

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

Interim Financial Report
31 December 2019

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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 31 December 2019.

The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31.12.2019 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31.12.2018 RM'000	6 MONTHS ENDED	
			31.12.2019 RM'000	31.12.2018 RM'000
Revenue	2,795,625	2,927,354	5,755,134	5,730,784
Cost of sales	(2,381,001)	(2,437,146)	(4,924,160)	(4,721,541)
Gross profit	414,624	490,208	830,974	1,009,243
Other operating income	8,468	13,150	61,137	30,291
Other operating expenses	(150,125)	(206,098)	(312,851)	(356,724)
Profit from operations	272,967	297,260	579,260	682,810
Finance costs	(280,726)	(283,859)	(569,919)	(571,259)
Share of profits of investments accounted for using the equity method	110,188	115,617	200,802	208,210
Profit before taxation	102,429	129,018	210,143	319,761
Taxation	(32,819)	(27,648)	(70,449)	(67,993)
Profit for the period	69,610	101,370	139,694	251,768
Attributable to:				
Owners of the parent	70,259	71,774	137,616	198,049
Non-controlling interests	(649)	29,596	2,078	53,719
	69,610	101,370	139,694	251,768
Earnings per share for profit attributable to owners of the parent				
Basic (sen)	0.92	0.94	1.79	2.57
Diluted (sen)	0.92	0.94	1.79	2.57

The Condensed Consolidated Income Statement should be read in conjunction with the audited annual financial statements for the year ended 30 June 2019 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31.12.2019 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31.12.2018 RM'000	6 MONTHS ENDED	
			31.12.2019 RM'000	31.12.2018 RM'000
Profit for the period	69,610	101,370	139,694	251,768
Other comprehensive income/(loss):				
<i>Items that may be reclassified subsequently to income statement:</i>				
Financial assets at fair value through other comprehensive income	618	(31,979)	872	(49,762)
Cash flow hedges:				
- Subsidiaries	120,756	(570,647)	(178,637)	(557,190)
- Associates and joint ventures	37,601	(27,204)	1,204	(9,964)
Currency translation differences:				
- Subsidiaries	193,909	(154,220)	(5,443)	126,923
- Associates and joint ventures	(34,313)	(11,401)	(26,020)	31,701
	-----	-----	-----	-----
Other comprehensive income/(loss) for the period, net of tax	318,571	(795,451)	(208,024)	(458,292)
	-----	-----	-----	-----
Total comprehensive income/(loss) for the period	388,181	(694,081)	(68,330)	(206,524)
	=====	=====	=====	=====
Attributable to:				
Owners of the parent	407,142	(723,138)	(60,235)	(276,721)
Non-controlling interests	(18,961)	29,057	(8,095)	70,197
	-----	-----	-----	-----
	388,181	(694,081)	(68,330)	(206,524)
	=====	=====	=====	=====

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited annual financial statements for the year ended 30 June 2019 and the accompanying explanatory notes attached to the interim financial statements.

YTL POWER INTERNATIONAL BERHAD [Company No. 199601034332 (406684-H)]
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	UNAUDITED	AUDITED
	As at	As at
	31.12.2019	30.6.2019
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	22,195,997	21,631,567
Right-of-use assets	378,334	-
Investment properties	514,283	477,749
Project development costs	246,445	228,952
Intangible assets	8,285,275	8,278,649
Investments accounted for using the equity method	2,175,028	2,188,956
Investments	243,057	242,100
Derivative financial instruments	1,395	18,722
Receivables, deposits and prepayments	1,181,185	1,102,127
	-----	-----
	35,220,999	34,168,822
	-----	-----
Current assets		
Inventories	259,915	416,006
Investments	1,514,591	1,490,865
Receivables, deposits and prepayments	2,320,426	2,573,581
Derivative financial instruments	26,525	63,388
Cash and bank balances	7,860,489	7,560,316
	-----	-----
	11,981,946	12,104,156
	-----	-----
TOTAL ASSETS	47,202,945	46,272,978
	=====	=====
EQUITY AND LIABILITIES		
Share capital	7,038,587	7,038,587
Reserves	5,865,083	6,314,054
Treasury shares, at cost	(708,260)	(708,259)
	-----	-----
Equity attributable to owners of the parent	12,195,410	12,644,382
Non-controlling interests	213,487	226,280
	-----	-----
TOTAL EQUITY	12,408,897	12,870,662
	-----	-----

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited annual financial statements for the year ended 30 June 2019 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION - Continued

