

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

Interim Financial Report
30 September 2015

YTL POWER INTERNATIONAL BERHAD

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**Interim Financial Report
30 September 2015**

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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 30 September 2015.

The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	3 MONTHS ENDED	
	30.9.2015 RM'000	30.9.2014 RM'000	30.9.2015 RM'000	30.9.2014 RM'000
REVENUE	3,220,025	3,358,710	3,220,025	3,358,710
COST OF SALES	(2,626,187)	(2,851,474)	(2,626,187)	(2,851,474)
GROSS PROFIT	593,838	507,236	593,838	507,236
OTHER OPERATING INCOME	18,131	40,759	18,131	40,759
OTHER OPERATING EXPENSES	(200,892)	(131,845)	(200,892)	(131,845)
PROFIT FROM OPERATIONS	411,077	416,150	411,077	416,150
FINANCE COSTS	(238,211)	(186,554)	(238,211)	(186,554)
SHARE OF PROFITS OF INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD	93,425	73,277	93,425	73,277
PROFIT BEFORE TAXATION	266,291	302,873	266,291	302,873
TAXATION	(92,157)	(65,336)	(92,157)	(65,336)
PROFIT FOR THE PERIOD	174,134	237,537	174,134	237,537
ATTRIBUTABLE TO:				
Owners of the Parent	186,723	243,849	186,723	243,849
Non-Controlling Interests	(12,589)	(6,312)	(12,589)	(6,312)
	174,134	237,537	174,134	237,537
EARNINGS PER SHARE FOR PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT				
Basic (Sen)	2.64	3.59	2.64	3.59
Diluted (Sen)	2.62	3.45	2.62	3.45

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)
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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	3 MONTHS ENDED	
	30.9.2015	30.9.2014	30.9.2015	30.9.2014
	RM'000	RM'000	RM'000	RM'000
PROFIT FOR THE PERIOD	174,134	237,537	174,134	237,537
OTHER COMPREHENSIVE INCOME/(LOSS):				
<i>ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO INCOME STATEMENT</i>				
AVAILABLE-FOR-SALE RESERVE	(46,988)	(8,897)	(46,988)	(8,897)
HEDGING RESERVE	(191,447)	(84,872)	(191,447)	(84,872)
CURRENCY TRANSLATION DIFFERENCES	1,533,439	(160,916)	1,533,439	(160,916)
	-----	-----	-----	-----
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	1,295,004	(254,685)	1,295,004	(254,685)
	-----	-----	-----	-----
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	1,469,138	(17,148)	1,469,138	(17,148)
	=====	=====	=====	=====
ATTRIBUTABLE TO:				
Owners of the Parent	1,384,170	(19,724)	1,384,170	(19,724)
Non-Controlling Interests	84,968	2,576	84,968	2,576
	-----	-----	-----	-----
	1,469,138	(17,148)	1,469,138	(17,148)
	=====	=====	=====	=====

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)
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	UNAUDITED	AUDITED
	As at	As at
	30.9.2015	30.6.2015
	RM'000	RM'000
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	23,540,906	21,204,672
Intangible Assets	8,383,370	7,580,688
Investments Accounted for using the Equity Method	2,043,324	1,807,837
Investments	230,123	276,418
Derivative Financial Instruments	76,847	41,278
Receivables, Deposits and Prepayments	273,633	299,199
	-----	-----
	34,548,203	31,210,092
	-----	-----
Current Assets		
Inventories	474,772	440,418
Receivables, Deposits and Prepayments	2,488,783	2,294,049
Derivative Financial Instruments	175,940	84,903
Cash and Bank Balances	11,702,480	9,608,348
	-----	-----
	14,841,975	12,427,718
	-----	-----
TOTAL ASSETS	49,390,178	43,637,810
	=====	=====
EQUITY AND LIABILITIES		
Share Capital	4,050,744	3,710,825
Reserves	10,214,859	8,394,166
Treasury Shares, at cost	(711,304)	(711,304)
	-----	-----
Equity attributable to Owners of the Parent	13,554,299	11,393,687
Non-Controlling Interests	262,317	235,008
	-----	-----
TOTAL EQUITY	13,816,616	11,628,695
	-----	-----

