

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

**Interim Financial Report**  
**30 September 2019**

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

**INTERIM FINANCIAL REPORT**

Interim financial report on consolidated results for the financial period ended 30 September 2019.

The figures have not been audited.

**CONDENSED CONSOLIDATED INCOME STATEMENT**

|   | INDIVIDUAL QUARTER                          |   | CUMULATIVE QUARTER  |                     |
|---|---|---|---------------------|---------------------|
|   | CURRENT YEAR QUARTER<br>30.9.2019<br>RM'000 | PRECEDING YEAR CORRESPONDING QUARTER<br>30.9.2018<br>RM'000 | 3 MONTHS ENDED      |                     |
|   |   |   | 30.9.2019<br>RM'000 | 30.9.2018<br>RM'000 |
| Revenue   | 2,959,509                                   | 2,803,430   | 2,959,509           | 2,803,430           |
| Cost of sales   | (2,543,159)                                 | (2,284,395)   | (2,543,159)         | (2,284,395)         |
| Gross profit  | 416,350                                     | 519,035   | 416,350             | 519,035             |
| Other operating income  | 52,669                                      | 17,141  | 52,669              | 17,141              |
| Other operating expenses  | (162,726)                                   | (150,626)   | (162,726)           | (150,626)           |
| Profit from operations  | 306,293                                     | 385,550   | 306,293             | 385,550             |
| Finance costs   | (289,193)                                   | (287,400)   | (289,193)           | (287,400)           |
| Share of profits of investments accounted for using the equity method     | 90,614                                      | 92,593  | 90,614              | 92,593              |
| <b>Profit before taxation</b>   | 107,714                                     | 190,743   | 107,714             | 190,743             |
| Taxation  | (37,630)                                    | (40,345)  | (37,630)            | (40,345)            |
| <b>Profit for the period</b>  | 70,084                                      | 150,398   | 70,084              | 150,398             |
| <b>Attributable to:</b>   |   |   |                     |                     |
| Owners of the parent  | 67,357                                      | 126,275   | 67,357              | 126,275             |
| Non-controlling interests   | 2,727                                       | 24,123  | 2,727               | 24,123              |
|   | 70,084                                      | 150,398   | 70,084              | 150,398             |
| <b>Earnings per share for profit attributable to owners of the parent</b> |   |   |                     |                     |
| Basic (sen)   | 0.88  | 1.64  | 0.88                | 1.64                |
| Diluted (sen)   | 0.88  | 1.63  | 0.88                | 1.63                |

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.

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

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

|   | INDIVIDUAL QUARTER                                |  | CUMULATIVE QUARTER  |                     |
|---|---|--|---------------------|---------------------|
|   | CURRENT<br>YEAR<br>QUARTER<br>30.9.2019<br>RM'000 | PRECEDING<br>YEAR<br>CORRESPONDING<br>QUARTER<br>30.9.2018<br>RM'000 | 3 MONTHS ENDED      |                     |
|   |   |  | 30.9.2019<br>RM'000 | 30.9.2018<br>RM'000 |
| <b>Profit for the period</b>  | 70,084  | 150,398  | 70,084              | 150,398             |
| <b>Other comprehensive income/(loss):</b>                                   |   |  |                     |                     |
| <i>Items that may be reclassified<br/>subsequently to income statement:</i> |   |  |                     |                     |
| Financial assets at fair value through<br>other comprehensive income        | 254   | (17,783)   | 254                 | (17,783)            |
| Cash flow hedges:   |   |  |                     |                     |
| - Subsidiaries  | (299,393)   | 13,457   | (299,393)           | 13,457              |
| - Associates and joint ventures   | (36,397)  | 17,240   | (36,397)            | 17,240              |
| Currency translation differences:   |   |  |                     |                     |
| - Subsidiaries  | (199,352)   | 281,143  | (199,352)           | 281,143             |
| - Associates and joint ventures   | 8,293   | 43,102   | 8,293               | 43,102              |
|   | -----   | -----  | -----               | -----               |
| <b>Other comprehensive<br/>(loss)/income for the period, net<br/>of tax</b> | (526,595)   | 337,159  | (526,595)           | 337,159             |
|   | -----   | -----  | -----               | -----               |
| <b>Total comprehensive<br/>(loss)/income for the period</b>                 | (456,511)   | 487,557  | (456,511)           | 487,557             |
|   | =====   | =====  | =====               | =====               |
| <b>Attributable to:</b>   |   |  |                     |                     |
| Owners of the parent  | (467,377)   | 446,417  | (467,377)           | 446,417             |
| Non-controlling interests   | 10,866  | 41,140   | 10,866              | 41,140              |
|   | -----   | -----  | -----               | -----               |
|   | (456,511)   | 487,557  | (456,511)           | 487,557             |
|   | =====   | =====  | =====               | =====               |

