

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

Interim Financial Report
30 September 2014

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

INTERIM FINANCIAL REPORT

Interim financial report on consolidated results for the financial period ended 30 September 2014.

The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	3 MONTHS ENDED	
	30.9.2014	30.9.2013	30.9.2014	30.9.2013
	RM'000	RM'000	RM'000	RM'000
REVENUE	3,358,710	3,981,132	3,358,710	3,981,132
COST OF SALES	(2,851,474)	(3,345,170)	(2,851,474)	(3,345,170)
GROSS PROFIT	507,236	635,962	507,236	635,962
OTHER OPERATING INCOME	40,759	6,627	40,759	6,627
OTHER OPERATING EXPENSES	(131,845)	(281,200)	(131,845)	(281,200)
PROFIT FROM OPERATIONS	416,150	361,389	416,150	361,389
FINANCE COSTS	(186,554)	(196,964)	(186,554)	(196,964)
SHARE OF PROFITS OF INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD	73,277	84,854	73,277	84,854
PROFIT BEFORE TAXATION	302,873	249,279	302,873	249,279
TAXATION	(65,336)	(13,603)	(65,336)	(13,603)
PROFIT FOR THE PERIOD	237,537	235,676	237,537	235,676
ATTRIBUTABLE TO:				
Owners of the Parent	243,849	234,822	243,849	234,822
Non-Controlling Interests	(6,312)	854	(6,312)	854
	237,537	235,676	237,537	235,676
EARNINGS PER SHARE FOR PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT				
Basic (Sen)	3.59	3.32	3.59	3.32
Diluted (Sen)	3.45	3.17	3.45	3.17

The Condensed Consolidated Income Statement should be read in conjunction with the audited annual financial statements for the year ended 30 June 2014 and the accompanying explanatory notes attached to the interim financial statements.

INTERIM FINANCIAL REPORT

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER PRECEDING YEAR CORRESPONDING QUARTER		CUMULATIVE QUARTER 3 MONTHS ENDED	
	CURRENT YEAR QUARTER 30.9.2014 RM'000	30.9.2013 RM'000	30.9.2014 RM'000	30.9.2013 RM'000
PROFIT FOR THE PERIOD	237,537	235,676	237,537	235,676
OTHER COMPREHENSIVE INCOME/(LOSS):				
<i>ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO INCOME STATEMENT</i>				
AVAILABLE-FOR-SALE RESERVE	(8,897)	(557)	(8,897)	(557)
HEDGING RESERVE	(84,872)	4,527	(84,872)	4,527
CURRENCY TRANSLATION DIFFERENCES	(160,916)	522,085	(160,916)	522,085
	-----	-----	-----	-----
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD, NET OF TAX	(254,685)	526,055	(254,685)	526,055
	-----	-----	-----	-----
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD	(17,148)	761,731	(17,148)	761,731
	=====	=====	=====	=====
ATTRIBUTABLE TO:				
Owners of the Parent	(19,724)	748,946	(19,724)	748,946
Non-Controlling Interests	2,576	12,785	2,576	12,785
	-----	-----	-----	-----
	(17,148)	761,731	(17,148)	761,731
	=====	=====	=====	=====

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited annual financial statements for the year ended 30 June 2014 and the accompanying explanatory notes attached to the interim financial statements.

INTERIM FINANCIAL REPORT

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	UNAUDITED	AUDITED
	As at	As at
	30.9.2014	30.6.2014
	RM'000	RM'000
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	19,120,273	19,323,668
Intangible Assets	6,898,100	6,864,070
Investments Accounted for using the Equity Method	1,643,008	1,599,869
Investments	233,494	242,517
Derivative Financial Instruments	9,396	17,315
Receivables, Deposits and Prepayments	611,778	614,884
	-----	-----
	28,516,049	28,662,323
	-----	-----
Current Assets		
Inventories	401,004	449,081
Receivables, Deposits and Prepayments	1,709,779	1,984,877
Derivative Financial Instruments	64,137	30,590
Cash and Bank Balances	8,701,626	8,958,235
	-----	-----
	10,876,546	11,422,783
	-----	-----
TOTAL ASSETS	39,392,595	40,085,106
	=====	=====
EQUITY AND LIABILITIES		
Share Capital	3,589,769	3,588,624
Reserves	7,545,895	7,562,171
Treasury Shares, at cost	(711,303)	(711,301)
	-----	-----
Equity attributable to Owners of the Parent	10,424,361	10,439,494
Non-Controlling Interests	220,002	244,231
	-----	-----
TOTAL EQUITY	10,644,363	10,683,725
	-----	-----

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited annual financial statements for the year ended 30 June 2014 and the accompanying explanatory notes attached to the interim financial statements.

