

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

**Interim Financial Report**  
**31 December 2014**

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

**INTERIM FINANCIAL REPORT**

Interim financial report on consolidated results for the financial period ended 31 December 2014.

The figures have not been audited.

**CONDENSED CONSOLIDATED INCOME STATEMENT**

	INDIVIDUAL QUARTER PRECEDING		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31.12.2014 RM'000	YEAR CORRESPONDING QUARTER 31.12.2013 RM'000	6 MONTHS ENDED 31.12.2014 RM'000	
REVENUE	3,039,606	3,770,052	6,398,316	7,751,184
COST OF SALES	(2,400,015)	(3,161,357)	(5,251,489)	(6,506,527)
GROSS PROFIT	639,591	608,695	1,146,827	1,244,657
OTHER OPERATING INCOME	12,877	18,665	33,603	25,292
OTHER OPERATING EXPENSES	(179,644)	(149,630)	(291,456)	(430,830)
PROFIT FROM OPERATIONS	472,824	477,730	888,974	839,119
FINANCE COSTS	(196,304)	(195,945)	(382,858)	(392,909)
SHARE OF PROFITS OF INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD	71,769	46,316	145,046	131,170
<b>PROFIT BEFORE TAXATION</b>	348,289	328,101	651,162	577,380
TAXATION	(98,275)	(72,946)	(163,611)	(86,549)
<b>PROFIT FOR THE PERIOD</b>	250,014	255,155	487,551	490,831
<b>ATTRIBUTABLE TO:</b>				
Owners of the Parent	245,131	247,025	488,980	481,847
Non-Controlling Interests	4,883	8,130	(1,429)	8,984
	250,014	255,155	487,551	490,831
<b>EARNINGS PER SHARE FOR PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT</b>				
Basic (Sen)	3.51	3.82	7.10	7.16
Diluted (Sen)	3.39	3.59	6.87	6.78

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

**INTERIM FINANCIAL REPORT**

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	INDIVIDUAL QUARTER PRECEDING		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31.12.2014 RM'000	YEAR CORRESPONDING QUARTER 31.12.2013 RM'000	6 MONTHS ENDED	
			31.12.2014 RM'000	31.12.2013 RM'000
<b>PROFIT FOR THE PERIOD</b>	250,014	255,155	487,551	490,831
<b>OTHER COMPREHENSIVE INCOME/(LOSS):</b>				
<i><b>ITEMS THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO INCOME STATEMENT</b></i>				
REMEASUREMENT LOSS	(83,344)	-	(83,344)	-
<i><b>ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO INCOME STATEMENT</b></i>				
AVAILABLE-FOR-SALE RESERVE	(1,911)	25,995	(10,808)	25,438
HEDGING RESERVE	(601,963)	46,463	(686,835)	50,990
CURRENCY TRANSLATION DIFFERENCES	311,211	45,943	150,295	568,028
	-----	-----	-----	-----
<b>OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD, NET OF TAX</b>	(376,007)	118,401	(630,692)	644,456
	-----	-----	-----	-----
<b>TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD</b>	(125,993)	373,556	(143,141)	1,135,287
	=====	=====	=====	=====
<b>ATTRIBUTABLE TO:</b>				
Owners of the Parent	(165,034)	361,594	(184,758)	1,110,540
Non-Controlling Interests	39,041	11,962	41,617	24,747
	-----	-----	-----	-----
	(125,993)	373,556	(143,141)	1,135,287
	=====	=====	=====	=====

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

**INTERIM FINANCIAL REPORT**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	<b>UNAUDITED</b>	<b>AUDITED</b>
	<b>As at</b>	<b>As at</b>
	<b>31.12.2014</b>	<b>30.6.2014</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, Plant and Equipment	19,538,443	19,323,668
Intangible Assets	7,094,870	6,864,070
Investments Accounted for using the Equity Method	1,705,298	1,599,869
Investments	231,689	242,517
Derivative Financial Instruments	42,315	17,315
Receivables, Deposits and Prepayments	580,578	614,884
	-----	-----
	29,193,193	28,662,323
	-----	-----
<b>Current Assets</b>		
Inventories	414,688	449,081
Receivables, Deposits and Prepayments	1,661,811	1,984,877
Derivative Financial Instruments	107,107	30,590
Cash and Bank Balances	9,563,524	8,958,235
	-----	-----
	11,747,130	11,422,783
	-----	-----
<b>TOTAL ASSETS</b>	40,940,323	40,085,106
	=====	=====
<b>EQUITY AND LIABILITIES</b>		
Share Capital	3,709,289	3,588,624
Reserves	6,832,266	7,562,171
Treasury Shares, at cost	(711,303)	(711,301)
	-----	-----
Equity attributable to Owners of the Parent	9,830,252	10,439,494
Non-Controlling Interests	226,530	244,231
	-----	-----
<b>TOTAL EQUITY</b>	10,056,782	10,683,725
	-----	-----

