taxation as compared to preceding quarter was primarily attributable to the better performance in the segments of Multi utilities business (Merchant) and Water & sewerage, partially offset by lower profit in Investment holding activities. The loss after taxation in preceding quarter was mainly due to the recognition of deferred tax expenses arising from the increase in UK Corporation Tax rate from 17% to 19%.

B3. Prospects

Globally, businesses are facing unprecedented social and economic challenges following the outbreak of the global Covid-19 pandemic. Countries where the Group operate have implemented various movement control regulations and laws and limited the operation of non-essential services. However, the Group's businesses have largely not been affected as being utility in nature, are essential services that have continued to operate throughout the current control period.

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. In February 2020, TJPC obtained the Business Viability Guarantee Letter from the Ministry of Finance of the Republic of Indonesia and is working towards achieving financial close.

The Group also has a 45% equity interest in Attarat Power Company ("APCO"), which is developing a 554 megawatt (gross) 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 commercial operations for the first unit scheduled to commence in the middle of the calendar year 2020 and the second unit in the last quarter of the calendar year 2020. However, the global Covid-19 pandemic has led to a delay in the project due to travel and movement restrictions imposed by the Government of Jordan. APCO has invoked the force majeure provisions under the Power Purchase Agreement with NEPCO. As the effects of Covid-19 are still on-going, the force majeure provisions are still in effect.

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YTL Power Generation Sdn. Bhd. (“YTLPG”) commenced operations 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 Power Purchase Agreement (“PPA”).

Multi utilities business (Merchant)

The electricity market in Singapore is expected to 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. The proposed acquisition of Tuaspring announced on 12 March 2020 which is currently pending completion is a logical extension of the Group’s existing multi utilities operations. The power plant and associated assets of Tuaspring, which is the newest combined cycle power plant in Singapore, will, upon completion, be integrated into existing businesses and expected to contribute positively to the future earnings of the Group.

In response to the Covid-19 pandemic, Singapore implemented heightened safe distancing measures from 7 April 2020 to 1 June 2020, locally known as “circuit breaker” measures. During the circuit breaker, Singapore’s electricity demand came down due, inter alia, to closure of public premises and workplaces for non-essential services. YTL PowerSeraya is closely monitoring the situation, including customers’ electricity consumption and revenue collections. The Singapore government will be cushioning the impact of Covid-19 on businesses, with payouts to help cover employer’s manpower costs as well as providing property tax rebates. Electricity demand has since recovered, but is still lower than pre-Covid-19 levels. However, as power generation is an essential service, YTL PowerSeraya is confident of recovery post pandemic.

Water & sewerage

Wessex Water continues to work towards the investment commitments agreed with the regulator as part of its Price Review 2020-2025 (“PR19”). Over the last 5 years, Wessex Water’s investment in its regulated assets base (“RAB”) increased from RM15.11 billion (GBP2.75 billion) to RM17.79 billion (GBP3.35 billion). The RAB value is expected to increase to RM20.66 billion (GBP3.89 billion) at the end of the period, 31 March 2025 following the investment commitments agreed for PR19.

Whilst it is still uncertain as to the extent to which the global pandemic impacts results, the Group remains committed to delivering high quality, reliable and resilient services that are affordable to everyone.

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Telecommunications business

With the existing network in place, this segment will continue to expand its telecommunications infrastructure business and subscriber base. In August 2020, Jalanan Digital Negara (“JENDELA”), a plan to upgrade Malaysia’s digital communications infrastructure formulated by the Government and the Malaysian Communications and Multimedia Commission, was launched. Initial phases of the plan focus on expanding 4G mobile broadband coverage and increasing broadband speeds, with the aim of shutting down 3G by 2021. As such, YTL Communications’ pure-4G YES network is well positioned to continue to attract subscribers and meet the country’s digital infrastructure needs.

In response to the Covid-19 pandemic, YTL Communications and FrogAsia collaborated with YTL Foundation, a not-for-profit foundation funded principally by the YTL Group, launched the Learn from Home Initiative in March 2020 to enable students to learn from home. Under the initiative, YTL Foundation provided free Yes 4G SIM cards with 40GB of data to students registered in government schools and certain tertiary education institutions and also provided free mobile phones and YES 4G internet data plans to students from B40 families, thereby ensuring students have free access to sufficient data for online learning. Online learning resources and lessons were also provided by FrogAsia to facilitate learning from home. In view of the overwhelming response to the Learn from Home Initiative, YTL Communications hopes to be able to continue serving this underserved community with affordable plans.

Despite the challenging outlook, the Group expects the performance of its business segments to remain resilient due to the essential nature of its operations, and will continue to closely monitor the related risks and impact on all business segments.

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 2020

The Auditors’ Report on the financial statements of the financial year ended 30 June 2020 did not contain any qualification.