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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**INTERIM FINANCIAL REPORT**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

|   | <b>UNAUDITED</b>  | <b>AUDITED</b>    |
|---|-------------------|-------------------|
|   | <b>As at</b>      | <b>As at</b>      |
|   | <b>30.9.2019</b>  | <b>30.6.2019</b>  |
|   | <b>RM'000</b>     | <b>RM'000</b>     |
| <b>ASSETS</b>                                     |                   |                   |
| <b>Non-current assets</b>                         |                   |                   |
| Property, plant and equipment                     | 21,355,948        | 21,631,567        |
| Right-of-use assets                               | 372,642           | -                 |
| Investment properties                             | 481,006           | 477,749           |
| Project development costs                         | 242,676           | 228,952           |
| Intangible assets                                 | 8,270,685         | 8,278,649         |
| Investments accounted for using the equity method | 2,158,447         | 2,188,956         |
| Investments                                       | 242,282           | 242,100           |
| Derivative financial instruments                  | 40,667            | 18,722            |
| Receivables, deposits and prepayments             | 1,156,595         | 1,102,127         |
|   | -----             | -----             |
|   | 34,320,948        | 34,168,822        |
|   | -----             | -----             |
| <b>Current assets</b>                             |                   |                   |
| Inventories                                       | 258,684           | 416,006           |
| Investments                                       | 1,502,076         | 1,490,865         |
| Receivables, deposits and prepayments             | 2,283,657         | 2,573,581         |
| Derivative financial instruments                  | 2,388             | 63,388            |
| Cash and bank balances                            | 8,594,923         | 7,560,316         |
|   | -----             | -----             |
|   | 12,641,728        | 12,104,156        |
|   | -----             | -----             |
| <b>TOTAL ASSETS</b>                               | <b>46,962,676</b> | <b>46,272,978</b> |
|   | =====             | =====             |
| <b>EQUITY AND LIABILITIES</b>                     |                   |                   |
| Share capital                                     | 7,038,587         | 7,038,587         |
| Reserves  | 5,840,395         | 6,314,054         |
| Treasury shares, at cost                          | (708,260)         | (708,259)         |
|   | -----             | -----             |
| Equity attributable to owners of the parent       | 12,170,722        | 12,644,382        |
| Non-controlling interests                         | 232,448           | 226,280           |
|   | -----             | -----             |
| <b>TOTAL EQUITY</b>                               | <b>12,403,170</b> | <b>12,870,662</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 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 - Continued**

|  | <b>UNAUDITED</b> | <b>AUDITED</b>   |
|--|------------------|------------------|
|  | <b>As at</b>     | <b>As at</b>     |
|  | <b>30.9.2019</b> | <b>30.6.2019</b> |
|  | <b>RM'000</b>    | <b>RM'000</b>    |
| <b>LIABILITIES</b>   |                  |                  |
| <b>Non-current liabilities</b>   |                  |                  |
| Deferred taxation  | 1,843,324        | 1,872,441        |
| Borrowings   | 26,053,116       | 19,071,117       |
| Post-employment benefit obligations  | 699,711          | 704,080          |
| Grants and contributions   | 552,539          | 560,828          |
| Derivative financial instruments   | 408              | 19,131           |
| Payables   | 1,181,044        | 1,154,792        |
|  | -----            | -----            |
|  | 30,330,142       | 23,382,389       |
|  | -----            | -----            |
| <b>Current liabilities</b>   |                  |                  |
| Payables and accrued expenses  | 2,000,143        | 2,277,707        |
| Derivative financial instruments   | 313,802          | 48,906           |
| Post-employment benefit obligations  | 2,220            | 1,408            |
| Taxation   | 42,860           | 49,263           |
| Borrowings   | 1,870,339        | 7,642,643        |
|  | -----            | -----            |
|  | 4,229,364        | 10,019,927       |
|  | -----            | -----            |
| <b>TOTAL LIABILITIES</b>   | 34,559,506       | 33,402,316       |
|  | -----            | -----            |
| <b>TOTAL EQUITY AND LIABILITIES</b>  | 46,962,676       | 46,272,978       |
|  | =====            | =====            |
| <b>Net assets per share attributable to ordinary equity holders of the parent (RM)</b> | 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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**INTERIM FINANCIAL REPORT**

