

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

Interim Financial Report
30 June 2014

YTL POWER INTERNATIONAL BERHAD

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Incorporated in Malaysia

**Interim Financial Report
30 June 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 year ended 30 June 2014.

The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR	PRECEDING YEAR	12 MONTHS ENDED	
	QUARTER	QUARTER	30.6.2014	30.6.2013
	30.6.2014	30.6.2013	30.6.2014	30.6.2013
	RM'000	RM'000	RM'000	RM'000
		(Restated)		(Restated)
REVENUE	3,340,377	3,905,739	14,391,749	15,835,993
COST OF SALES	(2,748,729)	(3,057,618)	(11,932,472)	(13,372,484)
GROSS PROFIT	591,648	848,121	2,459,277	2,463,509
OTHER OPERATING INCOME	12,343	-	39,406	103,564
OTHER OPERATING EXPENSES	(240,557)	(400,784)	(884,467)	(792,280)
PROFIT FROM OPERATIONS	363,434	447,337	1,614,216	1,774,793
FINANCE COSTS	(214,242)	(235,233)	(796,027)	(818,872)
SHARE OF PROFITS OF ASSOCIATES	83,336	103,128	297,673	355,894
PROFIT BEFORE TAXATION	232,528	315,232	1,115,862	1,311,815
TAXATION	216,331	(46,968)	85,336	(281,932)
PROFIT FOR THE PERIOD/YEAR	448,859	268,264	1,201,198	1,029,883
ATTRIBUTABLE TO:				
Owners of the Parent	448,428	289,719	1,185,848	1,054,770
Non-Controlling Interests	431	(21,455)	15,350	(24,887)
	448,859	268,264	1,201,198	1,029,883
EARNINGS PER SHARE FOR PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT				
Basic (Sen)	6.85	4.03	18.05	14.54
Diluted (Sen)	6.62	3.90	17.11	13.97

The Condensed Consolidated Income Statement should be read in conjunction with the audited annual financial statements for the year ended 30 June 2013 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 30.6.2014 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30.6.2013 RM'000 (Restated)	12 MONTHS ENDED 30.6.2014 RM'000	
			30.6.2014 RM'000	30.6.2013 RM'000 (Restated)
PROFIT FOR THE PERIOD/YEAR	448,859	268,264	1,201,198	1,029,883
OTHER COMPREHENSIVE INCOME/(LOSS):				
<i>ITEMS THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO INCOME STATEMENT</i>				
REMEASUREMENT GAIN	91,960	92,299	91,960	92,299
<i>ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO INCOME STATEMENT</i>				
AVAILABLE-FOR-SALE RESERVE	7,159	8,268	46,537	(487)
HEDGING RESERVE	6,333	(66,361)	19,138	165,728
CURRENCY TRANSLATION DIFFERENCES	(60,333)	125,038	531,839	(100,453)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD/YEAR, NET OF TAX	45,119	159,244	689,474	157,087
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD/YEAR	493,978	427,508	1,890,672	1,186,970
ATTRIBUTABLE TO:				
Owners of the Parent	502,245	435,962	1,870,242	1,212,821
Non-Controlling Interests	(8,267)	(8,454)	20,430	(25,851)
	493,978	427,508	1,890,672	1,186,970

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited annual financial statements for the year ended 30 June 2013 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 FINANCIAL POSITION

	UNAUDITED	AUDITED
	As at	As at
	30.6.2014	30.6.2013
	RM'000	RM'000
		(Restated)
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	19,088,511	17,298,106
Intangible Assets	6,847,804	6,699,791
Investment in Associates	1,599,869	1,731,905
Investments	242,517	195,590
Derivative Financial Instruments	17,315	7,850
Receivables, Deposits and Prepayments	582,051	693,974
	-----	-----
	28,378,067	26,627,216
	-----	-----
Current Assets		
Inventories	448,098	482,731
Receivables, Deposits and Prepayments	2,018,243	2,139,039
Derivative Financial Instruments	30,590	37,654
Cash and Bank Balances	8,958,224	9,623,527
	-----	-----
	11,455,155	12,282,951
	-----	-----
TOTAL ASSETS	39,833,222	38,910,167
	=====	=====
EQUITY AND LIABILITIES		
Share Capital	3,588,624	3,669,034
Reserves	7,586,342	6,530,187
Treasury Shares, at cost	(711,301)	(390,148)
	-----	-----
Equity attributable to Owners of the Parent	10,463,665	9,809,073
Non-Controlling Interests	253,339	284,912
	-----	-----
TOTAL EQUITY	10,717,004	10,093,985
	-----	-----

