

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

Interim Financial Report
31 March 2017

YTL POWER INTERNATIONAL BERHAD

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**Interim Financial Report
31 March 2017**

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

INTERIM FINANCIAL REPORT

Interim financial report on consolidated results for the financial period ended 31 March 2017.

The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31.3.2017 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31.3.2016 RM'000	9 MONTHS ENDED	
			31.3.2017 RM'000	31.3.2016 RM'000
Revenue	2,386,464	2,240,912	7,191,819	8,078,844
Cost of sales	(1,921,702)	(1,713,523)	(5,792,723)	(6,487,326)
Gross profit	464,762	527,389	1,399,096	1,591,518
Other operating income	13,735	16,611	51,206	265,821
Other operating expenses	(167,832)	(203,789)	(493,888)	(578,120)
Profit from operations	310,665	340,211	956,414	1,279,219
Finance costs	(209,474)	(212,008)	(607,223)	(693,218)
Share of profits of investments accounted for using the equity method	114,368	89,738	295,094	285,330
Profit before taxation	215,559	217,941	644,285	871,331
Taxation	(25,246)	(15,421)	(113,221)	(185,752)
Profit for the period	190,313	202,520	531,064	685,579
Attributable to:				
Owners of the parent	160,625	176,494	473,929	665,931
Non-controlling interests	29,688	26,026	57,135	19,648
	190,313	202,520	531,064	685,579
Earnings per share for profit attributable to owners of the parent				
Basic (sen)	2.07	2.29	6.12	8.88
Diluted (sen)	2.06	2.28	6.09	8.83

The Condensed Consolidated Income Statement should be read in conjunction with the audited annual financial statements for the year ended 30 June 2016 and the accompanying explanatory notes attached to the interim financial statements.

YTL POWER INTERNATIONAL BERHAD (Company No. 406684-H)
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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31.3.2017 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31.3.2016 RM'000	9 MONTHS ENDED	
			31.3.2017 RM'000	31.3.2016 RM'000
Profit for the period	190,313	202,520	531,064	685,579
Other comprehensive income/(loss):				
<i>Items that will not be reclassified subsequently to income statement:</i>				
Re-measurement of post- employment benefit obligations	(202,355)	(113,285)	(202,355)	(113,285)
<i>Items that may be reclassified subsequently to income statement:</i>				
Available-for-sale financial assets	10,228	376	(28,162)	(11,689)
Cash flow hedges				
- Subsidiaries	(122,458)	125,660	248,104	(266,009)
- Associates and joint ventures	(196)	3,530	9,069	(2,793)
Currency translation differences				
- Subsidiaries	238,431	(708,387)	654,919	73,001
- Associates and joint ventures	(7,469)	(151,546)	223,633	66,770
	-----	-----	-----	-----
Other comprehensive (loss)/income for the period, net of tax	(83,819)	(843,652)	905,208	(254,005)
	-----	-----	-----	-----
Total comprehensive income/(loss) for the period	106,494	(641,132)	1,436,272	431,574
	=====	=====	=====	=====
Attributable to:				
Owners of the parent	87,226	(613,623)	1,309,550	389,562
Non-controlling interests	19,268	(27,509)	126,722	42,012
	-----	-----	-----	-----
	106,494	(641,132)	1,436,272	431,574
	=====	=====	=====	=====

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited annual financial statements for the year ended 30 June 2016 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	UNAUDITED	AUDITED
	As at	As at
	31.3.2017	30.6.2016
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	20,841,698	20,009,675
Investment properties	12,063	14,462
Intangible assets	8,522,382	8,077,220
Investments accounted for using the equity method	2,284,368	2,119,011
Investments	621,576	271,359
Derivative financial instruments	22,400	29,865
Receivables, deposits and prepayments	1,178,526	367,909
	-----	-----
	33,483,013	30,889,501
	-----	-----
Current assets		
Inventories	869,824	805,902
Receivables, deposits and prepayments	2,078,925	1,724,308
Derivative financial instruments	76,393	64,547
Cash and bank balances	9,290,027	9,761,333
	-----	-----
	12,315,169	12,356,090
	-----	-----
TOTAL ASSETS	45,798,182	43,245,591
	=====	=====
EQUITY AND LIABILITIES		
Share capital	7,039,800	4,050,801
Reserves	6,763,371	9,171,486
Treasury shares, at cost	(711,308)	(711,306)
	-----	-----
Equity attributable to owners of the parent	13,091,863	12,510,981
Non-controlling interests	254,173	242,337
	-----	-----
TOTAL EQUITY	13,346,036	12,753,318
	-----	-----