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

**INTERIM FINANCIAL REPORT**

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

	<b>UNAUDITED</b>	<b>AUDITED</b>
	<b>As at</b>	<b>As at</b>
	<b>31.12.2014</b>	<b>30.6.2014</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>LIABILITIES</b>		
<b>Non-Current Liabilities</b>		
Deferred Taxation	1,965,337	1,958,946
Borrowings	21,770,243	21,457,360
Grants and Contributions	357,860	347,207
Post-employment Benefit Obligations	656,142	553,780
Derivative Financial Instruments	244,545	8,946
Payables	496,372	480,045
	-----	-----
	25,490,499	24,806,284
	-----	-----
<b>Current Liabilities</b>		
Payables and Accrued Expenses	1,795,220	2,282,675
Derivative Financial Instruments	550,091	20,327
Post-employment Benefit Obligations	1,621	1,801
Taxation	212,563	227,375
Borrowings	2,833,547	2,062,919
	-----	-----
	5,393,042	4,595,097
	-----	-----
<b>TOTAL LIABILITIES</b>	<b>30,883,541</b>	<b>29,401,381</b>
	-----	-----
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>40,940,323</b>	<b>40,085,106</b>
	=====	=====
 <b>Net Assets Per 50 Sen Share (RM) attributable to Ordinary Equity Holders of the Parent</b>	 1.40	 1.54
	====	====

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

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

**INTERIM FINANCIAL REPORT**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2014**

	----- Attributable to Owners of the Parent -----							Non- Controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Merger & Other Reserves RM'000	Treasury Shares RM'000	Retained Earnings RM'000	Total RM'000			
At 1 July 2014	3,588,624	2,106,551	(2,432,876)	(711,301)	7,888,496	10,439,494	244,231	10,683,725	
Profit for the financial period	-	-	-	-	488,980	488,980	(1,429)	487,551	
Other comprehensive loss for the financial period	-	-	(590,394)	-	(83,344)	(673,738)	43,046	(630,692)	
Total comprehensive loss for the financial period	-	-	(590,394)	-	405,636	(184,758)	41,617	(143,141)	
Non-controlling interests arising from business combination	-	-	-	-	-	-	(11,329)	(11,329)	
Interim dividends paid for the financial year ended 30 June 2014	-	-	-	-	(703,431)	(703,431)	-	(703,431)	
Dividends paid to non-controlling interests	-	-	-	-	-	-	(47,989)	(47,989)	
Issue of share capital	120,665	154,452	-	-	-	275,117	-	275,117	
Shares repurchased	-	-	-	(2)	-	(2)	-	(2)	
Provision for share options	-	-	3,832	-	-	3,832	-	3,832	
Warrants reserves	-	27,479	(27,479)	-	-	-	-	-	
At 31 December 2014	3,709,289	2,288,482	(3,046,917)	(711,303)	7,590,701	9,830,252	226,530	10,056,782	