	UNAUDITED	AUDITED
	As at	As at
	31.12.2019	30.6.2019
	RM'000	RM'000
LIABILITIES		
Non-current liabilities		
Deferred taxation	1,907,121	1,872,441
Borrowings	25,759,688	19,071,117
Post-employment benefit obligations	734,622	704,080
Grants and contributions	599,045	560,828
Derivative financial instruments	20,367	19,131
Payables	1,250,310	1,154,792
	-----	-----
	30,271,153	23,382,389
	-----	-----
Current liabilities		
Payables and accrued expenses	2,030,193	2,277,707
Derivative financial instruments	125,980	48,906
Post-employment benefit obligations	3,124	1,408
Taxation	35,481	49,263
Borrowings	2,328,117	7,642,643
	-----	-----
	4,522,895	10,019,927
	-----	-----
TOTAL LIABILITIES	34,794,048	33,402,316
	-----	-----
TOTAL EQUITY AND LIABILITIES	47,202,945	46,272,978
	=====	=====
Net assets per share attributable to ordinary equity holders of the parent (RM)	1.59	1.65
	=====	=====

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited annual financial statements for the year ended 30 June 2019 and the accompanying explanatory notes attached to the interim financial statements.

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2019**

	-----Attributable to Owners of the Parent-----				Total RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Merger & Other Reserves RM'000	Treasury Shares RM'000	Retained Earnings RM'000			
At 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	-	-	-	(7,616)	(7,616)	(4,698)	(12,314)
At 1 July 2019, as restated	7,038,587	(1,596,412)	(708,259)	7,902,850	12,636,766	221,582	12,858,348
Profit for the financial period	-	-	-	137,616	137,616	2,078	139,694
Other comprehensive loss for the financial period	-	(197,851)	-	-	(197,851)	(10,173)	(208,024)
Total comprehensive (loss)/income for the financial period	-	(197,851)	-	137,616	(60,235)	(8,095)	(68,330)
Interim dividend paid for the financial year ended 30 June 2019	-	-	-	(383,765)	(383,765)	-	(383,765)
Share option lapsed	-	(167)	-	167	-	-	-
Share repurchased	-	-	(1)	-	(1)	-	(1)
Share option expenses	-	2,645	-	-	2,645	-	2,645
At 31 December 2019	7,038,587	(1,791,785)	(708,260)	7,656,868	12,195,410	213,487	12,408,897

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 2019 and the accompanying explanatory notes attached to the interim financial statements.

YTL POWER INTERNATIONAL BERHAD [Company No. 199601034332 (406684-H)]
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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2018**

	-----Attributable to Owners of the Parent-----					Non- Controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Merger & Other Reserves RM'000	Treasury Shares RM'000	Retained Earnings RM'000	Total RM'000		
At 30 June 2018, as previously reported	7,038,587	(1,435,015)	(509,634)	7,919,190	13,013,128	111,386	13,124,514
Adjustments from adoption of MFRS 15	-	139	-	(2,572)	(2,433)	230	(2,203)
Acquisition accounting and consolidation elimination restatements	-	-	-	(48,096)	(48,096)	-	(48,096)
At 30 June 2018, as restated	7,038,587	(1,434,876)	(509,634)	7,868,522	12,962,599	111,616	13,074,215
Adjustments from adoption of MFRS 9	-	-	-	(1,371)	(1,371)	(916)	(2,287)
At 1 July 2018, as restated	7,038,587	(1,434,876)	(509,634)	7,867,151	12,961,228	110,700	13,071,928
Profit for the financial period	-	-	-	198,049	198,049	53,719	251,768
Other comprehensive (loss)/income for the financial period	-	(474,770)	-	-	(474,770)	16,478	(458,292)
Total comprehensive (loss)/income for the financial period	-	(474,770)	-	198,049	(276,721)	70,197	(206,524)
Effects arising from changes in composition of the Group	-	-	-	(13)	(13)	46	33
Dividends paid	-	-	-	(383,765)	(383,765)	(38,565)	(422,330)
Share option lapsed	-	(347)	-	347	-	-	-
Share repurchased	-	-	(198,625)	-	(198,625)	-	(198,625)
Share option expenses	-	2,731	-	-	2,731	-	2,731
At 31 December 2018, as restated	7,038,587	(1,907,262)	(708,259)	7,681,769	12,104,835	142,378	12,247,213

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 2019 and the accompanying explanatory notes attached to the interim financial statements.

