

**YTL POWER INTERNATIONAL BERHAD**

Company No. 406684-H

Incorporated in Malaysia

**Interim Financial Report**

**31 March 2016**

**YTL POWER INTERNATIONAL BERHAD**

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Incorporated in Malaysia

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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 March 2016.

The figures have not been audited.

**CONDENSED CONSOLIDATED INCOME STATEMENT**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT	PRECEDING	9 MONTHS ENDED	
	YEAR	YEAR	31.3.2016	31.3.2015
	QUARTER	CORRESPONDING	RM'000	RM'000
	31.3.2016	QUARTER	31.3.2016	31.3.2015
	RM'000	31.3.2015	RM'000	RM'000
		RM'000		
Revenue	2,240,912	2,680,337	8,078,844	9,078,653
Cost of sales	(1,713,523)	(2,073,132)	(6,487,326)	(7,324,621)
Gross profit	527,389	607,205	1,591,518	1,754,032
Other operating income	16,611	37,163	265,821	70,766
Other operating expenses	(203,789)	(182,097)	(578,120)	(473,553)
Profit from operations	340,211	462,271	1,279,219	1,351,245
Finance costs	(212,008)	(199,033)	(693,218)	(581,891)
Share of profits of investments accounted for using the equity method	89,738	75,661	285,330	220,707
<b>Profit before taxation</b>	217,941	338,899	871,331	990,061
Taxation	(15,421)	(118,630)	(185,752)	(282,241)
<b>Profit for the period</b>	202,520	220,269	685,579	707,820
<b>Attributable to:</b>				
Owners of the parent	176,494	222,735	665,931	711,715
Non-controlling interests	26,026	(2,466)	19,648	(3,895)
	202,520	220,269	685,579	707,820
<b>Earnings per share for profit attributable to owners of the parent</b>				
Basic (sen)	2.29	3.17	8.88	10.26
Diluted (sen)	2.28	3.07	8.83	9.94

The Condensed Consolidated Income Statement should be read in conjunction with the audited annual financial statements for the year ended 30 June 2015 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 COMPREHENSIVE INCOME**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31.3.2016 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31.3.2015 RM'000	9 MONTHS ENDED	
			31.3.2016	31.3.2015
			RM'000	RM'000
<b>Profit for the period</b>	202,520	220,269	685,579	707,820
<b>Other comprehensive income/(loss):</b>				
<i>Items that will not be reclassified subsequently to income statement:</i>				
Re-measurement of post-employment benefit obligations	(113,285)	(135,933)	(113,285)	(219,277)
<i>Items that may be reclassified subsequently to income statement:</i>				
Available-for-sale financial assets	376	2,052	(11,689)	(8,756)
Cash flow hedges	129,190	194,669	(268,802)	(492,166)
Currency translation differences	(859,933)	166,317	139,771	316,612
	-----	-----	-----	-----
<b>Other comprehensive (loss)/income for the period, net of tax</b>	(843,652)	227,105	(254,005)	(403,587)
	-----	-----	-----	-----
<b>Total comprehensive (loss)/income for the period</b>	(641,132)	447,374	431,574	304,233
	=====	=====	=====	=====
<b>Attributable to:</b>				
Owners of the parent	(613,623)	415,615	389,562	230,857
Non-controlling interests	(27,509)	31,759	42,012	73,376
	-----	-----	-----	-----
	(641,132)	447,374	431,574	304,233
	=====	=====	=====	=====

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited annual financial statements for the year ended 30 June 2015 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 FINANCIAL POSITION**

	<b>UNAUDITED</b>	<b>AUDITED</b>
	<b>As at</b>	<b>As at</b>
	<b>31.3.2016</b>	<b>30.6.2015</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	20,560,736	21,204,672
Land held for property development	374,699	-
Intangible assets	7,820,598	7,580,688
Investments accounted for using the equity method	1,844,341	1,807,837
Investments	264,445	276,418
Derivative financial instruments	20,494	41,278
Receivables, deposits and prepayments	268,526	299,199
	-----	-----
	31,153,839	31,210,092
	-----	-----
<b>Current assets</b>		
Inventories	423,769	440,418
Receivables, deposits and prepayments	1,709,751	2,294,049
Derivative financial instruments	45,024	84,903
Cash and bank balances	9,416,293	9,608,348
	-----	-----
	11,594,837	12,427,718
	-----	-----
<b>TOTAL ASSETS</b>	<b>42,748,676</b>	<b>43,637,810</b>
	=====	=====
<b>EQUITY AND LIABILITIES</b>		
Share capital	4,050,787	3,710,825
Reserves	8,448,599	8,394,166
Treasury shares, at cost	(711,306)	(711,304)
	-----	-----
Equity attributable to owners of the parent	11,788,080	11,393,687
Non-controlling interests	147,844	235,008
	-----	-----
<b>TOTAL EQUITY</b>	<b>11,935,924</b>	<b>11,628,695</b>
	-----	-----

