YTL POWER INTERNATIONAL BERHAD

Company No. 406684-H
Incorporated in Malaysia

Interim Financial Report
31 March 2018

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

INTERIM FINANCIAL REPORT

Interim financial report on consolidated results for the financial period ended 31 March 2018.

The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	9 MONTHS ENDED	
	31.3.2018 RM'000	31.3.2017 RM'000	31.3.2018 RM'000	31.3.2017 RM'000
Revenue	2,590,016	2,386,464	7,809,264	7,191,819
Cost of sales	(2,021,375)	(1,921,702)	(6,220,075)	(5,792,723)
Gross profit	568,641	464,762	1,589,189	1,399,096
Other operating income	6,742	13,735	32,498	51,206
Other operating expenses	(192,250)	(167,832)	(452,994)	(493,888)
Profit from operations	383,133	310,665	1,168,693	956,414
Finance costs	(267,380)	(209,474)	(811,701)	(607,223)
Share of profits of investments accounted for using the equity method	102,400	114,368	301,344	295,094
Profit before taxation	218,153	215,559	658,336	644,285
Taxation	(52,530)	(25,246)	(172,894)	(113,221)
Profit for the period	165,623	190,313	485,442	531,064
Attributable to:				
Owners of the parent	145,018	160,625	413,963	473,929
Non-controlling interests	20,605	29,688	71,479	57,135
	165,623	190,313	485,442	531,064
Earnings per share for profit attributable to owners of the parent				
Basic (sen)	1.83	2.07	5.27	6.12
Diluted (sen)	1.83	2.06	5.27	6.09

The Condensed Consolidated Income Statement should be read in conjunction with the audited annual financial statements for the year ended 30 June 2017 and the accompanying explanatory notes attached to the interim financial statements.

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

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	9 MONTHS ENDED	
	31.3.2018	31.3.2017	31.3.2018	31.3.2017
	RM'000	RM'000	RM'000	RM'000
Profit for the period	165,623	190,313	485,442	531,064
Other comprehensive income/(loss):				
Items that will not be reclassified subsequently to income statement:				
Re-measurement of post-employment benefit obligations	188,584	(202,355)	188,584	(202,355)
Items that may be reclassified subsequently to income statement:				
Available-for-sale financial assets	(6,185)	10,228	(41,968)	(28,162)
Cash flow hedges:				
- Subsidiaries	(85,110)	(122,458)	97,192	248,104
- Associates and joint ventures	(35,486)	(196)	(31,225)	9,069
Currency translation differences:				
- Subsidiaries	(317,476)	238,431	(649,931)	654,919
- Associates and joint ventures	(133,646)	(7,469)	(247,676)	223,633
Other comprehensive (loss)/income for the period, net of tax	(389,319)	(83,819)	(685,024)	905,208
Total comprehensive (loss)/income for the period	(223,696)	106,494	(199,582)	1,436,272
Attributable to:				
Owners of the parent	(207,974)	87,226	(195,408)	1,309,550
Non-controlling interests	(15,722)	19,268	(4,174)	126,722
	(223,696)	106,494	(199,582)	1,436,272

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited annual financial statements for the year ended 30 June 2017 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

	UNAUDITED As at 31.3.2018 RM'000	AUDITED As at 30.6.2017 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	21,192,804	21,334,981
Investment properties	450,457	432,935
Intangible assets	7,933,785	8,392,717
Investments accounted for using the equity method	1,970,203	2,245,363
Investments	1,036,338	822,780
Derivative financial instruments	20,913	13,502
Receivables, deposits and prepayments	1,065,717	1,135,578
	33,670,217	34,377,856
Current assets		
Inventories	423,781	448,947
Investments	2,065,741	2,503,011
Receivables, deposits and prepayments	2,174,344	2,170,186
Derivative financial instruments	96,346	51,859
Cash and bank balances	7,597,583	8,946,301
	12,357,795	14,120,304
TOTAL ASSETS	46,028,012	48,498,160
EQUITY AND LIABILITIES		
Share capital	7,038,506	7,019,847
Reserves	6,074,841	6,950,286
Treasury shares, at cost	(423,605)	(711,308)
Equity attributable to owners of the parent	12,689,742	13,258,825
Non-controlling interests	92,938	230,855
TOTAL EQUITY	12,782,680	13,489,680