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2019**

	6 MONTHS ENDED	
	31.12.2019	31.12.2018
	RM'000	RM'000
Cash flows from operating activities		
Profit for the financial period	139,694	251,768
Adjustment for:		
Allowance for impairment of inventories	453	635
Allowance for impairment of receivables (net of reversals)	33,466	106,495
Amortisation of contract costs	4,554	7,549
Amortisation of deferred income	-	(719)
Amortisation of grants and contributions	(9,754)	(10,875)
Amortisation of intangible assets	9,892	3,150
Bad debts recovered	(1,550)	-
Depreciation of property, plant and equipment	547,197	602,628
Depreciation of right-of-use assets	62,682	-
Fair value gain on derivatives	(2,687)	(6,032)
Fair value (gain)/loss on investments	(5,779)	2,758
Interest expense	569,919	571,259
Interest income	(5,245)	(3,938)
Net gain on disposal of property, plant and equipment	(2,989)	(5,314)
Property, plant and equipment written off	4,196	2,941
Provision for liabilities and charges	1,481	906
Provision for post-employment benefit	24,273	25,620
Share of profits of investments accounted for using the equity method	(200,802)	(208,210)
Share option expenses	2,579	2,731
Taxation	70,449	67,993
Unrealised loss/(gain) on foreign exchange	30	(264)
Other non-cash items	(9,606)	(2,863)
	-----	-----
	1,232,453	1,408,218
Changes in working capital:		
Inventories	164,032	4,428
Receivables, deposits and prepayments	147,464	193,951
Payables and accrued expenses	(281,598)	(284,410)
	-----	-----
Cash flows from operations	1,262,351	1,322,187
Interest paid	(555,825)	(555,361)
Payment to post-employment benefit obligations	(23,420)	(25,064)
Tax paid	(84,641)	(88,944)
	-----	-----
Net cash flows from operating activities	598,465	652,818
	-----	-----

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited annual financial statements for the year ended 30 June 2019 and the accompanying explanatory notes attached to the interim financial statements.

INTERIM FINANCIAL REPORT

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2019 - Continued**

	6 MONTHS ENDED	
	31.12.2019	31.12.2018
	RM'000	RM'000
Cash flows from investing activities		
Development expenditure incurred on investment properties	(24,658)	(19,286)
Dividends received	189,559	173,451
Grants received	37,033	31,407
Interest received	8,248	7,506
Maturities of income funds	-	1,125,382
Prepayment for land acquisition	(2,010)	(7,120)
Proceeds from disposal of property, plant and equipment	6,767	5,647
Purchase of intangible assets	(69,760)	(140)
Purchase of property, plant and equipment	(717,045)	(751,785)
Shareholder loans	(46,880)	(18,576)
	-----	-----
Net cash flows (used in)/from investing activities	(618,746)	546,486
	-----	-----
Cash flows from financing activities		
Dividends paid	(383,765)	(383,765)
Dividends paid to non-controlling interests	-	(38,565)
Proceeds from borrowings	1,038,047	2,152,064
Repayment of borrowings	(300,399)	(3,036,007)
Repayment of lease liabilities	(79,232)	-
Repurchase of own shares	(1)	(198,625)
	-----	-----
Net cash flows from/(used in) financing activities	274,650	(1,504,898)
	-----	-----
Net changes in cash and cash equivalents	254,369	(305,594)
Effects of exchange rate changes	65,480	95,782
Cash and cash equivalents at beginning of the financial year	7,539,691	7,305,091
	-----	-----
Cash and cash equivalents at end of the financial period <i>[Note a]</i>	7,859,540	7,095,279
	=====	=====
<i>[Note a]</i>		
Cash and cash equivalents at the end of the financial period comprise:		
Fixed deposits		
Cash and bank balances	7,364,876	6,754,702
Bank overdrafts	495,613	363,928
(included within short term borrowing in Note B9)	(949)	(23,351)
	-----	-----
	7,859,540	7,095,279
	=====	=====

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited annual financial statements for the year ended 30 June 2019 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 2019.

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 2019.

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 2019, except for changes arising from the adoption of MFRS 16 “Leases” as described below:

MFRS 16 “Leases” (“MFRS 16”)

MFRS 16 supersedes MFRS 117 “Leases” and the related interpretations. Under MFRS 16, a lease is a contract (or part of a contract) that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

MFRS 16 eliminates the classification of leases by the lessee as either finance leases (on balance sheet) or operating leases (off balance sheet). MFRS 16 requires a lessee to recognise a “right-of-use” of the underlying asset and a lease liability reflecting future lease payments for most leases. The right-of-use asset is depreciated in accordance with the principle in MFRS 116 ‘Property, Plant and Equipment’ and the lease liability is accreted over time with interest expense recognised in the Income Statement.