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited annual financial statements for the year ended 30 June 2015 and the accompanying explanatory notes attached to the interim financial statements.

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

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION - Continued**

	<b>UNAUDITED</b>	<b>AUDITED</b>
	<b>As at</b>	<b>As at</b>
	<b>31.3.2016</b>	<b>30.6.2015</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Deferred taxation	1,908,886	2,105,425
Borrowings	23,733,961	23,417,355
Grants and contributions	437,357	413,485
Post-employment benefit obligations	804,567	743,365
Derivative financial instruments	172,171	133,296
Payables	787,530	672,912
	-----	-----
	27,844,472	27,485,838
	-----	-----
<b>Current Liabilities</b>		
Payables and accrued expenses	1,828,873	2,168,313
Derivative financial instruments	453,002	304,263
Post-employment benefit obligations	1,505	2,023
Taxation	196,844	138,263
Borrowings	488,056	1,910,415
	-----	-----
	2,968,280	4,523,277
	-----	-----
<b>TOTAL LIABILITIES</b>	30,812,752	32,009,115
	-----	-----
<b>TOTAL EQUITY AND LIABILITIES</b>	42,748,676	43,637,810
	=====	=====
<b>Net assets per 50 sen share (RM) attributable to ordinary equity holders of the parent</b>	1.53	1.62
	=====	=====

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited annual financial statements for the year ended 30 June 2015 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 MARCH 2016**

	-----Attributable to Owners of the Parent-----					Total RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Merger & Other Reserves RM'000	Treasury Shares RM'000	Retained Earnings RM'000			
At 1 July 2015	3,710,825	2,287,408	(1,892,193)	(711,304)	7,998,951	11,393,687	235,008	11,628,695
Profit for the financial period	-	-	-	-	665,931	665,931	19,648	685,579
Other comprehensive loss for the financial period	-	-	(163,084)	-	(113,285)	(276,369)	22,364	(254,005)
Total comprehensive income for the financial period	-	-	(163,084)	-	552,646	389,562	42,012	431,574
Effects arising from changes in composition of the Group	-	-	-	-	-	-	(6,103)	(6,103)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(123,073)	(123,073)
Interim dividends paid for the financial year ended 30 June 2015	-	-	-	-	(771,722)	(771,722)	-	(771,722)
Issue of share capital	339,962	437,771	(1,178)	-	-	776,555	-	776,555
Share option lapsed	-	-	(303)	-	303	-	-	-
Share repurchased	-	-	-	(2)	-	(2)	-	(2)
Warrants reserves	-	67,460	(67,460)	-	-	-	-	-
At 31 March 2016	4,050,787	2,792,639	(2,124,218)	(711,306)	7,780,178	11,788,080	147,844	11,935,924

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 2015 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 31 MARCH 2015**

	-----Attributable to Owners of the Parent-----					Total RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Merger & Other Reserves RM'000	Treasury Shares RM'000	Retained Earnings RM'000			
At 1 July 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	-	-	-	-	711,715	711,715	(3,895)	707,820
Other comprehensive loss for the financial period	-	-	(261,581)	-	(219,277)	(480,858)	77,271	(403,587)
Total comprehensive income for the financial period	-	-	(261,581)	-	492,438	230,857	73,376	304,233
Effects arising from changes in composition of the Group	-	-	-	-	(1,354)	(1,354)	14,413	13,059
Dividends paid to non-controlling interests	-	-	-	-	-	-	(86,004)	(86,004)
Interim dividends paid for the financial year ended 30 June 2014	-	-	-	-	(703,431)	(703,431)	-	(703,431)
Issue of share capital	120,692	154,486	-	-	-	275,178	-	275,178
Share repurchased	-	-	-	(3)	-	(3)	-	(3)
Provision for share options	-	-	5,434	-	-	5,434	-	5,434
Warrants reserves	-	27,485	(27,485)	-	-	-	-	-
At 31 March 2015	3,709,316	2,288,522	(2,716,508)	(711,304)	7,676,149	10,246,175	246,016	10,492,191

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 2015 and the accompanying explanatory notes attached to the interim financial statements.