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

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

**INTERIM FINANCIAL REPORT**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2013**

	----- Attributable to Owners of the Parent -----					Total RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Merger & Other Reserves RM'000	Treasury Shares RM'000	Retained Earnings RM'000			
At 1 July 2013	3,669,034	3,045,330	(3,155,068)	(390,148)	6,834,896	10,004,044	284,937	10,288,981
Effect of changes in accounting policies	-	-	5,522	-	(181,155)	(175,633)	(25)	(175,658)
At 1 July 2013, as restated	3,669,034	3,045,330	(3,149,546)	(390,148)	6,653,741	9,828,411	284,912	10,113,323
Profit for the financial period	-	-	-	-	481,847	481,847	8,984	490,831
Other comprehensive income for the financial period	-	-	628,693	-	-	628,693	15,763	644,456
Total comprehensive income for the financial period	-	-	628,693	-	481,847	1,110,540	24,747	1,135,287
Issue of share capital	44,006	62,488	-	-	-	106,494	-	106,494
Dividends paid to non-controlling interests	-	-	-	-	-	-	(29,449)	(29,449)
Shares repurchased	-	-	-	(1,177,228)	-	(1,177,228)	-	(1,177,228)
Cancellation of shares	(125,000)	(412,250)	125,000	412,250	-	-	-	-
Provision for share options	-	-	4,481	-	-	4,481	-	4,481
Warrants reserves	-	8,801	(8,801)	-	-	-	-	-
At 31 December 2013	3,588,040	2,704,369	(2,400,173)	(1,155,126)	7,135,588	9,872,698	280,210	10,152,908

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



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

**INTERIM FINANCIAL REPORT**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2014**

	<b>CURRENT YEAR-TO-DATE 31.12.2014 RM'000</b>	<b>PRECEDING YEAR CORRESPONDING PERIOD 31.12.2013 RM'000</b>
<b>Cash flows from operating activities</b>		
Profit for the financial period	487,551	490,831
Adjustment for:		
Allowance for impairment of receivables (net of reversals)	38,208	79,722
Allowance for impairment of investment in associates	-	23,815
Allowance for impairment of inventories	760	20,901
Amortisation of deferred income	(2,132)	(2,092)
Amortisation of grants and contributions	(4,837)	(3,535)
Amortisation of intangible assets	33,125	18,550
Depreciation of property, plant and equipment	612,480	622,726
Interest expense	382,858	392,909
Interest income	(8,190)	(16,409)
Provision for post-employment benefit	29,145	30,634
Provision for liabilities and charges	5,920	1,027
Share of profits of investments accounted for using the equity method	(145,046)	(131,170)
Taxation	163,611	86,549
Unrealised (gain)/loss on foreign exchange	(3,739)	81,740
Other non-cash items	(8,168)	7,293
	-----	-----
	1,581,546	1,703,491
Changes in working capital:		
Inventories	51,901	42,569
Receivables, deposits and prepayments	307,620	433,120
Payables and accrued expenses	(405,554)	(311,573)
	-----	-----
Cash generated from operations	1,535,513	1,867,607
Interest paid	(399,608)	(358,936)
Payment to retirement benefit scheme	(28,754)	(30,288)
Tax paid	(197,257)	(196,312)
	-----	-----
Net cash flows from operating activities	909,894	1,282,071
	-----	-----

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

**INTERIM FINANCIAL REPORT**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2014 - Continued**

	<b>CURRENT YEAR-TO-DATE 31.12.2014 RM'000</b>	<b>PRECEDING YEAR CORRESPONDING PERIOD 31.12.2013 RM'000</b>
<b>Cash flows from investing activities</b>		
Acquisition of subsidiary	(48,157)	-
Dividends received	118,248	185,680
Grants received	13,575	18,524
Interest received	6,734	12,235
Purchase of intangible assets	(55,916)	(30,459)
Purchase of property, plant and equipment	(834,649)	(632,211)
Proceeds from redemption of investment in loan stock	-	54,585
Proceeds from disposal of property, plant and equipment	58,346	2,884
Other investing activities	(8,046)	(3,667)
	-----	-----
Net cash flows used in investing activities	(749,865)	(392,429)
	-----	-----
<b>Cash flows from financing activities</b>		
Dividends paid	(703,431)	-
Dividends paid to non-controlling interests	(47,989)	(29,449)
Proceeds from borrowings	1,192,185	113,488
Proceeds from issue of shares	275,117	106,494
Repayment of borrowings	(416,652)	(854,161)
Repurchase of own shares	(2)	(1,177,228)
	-----	-----
Net cash flows from/(used in) financing activities	299,228	(1,840,856)
	-----	-----
Net changes in cash and cash equivalents	459,257	(951,214)
Effects of exchange rate changes	177,052	392,944
Cash and cash equivalents at beginning of the financial year	8,890,923	9,552,134
	-----	-----
Cash and cash equivalents at end of the financial period <i>[Note a]</i>	9,527,232	8,993,864
	=====	=====

*[Note a]*

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

	<b>RM'000</b>	<b>RM'000</b>
Fixed deposits	9,162,977	8,495,448
Cash and bank balances	400,547	529,847
Bank overdrafts	(36,292)	(31,431)
(included within short term borrowings in [Note B9])		
	-----	-----
	9,527,232	8,993,864
	=====	=====

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

## **INTERIM FINANCIAL REPORT**

### **PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134**

The interim financial report should be read in conjunction with the audited annual financial statements of the Group for the financial year ended 30 June 2014.

