

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

Interim Financial Report
30 June 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 year ended 30 June 2018.

The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENT

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|---|---|--|---------------------|---------------------|
| | CURRENT YEAR QUARTER 30.6.2018 RM'000 | PRECEDING YEAR CORRESPONDING QUARTER 30.6.2017 RM'000 | 12 MONTHS ENDED | |
| | | | 30.6.2018 RM'000 | 30.6.2017 RM'000 |
| Revenue | 2,780,405 | 2,586,093 | 10,589,669 | 9,777,912 |
| Cost of sales | (2,069,612) | (1,982,483) | (8,289,687) | (7,775,206) |
| Gross profit | 710,793 | 603,610 | 2,299,982 | 2,002,706 |
| Other operating income | 9,530 | 51,687 | 42,028 | 102,893 |
| Other operating expenses | (275,208) | (221,151) | (728,202) | (715,039) |
| Profit from operations | 445,115 | 434,146 | 1,613,808 | 1,390,560 |
| Finance costs | (268,935) | (239,197) | (1,080,636) | (846,420) |
| Share of profits of investments accounted for using the equity method | 108,728 | 52,973 | 410,072 | 348,067 |
| Profit before taxation | 284,908 | 247,922 | 943,244 | 892,207 |
| Taxation | (53,470) | 8,793 | (226,364) | (104,428) |
| Profit for the period/year | 231,438 | 256,715 | 716,880 | 787,779 |
| Attributable to: | | | | |
| Owners of the parent | 206,695 | 219,884 | 620,658 | 693,813 |
| Non-controlling interests | 24,743 | 36,831 | 96,222 | 93,966 |
| | 231,438 | 256,715 | 716,880 | 787,779 |
| Earnings per share for profit attributable to owners of the parent | | | | |
| Basic (sen) | 2.61 | 2.83 | 7.89 | 8.96 |
| Diluted (sen) | 2.61 | 2.82 | 7.89 | 8.92 |

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)
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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|--|---|--|---------------------|---------------------|
| | CURRENT YEAR QUARTER 30.6.2018 RM'000 | PRECEDING YEAR CORRESPONDING QUARTER 30.6.2017 RM'000 | 12 MONTHS ENDED | |
| | | | 30.6.2018 RM'000 | 30.6.2017 RM'000 |
| Profit for the period/year | 231,438 | 256,715 | 716,880 | 787,779 |
| Other comprehensive income/(loss): | | | | |
| <i>Items that will not be reclassified subsequently to income statement:</i> | | | | |
| Re-measurement of post- employment benefit obligations: | | | | |
| - Subsidiaries | (39,960) | 31,917 | 148,624 | (170,438) |
| - Associates and joint ventures | 1,695 | 7,799 | 1,695 | 7,799 |
| <i>Items that may be reclassified subsequently to income statement:</i> | | | | |
| Available-for-sale financial assets | 27,410 | 49,726 | (14,558) | 21,564 |
| Cash flow hedges: | | | | |
| - Subsidiaries | 206,792 | (8,263) | 303,984 | 239,841 |
| - Associates and joint ventures | 40,586 | 1,594 | 9,361 | 10,663 |
| Currency translation differences: | | | | |
| - Subsidiaries | (94,715) | (90,002) | (744,646) | 564,917 |
| - Associates and joint ventures | 97,371 | (68,044) | (150,305) | 155,589 |
| Other comprehensive income/(loss) for the period/year, net of tax | 239,179 | (75,273) | (445,845) | 829,935 |
| Total comprehensive income for the period/year | 470,617 | 181,442 | 271,035 | 1,617,714 |
| Attributable to: | | | | |
| Owners of the parent | 416,946 | 166,919 | 221,538 | 1,476,469 |
| Non-controlling interests | 53,671 | 14,523 | 49,497 | 141,245 |
| | 470,617 | 181,442 | 271,035 | 1,617,714 |

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.