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

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**INTERIM FINANCIAL REPORT****CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2016**

	9 MONTHS ENDED	
	31.3.2016 RM'000	31.3.2015 RM'000
<b>Cash flows from operating activities</b>		
Profit for the financial period	685,579	707,820
Adjustment for:		
Allowance for impairment of inventories	1,527	745
Amortisation of deferred income	-	(3,325)
Amortisation of grants and contributions	(16,037)	(7,285)
Amortisation of intangible assets	69,922	53,864
Depreciation of property, plant and equipment	975,935	930,349
Interest expense	693,218	581,891
Interest income	(62,512)	(14,625)
Net gain on disposal of property, plant and equipment	(7,349)	(25,802)
Provision for post-employment benefit	47,573	40,647
Provision for liabilities and charges	429	11,660
Share of profits of investments accounted for using the equity method	(285,330)	(220,707)
Taxation	185,752	282,241
Unrealised loss/(gain) on foreign exchange	8,644	(17,225)
(Write back)/Allowance for impairment of receivables (net of reversals)	(82,647)	57,480
Other non-cash items	9,169	5,698
	-----	-----
	2,223,873	2,383,426
Changes in working capital:		
Inventories	22,524	76,212
Receivables, deposits and prepayments	689,350	107,359
Payables and accrued expenses	(45,682)	(52,698)
	-----	-----
Cash flows from operations	2,890,065	2,514,299
Interest paid	(685,983)	(605,918)
Payment to retirement benefit scheme	(94,221)	(85,058)
Tax paid	(175,775)	(344,104)
	-----	-----
Net cash flows from operating activities	1,934,086	1,479,219
	-----	-----

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited annual financial statements for the year ended 30 June 2015 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 CASH FLOWS  
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2016 - Continued**

	<b>9 MONTHS ENDED</b>	
	<b>31.3.2016</b>	<b>31.3.2015</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from investing activities</b>		
Acquisition of subsidiaries	(8,258)	(66,806)
Additional investments accounted for using the equity method	(3,129)	(8,326)
Dividends received	315,932	213,143
Grants received	57,814	30,247
Interest received	64,649	10,815
Purchase of intangible assets	(57,280)	(85,447)
Purchase of land held for property development	(415,777)	-
Purchase of property, plant and equipment	(1,325,150)	(1,348,532)
Proceeds from disposal of property, plant and equipment	132,310	73,898
	-----	-----
Net cash flows used in investing activities	(1,238,889)	(1,181,008)
	-----	-----
<b>Cash flows from financing activities</b>		
Dividends paid	(771,722)	(703,431)
Dividends paid to non-controlling interests	(123,073)	(86,004)
Proceeds from borrowings	1,476,780	1,276,234
Proceeds from issue of shares	776,555	275,178
Repayment of borrowings	(2,175,798)	(619,621)
Repurchase of own shares	(2)	(3)
	-----	-----
Net cash flows (used in)/from financing activities	(817,260)	142,353
	-----	-----
Net changes in cash and cash equivalents	(122,063)	440,564
Effects of exchange rate changes	15,118	338,496
Cash and cash equivalents at beginning of the financial year	9,523,238	8,890,923
	-----	-----
Cash and cash equivalents at end of the financial period <i>[Note a]</i>	9,416,293	9,669,983
	=====	=====

*[Note a]*

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

	<b>RM'000</b>	<b>RM'000</b>
Fixed deposits	8,747,746	9,255,822
Cash and bank balances	668,547	414,161
Bank overdrafts	-	-
(included within short term borrowings in [Note B9])		
	-----	-----
	9,416,293	9,669,983
	=====	=====

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited annual financial statements for the year ended 30 June 2015 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**

**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 2015.

**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 2015 except for:

Land held for property development

Land held for property development is stated at cost comprises cost of land and all related costs incurred on activities necessary to prepare the land for its intended use.

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land classified as non-current assets and is stated at cost less accumulated impairment losses, if any.

