

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

Interim Financial Report
31 December 2021

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	Page No.
Condensed Consolidated Income Statement	1
Condensed Consolidated Statement of Comprehensive Income	2
Condensed Consolidated Statement of Financial Position	3 - 4
Condensed Consolidated Statement of Changes in Equity	5 - 6
Condensed Consolidated Statement of Cash Flows	7 - 8
Notes to the Interim Financial Report	9 - 26

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 2021.

The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31.12.2021 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31.12.2020 RM'000	6 MONTHS ENDED	
			31.12.2021 RM'000	31.12.2020 RM'000
Revenue	5,133,877	2,616,552	8,647,348	5,119,382
Cost of sales	(4,803,476)	(2,224,201)	(7,886,653)	(4,369,351)
Gross profit	330,401	392,351	760,695	750,031
Other operating income	38,223	35,949	54,320	57,196
Other operating expenses	(128,175)	(80,201)	(321,582)	(198,697)
Profit from operations	240,449	348,099	493,433	608,530
Finance costs	(228,879)	(231,778)	(468,967)	(470,879)
Share of profits of investments accounted for using the equity method	64,628	90,259	152,081	177,786
Profit before taxation	76,198	206,580	176,547	315,437
Taxation	(34,193)	(50,584)	(83,210)	(81,565)
Profit for the period	42,005	155,996	93,337	233,872
Attributable to:				
Owners of the parent	18,792	154,553	54,187	231,436
Non-controlling interests	23,213	1,443	39,150	2,436
	42,005	155,996	93,337	233,872
Earnings per share attributable to owners of the parent				
Basic/Diluted (sen)	0.23	1.95	0.67	2.97

The Condensed Consolidated Income Statement should be read in conjunction with the audited annual financial statements for the year ended 30 June 2021 and the accompanying explanatory notes attached to the interim financial statements.

INTERIM FINANCIAL REPORT

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31.12.2021 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31.12.2020 RM'000	6 MONTHS ENDED	
			31.12.2021 RM'000	31.12.2020 RM'000
Profit for the period	42,005	155,996	93,337	233,872
Other comprehensive income/(loss):				
<i>Items that will not be reclassified subsequently to income statement:</i>				
Financial assets at fair value through other comprehensive income	(1,348)	8,479	431	(5,281)
<i>Items that may be reclassified subsequently to income statement:</i>				
Cash flow hedges:				
- Subsidiaries	(271,403)	166,754	(284,357)	201,588
- Associates and joint ventures	39,588	-	39,588	-
Currency translation differences:				
- Subsidiaries	33,480	170,070	(149,524)	174,276
- Associates and joint ventures	(2,776)	(37,252)	(10,040)	(85,313)
Other comprehensive (loss)/income for the period, net of tax	(202,459)	308,051	(403,902)	285,270
Total comprehensive (loss)/income for the period	(160,454)	464,047	(310,565)	519,142
Attributable to:				
Owners of the parent	(181,817)	484,687	(352,452)	558,092
Non-controlling interests	21,363	(20,640)	41,887	(38,950)
	(160,454)	464,047	(310,565)	519,142

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited annual financial statements for the year ended 30 June 2021 and the accompanying explanatory notes attached to the interim financial statements.

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

INTERIM FINANCIAL REPORT

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	UNAUDITED	AUDITED
	As at	As at
	31.12.2021	30.6.2021
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	24,227,431	24,200,911
Investment properties	633,471	635,004
Project development costs	280,569	259,744
Intangible assets	8,650,893	8,674,529
Right-of-use assets	557,992	491,388
Investments accounted for using the equity method	2,201,754	2,212,256
Investments	290,798	209,823
Derivative financial instruments	14,556	26,461
Receivables, deposits and prepayments	1,743,169	1,506,914
	-----	-----
	38,600,633	38,217,030
	-----	-----
Current assets		
Inventories	409,610	351,217
Investments	1,242,993	1,752,455
Receivables, deposits and prepayments	3,283,591	2,897,282
Derivative financial instruments	241,485	263,719
Cash and bank balances	6,228,985	8,592,632
	-----	-----
	11,406,664	13,857,305
	-----	-----
TOTAL ASSETS	50,007,297	52,074,335
	=====	=====
EQUITY AND LIABILITIES		
Share capital	7,038,587	7,038,587
Reserves	5,312,379	5,979,055
	-----	-----
Equity attributable to owners of the parent	12,350,966	13,017,642
Non-controlling interests	(201,683)	(110,217)
	-----	-----
TOTAL EQUITY	12,149,283	12,907,425
	-----	-----

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited annual financial statements for the year ended 30 June 2021 and the accompanying explanatory notes attached to the interim financial statements.