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited annual financial statements for the year ended 30 June 2017 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 As at 31.3.2018 RM'000	AUDITED As at 30.6.2017 RM'000
LIABILITIES		
Non-current liabilities		
Deferred taxation	1,747,652	1,761,764
Borrowings	23,621,545	23,807,374
Post-employment benefit obligations	833,599	1,115,512
Grants and contributions	548,770	547,775
Derivative financial instruments	11,840	24,437
Payables	824,946	862,118
	27,588,352	28,118,980
Current Liabilities		
Payables and accrued expenses	2,048,299	1,914,665
Derivative financial instruments	57,203	121,980
Post-employment benefit obligations	1,660	3,007
Taxation	126,870	129,560
Borrowings	3,422,948	4,720,288
	5,656,980	6,889,500
TOTAL LIABILITIES	33,245,332	35,008,480
TOTAL EQUITY AND LIABILITIES	46,028,012	48,498,160
Net assets per share attributable to ordinary equity holders of the parent (RM)	1.60	1.71

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited annual financial statements for the year ended 30 June 2017 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 PERIOD ENDED 31 MARCH 2018

	Attributable to Owners of the Parent						
	Share Capital	**Merger & Other Reserves**	**Treasury Shares**	**Retained Earnings**	**Total**	**Non-Controlling Interests**	**Total Equity**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
At 1 July 2017	7,019,847	(865,862)	(711,308)	7,816,148	13,258,825	230,855	13,489,680
Profit for the financial period	-	-	-	413,963	413,963	71,479	485,442
Other comprehensive (loss)/income for the financial period	-	(797,955)	-	188,584	(609,371)	(75,653)	(685,024)
Total comprehensive (loss)/income for the financial period	-	(797,955)	-	602,547	(195,408)	(4,174)	(199,582)
Effects arising from changes in composition of the Group	-	-	-	(2,236)	(2,236)	(23,003)	(25,239)
Dividends paid to non-controlling interests	-	-	-	-	-	(110,740)	(110,740)
Interim dividend paid for the financial year ended 30 June 2017	-	-	-	(388,585)	(388,585)	-	(388,585)
Issue of share capital	17,149	-	-	-	17,149	-	17,149
Share dividend	-	-	287,706	(287,706)	-	-	-
Share option lapsed	-	(539)	-	539	-	-	-
Share repurchased	-	-	(3)	-	(3)	-	(3)
Warrants reserves	1,510	(1,510)	-	-	-	-	-
At 31 March 2018	7,038,506	(1,665,866)	(423,605)	7,740,707	12,689,742	92,938	12,782,680

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 2017 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 PERIOD ENDED 31 MARCH 2017

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

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

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited annual financial statements for the year ended 30 June 2017 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 CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018

	9 MONTHS ENDED	
	31.3.2018	**31.3.2017**
	RM'000	**RM'000**
Cash flows from operating activities		
Profit for the financial period	485,442	531,064
Adjustment for:		
Allowance for impairment of associate	432	-
Allowance for impairment of inventories	936	1,405
Allowance for impairment of receivables (net of reversals)	58,730	86,757
Amortisation of deferred income	(6,773)	(2,352)
Amortisation of grants and contributions	(16,001)	(12,291)
Amortisation of intangible assets	37,487	55,576
Depreciation of property, plant and equipment	810,505	783,483
Fair value changes in investments	19,945	(1,364)
Interest expense	811,701	607,223
Interest income	(7,309)	(19,243)
Net loss/(gain) on disposal of property, plant and equipment	1,414	(10,721)
Property, plant and equipment written off	17,279	12,687
Provision for liabilities and charges	1,455	-
Provision for post-employment benefit	46,110	43,294
Share of profits of investments accounted for using the equity method	(301,344)	(295,094)
Taxation	172,894	113,221
Unrealised loss/(gain) on foreign exchange	372	(2,818)
Other non-cash items	(4,004)	(3,769)
	---------------	---------------
	2,129,271	1,887,058
Changes in working capital:		
Inventories	3,104	(32,873)
Receivables, deposits and prepayments	(264,398)	(975,476)
Payables and accrued expenses	93,132	13,297
	---------------	---------------
Cash flows from operations	1,961,109	892,006
Interest paid	(628,093)	(583,612)
Payment to post-employment benefit obligations	(95,731)	(85,059)
Tax paid	(144,426)	(161,319)
	---------------	---------------
Net cash flows from operating activities	1,092,859	62,016
	---------------	---------------