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B6. Profit for the period

	Current Quarter 30.9.2020 RM'000	Current Year To Date 30.9.2020 RM'000
Profit before taxation is stated after charging/(crediting):		
Allowance for impairment of inventories	15,700	15,700
Allowance for impairment of receivables (net of reversals)	15,621	15,621
Amortisation of contract costs	2,056	2,056
Amortisation of grants and contributions	(5,897)	(5,897)
Amortisation of intangible assets	16,707	16,707
Bad debts recovered	(629)	(629)
Depreciation of property, plant and equipment	254,919	254,919
Depreciation of right-of-use assets	32,826	32,826
Fair value gain on investments	(7,536)	(7,536)
Interest expense	239,101	239,101
Interest income	(1,306)	(1,306)
Loss on foreign exchange	3,363	3,363
Net gain on disposal of property, plant and equipment	(2,059)	(2,059)
Property, plant and equipment written off	1,228	1,228
Provision of liabilities and charges	648	648
	=====	=====

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

B7. Taxation

	Current Quarter 30.9.2020 RM'000	Current Year To Date 30.9.2020 RM'000
In respect of current period		
- Income Tax	31,942	31,942
- Deferred Tax	(961)	(961)
	-----	-----
	30,981	30,981
	=====	=====

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

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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:

- (i) On 12 March 2020, the Company and Taser Power Pte. Ltd., entered into a put and call option agreement with Tuaspring Pte. Ltd. (“Tuaspring”) for the proposed acquisition of the power plant and associated assets of Tuaspring by YTL PowerSeraya Pte. Limited, from the receivers and managers of Tuaspring, for a total purchase consideration of SGD331,450,000 to be settled as to SGD230,000,000 in cash and SGD101,452,000 comprising ordinary shares and loan notes amounting to 7.54% of the post-acquisition equity in YTL Utilities (S) Pte. Limited, the immediate holding company of YTL PowerSeraya Pte. Limited (“Proposed Acquisition”).

Approval for the Proposed Acquisition from the Energy Market Authority of Singapore was received on 20 May 2020. Completion is now conditional inter alia on approval of the Public Utilities Board of Singapore and completion of financing arrangements which are currently pending.

- (ii) On 29 April 2020, CIMB Investment Bank Berhad announced on behalf of the Company, the proposal to establish and implement a new employees share option scheme (“ESOS”) (“2020 ESOS”) for the eligible employees and directors of the Company and/or its subsidiaries (“Proposed ESOS”).

The Company has in place an existing ESOS that was implemented on 1 April 2011 with a duration of 10 years which will be expiring on 31 March 2021 (“Existing Scheme”).

In accordance with the provisions of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”), a listed issuer may implement more than one scheme provided that the aggregate number of new ordinary shares in the Company available under all the schemes (i.e. the aggregate of outstanding options under the Existing Scheme together with options to be granted under the 2020 ESOS) does not exceed 15% of the Company’s total number of issued shares (excluding treasury shares) at any one time, in compliance with the requirements under Paragraph 6.38 of the MMLR.

On 18 June 2020, Bursa Securities granted the Company an extension of time until 16 November 2020 to issue the circular in relation to the Proposed ESOS. The extraordinary general meeting to seek shareholders’ approval for the Proposed ESOS will be held on 1 December 2020.

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B9. Group Borrowings and Debt Securities

The Group's borrowings as at 30 September 2020 are as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
Current			
Revolving credit	-	304,500	304,500
Term loans	-	6,817,893	6,817,893
	-	<u>7,122,393</u>	<u>7,122,393</u>
Non- current			
Bonds	-	16,225,646	16,225,646
Revolving credit	-	595,742	595,742
Term loans	-	3,476,771	3,476,771
	-	<u>20,298,159</u>	<u>20,298,159</u>
Total borrowings	-	<u>27,420,552</u>	<u>27,420,552</u>

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

	Foreign currency '000	RM Equivalents '000
US Dollar	448,703	1,865,931
Sterling Pound	2,432,539	12,985,623
Singapore Dollar	1,942,993	5,901,453

All borrowings of the subsidiaries are on non-recourse basis to the Company save and except for borrowings totalling RM304.5 million, for which the Company has provided corporate guarantees to the financial institutions.

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

(a) Derivative Financial Instruments

As at 30 September 2020, 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	1,020,046	(66,781)
- 1 year to 3 years	102,536	844
- More than 3 years	-	-
<u>Currency forwards</u>		
- Less than 1 year	1,135,400	(1,483)
- 1 year to 3 years	173,382	(2,472)
- 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 30 September 2020 are as follows:

Type of financial liabilities	Basis of fair value measurement	Reason for the gain	Fair value gain	
			Current quarter 30.9.2020 RM'000	Current year to date 30.9.2020 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	48	48
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	4,722	4,722
Total			4,770	4,770

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B11. Material Litigation

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

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 30.9.2020	Preceding Year Corresponding Quarter 30.9.2019
Profit attributable to Owners of the Parent (RM'000)	76,883 =====	67,357 =====
Weighted average number of ordinary shares ('000)	7,675,300 =====	7,675,302 =====
Basic earnings per share (Sen)	1.00 =====	0.88 =====

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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 30.9.2020	Preceding Year Corresponding Quarter 30.9.2019
Profit attributable to Owners of the Parent (RM'000)	76,883 =====	67,357 =====
<i>Weighted average number of ordinary shares – diluted ('000)</i>		
Weighted average number of ordinary shares – basic	7,675,300 =====	7,675,302 =====
Diluted earnings per share (Sen)	1.00 =====	0.88 =====

* *Total cash expected to be received in the event of an exercise of all outstanding ESOS is RM270.3 million. Accordingly, the Net Asset (NA) on a pro forma basis will increase by RM270.3 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: 26 November 2020