INTERIM FINANCIAL REPORT

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION - Continued

	UNAUDITED	AUDITED
	As at	As at
	31.12.2021	30.6.2021
	RM'000	RM'000
LIABILITIES		
Non-current liabilities		
Deferred taxation	2,934,044	2,940,500
Borrowings	20,629,737	25,910,930
Lease liabilities	355,929	355,232
Post-employment benefit obligations	377,255	459,811
Grants and contributions	679,057	661,614
Derivative financial instruments	3,134	713
Payables	1,603,141	1,505,734
	-----	-----
	26,582,297	31,834,534
	-----	-----
Current liabilities		
Payables and accrued expenses	3,063,559	2,685,539
Derivative financial instruments	260,178	34,074
Post-employment benefit obligations	2,226	1,324
Taxation	48,429	55,890
Borrowings	7,839,083	4,445,047
Lease liabilities	62,242	110,502
	-----	-----
	11,275,717	7,332,376
	-----	-----
TOTAL LIABILITIES	37,858,014	39,166,910
	-----	-----
TOTAL EQUITY AND LIABILITIES	50,007,297	52,074,335
	=====	=====
Net assets per share attributable to ordinary equity holders of the parent (RM)	1.52	1.61
	====	====

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited annual financial statements for the year ended 30 June 2021 and the accompanying explanatory notes attached to the interim financial statements.

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

INTERIM FINANCIAL REPORT

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2021**

	-----Attributable to Owners of the Parent-----					Non- Controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Merger & Other Reserves RM'000	Treasury Shares RM'000	Retained Earnings RM'000	Total RM'000		
At 1 July 2021	7,038,587	(739,558)	(46,732)	6,765,345	13,017,642	(110,217)	12,907,425
Profit for the financial period	-	-	-	54,187	54,187	39,150	93,337
Other comprehensive (loss)/income for the financial period	-	(406,639)	-	-	(406,639)	2,737	(403,902)
Total comprehensive (loss)/income for the financial period	-	(406,639)	-	54,187	(352,452)	41,887	(310,565)
Dividends paid to non-controlling interests	-	-	-	-	-	(78,005)	(78,005)
Effects arising from changes in composition of the Group	-	(111,669)	-	-	(111,669)	(55,348)	(167,017)
Interim dividend paid for the financial year ended 30 June 2021	-	-	-	(202,554)	(202,554)	-	(202,554)
Reclassification upon disposal of investments at fair value through other comprehensive income	-	111	-	(111)	-	-	-
Share repurchased	-	-	(1)	-	(1)	-	(1)
At 31 December 2021	7,038,587	(1,257,755)	(46,733)	6,616,867	12,350,966	(201,683)	12,149,283

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 2021 and the accompanying explanatory notes attached to the interim financial statements.

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

INTERIM FINANCIAL REPORT

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2020**

	-----Attributable to Owners of the Parent-----					Non- Controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Merger & Other Reserves RM'000	Treasury Shares RM'000	Retained Earnings RM'000	Total RM'000		
At 1 July 2020	7,038,587	(1,692,576)	(708,261)	7,381,239	12,018,989	23,765	12,042,754
Profit for the financial period	-	-	-	231,436	231,436	2,436	233,872
Other comprehensive income/(loss) for the financial period	-	326,656	-	-	326,656	(41,386)	285,270
Total comprehensive income/(loss) for the financial period	-	326,656	-	231,436	558,092	(38,950)	519,142
Dividends paid to non-controlling interests	-	-	-	-	-	(80,829)	(80,829)
Share dividend	-	-	699,576	(699,576)	-	-	-
Share option expenses	-	2,441	-	-	2,441	-	2,441
Share option lapsed	-	(614)	-	614	-	-	-
Share repurchased	-	-	(33,212)	-	(33,212)	-	(33,212)
At 31 December 2020	<u>7,038,587</u>	<u>(1,364,093)</u>	<u>(41,897)</u>	<u>6,913,713</u>	<u>12,546,310</u>	<u>(96,014)</u>	<u>12,450,296</u>

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 2021 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 2021**

	6 MONTHS ENDED	
	31.12.2021	31.12.2020
	RM'000	RM'000
Cash flows from operating activities		
Profit for the financial period	93,337	233,872
Adjustment for:		
Allowance for impairment of inventories	693	595
Allowance for/(Write back of) impairment of receivables (net of reversals)	41,830	(38,464)
Amortisation of contract costs	920	1,927
Amortisation of grants and contributions	(6,523)	(11,530)
Amortisation of intangible assets	34,008	33,446
Bad debts recovered	(719)	(1,077)
Depreciation of property, plant and equipment	546,353	508,495
Depreciation of right-of-use assets	62,446	65,424
Fair value loss/(gain) on investments	8,848	(8,965)
Interest expense	468,967	470,879
Interest income	(1,682)	(3,191)
Net gain on disposal of property, plant and equipment	(39,537)	(592)
Property, plant and equipment written off	7,837	1,228
Provision for liabilities and charges	-	1,536
Provision for post-employment benefit	26,767	23,290
Share of profits of investments accounted for using the equity method	(152,081)	(177,786)
Share option expenses	-	2,401
Taxation	83,210	81,565
Unrealised loss on foreign exchange	4,128	9,435
Other non-cash items	(61)	342
	-----	-----
	1,178,741	1,192,830
Changes in working capital:		
Inventories	(62,967)	9,969
Receivables, deposits and prepayments	(569,897)	(110,361)
Payables and accrued expenses	597,130	226,302
	-----	-----
Cash flows from operations	1,143,007	1,318,740
Interest paid	(505,943)	(421,261)
Payment to post-employment benefit obligations	(110,337)	(93,131)
Tax paid	(34,639)	(25,481)
	-----	-----
Net cash flows from operating activities	492,088	778,867
	-----	-----