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited annual financial statements for the year ended 30 June 2016 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION - Continued

	UNAUDITED	AUDITED
	As at	As at
	31.3.2017	30.6.2016
	RM'000	RM'000
LIABILITIES		
Non-current liabilities		
Deferred taxation	1,810,319	1,839,883
Borrowings	21,155,798	23,833,881
Grants and contributions	458,272	427,843
Post-employment benefit obligations	1,126,324	874,272
Derivative financial instruments	41,254	117,265
Payables	910,947	849,995
	-----	-----
	25,502,914	27,943,139
	-----	-----
Current Liabilities		
Payables and accrued expenses	1,870,490	1,844,835
Derivative financial instruments	116,243	248,266
Post-employment benefit obligations	2,286	2,518
Taxation	122,736	108,087
Borrowings	4,837,477	345,428
	-----	-----
	6,949,232	2,549,134
	-----	-----
TOTAL LIABILITIES	32,452,146	30,492,273
	-----	-----
TOTAL EQUITY AND LIABILITIES	45,798,182	43,245,591
	=====	=====
Net assets per share attributable to ordinary equity holders of the parent (RM)	1.69	1.62
	=====	=====

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited annual financial statements for the year ended 30 June 2016 and the accompanying explanatory notes attached to the interim financial statements.

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2017**

	-----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 2016	4,050,801	2,792,660	(1,713,893)	(711,306)	8,092,719	12,510,981	242,337	12,753,318
Profit for the financial period	-	-	-	-	473,929	473,929	57,135	531,064
Other comprehensive income for the financial period	-	-	1,037,976	-	(202,355)	835,621	69,587	905,208
Total comprehensive income for the financial period	-	-	1,037,976	-	271,574	1,309,550	126,722	1,436,272
Dividends paid to non-controlling interests	-	-	-	-	-	-	(114,886)	(114,886)
Interim dividends paid for the financial year ended 30 June 2016	-	-	-	-	(775,865)	(775,865)	-	(775,865)
Issue of share capital	20,719	26,480	-	-	-	47,199	-	47,199
Share option lapsed	-	-	(218)	-	218	-	-	-
Share repurchased	-	-	-	(2)	-	(2)	-	(2)
Warrants reserves	3	4,137	(4,140)	-	-	-	-	-
Transition to no-par value regime*	2,968,277	(2,823,277)	(145,000)	-	-	-	-	-
At 31 March 2017	7,039,800	-	(825,275)	(711,308)	7,588,646	13,091,863	254,173	13,346,036

* Effective from 31 January 2017, the new Companies Act 2016 ("Act") abolished the concept of authorised share capital and par value of share capital. Consequently, the credit balance of the share premium and capital redemption reserve account become part of the Company's share capital pursuant to the transitional provision set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use this amount for purposes as set out in Section 618(3) and 618(4) of the Act. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

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 2016 and the accompanying explanatory notes attached to the interim financial statements.

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2016**

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

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited annual financial statements for the year ended 30 June 2016 and the accompanying explanatory notes attached to the interim financial statements.