Land held for property development is reclassified as property development costs at the point when the development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

There is no new MFRSs or amendments to MFRSs which were effective for financial year beginning on or after 1 July 2015.

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 2015.

**A2. Seasonality or Cyclicity of Operations**

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

**A3. Unusual Items**

For the current financial year to date, there was no item of unusual nature that affects the assets, liabilities, equity, net income or cash flows of the Group.

**A4. Changes in Estimates of Amounts Reported**

There was no significant change to estimate of amount reported in prior interim periods or prior financial years.

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

(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT**

**Notes – continued**

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

During the current financial quarter and financial year to date, the Company issued 1,082 and 674,603,677 ordinary shares of RM0.50 each respectively pursuant to the exercise of Warrants 2008/2018 at a weighted average exercise price of RM1.14 per share.

The number of ordinary shares of RM0.50 each issued during the current financial year to date pursuant to the exercise of employees' share options granted under the Company's Employees Share Option Scheme was 5,321,000 at a weighted average exercise price of RM1.41 per share. There was no share issued pursuant to the exercise of employees' share options granted under the Company's Employees Share Option Scheme during the current financial quarter.

A total of 1,000 ordinary shares of RM0.50 each and 1,100 ordinary shares of RM0.50 each were repurchased from the open market for a total consideration of RM1,505 and RM1,702 respectively 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 31 March 2016, the number of treasury shares held was 384,265,679 ordinary shares of RM0.50 each.

The outstanding debts are as disclosed in Note B9.

**A6. Dividends Paid**

The following dividend payment was made during the financial period ended 31 March 2016:

	<u>RM'000</u>
In respect of the financial year ended 30 June 2015:	
An interim single tier dividend of 20% or 10 sen per ordinary share of 50 sen each paid on 23 October 2015	<u>771,722</u>

**A7. Segment Information**

The Group has five reportable segments as described below:

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

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

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

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**INTERIM FINANCIAL REPORT****Notes – continued**

Segment information for the financial period ended 31 March 2016:

	<b>Power generation (Contracted) RM'000</b>	<b>Multi utilities business (Merchant) RM'000</b>	<b>Water &amp; sewerage RM'000</b>	<b>Mobile broadband network RM'000</b>	<b>Investment holding activities RM'000</b>	<b>Group RM'000</b>
<b>External Revenue</b>	290,116	4,553,626	2,557,592	511,522	165,988	8,078,844
<b>Inter- segment Revenue</b>	-	-	-	1,095	77,298	78,393
<b>Segment profit/(loss) before tax</b>	177,647	85,920	711,888	(174,040)	69,916	871,331

Segment information for the financial period ended 31 March 2015:

	<b>Power generation (Contracted) RM'000</b>	<b>Multi utilities business (Merchant) RM'000</b>	<b>Water &amp; sewerage RM'000</b>	<b>Mobile broadband network RM'000</b>	<b>Investment holding activities RM'000</b>	<b>Group RM'000</b>
<b>External Revenue</b>	796,499	5,380,608	2,275,331	504,542	121,673	9,078,653
<b>Inter- segment Revenue</b>	-	-	-	624	68,743	69,367
<b>Segment profit/(loss) before tax</b>	185,707	251,948	665,364	(184,769)	71,811	990,061

**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.

## YTL POWER INTERNATIONAL BERHAD (Company No. 406684-H)

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### INTERIM FINANCIAL REPORT

#### Notes – continued

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

There were no changes in the composition of the Group for the current financial period ended 31 March 2016, including business combinations, obtaining or losing control of subsidiaries and long-term investments, restructurings and discontinuing operations save for the following:

- (i) On 8 July 2015, YTL Property Holdings (UK) Limited (“YTLPUK”) was incorporated in England and Wales as a wholly-owned subsidiary of YTL Utilities (UK) Limited (an indirect wholly-owned subsidiary of the Company). As a result, YTLPUK became an indirect wholly-owned subsidiary of the Company.

YTLPUK was incorporated with an issued share capital of GBP1 comprising 1 ordinary share of the nominal value of GBP1. YTLPUK is intended to be principally involved in investing in development land in UK.