The Group applies MFRS 16 using the modified retrospective approach, therefore the comparative information was not restated and continues to be reported under MFRS 117 Leases (“MFRS 117”) and IC Interpretation 4 Determining Whether an Arrangement Contain a Lease (“IC 4”). The retrospective impact of applying MFRS 16 for the leasing contracts assessed to be relevant to MFRS 16 as at 1 July 2019 is adjusted to the Group’s retained earnings as at 1 July 2019.

The purchases and sales of rights to access and rights to use licenses of intellectual property are excluded from the scope of MFRS 16.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group’s incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate. Subsequently, the lease liability is measured at amortised cost using the effective interest rate method, re-measured when there is a change in the Group’s estimates of future lease payments arising from changes in circumstances relating to the contractor if the Group changes its assessment of whether it will exercise a purchase, extension or termination options.

INTERIM FINANCIAL REPORT

Notes – continued

In such re-measurements, a corresponding adjustment is made to the carrying amount of the right-to-use asset, or is recorded in Income Statement if the carrying value of the right-of-use asset has been reduced to zero.

The Group has elected to not recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less at inception or at initial application of MFRS 16 and low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The adoption of MFRS 16 impacts the Group’s performance in the current financial period as below:

- (a) On the Income Statement, expenses which previously included leasing expenses within Earnings before Interest, Tax, Depreciation and Amortisation (“EBITDA”) were replaced by interest expense on lease liabilities and depreciation of the right-of-use assets.
- (b) On the Statements of Cash Flows, operating lease rental outflows previously recorded within “net cash flows from operating activities” were reclassified as “net cash flows used in financing activities” for repayment of the principal and interest of lease liabilities.

For lessors, MFRS 16 retains most of the requirements in MFRS 117. Lessors continue to classify all leases as either operating leases or finance leases and account for them differently.

(i) Consolidated statement of financial position (*extract*)

	As previously reported	Re- classification	Measurements	As restated
	30.6.2019			1.7.2019
	RM’000	RM’000	RM’000	RM’000
Non-current assets				
Right-of-use assets	-	-	359,292	359,292
Equity and liabilities				
Capital and reserves				
Reserves	5,605,795	-	(7,616)	5,598,179
Non-controlling interests	226,280	-	(4,698)	221,582
Non-current liabilities				
Borrowings (Others)	19,071,117	(14,753)	-	19,056,364
Borrowings (Lease liabilities)	-	14,753	265,740	280,493
Current liabilities				
Borrowings (Others)	7,642,643	(27,888)	-	7,614,755
Borrowings (Lease liabilities)	-	27,888	105,866	133,754

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Notes – continued

- (ii) Reconciliation of operating lease commitment as at 30 June 2019 to the opening balance of lease liabilities as at 1 July 2019 is as follow:

	RM'000
Operating lease commitments disclosed as at 30 June 2019	608,311
(Less): short-term leases recognised on a straight-line basis as expense	(9,072)
(Less): contracts reassessed as service agreements	(268,307)
	<u>330,932</u>
Discounted using the lessee's incremental borrowing rate of at the date of initial application	279,302
Add: finance lease liabilities recognised as at 30 June 2019	42,641
Add: contracts reassessed as lease contracts	90,404
Add: adjustments as a result of a different treatment of extension and termination options	13,852
(Less): adjustments relating to changes in the index or rate affecting variable payments	(11,952)
Lease liabilities as at 1 July 2019	<u><u>414,247</u></u>
Of which are:	
Current lease liabilities	133,754
Non-current lease liabilities	<u><u>280,493</u></u>
	<u><u>414,247</u></u>

- (iii) The recognition of Group's right-of-use assets on 1 July 2019 is as follows:

The right-of-use assets were measured on modified retrospective approach as if the new standard had always been applied since the initial date of the contract.

Non-current assets	RM'000
Right-of-use assets – Land	92,125
Right-of-use assets – Buildings	7,627
Right-of-use assets – Network Sites and Equipment	215,518
Right-of-use assets – Non-Network Equipment	6,883
Right-of-use assets – Fibre	37,089
Right-of-use assets – Others	50
Total	<u><u>359,292</u></u>

The adoption of MFRSs, amendments to MFRSs and IC interpretation which were effective for financial year beginning on or after 1 July 2019 do not have significant financial impact to the Group other than explained above.

