

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

**Interim Financial Report**  
**31 December 2015**

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

**Interim Financial Report  
31 December 2015**

	<b>Page No.</b>
<b>Condensed Consolidated Income Statement</b>	<b>1</b>
<b>Condensed Consolidated Statement of Comprehensive Income</b>	<b>2</b>
<b>Condensed Consolidated Statement of Financial Position</b>	<b>3 - 4</b>
<b>Condensed Consolidated Statement of Changes in Equity</b>	<b>5 - 6</b>
<b>Condensed Consolidated Statement of Cash Flows</b>	<b>7 - 8</b>
<b>Notes to the Interim Financial Report</b>	<b>9 - 24</b>

**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 2015.

The figures have not been audited.

**CONDENSED CONSOLIDATED INCOME STATEMENT**

	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
	<b>CURRENT YEAR QUARTER</b>	<b>PRECEDING YEAR CORRESPONDING QUARTER</b>	<b>6 MONTHS ENDED</b>	
	<b>31.12.2015</b>	<b>31.12.2014</b>	<b>31.12.2015</b>	<b>31.12.2014</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
REVENUE	2,617,907	3,039,606	5,837,932	6,398,316
COST OF SALES	(2,147,616)	(2,400,015)	(4,773,803)	(5,251,489)
GROSS PROFIT	470,291	639,591	1,064,129	1,146,827
OTHER OPERATING INCOME	231,079	12,877	249,210	33,603
OTHER OPERATING EXPENSES	(173,439)	(179,644)	(374,331)	(291,456)
PROFIT FROM OPERATIONS	527,931	472,824	939,008	888,974
FINANCE COSTS	(242,999)	(196,304)	(481,210)	(382,858)
SHARE OF PROFITS OF INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD	102,167	71,769	195,592	145,046
<b>PROFIT BEFORE TAXATION</b>	<b>387,099</b>	<b>348,289</b>	<b>653,390</b>	<b>651,162</b>
TAXATION	(78,174)	(98,275)	(170,331)	(163,611)
<b>PROFIT FOR THE PERIOD</b>	<b>308,925</b>	<b>250,014</b>	<b>483,059</b>	<b>487,551</b>
<b>ATTRIBUTABLE TO:</b>				
Owners of the Parent	302,714	245,131	489,437	488,980
Non-Controlling Interests	6,211	4,883	(6,378)	(1,429)
	308,925	250,014	483,059	487,551
<b>EARNINGS PER SHARE FOR PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT</b>				
Basic (Sen)	3.92	3.51	6.62	7.10
Diluted (Sen)	3.90	3.39	6.58	6.87

The Condensed Consolidated Income Statement should be read in conjunction with the audited annual financial statements for the year ended 30 June 2015 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 COMPREHENSIVE INCOME**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31.12.2015 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31.12.2014 RM'000	6 MONTHS ENDED	
			31.12.2015 RM'000	31.12.2014 RM'000
<b>PROFIT FOR THE PERIOD</b>	308,925	250,014	483,059	487,551
<b>OTHER COMPREHENSIVE INCOME/(LOSS):</b>				
<i>ITEMS THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO INCOME STATEMENT</i>				
REMEASUREMENT LOSS	-	(83,344)	-	(83,344)
<i>ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO INCOME STATEMENT</i>				
AVAILABLE-FOR-SALE RESERVE	34,923	(1,911)	(12,065)	(10,808)
HEDGING RESERVE	(206,545)	(601,963)	(397,992)	(686,835)
CURRENCY TRANSLATION DIFFERENCES	(533,735)	311,211	999,704	150,295
	-----	-----	-----	-----
<b>OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD, NET OF TAX</b>	(705,357)	(376,007)	589,647	(630,692)
	-----	-----	-----	-----
<b>TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD</b>	(396,432)	(125,993)	1,072,706	(143,141)
	=====	=====	=====	=====
<b>ATTRIBUTABLE TO:</b>				
Owners of the Parent	(380,985)	(165,034)	1,003,185	(184,758)
Non-Controlling Interests	(15,447)	39,041	69,521	41,617
	-----	-----	-----	-----
	(396,432)	(125,993)	1,072,706	(143,141)
	=====	=====	=====	=====