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited annual financial statements for the year ended 30 June 2013 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
	30.6.2014	30.6.2013
	RM'000	RM'000
		(Restated)
LIABILITIES		
Non-Current Liabilities		
Deferred Taxation	1,969,392	2,131,234
Borrowings	21,457,360	20,918,408
Grants and Contributions	347,207	295,774
Post-employment Benefit Obligations	501,779	566,311
Derivative Financial Instruments	8,946	16,262
Payables	368,365	270,803
	-----	-----
	24,653,049	24,198,792
	-----	-----
Current Liabilities		
Payables and Accrued Expenses	2,148,607	2,425,850
Derivative Financial Instruments	20,327	61,282
Post-employment Benefit Obligations	1,801	1,625
Taxation	227,194	249,961
Borrowings	2,065,240	1,878,672
	-----	-----
	4,463,169	4,617,390
	-----	-----
TOTAL LIABILITIES	29,116,218	28,816,182
	-----	-----
TOTAL EQUITY AND LIABILITIES	39,833,222	38,910,167
	=====	=====
 Net Assets Per 50 Sen Share (RM) attributable to Ordinary Equity Holders of the Parent	 1.54	 1.38
	====	====

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited annual financial statements for the year ended 30 June 2013 and the accompanying explanatory notes attached to the interim financial statements.

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

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014**

	----- Attributable to Owners of the Parent -----							
	Share Capital RM'000	Share Premium RM'000	Merger & Other Reserves RM'000	Treasury Shares RM'000	Retained Earnings RM'000	Total RM'000	Non- Controlling Interests RM'000	Total Equity 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	-	(200,493)	(194,971)	(25)	(194,996)
At 1 July 2013, as restated	3,669,034	3,045,330	(3,149,546)	(390,148)	6,634,403	9,809,073	284,912	10,093,985
Profit for the financial year	-	-	-	-	1,185,848	1,185,848	15,350	1,201,198
Other comprehensive income	-	-	592,434	-	91,960	684,394	5,080	689,474
Total comprehensive income for the financial year	-	-	592,434	-	1,277,808	1,870,242	20,430	1,890,672
Dividends paid to non-controlling interests	-	-	-	-	-	-	(57,292)	(57,292)
Issue of share capital	44,590	63,317	-	-	-	107,907	-	107,907
Shares repurchased	-	-	-	(1,332,166)	-	(1,332,166)	-	(1,332,166)
Share dividend	-	(598,763)	-	598,763	-	-	-	-
Cancellation of shares	(125,000)	(412,250)	125,000	412,250	-	-	-	-
Provision for share options	-	-	8,609	-	-	8,609	-	8,609
Warrants reserves	-	8,917	(8,917)	-	-	-	-	-
Reclassification of interest of non-controlling interests	-	-	-	-	-	-	5,289	5,289
At 30 June 2014	3,588,624	2,106,551	(2,432,420)	(711,301)	7,912,211	10,463,665	253,339	10,717,004

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 2013 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 CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013**