INTERIM FINANCIAL REPORT

Notes – continued

A2. Seasonality or Cyclicity of Operations

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

A3. Disaggregation of revenue

	Individual Quarter		Cumulative Quarter	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	RM'000	RM'000	RM'000	RM'000
Power generation (Contracted)				
- Sale of electricity	222,552	192,655	431,207	400,615
Multi utilities business (Merchant)				
- Sale of electricity	1,379,333	1,444,798	2,851,299	2,815,493
- Sale of steam	38,124	57,273	92,633	109,768
- Others	75,058	52,133	240,937	99,785
	<u>1,492,515</u>	<u>1,554,204</u>	<u>3,184,869</u>	<u>3,025,046</u>
Water & sewerage				
- Supply of clean water and treatment and disposal of waste water	891,458	876,050	1,748,657	1,725,949
Telecommunications business				
- Sale of devices	1,566	2,913	4,455	7,164
- Telecommunications services	87,792	197,235	168,154	378,832
- Telecommunications infrastructure business	9,504	10,901	23,843	19,559
	<u>98,862</u>	<u>211,049</u>	<u>196,452</u>	<u>405,555</u>
Investment holding activities				
- Investment income	44,402	48,515	90,328	96,831
- Management, operation and maintenance fees	29,452	28,698	69,880	43,569
- Others	16,384	16,183	33,741	33,219
	<u>90,238</u>	<u>93,396</u>	<u>193,949</u>	<u>173,619</u>
	<u>2,795,625</u>	<u>2,927,354</u>	<u>5,755,134</u>	<u>5,730,784</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.

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Notes – continued

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.

A6. Changes in Debt and Equity Securities

There was no share issued pursuant to the exercise of employees' share options granted under the Company's Employees Share Option Scheme during the current financial quarter and financial year to date.

A total of 1,000 ordinary shares were repurchased from the open market for a total consideration of RM789 for the current financial year to date. The share buyback transactions were financed by internally generated funds. The shares purchased are held as treasury shares. As at 31 December 2019, the number of treasury shares held was 482,907,712 ordinary shares.

On 17 September 2019, a subsidiary of the Company issued RM1,023.6 million (GBP200.0 million) Guaranteed Bonds due 17 September 2029 at an interest rate of 1.5% per annum. The net proceed of the issuance will be utilised to finance capital expenditure.

The outstanding debts are as disclosed in Note B9.

A7. Dividends Paid

The following dividend payment was made during the financial period ended 31 December 2019:-

	<u>RM'000</u>
In respect of the financial year ended 30 June 2019:	
An interim dividend of 5 sen per ordinary share paid on 13 November 2019	<u>383,765</u>

A8. Segment Information

The Group has five reportable segments as described below:

- a) Power generation (Contracted)
- b) Multi utilities business (Merchant)
- c) Water and sewerage
- d) 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.

INTERIM FINANCIAL REPORT

Notes – continued

Segment information for the financial period ended 31 December 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	431,207	3,184,869	1,748,657	197,782	224,082	5,786,597
Inter-segment elimination	-	-	-	(1,330)	(30,133)	(31,463)
External Revenue	431,207	3,184,869	1,748,657	196,452	193,949	5,755,134
Segment profit/(loss) before tax	29,405	(117,513)	384,145	(176,891)	90,997	210,143

Segment information for the financial period ended 31 December 2018:

	Power generation (Contracted) RM'000	Multi utilities business (Merchant) RM'000	Water & sewerage RM'000	Telecom- munications business RM'000	Investment holding activities RM'000	Group RM'000
Total Revenue	400,615	3,025,046	1,725,949	407,768	206,536	5,765,914
Inter-segment elimination	-	-	-	(2,213)	(32,917)	(35,130)
External Revenue	400,615	3,025,046	1,725,949	405,555	173,619	5,730,784
Segment profit/(loss) before tax	26,972	(133,092)	399,727	(18,396)	44,550	319,761

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.

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Notes – continued

A10. Changes in the Composition of the Group

There were no changes in the composition of the Group for the current financial period ended 31 December 2019, including business combinations, obtaining or losing control of subsidiaries and long-term investments, restructurings and discontinuing operations save for the following:

- (i) On 12 July 2019, YTL Jordan Services Sdn. Bhd. (“YTL Jordan Services”) acquired the entire issued share capital comprising 1 ordinary share in Equinox Solar Farm Sdn. Bhd. (“Equinox Solar”). As a result, Equinox Solar became an indirect subsidiary of the Company.