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited annual financial statements for the year ended 30 June 2017 and the accompanying explanatory notes attached to the interim financial statements.

INTERIM FINANCIAL REPORT

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018 - Continued

	9 MONTHS ENDED	
	31.3.2018	**31.3.2017**
	RM'000	**RM'000**
Cash flows from investing activities		
Acquisition of subsidiaries	(19,600)	(1,233)
Additional investments accounted for using the equity method	(432)	-
Dividends received	294,660	298,477
Grants received	39,816	44,563
Interest received	11,685	22,443
Maturities/(placements) of income funds	171,492	(365,719)
Prepayment for land acquisition	(4,277)	(32,947)
Proceeds from disposal of investments	-	743
Proceeds from disposal of property, plant and equipment	7,813	13,346
Purchase of intangible assets	(11,565)	(30,730)
Purchase of investment properties	(31,492)	-
Purchase of property, plant and equipment	(1,290,007)	(1,076,434)
Shareholder loans	(37,054)	-
Net cash flows used in investing activities	(868,961)	(1,127,491)
Cash flows from financing activities		
Dividends paid	(388,585)	(775,865)
Dividends paid to non-controlling interests	(110,740)	(114,886)
Proceeds from borrowings	6,326,090	1,202,883
Proceeds from issue of shares	17,149	47,199
Repayment of borrowings	(6,914,057)	(230,024)
Repurchase of own shares	(3)	(2)
Net cash flows (used in)/from financing activities	(1,070,146)	129,305
Net changes in cash and cash equivalents	(846,248)	(936,170)
Effects of exchange rate changes	(499,278)	530,095
Cash and cash equivalents at beginning of the financial year	8,943,033	9,696,102
Cash and cash equivalents at end of the financial period *[Note a]*	7,597,507	9,290,027

[Note a]
Cash and cash equivalents at the end of the financial period comprise:

	RM'000	**RM'000**
Fixed deposits		
Cash and bank balances	7,235,880	8,309,149
Bank overdrafts	361,703	980,878
(included within short term borrowing in [Note B9])	(76)	-
	7,597,507	9,290,027

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

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 2017.

The adoption of MFRSs or amendments to MFRSs which were effective for financial year beginning on or after 1 July 2017 do not have significant financial impact on the Group.

The explanatory notes contained herein provide an explanation of the events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the financial year ended 30 June 2017.

A2. Seasonality or Cyclicality of Operations

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

A3. Unusual Items

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

A4. Changes in Estimates of Amounts Reported

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

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A5. Changes in Debt and Equity Securities

The number of ordinary shares issued during the current financial quarter and financial year to date pursuant to the exercise of Warrants 2008/2018 was 2,021,587 and 15,100,482 at a weighted average exercise price of RM1.11 per share and RM1.14 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.

During the current financial quarter and financial year to date, the Company repurchased 1,000 and 2,000 ordinary shares from the open market for a total consideration of RM1,175 and RM2,640, respectively. The share buyback transactions were financed by internally generated funds. The shares purchased are held as treasury shares.

During the current financial year to date, a total of 155,424,067 treasury shares were distributed as share dividend on 9 November 2017 to the shareholders on the basis of one (1) treasury share for every fifty (50) ordinary shares held as at 26 October 2017. As at 31 March 2018, the number of treasury shares held was 228,844,712 ordinary shares.

The outstanding debts are as disclosed in Note B9.