#### **A1. Accounting Policies and Methods of Computation**

The interim financial report is unaudited and has been prepared in accordance with Malaysian Financial Reporting Standard (“MFRS”) 134: “Interim Financial Reporting” and Chapter 9, part K paragraph 9.22 of the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad (“Bursa Securities”).

The accounting policies and methods of computations adopted by the Group in this interim financial report are consistent with those adopted in the annual audited financial statements for the financial year ended 30 June 2014.

The adoption of MFRSs and amendments to MFRSs which were effective for financial year beginning on or after 1 July 2014 do not have significant financial impact on the Group.

The explanatory notes contained herein provide an explanation of the events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the financial year ended 30 June 2014.

#### **A2. Seasonality or Cyclicity of Operations**

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

#### **A3. Unusual Items**

During the current financial quarter, there was no item of an unusual nature that affects the assets, liabilities, equity, net income or cash flows of the Group.

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

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

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## **INTERIM FINANCIAL REPORT**

### **Notes – continued**

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

During the current financial quarter and financial year to date, the Company issued 239,040,610 and 241,330,888 ordinary shares of RM0.50 each, respectively, pursuant to the exercise of Warrants 2008/2018 at a weighted average exercise price of RM1.14 per share.

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

A total of 1,000 ordinary shares of RM0.50 each were repurchased from the open market for a total consideration of RM1,542 for the current financial year to date. The share buyback transactions were financed by internally generated funds. The shares purchased are held as treasury shares. As at 31 December 2014, the number of treasury shares held was 384,263,579 ordinary shares of RM0.50 each.

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

The outstanding debts are as disclosed in Note B9.

#### **A6. Dividends Paid**

An interim single tier dividend of 20% or 10 sen per ordinary share of 50 sen each amounting to RM703,430,745 in respect of the financial year ended 30 June 2014 was paid on 14 November 2014.

#### **A7. Segment Information**

The Group has five reportable segments as described below:

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

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

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**INTERIM FINANCIAL REPORT**

**Notes – continued**

Segment information for the financial period ended 31 December 2014:

	<b>Power generation (Contracted) RM'000</b>	<b>Multi utilities business (Merchant) RM'000</b>	<b>Water &amp; sewerage RM'000</b>	<b>Mobile broadband network RM'000</b>	<b>Investment holding activities RM'000</b>	<b>Group RM'000</b>
<b>External Revenue</b>	518,392	3,938,459	1,508,150	351,905	81,410	6,398,316
<b>Inter- segment Revenue</b>	-	-	-	452	46,007	46,459
<b>Segment profit / (loss) before tax</b>	118,993	168,169	433,089	(127,913)	58,824	651,162

Segment information for the financial period ended 31 December 2013:

	<b>Power generation (Contracted) RM'000</b>	<b>Multi utilities business (Merchant) RM'000</b>	<b>Water &amp; sewerage RM'000</b>	<b>Mobile broadband network RM'000</b>	<b>Investment holding activities RM'000</b>	<b>Group RM'000</b>
<b>External Revenue</b>	575,084	5,287,468	1,407,850	445,641	35,141	7,751,184
<b>Inter- segment Revenue</b>	-	-	-	252	57,776	58,028
<b>Segment profit/ (loss) before tax</b>	109,143	317,096	391,879	(77,876)	(162,862)	577,380

**A8. Events After the Interim Period**

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

## INTERIM FINANCIAL REPORT

### Notes – continued

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

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

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

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

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

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

- (ii) PowerSeraya Limited (“PowerSeraya”), an indirect wholly-owned subsidiary of the Company, which commenced member’s voluntary winding up pursuant to Section 290(1)(b) of the Companies Act (Cap 50) of Singapore (“the Act”) on 30 June 2012, held its final meeting and lodged the Return by Liquidator relating to the final meeting (“the Return”) with the Registrar of Companies, and Official Receiver of Singapore on 23 May 2014. In accordance with the Act, PowerSeraya was dissolved on the expiration of 3 months after lodgement of the Return i.e. on 23 August 2014.
- (iii) On 23 October 2014, YTL Jawa Energy B.V. (“YTL Jawa Energy”) was incorporated in the Netherlands as a wholly-owned subsidiary of YTL Jawa Power Holdings Limited (a wholly-owned subsidiary of the Company incorporated in Cyprus). As a result, YTL Jawa Energy has become an indirect wholly-owned subsidiary of the Company.