	----- Attributable to Owners of the Parent -----							
	Share Capital RM'000	Share Premium RM'000	Merger & Other Reserves RM'000	Treasury Shares RM'000	Retained Earnings RM'000	Total RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
At 1 July 2012	3,664,128	3,037,384	(3,223,816)	(119,972)	5,901,984	9,259,708	373,583	9,633,291
Effect of changes in accounting policies	-	-	-	-	(277,940)	(277,940)	-	(277,940)
At 1 July 2012, as restated	3,664,128	3,037,384	(3,223,816)	(119,972)	5,624,044	8,981,768	373,583	9,355,351
Profit for the financial year	-	-	-	-	1,054,770	1,054,770	(24,887)	1,029,883
Other comprehensive income	-	-	65,728	-	92,323	158,051	(964)	157,087
Total comprehensive income for the financial year	-	-	65,728	-	1,147,093	1,212,821	(25,851)	1,186,970
Effects arising from changes in composition of the Group	-	-	80	-	(238)	(158)	(978)	(1,136)
Issue of share capital	4,906	6,965	-	-	-	11,871	-	11,871
Dividends paid to non-controlling interests	-	-	-	-	-	-	(61,842)	(61,842)
Dividends paid for the year ended 30 June 2012	-	-	-	-	(68,235)	(68,235)	-	(68,235)
Dividends paid for the year ended 30 June 2013	-	-	-	-	(68,261)	(68,261)	-	(68,261)
Shares repurchased	-	-	-	(270,176)	-	(270,176)	-	(270,176)
Provision for share options	-	-	9,443	-	-	9,443	-	9,443
Warrants reserves	-	981	(981)	-	-	-	-	-
At 30 June 2013, as restated	3,669,034	3,045,330	(3,149,546)	(390,148)	6,634,403	9,809,073	284,912	10,093,985

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 2013 and the accompanying explanatory notes attached to the interim financial statements.

INTERIM FINANCIAL REPORT

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014**

	CURRENT YEAR-TO-DATE 30.6.2014 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30.6.2013 RM'000 (Restated)
Cash flows from operating activities		
Profit for the period	1,201,198	1,029,883
Adjustment for:		
Allowance for impairment of receivables (net of reversals)	119,693	159,676
Allowance for impairment of investment in associates	23,938	-
Allowance for impairment of goodwill	13,224	-
Allowance for impairment of property, plant and equipment	54,695	-
Amortisation of deferred income	(3,399)	(2,011)
Amortisation of grants and contributions	(9,757)	(9,324)
Amortisation of intangible assets	42,088	21,276
Depreciation of property, plant and equipment	1,264,638	1,201,848
Gain on disposal of investments	-	(11,397)
Interest expense	796,027	818,872
Interest income	(23,092)	(20,591)
Provision for post-employment benefit	60,768	54,898
Provision for liabilities and charges	2,542	1,206
Share of profits of associates	(297,673)	(355,894)
Taxation	(85,336)	281,932
Unrealised loss/(gain) on foreign exchange	76,197	(14,201)
(Write back)/Allowance for impairment of inventories	(1,186)	5,175
Other non-cash items	18,143	(13,094)
	-----	-----
	3,252,708	3,148,254
Changes in working capital:		
Inventories	49,612	2,504
Receivables, deposits and prepayments	243,882	(125,832)
Payables and accrued expenses	(468,216)	(11,809)
	-----	-----
Cash generated from operations	3,077,986	3,013,117
Interest paid	(593,235)	(624,457)
Payment to retirement benefit scheme	(98,261)	(91,157)
Tax paid	(329,861)	(429,900)
	-----	-----
Net cash flows from operating activities	2,056,629	1,867,603
	-----	-----

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited annual financial statements for the year ended 30 June 2013 and the accompanying explanatory notes attached to the interim financial statements.

INTERIM FINANCIAL REPORT

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014 - Continued**

	CURRENT YEAR-TO-DATE 30.6.2014 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30.6.2013 RM'000 (Restated)
Cash flows from investing activities		
Dividends received	300,975	165,413
Grants received	33,766	29,059
Interest received	21,322	24,630
Investment of associated company	-	(3,466)
Purchase of property, plant and equipment	(1,479,327)	(1,482,104)
Proceeds from disposal of investments	-	17,175
Proceeds from redemption of investment in loan stock	55,635	-
Other investing activities	27,035	(15,864)
	-----	-----
Net cash flows used in investing activities	(1,040,594)	(1,265,157)
	-----	-----
Cash flows from financing activities		
Debt financing fee	-	(95,418)
Dividends paid	-	(136,496)
Dividends paid to non-controlling interests	(57,292)	(61,842)
Proceeds from borrowings	299,215	9,025,409
Proceeds from issue of shares	107,907	11,871
Repayment of borrowings	(1,025,614)	(9,038,936)
Repurchase of own shares	(1,332,166)	(270,176)
	-----	-----
Net cash flows used in financing activities	(2,007,950)	(565,588)
	-----	-----
Net changes in cash and cash equivalents	(991,915)	36,858
Effects of exchange rate changes	330,693	(37,495)
Cash and cash equivalents at beginning of the financial year	9,552,134	9,552,771
	-----	-----
Cash and cash equivalents at end of the financial year <i>[Note a]</i>	8,890,912	9,552,134
	=====	=====

[Note a]

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

	RM'000	RM'000
Fixed deposits	8,342,360	9,253,613
Cash and bank balances	615,864	369,914
Bank overdrafts (included within short term borrowings in [Note B9])	(67,312)	(71,393)
	-----	-----
	8,890,912	9,552,134
	=====	=====

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited annual financial statements for the year ended 30 June 2013 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 year ended 30 June 2013.