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

|  | -----Attributable to Owners of the Parent----- |   |                              |                                | Total<br>RM'000 | Non-<br>Controlling<br>Interests<br>RM'000 | Total<br>Equity<br>RM'000 |
|--|--|---|------------------------------|--------------------------------|-----------------|--|---------------------------|
|  | Share<br>Capital<br>RM'000                     | Merger<br>& Other<br>Reserves<br>RM'000 | Treasury<br>Shares<br>RM'000 | Retained<br>Earnings<br>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                            | -  | -                                       | -                            | 67,357                         | 67,357          | 2,727                                      | 70,084                    |
| Other comprehensive (loss)/income for the financial period | -  | (534,734)                               | -                            | -                              | (534,734)       | 8,139                                      | (526,595)                 |
| Total comprehensive (loss)/income for the financial period | -  | (534,734)                               | -                            | 67,357                         | (467,377)       | 10,866                                     | (456,511)                 |
| Share option lapsed  | -  | (63)                                    | -                            | 63                             | -               | -  | -                         |
| Share repurchased  | -  | -                                       | (1)                          | -                              | (1)             | -  | (1)                       |
| Share option expenses                                      | -  | 1,334                                   | -                            | -                              | 1,334           | -  | 1,334                     |
| At 30 September 2019                                       | 7,038,587                                      | (2,129,875)                             | (708,260)                    | 7,970,270                      | 12,170,722      | 232,448                                    | 12,403,170                |

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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**INTERIM FINANCIAL REPORT**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018**

|  | -----Attributable to Owners of the Parent----- |   |                              |                                |                 | Non-<br>Controlling<br>Interests<br>RM'000 | Total<br>Equity<br>RM'000 |
|--|--|---|------------------------------|--------------------------------|-----------------|--|---------------------------|
|  | Share<br>Capital<br>RM'000                     | Merger<br>& Other<br>Reserves<br>RM'000 | Treasury<br>Shares<br>RM'000 | Retained<br>Earnings<br>RM'000 | Total<br>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<br>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                                      | -  | -                                       | -                            | 126,275                        | 126,275         | 24,123                                     | 150,398                   |
| Other comprehensive income for the financial<br>period               | -  | 320,142                                 | -                            | -                              | 320,142         | 17,017                                     | 337,159                   |
| Total comprehensive income for the financial<br>period               | -  | 320,142                                 | -                            | 126,275                        | 446,417         | 41,140                                     | 487,557                   |
| Effects arising from changes in composition of the<br>Group          | -  | -                                       | -                            | (13)                           | (13)            | 46   | 33                        |
| Dividends paid to non-controlling interests                          | -  | -                                       | -                            | -                              | -               | (38,172)                                   | (38,172)                  |
| Share option lapsed  | -  | (174)                                   | -                            | 174                            | -               | -  | -                         |
| Share repurchased  | -  | -                                       | (198,625)                    | -                              | (198,625)       | -  | (198,625)                 |
| Share option expenses  | -  | 1,378                                   | -                            | -                              | 1,378           | -  | 1,378                     |
| At 30 September 2018, as restated                                    | 7,038,587                                      | (1,113,530)                             | (708,259)                    | 7,993,587                      | 13,210,385      | 113,714                                    | 13,324,099                |

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.



**INTERIM FINANCIAL REPORT**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019**

|   | <b>3 MONTHS ENDED</b> |                  |
|---|-----------------------|------------------|
|   | <b>30.9.2019</b>      | <b>30.9.2018</b> |
|   | <b>RM'000</b>         | <b>RM'000</b>    |
| <b>Cash flows from operating activities</b>                           |                       |                  |
| Profit for the financial period                                       | 70,084                | 150,398          |
| Adjustment for:   |                       |                  |
| Allowance for impairment of inventories                               | 248                   | 158              |
| Allowance for impairment of receivables (net of reversals)            | 16,232                | 17,279           |
| Amortisation of contract costs  | 2,485                 | 3,996            |
| Amortisation of deferred income                                       | -                     | (359)            |
| Amortisation of grants and contributions                              | (4,734)               | (5,415)          |
| Amortisation of intangible assets                                     | 2,101                 | 1,625            |
| Bad debts recovered   | (842)                 | -                |
| Depreciation of property, plant and equipment                         | 259,828               | 278,494          |
| Depreciation of right-of-use assets                                   | 32,800                | -                |
| Fair value gain on derivatives  | (2,950)               | (5,422)          |
| Fair value (gain)/loss on investments                                 | (8,430)               | 2,332            |
| Interest expense  | 289,193               | 287,400          |
| Interest income   | (2,303)               | (1,594)          |
| Net gain on disposal of property, plant and equipment                 | (2,950)               | (2,121)          |
| Property, plant and equipment written off                             | 3,697                 | 2,941            |
| Provision for liabilities and charges                                 | 978                   | 144              |
| Provision for post-employment benefit                                 | 20,530                | 11,642           |
| Share of profits of investments accounted for using the equity method | (90,614)              | (92,593)         |
| Share option expenses   | 1,301                 | 1,378            |
| Taxation  | 37,630                | 40,345           |
| Unrealised loss/(gain) on foreign exchange                            | 6,276                 | (4,659)          |
| Other non-cash items  | (9,574)               | (1,646)          |
|   | -----                 | -----            |
|   | 620,986               | 684,323          |
| Changes in working capital:   |                       |                  |
| Inventories   | 162,837               | 4,363            |
| Receivables, deposits and prepayments                                 | 189,652               | 123,906          |
| Payables and accrued expenses   | (286,430)             | (242,214)        |
|   | -----                 | -----            |
| Cash flows from operations  | 687,045               | 570,378          |
| Interest paid   | (241,164)             | (282,044)        |
| Payment to post-employment benefit obligations                        | (11,601)              | (12,643)         |
| Tax paid  | (42,136)              | (29,571)         |
|   | -----                 | -----            |
| Net cash flows from operating activities                              | 392,144               | 246,120          |
|   | -----                 | -----            |