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | UNAUDITED | AUDITED |
|---|------------------|------------------|
| | As at | As at |
| | 30.6.2018 | 30.6.2017 |
| | RM'000 | RM'000 |
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 21,234,300 | 21,334,981 |
| Investment properties | 452,112 | 432,935 |
| Intangible assets | 7,983,066 | 8,392,717 |
| Investments accounted for using the equity method | 2,139,895 | 2,245,363 |
| Investments | 1,063,418 | 822,780 |
| Derivative financial instruments | 44,049 | 13,502 |
| Receivables, deposits and prepayments | 1,145,889 | 1,135,578 |
| | ----- | ----- |
| | 34,062,729 | 34,377,856 |
| | ----- | ----- |
| Current assets | | |
| Inventories | 428,396 | 448,947 |
| Investments | 1,883,669 | 2,503,011 |
| Receivables, deposits and prepayments | 2,291,023 | 2,170,186 |
| Derivative financial instruments | 197,681 | 51,859 |
| Cash and bank balances | 7,302,361 | 8,946,301 |
| | ----- | ----- |
| | 12,103,130 | 14,120,304 |
| | ----- | ----- |
| TOTAL ASSETS | 46,165,859 | 48,498,160 |
| | ===== | ===== |
| EQUITY AND LIABILITIES | | |
| Share capital | 7,038,587 | 7,019,847 |
| Reserves | 6,484,383 | 6,950,286 |
| Treasury shares, at cost | (509,633) | (711,308) |
| | ----- | ----- |
| Equity attributable to owners of the parent | 13,013,337 | 13,258,825 |
| Non-controlling interests | 109,321 | 230,855 |
| | ----- | ----- |
| TOTAL EQUITY | 13,122,658 | 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.

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION - Continued

| | UNAUDITED | AUDITED |
|--|------------------|------------------|
| | As at | As at |
| | 30.6.2018 | 30.6.2017 |
| | RM'000 | RM'000 |
| LIABILITIES | | |
| Non-current liabilities | | |
| Deferred taxation | 1,732,796 | 1,761,764 |
| Borrowings | 23,628,013 | 23,807,374 |
| Post-employment benefit obligations | 685,509 | 1,115,512 |
| Grants and contributions | 554,095 | 547,775 |
| Derivative financial instruments | 21,077 | 24,437 |
| Payables | 807,202 | 862,118 |
| | ----- | ----- |
| | 27,428,692 | 28,118,980 |
| | ----- | ----- |
| Current Liabilities | | |
| Payables and accrued expenses | 2,068,630 | 1,914,665 |
| Derivative financial instruments | 19,229 | 121,980 |
| Post-employment benefit obligations | 1,637 | 3,007 |
| Taxation | 117,675 | 129,560 |
| Borrowings | 3,407,338 | 4,720,288 |
| | ----- | ----- |
| | 5,614,509 | 6,889,500 |
| | ----- | ----- |
| TOTAL LIABILITIES | 33,043,201 | 35,008,480 |
| | ----- | ----- |
| TOTAL EQUITY AND LIABILITIES | 46,165,859 | 48,498,160 |
| | ===== | ===== |
| Net assets per share attributable to ordinary equity holders of the parent (RM) | 1.66 | 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.

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018**

| | -----Attributable to Owners of the Parent----- | | | | | Non- Controlling Interests RM'000 | Total Equity RM'000 |
|--|--|---|------------------------------|--------------------------------|-----------------|--|---------------------------|
| | Share Capital RM'000 | Merger & Other Reserves RM'000 | Treasury Shares RM'000 | Retained Earnings RM'000 | Total RM'000 | | |
| | At 1 July 2017 | 7,019,847 | (865,862) | (711,308) | 7,816,148 | | |
| Profit for the financial year | - | - | - | 620,658 | 620,658 | 96,222 | 716,880 |
| Other comprehensive (loss)/income for the financial year | - | (549,439) | - | 150,319 | (399,120) | (46,725) | (445,845) |
| Total comprehensive (loss)/income for the financial year | - | (549,439) | - | 770,977 | 221,538 | 49,497 | 271,035 |
| Effects arising from changes in composition of the Group | - | (362) | - | (1,842) | (2,204) | (23,003) | (25,207) |
| Dividends paid to non-controlling interests | - | - | - | - | - | (148,028) | (148,028) |
| Interim dividend paid for the financial year ended 30 June 2017 | - | - | - | (388,585) | (388,585) | - | (388,585) |
| Issue of share capital | 17,224 | - | - | - | 17,224 | - | 17,224 |
| Share dividend | - | - | 287,706 | (287,706) | - | - | - |
| Share option expenses | - | 1,612 | - | - | 1,612 | - | 1,612 |
| Share option lapsed | - | (701) | - | 701 | - | - | - |
| Share repurchased | - | - | (86,031) | - | (86,031) | - | (86,031) |
| Share of reserve of investments accounted for using the equity method | - | (9,042) | - | - | (9,042) | - | (9,042) |
| Warrants lapsed | - | (10,099) | - | 10,099 | - | - | - |
| Warrants reserve | 1,516 | (1,516) | - | - | - | - | - |
| At 30 June 2018 | 7,038,587 | (1,435,409) | (509,633) | 7,919,792 | 13,013,337 | 109,321 | 13,122,658 |