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 2013.

The adoption of MFRSs and amendments to MFRSs which were effective for financial year beginning on or after 1 July 2013 do not have significant financial impact on the Group except for the effects of the adoption of the following MFRSs:

Amendment to MFRS 116: “Property, Plant and Equipment”

Amendment to MFRS 116 clarify that items such as spare parts, stand-by equipment and servicing equipment shall be recognised as property, plant and equipment when they meet the definition of property, plant and equipment. Otherwise, such items are classified as inventories. Previously, MFRS 116 states that spare parts, stand-by equipment and servicing equipment are usually carried as inventory and recognised in profit or loss as consumed.

Upon adoption of Amendment to MFRS 116, the Group reclassified retrospectively spare parts, stand-by equipment and servicing equipment previously accounted for under inventories to property, plant and equipment.

Amendment to MFRS 119: “Employee Benefits”

Amendment to MFRS 119 makes significant changes to the recognition and measurement of defined benefit pension expense and termination benefits, and to the disclosures for all employee benefits. Actuarial gains and losses will no longer be deferred using the corridor approach but immediate recognition in other comprehensive income in the financial period in which they occur.

The adoption of Amendment to MFRS 116 and Amendment to MFRS 119 resulted in a change in accounting policy and has been accounted for in accordance with MFRS 108: “Accounting Policies, Changes in Accounting Estimates and Errors”.

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

Notes - continued

The financial statements for the previous financial years have been restated as follows:

Group	As previously reported RM'000	MFRS 116 Adjustment RM'000	MFRS 119 Adjustment RM'000	As restated RM'000
As at 1 July 2012				
Statement of financial position				
<u>Non-current assets</u>				
Property, plant and equipment	17,258,872	17,046	-	17,275,918
<u>Current assets</u>				
Inventories	547,670	(40,487)	-	507,183
<u>Non-current liabilities</u>				
Deferred taxation	2,374,003	-	(76,085)	2,297,918
Post-employment benefit obligations	361,850	-	330,584	692,434
<u>Equity</u>				
Retained earnings	5,901,984	(23,441)	(254,499)	5,624,044
As at 30 June 2013				
Income statement				
Cost of sales	(13,372,401)	(6,021)	5,938	(13,372,484)
Other operating expenses	(792,221)	304	(363)	(792,280)
Finance costs	(801,406)	-	(17,466)	(818,872)
Taxation	(284,664)	-	2,732	(281,932)
Statement of comprehensive income				
Other comprehensive income				
- remeasurement gain	-	-	92,299	92,299
- currency translation differences	(105,974)	-	5,521	(100,453)
Statement of financial position				
<u>Non-current assets</u>				
Property, plant and equipment	17,283,670	14,436	-	17,298,106
Investment in associates	1,718,840	-	13,065	1,731,905
<u>Current assets</u>				
Inventories	526,325	(43,594)	-	482,731
<u>Non-current liabilities</u>				
Deferred taxation	2,184,677	-	(53,443)	2,131,234
Post-employment benefit obligations	333,965	-	232,346	566,311
<u>Equity</u>				
Currency translation reserve	(1,195,219)	-	5,522	(1,189,697)
Retained earnings	6,834,896	(29,158)	(171,335)	6,634,403
Non-controlling interests	284,937	-	(25)	284,912

INTERIM FINANCIAL REPORT

Notes – continued

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 2013.

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

In the current financial quarter, there was a one-off prior year tax credit of RM101.7 million and deferred tax credit of RM165.7 million recorded by Wessex Water group. These tax credits was a result of an industry-wide agreement reached with Her Majesty's Revenue and Customs ('HMRC') for the re-categorisation of capital allowances from industrial building allowances ('IBA') into long life plant.