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2017**

	9 MONTHS ENDED	
	31.3.2017	31.3.2016
	RM'000	RM'000
Cash flows from operating activities		
Profit for the financial period	531,064	685,579
Adjustment for:		
Allowance for impairment of inventories	1,405	1,527
Allowance for/(Write back of) impairment of receivables (net of reversals)	86,757	(82,647)
Amortisation of grants and contributions	(14,643)	(16,037)
Amortisation of intangible assets	55,576	69,922
Depreciation of property, plant and equipment	783,483	975,935
Interest expense	607,223	693,218
Interest income	(19,243)	(62,512)
Net gain on disposal of property, plant and equipment	(10,721)	(7,349)
Provision for post-employment benefit	43,294	47,573
Provision for liabilities and charges	-	429
Share of profits of investments accounted for using the equity method	(295,094)	(285,330)
Taxation	113,221	185,752
Unrealised (gain)/loss on foreign exchange	(2,818)	8,644
Other non-cash items	7,554	9,169
	-----	-----
	1,887,058	2,223,873
Changes in working capital:		
Inventories	(32,873)	(393,253)
Receivables, deposits and prepayments	(975,476)	689,350
Payables and accrued expenses	13,297	(45,682)
	-----	-----
Cash flows from operations	892,006	2,474,288
Interest paid	(583,612)	(685,983)
Payment to retirement benefit scheme	(85,059)	(94,221)
Tax paid	(161,319)	(175,775)
	-----	-----
Net cash flows from operating activities	62,016	1,518,309
	-----	-----

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited annual financial statements for the year ended 30 June 2016 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 MARCH 2017 - Continued**

	9 MONTHS ENDED	
	31.3.2017	31.3.2016
	RM'000	RM'000
Cash flows from investing activities		
Acquisition of subsidiaries	(1,233)	(8,258)
Additional investments accounted for using the equity method	-	(3,129)
Additional investments	(365,719)	-
Dividends received	298,477	315,932
Grants received	44,563	57,814
Interest received	22,443	64,649
Purchase of intangible assets	(30,730)	(57,280)
Purchase of property, plant and equipment	(1,076,434)	(1,325,150)
Prepayment for land acquisition	(32,947)	-
Proceeds from disposal of investments	743	-
Proceeds from disposal of property, plant and equipment	13,346	132,310
	-----	-----
Net cash flows used in investing activities	(1,127,491)	(823,112)
	-----	-----
Cash flows from financing activities		
Dividends paid	(775,865)	(771,722)
Dividends paid to non-controlling interests	(114,886)	(123,073)
Proceeds from borrowings	1,202,883	1,476,780
Proceeds from issue of shares	47,199	776,555
Repayment of borrowings	(230,024)	(2,175,798)
Repurchase of own shares	(2)	(2)
	-----	-----
Net cash flows from/(used in) financing activities	129,305	(817,260)
	-----	-----
Net changes in cash and cash equivalents	(936,170)	(122,063)
Effects of exchange rate changes	530,095	15,118
Cash and cash equivalents at beginning of the financial year	9,696,102	9,523,238
	-----	-----
Cash and cash equivalents at end of the financial period <i>[Note a]</i>	9,290,027	9,416,293
	=====	=====

[Note a]

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

	RM'000	RM'000
Fixed deposits	8,309,149	8,747,746
Cash and bank balances	980,878	668,547
	-----	-----
	9,290,027	9,416,293
	=====	=====

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited annual financial statements for the year ended 30 June 2016 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 2016.

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 2016.

The adoption of MFRSs or amendments to MFRSs which were effective for financial year beginning on or after 1 July 2016 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 2016.

A2. Seasonality or Cyclicity of Operations

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

A3. Unusual Items

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

A4. Changes in Estimates of Amounts Reported

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

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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 27,800 and 41,402,298 ordinary shares 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.

During the current financial quarter and financial year to date, the Company repurchased 1,000 and 1,100 ordinary shares from the open market for a total consideration of RM1,535 and RM1,727 respectively. The share buyback transactions were financed by internally generated funds. The shares purchased are held as treasury shares. As at 31 March 2017, the number of treasury shares held was 384,266,779 ordinary shares.

The outstanding debts are as disclosed in Note B9.