- (ii) YTL Jordan Services Holdings Limited (“YTLJSH”) and YTL Jordan Power Holdings Limited (“YTLJPH”) were incorporated in the Republic of Cyprus on 10 July 2015 and 13 July 2015, respectively as wholly-owned subsidiaries of the Company, each with an authorised share capital of EUR5,000 divided into 5,000 shares of EUR1.00 each, and issued share capital of EUR1,000 comprising 1,000 ordinary shares of EUR1.00 each.

YTLJSH and YTLJPH will be principally involved in investment holding.

- (iii) On 15 July 2015, YTL Jawa Energy B.V. (“YTLJE”), an indirect wholly-owned subsidiary of the Company, entered into a Share Purchase Agreement with the sellers (“Sellers”) listed below, for the acquisition of a total of 2,000,000 ordinary shares of the nominal value of USD1 each in the capital of P.T. Tanjung Jati Power Company (“TJPC”), representing 80% of the issued and paid-up share capital of TJPC, for an aggregate consideration of USD2,000,000.00 in cash:

<u>Name of Sellers</u>	<u>Number of ordinary shares</u>
P.T. Bakrie Power	750,000
TJA Power Corporation Asia (Ltd)	1,250,000
TOTAL	<u>2,000,000</u>

The acquisition was completed on 20 August 2015. Consequent thereto, TJPC became a subsidiary of YTLJE and an indirect subsidiary of the Company.

- (iv) On 7 October 2015, the Company acquired 2 ordinary shares of RM1.00 each, representing the entire issued and paid-up share capital of YTL Power Holdings (Indonesia) Sdn. Bhd. (“YTLPHI”) at par value per share. As a result, YTLPHI became a wholly-owned subsidiary of the Company.

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### **INTERIM FINANCIAL REPORT**

#### **Notes – continued**

YTLPHI was incorporated on 29 September 2015 with an authorised share capital of RM400,000 comprising 400,000 ordinary shares of RM1.00 each. YTLPHI will be principally involved in investment holding.

- (v) On 4 December 2015, YTL Jawa O & M Holdings Limited (a wholly-owned subsidiary of the Company) disposed all its shares in Attarat Operation and Maintenance Company B.V. (“OMCO”) comprising 75 ordinary shares with a nominal value of USD1.00 each and representing 75% of the issued and paid-up share capital of OMCO, to YTLJSH (also a wholly-owned subsidiary of the Company) for USD75 (“Re-organisation”).

As a result of the Re-organisation, OMCO became a direct subsidiary of YTLJSH and remain an indirect subsidiary of the Company.

OMCO was incorporated on 4 December 2014 in the Netherlands with an issued share capital USD100 comprising 100 shares with a nominal value of USD1.00 each. OMCO will be principally involved in operating and maintaining power plants.

- (vi) On 23 December 2015, Frog Education Limited (an indirect subsidiary of the Company) (“FrogEd UK”) acquired 2 ordinary shares of RM1.00 each, representing the entire issued and paid-up share capital of Frog Education Sdn. Bhd. (“FrogEd MY”) at par value per share. As a result, FrogEd MY became a wholly-owned subsidiary of FrogEd UK and indirect subsidiary of the Company.

FrogEd MY was incorporated on 18 December 2015 with an authorised share capital of RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each. FrogEd MY will be principally involved in the business of providing internet services, including the development and provision of education learning platforms.

- (vii) On 19 February 2016, YTL Utilities (UK) Limited (“YTLUK”) (an indirect wholly-owned subsidiary of the Company) acquired 1 ordinary share of GBP1, representing the entire issued and paid-up of YTL Land and Property (UK) Ltd (“YTL Land & Property”) for GBP1.

In turn, YTL Land & Property had on 20 February 2016, acquired 1 ordinary share of GBP1, representing the entire issued and paid-up of YTL Homes Ltd (“YTL Homes”) for GBP1.

As a result of the acquisitions, YTL Land & Property and YTL Homes became indirect wholly-owned subsidiaries of the Company.

YTL Land & Property and YTL Homes were incorporated on 19 February 2016 and 20 February 2016, respectively in England & Wales. Both YTL Land & Property and YTL Homes are intended to be principally involved in investment holding and property development.

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- (viii) On 22 March 2016, I Education Limited (“I-Ed”), an indirect subsidiary of the Company, was dissolved following its deregistration under Section 1003 of the Companies Act 2006 of the United Kingdom (“Dissolution”). As a result of the Dissolution, I-Ed ceased to be a subsidiary of the Company.