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 30 SEPTEMBER 2019 - Continued**

|  | <b>3 MONTHS ENDED</b> |                  |
|--|-----------------------|------------------|
|  | <b>30.9.2019</b>      | <b>30.9.2018</b> |
|  | <b>RM'000</b>         | <b>RM'000</b>    |
| <b>Cash flows from investing activities</b>                              |                       |                  |
| Development expenditure incurred on investment properties                | (12,703)              | (7,749)          |
| Dividends received   | 92,626                | 89,573           |
| Grants received  | 6,827                 | 12,441           |
| Interest received  | 3,979                 | 3,308            |
| Maturities of income funds   | -                     | 1,125,382        |
| Prepayment for land acquisition  | (2,014)               | (250)            |
| Proceeds from disposal of property, plant and equipment                  | 4,623                 | 2,365            |
| Purchase of intangible assets  | (68,442)              | (489)            |
| Purchase of property, plant and equipment                                | (295,118)             | (311,568)        |
| Shareholder loans  | (26,279)              | (18,386)         |
|  | -----                 | -----            |
| Net cash flows (used in)/from investing activities                       | (296,501)             | 894,627          |
|  | -----                 | -----            |
| <b>Cash flows from financing activities</b>                              |                       |                  |
| Dividends paid to non-controlling interests                              | -                     | (38,172)         |
| Proceeds from borrowings   | 1,066,100             | 1,316,000        |
| Repayment of borrowings  | -                     | (2,277,458)      |
| Repayment of lease liabilities   | (39,476)              | -                |
| Repurchase of own shares   | (1)                   | (198,625)        |
|  | -----                 | -----            |
| Net cash flows from/(used in) financing activities                       | 1,026,623             | (1,198,255)      |
|  | -----                 | -----            |
| Net changes in cash and cash equivalents                                 | 1,122,266             | (57,508)         |
| Effects of exchange rate changes   | (67,315)              | 155,136          |
| 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> | 8,594,642             | 7,402,719        |
|  | =====                 | =====            |
| <i>[Note a]</i>  |                       |                  |
| Cash and cash equivalents at the end of the financial period comprise:   |                       |                  |
|  | <b>RM'000</b>         | <b>RM'000</b>    |
| Fixed deposits   | 8,156,293             | 6,841,826        |
| Cash and bank balances   | 438,630               | 568,239          |
| Bank overdrafts  | (281)                 | (7,346)          |
| (included within short term borrowing in [Note B9])                      |                       |                  |
|  | -----                 | -----            |
|  | 8,594,642             | 7,402,719        |
|  | =====                 | =====            |

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

**INTERIM FINANCIAL REPORT**

**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:

|  | <b>RM'000</b>  |
|--|----------------|
| 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>414,247</u> |
| Of which are:  |                |
| Current lease liabilities  | 133,754        |
| Non-current lease liabilities  | <u>280,493</u> |
|  | <u>414,247</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.

| <b>Non-current assets</b>                         | <b>RM'000</b>  |
|---|----------------|
| 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>359,292</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**