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.

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017**

| | -----Attributable to Owners of the Parent----- | | | | | Total RM'000 | Non- Controlling Interests RM'000 | Total Equity RM'000 |
|--|--|----------------------------|---|------------------------------|--------------------------------|-----------------|--|---------------------------|
| | Share Capital RM'000 | Share Premium RM'000 | Merger & Other Reserves RM'000 | Treasury Shares RM'000 | Retained Earnings RM'000 | | | |
| At 1 July 2016 | 4,050,801 | 2,792,660 | (1,713,893) | (711,306) | 8,092,719 | 12,510,981 | 242,337 | 12,753,318 |
| Profit for the financial year | - | - | - | - | 693,813 | 693,813 | 93,966 | 787,779 |
| Other comprehensive income/(loss) for the financial year | - | - | 945,295 | - | (162,639) | 782,656 | 47,279 | 829,935 |
| Total comprehensive income for the financial year | - | - | 945,295 | - | 531,174 | 1,476,469 | 141,245 | 1,617,714 |
| Dividends paid to non-controlling interests | - | - | - | - | - | - | (152,727) | (152,727) |
| Interim dividend paid for the financial year ended 30 June 2016 | - | - | - | - | (775,865) | (775,865) | - | (775,865) |
| Issue of share capital | 20,762 | 26,480 | - | - | - | 47,242 | - | 47,242 |
| Share option lapsed | - | - | (320) | - | 320 | - | - | - |
| Share repurchased | - | - | - | (2) | - | (2) | - | (2) |
| Warrants reserve | 7 | 4,137 | (4,144) | - | - | - | - | - |
| Redemption of preference shares by a subsidiary | - | - | 32,200 | - | (32,200) | - | - | - |
| Transition to no-par value regime* | 2,948,277 | (2,823,277) | (125,000) | - | - | - | - | - |
| At 30 June 2017 | 7,019,847 | - | (865,862) | (711,308) | 7,816,148 | 13,258,825 | 230,855 | 13,489,680 |

* 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.