Equinox Solar was incorporated on 13 February 2019 and will be principally involved in the development, ownership, operation and maintenance of solar photovoltaic power plants and related engineering, procurement, construction and commissioning services.

- (ii) On 24 July 2019, YTL Jordan Services changed its name to YTL Power Resources Sdn. Bhd..

- (iii) The following indirect subsidiaries had been struck-off the register of the Companies House in United Kingdom on the respective dates:

On 30 July 2019:

- Wessex Electricity Utilities Limited
- Wessex Property Services Limited
- Wessex Logistics Limited
- Wessex Promotions Limited
- Wessex Spring Water Limited
- Wessex Water Commercial Limited

On 6 August 2019:

- Sword Bidco (Holdings) Limited
- Sword Bidco Limited
- Sword Midco Limited

Accordingly, the above companies ceased to be the indirect subsidiaries of the Company.

A11. Changes in Contingent Liabilities

There were no material changes in the contingent liabilities of the Group since the last financial year ended 30 June 2019.

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A12. Fair value measurement

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

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

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

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
31.12.2019				
Assets				
Financial assets at fair value through profit or loss:				
- Trading derivatives	-	14,014	-	14,014
- Income funds	-	1,514,591	-	1,514,591
- Equity investments	-	3,725	-	3,725
- Receivables from a joint venture	-	-	959,395	959,395
Financial assets at fair value through other comprehensive income	64,287	44	175,001	239,332
Derivatives used for hedging	-	13,906	-	13,906
Total assets	64,287	1,546,280	1,134,396	2,744,963
Liabilities				
Financial liabilities at fair value through profit or loss:				
- Currency options contracts	657	-	-	657
- Trading derivatives	-	5,323	-	5,323
Derivatives used for hedging	-	140,367	-	140,367
Total liabilities	657	145,690	-	146,347

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**PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA
SECURITIES BERHAD**

B1. Review of the Results

The comparison of the results is tabulated below:

	Individual Quarter		Variance %	Cumulative Quarter		Variance %
	31.12.2019 RM'000	31.12.2018 RM'000		31.12.2019 RM'000	31.12.2018 RM'000	
Revenue						
Power generation (Contracted)	222,552	192,655	+15.5%	431,207	400,615	+7.6%
Multi utilities business (Merchant)	1,492,515	1,554,204	-4.0%	3,184,869	3,025,046	+5.3%
Water & sewerage	891,458	876,050	+1.8%	1,748,657	1,725,949	+1.3%
Telecommunications business	98,862	211,049	-53.2%	196,452	405,555	-51.6%
Investment holding activities	90,238	93,396	-3.4%	193,949	173,619	+11.7%
	<u>2,795,625</u>	<u>2,927,354</u>	-4.5%	<u>5,755,134</u>	<u>5,730,784</u>	+0.4%
Profit/(Loss) before taxation						
Power generation (Contracted)	15,719	12,898	+21.9%	29,405	26,972	+9.0%
Multi utilities business (Merchant)	(48,362)	(117,232)	+58.7%	(117,513)	(133,092)	+11.7%
Water & sewerage	189,119	199,238	-5.1%	384,145	399,727	-3.9%
Telecommunications business	(107,159)	(10,122)	-958.7%	(176,891)	(18,396)	-861.6%
Investment holding activities	53,112	44,236	+20.1%	90,997	44,550	+104.3%
	<u>102,429</u>	<u>129,018</u>	-20.6%	<u>210,143</u>	<u>319,761</u>	-34.3%

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a) Current Quarter vs Preceding Year Corresponding Quarter

The Group recorded a revenue of RM2,795.6 million for the current financial quarter ended 31 December 2019 as compared to RM2,927.4 million recorded in the preceding year corresponding quarter ended 31 December 2018. The Group profit before taxation for the current financial quarter was RM102.4 million, a decrease of RM26.6 million or 20.6% as compared to a profit of RM129.0 million recorded in the preceding year corresponding quarter.

Performance of the respective operating business segments for the quarter ended 31 December 2019 as compared to the preceding year corresponding quarter is analysed as follows:

Power generation (Contracted)

The higher revenue and profit before taxation was mainly due to the higher volume of generation recorded.

Multi utilities business (Merchant)

The lower revenue was mainly due to the decrease in fuel oil price. The improvement in loss before taxation was mainly due to the absence of a one-off charge for impairment of receivable following a court decision in the preceding year corresponding quarter, lower depreciation charges recorded in the current quarter and partially offset by lower vesting contract level.

Water & sewerage

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

Telecommunications business

The lower revenue and higher loss before taxation was mainly due to the absence of a project revenue in the current quarter.