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited annual financial statements for the year ended 30 June 2021 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 2021 - Continued

	6 MONTHS ENDED	
	31.12.2021	31.12.2020
	RM'000	RM'000
Cash flows from investing activities		
Acquisition of a subsidiary	(94,247)	-
Additional investments	(82,892)	(814)
Development expenditure incurred on investment properties	(11,724)	(40,475)
Dividends received	192,130	199,085
Grants received	12,710	32,811
Interest received	1,984	2,084
Net decrease in deposits maturing more than 90 days	-	97,637
Net withdrawals/(placements) of income funds	504,933	(371,958)
Prepayment for land acquisition	-	(3,899)
Proceeds from disposal of investments	320	134
Proceeds from disposal of property, plant and equipment	24,851	3,872
Purchase of intangible assets	(24,035)	(97)
Purchase of property, plant and equipment	(747,477)	(835,561)
Shareholder loan	(168,585)	(45,842)
	-----	-----
Net cash flows used in investing activities	(392,032)	(963,023)
	-----	-----
Cash flows from financing activities		
Dividend paid	(202,554)	-
Dividends paid to non-controlling interests	(78,005)	(80,829)
Proceeds from borrowings	604,530	861,961
Repayment of borrowings	(2,625,095)	(913,415)
Repayment of lease liabilities	(72,987)	(87,831)
Repurchase of own shares	(1)	(33,212)
	-----	-----
Net cash flows used in financing activities	(2,374,112)	(253,326)
	-----	-----
Net changes in cash and cash equivalents	(2,274,056)	(437,482)
Effects of exchange rate changes	(65,612)	45,617
Cash and cash equivalents at beginning of the financial year	8,566,581	6,923,559
	-----	-----
Cash and cash equivalents at end of the financial period <i>[Note a]</i>	6,226,913	6,531,694
	=====	=====
<i>[Note a]</i>		
Cash and cash equivalents at the end of the financial period comprise:		
	RM'000	RM'000
Fixed deposits	4,205,860	6,075,839
Cash and bank balances	2,023,125	893,079
Deposits with maturity 90 days and more	-	(437,224)
Bank overdrafts	(2,072)	-
(included within short term borrowing in Note B9)		
	-----	-----
	6,226,913	6,531,694
	=====	=====

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited annual financial statements for the year ended 30 June 2021 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 2021.

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 2021.

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 2021.

The amendments to MFRSs which were effective for financial year beginning on or after 1 July 2021 do not have significant financial impact to the Group.

A2. Seasonality or Cyclicity of Operations

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

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INTERIM FINANCIAL REPORT

Notes – continued

A3. Disaggregation of Revenue

	Individual Quarter		Cumulative Quarter	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	RM'000	RM'000	RM'000	RM'000
Power generation (Contracted)				
- Sale of electricity	-	64,074	-	136,359
Multi utilities business (Merchant)				
- Sale of electricity	3,763,646	1,398,070	5,736,062	2,714,322
- Sale of steam	56,684	41,594	110,507	87,521
- Others	43,391	43,980	134,766	88,126
	<u>3,863,721</u>	<u>1,483,644</u>	<u>5,981,335</u>	<u>2,889,969</u>
Water & sewerage				
- Supply of clean water and treatment and disposal of waste water	1,026,116	935,805	2,068,539	1,809,737
Telecommunications business				
- Sale of devices	26,713	376	167,104	1,900
- Telecommunications services	107,077	83,172	219,609	170,337
- Telecommunications infrastructure business	26,752	13,202	47,446	25,977
	<u>160,542</u>	<u>96,750</u>	<u>434,159</u>	<u>198,214</u>
Investment holding activities				
- Investment income	17,215	18,043	38,069	37,219
- Management, operation and maintenance fees	15,352	14,908	31,478	30,856
- Others	50,931	3,328	93,768	17,028
	<u>83,498</u>	<u>36,279</u>	<u>163,315</u>	<u>85,103</u>
	<u>5,133,877</u>	<u>2,616,552</u>	<u>8,647,348</u>	<u>5,119,382</u>

A4. Unusual Items

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

A5. Changes in Estimates of Amounts Reported

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

INTERIM FINANCIAL REPORT

Notes – continued

A6. Changes in Debt and Equity Securities

During the current financial year to date, the Company repurchased 1,000 ordinary shares from the open market for a total consideration of RM759. The share buyback transactions were financed by internally generated funds. The shares purchased are held as treasury shares. As at 31 December 2021, the number of treasury shares held was 56,052,431 ordinary shares.