I-Ed was incorporated in England and Wales on 12 March 2007. It ceased trading on 23 April 2015.

**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 2015.

**A11. Fair value measurement**

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

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

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

	Level 1 RM’000	Level 2 RM’000	Level 3 RM’000	Total RM’000
<b>31.3.2016</b>				
<b>Assets</b>				
Financial assets at fair value through profit or loss:				
- Trading derivatives	-	9,396	-	9,396
Available-for-sale	51,583	4,952	207,910	264,445
Derivatives used for hedging	-	56,122	-	56,122
<b>Total assets</b>	<b>51,583</b>	<b>70,470</b>	<b>207,910</b>	<b>329,963</b>
<b>Liabilities</b>				
Financial liabilities at fair value through profit or loss:				
- Trading derivatives	-	23,840	-	23,840
Derivatives used for hedging	-	601,333	-	601,333
<b>Total liabilities</b>	<b>-</b>	<b>625,173</b>	<b>-</b>	<b>625,173</b>



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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:

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>31.3.2016</b>	<b>31.3.2015</b>	<b>31.3.2016</b>	<b>31.3.2015</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Revenue</b>				
Power generation (Contracted)	-	278,107	290,116	796,499
Multi utilities business (Merchant)	1,204,870	1,442,149	4,553,626	5,380,608
Water & sewerage	802,671	767,181	2,557,592	2,275,331
Mobile broadband network	182,260	152,637	511,522	504,542
Investment holding activities	51,111	40,263	165,988	121,673
	<b>2,240,912</b>	<b>2,680,337</b>	<b>8,078,844</b>	<b>9,078,653</b>
<b>Profit/(Loss) before taxation</b>				
Power generation (Contracted)	(33,358)	66,714	177,647	185,707
Multi utilities business (Merchant)	5,667	83,779	85,920	251,948
Water & sewerage	229,432	232,275	711,888	665,364
Mobile broadband network	(13,682)	(56,856)	(174,040)	(184,769)
Investment holding activities	29,882	12,987	69,916	71,811
	<b>217,941</b>	<b>338,899</b>	<b>871,331</b>	<b>990,061</b>

a) Current Quarter vs Preceding Year Corresponding Quarter

The Group recorded a revenue of RM2,240.9 million for the current financial quarter ended 31 March 2016 as compared to RM2,680.3 million recorded in the preceding year corresponding quarter ended 31 March 2015. The Group profit before taxation for the current financial quarter was RM217.9 million, a decrease of RM121.0 million or 35.7% as compared to a profit of RM338.9 million recorded in the preceding year corresponding quarter. The lower profit before taxation was principally attributable to lower profit recorded by the Multi utilities business segment and absence of revenue in the Power generation (Contracted) segment.

Performance of the respective operating business segments for the quarter ended 31 March 2016 as compared to the preceding year corresponding quarter is analysed as follows:

Power generation (Contracted)

There was no revenue recorded in current quarter as the power purchase agreement was successfully completed on 30 September 2015. The loss before taxation was mainly due to depreciation charges and overhead costs recorded.

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Multi utilities business (Merchant)

The decrease in revenue and profit before taxation was mainly due to lower fuel oil price, coupled with lower vesting and retail margin.

Water & sewerage

The increase in revenue was mainly due the weakening of Ringgit Malaysia against Great Britain Pound.

Mobile broadband network

The continuous growth in its subscriber base has resulted in an increase in the revenue and lower losses accorded in this segment.

Investment holding activities

The higher revenue and profit before taxation recorded in this segment was mainly due to higher interest income and higher share of results of associate.

b) Current Year to date vs Preceding Year to date

Group revenue was RM8,078.8 million for the current financial period ended 31 March 2016 as compared to RM9,078.7 million recorded in the preceding financial period ended 31 March 2015. The Group profit before taxation for the current financial period was RM871.3 million, a decrease of RM118.8 million or 12.0% as compared to a profit of RM990.1 million recorded in the preceding year corresponding period.

Performance of the respective operating business segments for the period ended 31 March 2016 as compared to the preceding year corresponding period was consistent with the notes mentioned in (a) above with the exception of the business segment mentioned below:

Power generation (Contracted)

The significant drop in revenue was a result of the completion of power purchase agreement on 30 September 2015.