A6. Dividends Paid

The following dividend payment was made during the financial period ended 31 March 2018:-

	RM'000
In respect of the financial year ended 30 June 2017:	
An interim single tier dividend of 5 sen per ordinary share paid on 10 November 2017	388,585

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 period ended 31 March 2018:

	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	438,342	4,066,047	2,517,650	590,711	196,514	7,809,264
Inter-segment Revenue	-	-	-	4,981	45,443	50,424
Segment profit/(loss) before tax	5,127	68,245	667,422	(65,580)	(16,878)	658,336

Segment information for the financial period ended 31 March 2017:

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

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.

A9. Changes in the Composition of the Group

There were no changes in the composition of the Group for the current financial period ended 31 March 2018, including business combinations, obtaining or losing control of subsidiaries and long-term investments, restructurings and discontinuing operations save for the following:

(i) On 15 November 2017, YTL Communications Sdn. Bhd. ("YTL Comm") exercised its Call Option over 500,000 ordinary shares, representing 20% of the total number of issued shares of Konsortium Jaringan Selangor Sdn. Bhd. ("KJS"), subject to the terms and conditions of the Share Purchase and Option Agreement with Jati Fleet Systems Sdn. Bhd. ("Jati Fleet") dated 29 January 2015 ("Agreement").

YTL Comm and Jati Fleet mutually agreed to revise the Option Price set out in the Agreement from RM33.20 per Option Share to RM39.20 per Option Share or an aggregated consideration of RM19.6 million.

The acquisition was completed on 21 December 2017 and the shares were registered in the name of YTL Comm on 10 January 2018. As a result, KJS became a wholly-owned subsidiary of YTL Comm and the Company.

(ii) On 30 March 2018, Yakin Telesel Sdn. Bhd. ("Yakin Telesel") was incorporated as a wholly-owned subsidiary of KJS. As a result, Yakin Telesel became an indirect subsidiary of the Company.

Yakin Telesel was incorporated with an issued share capital of RM1.00 comprising 1 ordinary share. Yakin Telesel will be principally involved in planning, development, implementation and management of telecommunications infrastructure and information communication technologies services.

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 2017.

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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	Leve1 2 RM'000	Level 3 RM'000	Total RM'000
31.3.2018				
Assets				
Financial assets at fair value through profit or loss:				
- Trading derivatives	-	7,243	-	7,243
- Income funds	-	2,852,219	-	2,852,219
- Equity investments	-	3,921	-	3,921
Available-for-sale	54,547	42	191,350	245,939
Derivatives used for hedging	-	110,016	-	110,016
Total assets	54,547	2,973,441	191,350	3,219,338
Liabilities				
Financial liabilities at fair value through profit or loss:				
- Trading derivatives	-	5,926	-	5,926
Derivatives used for hedging	-	63,117	-	63,117
Total liabilities	-	69,043	-	69,043

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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		Variance	Cumulative Quarter		Variance
	31.3.2018 RM'000	31.3.2017 RM'000	% +/-	31.3.2018 RM'000	31.3.2017 RM'000	% +/-
Revenue						
Power generation (Contracted)	191,429	-	NM	438,342	-	NM
Multi utilities business (Merchant)	1,340,666	1,394,526	-3.9	4,066,047	4,216,095	-3.6
Water & sewerage	797,133	750,156	+6.3	2,517,650	2,260,253	+11.4
Mobile broadband network	190,954	204,745	-6.7	590,711	592,389	-0.3
Investment holding activities	69,834	37,037	+88.6	196,514	123,082	+59.7
	2,590,016	2,386,464	+8.5	7,809,264	7,191,819	+8.6
Profit/(Loss) before taxation						
Power generation (Contracted)	8,952	(37,571)	+123.8	5,127	(89,666)	+105.7
Multi utilities business (Merchant)	12,233	38,607	-68.3	68,245	132,638	-48.5
Water & sewerage	244,439	212,190	+15.2	667,422	669,868	-0.4
Mobile broadband network	(27,853)	(15,608)	-78.5	(65,580)	(96,339)	+31.9
Investment holding activities	(19,618)	17,941	-209.3	(16,878)	27,784	-160.7
	218,153	215,559	+1.2	658,336	644,285	+2.2

NM = Not meaningful

a) Current Quarter vs Preceding Year Corresponding Quarter

The Group recorded a revenue of RM2,590.0 million for the current financial quarter ended 31 March 2018 as compared to RM2,386.5 million recorded in the preceding year corresponding quarter ended 31 March 2017. The Group profit before taxation for the current financial quarter was RM218.2 million, which is comparable to a profit of RM215.6 million recorded in the preceding year corresponding quarter.