A6. Dividends Paid

The following dividend payment was made during the financial period ended 31 March 2017:

	<u>RM'000</u>
In respect of the financial year ended 30 June 2016:	
An interim single tier dividend of 20% or 10 sen per ordinary share of 50 sen each paid on 15 November 2016	 <u>775,865</u>

A7. Segment Information

The Group has five reportable segments as described below:

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

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

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INTERIM FINANCIAL REPORT

Notes – continued

Segment information for the financial period ended 31 March 2017:

	Power generation (Contracted) RM'000	Multi utilities business (Merchant) RM'000	Water & sewerage RM'000	Mobile broadband network RM'000	Investment holding activities RM'000	Group RM'000
External Revenue	-	4,216,095	2,260,253	592,389	123,082	7,191,819
Inter- segment Revenue	-	-	-	4,195	60,837	65,032
Segment profit/(loss) before tax	(89,666)	132,638	669,868	(96,339)	27,784	644,285

Segment information for the financial period ended 31 March 2016:

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

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 ended 31 March 2017, including business combinations, obtaining or losing control of subsidiaries and long-term investments, restructurings and discontinuing operations save for the following:

- (i) On 24 November 2016, YTL Land and Property (UK) Ltd (“YTL Land & Property”) (an indirect wholly-owned subsidiary of the Company) acquired the entire issued share capital comprising 1 ordinary share of GBP1 in YTL Developments (UK) Limited (“YTL Developments”) for GBP1.

As a result, YTL Developments became an indirect wholly-owned subsidiary of the Company. YTL Developments was incorporated on 24 November 2016 in England & Wales and will be principally involved in construction.

- (ii) On 1 December 2016, Wassex Water Limited (“WWL”) (an indirect wholly-owned subsidiary of the Company) acquired from Waterlevel Limited (formerly known as Albion Water Group Limited) fifty-one (51) B-ordinary shares of the nominal value of GBP0.01, representing 51% of the issued share capital of Albion Water Limited (“Albion”) for GBP227,505.21 in cash. As a result, Albion became a subsidiary of WWL and an indirect subsidiary of the Company.

Albion was incorporated on 14 September 1995 in England & Wales. It is a licensed water supplier, providing retail water, wastewater, drainage and wider environmental services.

- (iii) On 23 December 2016, YTL Land & Property acquired the entire issued share capital comprising 1 ordinary share of GBP1 in YTL Places Limited (“YTL Places”) for GBP1.

As a result, YTL Places became an indirect wholly-owned subsidiary of the Company. YTL Places was incorporated on 23 December 2016 in England & Wales and will be principally involved in development/construction.

- (iv) On 7 February 2017, YTL Land & Property acquired the entire issued share capital of YTL Property Holdings (UK) Limited (“YTL Property Holdings”) comprising 1 share of the nominal value of GBP1 from YTL Utilities (UK) Limited (an indirect wholly-owned subsidiary of the Company) for GBP1. As a result, YTL Property Holdings became a direct subsidiary of YTL Land & Property but remained an indirect wholly-owned subsidiary of the Company. The re-organisation was intended to reposition YTL Property Holdings for future development opportunities.

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Notes – continued

- (v) On 21 February 2017, YTL Jordan Services Holdings Limited (“YTLJSH”) (a wholly-owned subsidiary of the Company incorporated in Cyprus) completed the disposal of its 30 ordinary shares of USD1 each, representing 30% of the issued share capital of Attarat Operation & Maintenance Company B.V. (“OMCO”) to Yudean International Development Limited (“Yudean”) for a consideration of USD30 in accordance with the terms and conditions of the share purchase agreement dated 6 May 2016.

Consequent thereto, OMCO ceased to be a subsidiary of YTLJSH and became an associated company of YTLJSH and the Company as YTLJSH holds a balance of 45 ordinary shares of USD1 each, representing 45% of the issued share capital of OMCO.

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 2016.

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INTERIM FINANCIAL REPORT

A11. Fair value measurement

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

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

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

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
31.3.2017				
Assets				
Financial assets at fair value through profit or loss:				
- Trading derivatives	-	966	-	966
- Trading securities	378,609	4,424	-	383,033
Available-for-sale	62,403	98	176,042	238,543
Derivatives used for hedging	-	97,827	-	97,827
Total assets	441,012	103,315	176,042	720,369
Liabilities				
Financial liabilities at fair value through profit or loss:				
- Trading derivatives	-	5,620	-	5,620
Derivatives used for hedging	-	151,877	-	151,877
Total liabilities	-	157,497	-	157,497