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#### B2. Comparison with Preceding Quarter

	<b>Current Quarter 31.3.2016 RM'000</b>	<b>Preceding Quarter 31.12.2015 RM'000</b>
Revenue	2,240,912	2,617,907
Consolidated profit before taxation	217,941	387,099
Consolidated profit after taxation	202,520	308,925

The decrease in Group revenue and profit after taxation as compared to the preceding quarter was primarily attributable to lower returns registered by Multi utilities business segment in the current quarter and a one-off gain on recovery of impairment of receivable from arbitration award in Power generation (Contracted) segment in the preceding quarter.

#### B3. Prospects

##### Power generation (Contracted)

The power purchase agreement was successfully completed on 30 September 2015. Negotiations with Tenaga on the signing a new Power Purchase Agreement for the supply of power from the existing facility in Paka under the short term capacity bid called by the Malaysian Energy Commission is still underway.

##### Multi utilities business (Merchant)

Despite the current challenges, this segment will continue to build momentum by growing a diversified portfolio comprising both regulated and non-regulated businesses, enhancing overall business efficiencies and delivering value to customers in an effort to maintain an overall competitive position.

##### Water & sewerage

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

##### Mobile broadband network

This business segment remains committed to offering its customers value-for-money mobile broadband services and will be offering LTE services in the near future in an effort to continuously grow its subscriber base to generate higher revenue.

#### B4. Profit Forecast

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

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**INTERIM FINANCIAL REPORT****Notes – continued****B5. Audit Report of the preceding financial year ended 30 June 2015**

The Auditors' Report on the financial statements of the financial year ended 30 June 2015 did not contain any qualification.

**B6. Profit for the period**

	<b>Current Quarter 31.3.2016 RM'000</b>	<b>Current Year To Date 31.3.2016 RM'000</b>
<b>Profit before taxation is stated after charging/(crediting):</b>		
Allowance for impairment of inventories	527	1,527
Allowance for/(Write back of) impairment of receivables (net of reversal)	23,248	(82,647)
Amortisation of grants and contributions	(5,731)	(16,037)
Amortisation of intangible assets	23,614	69,922
Depreciation of property, plant and equipment	290,817	975,935
Interest income	(9,941)	(62,512)
Interest expense	212,008	693,218
Gain on foreign exchange	(1,920)	(19,105)
Net loss/(gain) on disposal of property, plant and equipment	911	(7,349)
(Write back of)/Provision for liabilities and charges	(1,787)	429
	=====	=====

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

**B7. Taxation**

	<b>Current Quarter 31.3.2016 RM'000</b>	<b>Current Year To Date 31.3.2016 RM'000</b>
In respect of current period		
- Income Tax	60,243	243,656
- Deferred Tax	(44,822)	(57,904)
	-----	-----
	15,421	185,752
	=====	=====

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 is mainly attributable to tax credit recorded following a change in rate of tax recognised by Wessex Water Group and income subjected to different tax jurisdictions.

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**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 March 2016 are as follows:

	Short term		Long term		Total RM'000
	Bonds RM'000	Borrowings RM'000	Bonds RM'000	Borrowings RM'000	
Secured	-	54,943	-	48,102	103,045
Unsecured	-	433,113	13,594,760	10,091,099	24,118,972
Total	-	488,056	13,594,760	10,139,201	24,222,017

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

In US Dollar ('000)	400,000
	=====
In Sterling Pound ('000)	1,953,072
	=====
In Singapore Dollar ('000)	2,276,111
	=====

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

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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 31 March 2016, the Group's outstanding derivatives are as follows:

<b>Type of Derivatives</b>	<b>Contract/Notional Value RM'000</b>	<b>Fair Value RM'000</b>
<b><u>Fuel oil Swaps</u></b>		
- Less than 1 year	1,130,673	715,030
- 1 year to 3 years	399,255	237,778
- More than 3 years	1,662	1,621
<b><u>Currency forwards</u></b>		
- Less than 1 year	1,180,412	1,187,573
- 1 year to 3 years	491,629	501,669
- More than 3 years	2,977	2,768

The Group entered into fuel oil swaps to hedge highly probable forecast physical fuel oil and natural gas purchases that are expected to occur at various dates in the future. The fuel oil swaps have maturity dates that match the expected occurrence of these transactions.

The Group entered into currency forwards to hedge highly probable forecast transactions denominated in foreign currency expected to occur in the future. The currency forwards have maturity dates that match the expected occurrence of these transactions.