|   | <b>Individual Quarter</b> |                  | <b>Cumulative Quarter</b> |                  |
|---|---------------------------|------------------|---------------------------|------------------|
|   | <b>30.9.2019</b>          | <b>30.9.2018</b> | <b>30.9.2019</b>          | <b>30.9.2018</b> |
|   | <b>RM'000</b>             | <b>RM'000</b>    | <b>RM'000</b>             | <b>RM'000</b>    |
| <b>Power generation (Contracted)</b>                              |                           |                  |                           |                  |
| - Sale of electricity   | 208,655                   | 207,960          | 208,655                   | 207,960          |
| <b>Multi utilities business (Merchant)</b>                        |                           |                  |                           |                  |
| - Sale of electricity   | 1,471,966                 | 1,370,695        | 1,471,966                 | 1,370,695        |
| - Sale of steam   | 54,509                    | 52,495           | 54,509                    | 52,495           |
| - Others  | 165,879                   | 47,652           | 165,879                   | 47,652           |
|   | <u>1,692,354</u>          | <u>1,470,842</u> | <u>1,692,354</u>          | <u>1,470,842</u> |
| <b>Water &amp; sewerage</b>                                       |                           |                  |                           |                  |
| - Supply of clean water and treatment and disposal of waste water | 857,199                   | 849,899          | 857,199                   | 849,899          |
| <b>Telecommunication business</b>                                 |                           |                  |                           |                  |
| - Sale of devices   | 2,889                     | 4,251            | 2,889                     | 4,251            |
| - Telecommunication services                                      | 80,362                    | 181,597          | 80,362                    | 181,597          |
| - Telecommunication infrastructure business                       | 14,339                    | 8,658            | 14,339                    | 8,658            |
|   | <u>97,590</u>             | <u>194,506</u>   | <u>97,590</u>             | <u>194,506</u>   |
| <b>Investment holding activities</b>                              |                           |                  |                           |                  |
| - Investment income   | 45,926                    | 48,316           | 45,926                    | 48,316           |
| - Management, operation and maintenance fees                      | 40,428                    | 14,871           | 40,428                    | 14,871           |
| - Others  | 17,357                    | 17,036           | 17,357                    | 17,036           |
|   | <u>103,711</u>            | <u>80,223</u>    | <u>103,711</u>            | <u>80,223</u>    |
|   | <u>2,959,509</u>          | <u>2,803,430</u> | <u>2,959,509</u>          | <u>2,803,430</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.

## **INTERIM FINANCIAL REPORT**

### **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.

A total of 1,000 ordinary shares were repurchased from the open market for a total consideration of RM789 for the current financial quarter. The share buyback transactions were financed by internally generated funds. The shares purchased are held as treasury shares. As at 30 September 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**

There was no dividend paid during the current financial quarter.

#### **A8. Segment Information**

The Group has five reportable segments as described below:

- a) Power generation (Contracted)
- b) Multi utilities business (Merchant)
- c) Water and sewerage
- d) Telecommunication 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 30 September 2019:

|   | <b>Power generation<br/>(Contracted)<br/>RM'000</b> | <b>Multi utilities<br/>business<br/>(Merchant)<br/>RM'000</b> | <b>Water &amp;<br/>sewerage<br/>RM'000</b> | <b>Telecom-<br/>munication<br/>business<br/>RM'000</b> | <b>Investment<br/>holding<br/>activities<br/>RM'000</b> | <b>Group<br/>RM'000</b> |
|---|---|---|--|--|---|-------------------------|
| <b>Total Revenue</b>                            | 208,655   | 1,692,354   | 857,199                                    | 97,767   | 120,566   | 2,976,541               |
| <b>Inter-segment<br/>elimination</b>            | -   | -   | -  | (177)  | (16,855)  | (17,032)                |
| <b>External<br/>Revenue</b>                     | 208,655   | 1,692,354   | 857,199                                    | 97,590   | 103,711   | 2,959,509               |
| <b>Segment<br/>profit/(loss)<br/>before tax</b> | 13,686  | (69,151)  | 195,026                                    | (69,732)   | 37,885  | 107,714                 |

Segment information for the financial period ended 30 September 2018:

|   | <b>Power generation<br/>(Contracted)<br/>RM'000</b> | <b>Multi utilities<br/>business<br/>(Merchant)<br/>RM'000</b> | <b>Water &amp;<br/>sewerage<br/>RM'000</b> | <b>Telecom-<br/>munication<br/>business<br/>RM'000</b> | <b>Investment<br/>holding<br/>activities<br/>RM'000</b> | <b>Group<br/>RM'000</b> |
|---|---|---|--|--|---|-------------------------|
| <b>Total Revenue</b>                            | 207,960   | 1,470,842   | 849,899                                    | 196,309  | 96,364  | 2,821,374               |
| <b>Inter-segment<br/>elimination</b>            | -   | -   | -  | (1,803)  | (16,141)  | (17,944)                |
| <b>External<br/>Revenue</b>                     | 207,960   | 1,470,842   | 849,899                                    | 194,506  | 80,223  | 2,803,430               |
| <b>Segment<br/>profit/(loss)<br/>before tax</b> | 14,074  | (15,860)  | 200,489                                    | (8,274)  | 314   | 190,743                 |

**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.



## **INTERIM FINANCIAL REPORT**

### **Notes – continued**

#### **A10. Changes in the Composition of the Group**

There were no changes in the composition of the Group for the current financial period ended 30 September 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.