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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:

	Individual Quarter		Cumulative Quarter	
	31.3.2017	31.3.2016	31.3.2017	31.3.2016
	RM'000	RM'000	RM'000	RM'000
Revenue				
Power generation (Contracted)	-	-	-	290,116
Multi utilities business (Merchant)	1,394,526	1,204,870	4,216,095	4,553,626
Water & sewerage	750,156	802,671	2,260,253	2,557,592
Mobile broadband network	204,745	182,260	592,389	511,522
Investment holding activities	37,037	51,111	123,082	165,988
	<u>2,386,464</u>	<u>2,240,912</u>	<u>7,191,819</u>	<u>8,078,844</u>
Profit/(Loss) before taxation				
Power generation (Contracted)	(37,571)	(33,358)	(89,666)	177,647
Multi utilities business (Merchant)	38,607	5,667	132,638	85,920
Water & sewerage	212,190	229,432	669,868	711,888
Mobile broadband network	(15,608)	(13,682)	(96,339)	(174,040)
Investment holding activities	17,941	29,882	27,784	69,916
	<u>215,559</u>	<u>217,941</u>	<u>644,285</u>	<u>871,331</u>

a) Current Quarter vs Preceding Year Corresponding Quarter

The Group recorded a revenue of RM2,386.5 million for the current financial quarter ended 31 March 2017 as compared to RM2,240.9 million recorded in the preceding year corresponding quarter ended 31 March 2016. The Group profit before taxation for the current financial quarter was RM215.6 million, which is comparable to a profit of RM217.9 million recorded in the preceding year corresponding quarter.

Performance of the respective operating business segments for the quarter ended 31 March 2017 as compared to the preceding year corresponding quarter is analysed as follows:

Power generation (Contracted)

The short-term capacity generation from Paka Plant is scheduled to commence on 1 September 2017. The loss recorded in the current quarter was mainly depreciation charges and overhead costs.

Multi utilities business (Merchant)

The higher revenue and profit before taxation was mainly due to higher fuel price coupled with lower operating and interest expenses.

INTERIM FINANCIAL REPORT

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Water & sewerage

The decrease in revenue was mainly due to the strengthening of Ringgit Malaysia against Great Britain Pound.

Mobile broadband network

Despite the challenges, this segment continues to focus on enlarging subscriber base.

Investment holding activities

The decrease in both revenue and profit before taxation was mainly due to lower interest income.

b) Current Year to date vs Preceding Year to date

Group revenue was RM7,191.8 million for the current financial period ended 31 March 2017 as compared to RM8,078.8 million recorded in the preceding financial period ended 31 March 2016. The Group profit before taxation for the current financial period was RM644.3 million, a decrease of RM227.0 million or 26.1% as compared to a profit of RM871.3 million recorded in the preceding year corresponding period. In the preceding year to date, there was a one-off gain from an arbitration award on recovery of impairment of receivable before tax of RM152.6 million and interest income of RM38.0 million in the Power generation (Contracted) segment. Adjusting for the one-off gain, the profit before taxation would have been RM680.7 million. Hence, the current year to date profit before tax of RM644.3 million as compared to the adjusted preceding year corresponding period decreased by RM36.4 million or 5.3%, mainly due to the strengthening of Ringgit Malaysia against Great Britain Pound accorded in Water & sewerage segment and lower interest income accorded in Investment holding activities segment.

Performance of the respective operating business segments for the period ended 31 March 2017 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:

Power generation (Contracted)

There were three months of revenue recorded in the preceding year to date as the original power purchase agreement period expired on 30 September 2015. The extension for the supply of 585MW of capacity from the existing facility in Paka for a revised term of 3 years 10 months commencing from the Commercial Operation Date is scheduled to occur on 1 September 2017.

Mobile broadband network

The launch of the nationwide 4G LTE services has resulted in an increase in revenue and improvement in its financial performance.

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B2. Comparison with Preceding Quarter

	Current Quarter 31.3.2017 RM'000	Preceding Quarter 31.12.2016 RM'000
Revenue	2,386,464	2,464,731
Consolidated profit before taxation	215,559	239,946
Consolidated profit after taxation	190,313	190,147

The decrease in Group revenue and profit before taxation as compared to the preceding quarter was primarily attributable to lower returns accorded by Multi utilities business segment in the current quarter.