Investment holding activities

The decrease in revenue was mainly due to the lower interest income. The higher profit before taxation was principally attributable to the unrealised foreign exchange gain and partially offset by lower share of profits of investments accounted for using the equity method.

b) Current Year to date vs Preceding Year to date

Group revenue was RM5,755.1 million for the current financial period ended 31 December 2019 as compared to RM5,730.8 million recorded in the preceding financial period ended 31 December 2018. The Group profit before taxation for the current financial period was RM210.1 million, a decrease of RM109.7 million or 34.3% as compared to a profit of RM319.8 million recorded in the preceding year corresponding period. The lower profit before taxation was principally attributable to the loss recorded in the Telecommunications business segment and partially offset by better performance in Investment holding activities segment.

INTERIM FINANCIAL REPORT

Notes – continued

Performance of the respective operating business segments for the period ended 31 December 2019 as compared to the preceding year corresponding period was consistent with the notes mentioned in (a) above with the exception of the business segments mentioned below:

Multi utilities business (Merchant)

The increase in revenue was mainly due to the higher sales of fuel oil. The improvement in loss before taxation was mainly due to the absence of a one-off charge for impairment of receivable following a court decision in the preceding year corresponding period, lower depreciation charges recorded in the current period, partially offset by loss on sales of fuel oil and coupled with lower vesting contract level.

Investment holding activities

The increase in revenue was mainly due to the higher accrued technical service income and partially offset by lower interest income. The higher profit before taxation was principally attributable to the accrued technical service income as mentioned above, lower operating costs, fair value gain on investments and partially offset by lower share of profits of investments accounted for using the equity method.

B2. Comparison with Preceding Quarter

	Current Quarter 31.12.2019 RM'000	Preceding Quarter 30.9.2019 RM'000	Variance % +/-
Revenue	2,795,625	2,959,509	-5.5%
Consolidated profit before taxation	102,429	107,714	-4.9%
Consolidated profit after taxation	69,610	70,084	-0.7%

The lower profit before taxation as compared to preceding quarter was primarily attributable to the higher loss recorded in the Telecommunications business segment, partially offset by better results in Investment holding activities segment and lower loss recorded in Multi utilities business (Merchant) segment.

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INTERIM FINANCIAL REPORT

Notes – continued

B3. Prospects

Power generation (Contracted)

The Group has an 80% equity interest in PT Tanjung Jati Power Company (“TJPC”), an independent power producer which is undertaking the development of Tanjung Jati A, a 2 x 660 megawatt coal-fired power project in Java, Indonesia. TJPC has a 30-year power purchase agreement with PT PLN (Persero), Indonesia’s state-owned electric utility company, amended and restated in December 2015 and March 2018. TJPC has recently obtained the Business Viability Guarantee Letter from the Ministry of Finance of the Republic of Indonesia. Progress is underway towards achieving financial close.

The Group also has a 45% equity interest in Attarat Power Company (“APCO”), which is developing a 554 megawatt (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 operations scheduled to commence in mid-2020.

YTL Power Generation Sdn. Bhd. (“YTLPG”) commenced its operation on 1 September 2017 for the supply of 585MW of capacity from the existing facility in Paka for a term of 3 years 10 months, which will be expiring on 30 June 2021. YTLPG is expected to perform satisfactorily as it operates under a Power Purchase Agreement (“PPA”).

Multi utilities business (Merchant)

The electricity market in Singapore will remain competitive, driven by volatilities across global markets and generation capacity oversupply in the wholesale electricity market. Despite the current challenges, this segment will continue to focus on customer service and diversification beyond the core business into integrated multi-utilities supply.

Water & sewerage

The regulator has published Wessex Water’s final determination covering the Price Review 2020-25 in December 2019. The Group remains committed to delivering high quality, reliable and resilient services that are affordable to everyone, and is confident it will continue to deliver outperformance of its regulatory targets.

Telecommunications business

With the existing network in place, this segment will continue to expand its telecommunications infrastructure business and is well positioned to grow its subscriber base with innovative, competitive and affordable products and services.

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.

INTERIM FINANCIAL REPORT

Notes – continued

B5. Audit Report of the preceding financial year ended 30 June 2019

The Auditors' Report on the financial statements of the financial year ended 30 June 2019 did not contain any qualification.