**INTERIM FINANCIAL REPORT**

**Notes – continued**

**A12. Fair value measurement**

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

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

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

|   | Level 1<br>RM'000 | Level 2<br>RM'000 | Level 3<br>RM'000 | Total<br>RM'000 |
|---|-------------------|-------------------|-------------------|-----------------|
| <b>30.9.2019</b>  |                   |                   |                   |                 |
| <b>Assets</b>   |                   |                   |                   |                 |
| Financial assets at fair value through profit or loss:            |                   |                   |                   |                 |
| - Trading derivatives   | -                 | 8,275             | -                 | 8,275           |
| - Income funds  | -                 | 1,502,076         | -                 | 1,502,076       |
| - Equity investments  | -                 | 3,567             | -                 | 3,567           |
| - Receivables from a joint venture                                | -                 | -                 | 933,703           | 933,703         |
| Financial assets at fair value through other comprehensive income |                   |                   |                   |                 |
| Derivatives used for hedging                                      | 63,668            | 46                | 175,001           | 238,715         |
| Total assets  | 63,668            | 1,548,744         | 1,108,704         | 2,721,116       |
| <b>Liabilities</b>  |                   |                   |                   |                 |
| Financial liabilities at fair value through profit or loss:       |                   |                   |                   |                 |
| - Currency options contracts                                      | 408               | -                 | -                 | 408             |
| - Trading derivatives   | -                 | 7,487             | -                 | 7,487           |
| Derivatives used for hedging                                      | -                 | 306,315           | -                 | 306,315         |
| Total liabilities   | 408               | 313,802           | -                 | 314,210         |

**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>Variance</b><br>% | <b>Cumulative Quarter</b>  |                            | <b>Variance</b><br>% |
|--------------------------------------|----------------------------|----------------------------|----------------------|----------------------------|----------------------------|----------------------|
|                                      | <b>30.9.2019</b><br>RM'000 | <b>30.9.2018</b><br>RM'000 |                      | <b>30.9.2019</b><br>RM'000 | <b>30.9.2018</b><br>RM'000 |                      |
| <b>Revenue</b>                       |                            |                            |                      |                            |                            |                      |
| Power generation (Contracted)        | 208,655                    | 207,960                    | +0.3%                | 208,655                    | 207,960                    | +0.3%                |
| Multi utilities business (Merchant)  | 1,692,354                  | 1,470,842                  | +15.1%               | 1,692,354                  | 1,470,842                  | +15.1%               |
| Water & sewerage                     | 857,199                    | 849,899                    | +0.9%                | 857,199                    | 849,899                    | +0.9%                |
| Telecommunication business           | 97,590                     | 194,506                    | -49.8%               | 97,590                     | 194,506                    | -49.8%               |
| Investment holding activities        | 103,711                    | 80,223                     | +29.3%               | 103,711                    | 80,223                     | +29.3%               |
|                                      | <u>2,959,509</u>           | <u>2,803,430</u>           | +5.6%                | <u>2,959,509</u>           | <u>2,803,430</u>           | +5.6%                |
| <b>Profit/(Loss) before taxation</b> |                            |                            |                      |                            |                            |                      |
| Power generation (Contracted)        | 13,686                     | 14,074                     | -2.8%                | 13,686                     | 14,074                     | -2.8%                |
| Multi utilities business (Merchant)  | (69,151)                   | (15,860)                   | -336.0%              | (69,151)                   | (15,860)                   | -336.0%              |
| Water & sewerage                     | 195,026                    | 200,489                    | -2.7%                | 195,026                    | 200,489                    | -2.7%                |
| Telecommunication business           | (69,732)                   | (8,274)                    | -742.8%              | (69,732)                   | (8,274)                    | -742.8%              |
| Investment holding activities        | 37,885                     | 314                        | +11,965.3%           | 37,885                     | 314                        | +11,965.3%           |
|                                      | <u>107,714</u>             | <u>190,743</u>             | -43.5%               | <u>107,714</u>             | <u>190,743</u>             | -43.5%               |

**INTERIM FINANCIAL REPORT**

**Notes – continued**

Current Quarter vs Preceding Year Corresponding Quarter

The Group recorded a revenue of RM2,959.5 million for the current financial quarter ended 30 September 2019 as compared to RM2,803.4 million recorded in the preceding year corresponding quarter ended 30 September 2018. The Group profit before taxation for the current financial quarter was RM107.7 million, a decrease of RM83.0 million or 43.5% as compared to a profit of RM190.7 million recorded in the preceding year corresponding quarter.

Performance of the respective operating business segments for the quarter ended 30 September 2019 as compared to the preceding year corresponding quarter is analysed as follows:

Power generation (Contracted)

The revenue and profit before taxation are consistent to the comparative quarter.

Multi utilities business (Merchant)

The increase in revenue was mainly due to higher sales of fuel oil and higher volume of electricity sold. The higher loss before taxation was mainly due to significant reduction in vesting contract level, loss on sales of fuel oil and partially offset by lower depreciation charges.

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.

Telecommunication business

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

Investment holding activities

The increase in revenue was mainly due to the recognition of accrued technical service income. The higher profit before taxation was principally attributable to fair value gain on investments and accrued technical service income as mentioned above.