4% Guaranteed Unsecured Bonds of a subsidiary of the Company amounting to RM1,715.7 million (GBP300.0 million) was fully repaid during the current financial year to date.

Medium Term Notes of the Company amounting to RM300.0 million was repaid during the current financial quarter.

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 2021: -

	<u>RM'000</u>
In respect of the financial year ended 30 June 2021:	
A second interim dividend of 2.5 sen per ordinary share paid on 12 October 2021	<u>202,554</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.

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INTERIM FINANCIAL REPORT

Notes – continued

Segment information for the financial period ended 31 December 2021:

	Power generation (Contracted) RM'000	Multi utilities business (Merchant) RM'000	Water & sewerage RM'000	Tele- communications business RM'000	Investment holding activities RM'000	Group RM'000
Total Revenue	-	5,981,335	2,068,539	434,335	165,447	8,649,656
Inter-segment elimination	-	-	-	(176)	(2,132)	(2,308)
External Revenue	-	5,981,335	2,068,539	434,159	163,315	8,647,348
Segment (loss)/profit before tax	(11,185)	89,606	275,341	(50,593)	(126,622)	176,547
Finance costs						468,967
Depreciation and amortisation						637,204
EBITDA*						1,282,718

*Included is a fair value loss of RM8.8 million and allowance for impairment of RM42.5 million.

Segment information for the financial period ended 31 December 2020:

	Power generation (Contracted) RM'000	Multi utilities business (Merchant) RM'000	Water & sewerage RM'000	Tele- communications business RM'000	Investment holding activities RM'000	Group RM'000
Total Revenue	136,359	2,889,969	1,809,737	198,730	105,075	5,139,870
Inter-segment elimination	-	-	-	(516)	(19,972)	(20,488)
External Revenue	136,359	2,889,969	1,809,737	198,214	85,103	5,119,382
Segment profit/(loss) before tax	12,767	181,663	266,255	(145,523)	275	315,437
Finance costs						470,879
Depreciation and amortisation						597,762
EBITDA*						1,384,078

*Included is a fair value gain of RM9.0 million, write back of impairment of RM37.9 million and inventories written down of RM14.1 million.

INTERIM FINANCIAL REPORT

Notes – continued

A9. Events After the Interim Period

There was no item, transaction or event of a material or unusual nature during the period from the end of the quarter under review to the date of this report save for the following:

- (i) On 8 February 2022, the Company and YTL Power Investments Limited (“YTLPIIL”), a wholly-owned indirect subsidiary of the Company, entered into a share purchase agreement with Australian Utilities Pty. Ltd. as trustee of Australian Utilities Trust (“Buyer”) pursuant to which YTLPIIL has agreed to sell, and the Buyer has agreed to buy, 3,350 fully paid ordinary shares comprising a 33.5% equity interest in ElectraNet Pty. Ltd. (“ElectraNet”), 3,300 shareholder loan notes and 2,550 preferred loan notes issued by ElectraNet to YTLPIIL under a loan note facility agreement and 26,278,794 subsidiary shareholder loan notes issued by ElectraNet Transmission Investments Pty. Ltd., a wholly-owned subsidiary of ElectraNet, to YTLPIIL under a loan note facility agreement, for a total sale consideration of AUD1,026,000,000.00 (“Proposed Disposal”). The Proposed Disposal is currently pending completion. Upon completion of the disposal, the Group expected to recognise a gain of approximately RM2.21 billion, based on the carrying value of the investment as at 30 June 2021.

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 2021, including business combinations, obtaining or losing control of subsidiaries and long-term investments, restructurings and discontinuing operations save for the following:

- (i) Extiva Communications Sdn. Bhd., an indirect subsidiary of the Company, which is inactive and has no intention to carry on business or operations in the future, commenced members’ voluntary winding-up pursuant to Section 439(1)(b) of the Companies Act, 2016 on 17 August 2021.
- (ii) On 8 October 2021, YTL Data Center Holdings Pte. Ltd. (“YTL Data Center Holdings”) was incorporated as a wholly-owned subsidiary of YTL Seraya Limited, a wholly-owned subsidiary of the Company. As a result, YTL Data Center Holdings became an indirect wholly-owned subsidiary of the Company.

YTL Data Center Holdings was incorporated in Singapore with an issued and paid-up share capital of SGD1.00 comprising one (1) ordinary share and is principally involved in the investment holding in companies that own and operate data centers.

- (iii) On 8 October 2021, YTL DC No.1 Pte. Ltd. (“YTL DC No.1”) was incorporated as a wholly-owned subsidiary of YTL Data Center Holdings. As a result, YTL DC No.1 became an indirect wholly-owned subsidiary of the Company.