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)
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INTERIM FINANCIAL REPORT

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION – Continued

	UNAUDITED	AUDITED
	As at	As at
	30.9.2015	30.6.2015
	RM'000	RM'000
LIABILITIES		
Non-Current Liabilities		
Deferred Taxation	2,400,277	2,105,425
Borrowings	25,856,642	23,417,355
Grants and Contributions	482,239	413,485
Post-employment Benefit Obligations	848,295	743,365
Derivative Financial Instruments	208,872	133,296
Payables	822,898	672,912
	-----	-----
	30,619,223	27,485,838
	-----	-----
Current Liabilities		
Payables and Accrued Expenses	2,188,860	2,168,313
Derivative Financial Instruments	567,691	304,263
Post-employment Benefit Obligations	845	2,023
Taxation	98,607	138,263
Borrowings	2,098,336	1,910,415
	-----	-----
	4,954,339	4,523,277
	-----	-----
TOTAL LIABILITIES	35,573,562	32,009,115
	-----	-----
TOTAL EQUITY AND LIABILITIES	49,390,178	43,637,810
	=====	=====
 Net Assets Per 50 Sen Share (RM) attributable to Ordinary Equity Holders of the Parent	 1.76	 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 2015 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 PERIOD ENDED 30 SEPTEMBER 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	-	-	-	-	186,723	186,723	(12,589)	174,134
Other comprehensive income for the financial period	-	-	1,197,447	-	-	1,197,447	97,557	1,295,004
Total comprehensive income for the financial period	-	-	1,197,447	-	186,723	1,384,170	84,968	1,469,138
Effects arising from changes in composition of the Group	-	-	-	-	-	-	(5,603)	(5,603)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(52,056)	(52,056)
Issue of share capital	339,919	437,695	(1,172)	-	-	776,442	-	776,442
Share option lapsed	-	-	(80)	-	80	-	-	-
Warrants reserves	-	67,455	(67,455)	-	-	-	-	-
At 30 September 2015	4,050,744	2,792,558	(763,453)	(711,304)	8,185,754	13,554,299	262,317	13,816,616

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)
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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 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 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	-	-	-	-	243,849	243,849	(6,312)	237,537
Other comprehensive loss for the financial period	-	-	(263,573)	-	-	(263,573)	8,888	(254,685)
Total comprehensive loss for the financial period	-	-	(263,573)	-	243,849	(19,724)	2,576	(17,148)
Issue of share capital	1,145	1,466	-	-	-	2,611	-	2,611
Dividends paid to non-controlling interests	-	-	-	-	-	-	(15,476)	(15,476)
Shares repurchased	-	-	-	(2)	-	(2)	-	(2)
Provision for share options	-	-	1,982	-	-	1,982	-	1,982
Warrants reserve	-	229	(229)	-	-	-	-	-
Non-controlling interests arising from business combination	-	-	-	-	-	-	(11,329)	(11,329)
At 30 September 2014	3,589,769	2,108,246	(2,694,696)	(711,303)	8,132,345	10,424,361	220,002	10,644,363

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)
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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2015**

	CURRENT YEAR-TO-DATE 30.9.2015 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30.9.2014 RM'000
Cash flows from operating activities		
Profit for the financial period	174,134	237,537
Adjustment for:		
Allowance for impairment of receivables (net of reversals)	22,712	19,125
Allowance for impairment of inventories	326	272
Amortisation of deferred income	-	(1,039)
Amortisation of grants and contributions	(5,098)	(2,470)
Amortisation of intangible assets	23,589	15,799
Depreciation of property, plant and equipment	384,238	303,200
Interest expense	238,211	186,554
Interest income	(5,731)	(4,559)
Net (gain)/loss on disposal of property, plant and equipment	(3,264)	207
Provision for post-employment benefit	15,256	14,616
Provision for liabilities and charges	429	298
Share of profits of investments accounted for using the equity method	(93,425)	(73,277)
Taxation	92,157	65,336
Unrealised loss/(gain) on foreign exchange	16,366	(26,820)
Other non-cash items	1,422	3,775
	-----	-----
	861,322	738,554
Changes in working capital:		
Inventories	9,838	46,936
Receivables, deposits and prepayments	334,355	195,699
Payables and accrued expenses	(386,418)	(94,879)
	-----	-----
Cash flows from operations	819,097	886,310
Interest paid	(234,183)	(209,973)
Payment to retirement benefit scheme	(15,049)	(14,423)
Tax paid	(114,731)	(89,590)
	-----	-----
Net cash flows from operating activities	455,134	572,324
	-----	-----

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.