INTERIM FINANCIAL REPORT

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION – Continued

	UNAUDITED	AUDITED
	As at	As at
	30.9.2014	30.6.2014
	RM'000	RM'000
LIABILITIES		
Non-Current Liabilities		
Deferred Taxation	1,942,411	1,958,946
Borrowings	20,293,001	21,457,360
Grants and Contributions	345,849	347,207
Post-employment Benefit Obligations	542,788	553,780
Derivative Financial Instruments	31,192	8,946
Payables	483,993	480,045
	-----	-----
	23,639,234	24,806,284
	-----	-----
Current Liabilities		
Payables and Accrued Expenses	2,037,430	2,282,675
Derivative Financial Instruments	110,427	20,327
Post-employment Benefit Obligations	764	1,801
Taxation	216,516	227,375
Borrowings	2,743,861	2,062,919
	-----	-----
	5,108,998	4,595,097
	-----	-----
TOTAL LIABILITIES	28,748,232	29,401,381
	-----	-----
TOTAL EQUITY AND LIABILITIES	39,392,595	40,085,106
	=====	=====
Net Assets Per 50 Sen Share (RM) attributable to Ordinary Equity Holders of the Parent	1.53	1.54
	===	===

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited annual financial statements for the year ended 30 June 2014 and the accompanying explanatory notes attached to the interim financial statements.

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

INTERIM FINANCIAL REPORT

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2014**

	----- Attributable to Owners of the Parent -----							
	Share Capital RM'000	Share Premium RM'000	Merger & Other Reserves RM'000	Treasury Shares RM'000	Retained Earnings RM'000	Total RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
At 1 July 2014	3,588,624	2,106,551	(2,432,876)	(711,301)	7,888,496	10,439,494	244,231	10,683,725
Profit for the financial period	-	-	-	-	243,849	243,849	(6,312)	237,537
Other comprehensive loss for the financial period	-	-	(263,573)	-	-	(263,573)	8,888	(254,685)
Total comprehensive loss for the financial period	-	-	(263,573)	-	243,849	(19,724)	2,576	(17,148)
Non-controlling interests arising from business combination	-	-	-	-	-	-	(11,329)	(11,329)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(15,476)	(15,476)
Issue of share capital	1,145	1,466	-	-	-	2,611	-	2,611
Shares repurchased	-	-	-	(2)	-	(2)	-	(2)
Provision for share options	-	-	1,982	-	-	1,982	-	1,982
Warrants reserves	-	229	(229)	-	-	-	-	-
At 30 September 2014	3,589,769	2,108,246	(2,694,696)	(711,303)	8,132,345	10,424,361	220,002	10,644,363

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 2014 and the accompanying explanatory notes attached to the interim financial statements.

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

INTERIM FINANCIAL REPORT

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2013**

	----- Attributable to Owners of the Parent -----							
	Share Capital RM'000	Share Premium RM'000	Merger & Other Reserves RM'000	Treasury Shares RM'000	Retained Earnings RM'000	Total RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
At 1 July 2013	3,669,034	3,045,330	(3,155,068)	(390,148)	6,834,896	10,004,044	284,937	10,288,981
Effect of changes in accounting policies	-	-	5,522	-	(200,493)	(194,971)	(25)	(194,996)
At 1 July 2013, as restated	3,669,034	3,045,330	(3,149,546)	(390,148)	6,634,403	9,809,073	284,912	10,093,985
Profit for the financial period	-	-	-	-	234,822	234,822	854	235,676
Other comprehensive income for the financial period	-	-	514,124	-	-	514,124	11,931	526,055
Total comprehensive income for the financial period	-	-	514,124	-	234,822	748,946	12,785	761,731
Issue of share capital	10,332	14,672	-	-	-	25,004	-	25,004
Dividends paid to non-controlling interests	-	-	-	-	-	-	(29,619)	(29,619)
Shares repurchased	-	-	-	(257,812)	-	(257,812)	-	(257,812)
Cancellation of shares	(125,000)	(412,250)	125,000	412,250	-	-	-	-
Provision for share options	-	-	2,335	-	-	2,335	-	2,335
Warrants reserves	-	2,066	(2,066)	-	-	-	-	-
At 30 September 2013	3,554,366	2,649,818	(2,510,153)	(235,710)	6,869,225	10,327,546	268,078	10,595,624