YTL DC No.1 was incorporated in Singapore with an issued and paid-up share capital of SGD1.00 comprising one (1) ordinary share and is principally involved in the investment holding in companies that own and operate data centers.

INTERIM FINANCIAL REPORT

Notes – continued

- (iv) On 12 October 2021 and 25 October 2021, YTL DC No.1 subscribed for 1 ordinary share and 18,250,000 ordinary shares respectively, representing 50% of the issued and paid-up share capital of API Pte. Ltd. (“API”) for a total consideration of SGD18,250,001.00.

API was incorporated in Singapore on 1 October 2021 and presently has an issued and paid-up share capital of SGD36,500,002.00 comprising 36,500,002 ordinary shares. API is principally involved in investment holding and lease or sub-lease of real estate property.

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 2021.

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
31.12.2021				
Assets				
Financial assets at fair value through profit or loss:				
- Trading derivatives	-	9,485	-	9,485
- Income funds	-	1,242,993	-	1,242,993
- Equity investments	-	87,335	-	87,335
Financial assets at fair value through other comprehensive income				
	43,246	42	160,175	203,463
Derivatives used for hedging	-	246,556	-	246,556
Total assets	43,246	1,586,411	160,175	1,789,832
Liabilities				
Financial liabilities at fair value through profit or loss:				
- Trading derivatives	-	8,995	-	8,995
Derivatives used for hedging	-	254,317	-	254,317
Total liabilities	-	263,312	-	263,312

INTERIM FINANCIAL REPORT

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

B1. Review of the Results

The comparison of the results is tabulated below:

	Individual Quarter		Variance %	Cumulative Quarter		Variance %
	31.12.2021 RM'000	31.12.2020 RM'000		31.12.2021 RM'000	31.12.2020 RM'000	
Revenue						
Power generation (Contracted)	-	64,074	*	-	136,359	*
Multi utilities business (Merchant)	3,863,721	1,483,644	>100.0%	5,981,335	2,889,969	>100.0%
Water & sewerage	1,026,116	935,805	+9.7%	2,068,539	1,809,737	+14.3%
Telecommunications business	160,542	96,750	+65.9%	434,159	198,214	>100.0%
Investment holding activities	83,498	36,279	>100.0%	163,315	85,103	+91.9%
	<u>5,133,877</u>	<u>2,616,552</u>	+96.2%	<u>8,647,348</u>	<u>5,119,382</u>	+68.9%
Profit/(Loss) before taxation						
Power generation (Contracted)	(5,501)	14,529	*	(11,185)	12,767	*
Multi utilities business (Merchant)	14,160	145,544	-90.3%	89,606	181,663	-50.7%
Water & sewerage	145,248	135,107	+7.5%	275,341	266,255	+3.4%
Telecommunications business	(16,424)	(75,964)	+78.4%	(50,593)	(145,523)	+65.2%
Investment holding activities	(61,285)	(12,636)	->100.0%	(126,622)	275	->100.0%
	<u>76,198</u>	<u>206,580</u>	-63.1%	<u>176,547</u>	<u>315,437</u>	-44.0%

* The extended Power Purchase Agreement for the Paka Power Station was successfully completed on 30 June 2021.

INTERIM FINANCIAL REPORT

Notes – continued

a) Current Quarter vs Preceding Year Corresponding Quarter

The Group profit before taxation for the current financial quarter decreased by RM130.4 million or 63.1% to RM76.2 million as compared to RM206.6 million recorded in the preceding year corresponding quarter.

The Group recorded higher revenue of RM5,133.9 million for the current financial quarter ended 31 December 2021, an increase of RM2,517.3 million or 96.2% as compared to RM2,616.6 million recorded in the preceding year corresponding quarter.

Performance of the respective operating business segments for the current financial quarter ended 31 December 2021 as compared to the preceding year corresponding quarter is analysed as follows:

Power generation (Contracted)

The absence of revenue and loss before taxation was due to the expiry of the extended power purchase agreement for the Paka Power Station on 30 June 2021.

Multi utilities business (Merchant)

The decrease in profit before taxation was mainly due to increase in fuel cost in current quarter and the absence of recovery of impairment of receivables arising from successful appeal against a High Court decision recognised in the preceding year corresponding quarter, partially offset by higher pool gains.

The higher revenue was primarily due to the higher pool price.

Water & sewerage

The profit before taxation was consistent to the comparative quarter.

The higher revenue was contributed primarily due to the improvement in non-household retail market and strengthening of Great Britain Pound against Ringgit Malaysia.

Telecommunications business

The reduction in loss before taxation and higher revenue was mainly due to growth of the subscriber base resulting from the launch of affordable data plans bolstered by partnerships and collaborations.

Investment holding activities

The higher loss before taxation was mainly due to the lower share of profits of investments accounted for using the equity method and contribution to a corporate social responsibility programme.