Performance of the respective operating business segments for the quarter ended 31 March 2018 as compared to the preceding year corresponding quarter is analysed as follows:

Power generation (Contracted)
Paka Power Plant commenced its short-term capacity generation from 1 September 2017 and this contributes to a profit before taxation for the current financial quarter.

Multi utilities business (Merchant)
The lower revenue and profit before taxation was mainly due to the strengthening of Ringgit Malaysia against Singapore Dollar.

Water & sewerage
The increase in revenue and profit before taxation was mainly due to the opening of the retail market for non-household customers, increase in price as allowed by regulator and coupled with lower operating costs.

Mobile broadband network
The increased loss was mainly attributable to the decrease in data revenue and higher depreciation charges.

Investment holding activities
The increase in revenue was mainly contributed by higher interest income. The lower profit before taxation was mainly due to significant increase in finance costs and reclassification of certain overhead costs.

b) Current Year to date vs Preceding Year to date

Group revenue was RM7,809.3 million for the current financial period ended 31 March 2018 as compared to RM7,191.8 million recorded in the preceding financial period ended 31 March 2017. The Group profit before taxation for the current financial period was RM658.3 million, an increase of RM14.0 million or 2.2% as compared to a profit of RM644.3 million recorded in the preceding year corresponding period. The higher profit before taxation was principally attributable to the better performance in Power generation (Contracted) segment, Mobile broadband segment and partially offset by the lower profit recorded in Multi utilities business segment and Investment holding activities segment.

Performance of the respective operating business segments for the period ended 31 March 2018 as compared to the preceding year corresponding period was consistent with the notes mentioned in (a) above with the exception of the business segments mentioned below:

Multi utilities business (Merchant)
The decrease in revenue and profit before taxation was mainly due to lower margin recorded for both electricity sales and oil tank leasing, and coupled with higher finance costs.

Mobile broadband network
The improvement in loss before taxation was mainly due to lower operating cost incurred.

B2. Comparison with Preceding Quarter

	Current Quarter 31.3.2018 RM'000	**Preceding Quarter 31.12.2017 RM'000**	**Variance % +/-**
Revenue	2,590,016	2,640,852	-1.9
Consolidated profit before taxation	218,153	227,315	-4.0
Consolidated profit after taxation	165,623	164,688	+0.6

The decrease in Group profit before taxation as compared to the preceding quarter was primarily attributable to the lower returns accorded by Multi utilities business segment and Investment holding activities segment in the current quarter and partially offset by higher returns recorded in Water & sewerage segment.

B3. Prospects

Power generation (Contracted)
The Group has an 80% equity interest in PT Tanjung Jati Power Company ("TJPC"), an independent power producer which is undertaking the development of Tanjung Jati A, a 2 x 660 megawatt coal-fired power project in Java, Indonesia. TJPC has a 30-year power purchase agreement with PT PLN (Persero), Indonesia's state-owned electric utility company, amended and restated in December 2015 and March 2018. The project is currently in the development stage and progress is underway towards achieving financial close.

The Group also has a 45% equity interest in Attarat Power Company ("APCO"), which is developing a 554 megawatt oil shale fired power generation project in the Hashemite Kingdom of Jordan. APCO has signed a 30-year power purchase agreement (including construction period of 3.5 years) with the National Electric Power Company ("NEPCO"), Jordan's state-owned utility, for the entire electrical capacity and energy of the power plant, with an option for NEPCO to extend the power purchase agreement to 40 years (from the commercial operation date of the project's second unit). Construction has commenced on the project, with operations scheduled to commence in mid-2020.