B3. Prospects

Power generation (Contracted)

The Group has an 80% equity interest in P.T. 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 (Pesero), Indonesia's state-owned electric utility company, amended and restated in December 2015. The project is currently in the development stage and progress is underway towards achieving financial close.

The Group also completed the increase in its equity interest in Attarat Power Company (APCO) to 45% (from 30% previously) upon the project achieving financial close on 16 March 2017. APCO 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 with the National Electric Power Company (NEPCO), the Jordan 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. The power station is under development and scheduled to commence operation in mid-2020.

On 20 April 2017, pursuant to negotiations with the Government, the Energy Commission (EC) issued a revised Letter of Award to YTL Power Generation Sdn. Bhd. (YTLPG) accepting YTLPG's bid for the supply of 585MW of capacity from the existing facility in Paka for a term of 3 years 10 months (an additional 12 months from the original award of 2 years 10 months) commencing from the Commercial Operation Date of the project. Pursuant to the Letter of Award, YTLPG and Tenaga Nasional Berhad (Tenaga) entered into a Power Purchase Agreement (PPA) and a Land Lease Agreement both dated 9 May 2017. The Land Lease Agreement supersedes the existing land lease for Paka and is for a term of 5 years 10 months from the Commercial Operation Date which is scheduled to occur on 1 September 2017. On 15 May 2017, Tenaga withdrew its application for judicial review against the EC and the Government. On 22 May 2017, YTLPG and Petronas entered into the Gas Supply Agreement (GSA) for the supply of natural gas to the power station. The PPA and GSA are both subject to certain conditions precedent, including obtaining the necessary corporate authorisations and the approval of the EC to the terms of the PPA and GSA.

INTERIM FINANCIAL REPORT

Notes – continued

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, diversification beyond the core business into integrated multi-utilities supply and non-regulated ancillary businesses in steam sales, oil storage tank leasing, bunkering services and potable water sales.

Water & sewerage

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

Mobile broadband network

This segment has successfully launched its nationwide 4G LTE services for mobile devices and becoming Malaysia's first voice over LTE (VoLTE) service provider. This business segment will continuously be coming up with more competitive products to increase the subscriber base to generate higher revenue.

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 2016

The Auditors' Report on the financial statements of the financial year ended 30 June 2016 did not contain any qualification.

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

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Notes – continued

B6. Profit for the period

	Current Quarter 31.3.2017 RM'000	Current Year To Date 31.3.2017 RM'000
Profit before taxation is stated after charging/(crediting):		
Allowance for impairment of inventories	712	1,405
Allowance for impairment of receivables (net of reversal)	26,400	86,757
Amortisation of grants and contributions	(4,454)	(14,643)
Amortisation of intangible assets	15,668	55,576
Depreciation of property, plant and equipment	268,912	783,483
Interest income	(5,816)	(19,243)
Interest expense	209,474	607,223
Loss on foreign exchange	3,352	394
Net gain on disposal of property, plant and equipment	(4,921)	(10,721)
	=====	=====

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

B7. Taxation

	Current Quarter 31.3.2017 RM'000	Current Year To Date 31.3.2017 RM'000
In respect of current period		
- Income Tax	58,938	163,358
- Deferred Tax	(33,692)	(50,137)
	-----	-----
	25,246	113,221
	=====	=====

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

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B8. Corporate Proposals

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

B9. Group Borrowings and Debt Securities

The Group's borrowings from financial institutions as at 31 March 2017 are as follows:

	Short term		Long term		Total RM'000
	Bonds RM'000	Borrowings RM'000	Bonds RM'000	Borrowings RM'000	
Secured	-	80,146	-	70,655	150,801
Unsecured	-	4,757,331	13,502,902	7,582,241	25,842,474
Total	-	4,837,477	13,502,902	7,652,896	25,993,275

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

In US Dollar ('000)	645,877
In Sterling Pound ('000)	2,027,991
In Singapore Dollar ('000)	2,212,815