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018**

| | 12 MONTHS ENDED | |
|---|------------------------|------------------|
| | 30.6.2018 | 30.6.2017 |
| | RM'000 | RM'000 |
| Cash flows from operating activities | | |
| Profit for the financial year | 716,880 | 787,779 |
| Adjustments for: | | |
| Allowance for impairment of associates | 428 | 31,393 |
| Allowance for impairment of inventories | 120 | 1,638 |
| Allowance for impairment of investments | 50 | 305 |
| Allowance for impairment of property, plant and equipment | - | 4,914 |
| Allowance for impairment of receivables (net of reversals) | 65,726 | 76,337 |
| Amortisation of deferred income | (9,678) | (8,846) |
| Amortisation of grants and contributions | (20,100) | (14,774) |
| Amortisation of intangible assets | 49,936 | 86,628 |
| Bad debts written off | 4,301 | 7,607 |
| Depreciation of property, plant and equipment | 1,081,279 | 1,074,714 |
| Fair value changes in derivatives | 18,747 | (3) |
| Fair value changes in investments | 29,410 | (264) |
| Interest expense | 1,080,636 | 846,420 |
| Interest income | (9,253) | (22,193) |
| Net loss/(gain) on disposal of property, plant and equipment | 1,588 | (10,882) |
| Net gain on disposal of investments | (4) | (441) |
| Property, plant and equipment written off | 19,810 | 19,683 |
| Provision for liabilities and charges | 1,981 | - |
| Share of profits of investments accounted for using the equity method | (410,072) | (348,067) |
| Share options expenses | 1,612 | - |
| Taxation | 226,364 | 104,428 |
| Unrealised loss/(gain) on foreign exchange | 4,992 | (1,177) |
| (Write back of)/Provision for post-employment benefit | (109,734) | 71,990 |
| Write off of investments accounted for using the equity method | - | 5 |
| | ----- | ----- |
| | 2,745,019 | 2,707,194 |
| Changes in working capital: | | |
| Inventories | (416) | 7,637 |
| Receivables, deposits and prepayments | (598,947) | (515,577) |
| Payables and accrued expenses | 274,546 | 19,874 |
| Fellow subsidiaries | (5,690) | (48,062) |
| Holding company | 49 | (125) |
| | ----- | ----- |
| Cash flows from operations | 2,414,561 | 2,170,941 |
| Interest paid | (921,957) | (784,694) |
| Payment for provision and liabilities | - | (1,053) |
| Payment to post-employment benefit obligations | (108,048) | (89,208) |
| Tax paid | (187,610) | (204,104) |
| | ----- | ----- |
| Net cash flows from operating activities | 1,196,946 | 1,091,882 |
| | ----- | ----- |

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.

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018 - Continued**

| | 12 MONTHS ENDED | |
|--|------------------------|------------------|
| | 30.6.2018 | 30.6.2017 |
| | RM'000 | RM'000 |
| Cash flows from investing activities | | |
| Acquisition of subsidiaries, net of cash acquired | (302,468) | 2,726 |
| Additional investments accounted for using the equity method | (428) | (9,847) |
| Dividends received | 392,693 | 398,108 |
| Grants received | 44,757 | 54,570 |
| Interest received | 15,071 | 23,681 |
| Maturities/(placements) of income funds | 385,045 | (3,014,105) |
| Prepayment for land acquisition | (22,538) | (39,586) |
| Proceeds from disposal of investments | 4 | 1,207 |
| Proceeds from disposal of property, plant and equipment | 7,032 | 15,971 |
| Purchase of intangible assets | (19,159) | (54,445) |
| Purchase of investment properties | (43,463) | (38,196) |
| Purchase of property, plant and equipment | (1,559,770) | (1,567,452) |
| Shareholder loans | (69,683) | (686,251) |
| | ----- | ----- |
| Net cash flows used in investing activities | (1,172,907) | (4,913,619) |
| | ----- | ----- |
| Cash flows from financing activities | | |
| Dividend paid | (388,585) | (775,865) |
| Dividends paid to non-controlling interests | (148,028) | (152,727) |
| Proceeds from borrowings | 6,276,489 | 3,846,055 |
| Upfront fees on borrowings | - | (31,218) |
| Proceeds from issue of shares | 17,224 | 47,242 |
| Repayment of borrowings | (6,870,718) | (281,121) |
| Repurchase of own shares | (86,031) | (2) |
| | ----- | ----- |
| Net cash flows (used in)/from financing activities | (1,199,649) | 2,652,364 |
| | ----- | ----- |
| Net changes in cash and cash equivalents | (1,175,610) | (1,169,373) |
| Effects of exchange rate changes | (465,062) | 416,304 |
| 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 year <i>[Note a]</i> | 7,302,361 | 8,943,033 |
| | ===== | ===== |
| <i>[Note a]</i> | | |
| Cash and cash equivalents at the end of the financial year comprise: | | |
| | RM'000 | RM'000 |
| Fixed deposits | 6,907,757 | 8,439,314 |
| Cash and bank balances | 394,604 | 506,987 |
| Bank overdrafts | - | (3,268) |
| (included within short term borrowing in [Note B9]) | | |
| | ----- | ----- |
| | 7,302,361 | 8,943,033 |
| | ===== | ===== |