The agreement followed HRMC's decision under the UK Finance Act 2008 issued on 2 July 2008 to reduce IBA over the period 2008 to 2012 from 4% in the year 2008 to zero in the year 2012.

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.

A5. Changes in Debt and Equity Securities

The numbers of ordinary shares of RM0.50 each issued during the current financial quarter and financial year to date pursuant to the exercise of Warrants 2008/2018 were 15,200 and 89,179,985 at a weighted average exercise price of RM1.14 per share and RM1.21 per share respectively.

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 721,904,100 ordinary shares of RM0.50 each were repurchased from the open market for a total consideration of RM1,332,166,245 for the financial year to date. The share buyback transactions were financed by internally generated funds. The shares purchased are held as treasury shares.

A total of 250,000,000 treasury shares amounting to RM412,250,000 were cancelled during the current financial year. During the financial year to date, a total of 323,463,166 treasury shares were distributed as share dividend on 21 March 2014 to the shareholders on the basis of one (1) treasury share for every twenty (20) ordinary shares held as at 13 March 2014. As at 30 June 2014, the number of treasury shares held was 384,262,579 ordinary shares of RM0.50 each.

INTERIM FINANCIAL REPORT

Notes – continued

Medium Term Notes of the Company and its subsidiary company amounting to RM850 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

There was no dividend paid during the current financial quarter.

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.

Segment information for the financial year ended 30 June 2014:

	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	1,184,019	9,408,620	2,896,355	831,954	70,801	14,391,749
Inter- segment Revenue	-	-	-	637	105,564	106,201
Segment profit / (loss) before tax	184,627	494,307	793,763	(170,358)	(186,477)	1,115,862

INTERIM FINANCIAL REPORT

Notes – continued

Segment information for the financial year ended 30 June 2013:

	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	1,118,904	11,656,915	2,507,191	463,888	89,095	15,835,993
Inter- segment Revenue	-	-	-	1,831	102,893	104,724
Segment profit/ (loss) before tax	152,071	727,968	659,746	(277,183)	49,213	1,311,815

A8. Events After the Interim Period

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 :-

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

The SPA was completed on 1 August 2014 and consequent thereto, KJS has become 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.

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 year, including business combinations, obtaining or losing control of subsidiaries and long-term investments, restructurings and discontinuing operations except for the followings:

- (i) On 29 July 2013, the Company subscribed for 68 ordinary shares, representing 68% of the issued and paid-up share capital of SIPP Power Sdn Bhd (“SIPP Power”) at par value of RM1.00 per share. As a result, SIPP Power became a subsidiary of the Company. On 30 July 2013, the Company acquired another 2 ordinary shares in SIPP Power resulting in SIPP Power becoming a 70%-owned subsidiary of the Company.

SIPP Power was incorporated on 9 July 2013 and presently has an authorized share capital of RM400,000 comprising 400,000 ordinary shares of RM1.00 each, and an issued and paid-up share capital of RM100.00 comprising 100 ordinary shares of RM1.00 each. SIPP Power is to be principally involved in developing, constructing, completing, maintaining and operating power plants.

- (ii) On 24 October 2013, the Company acquired 2 ordinary shares, representing the entire issued and paid-up share capital of Tunas Madani Sdn Bhd at par value of RM1.00 per share. As a result, Tunas Madani Sdn Bhd became a subsidiary of the Company.

Tunas Madani Sdn Bhd was incorporated on 10 October 2013 and presently has an authorized share capital of RM400,000 comprising 400,000 ordinary shares of RM1.00 each. It is principally involved in investment holding.

Tunas Madani changed its name to YTL Power Energy Holdings Sdn Bhd on 7 November 2013 and then to YTL Energy Holdings Sdn Bhd (“YTL Energy Holdings”) on 14 February 2014.

- (iii) On 22 October 2013, YTL Energy Holdings acquired 1 ordinary share of RM1.00, representing 50% of the issued and paid-up share capital of Budaya Kencana Sdn Bhd.

On 25 October 2013, YTL Energy Holdings subscribed for 69 ordinary shares of RM1.00 each in Budaya Kencana Sdn Bhd at RM1.00 per share resulting in Budaya Kencana Sdn Bhd becoming a 70%-owned subsidiary of YTL Energy Holdings and an indirect subsidiary of the Company.