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited annual financial statements for the year ended 30 June 2015 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 FINANCIAL POSITION**

	<b>UNAUDITED</b>	<b>AUDITED</b>
	<b>As at</b>	<b>As at</b>
	<b>31.12.2015</b>	<b>30.6.2015</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, Plant and Equipment	22,428,625	21,204,672
Land held for Property Development	502,139	-
Intangible Assets	8,167,178	7,580,688
Investments Accounted for using the Equity Method	1,994,119	1,807,837
Investments	264,713	276,418
Derivative Financial Instruments	49,402	41,278
Receivables, Deposits and Prepayments	282,066	299,199
	-----	-----
	33,688,242	31,210,092
	-----	-----
<b>Current Assets</b>		
Inventories	449,147	440,418
Receivables, Deposits and Prepayments	1,753,285	2,294,049
Derivative Financial Instruments	123,032	84,903
Cash and Bank Balances	9,967,673	9,608,348
	-----	-----
	12,293,137	12,427,718
	-----	-----
<b>TOTAL ASSETS</b>	<b>45,981,379</b>	<b>43,637,810</b>
	=====	=====
<b>EQUITY AND LIABILITIES</b>		
Share Capital	4,050,787	3,710,825
Reserves	9,062,221	8,394,166
Treasury Shares, at cost	(711,304)	(711,304)
	-----	-----
Equity attributable to Owners of the Parent	12,401,704	11,393,687
Non-Controlling Interests	211,976	235,008
	-----	-----
<b>TOTAL EQUITY</b>	<b>12,613,680</b>	<b>11,628,695</b>
	-----	-----

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited annual financial statements for the year ended 30 June 2015 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 FINANCIAL POSITION – Continued**

	<b>UNAUDITED</b>	<b>AUDITED</b>
	<b>As at</b>	<b>As at</b>
	<b>31.12.2015</b>	<b>30.6.2015</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>LIABILITIES</b>		
<b>Non-Current Liabilities</b>		
Deferred Taxation	2,193,982	2,105,425
Borrowings	25,606,348	23,417,355
Grants and Contributions	454,894	413,485
Post-employment Benefit Obligations	809,254	743,365
Derivative Financial Instruments	218,776	133,296
Payables	773,871	672,912
	-----	-----
	30,057,125	27,485,838
	-----	-----
<b>Current Liabilities</b>		
Payables and Accrued Expenses	1,995,339	2,168,313
Derivative Financial Instruments	654,708	304,263
Post-employment Benefit Obligations	1,161	2,023
Taxation	216,893	138,263
Borrowings	442,473	1,910,415
	-----	-----
	3,310,574	4,523,277
	-----	-----
<b>TOTAL LIABILITIES</b>	<b>33,367,699</b>	<b>32,009,115</b>
	-----	-----
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>45,981,379</b>	<b>43,637,810</b>
	=====	=====
<b>Net Assets Per 50 Sen Share (RM) attributable to Ordinary Equity Holders of the Parent</b>	<b>1.61</b>	<b>1.62</b>
	===	===

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited annual financial statements for the year ended 30 June 2015 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 2015**

	----- 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 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	-	-	-	-	489,437	489,437	(6,378)	483,059
Other comprehensive income for the financial period	-	-	513,748	-	-	513,748	75,899	589,647
Total comprehensive income for the financial period	-	-	513,748	-	489,437	1,003,185	69,521	1,072,706
Effects arising from changes in composition of the Group	-	-	-	-	-	-	(5,933)	(5,933)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(86,620)	(86,620)
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	(1,179)	-	-	776,554	-	776,554
Share option lapsed	-	-	(189)	-	189	-	-	-
Warrants reserves	-	67,460	(67,460)	-	-	-	-	-
At 31 December 2015	4,050,787	2,792,639	(1,447,273)	(711,304)	7,716,855	12,401,704	211,976	12,613,680

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 2015 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 -----					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 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)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(47,989)	(47,989)
Interim dividends paid for the financial year ended 30 June 2014	-	-	-	-	(703,431)	(703,431)	-	(703,431)
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 2015 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 2015**