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 Cyclicity of Operations

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

A3. Unusual Items

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

A4. Changes in Estimates of Amounts Reported

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

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INTERIM FINANCIAL REPORT

Notes – continued

A5. Changes in Debt and Equity Securities

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 66,834 and 15,167,316 at a weighted average exercise price of RM1.11 per share and RM1.14 per share, respectively. The remaining 100,959,784 Warrants as at 11 June 2018 which have not been exercised was lapsed and ceased to be valid for any purposes.

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 85,872,700 and 85,874,700 ordinary shares from the open market for a total consideration of RM86,028,505 and RM86,031,144, 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 30 June 2018, the number of treasury shares held was 314,717,412 ordinary shares.

The outstanding debts are as disclosed in Note B9.

A6. Dividends Paid

The following dividend payment was made during the financial year ended 30 June 2018:-

| | <u>RM'000</u> |
|---|----------------|
| 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 | <u>388,585</u> |

A7. Segment Information

The Group has five reportable segments as described below:

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

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

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Notes – continued

Segment information for the financial year ended 30 June 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 | 614,486 | 5,553,440 | 3,337,224 | 784,029 | 300,490 | 10,589,669 |
| Inter-segment Revenue | - | - | - | 7,198 | 60,782 | 67,980 |
| Segment profit/(loss) before tax | 18,296 | 70,196 | 986,117 | (91,136) | (40,229) | 943,244 |

Segment information for the financial year ended 30 June 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 | - | 5,626,175 | 3,116,323 | 824,530 | 210,884 | 9,777,912 |
| Inter-segment Revenue | - | - | - | 5,684 | 80,400 | 86,084 |
| Segment profit/(loss) before tax | (102,382) | 157,982 | 877,134 | (97,322) | 56,795 | 892,207 |

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.

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INTERIM FINANCIAL REPORT

Notes – continued

A9. Changes in the Composition of the Group

There were no changes in the composition of the Group for the current financial year ended 30 June 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.

- (iii) On 4 April 2018, YesLinc Sdn. Bhd. (“YesLinc”) was incorporated as a wholly-owned subsidiary of YTL Comm. As a result, YesLinc became an indirect subsidiary of the Company.

YesLinc was incorporated with an issued share capital of RM1.00 comprising 1 ordinary share. YesLinc will be principally involved in providing solution & services relating to Internet of Things (IoT) initiative, including managing and protecting any intellectual property and/or rights, as well as such initiatives associated with providing such services.

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- (iv) On 24 May 2018, KJS Alunan Sdn. Bhd. (“KJS Alunan”) was incorporated as a wholly-owned subsidiary of KJS. As a result, KJS Alunan became an indirect subsidiary of the Company.

KJS Alunan was incorporated with an issued share capital of RM1.00 comprising 1 ordinary share. KJS Alunan will be principally involved in investment holding.

- (v) On 30 May 2018, KJS disposed its 1 ordinary share in Yakin Telesel to KJS Alunan for RM1.00.

As a result, Yakin Telesel was re-organised to be a direct subsidiary of KJS Alunan and remain an indirect subsidiary of YTL Power.

- (vi) 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.

The acquisition was completed on 28 June 2018. Consequent thereto, Bel Air became 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, became 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.

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 | Level 2 RM'000 | Level 3 RM'000 | Total RM'000 |
|---|-------------------|-------------------|-------------------|------------------|
| 30.6.2018 | | | | |
| Assets | | | | |
| Financial assets at fair value through profit or loss: | | | | |
| - Trading derivatives | - | 1,802 | - | 1,802 |
| - Income funds | - | 2,669,903 | - | 2,669,903 |
| - Equity investments | - | 3,833 | - | 3,833 |
| Available-for-sale | 56,122 | 44 | 217,185 | 273,351 |
| Derivatives used for hedging | - | 239,928 | - | 239,928 |
| Total assets | 56,122 | 2,915,510 | 217,185 | 3,188,817 |
| Liabilities | | | | |
| Financial liabilities at fair value through profit or loss: | | | | |
| - Trading derivatives | - | 3,536 | - | 3,536 |
| - Currency options contract | 18,579 | - | - | 18,579 |
| Derivatives used for hedging | - | 18,191 | - | 18,191 |
| Total liabilities | 18,579 | 21,727 | - | 40,306 |