Budaya Kencana Sdn Bhd was incorporated on 25 September 2013 with authorized share capital of RM400,000 comprising 400,000 ordinary shares of RM1.00 each. It is principally involved in investment holding.

Budaya Kencana Sdn Bhd changed its name to YTL SIPP Power Holdings Sdn Bhd (“YTL SIPP Power Holdings”) on 1 November 2013.

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- (iv) On 25 October 2013, the Company transferred its entire holding of 70 ordinary shares of RM1.00 each in SIPP Power, representing 70% of the issued and paid-up share capital of SIPP Power, to YTL SIPP Power Holdings at cost of RM70.00 in cash. Concurrently with the transfer of shares, the remaining 30% equity stake in SIPP Power not held by the Company was also transferred to YTL SIPP Power Holdings thereby resulting in SIPP Power becoming a wholly-owned subsidiary of YTL SIPP Power Holdings.

As a result, YTL SIPP Power Holdings became an indirect subsidiary of the Company. SIPP Power remains a 70%-owned subsidiary of the Company via the holding of YTL Energy Holdings/YTL SIPP Power Holdings.

- (v) On 6 May 2014, Pagabo Limited (“Pagabo”), a subsidiary of I Education Limited and indirect subsidiary of the Company, had been dissolved following its deregistration under Section 1000 of the Companies Act 2006 of the United Kingdom (“Dissolution”). As a result of the Dissolution, Pagabo has ceased to be a subsidiary of the Company.

Pagabo was incorporated in England and Wales on 5 January 2010 and ceased trading in October 2012.

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 2013 except for an additional corporate guarantee which was given by the Company to a financial institution for additional banking facilities of RM65 million granted to a subsidiary.

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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
30.6.2014				
Assets				
Financial assets at fair value through profit and loss:				
- Trading derivatives	-	8,899	-	8,899
Available-for-sale	47,283	190,425	4,809	242,517
Derivatives used for hedging	-	39,006	-	39,006
Total assets	47,283	238,330	4,809	290,422
Liabilities				
Financial liabilities at fair value through profit or loss:				
- Trading derivatives	-	3,011	-	3,011
Derivatives used for hedging	-	26,262	-	26,262
Total liabilities	-	29,273	-	29,273

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

B1. Review of the Results

The comparison of the results is tabulated below:

	Individual Quarter		Cumulative Quarter	
	30.6.2014	30.6.2013	30.6.2014	30.6.2013
	RM'000	RM'000	RM'000	RM'000
Revenue				
Power generation (Contracted)	329,071	280,829	1,184,019	1,118,904
Multi utilities business (Merchant)	2,043,329	2,839,133	9,408,620	11,656,915
Water & sewerage	755,593	638,953	2,896,355	2,507,191
Mobile broadband network	192,231	125,757	831,954	463,888
Investment holding activities	20,153	21,067	70,801	89,095
	<u>3,340,377</u>	<u>3,905,739</u>	<u>14,391,749</u>	<u>15,835,993</u>
Profit/(Loss) before taxation				
Power generation (Contracted)	27,056	918	184,627	152,071
Multi utilities business (Merchant)	69,983	220,451	494,307	727,968
Water & sewerage	202,554	153,140	793,763	659,746
Mobile broadband network	(52,114)	(84,330)	(170,358)	(277,183)
Investment holding activities	(14,951)	25,053	(186,477)	49,213
	<u>232,528</u>	<u>315,232</u>	<u>1,115,862</u>	<u>1,311,815</u>

a) Current Quarter vs Preceding Year Corresponding Quarter

The Group recorded a revenue of RM3,340.4 million for the current financial quarter ended 30 June 2014 as compared to RM3,905.7 million recorded in the preceding year corresponding quarter ended 30 June 2013. The Group profit before taxation for the current financial quarter was RM232.5 million, a decrease of RM82.7 million as compared to a profit of RM315.2 million recorded in the preceding year corresponding quarter.

Performance of the respective operating business segments for the quarter ended 30 June 2014 as compared to the preceding year corresponding quarter is analysed as follows:

Power generation (Contracted)

The increase in revenue is principally due to higher generation of electricity sales and hence, the corresponding increase in profit before taxation in the current quarter as compared to the preceding year corresponding quarter.