	<b>CURRENT YEAR-TO-DATE 31.12.2015 RM'000</b>	<b>PRECEDING YEAR CORRESPONDING PERIOD 31.12.2014 RM'000</b>
<b>Cash flows from operating activities</b>		
Profit for the financial period	483,059	487,551
Adjustment for:		
Allowance for impairment of inventories	1,000	760
Amortisation of deferred income	-	(2,132)
Amortisation of grants and contributions	(10,306)	(4,837)
Amortisation of intangible assets	46,308	33,125
Depreciation of property, plant and equipment	685,118	612,480
Interest expense	481,210	382,858
Interest income	(52,571)	(8,190)
Net gain on disposal of property, plant and equipment	(8,260)	(7,393)
Provision for post-employment benefit	32,452	29,145
Provision for liabilities and charges	2,216	5,920
Share of profits of investments accounted for using the equity method	(195,592)	(145,046)
Taxation	170,331	163,611
Unrealised gain on foreign exchange	(19,051)	(3,739)
(Write back)/Allowance for impairment of receivables (net of reversals)	(105,895)	38,208
Other non-cash items	5,130	(775)
	-----	-----
	1,515,149	1,581,546
Changes in working capital:		
Inventories	20,976	51,901
Receivables, deposits and prepayments	802,869	307,620
Payables and accrued expenses	(158,191)	(405,554)
	-----	-----
Cash flows from operations	2,180,803	1,535,513
Interest paid	(475,003)	(399,608)
Payment to retirement benefit scheme	(31,967)	(28,754)
Tax paid	(110,920)	(197,257)
	-----	-----
Net cash flows from operating activities	1,562,913	909,894
	-----	-----

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited annual financial statements for the year ended 30 June 2015 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 2015 - Continued**

	<b>CURRENT YEAR-TO-DATE 31.12.2015 RM'000</b>	<b>PRECEDING YEAR CORRESPONDING PERIOD 31.12.2014 RM'000</b>
<b>Cash flows from investing activities</b>		
Acquisition of subsidiaries	(8,324)	(48,157)
Additional investments accounted for using the equity method	-	(8,046)
Dividends received	221,303	118,248
Grants received	22,231	13,575
Interest received	51,848	6,734
Purchase of intangible assets	(40,661)	(55,916)
Purchase of property, plant and equipment	(714,896)	(834,649)
Purchase of land held for development	(504,713)	-
Proceeds from disposal of property, plant and equipment	116,533	58,346
	-----	-----
Net cash flows used in investing activities	(856,679)	(749,865)
	-----	-----
<b>Cash flows from financing activities</b>		
Dividends paid	(771,722)	(703,431)
Dividends paid to non-controlling interests	(86,620)	(47,989)
Proceeds from borrowings	1,277,749	1,192,185
Proceeds from issue of shares	776,554	275,117
Repayment of borrowings	(2,042,792)	(416,652)
Repurchase of own shares	-	(2)
	-----	-----
Net cash flows (used in)/from financing activities	(846,831)	299,228
	-----	-----
Net changes in cash and cash equivalents	(140,597)	459,257
Effects of exchange rate changes	538,812	177,052
Cash and cash equivalents at beginning of the financial year	9,523,238	8,890,923
	-----	-----
Cash and cash equivalents at end of the financial period <i>[Note a]</i>	9,921,453	9,527,232
	=====	=====

*[Note a]*

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

	<b>RM'000</b>	<b>RM'000</b>
Fixed deposits	9,524,661	9,162,977
Cash and bank balances	443,012	400,547
Bank overdrafts	(46,220)	(36,292)
(included within short term borrowings in [Note B9])		
	-----	-----
	9,921,453	9,527,232
	=====	=====

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited annual financial statements for the year ended 30 June 2015 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 2015.

**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 2015 except for:

Land held for property development

Land held for property development is stated at cost comprises cost of land and all related costs incurred on activities necessary to prepare the land for its intended use.

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land classified as non-current assets and is stated at cost less accumulated impairment losses, if any.

Land held for property development is reclassified as property development costs at the point when the development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

There is no new MFRSs or amendments to MFRSs which were effective for financial year beginning on or after 1 July 2015.

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 2015.

**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.

**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 52,000 and 674,602,595 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.