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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 % |
|--------------------------------------|---------------------|---------------------|---------------|---------------------|---------------------|---------------|
| | 30.6.2018 RM'000 | 30.6.2017 RM'000 | | 30.6.2018 RM'000 | 30.6.2017 RM'000 | |
| Revenue | | | | | | |
| Power generation (Contracted) | 176,144 | - | NM | 614,486 | - | NM |
| Multi utilities business (Merchant) | 1,487,393 | 1,410,080 | +5.5 | 5,553,440 | 5,626,175 | -1.3 |
| Water & sewerage | 819,574 | 856,070 | -4.3 | 3,337,224 | 3,116,323 | +7.1 |
| Mobile broadband network | 193,318 | 232,141 | -16.7 | 784,029 | 824,530 | -4.9 |
| Investment holding activities | 103,976 | 87,802 | +18.4 | 300,490 | 210,884 | +42.5 |
| | <u>2,780,405</u> | <u>2,586,093</u> | +7.5 | <u>10,589,669</u> | <u>9,777,912</u> | +8.3 |
| Profit/(Loss) before taxation | | | | | | |
| Power generation (Contracted) | 13,169 | (12,716) | +203.6 | 18,296 | (102,382) | +117.9 |
| Multi utilities business (Merchant) | 1,951 | 25,344 | -92.3 | 70,196 | 157,982 | -55.6 |
| Water & sewerage | 318,695 | 207,266 | +53.8 | 986,117 | 877,134 | +12.4 |
| Mobile broadband network | (25,556) | (983) | -2,499.8 | (91,136) | (97,322) | +6.4 |
| Investment holding activities | (23,351) | 29,011 | -180.5 | (40,229) | 56,795 | -170.8 |
| | <u>284,908</u> | <u>247,922</u> | +14.9 | <u>943,244</u> | <u>892,207</u> | +5.7 |

NM = Not meaningful

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a) Current Quarter vs Preceding Year Corresponding Quarter

The Group recorded a revenue of RM2,780.4 million for the current financial quarter ended 30 June 2018 as compared to RM2,586.1 million recorded in the preceding year corresponding quarter ended 30 June 2017. The Group profit before taxation for the current financial quarter was RM284.9 million, an increase of RM37.0 million or 14.9% as compared to RM247.9 million recorded in the preceding year corresponding quarter. The higher profit before taxation was principally attributable to the better performance in Power generation (Contracted) segment, Water & sewerage segment and partially offset by the lower profit recorded by the rest of the segments.

Performance of the respective operating business segments for the quarter ended 30 June 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 higher revenue was mainly due to higher fuel oil price. The lower profit before taxation was mainly due to lower tank leasing margin for fuel oil and diesel.

Water & sewerage

The decrease in revenue was mainly due to the strengthening of Ringgit Malaysia against Great Britain Pound. The higher profit before taxation was mainly due to the reduction in operating costs and partially offset by higher finance costs.

Mobile broadband network

The increased loss was mainly attributable to the intense price competition in the telecommunication industry coupled with higher operating costs.

Investment holding activities

The increase in revenue was mainly contributed by higher interest income. The lower profit before taxation was mainly due to the significant increase in finance costs, fair value changes in investments and derivatives, an absence of fair value gain arising from the additional purchases of shares in an associate and partially offset by the higher share of associates results.

b) Current Year to date vs Preceding Year to date

Group revenue was RM10,589.7 million for the current financial year ended 30 June 2018 as compared to RM9,777.9 million recorded in the preceding financial year ended 30 June 2017. The Group profit before taxation for the current financial year was RM943.2 million, an increase of RM51.0 million or 5.7% as compared to RM892.2 million recorded in the preceding year. The higher profit before taxation was principally attributable to the better performance in Power generation (Contracted) segment, Water & sewerage segment and partially offset by the lower profit recorded in Multi utilities business segment and Investment holding activities segment.