YTL Jawa Energy was incorporated with an issued share capital of EUR10,000 comprising 10,000 shares with a nominal value of EUR1.00 each. YTL Jawa Energy will be principally involved in investment holding.

## **INTERIM FINANCIAL REPORT**

### **Notes – continued**

- (iv) On 26 November 2014, Wessex Water Enterprises Limited, an indirect wholly-owned subsidiary of Wessex Water Limited and the Company, acquired the entire issued capital of 1 ordinary share of the nominal value of GBP1 in NES (South West) Limited (“NES (SW)”) from New Earth Solutions (Bristol) Limited for GBP1. As a result, NES (SW) has become an indirect wholly-owned subsidiary of YTL Power.

NES (SW) was incorporated on 25 November 2014 in England and Wales. NES (SW) is principally involved in waste disposal.

NES (SW) changed its name to Geneco (South West) Limited on 15 January 2015.

- (v) On 4 December 2014, YTL Jawa O & M Holdings Limited, a wholly-owned subsidiary of the Company incorporated in Cyprus, subscribed for the following shares:

- 75 shares representing 75% of the issued share capital of Attarat Operation and Maintenance Company B.V. (“Attarat O&M Co”);
- 50 shares representing 50% of the issued share capital of Attarat Mining Company B.V. (“Attarat Mining Co”)

As a result, Attarat O&M Co has become an indirect subsidiary of the Company and Attarat Mining Co became a joint venture company.

Concurrently with the aforesaid subscriptions, YTL Jawa Power Holdings Limited, another wholly-owned subsidiary of the Company incorporated in Cyprus, subscribed for 30 shares representing 30% of the issued share capital of Attarat Power Holding Company B.V. (“Attarat Power Holding”). As a result, Attarat Power Holding became an associated company of YTL Jawa Power Holdings Limited and the Company.

Attarat O&M Co, Attarat Mining Co and Attarat Power Holding were incorporated in the Netherlands on 4 December 2014, each with an issued share capital of USD100 comprising 100 shares with a nominal value of USD1.00 each.

Attarat O&M Co, Attarat Mining Co and Attarat Power Holding will be principally involved in operating and maintaining power plants, mining activities, and investment holding, respectively.

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## **INTERIM FINANCIAL REPORT**

### **Notes – continued**

- (vi) On 15 December 2014, Frog Education Limited (formerly known as Frogtrade Limited) (“Frog Ed”), a 57.6%-owned subsidiary of YTL Power Investments Limited (“YTLPIIL”) (an indirect wholly-owned subsidiary of the Company), entered into a Share Exchange Agreement with all the other shareholders of Frog Ed (holding the remaining 42.4% of the issued and paid up capital of Frog Ed not held by Frog Ed) (“Other Shareholders”) (YTLPIIL and Other Shareholders collectively referred to as the “Shareholders”) whereby Frog Ed is re-organised via the transfer of the Shareholders’ existing shareholdings in Frog Ed to Frog Education Group Limited (“Frog Ed Grp”) in exchange for the issue of shares in the capital of Frog Ed Grp of the same number and class and therefore, in the same proportion, as the Shareholders currently hold in Frog Ed (“Re-organisation”).

As a result of the Re-organisation,

- Frog Ed has become a wholly-owned subsidiary of Frog Ed Grp;
- Frog Ed Grp has become a subsidiary of YTLPIIL and indirect subsidiary of YTL Power;
- Frog Ed remains effectively, a 57.6%-owned subsidiary of YTL Power.

Frog Ed Grp and Frog Ed were incorporated in England & Wales on 6 June 2014 and on 28 February 2000, respectively. Frog Ed Grp is an investment holding company whilst Frog Ed is principally involved in the business of providing internet services, including the development and provision of education learning platforms.