The number of ordinary shares of RM0.50 each issued during the current financial quarter and financial year to date pursuant to the exercise of employees' share options granted under the Company's Employees Share Option Scheme were 34,000 and 5,321,000 at a weighted average exercise price of RM1.55 per share and RM1.41 per share respectively.

A total of 100 ordinary shares of RM0.50 each were repurchased from the open market for a total consideration of RM197 for the 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 2015, the number of treasury shares held was 384,264,679 ordinary shares of RM0.50 each.

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 RM0.50 each amounting to RM771,722,235 in respect of the financial year ended 30 June 2015 was paid on 23 October 2015.

**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.

**[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]**

**INTERIM FINANCIAL REPORT**

**Notes – continued**

Segment information for the financial period ended 31 December 2015:

	<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>	290,116	3,348,756	1,754,921	329,262	114,877	5,837,932
<b>Inter- segment Revenue</b>	-	-	-	736	59,215	59,951
<b>Segment profit/(loss) before tax</b>	211,005	80,253	482,456	(160,358)	40,034	653,390

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

**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 8 July 2015, YTL Property Holdings (UK) Limited (“YTLPUK”) was incorporated in England and Wales as a wholly-owned subsidiary of YTL Utilities (UK) Limited (an indirect wholly-owned subsidiary of the Company). As a result, YTLPUK became an indirect wholly-owned subsidiary of the Company.

YTLPUK was incorporated with an issued share capital of GBP1 comprising 1 ordinary share of the nominal value of GBP1. YTLPUK is intended to be principally involved in investing in development land in UK.

- (ii) YTL Jordan Services Holdings Limited (“YTLJSH”) and YTL Jordan Power Holdings Limited (“YTLJPH”) were incorporated in the Republic of Cyprus on 10 July 2015 and 13 July 2015, respectively as wholly-owned subsidiaries of the Company, each with an authorised share capital of EUR5,000 divided into 5,000 shares of EUR1.00 each, and issued share capital of EUR1,000 comprising 1,000 ordinary shares of EUR1.00 each.

YTLJSH and YTLJPH will be principally involved in investment holding.

- (iii) On 15 July 2015, YTL Jawa Energy B.V. (“YTLJE”), an indirect wholly-owned subsidiary of the Company, entered into a Share Purchase Agreement with the sellers (“Sellers”) listed below, for the acquisition of a total of 2,000,000 ordinary shares of the nominal value of USD1 each in the capital of P.T. Tanjung Jati Power Company (“TJPC”), representing 80% of the issued and paid-up share capital of TJPC, for an aggregate consideration of USD2,000,000.00 in cash:

<u>Name of Sellers</u>	<u>Number of ordinary shares</u>
P.T. Bakrie Power	750,000
TJA Power Corporation (Asia) Ltd	1,250,000
<b>TOTAL</b>	<b>2,000,000</b>

The acquisition was completed on 20 August 2015. Consequent thereto, TJPC became a subsidiary of YTLJE and an indirect subsidiary of the Company.

**INTERIM FINANCIAL REPORT**

**Notes – continued**

- (iv) On 7 October 2015, the Company acquired 2 ordinary shares of RM1.00 each, representing the entire issued and paid-up share capital of YTL Power Holdings (Indonesia) Sdn Bhd (“YTLPHI”) at par value per share. As a result, YTLPHI became a wholly-owned subsidiary of the Company.

YTLPHI was incorporated on 29 September 2015 with an authorised share capital of RM400,000 comprising 400,000 ordinary shares of RM1.00 each. YTLPHI will be principally involved in investment holding.

- (v) On 4 December 2015, YTL Jawa O & M Holdings Limited (a wholly-owned subsidiary of the Company) disposed all its shares in Attarat Operation and Maintenance Company B.V. (“Attarat O&M Co”) comprising 75 ordinary shares with a nominal value of USD1.00 each and representing 75% of the issued and paid-up share capital of Attarat O&M Co, to YTLJSH (also a wholly-owned subsidiary of the Company) for USD75 (“Re-organisation”).

As a result of the Re-organisation, Attarat O&M Co became a direct subsidiary of YTLJSH and remain an indirect subsidiary of the Company.

Attarat O&M Co was incorporated on 4 December 2014 in the Netherlands with an issued share capital USD100 comprising 100 shares with a nominal value of USD1.00 each. Attarat O&M Co will be principally involved in operating and maintaining power plants.