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

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

(a) Derivative Financial Instruments

As at 31 March 2017, the Group's outstanding derivatives are as follows:

Type of Derivatives	Contract/Notional Value RM'000	Fair Value RM'000
<u>Fuel oil Swaps</u>		
- Less than 1 year	1,018,373	965,074
- 1 year to 3 years	350,024	322,568
- More than 3 years	-	-
<u>Currency forwards</u>		
- Less than 1 year	1,051,275	1,064,724
- 1 year to 3 years	440,519	449,139
- More than 3 years	895	877

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

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

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

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INTERIM FINANCIAL REPORT

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(b) Fair Value Changes of Financial Liabilities

The gains/(losses) arising from fair value changes of financial liabilities for the current financial period ended 31 March 2017 are as follows:

Type of financial liabilities	Basis of fair value measurement	Reason for the gain/(loss)	Fair value gain/(loss)	
			Current quarter 31.3.2017 RM'000	Current year to date 31.3.2017 RM'000
Forward foreign currency exchange contracts	Foreign exchange differential between the contracted rate and the market forward rate	Foreign exchange rates differential between the contracted rate and the market forward rate which have moved unfavourably against the Group	(21)	(5)
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/ (unfavourably) against the Group	394	(2,837)
Total			373	(2,842)

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INTERIM FINANCIAL REPORT

Notes – continued

(c) Realised and Unrealised Profits or Losses

	As at 31.3.2017 RM'000	Audited As at 30.6.2016 RM'000
Retained earnings/(Accumulated losses) of the Group		
- Realised	6,510,821	7,020,127
- Unrealised	(329,996)	(283,475)
	-----	-----
	6,180,825	6,736,652
	-----	-----
Retained earnings/(Accumulated losses) from investments accounted for using the equity method		
- Realised	938,947	942,330
- Unrealised	66,134	66,134
	-----	-----
	1,005,081	1,008,464
	-----	-----
Add: Consolidation adjustments	402,740	347,603
	-----	-----
Total Group retained earnings	7,588,646	8,092,719
	=====	=====

B11. Material Litigation

There were no changes to the material litigations since the date of the last audited financial statements of financial position.

During the previous financial year, a foreign subsidiary of the Group commenced proceedings in court against two customers to recover monies due to the subsidiary under contract, following termination of their electricity retail contracts. The customers have filed their defence and counterclaims, and the matter is now awaiting trial.

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

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INTERIM FINANCIAL REPORT

Notes – continued

B12. Dividend

No dividend has been declared for the current financial quarter.

B13. Earnings Per Share

i) Basic Earnings Per Share

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

	Current Year Quarter 31.3.2017	Preceding Year Corresponding Quarter 31.3.2016
Profit attributable to Owners of the Parent (RM'000)	160,625	176,494
Weighted average number of ordinary shares ('000)	7,758,716	7,717,308
Basic earnings per share (Sen)	2.07	2.29

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INTERIM FINANCIAL REPORT

Notes – continued

ii) Diluted Earnings Per Share

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

	Current Year Quarter 31.3.2017	Preceding Year Corresponding Quarter 31.3.2016
Profit attributable to Owners of the Parent (RM'000)	160,625 =====	176,494 =====
<i>Weighted average number of ordinary shares – diluted ('000)</i>		
Weighted average number of ordinary shares – basic	7,758,716	7,717,308
Effect of unexercised Warrants 2008/2018	27,287	34,541
Effect of unexercised ESOS	4,351	-
	----- 7,790,354 =====	----- 7,751,849 =====
Diluted earnings per share (Sen)	2.06 =====	2.28 =====

* *Total cash expected to be received in the event of an exercise of all outstanding warrants and ESOS is RM308.7 million. Accordingly, the Net Asset (NA) on a pro forma basis will increase by RM308.7 million resulting in a decrease in NA per share of RM0.01. In arriving at the Diluted earnings per share, NA and NA per share, no income has been accrued for the cash proceeds.*

By Order of the Board
HO SAY KENG
Secretary

Kuala Lumpur
Dated: 25 May 2017