**B2. Comparison with Preceding Quarter**

|                                     | <b>Current<br/>Quarter<br/>30.9.2019<br/>RM'000</b> | <b>Preceding<br/>Quarter<br/>30.6.2019<br/>RM'000</b> | <b>Variance<br/>%<br/>+/-</b> |
|-------------------------------------|---|---|-------------------------------|
| Revenue                             | 2,959,509   | 3,114,358   | -5.0%                         |
| Consolidated profit before taxation | 107,714   | 266,359   | -59.6%                        |
| Consolidated profit after taxation  | 70,084  | 222,500   | -68.5%                        |

The lower profit before taxation as compared to preceding quarter was primarily attributable to the absence of project revenue recorded in the Telecommunication business, one-off depreciation adjustment due to change in useful lives in Multi utilities business and revaluation gain on investment properties.

## **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. The project is currently in the development stage and progress is underway towards achieving financial close.

The Group also has a 45% equity interest in Attarat Power Company (“APCO”), which is developing a 554 megawatt oil shale fired power generation project in the Hashemite Kingdom of Jordan. APCO has signed a 30-year power purchase agreement (including construction period of 3.5 years) with the National Electric Power Company (“NEPCO”), Jordan’s state-owned utility, for the entire electrical capacity and energy of the power plant, with an option for NEPCO to extend the power purchase agreement to 40 years (from the commercial operation date of the project’s second unit). Construction has commenced on the project, with operations scheduled to commence in mid-2020.

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

Wessex Water currently awaits the regulators final determination covering the Price Review 2020-25 which will be published by end of 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.

##### Telecommunication business

This segment will continue to expand its telecommunications infrastructure business and is well-positioned to grow its subscriber base with the prospective allocation by the MCMC of the low band 700MHz spectrum, which will further enhance network coverage and reach, enabling customers to enjoy better connectivity.

#### **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**

|   | <b>Current<br/>Quarter<br/>30.9.2019<br/>RM'000</b> | <b>Current<br/>Year<br/>To Date<br/>30.9.2019<br/>RM'000</b> |
|---|---|--|
| <b>Profit before taxation is stated after charging/(crediting):</b> |   |  |
| Allowance for impairment of inventories                             | 248   | 248  |
| Allowance for impairment of receivables (net of reversals)          | 16,232  | 16,232   |
| Amortisation of contract costs                                      | 2,485   | 2,485  |
| Amortisation of grants and contributions                            | (4,734)   | (4,734)  |
| Amortisation of intangible assets                                   | 2,101   | 2,101  |
| Bad debts recovered   | (842)   | (842)  |
| Depreciation of property, plant and equipment                       | 259,828   | 259,828  |
| Depreciation of right-of-use assets                                 | 32,800  | 32,800   |
| Fair value gain on derivatives                                      | (2,950)   | (2,950)  |
| Fair value gain on investments                                      | (8,430)   | (8,430)  |
| Interest income   | (2,303)   | (2,303)  |
| Interest expense  | 289,193   | 289,193  |
| Loss on foreign exchange  | 5,182   | 5,182  |
| Net gain on disposal of property, plant and equipment               | (2,950)   | (2,950)  |
| Property, plant and equipment written off                           | 3,697   | 3,697  |
| Provision for liabilities and charges                               | 978   | 978  |
|   | =====   | =====  |

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

**B7. Taxation**

|                              | <b>Current<br/>Quarter<br/>30.9.2019<br/>RM'000</b> | <b>Current<br/>Year<br/>To Date<br/>30.9.2019<br/>RM'000</b> |
|------------------------------|---|--|
| In respect of current period |   |  |
| - Income Tax                 | 32,952  | 32,952   |
| - Deferred Tax               | 4,678   | 4,678  |
|                              | -----   | -----  |
|                              | 37,630  | 37,630   |
|                              | =====   | =====  |

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

**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 as at 30 September 2019 are as follows:

|                         | <b>Secured<br/>RM'000</b> | <b>Unsecured<br/>RM'000</b> | <b>Total<br/>RM'000</b>  |
|-------------------------|---------------------------|-----------------------------|--------------------------|
| <b>Current</b>          |                           |                             |                          |
| Bank overdrafts         | -                         | 281                         | 281                      |
| Lease liabilities       | 646                       | 157,224                     | 157,870                  |
| Revolving credit        | -                         | 874,788                     | 874,788                  |
| Term loans              | -                         | 837,400                     | 837,400                  |
|                         | <u>646</u>                | <u>1,869,693</u>            | <u>1,870,339</u>         |
| <b>Non-current</b>      |                           |                             |                          |
| Bonds                   | -                         | 15,505,254                  | 15,505,254               |
| Lease liabilities       | 315                       | 262,848                     | 263,163                  |
| Revolving credit        | -                         | 299,103                     | 299,103                  |
| Term loans              | -                         | 9,985,596                   | 9,985,596                |
|                         | <u>315</u>                | <u>26,052,801</u>           | <u>26,053,116</u>        |
| <b>Total borrowings</b> | <b><u>961</u></b>         | <b><u>27,922,494</u></b>    | <b><u>27,923,455</u></b> |