The increase in revenue was mainly due to the sales recorded from the Brabazon project and higher rental income.

b) Current Year to date vs Preceding Year to date

The Group profit before taxation for the current financial period decreased by RM138.9 million or 44.0% to RM176.5 million as compared to a profit of RM315.4 million recorded in the preceding year corresponding period, principally attributable to the loss recorded in Investment holding activities segment and reduced profit in Multi utilities business (Merchant) segment, partially offset by better performance in Telecommunications business segment.

INTERIM FINANCIAL REPORT

Notes – continued

The Group recorded higher revenue of RM8,647.3 million for the current financial period ended 31 December 2021, an increase of RM3,527.9 million or 68.9% as compared to RM5,119.4 million recorded in the preceding financial period ended 31 December 2020.

Performance of the respective operating business segments for the period ended 31 December 2021 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 decrease in profit before taxation was mainly due to increase in fuel cost in current financial period and the absence of recovery of impairment of receivables arising from successful appeal against a High Court decision recognised in the preceding financial period, partially offset by higher pool gains.

The higher revenue was primarily due to the higher pool and fuel oil price.

Water & sewerage

The profit before taxation was consistent to the comparative period.

The higher revenue was mainly due to the improvement in non-household retail market, increase in price as allowed by regulator and the strengthening of Great Britain Pound against Ringgit Malaysia.

B2. Comparison with Preceding Quarter

	Current Quarter 31.12.2021 RM'000	Preceding Quarter 30.9.2021 RM'000	Variance % +/-
Revenue	5,133,877	3,513,471	+46.1%
Consolidated profit before taxation	76,198	100,349	-24.1%
Consolidated profit after taxation	42,005	51,332	-18.2%

The increase in revenue as compared to the preceding quarter was primarily attributable to the better performance in the Multi utilities business (Merchant) segment. The lower profit before taxation was mainly due to increase in fuel cost in the Multi utilities business (Merchant) segment.

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INTERIM FINANCIAL REPORT

Notes – continued

B3. Prospects

Globally, businesses have faced unprecedented social and economic challenges since the outbreak of the global COVID-19 pandemic. Countries where the Group operates implemented various movement control regulations and laws and limited the operation of non-essential services. To date, many of these jurisdictions have progressed well with vaccine roll-out programmes and are nearing or have achieved the high vaccination levels seen as necessary to bring the pandemic under control and return to normalcy. Although the outlook in terms of pandemic-containment is still uncertain, with the emergence of new variants an ongoing concern, the Group's businesses, which have largely not been affected by the various controls to date, are expected to continue to operate as usual, as being utility in nature they provide essential services.

Power generation (Contracted)

The Group completed the acquisition of the Kulai Young Estate in Johor in January 2022 and intends to develop the land into a large scale solar power facility with a generation capacity of up to 500MW. This is in line with the Group's shift towards investing in more sustainable, renewable energy solutions moving forward.

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 (as amended and restated) with PT PLN (Persero), Indonesia's state-owned electric utility company. In February 2020, TJPC obtained the Business Viability Guarantee Letter from the Ministry of Finance of the Republic of Indonesia and is working towards achieving financial close.

The Group also has a 45% equity interest in Attarat Power Company ("APCO"), which is developing a 554 megawatt (gross) oil shale fired power generation project in the Hashemite Kingdom of Jordan. APCO has signed a 30-year Power Purchase Agreement (including construction period of 3.5 years) with the National Electric Power Company ("NEPCO"), Jordan's state-owned utility, for the entire electrical capacity and energy of the power plant, with an option for NEPCO to extend the Power Purchase Agreement to 40 years (from the commercial operation date of the project's second unit). Commercial operations for the first unit was scheduled to commence in the middle of the calendar year 2020 and the second unit in the last quarter of the calendar year 2020. However, the global COVID-19 pandemic has led to a delay in the project due to travel and movement restrictions imposed by the Government of Jordan with commercial operations for Unit 1 and Unit 2 are now expected to be in the first and second half of the calendar year 2022 respectively. APCO has invoked the force majeure provisions under the Power Purchase Agreement with NEPCO.

Multi utilities business (Merchant)

In October 2021, YTL PowerSeraya Pte Limited was appointed as the electricity importer for a two-year trial to import 100MW of electricity from Malaysia via existing interconnectors, following a Request for Proposal process held in March 2021 by the Energy Market Authority of Singapore ("EMA"). As the appointed electricity importer, YTL PowerSeraya will work with the EMA to refine all technical settings and regulatory arrangements under Singapore's Electricity Import Framework during this two-year trial.

INTERIM FINANCIAL REPORT

Notes – continued

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

As power generation is an essential service, electricity demand is expected to remain stable despite the continuous control measures implemented by the Singapore government to curb the COVID-19 pandemic. This segment will continue to focus on customer service and diversification beyond the core business into integrated multi-utilities supply.