YTL Power Generation Sdn. Bhd. ("YTLPG") has commenced its operation on 1 September 2017 for the supply of 585MW of capacity from the existing facility in Paka for a term of 3 years 10 months, which will be expiring on 30 June 2021. YTLPG is expected to perform satisfactorily as it operates under a regulatory regime.

<u>Multi utilities business (Merchant)</u>
The electricity market in Singapore will remain competitive, driven by volatilities across global markets and generation capacity oversupply in the wholesale electricity market. Despite the current challenges, this segment will continue to focus on customer service, diversification beyond the core business into integrated multi-utilities supply and non-regulated ancillary businesses in steam sales, oil storage tank leasing, bunkering services and potable water sales.

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

<u>Mobile broadband network</u>
This business segment will continuously be coming up with more competitive products to increase the subscriber base to generate higher revenue, supported by the launch of its nationwide 4G LTE and Voice-over-LTE (VoLTE) services in the preceding year. In its drive to champion the use of Internet technology to empower Malaysian students and equip them with a culture of lifelong learning and technology know-how to succeed in the global knowledge economy, the Group continued to make good progress in its implementation of the 1BestariNet project, a project undertaken for the Government of Malaysia that aims to leverage information technology to scale up the quality of learning across the country. A key feature of the project is the provision of the Frog VLE (Virtual Learning Environment) to more than 10,000 state schools, a learning platform that allows schools to simplify and enhance teaching and learning, communication and administration. Plans are also underway to roll out the LTE version of the Yes Zoom gateway device as well as to expand the Yes platform into Sarawak in the near future.

B4. Variance of Actual Profit from Financial Estimate, Forecast, Projection or Profit Guarantee

The Group did not issue any financial estimate, forecast, projection or profit guarantee during the current financial year to date.

B5. Audit Report of the preceding financial year ended 30 June 2017

The Auditors' Report on the financial statements of the financial year ended 30 June 2017 did not contain any qualification.

B6. Profit for the period

	Current Quarter 31.3.2018 RM'000	Current Year To Date 31.3.2018 RM'000
Profit before taxation is stated after charging/(crediting):		
(Write back)/Allowance for impairment of associate	(10)	432
(Write back)/Allowance for impairment of inventories	(871)	936
Allowance for impairment of receivables (net of reversal)	19,130	58,730
Amortisation of deferred income	(2,246)	(6,773)
Amortisation of grants and contributions	(4,522)	(16,001)
Amortisation of intangible assets	10,711	37,487
Depreciation of property, plant and equipment	267,014	810,505
Fair value changes in investments	22,084	19,945
Interest income	(3,354)	(7,309)
Interest expense	267,380	811,701
Gain on foreign exchange	(7,371)	(1,385)
Net loss on disposal of property, plant and equipment	4,774	1,414
Property, plant and equipment written off	5,201	17,279
Provision for liabilities and charges	814	1,455

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

B7. Taxation

	Current Quarter 31.3.2018 RM'000	Current Year To Date 31.3.2018 RM'000
In respect of current period		
- Income Tax	49,316	153,817
- Deferred Tax	3,214	19,077
	52,530	172,894

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

B8. Corporate Proposals

There were no corporate proposals announced by the Company which are not completed as at the date of this report save for the following:

(i) On 16 March 2018, YTL Jawa Energy B.V. ("YTLJE"), an indirect wholly-owned subsidiary of the Company, entered into an agreement with Bel Air Hotel Holdings S.À.R.L. ("SPA"), for the acquisition of 1,768,000 ordinary shares, representing the entire issued and outstanding shares in the share capital of Bel Air Den Haag Beheer B.V. ("Bel Air"), for the consideration of EUR60,300,000.00 in cash subject to such adjustments as set out in the SPA ("Proposed Acquisition").

Upon completion of the Proposed Acquisition, Bel Air will become a subsidiary of YTLJE and an indirect subsidiary of the Company. B.V. Hotel Bel Air Den Haag ("BV Hotel"), a wholly-owned subsidiary of Bel Air, will consequently become an indirect subsidiary of YTLJE and the Company.