- (vi) On 23 December 2015, Frog Education Limited (an indirect subsidiary of the Company) (“FrogEd UK”) acquired 2 ordinary shares of RM1.00 each, representing the entire issued and paid-up share capital of Frog Education Sdn Bhd (“FrogEd MY”) at par value per share. As a result, FrogEd MY became a wholly-owned subsidiary of FrogEd UK and indirect subsidiary of the Company.

FrogEd MY was incorporated on 18 December 2015 with an authorised share capital of RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each. FrogEd MY will be principally involved in the business of providing internet services, including the development and provision of education learning platforms.

**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 2015.

**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	Level 3 RM'000	Total RM'000
<b>31.12.2015</b>				
<b>Assets</b>				
Financial assets at fair value through profit or loss:				
- Trading derivatives	-	27,800	-	27,800
Available-for-sale	50,958	5,593	208,162	264,713
Derivatives used for hedging	-	144,634	-	144,634
<b>Total assets</b>	<b>50,958</b>	<b>178,027</b>	<b>208,162</b>	<b>437,147</b>
<b>Liabilities</b>				
Financial liabilities at fair value through profit or loss:				
- Trading derivatives	-	45,834	-	45,834
Derivatives used for hedging	-	827,650	-	827,650
<b>Total liabilities</b>	<b>-</b>	<b>873,484</b>	<b>-</b>	<b>873,484</b>

**[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]**



**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>31.12.2015</b>	<b>31.12.2014</b>	<b>31.12.2015</b>	<b>31.12.2014</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	290,116	518,392
Multi utilities business (Merchant)	1,479,363	1,846,067	3,348,756	3,938,459
Water & sewerage	889,180	753,143	1,754,921	1,508,150
Mobile broadband network	185,983	203,757	329,262	351,905
Investment holding activities	63,381	49,374	114,877	81,410
	<u>2,617,907</u>	<u>3,039,606</u>	<u>5,837,932</u>	<u>6,398,316</u>
<b>Profit/(Loss) before taxation</b>				
Power generation (Contracted)	149,939	52,260	211,005	118,993
Multi utilities business (Merchant)	43,552	93,145	80,253	168,169
Water & sewerage	240,791	233,110	482,456	433,089
Mobile broadband network	(57,612)	(49,979)	(160,358)	(127,913)
Investment holding activities	10,429	19,753	40,034	58,824
	<u>387,099</u>	<u>348,289</u>	<u>653,390</u>	<u>651,162</u>

a) Current Quarter vs Preceding Year Corresponding Quarter

The Group recorded a revenue of RM2,617.9 million for the current financial quarter ended 31 December 2015 as compared to RM3,039.6 million recorded in the preceding year corresponding quarter ended 31 December 2014. The Group profit before taxation for the current financial quarter was RM387.1 million, an increase of RM38.8 million or 11.1% as compared to a profit of RM348.3 million recorded in the preceding year corresponding quarter. The higher profit before taxation was principally attributable to the recovery of impairment of receivable which was partially offset by lower profit recorded by the Multi utilities business segment.

**INTERIM FINANCIAL REPORT**

**Notes – continued**

Performance of the respective operating business segments for the quarter ended 31 December 2015 as compared to the preceding year corresponding quarter is analysed as follows:

Power generation (Contracted)

There was no revenue recorded in current quarter as the power purchase agreement was successfully completed on 30 September 2015. The increase in profit before taxation was mainly due to the recovery of impairment of receivable before tax of RM152.6 million and interest income of RM38.0 million arising from the arbitration award which was partially offset by higher depreciation charges.

Multi utilities business (Merchant)

The decrease in revenue and profit before taxation were mainly due to lower fuel oil price, coupled with lower vesting volume.

Water & sewerage

The increase in revenue and profit before taxation was due to the lower operating cost and the weakening of Ringgit Malaysia against Great Britain Pound.

Mobile broadband network

The decrease in revenue and higher loss before taxation was mainly due to lower sales and higher operating costs.