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 2014 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 2014**

	CURRENT YEAR-TO-DATE 30.9.2014 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30.9.2013 RM'000
Cash flows from operating activities		
Profit for the financial period	237,537	235,676
Adjustment for:		
Allowance for impairment of receivables (net of reversals)	19,125	42,866
Allowance for impairment of investment in associates	-	23,952
Allowance for impairment of inventories	272	13,864
Amortisation of deferred income	(1,039)	-
Amortisation of grants and contributions	(2,470)	(3,178)
Amortisation of intangible assets	15,799	8,839
Depreciation of property, plant and equipment	303,200	313,576
Interest expense	186,554	196,964
Interest income	(4,559)	(3,302)
Provision for post-employment benefit	14,616	14,807
Provision for liabilities and charges	298	504
Share of profits of investments accounted for using the equity method	(73,277)	(84,854)
Taxation	65,336	13,603
Unrealised (gain)/loss on foreign exchange	(26,820)	72,305
Other non-cash items	3,982	5,135
	-----	-----
	738,554	850,757
Changes in working capital:		
Inventories	46,936	21,163
Receivables, deposits and prepayments	195,699	205,867
Payables and accrued expenses	(94,879)	(260,827)
	-----	-----
Cash generated from operations	886,310	816,960
Interest paid	(209,973)	(207,110)
Payment to retirement benefit scheme	(14,423)	(14,622)
Tax paid	(89,590)	(83,676)
	-----	-----
Net cash flows from operating activities	572,324	511,552
	-----	-----

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited annual financial statements for the year ended 30 June 2014 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 2014 - Continued**

	CURRENT YEAR-TO-DATE 30.9.2014 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30.9.2013 RM'000
Cash flows from investing activities		
Acquisition of subsidiary	(49,800)	-
Dividends received	36,093	75,299
Grants received	7,767	10,083
Interest received	2,975	7,315
Purchase of property, plant and equipment	(479,251)	(312,338)
Proceeds from redemption of investment in loan stock	-	54,900
Other investing activities	(1,280)	(737)
	-----	-----
Net cash flows used in investing activities	(483,496)	(165,478)
	-----	-----
Cash flows from financing activities		
Dividends paid to non-controlling interests	(15,476)	(29,619)
Proceeds from borrowings	142,778	-
Proceeds from issue of shares	2,611	25,004
Repayment of borrowings	(353,940)	(557,804)
Repurchase of own shares	(2)	(257,812)
	-----	-----
Net cash flows used in financing activities	(224,029)	(820,231)
	-----	-----
Net changes in cash and cash equivalents	(135,201)	(474,157)
Effects of exchange rate changes	(59,452)	354,606
Cash and cash equivalents at beginning of the financial year	8,890,923	9,552,134
	-----	-----
Cash and cash equivalents at end of the financial period <i>[Note a]</i>	8,696,270	9,432,583
	=====	=====

[Note a]

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

	RM'000	RM'000
Fixed deposits	8,246,510	9,102,501
Cash and bank balances	455,116	374,645
Bank overdrafts (included within short term borrowings in [Note B9])	(5,356)	(44,563)
	-----	-----
	8,696,270	9,432,583
	=====	=====

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited annual financial statements for the year ended 30 June 2014 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 2014.

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 2014.

The adoption of MFRSs and amendments to MFRSs which were effective for financial year beginning on or after 1 July 2014 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 2014.

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

During the current financial quarter, there was no item of an 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

The number of ordinary shares of RM0.50 each issued during the current financial quarter and financial year to date pursuant to the exercise of Warrants 2008/2018 were 2,290,278 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 of RM0.50 each were repurchased from the open market for a total consideration of RM1,542 for the current financial quarter and financial year to date. The share buyback transactions were financed by internally generated funds. The shares purchased are held as treasury shares. As at 30 September 2014, the number of treasury shares held was 384,263,579 ordinary shares of RM0.50 each.

Medium Term Notes of its subsidiary company amounting to RM300 million in total was fully settled during the current financial year to date.

The outstanding debts are as disclosed in Note B9.

A6. Dividends Paid

There was no dividend paid during the current financial quarter.