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Multi utilities business (Merchant)

The decrease in revenue and profit before taxation are mainly due to lower units of electricity sold, lower revenue recorded for fuel oil trading and lower margin for retail contracts.

Water & sewerage

The increase in revenue and profit before taxation is due to the increase in price as allowed by the regulator and the strengthening of Great Britain Pound against Ringgit Malaysia.

Mobile broadband network

The continuous growth in its subscriber base has resulted in an increase in the revenue and lower losses accorded in this segment.

Investment holding activities

The loss recorded in this segment is mainly due to the decrease in share of profit of associate and increase in development expenses incurred.

b) Current Year to date vs Preceding Year to date

Group revenue was RM14,391.7 million for the current financial year ended 30 June 2014 as compared to RM15,836.0 million recorded in the preceding financial year ended 30 June 2013. The Group profit before taxation for the current financial year was RM1,115.9 million, a decrease of RM195.9 million or 14.9% as compared to RM1,311.8 million recorded in the preceding year.

Performance of the respective operating business segments for the year ended 30 June 2014 as compared to the preceding financial year 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 non-fuel margin and volume.

Investment holding activities

The decrease in profit before taxation is principally due to unrealised foreign exchange losses and decrease in share of profit of associate in the current year.

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B2. Comparison with Preceding Quarter

	Current Quarter 30.6.2014 RM'000	Preceding Quarter 31.3.2014 RM'000
Revenue	3,340,377	3,300,188
Consolidated profit before taxation	232,528	305,954
Consolidated profit after taxation	448,859	261,508

The decrease in Group profit before taxation was principally attributable to lower profit accorded in the multi utilities segment and decrease in share of profit of associates.

However, the increase in Group profit after tax was due to a one-off prior year tax credit of RM101.7 million and deferred tax credit of RM165.7 million recorded by Wessex Water group in the current quarter as disclosed under Note A3.

In addition, the Group recognised a deferred tax credit of RM190.6 million relating to the 3% staged reduction in the UK corporation tax rate from 23% to 21% with effect from 1 April 2014 and then to 20% with effect from 1 April 2015, substantively enacted on 2 July 2013.

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.

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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 2013

The Auditors' Report on the financial statements of the financial year ended 30 June 2013 did not contain any qualification.

B6. Profit for the period/year

	Current Year Quarter 30.6.2014 RM'000	Current Year To Date 30.6.2014 RM'000
Profit before taxation is stated after charging/(crediting):		
Allowance for impairment of goodwill	13,224	13,224
Allowance for impairment of receivables (net of reversal)	19,498	119,693
Allowance for impairment of investment in associates	(31)	23,938
Allowance for impairment of property, plant and equipment	54,666	54,695
Allowance for impairment of inventories	(23,051)	(1,186)
Amortisation of deferred income	(985)	(3,399)
Amortisation of grant and contributions	(3,222)	(9,757)
Amortisation of intangible assets	8,381	42,088
Bad debt written off	6	20
Depreciation of property, plant and equipment	336,603	1,264,638
(Gain)/Loss on foreign exchange	(13,561)	90,805
Interest income	(5,437)	(23,092)
Interest expense	214,242	796,027
Net gain on disposal of property, plant and equipment	(2,698)	(3,472)
	=====	=====

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

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B7. Taxation

	Current Year Quarter 30.6.2014 RM'000	Current Year To Date 30.6.2014 RM'000
In respect of current period/year		
- Income Tax	138,338	400,195
- Deferred Tax	(267,941)	(399,062)
In respect of prior periods/years		
- Income Tax	(98,360)	(98,101)
- Deferred Tax	11,632	11,632
	----- (216,331) =====	----- (85,336) =====

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 is mainly attributable to lower corporation tax rate regime prevailing in foreign tax jurisdiction and tax credits of RM 458 million recognised as disclosed in Note B2.