- (vii) On 18 December 2014, Frog Ed Grp completed the acquisition of 980 ordinary shares, representing 49% of the issued and paid-up share capital (being the remaining equity stake not held by Frog Ed) of I Education Ltd for a total consideration of £980,000 satisfied via the payment of £530,094.92 in cash and £449,905.08 by the issue of 3,846 (non-voting) B Ordinary Shares in Frog Ed Grp.

As a result, I Education Ltd became an indirect 100% subsidiary of Frog Ed Grp and remain an indirect subsidiary of the Company.

### **A10. Changes in Contingent Liabilities**

There were no material changes in the contingent liabilities of the Group since the last financial year ended 30 June 2014.

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**INTERIM FINANCIAL REPORT**

**Notes – continued**

**A11. Fair value measurement**

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

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

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

	Level 1 RM’000	Level 2 RM’000	Total RM’000
<b>31.12.2014</b>			
<b>Assets</b>			
Financial assets at fair value through profit and loss:			
- Trading derivatives	-	27,231	27,231
- Inventories held for trading	-	7,693	7,693
Available-for-sale	49,738	181,951	231,689
Derivatives used for hedging	-	122,191	122,191
Total assets	<u>49,738</u>	<u>339,066</u>	<u>388,804</u>
<b>Liabilities</b>			
Financial liabilities at fair value through profit or loss:			
- Trading derivatives	-	44,179	44,179
Derivatives used for hedging	-	750,457	750,457
Total liabilities	<u>-</u>	<u>794,636</u>	<u>794,636</u>

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**INTERIM FINANCIAL REPORT**

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

**B1. Review of the Results**

The comparison of the results is tabulated below:

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>31.12.2014</b>	<b>31.12.2013</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Revenue</b>				
Power generation (Contracted)	187,265	276,646	518,392	575,084
Multi utilities business (Merchant)	1,846,067	2,535,171	3,938,459	5,287,468
Water & sewerage	753,143	716,756	1,508,150	1,407,850
Mobile broadband network	203,757	227,811	351,905	445,641
Investment holding Activities	49,374	13,668	81,410	35,141
	<u>3,039,606</u>	<u>3,770,052</u>	<u>6,398,316</u>	<u>7,751,184</u>
<b>Profit/(Loss) before taxation</b>				
Power generation (Contracted)	52,260	48,532	118,993	109,143
Multi utilities business (Merchant)	93,145	164,015	168,169	317,096
Water & sewerage	233,110	197,022	433,089	391,879
Mobile broadband network	(49,979)	(28,102)	(127,913)	(77,876)
Investment holding Activities	19,753	(53,366)	58,824	(162,862)
	<u>348,289</u>	<u>328,101</u>	<u>651,162</u>	<u>577,380</u>

a) Current Quarter vs Preceding Year Corresponding Quarter

The Group recorded a revenue of RM3,039.6 million for the current financial quarter ended 31 December 2014 as compared to RM3,770.1 million recorded in the preceding year corresponding quarter ended 31 December 2013. The Group profit before taxation for the current financial quarter was RM348.3 million, an increase of RM20.2 million or 6.2% as compared to a profit of RM328.1 million recorded in the preceding year corresponding quarter. The decrease in revenue was principally attributable to lower revenue recorded in the segment of multi utilities business.

Performance of the respective operating business segments for the quarter ended 31 December 2014 as compared to the preceding year corresponding quarter is analysed as follows:

## **INTERIM FINANCIAL REPORT**

### **Notes – continued**

#### Power generation (Contracted)

The decrease in revenue was principally due to lower generation of electricity sales as a result of rescheduling of generation program requested by the buyer. The profit before taxation increased as no provision was required on impairment of inventories and receivable for the current quarter as compared to the preceding year corresponding quarter.

#### Multi utilities business (Merchant)

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

#### Water & sewerage

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

#### Mobile broadband network

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

#### Investment holding activities

The higher revenue and profit before taxation recorded in this segment was mainly due to higher dividend received, higher interest income and higher share of results of associate as compared to the preceding year corresponding quarter.