Investment holding activities

The higher revenue recorded in this segment was mainly due to higher interest income. The lower profit before taxation was mainly attributable to higher finance cost incurred in the current quarter.

b) Current Year to date vs Preceding Year to date

Group revenue was RM5,837.9 million for the current financial period ended 31 December 2015 as compared to RM6,398.3 million recorded in the preceding financial period ended 31 December 2014. The Group profit before taxation for the current financial period was RM653.4 million, an increase of RM2.2 million or 0.3% as compared to a profit of RM651.2 million recorded in the preceding year corresponding period.

Performance of the respective operating business segments for the period ended 31 December 2015 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)

The significant drop in revenue was due to the absence of revenue during the current quarter as a result of the completion of power purchase agreement on 30 September 2015.

Multi utilities business (Merchant)

The decrease in revenue and profit before taxation were mainly due to lower fuel oil price, coupled with lower vesting volume.

**INTERIM FINANCIAL REPORT**

**Notes – continued**

**B2. Comparison with Preceding Quarter**

	<b>Current Quarter 31.12.2015 RM'000</b>	<b>Preceding Quarter 30.9.2015 RM'000</b>
Revenue	2,617,907	3,220,025
Consolidated profit before taxation	387,099	266,291
Consolidated profit after taxation	308,925	174,134

The increase in Group profit after taxation as compared to preceding quarter was principally attributable to the recovery of impairment of receivable after tax of RM116.0 million from the arbitration award recorded by the Power generation (Contracted) segment.

**B3. Prospects**

Power generation (Contracted)

The power purchase agreement was successfully completed on 30 September 2015. Negotiations with Tenaga on the signing a new Power Purchase Agreement for the period from 1 March 2016 to 31 December 2018 for the supply of power from the existing facility in Paka under the short term capacity bid called by the Malaysian Energy Commission is underway.

Multi utilities business (Merchant)

Despite the current challenges, this segment will continue to build momentum by growing a diversified portfolio comprising both regulated and non-regulated businesses, enhancing overall business efficiencies and delivering value to customers in an effort to maintain an overall competitive position.

Water & sewerage

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

Mobile broadband network

This business segment remains committed to offering its customers value-for-money mobile broadband services and will add LTE services to its network in the near future in an effort to continuously grow its subscriber base to generate higher revenue.

**INTERIM FINANCIAL REPORT**

**Notes – continued**

**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 2015**

The Auditors' Report on the financial statements of the financial year ended 30 June 2015 did not contain any qualification.

**B6. Profit for the period**

	<b>Current Year Quarter 31.12.2015 RM'000</b>	<b>Current Year To Date 31.12.2015 RM'000</b>
<b>Profit before taxation is stated after charging/(crediting):</b>		
Allowance for impairment of inventories	674	1,000
Amortisation of grant and contributions	(5,208)	(10,306)
Amortisation of intangible assets	22,719	46,308
Depreciation of property, plant and equipment	336,880	685,118
Interest income	(46,840)	(52,571)
Interest expense	242,999	481,210
Gain on foreign exchange	(49,284)	(17,185)
Net gain on disposal of property, plant and equipment	(4,996)	(8,260)
Provision for liabilities and charges	1,787	2,216
(Write back)/Allowance for impairment of receivables (net of reversal)	(128,607)	(105,895)
	=====	=====

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

**B7. Taxation**

	<b>Current Year Quarter 31.12.2015 RM'000</b>	<b>Current Year To Date 31.12.2015 RM'000</b>
In respect of current period		
- Income Tax	114,228	183,413
- Deferred Tax	(36,054)	(13,082)
	-----	-----
	78,174	170,331
	=====	=====

The effective tax rate of the Group as compared to Malaysian statutory income tax rate for the current financial quarter is lower whereas the financial year to date is higher mainly due to income subjected to different tax jurisdictions and expenses not deductible for tax purposes, partially offset by income not subjected to tax.