A7. Segment Information

The Group has five reportable segments as described below:

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

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

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INTERIM FINANCIAL REPORT

Notes – continued

Segment information for the financial period ended 30 September 2014:

	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	331,127	2,092,392	755,007	148,148	32,036	3,358,710
Inter- segment Revenue	-	-	-	297	23,368	23,665
Segment profit / (loss) before tax	66,733	75,024	199,979	(77,934)	39,071	302,873

Segment information for the financial period ended 30 September 2013:

	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	298,438	2,752,297	691,094	217,830	21,473	3,981,132
Inter- segment Revenue	-	-	-	147	27,675	27,822
Segment profit/ (loss) before tax	60,611	153,081	194,857	(49,774)	(109,496)	249,279

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

- (i) On 2 June 2014, YTL Communications Sdn Bhd (“YTL Comm”), a 60%-owned subsidiary of the Company, entered into an agreement with the sellers listed in the table below (“SPA”), for the acquisition of a total 1,500,000 ordinary shares of RM1.00 each in the capital of Konsortium Jaringan Selangor Sdn Bhd (“KJS”), representing 60% of the issued and paid-up share capital of KJS, for an aggregate consideration of RM49,800,000.00 in cash subject to adjustment, if any, in accordance with the SPA:

<u>Name of Seller</u>	<u>Number of ordinary shares disposed</u>
Kumpulan Darul Ehsan Berhad	750,000
Ingres Software (M) Sdn Bhd	<u>750,000</u>
TOTAL	<u>1,500,000</u>

The SPA was completed on 1 August 2014 and consequent thereto, KJS has become a subsidiary of YTL Comm and an indirect subsidiary of the Company.

KJS was incorporated on 21 September 1998 and is principally engaged in the business of planning, implementation and maintenance of telecommunication towers and telecommunication related services.

- (ii) PowerSeraya Limited (“PowerSeraya”), an indirect wholly-owned subsidiary of the Company, which commenced member’s voluntary winding up pursuant to Section 290(1)(b) of the Companies Act (Cap 50) of Singapore (“the Act”) on 30 June 2012, held its final meeting and lodged the Return by Liquidator relating to the final meeting (“the Return”) with the Registrar of Companies, and Official Receiver of Singapore on 23 May 2014. In accordance with the Act, PowerSeraya was dissolved on the expiration of 3 months after lodgement of the Return i.e. on 23 August 2014.

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 2014.

INTERIM FINANCIAL REPORT

Notes – continued

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	Total RM'000
30.9.2014			
Assets			
Financial assets at fair value through profit and loss:			
- Trading derivatives	-	36,755	36,755
- Inventories held for trading	-	11,137	11,137
Available-for-sale	51,649	181,845	233,494
Derivatives used for hedging	-	36,778	36,778
Total assets	<u>51,649</u>	<u>266,515</u>	<u>318,164</u>
Liabilities			
Financial liabilities at fair value through profit or loss:			
- Trading derivatives	-	41,092	41,092
Derivatives used for hedging	-	100,527	100,527
Total liabilities	<u>-</u>	<u>141,619</u>	<u>141,619</u>

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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		Cumulative Quarter	
	30.9.2014	30.9.2013	30.9.2014	30.9.2013
	RM'000	RM'000	RM'000	RM'000
Revenue				
Power generation (Contracted)	331,127	298,438	331,127	298,438
Multi utilities business (Merchant)	2,092,392	2,752,297	2,092,392	2,752,297
Water & sewerage	755,007	691,094	755,007	691,094
Mobile broadband network	148,148	217,830	148,148	217,830
Investment holding activities	32,036	21,473	32,036	21,473
	<u>3,358,710</u>	<u>3,981,132</u>	<u>3,358,710</u>	<u>3,981,132</u>
Profit/(Loss) before taxation				
Power generation (Contracted)	66,733	60,611	66,733	60,611
Multi utilities business (Merchant)	75,024	153,081	75,024	153,081
Water & sewerage	199,979	194,857	199,979	194,857
Mobile broadband network	(77,934)	(49,774)	(77,934)	(49,774)
Investment holding activities	39,071	(109,496)	39,071	(109,496)
	<u>302,873</u>	<u>249,279</u>	<u>302,873</u>	<u>249,279</u>

Current Quarter vs Preceding Year Corresponding Quarter

The Group recorded a revenue of RM3,358.7 million for the current financial quarter ended 30 September 2014 as compared to RM3,981.1 million recorded in the preceding year corresponding quarter ended 30 September 2013. The Group profit before taxation for the current financial quarter was RM302.9 million, an increase of RM53.6 million as compared to a profit of RM249.3 million recorded in the preceding year corresponding quarter.