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Performance of the respective operating business segments for the year ended 30 June 2018 as compared to the preceding year was consistent with the notes mentioned in (a) above with the exception of the business segment mentioned below:

Multi utilities business (Merchant)

The decrease in revenue was mainly due to the strengthening of Ringgit Malaysia against Singapore Dollar. The lower profit before taxation was mainly due to lower margin recorded for both electricity sales and oil tank leasing, and coupled with higher finance costs.

B2. Comparison with Preceding Quarter

| | Current Quarter 30.6.2018 RM'000 | Preceding Quarter 31.3.2018 RM'000 | Variance % +/- |
|-------------------------------------|---|---|-------------------------------|
| Revenue | 2,780,405 | 2,590,016 | +7.4 |
| Consolidated profit before taxation | 284,908 | 218,153 | +30.6 |
| Consolidated profit after taxation | 231,438 | 165,623 | +39.7 |

The increase in Group profit before taxation as compared to the preceding quarter was primarily attributable to the better results recorded by Water & sewerage segment resulting from the lower operating costs.

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.

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Multi utilities business (Merchant)

The electricity market in Singapore will remain competitive, driven by volatilities across global markets and generation capacity oversupply in the wholesale electricity market. Despite the current challenges, this segment will continue to focus on customer service and diversification beyond the core business into integrated multi-utilities supply.

Water & sewerage

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

Mobile broadband network

The rollout of the new 800MHz spectrum will further enhance network coverage and reach and customers will be able to enjoy better connectivity. This coupled with availability of devices for this spectrum will facilitate the marketing of more competitive and affordable products and services to customers. Going forward, this business segment is confident of increasing subscriber base. 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 expand the Yes platform in Sarawak.

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.

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B6. Profit for the period/year

| | Current Quarter 30.6.2018 RM'000 | Current Year To Date 30.6.2018 RM'000 |
|---|---|--|
| Profit before taxation is stated after charging/(crediting): | | |
| Allowance for impairment of investments | 50 | 50 |
| Allowance for impairment of receivables (net of reversals) | 6,996 | 65,726 |
| Amortisation of deferred income | (2,095) | (9,678) |
| Amortisation of grants and contributions | (4,099) | (20,100) |
| Amortisation of intangible assets | 12,449 | 49,936 |
| Bad debts written off | 4,301 | 4,301 |
| Depreciation of property, plant and equipment | 270,774 | 1,081,279 |
| Fair value changes in derivatives | 18,747 | 18,747 |
| Fair value changes in investments | 9,465 | 29,410 |
| Interest income | (1,944) | (9,253) |
| Interest expense | 268,935 | 1,080,636 |
| Loss on foreign exchange | 2,634 | 1,249 |
| Net gain on disposal of investments | (4) | (4) |
| Net loss on disposal of property, plant and equipment | 174 | 1,588 |
| Property, plant and equipment written off | 2,531 | 19,810 |
| Provision for liabilities and charges | 526 | 1,981 |
| (Write back)/Allowance for impairment of associates | (4) | 428 |
| (Write back)/Allowance for impairment of inventories | (816) | 120 |
| | ===== | ===== |

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

B7. Taxation

| | Current Quarter 30.6.2018 RM'000 | Current Year To Date 30.6.2018 RM'000 |
|-----------------------------------|---|--|
| In respect of current period/year | | |
| - Income Tax | 33,088 | 186,905 |
| - Deferred Tax | 20,382 | 39,459 |
| | ----- | ----- |
| | 53,470 | 226,364 |
| | ===== | ===== |