**INTERIM FINANCIAL REPORT**

**Notes – continued**

**B8. Corporate Proposals**

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

**B9. Group Borrowings and Debt Securities**

The Group's borrowings from financial institutions as at 31 December 2015 are as follows:

	Short term		Long term		Total
	Bonds	Borrowings	Bonds	Borrowings	
	RM'000	RM'000	RM'000	RM'000	RM'000
Secured	-	55,337	-	61,397	116,734
Unsecured	-	387,136	14,738,970	10,805,981	25,932,087
	-----	-----	-----	-----	-----
Total	-	442,473	14,738,970	10,867,378	26,048,821
	=====	=====	=====	=====	=====

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

In US Dollar ('000)	400,000
	=====
In Sterling Pound ('000)	1,958,266
	=====
In Singapore Dollar ('000)	2,304,435
	=====

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

**[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]**

**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 2015, 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	1,491,350	862,492
- 1 year to 3 years	502,744	284,778
- More than 3 years	-	-
<b><u>Currency forwards</u></b>		
- Less than 1 year	1,476,467	1,571,206
- 1 year to 3 years	604,445	652,924
- More than 3 years	2,190	2,304

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.

**[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]**

**INTERIM FINANCIAL REPORT**

**Notes – continued**

(b) Fair Value Changes of Financial Liabilities

The gains/(losses) arising from fair value changes of financial liabilities for the current financial period ended 31 December 2015 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 31.12.2015	Current year to date 6 months to 31.12.2015
			<b>RM'000</b>	<b>RM'000</b>
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/ in favour of the Group	(6,318)	3,795
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	20,024	(6,098)
Total			13,706	(2,303)

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

**INTERIM FINANCIAL REPORT**

**Notes – continued**

(c) Realised and Unrealised Profits or Losses

	<b>As at 31.12.2015 RM'000</b>	<b>Audited As at 30.6.2015 RM'000</b>
Retained earnings/(Accumulated losses) of the Group		
- Realised	7,124,083	7,305,489
- Unrealised	(573,179)	(407,146)
	----- 6,550,904	----- 6,898,343
Retained earnings/(Accumulated losses) from associated companies		
- Realised	1,005,815	1,031,525
- Unrealised	(238,467)	(238,467)
	----- 767,348	----- 793,058
Consolidation adjustments	398,603	307,550
	-----	-----
Total Group retained earnings as per consolidated accounts	7,716,855 =====	7,998,951 =====

**B11. Material Litigation**

- (a) A Notice of Arbitration was issued on 31 March 2014 by a subsidiary of the Group 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.

On 16 July 2015, an award was issued in favour of the subsidiary for recovery of the amount in dispute. On 29 July 2015, the gas supplier filed an Originating Summons to set aside or to vary the award under the relevant provisions of the Arbitration Act, 2005. On 21 August 2015, the subsidiary filed a Notice of Application to the High Court to strike out or dismiss the Originating Summons as the Board has been advised that the application to set aside or vary the award has no merit.

The parties then entered into discussions to settle the matter which lead to a discontinuance of the High Court proceedings in November 2015 and the recovery of the aforesaid amount from the gas supplier.



**INTERIM FINANCIAL REPORT**

**Notes – continued**

- (b) A foreign subsidiary of the Group has commenced proceedings in court against two customers to recover monies due to the subsidiary under contract, following their termination of the electricity retail contracts. The customers have filed their defence and counterclaim, and the matter is now awaiting trial.

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

**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 31.12.2015</b>	<b>Preceding Year Corresponding Quarter 31.12.2014</b>
Profit attributable to Owners of the Parent (RM'000)	302,714 =====	245,131 =====
Weighted average number of ordinary shares ('000)	7,717,301 =====	6,982,597 =====
Basic earnings per share (Sen)	3.92 =====	3.51 =====

**[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]**

**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 31.12.2015</b>	<b>Preceding Year Corresponding Quarter 31.12.2014</b>
Profit attributable to Owners of the Parent (RM'000)	302,714 =====	245,131 =====
<i>Weighted average number of ordinary shares ('000) – diluted</i>		
Weighted average number of ordinary shares ('000) – basic	7,717,301	6,982,597
Effect of unexercised Warrants 2008/2018	39,399	232,607
Effect of unexercised ESOS	2,389	8,237
	----- 7,759,089 =====	----- 7,223,441 =====
Diluted earnings per share (Sen)	3.90 =====	3.39 =====

\* *Total cash expected to be received in the event of an exercise of all outstanding warrants and ESOS is RM359.6 million. Accordingly, the Net Asset (NA) on a pro forma basis will increase by RM359.6 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 February 2016