Bel Air was incorporated in Amsterdam, the Netherlands on 26 May 2011. Bel Air is the legal and beneficial owner of the Marriott The Hague, a 306-guestroom hotel located at Johan de Wittlaan 30, 2517 JR The Hague, Netherlands ("Hotel"). Bel Air and BV Hotel are engaged in the business of operating the Hotel.

B9. Group Borrowings and Debt Securities

The Group's borrowings from financial institutions as at 31 March 2018 are as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
Current			
Bank overdrafts	-	76	76
Bonds	-	2,197,798	2,197,798
Finance lease	340	107,962	108,302
Term loans	-	758,548	758,548
Revolving credit	-	358,224	358,224
	340	3,422,608	3,422,948
Non-current			
Bonds	-	13,735,153	13,735,153
Finance lease	894	33,115	34,009
Term loans	-	9,852,383	9,852,383
	894	23,620,651	23,621,545
Total borrowings	**1,234**	**27,043,259**	**27,044,493**

Notes – continued

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

	Foreign currency ’000	**RM Equivalents ’000**
US Dollar	646,661	2,497,405
Sterling Pound	2,060,459	11,163,979
Singapore Dollar	1,990,556	5,864,973

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

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B10. Derivative Financial Instruments and Fair Value Changes of Financial Liabilities

(a) Derivative Financial Instruments

As at 31 March 2018, the Group's outstanding derivatives are as follows:

Type of Derivatives	Contract/Notional Value RM'000	Fair Value RM'000
Fuel oil Swaps		
- Less than 1 year	903,211	967,020
- 1 year to 3 years	177,979	198,438
- More than 3 years	1,121	1,185
Currency forwards		
- Less than 1 year	936,599	911,932
- 1 year to 3 years	239,855	228,397
- More than 3 years	1,135	1,144

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 (losses)/gains arising from fair value changes of financial liabilities for the current financial period ended 31 March 2018 are as follows:

Type of financial liabilities	**Basis of fair value measurement**	**Reason for the (loss)/gain**	**Fair value (loss)/gain**	
			Current quarter 31.3.2018 RM'000	**Current year to date 31.3.2018 RM'000**
Forward foreign currency exchange contracts	Foreign exchange differential between the contracted rate and the market forward rate	Foreign exchange rates differential between the contracted rate and the market forward rate which have moved unfavourably against the Group	(1,595)	(436)
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	(408)	12,423
		Total	(2,003)	11,987

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B11. Material Litigation

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

In 2015, a foreign subsidiary of the Group commenced proceedings in court against two customers to recover monies due to the subsidiary under contract, following termination of their electricity retail contracts. The trial took place in November 2017, and parties are currently in the process of filing closing submissions. It is anticipated that the court will deliver its decision sometime in the third quarter of 2018.

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

B12. Dividend

No dividend has been declared for the current financial quarter.

B13. Earnings Per Share

i) Basic Earnings Per Share

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

	Current Year Quarter 31.3.2018	**Preceding Year Corresponding Quarter 31.3.2017**
Profit attributable to Owners of the Parent (RM’000)	145,018	160,625
	========	========
Weighted average number of ordinary shares (’000)	7,928,828	7,758,716
	========	========
Basic earnings per share (Sen)	1.83	2.07
	========	========

ii) Diluted Earnings Per Share

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

	Current Year Quarter 31.3.2018	**Preceding Year Corresponding Quarter 31.3.2017**
Profit attributable to Owners of the Parent (RM'000)	145,018	160,625
	========	========
Weighted average number of ordinary shares – diluted ('000)		
Weighted average number of ordinary shares – basic	7,928,828	7,758,716
Effect of unexercised Warrants 2008/2018	1,742	27,287
Effect of unexercised ESOS	-	4,351
	--------------	--------------
	7,930,570	7,790,354
	========	========
Diluted earnings per share (Sen)	1.83	2.06
	========	========

* *Total cash expected to be received in the event of an exercise of all outstanding warrants and ESOS is RM281.5 million. Accordingly, the Net Asset (NA) on a pro forma basis will increase by RM281.5 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: 24 May 2018