B8. Corporate Proposals

There was 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 30 June 2014 are as follows:

	Short term		Long term		Total
	Bonds	Borrowings	Bonds	Borrowings	
	RM'000	RM'000	RM'000	RM'000	RM'000
Secured	-	20,066	-	35,799	55,865
Unsecured	300,000	1,745,174	12,206,175	9,215,386	23,466,735
	-----	-----	-----	-----	-----
Total	300,000	1,765,240	12,206,175	9,251,185	23,522,600
	=====	=====	=====	=====	=====

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

In US Dollar ('000)	398,670
	=====
In Sterling Pound ('000)	1,919,442
	=====
In Singapore Dollar ('000)	2,595,286
	=====

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 17 December 2015.
- b) USD200 million term loan due on 30 June 2015.
- c) RM300 million revolving credit due on 22 September 2014.
- d) RM200 million revolving credit due on 22 September 2014.
- e) RM200 million revolving credit due on 29 August 2014.
- f) RM200 million revolving credit due on 4 September 2014.

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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 30 June 2014, 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	1,349,277	1,413,957
- 1 year to 3 years	576,802	589,313
- More than 3 years	130,551	133,100
<u>Currency forwards</u>		
- Less than 1 year	1,502,464	1,496,671
- 1 year to 3 years	696,195	691,785
- More than 3 years	169,579	167,298
<u>Interest rate swaps</u>		
- Less than 1 year	281,127	277,502

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.

Interest rate swaps are entered to hedge floating rate interest payments on bank borrowings which were obtained to finance the construction of property, plant and equipment.

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

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(b) Fair Value Changes of Financial Liabilities

The gains arising from fair value changes of financial liabilities for the current financial year ended 30 June 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 30.6.2014	Current year to date 12 months to 30.6.2014
			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	(20,340)	(10,629)
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)/ in favour of the Group	31,160	44,087
Total			10,820	33,458

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(c) Realised and Unrealised Profits or Losses

	As at 30.6.2014 RM'000	Audited As at 30.6.2013 (Restated) RM'000
Retained earnings/(Accumulated losses) of the Company and its subsidiaries		
- Realised	7,659,663	7,263,555
- Unrealised	(734,264)	(1,555,459)
	----- 6,925,399	----- 5,708,096
Retained earnings/(Accumulated losses) from associated companies		
- Realised	675,394	678,796
- Unrealised	(139,478)	(121,383)
	----- 535,916	----- 557,413
Consolidation adjustments	----- 450,896	----- 368,894
Total Group retained earnings as per consolidated accounts	----- 7,912,211 =====	----- 6,634,403 =====

B11. Pending Material Litigation

There was no material litigation pending since the last financial year ended 30 June 2013.

B12. Dividend

The Board of Directors (“Board”) is pleased to declare an interim single tier dividend of 20% or 10 sen per ordinary share of 50 sen each for the financial year ended 30 June 2014.

The book closure and payment dates in respect of the aforesaid dividend are 31 October 2014 and 14 November 2014, respectively.

The Board does not recommend a final dividend for the financial year ended 30 June 2014 (2013 : nil).

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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 for the current financial quarter by the weighted average number of ordinary shares in issue during the financial quarter as set out below:

	Current Year Quarter 30.6.2014	Preceding Year Corresponding Quarter 30.6.2013
Profit attributable to Owners of the Parent (RM'000)	448,428 =====	289,719 =====
Weighted average number of ordinary shares ('000)	6,542,978 =====	7,191,265 =====
Basic earnings per share (Sen)	6.85 =====	4.03 =====

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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 for the current financial quarter by the weighted average number of ordinary shares in issue during the financial quarter as set out below:

	Current Year Quarter 30.6.2014	Preceding Year Corresponding Quarter 30.6.2013
Profit attributable to Owners of the Parent (RM'000)	448,428 =====	289,719 =====
<i>Weighted average number of ordinary shares ('000) – diluted</i>		
Weighted average number of ordinary shares ('000) – basic	6,542,978	7,191,265
Effect of unexercised Warrants 2008/2018	230,700	231,612
Effect of unexercised ESOS	5,188	-
	----- 6,778,866 =====	----- 7,422,877 =====
Diluted earnings per share (Sen)	6.62 =====	3.90 =====

* *Total cash expected to be received in the event of an exercise of all outstanding warrants and ESOS is RM1,424.8 million. Accordingly, the Net Asset (NA) on a pro forma basis will increase by RM1,424.8 million resulting in a decrease in NA per share of RM0.05. 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: 28 August 2014