YTL POWER INTERNATIONAL BERHAD (Company No. 406684-H)
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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2015 - Continued**

	CURRENT YEAR-TO-DATE 30.9.2015 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30.9.2014 RM'000
Cash flows from investing activities		
Acquisition of subsidiaries	(8,063)	(49,800)
Dividends received	121,470	36,093
Grants received	20,309	7,767
Interest received	4,736	2,975
Purchase of intangible assets	(22,243)	(26,226)
Purchase of property, plant and equipment	(292,787)	(453,025)
Proceeds from disposal of property, plant and equipment	5,502	1,597
Other investing activities	-	(2,877)
	-----	-----
Net cash flows used in investing activities	(171,076)	(483,496)
	-----	-----
Cash flows from financing activities		
Dividends paid to non-controlling interests	(52,056)	(15,476)
Proceeds from borrowings	272,589	142,778
Proceeds from issue of shares	776,442	2,611
Repayment of borrowings	(92,879)	(353,940)
Repurchase of own shares	-	(2)
	-----	-----
Net cash flows from/(used in) financing activities	904,096	(224,029)
	-----	-----
Net changes in cash and cash equivalents	1,188,154	(135,201)
Effects of exchange rate changes	991,088	(59,452)
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>	11,702,480	8,696,270
	=====	=====

[Note a]

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

	RM'000	RM'000
Fixed deposits	11,260,939	8,246,510
Cash and bank balances	441,541	455,116
Bank overdrafts	-	(5,356)
(included within short term borrowings in [Note B9])		
	-----	-----
	11,702,480	8,696,270
	=====	=====

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.

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.

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INTERIM FINANCIAL REPORT

Notes – continued

A5. Changes in Debt and Equity Securities

During the current financial quarter, the Company issued 674,550,595 ordinary shares of RM0.50 each, pursuant to the exercise of Warrants 2008/2018 at a weighted average exercise price of RM1.14 per share.

5,287,000 ordinary shares of RM0.50 each were issued pursuant to the exercise of employees' share options granted under the Company's Employees Share Option Scheme at an exercise price of RM1.41 per share during the current financial quarter.

A total of 100 ordinary shares of RM0.50 each were repurchased from the open market for a total consideration of RM197 for the current financial quarter. The share buyback transactions were financed by internally generated funds. The shares purchased are held as treasury shares. As at 30 September 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

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.

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

Notes – continued

Segment information for the financial period ended 30 September 2015:

	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	1,869,393	865,741	143,279	51,496	3,220,025
Inter- segment Revenue	-	-	-	152	30,849	31,001
Segment profit/(loss) before tax	61,066	36,701	241,665	(102,746)	29,605	266,291

Segment information for the financial period ended 30 September 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	331,127	2,092,392	755,007	148,148	32,036	3,358,710
Inter- segment Revenue	-	-	-	297	23,368	23,665
Segment profit/(loss) before tax	66,733	75,024	199,979	(77,934)	39,071	302,873

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 authorized 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
TOTAL	<u>2,000,000</u>

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

A10. Changes in Contingent Liabilities

There were no material changes in the contingent liabilities of the Group since the last financial year ended 30 June 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
30.9.2015				
Assets				
Financial assets at fair value through profit or loss:				
- Trading derivatives	-	27,037	-	27,037
Available-for-sale	50,686	5,924	173,513	230,123
Derivatives used for hedging	-	225,750	-	225,750
Total assets	50,686	258,711	173,513	482,910
Liabilities				
Financial liabilities at fair value through profit or loss:				
- Trading derivatives	-	55,427	-	55,427
Derivatives used for hedging	-	721,136	-	721,136
Total liabilities	-	776,563	-	776,563