Performance of the respective operating business segments for the quarter ended 30 September 2014 as compared to the preceding year corresponding quarter is analysed as follows:

Power generation (Contracted)

The increase in revenue was principally due to higher generation of electricity sales and hence, the corresponding increase in profit before taxation in the current quarter as compared to the preceding year corresponding quarter.

INTERIM FINANCIAL REPORT

Notes – continued

Multi utilities business (Merchant)

The decrease in revenue and profit before taxation were mainly due to lower units of electricity sold, coupled with lower price from retail contracts. In addition, fuel oil trading also recorded lower revenue and profit.

Water & sewerage

The increase in revenue and profit before taxation was due to the increase in price as allowed by the regulator.

Mobile broadband network

The decrease in revenue and profit before taxation was mainly due to lower contribution from Projects sales in the current quarter.

Investment holding activities

The higher profit recorded in this segment were mainly due to foreign exchange gain of RM30.8 million as compared to the preceding year corresponding quarter's loss of RM70.6 million and in addition, there was a one-off allowance for impairment of investment in associate of RM24.0 million in the corresponding quarter.

B2. Comparison with Preceding Quarter

	Current Quarter 30.9.2014 RM'000	Preceding Quarter 30.6.2014 RM'000
Revenue	3,358,710	3,385,234
Consolidated profit before taxation	302,873	243,260
Consolidated profit after taxation	237,537	456,408

The increase in Group profit before taxation as compared to preceding quarter was principally attributable to allowance being made in the preceding quarter for impairment of property, plant and equipment amounting to RM54.7 million.

However, the decrease in Group profit after tax was due to a one-off prior year tax credit of RM101.7 million and deferred tax credit of RM165.7 million recorded by Wessex Water group in the preceding quarter.

B3. Prospects

Power generation (Contracted)

YTL Power Generation is expected to perform satisfactorily as it operates under a regulatory regime.

Multi utilities business (Merchant)

The increase in generation capacity into the electricity market of Singapore would add pressure to both margin and sales volume for the current financial year. Nevertheless, this segment would continue to strive to diversify beyond their core business into integrated multi-utilities energy platform with focus on customer service.

INTERIM FINANCIAL REPORT

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Water & sewerage

The Company operates under strict regulatory regime and has met all of its regulatory targets and is top of the regulator's league table for customer service. Hence, the management is confident of delivering its 2010-15 regulatory outperformance target. The Company has a long term planning horizon to ensure that water resources are going to be available in the future.

Mobile broadband network

Despite the challenging market in the telecommunications industry, this business segment is expected to continuously grow its subscriber base to generate higher revenue by introducing improved and innovative services to the market.

B4. Profit Forecast

The Group did not issue any profit forecast during the financial year.

B5. Audit Report of the preceding financial year ended 30 June 2014

The Auditors' Report on the financial statements of the financial year ended 30 June 2014 did not contain any qualification.

B6. Profit for the period

	Current Year Quarter 30.9.2014 RM'000	Current Year To Date 30.9.2014 RM'000
Profit before taxation is stated after charging/(crediting):		
Allowance for impairment of receivables (net of reversal)	19,125	19,125
Allowance for impairment of inventories	272	272
Amortisation of deferred income	(1,039)	(1,039)
Amortisation of grant and contributions	(2,470)	(2,470)
Amortisation of intangible assets	15,799	15,799
Amortisation of prepaid lease payment	771	771
Depreciation of property, plant and equipment	303,200	303,200
Gain on foreign exchange	(30,825)	(30,825)
Interest income	(4,559)	(4,559)
Interest expense	186,554	186,554
Net loss on disposal of property, plant and equipment	207	207
Provision for liabilities and charges	298	298
	=====	=====

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

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B7. Taxation

	Current Year Quarter 30.9.2014 RM'000	Current Year To Date 30.9.2014 RM'000
In respect of current period		
- Income Tax	43,658	43,658
- Deferred Tax	21,678	21,678
	-----	-----
	65,336	65,336
	=====	=====

The lower effective tax rate of the Group as compared to the Malaysian statutory income tax rate for the current financial quarter is mainly attributable to lower corporation tax rate regime prevailing in foreign tax jurisdiction where the foreign subsidiaries operate.