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

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**INTERIM FINANCIAL REPORT****Notes – continued**

## (b) Fair Value Changes of Financial Liabilities

The gains/(losses) arising from fair value changes of financial liabilities for the current financial period ended 31 March 2016 are as follows:

Type of financial liabilities	Basis of fair value measurement	Reason for the gain/(loss)	Fair value gain/(loss)	
			Current quarter 3 months to 31.3.2016 RM'000	Current year to date 9 months to 31.3.2016 RM'000
Forward foreign currency exchange contracts	Foreign exchange differential between the contracted rate and the market forward rate	Foreign exchange rates differential between the contracted rate and the market forward rate which have moved unfavourably against the Group	(4,133)	(338)
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	13,273	7,175
Total			9,140	6,837

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**INTERIM FINANCIAL REPORT****Notes – continued**

## (c) Realised and Unrealised Profits or Losses

	<b>As at 31.3.2016 RM'000</b>	<b>Audited As at 30.6.2015 RM'000</b>
Retained earnings/(Accumulated losses) of the Group		
- Realised	7,093,870	7,305,489
- Unrealised	(487,242)	(407,146)
	-----	-----
	6,606,628	6,898,343
	-----	-----
Retained earnings/(Accumulated losses) from investments accounted for using the equity method		
- Realised	1,000,923	1,031,525
- Unrealised	(238,467)	(238,467)
	-----	-----
	762,456	793,058
	-----	-----
Add: Consolidation adjustments	411,094	307,550
	-----	-----
Total Group retained earnings	7,780,178	7,998,951
	=====	=====

**B11. Material Litigation**

Save for the following, there were no changes to the material litigations since the date of the last audited financial statements of financial position:

- (a) A Notice of Arbitration was issued on 31 March 2014 by a subsidiary of the Group 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.

On 16 July 2015, an award was issued in favour of the subsidiary for recovery of the amount in dispute. On 29 July 2015, the gas supplier filed an Originating Summons to set aside or to vary the award under the relevant provisions of the Arbitration Act, 2005. On 21 August 2015, the subsidiary filed a Notice of Application to the High Court to strike out or dismiss the Originating Summons as the Board has been advised that the application to set aside or vary the award has no merit.

The parties then entered into discussions to settle the matter which lead to a discontinuance of the High Court proceedings in November 2015 and the recovery of the aforesaid amount from the gas supplier.



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**Notes – continued**

- (b) A foreign subsidiary of the Group has commenced proceedings in court against two customers to recover monies due to the subsidiary under contract, following their termination of the electricity retail contracts. The customers have filed their defence and counterclaim, and the matter is now awaiting trial.

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

**B12. Dividend**

No dividend has been declared for the current financial quarter.

**B13. Earnings Per Share**

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

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

	<b>Current Year Quarter 31.3.2016</b>	<b>Preceding Year Corresponding Quarter 31.3.2015</b>
Profit attributable to Owners of the Parent (RM'000)	176,494	222,735
Weighted average number of ordinary shares ('000)	7,717,308	7,034,351
Basic earnings per share (Sen)	2.29	3.17

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**INTERIM FINANCIAL REPORT****Notes – continued****ii) Diluted Earnings Per 50 sen Share**

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

	<b>Current Year Quarter 31.3.2016</b>	<b>Preceding Year Corresponding Quarter 31.3.2015</b>
Profit attributable to Owners of the Parent (RM'000)	176,494 =====	222,735 =====
<i>Weighted average number of ordinary shares – diluted ('000)</i>		
Weighted average number of ordinary shares – basic	7,717,308	7,034,351
Effect of unexercised Warrants 2008/2018	34,541	216,939
Effect of unexercised ESOS	-	4,995
	----- 7,751,849 =====	----- 7,256,285 =====
Diluted earnings per share (Sen)	2.28 =====	3.07 =====

\* Total cash expected to be received in the event of an exercise of all outstanding warrants and ESOS is RM358.7 million. Accordingly, the Net Asset (NA) on a pro forma basis will increase by RM358.7 million resulting in a decrease in NA per share of RM0.01. In arriving at the Diluted earnings per share, NA and NA per share, no income has been accrued for the cash proceeds.

**By Order of the Board**

HO SAY KENG

Secretary

Kuala Lumpur

Dated: 26 May 2016