### b) Current Year to date vs Preceding Year to date

Group revenue was RM6,398.3 million for the current financial period ended 31 December 2014 as compared to RM7,751.2 million recorded in the preceding financial period ended 31 December 2013. The Group profit before taxation for the current financial period was RM651.2 million, an increase of RM73.8 million or 12.8% as compared to RM577.4 million recorded in the preceding year corresponding period.

Performance of the respective operating business segments for the period ended 31 December 2014 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 lower revenue is principally due to lower units of electricity sold coupled with lower electricity price as a result of lower fuel oil price. The lower profit before taxation is mainly due to lower vesting non-fuel margin and volume, coupled with lower margin from retail contract.

#### Investment holding activities

The increase in revenue and profit before taxation were principally due to increase in share of profit of associate, higher interest income and unrealised foreign exchange gain in the current year.

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Notes – continued

### **B2. Comparison with Preceding Quarter**

	<b>Current Quarter 31.12.2014 RM'000</b>	<b>Preceding Quarter 30.9.2014 RM'000</b>
Revenue	3,039,606	3,358,710
Consolidated profit before taxation	348,289	302,873
Consolidated profit after taxation	250,014	237,537

The decrease in revenue as compared to preceding quarter was principally attributable to lower sales recorded by the multi utilities business (merchant) and power generation (contracted) segments. The increase in Group profit before taxation was principally due to higher profit recorded in the water and sewerage segment.

### **B3. Prospects**

#### Power generation (Contracted)

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

#### Multi utilities business (Merchant)

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

#### Water & sewerage

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

#### Mobile broadband network

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

### **B4. Profit Forecast**

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

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

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

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**Notes – continued**

**B6. Profit for the period**

	<b>Current Year Quarter 31.12.2014 RM'000</b>	<b>Current Year To Date 31.12.2014 RM'000</b>
<b>Profit before taxation is stated after charging/(crediting):</b>		
Allowance for impairment of receivables (net of reversal)	19,083	38,208
Allowance for impairment of inventories	488	760
Amortisation of deferred income	(1,093)	(2,132)
Amortisation of grant and contributions	(2,367)	(4,837)
Amortisation of intangible assets	17,326	33,125
Amortisation of prepaid lease payment	1,205	1,976
Depreciation of property, plant and equipment	309,280	612,480
Loss/(Gain) on foreign exchange	20,033	(10,792)
Interest income	(3,631)	(8,190)
Interest expense	196,304	382,858
Net gain on disposal of property, plant and equipment	(7,600)	(7,393)
Provision for liabilities and charges	5,622	5,920
	=====	=====

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

**B7. Taxation**

	<b>Current Year Quarter 31.12.2014 RM'000</b>	<b>Current Year To Date 31.12.2014 RM'000</b>
In respect of current period		
- Income Tax	101,599	145,257
- Deferred Tax	(3,324)	18,354
	-----	-----
	98,275	163,611
	=====	=====

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 is mainly attributable to non-deductibility of certain expenses for tax purposes and balancing charge on disposal of assets.

**B8. Corporate Proposals**

There were no corporate proposals announced by the Company which are not completed as at the date of this report.

**INTERIM FINANCIAL REPORT**

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**B9. Group Borrowings and Debt Securities**

The Group's borrowings from financial institutions as at 31 December 2014 are as follows:

	Short term		Long term		Total RM'000
	Bonds RM'000	Borrowings RM'000	Bonds RM'000	Borrowings RM'000	
Secured	-	19,255	-	37,048	56,303
Unsecured	-	2,814,292	13,213,277	8,519,918	24,547,487
	-----	-----	-----	-----	-----
Total	-	2,833,547	13,213,277	8,556,966	24,603,790
	=====	=====	=====	=====	=====

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

In US Dollar ('000)	399,312
	=====
In Sterling Pound ('000)	1,912,048
	=====
In Singapore Dollar ('000)	2,627,016
	=====

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

- a) USD200 million term loan due on 30 June 2015.
- b) USD200 million term loan due on 17 December 2015.
- c) RM300 million revolving credit due on 23 February 2015.
- d) RM200 million revolving credit due on 23 February 2015.
- e) RM200 million revolving credit due on 2 March 2015.
- f) RM200 million revolving credit due on 2 March 2015.