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

|                  | <b>Foreign<br/>currency<br/>'000</b> | <b>RM<br/>Equivalents<br/>'000</b> |
|------------------|--------------------------------------|------------------------------------|
| US Dollar        | <u>648,066</u>                       | <u>2,713,452</u>                   |
| Sterling Pound   | <u>2,365,870</u>                     | <u>12,170,982</u>                  |
| Singapore Dollar | <u>1,973,430</u>                     | <u>5,981,664</u>                   |

All borrowings of the subsidiaries are on non-recourse basis to the Company save and except for borrowings totalling RM329.0 million, for which the Company has provided corporate guarantees to the financial institutions.

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

(a) Derivative Financial Instruments

As at 30 September 2019, the Group's outstanding derivatives are as follows:

| <b>Type of Derivatives</b>               | <b>Contract/Notional Value<br/>RM'000</b> | <b>Fair Value<br/>RM'000</b> |
|--|---|------------------------------|
| <b><u>Fuel oil Swaps</u></b>             |   |                              |
| - Less than 1 year                       | 1,279,913                                 | (247,320)                    |
| - 1 year to 3 years                      | 331,672                                   | (56,586)                     |
| - More than 3 years                      | -   | -                            |
| <b><u>Currency forwards</u></b>          |   |                              |
| - Less than 1 year                       | 1,347,121                                 | 23,823                       |
| - 1 year to 3 years                      | 484,328                                   | 9,336                        |
| - More than 3 years                      | -   | -                            |
| <b><u>Currency options contracts</u></b> |   |                              |
| - Less than 1 year                       | 837,400                                   | -                            |
| - 1 year to 3 years                      | 837,400                                   | (408)                        |
| - 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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**Notes – continued**

(b) Fair Value Changes of Financial Liabilities

The gains arising from fair value changes of financial liabilities for the current financial period ended 30 September 2019 are as follows:

| Type of financial liabilities               | Basis of fair value measurement   | Reason for the gain   | Fair value gain                  |                                       |
|---|---|---|----------------------------------|---------------------------------------|
|   |   |   | Current quarter 30.9.2019 RM'000 | Current year to date 30.9.2019 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 in favour of the Group | 3,033                            | 3,033                                 |
| 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       | 5,409                            | 5,409                                 |
| Currency options contracts                  | Spot rate, interest rate and basis curve, volatility and time to maturity             | Change in time value was greater due to shorter remaining tenor and spot rate has moved in favour of the Group                      | 2,950                            | 2,950                                 |
| Total                                       |   |   | 11,392                           | 11,392                                |

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**Notes – continued**

**B11. Material Litigation**

There were no material litigations during the quarter under review.

**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:

|  | <b>Current<br/>Year<br/>Quarter<br/>30.9.2019</b> | <b>Preceding<br/>Year<br/>Corresponding<br/>Quarter<br/>30.9.2018</b> |
|--|---|---|
| Profit attributable to Owners of the Parent (RM'000) | 67,357  | 126,275   |
| Weighted average number of ordinary shares ('000)    | 7,675,302   | 7,719,374   |
| Basic earnings per share (Sen)                       | 0.88  | 1.64  |

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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:

|  | <b>Current<br/>Year<br/>Quarter<br/>30.9.2019</b> | <b>Preceding<br/>Year<br/>Corresponding<br/>Quarter<br/>30.9.2018</b> |
|--|---|---|
| Profit attributable to Owners of the Parent<br>(RM'000)                | 67,357<br>=====                                   | 126,275<br>=====  |
| <i>Weighted average number of<br/>ordinary shares – diluted ('000)</i> |   |   |
| Weighted average number of<br>ordinary shares – basic                  | 7,675,302   | 7,719,374   |
| Effect of unexercised ESOS   | -   | 21,058  |
|  | -----<br>7,675,302<br>=====                       | -----<br>7,740,432<br>=====   |
| Diluted earnings per share (Sen)                                       | 0.88<br>=====                                     | 1.63<br>=====   |

\* *Total cash expected to be received in the event of an exercise of all outstanding ESOS is RM276.4 million. Accordingly, the Net Asset (NA) on a pro forma basis will increase by RM276.4 million resulting in a decrease in NA per share of RM0.01. In arriving at the Diluted earnings per share, NA and NA per share, no income has been accrued for the cash proceeds.*

**By Order of the Board**  
HO SAY KENG  
Secretary

Kuala Lumpur  
Dated: 26 November 2019