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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	
	30.9.2015	30.9.2014	30.9.2015	30.9.2014
	RM'000	RM'000	RM'000	RM'000
Revenue				
Power generation (Contracted)	290,116	331,127	290,116	331,127
Multi utilities business (Merchant)	1,869,393	2,092,392	1,869,393	2,092,392
Water & sewerage	865,741	755,007	865,741	755,007
Mobile broadband network	143,279	148,148	143,279	148,148
Investment holding activities	51,496	32,036	51,496	32,036
	<u>3,220,025</u>	<u>3,358,710</u>	<u>3,220,025</u>	<u>3,358,710</u>
Profit/(Loss) before taxation				
Power generation (Contracted)	61,066	66,733	61,066	66,733
Multi utilities business (Merchant)	36,701	75,024	36,701	75,024
Water & sewerage	241,665	199,979	241,665	199,979
Mobile broadband network	(102,746)	(77,934)	(102,746)	(77,934)
Investment holding activities	29,605	39,071	29,605	39,071
	<u>266,291</u>	<u>302,873</u>	<u>266,291</u>	<u>302,873</u>

a) Current Quarter vs Preceding Year Corresponding Quarter

The Group recorded a revenue of RM3,220.0 million for the current financial quarter ended 30 September 2015 as compared to RM3,358.7 million recorded in the preceding year corresponding quarter ended 30 September 2014. The Group profit before taxation for the current financial quarter was RM266.3 million, a decrease of RM36.6 million or 12.1% as compared to a profit of RM302.9 million recorded in the preceding year corresponding quarter. The decrease in profit before taxation was principally attributable to lower contribution from Multi utilities business segment and further loss recorded in Mobile broadband network segment.

Performance of the respective operating business segments for the quarter ended 30 September 2015 as compared to the preceding year corresponding quarter is analysed as follows:

INTERIM FINANCIAL REPORT

Notes – continued

Power generation (Contracted)

The decrease in revenue and profit before taxation was principally due to lower generation of electricity sales in the current quarter as compared to the preceding year corresponding quarter.

Multi utilities business (Merchant)

The decrease in revenue and profit before taxation were mainly due to lower 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 higher loss before taxation was mainly due to higher depreciation charge.

Investment holding activities

The higher revenue recorded in this segment was mainly due to higher interest income.

B2. Comparison with Preceding Quarter

	Current Quarter 30.9.2015 RM'000	Preceding Quarter 30.6.2015 RM'000
Revenue	3,220,025	2,779,440
Consolidated profit before taxation	266,291	257,131
Consolidated profit after taxation	174,134	212,578

The decrease in Group profit after taxation as compared to preceding quarter was principally attributable to substantial deferred tax credit recognised in the preceding quarter.

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INTERIM FINANCIAL REPORT

Notes – continued

B3. Prospects

Power generation (Contracted)

The power purchase agreement was successfully completed on 30 September 2015. YTL Power Generation Sdn Bhd has also been selected as a successful bidder for the supply of power from the existing facility in Paka under the short term capacity bid called by the Malaysian Energy Commission. Discussions on the terms and conditions are currently ongoing and on completion, a new Power Purchase Agreement is expected to be signed for the period from 1st March 2016 to 31st December 2018.

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 broad band 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.

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.

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

INTERIM FINANCIAL REPORT

Notes – continued

B6. Profit for the period

	Current Year Quarter 30.9.2015 RM'000	Current Year To Date 30.9.2015 RM'000
Profit before taxation is stated after charging/(crediting):		
Allowance for impairment of receivables (net of reversal)	22,712	22,712
Allowance for impairment of inventories	326	326
Amortisation of grant and contributions	(5,098)	(5,098)
Amortisation of intangible assets	23,589	23,589
Depreciation of property, plant and equipment	348,238	348,238
Interest income	(5,731)	(5,731)
Interest expense	238,211	238,211
Loss on foreign exchange	32,099	32,099
Net gain on disposal of property, plant and equipment	(3,264)	(3,264)
Provision for liabilities and charges	429	429
	=====	=====

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

B7. Taxation

	Current Year Quarter 30.9.2015 RM'000	Current Year To Date 30.9.2015 RM'000
In respect of current period		
- Income Tax	69,185	69,185
- Deferred Tax	22,972	22,972
	-----	-----
	92,157	92,157
	=====	=====

The effective tax rate of the Group as compared to the Malaysian statutory income tax rate for the current financial quarter 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.