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 30 September 2014 are as follows:

	Short term		Long term		Total
	Bonds	Borrowings	Bonds	Borrowings	
	RM'000	RM'000	RM'000	RM'000	RM'000
Secured	-	19,405	-	43,586	62,991
Unsecured	-	2,724,456	12,001,785	8,247,630	22,973,871
	-----	-----	-----	-----	-----
Total	-	2,743,861	12,001,785	8,291,216	23,036,862
	=====	=====	=====	=====	=====

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

In US Dollar ('000)	398,991
	=====
In Sterling Pound ('000)	1,912,392
	=====
In Singapore Dollar ('000)	2,618,801
	=====

All borrowings of subsidiaries are on a non-recourse basis to the Company save and except for the following which is guaranteed by the Company:

- a) USD200 million term loan due on 30 June 2015.
- b) USD200 million term loan due on 17 December 2015.
- c) RM300 million revolving credit due on 21 November 2014.
- d) RM200 million revolving credit due on 21 November 2014.
- e) RM200 million revolving credit due on 28 November 2014.
- f) RM200 million revolving credit due on 3 December 2014.

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

(a) Derivative Financial Instruments

As at 30 September 2014, 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	1,432,424	1,358,967
- 1 year to 3 years	521,512	496,270
- More than 3 years	108,399	102,519
<u>Currency forwards</u>		
- Less than 1 year	3,271,617	3,298,784
- 1 year to 3 years	646,344	654,850
- More than 3 years	138,661	139,482

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/(losses) arising from fair value changes of financial liabilities for the current financial period ended 30 September 2014 are as follows:

Type of financial liabilities	Basis of fair value measurement	Reason for the gain/(loss)	Fair value gain/(loss)	
			Current year quarter 3 months to 30.9.2014	Current year to date 3 months to 30.9.2014
			RM'000	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	10,550	10,550
Fuel oil swap	Fuel oil price differential between the contracted price and the market forward price	Fuel oil price differential between the contracted price and the market forward price which have moved unfavourably against the Group	(41,415)	(41,415)
Total			(30,865)	(30,865)

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INTERIM FINANCIAL REPORT

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(c) Realised and Unrealised Profits or Losses

	As at 30.9.2014	Audited As at 30.6.2014
	RM'000	RM'000
Retained earnings/(Accumulated losses) of the Group		
- Realised	7,535,065	7,406,130
- Unrealised	(456,641)	(513,558)
	----- 7,078,424	----- 6,892,572
Retained earnings/(Accumulated losses) from associated companies		
- Realised	708,392	681,121
- Unrealised	(145,205)	(145,205)
	----- 563,187	----- 535,916
Consolidation adjustments	490,734	460,008
	-----	-----
Total Group retained earnings as per consolidated accounts	8,132,345 =====	7,888,496 =====

B11. Pending Material Litigation

A subsidiary of the Group has commenced arbitration against a gas supplier for recovery of sums over-invoiced by the gas supplier under the Agreement for the Sale and Purchase of Dry Gas dated 15 March 1993.

A Notice of Arbitration was issued on 31 March 2014 and evidential hearings are expected to commence in March 2015.

The Board has been advised that there is more than a reasonable prospect that the amount of RM274.6 million (as recorded in the books of the subsidiary as owing to the subsidiary as at 30 September 2014) would be recoverable in the pending arbitration proceedings against the supplier. However, the final amount recoverable would be subject to determination in the pending arbitration proceedings.

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B12. Dividend

No dividend has been declared for the current financial quarter.

B13. Earnings Per Share

i) Basic Earnings Per 50 sen Share

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

	Current Year Quarter 30.9.2014	Preceding Year Corresponding Quarter 30.9.2013
Profit attributable to Owners of the Parent (RM'000)	243,849 =====	234,822 =====
Weighted average number of ordinary shares ('000)	6,793,249 =====	7,073,025 =====
Basic earnings per share (Sen)	3.59 =====	3.32 =====

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ii) Diluted Earnings Per 50 sen Share

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

	Current Year Quarter 30.9.2014	Preceding Year Corresponding Quarter 30.9.2013
Profit attributable to Owners of the Parent (RM'000)	243,849 =====	234,822 =====
<i>Weighted average number of ordinary shares ('000) – diluted</i>		
Weighted average number of ordinary shares ('000) – basic	6,793,249	7,073,025
Effect of unexercised Warrants 2008/2018	268,577	330,063
Effect of unexercised ESOS	3,459	13,363
	----- 7,065,285 =====	----- 7,416,451 =====
Diluted earnings per share (Sen)	3.45 =====	3.17 =====

* *Total cash expected to be received in the event of an exercise of all outstanding warrants and ESOS is RM1,419.6 million. Accordingly, the Net Asset (NA) on a pro forma basis will increase by RM1,419.6 million resulting in a decrease in NA per share of RM0.06. 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: 20 November 2014