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**INTERIM FINANCIAL REPORT**

**Notes – continued**

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

**(a) Derivative Financial Instruments**

As at 31 December 2014, the Group's outstanding derivatives are as follows:

<b>Type of Derivatives</b>	<b>Contract/Notional Value RM'000</b>	<b>Fair Value RM'000</b>
<b><u>Fuel oil swaps</u></b>		
- Less than 1 year	1,453,406	938,191
- 1 year to 3 years	646,485	430,028
- More than 3 years	84,318	60,266
<b><u>Currency forwards</u></b>		
- Less than 1 year	2,095,672	2,167,956
- 1 year to 3 years	723,394	755,792
- More than 3 years	109,699	115,579

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

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

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

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**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 2014 are as follows:

Type of financial liabilities	Basis of fair value measurement	Reason for the gain/(loss)	Fair value gain/(loss)	
			Current year quarter 3 months to 31.12.2014	Current year to date 6 months to 31.12.2014
			RM'000	RM'000
Forward foreign currency exchange contracts	Foreign exchange differential between the contracted rate and the market forward rate	Foreign exchange rates differential between the contracted rate and the market forward rate which have moved in favour of the Group	43,031	53,581
Fuel oil swap	Fuel oil price differential between the contracted price and the market forward price	Fuel oil price differential between the contracted price and the market forward price which have moved unfavourably against the Group	(180,438)	(221,853)
Total			(137,407)	(168,272)

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**INTERIM FINANCIAL REPORT**

**Notes – continued**

(c) Realised and Unrealised Profits or Losses

	<b>As at 31.12.2014 RM'000</b>	<b>Audited As at 30.6.2014 RM'000</b>
Retained earnings/(Accumulated losses) of the Group		
- Realised	6,990,804	7,406,130
- Unrealised	(477,274)	(513,558)
	----- 6,513,530	----- 6,892,572
Retained earnings/(Accumulated losses) from associated companies		
- Realised	704,296	681,121
- Unrealised	(145,204)	(145,205)
	----- 559,092	----- 535,916
Consolidation adjustments	518,079	460,008
	-----	-----
Total Group retained earnings as per consolidated accounts	7,590,701 =====	7,888,496 =====

**B11. Pending Material Litigation**

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

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

The Board has been advised that there is more than a reasonable prospect that the amount of RM280.4 million (as recorded in the books of the subsidiary as owing to the subsidiary as at 31 December 2014) would be recoverable in the pending arbitration proceedings against the supplier. However, the final amount recoverable would be subject to determination in the pending arbitration proceedings.

**INTERIM FINANCIAL REPORT**

**Notes – continued**

(b) On 19 December 2014 a subsidiary of the Group filed proceedings in court against a customer for damages for breach of contract amounting to SGD29.4 million, interest and other costs.

The customer had on 26 January 2015 filed their defence and counterclaim and the matter is now awaiting trial.

**B12. Dividend**

No dividend has been declared for the current financial quarter.

**B13. Earnings Per Share**

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

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

	<b>Current Year Quarter 31.12.2014</b>	<b>Preceding Year Corresponding Quarter 31.12.2013</b>
Profit attributable to Owners of the Parent (RM'000)	245,131 =====	247,025 =====
Weighted average number of ordinary shares ('000)	6,982,597 =====	6,470,837 =====
Basic earnings per share (Sen)	3.51 =====	3.82 =====

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**INTERIM FINANCIAL REPORT**

**Notes – continued**

**ii) Diluted Earnings Per 50 sen Share**

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

	<b>Current Year Quarter 31.12.2014</b>	<b>Preceding Year Corresponding Quarter 31.12.2013</b>
Profit attributable to Owners of the Parent (RM'000)	245,131 =====	247,025 =====
<i>Weighted average number of ordinary shares ('000) – diluted</i>		
Weighted average number of ordinary shares ('000) – basic	6,982,597	6,470,837
Effect of unexercised Warrants 2008/2018	232,607	384,098
Effect of unexercised ESOS	8,237	24,519
	----- 7,223,441 =====	----- 6,879,454 =====
Diluted earnings per share (Sen)	3.39 =====	3.59 =====

\* *Total cash expected to be received in the event of an exercise of all outstanding warrants and ESOS is RM1,145.2 million. Accordingly, the Net Asset (NA) on a pro forma basis will increase by RM1,145.2 million resulting in a decrease in NA per share of RM0.03. 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: 12 February 2015