B6. Profit for the period

	Current Quarter 31.12.2019 RM'000	Current Year To Date 31.12.2019 RM'000
Profit before taxation is stated after charging/(crediting):		
Allowance for impairment of inventories	205	453
Allowance for impairment of receivables (net of reversals)	17,234	33,466
Amortisation of contract costs	2,069	4,554
Amortisation of grants and contributions	(5,020)	(9,754)
Amortisation of intangible assets	7,791	9,892
Bad debts recovered	(708)	(1,550)
Depreciation of property, plant and equipment	287,369	547,197
Depreciation of right-of-use assets	29,882	62,682
Fair value loss/(gain) on derivatives	263	(2,687)
Fair value loss/(gain) on investments	2,651	(5,779)
Interest income	(2,942)	(5,245)
Interest expense	280,726	569,919
Gain on foreign exchange	(6,622)	(1,440)
Net gain on disposal of property, plant and equipment	(39)	(2,989)
Property, plant and equipment written off	499	4,196
Provision for liabilities and charges	503	1,481
	=====	=====

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

B7. Taxation

	Current Quarter 31.12.2019 RM'000	Current Year To Date 31.12.2019 RM'000
In respect of current period		
- Income Tax	32,464	65,416
- Deferred Tax	355	5,033
	-----	-----
	32,819	70,449
	=====	=====

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

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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.

B9. Group Borrowings and Debt Securities

The Group's borrowings as at 31 December 2019 are as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
Current			
Bank overdrafts	-	949	949
Lease liabilities	431	151,340	151,771
Revolving credit	-	538,397	538,397
Term loans	-	1,637,000	1,637,000
	<u>431</u>	<u>2,327,686</u>	<u>2,328,117</u>
Non-current			
Bonds	-	15,954,913	15,954,913
Lease liabilities	320	269,235	269,555
Revolving credit	-	299,350	299,350
Term loans	-	9,235,870	9,235,870
	<u>320</u>	<u>25,759,368</u>	<u>25,759,688</u>
Total borrowings	<u>751</u>	<u>28,087,054</u>	<u>28,087,805</u>

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

	Foreign currency '000	RM Equivalents '000
US Dollar	<u>648,248</u>	<u>2,652,955</u>
Sterling Pound	<u>2,305,061</u>	<u>12,383,249</u>
Singapore Dollar	<u>1,973,679</u>	<u>5,997,418</u>

All borrowings of the subsidiaries are on non-recourse basis to the Company save and except for borrowings totalling RM322.3 million, for which the Company has provided corporate guarantees to the financial institutions.

INTERIM FINANCIAL REPORT

Notes – continued

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

(a) Derivative Financial Instruments

As at 31 December 2019, 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	1,274,926	(89,706)
- 1 year to 3 years	170,079	(16,906)
- More than 3 years	-	-
<u>Currency forwards</u>		
- Less than 1 year	1,273,046	(9,091)
- 1 year to 3 years	276,886	(2,067)
- More than 3 years	-	-
<u>Currency options contracts</u>		
- Less than 1 year	818,500	(657)
- 1 year to 3 years	-	-
- More than 3 years	-	-

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

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

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

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

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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 31 December 2019 are as follows:

Type of financial liabilities	Basis of fair value measurement	Reason for the gain/(loss)	Fair value gain/(loss)	
			Current quarter 31.12.2019 RM'000	Current year to date 31.12.2019 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	(4,187)	(1,154)
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	15,703	21,112
Currency options contracts	Spot rate, interest rate and basis curve, volatility and time to maturity	The spot rate has moved unfavourably against the Group for the current quarter. While, change in time value was greater due to shorter remaining tenor for current year to date.	(263)	2,687
Total			11,253	22,645

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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 31.12.2019	Preceding Year Corresponding Quarter 31.12.2018
Profit attributable to Owners of the Parent (RM'000)	70,259	71,774
Weighted average number of ordinary shares ('000)	7,675,301	7,675,303
Basic earnings per share (Sen)	0.92	0.94

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Notes – continued

ii) Diluted Earnings Per Share

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

	Current Year Quarter 31.12.2019	Preceding Year Corresponding Quarter 31.12.2018
Profit attributable to Owners of the Parent (RM'000)	70,259 =====	71,774 =====
<i>Weighted average number of ordinary shares – diluted ('000)</i>		
Weighted average number of ordinary shares – basic	7,675,301 =====	7,675,303 =====
Diluted earnings per share (Sen)	0.92 =====	0.94 =====

* *Total cash expected to be received in the event of an exercise of all outstanding ESOS is RM275.2 million. Accordingly, the Net Asset (NA) on a pro forma basis will increase by RM275.2 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: 20 February 2020