Water & sewerage

As Wessex Water enters the second year of its Price Review (“PR19”), it continues to work towards delivering the investment commitments agreed with the regulator. By the end of the Price Review period on 31 March 2025, Wessex Water will have delivered RM7.3 billion (GBP1.3 billion) of capital investment with a resulting RAB value in excess of RM22.0 billion (GBP3.9 billion). Wessex Water continues to explore low risk opportunities for organic growth within the wider UK group.

Telecommunications business

In December 2021, together with Digital Nasional Bhd’s launch of Malaysia’s 5G wholesale services in the Klang Valley, YTL Communications launched its 5G services, becoming the first telco in Malaysia to offer 5G access to its customers. The Group’s YES #FirstTo5G Plans enables users to experience the fifth generation of wireless mobile technology, delivering higher data speed, ultra-low latency, more reliable coverage, massive network capacity and a more uniform user experience to users. YTL Communications expects to extend its 5G services to the rest of the country in tandem with the rollout of Digital Nasional Bhd’s 5G network.

In August 2020, Jalanan Digital Negara (“JENDELA”), a plan to upgrade Malaysia’s digital communications infrastructure formulated by the Government and the Malaysian Communications and Multimedia Commission, was launched. Initial phases of the plan focus on expanding 4G mobile broadband coverage and increasing broadband speeds, with the shutting down of 3G by the end of 2021. As such, YTL Communications’ pure-4G YES network, coupled with its First-to-5G access, is well positioned to continue to attract subscribers and meet the country’s digital infrastructure needs.

In response to the COVID-19 pandemic, YTL Communications and FrogAsia in collaboration with YTL Foundation, a charitable foundation funded principally by the YTL Group, launched the Learn from Home Initiative in March 2020 to enable students to learn from home.

INTERIM FINANCIAL REPORT

Notes – continued

Under the initiative, YTL Foundation provided free YES SIM cards with 40GB of data to students registered in government schools and partner tertiary education institutions and also provided free mobile phones and YES data plans to students from B40 families, thereby ensuring students have devices and access to sufficient data for online learning. Online learning resources and lessons were also provided by FrogAsia to facilitate learning from home. The data plans provided under the initiative have been extended to 31 August 2022 to help ease the transition back to physical classes as school have adopted hybrid teaching models. The initiative has also been extended to cater for the 2021/2022 intake of university and polytechnic students.

On 5 May 2021, the Government of Malaysia launched the Jaringan Prihatin programme under which the Government is providing subsidies of RM300 to B40 households and RM180 to B40 individuals for device and data plans offered by participating service providers. As this was a natural extension of the Learn From Home Initiative, YTL Communications collaborated with YTL Foundation to offer free smartphones and 12 month data plans to the households and individuals who qualified to receive the Government's Jaringan Prihatin subsidies. Registrations for the Jaringan Prihatin programme closed on 30 September 2021 but YTL Communications will continue to provide the data plans under the programme until September 2022.

By offering affordable data plans and offering innovative 5G services, this segment is looking to increase its subscriber base bolstered by partnerships and collaborations.

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

B4. Variance of Actual Profit from Financial Estimate, Forecast, Projection or Profit Guarantee

The Group did not issue any financial estimate, forecast, projection or profit guarantee during the current financial year to date.

B5. Audit Report of the preceding financial year ended 30 June 2021

The Auditors' Report on the financial statements of the financial year ended 30 June 2021 did not contain any qualification.

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INTERIM FINANCIAL REPORT

Notes – continued

B6. Profit for the period

	Current Quarter 31.12.2021 RM'000	Current Year To Date 31.12.2021 RM'000
Profit before taxation is stated after charging/(crediting):		
Allowance for impairment of inventories	254	693
Allowance for impairment of receivables (net of reversals)	12,636	41,830
Amortisation of contract costs	445	920
Amortisation of grants and contributions	(3,250)	(6,523)
Amortisation of intangible assets	15,718	34,008
Bad debts recovered	(325)	(719)
Depreciation of property, plant and equipment	267,780	546,353
Depreciation of right-of-use assets	32,020	62,446
Fair value (gain)/loss on investments	(1,188)	8,848
Interest expense	228,879	468,967
Interest income	(650)	(1,682)
Loss on foreign exchange	3,342	10,800
Net gain on disposal of property, plant and equipment	(33,081)	(39,537)
Property, plant and equipment written off	3,757	7,837
	=====	=====

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

B7. Taxation

	Current Quarter 31.12.2021 RM'000	Current Year To Date 31.12.2021 RM'000
In respect of current period		
- Income Tax	11,044	34,291
- Deferred Tax	23,149	48,919
	<u>34,193</u>	<u>83,210</u>

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.

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 save for the following:

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

Approvals/consents for the proposed acquisition have been received from the Energy Market Authority of Singapore and the Public Utilities Board of Singapore. Completion is now conditional inter alia on the completion of financing arrangements, which is currently pending.