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

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B8. Corporate Proposals

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

B9. Group Borrowings and Debt Securities

The Group's borrowings from financial institutions as at 30 June 2018 are as follows:

| | Secured RM'000 | Unsecured RM'000 | Total RM'000 |
|-------------------------|---------------------------|-----------------------------|--------------------------|
| Current | | | |
| Bonds | - | 2,199,171 | 2,199,171 |
| Finance lease | 337 | 75,095 | 75,432 |
| Term loans | - | 741,454 | 741,454 |
| Revolving credit | - | 391,281 | 391,281 |
| | <u>337</u> | <u>3,407,001</u> | <u>3,407,338</u> |
| Non-current | | | |
| Bonds | - | 13,573,594 | 13,573,594 |
| Committed bank loans | - | 52,431 | 52,431 |
| Finance lease | 816 | 41,803 | 42,619 |
| Term loans | - | 9,959,369 | 9,959,369 |
| | <u>816</u> | <u>23,627,197</u> | <u>23,628,013</u> |
| Total borrowings | <u>1,153</u> | <u>27,034,198</u> | <u>27,035,351</u> |

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

| | Foreign currency '000 | RM Equivalents '000 |
|------------------|--------------------------------------|------------------------------------|
| US Dollar | <u>646,861</u> | <u>2,612,348</u> |
| Sterling Pound | <u>2,071,769</u> | <u>10,972,296</u> |
| Singapore Dollar | <u>1,990,805</u> | <u>5,890,593</u> |

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 30 June 2018, 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 | 1,465,262 | 168,276 |
| - 1 year to 3 years | 152,672 | 40,424 |
| - More than 3 years | 1,170 | 283 |
| <u>Currency forwards</u> | | |
| - Less than 1 year | 939,265 | 10,176 |
| - 1 year to 3 years | 213,752 | 794 |
| - More than 3 years | 1,339 | 50 |
| <u>Currency options contract</u> | | |
| - Less than 1 year | - | - |
| - 1 year to 3 years | 1,615,400 | (18,579) |
| - More than 3 years | - | - |

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.

The Group entered into currency options contract to enjoy interest rate reduction in related borrowings with an acceptable risk profile.

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 year ended 30 June 2018 are as follows:

| Type of financial liabilities | Basis of fair value measurement | Reason for the (loss)/gain | Fair value (loss)/gain | |
|---|---|--|----------------------------------|---------------------------------------|
| | | | Current quarter 30.6.2018 RM'000 | Current year to date 30.6.2018 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 in favour of the Group | 4,322 | 3,886 |
| 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 | (2,447) | 9,976 |
| Currency options contract | Spot rate, interest rate and basis curve, volatility and time to maturity | Wider bid-ask spread due to market illiquidity and time value factor | (18,579) | (18,579) |
| Total | | | (16,704) | (4,717) |

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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

The Board of Directors (“Board”) is pleased to declare an interim single tier dividend of 5 sen per ordinary share for the financial year ended 30 June 2018.

The book closure and payment dates in respect of the aforesaid dividend are 29 October 2018 and 13 November 2018, respectively.

The Board does not recommend a final dividend for the financial year ended 30 June 2018 (2017: nil).

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 30.6.2018 | Preceding Year Corresponding Quarter 30.6.2017 |
|--|---|---|
| Profit attributable to Owners of the Parent (RM'000) | 206,695 | 219,884 |
| | ===== | ===== |
| Weighted average number of ordinary shares ('000) | 7,918,645 | 7,758,756 |
| | ===== | ===== |
| Basic earnings per share (Sen) | 2.61 | 2.83 |
| | ===== | ===== |

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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 30.6.2018 | Preceding Year Corresponding Quarter 30.6.2017 |
|--|---|---|
| Profit attributable to Owners of the Parent (RM'000) | 206,695 ===== | 219,884 ===== |
| <i>Weighted average number of ordinary shares – diluted ('000)</i> | | |
| Weighted average number of ordinary shares – basic | 7,918,645 | 7,758,756 |
| Effect of unexercised Warrants 2008/2018 | - | 27,278 |
| Effect of unexercised ESOS | - | 4,332 |
| | ----- 7,918,645 ===== | ----- 7,790,366 ===== |
| Diluted earnings per share (Sen) | 2.61 ===== | 2.82 ===== |

* *Total cash expected to be received in the event of an exercise of all outstanding ESOS is RM287.9 million. Accordingly, the Net Asset (NA) on a pro forma basis will increase by RM287.9 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: 29 August 2018