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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 30 September 2015 are as follows:

	Short term		Long term		Total
	Bonds	Borrowings	Bonds	Borrowings	
	RM'000	RM'000	RM'000	RM'000	RM'000
Secured	-	54,961	-	75,357	130,318
Unsecured	-	2,043,375	15,315,841	10,465,444	27,824,660
	-----	-----	-----	-----	-----
Total	-	2,098,336	15,315,841	10,540,801	27,954,978
	=====	=====	=====	=====	=====

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

In US Dollar ('000)	399,934
	=====
In Sterling Pound ('000)	1,948,186
	=====
In Singapore Dollar ('000)	2,315,630
	=====

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:

- USD200 million term loan due on 17 December 2015.
- RM200 million revolving credit due on 27 November 2015.
- RM200 million revolving credit due on 9 December 2015.

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INTERIM FINANCIAL REPORT

Notes – continued

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

(a) Derivative Financial Instruments

As at 30 September 2015, 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	1,787,468	1,241,568
- 1 year to 3 years	642,039	434,339
- More than 3 years	3,781	3,016
<u>Currency forwards</u>		
- Less than 1 year	1,603,827	1,749,420
- 1 year to 3 years	729,005	802,801
- More than 3 years	20,236	22,880

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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(b) Fair Value Changes of Financial Liabilities

The gains/(losses) arising from fair value changes of financial liabilities for the current financial period ended 30 September 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 30.9.2015	Current year to date 3 months to 30.9.2015
			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	10,113	10,113
Fuel oil swap	Fuel oil price differential between the contracted price and the market forward price	Fuel oil price differential between the contracted price and the market forward price which have moved unfavourably against the Group	(26,122)	(26,122)
Total			(16,009)	(16,009)

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INTERIM FINANCIAL REPORT

Notes – continued

(c) Realised and Unrealised Profits or Losses

	As at 30.9.2015 RM'000	Audited As at 30.6.2015 RM'000
Retained earnings/(Accumulated losses) of the Group		
- Realised	7,521,588	7,305,489
- Unrealised	(472,694)	(407,146)
	-----	-----
	7,048,894	6,898,343
	-----	-----
Retained earnings/(Accumulated losses) from associated companies		
- Realised	1,003,480	1,031,525
- Unrealised	(238,467)	(238,467)
	-----	-----
	765,013	793,058
	-----	-----
Consolidation adjustments	371,847	307,550
	-----	-----
Total Group retained earnings as per consolidated accounts	8,185,754	7,998,951
	=====	=====

B11. Pending 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 hearing of both applications is pending before the Court.

- (b) During the financial year, 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.

INTERIM FINANCIAL REPORT

Notes – continued

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:

	Current Year Quarter 30.9.2015	Preceding Year Corresponding Quarter 30.9.2014
Profit attributable to Owners of the Parent (RM'000)	186,723 =====	243,849 =====
Weighted average number of ordinary shares ('000)	7,069,258 =====	6,793,249 =====
Basic earnings per share (Sen)	2.64 =====	3.59 =====

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

	Current Year Quarter 30.9.2015	Preceding Year Corresponding Quarter 30.9.2014
Profit attributable to Owners of the Parent (RM'000)	186,723 =====	243,849 =====
<i>Weighted average number of ordinary shares ('000) – diluted</i>		
Weighted average number of ordinary shares ('000) – basic	7,069,258	6,793,249
Effect of unexercised Warrants 2008/2018	42,443	268,577
Effect of unexercised ESOS	5,453	3,459
	----- 7,117,154 =====	----- 7,065,285 =====
Diluted earnings per share (Sen)	2.62 =====	3.45 =====

* *Total cash expected to be received in the event of an exercise of all outstanding warrants and ESOS is RM360.4 million. Accordingly, the Net Asset (NA) on a pro forma basis will increase by RM360.4 million resulting in a decrease in NA per share of RM0.02. 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: 26 November 2015