- (ii) On 8 February 2022, the Company and YTL Power Investments Limited (“YTLPIIL”), a wholly-owned indirect subsidiary of the Company, entered into a share purchase agreement with Australian Utilities Pty. Ltd. as trustee of Australian Utilities Trust (“Buyer”) pursuant to which YTLPIIL has agreed to sell, and the Buyer has agreed to buy, 3,350 fully paid ordinary shares comprising a 33.5% equity interest in ElectraNet Pty. Ltd. (“ElectraNet”), 3,300 shareholder loan notes and 2,550 preferred loan notes issued by ElectraNet to YTLPIIL under a loan note facility agreement and 26,278,794 subsidiary shareholder loan notes issued by ElectraNet Transmission Investments Pty. Ltd., a wholly-owned subsidiary of ElectraNet, to YTLPIIL under a loan note facility agreement, for a total sale consideration of AUD1,026,000,000 (“Proposed Disposal”). The Proposed Disposal is currently pending completion.

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INTERIM FINANCIAL REPORT

Notes – continued

B9. Group Borrowings and Debt Securities

The Group's borrowings as at 31 December 2021 are as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
Current			
Bank overdrafts	-	2,072	2,072
Bonds	-	470,000	470,000
Revolving credit	-	361,987	361,987
Term loans	-	7,005,024	7,005,024
	-	<u>7,839,083</u>	<u>7,839,083</u>
Non- current			
Bonds	-	16,095,102	16,095,102
Revolving credit	-	1,230,520	1,230,520
Term loans	-	3,304,112	3,304,112
	-	<u>20,629,734</u>	<u>20,629,734</u>
Total borrowings	-	<u>28,468,817</u>	<u>28,468,817</u>

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

	Foreign currency '000	RM Equivalents '000
US Dollar	<u>448,623</u>	<u>1,873,450</u>
Sterling Pound	<u>2,474,825</u>	<u>13,948,361</u>
Singapore Dollar	<u>2,032,081</u>	<u>6,278,317</u>

All borrowings of the subsidiaries are on non-recourse basis to the Company save and except for borrowings totalling RM1,139.7 million, for which the Company has provided corporate guarantees to the financial institutions.

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INTERIM FINANCIAL REPORT

Notes – continued

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

(a) Derivative Financial Instruments

As at 31 December 2021, the Group's outstanding derivatives are as follows:

Type of Derivatives	Contractual notional amount RM'000	Fair Value RM'000
<u>Fuel oil Swaps</u>		
- Less than 1 year	1,413,030	112,057
- 1 year to 3 years	162,572	11,841
- More than 3 years	-	-
<u>Currency forwards</u>		
- Less than 1 year	1,444,469	(1,606)
- 1 year to 3 years	274,362	(419)
- More than 3 years	-	-
<u>Electricity futures</u>		
- Less than 1 year	119,318	(129,144)
- 1 year to 3 years	-	-
- More than 3 years	-	-

The Group entered into fuel oil swaps to hedge highly probable forecast fuel 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 electricity futures to hedge highly probable forecast sale of electricity that are expected to occur at various dates in the future. The electricity futures have maturity dates that match the expected occurrence of these transactions.

The Group entered into exchange futures to hedge highly probable fuel purchases that are expected to occur at various dates in the future. The exchange futures have maturity dates that match the expected occurrence of these transactions.

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

INTERIM FINANCIAL REPORT

Notes – continued

(b) Fair Value Changes of Financial Liabilities

The gains/(losses) arising from fair value changes of financial liabilities for the current financial period ended 31 December 2021 are as follows:

Type of financial liabilities	Basis of fair value measurement	Reason for the gain/(loss)	Fair value gain/(loss)	
			Current quarter 31.12.2021 RM'000	Current year to date 31.12.2021 RM'000
Currency forwards	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	22	1
Electricity futures	Electricity price differential between the contracted price and the market futures price	Electricity price differential between the contracted price and the market futures price which have moved in favour of the Group	318	487
Exchange futures	Fuel futures price differential between the contracted price and the market forward price	Fuel futures price differential between the contracted price and the market forward price which have moved unfavourably against the Group	(433)	-
Total			(93)	488

INTERIM FINANCIAL REPORT

Notes – continued

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 and Diluted Earnings Per Share

The basic and 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:

	Individual Quarter		Cumulative Quarter	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Profit attributable to Owners of the Parent (RM'000)	<u>18,792</u>	<u>154,553</u>	<u>54,187</u>	<u>231,436</u>
Weighted average number of ordinary shares ('000)	<u>8,102,156</u>	<u>7,923,555</u>	<u>8,102,157</u>	<u>7,799,428</u>
Basic/Diluted earnings per share (Sen)	<u>0.23</u>	<u>1.95</u>	<u>0.67</u>	<u>2.97</u>

By Order of the Board

HO SAY KENG

Secretary

Kuala Lumpur

Dated: 24 February 2022