

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

Interim Financial Report
31 December 2013

YTL POWER INTERNATIONAL BERHAD

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Incorporated in Malaysia

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31 December 2013**

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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 December 2013.

The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER PRECEDING		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31.12.2013 RM'000	YEAR CORRESPONDING QUARTER 31.12.2012 RM'000	6 MONTHS ENDED	
			31.12.2013 RM'000	31.12.2012 RM'000
REVENUE	3,770,052	4,098,582	7,751,184	8,277,707
COST OF SALES	(3,161,357)	(3,531,206)	(6,506,527)	(7,254,720)
GROSS PROFIT	608,695	567,376	1,244,657	1,022,987
OTHER OPERATING INCOME	18,665	6,877	25,292	105,240
OTHER OPERATING EXPENSES	(149,630)	(120,923)	(430,830)	(242,474)
PROFIT FROM OPERATIONS	477,730	453,330	839,119	885,753
FINANCE COSTS	(195,945)	(195,963)	(392,909)	(397,482)
SHARE OF PROFITS OF ASSOCIATES	46,316	88,300	131,170	171,743
PROFIT BEFORE TAXATION	328,101	345,667	577,380	660,014
TAXATION	(72,946)	(93,717)	(86,549)	(156,217)
PROFIT FOR THE PERIOD	255,155	251,950	490,831	503,797
ATTRIBUTABLE TO:				
Owners of the Parent	247,025	256,084	481,847	508,890
Non-Controlling Interests	8,130	(4,134)	8,984	(5,093)
	255,155	251,950	490,831	503,797
EARNINGS PER SHARE FOR PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT				
Basic (Sen)	3.82	3.52	7.16	6.99
Diluted (Sen)	3.59	3.40	6.78	6.67

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

YTL POWER INTERNATIONAL BERHAD (Company No. 406684-H)
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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER PRECEDING		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31.12.2013 RM'000	YEAR CORRESPONDING QUARTER 31.12.2012 RM'000	6 MONTHS ENDED	
			31.12.2013 RM'000	31.12.2012 RM'000
PROFIT FOR THE PERIOD	255,155	251,950	490,831	503,797
OTHER COMPREHENSIVE INCOME/(LOSS):				
<i>ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS</i>				
AVAILABLE-FOR-SALE RESERVE	25,995	3,830	25,438	(7,475)
HEDGING RESERVE	46,463	(44,928)	50,990	175,136
CURRENCY TRANSLATION DIFFERENCES	45,943	(11,251)	568,028	(58,143)
	-----	-----	-----	-----
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	118,401	(52,349)	644,456	109,518
	-----	-----	-----	-----
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>373,556</u>	<u>199,601</u>	<u>1,135,287</u>	<u>613,315</u>
ATTRIBUTABLE TO:				
Owners of the Parent	361,594	205,135	1,110,540	635,911
Non-Controlling Interests	11,962	(5,534)	24,747	(22,596)
	-----	-----	-----	-----
	<u>373,556</u>	<u>199,601</u>	<u>1,135,287</u>	<u>613,315</u>

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

YTL POWER INTERNATIONAL BERHAD (Company No. 406684-H)
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	UNAUDITED	AUDITED
	As at	As at
	31.12.2013	30.6.2013
		(Restated)
	RM'000	RM'000
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	18,882,218	17,315,430
Intangible Assets	6,913,179	6,699,791
Investment in Associates	1,599,837	1,731,905
Investments	220,315	195,590
Derivative Financial Instruments	17,819	7,850
Receivables, Deposits and Prepayments	639,439	693,974
	-----	-----
	28,272,807	26,644,540
	-----	-----
Current Assets		
Inventories	438,156	484,745
Receivables, Deposits and Prepayments	1,813,069	2,139,039
Derivative Financial Instruments	39,345	37,654
Cash and Bank Balances	9,025,295	9,623,527
	-----	-----
	11,315,865	12,284,965
	-----	-----
TOTAL ASSETS	39,588,672	38,929,505
	=====	=====
EQUITY AND LIABILITIES		
Share Capital	3,588,040	3,669,034
Reserves	7,439,784	6,549,525
Treasury Shares, at cost	(1,155,126)	(390,148)
	-----	-----
Equity attributable to Owners of the Parent	9,872,698	9,828,411
Non-Controlling Interests	280,210	284,912
	-----	-----
TOTAL EQUITY	10,152,908	10,113,323
	-----	-----

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

INTERIM FINANCIAL REPORT

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION – Continued

	UNAUDITED	AUDITED
	As at	As at
	31.12.2013	30.6.2013
		(Restated)
	RM'000	RM'000
LIABILITIES		
Non-Current Liabilities		
Deferred Taxation	2,167,843	2,131,234
Borrowings	21,979,695	20,918,408
Grants and Contributions	336,188	295,774
Post-employment Benefit Obligations	629,658	566,311
Derivative Financial Instruments	5,457	16,262
Payables	357,086	270,803
	-----	-----
	25,475,927	24,198,792
	-----	-----
Current Liabilities		
Payables and Accrued Expenses	2,252,367	2,425,850
Derivative Financial Instruments	20,442	61,282
Post-employment Benefit Obligations	1,027	1,625
Taxation	280,871	249,961
Borrowings	1,405,130	1,878,672
	-----	-----
	3,959,837	4,617,390
	-----	-----
TOTAL LIABILITIES	29,435,764	28,816,182
	-----	-----
TOTAL EQUITY AND LIABILITIES	39,588,672	38,929,505
	=====	=====
 Net Assets Per 50 Sen Share (RM) attributable to Ordinary Equity Holders of the Parent	 1.51	 1.38
	=====	=====

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited annual financial statements for the year ended 30 June 2013 and the accompanying explanatory notes attached to the 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 31 DECEMBER 2013**

	----- Attributable to Owners of the Parent -----							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	Total RM'000	Non- Controlling Interests RM'000	
At 1 July 2013	3,669,034	3,045,330	(3,155,068)	(390,148)	6,834,896	10,004,044	284,937	10,288,981
Effect of changes in accounting policy	-	-	5,522	-	(181,155)	(175,633)	(25)	(175,658)
At 1 July 2013, as restated	3,669,034	3,045,330	(3,149,546)	(390,148)	6,653,741	9,828,411	284,912	10,113,323
Profit for the period	-	-	-	-	481,847	481,847	8,984	490,831
Other comprehensive income	-	-	628,693	-	-	628,693	15,763	644,456
Total comprehensive income for the period	-	-	628,693	-	481,847	1,110,540	24,747	1,135,287
Dividends paid to non-controlling interests	-	-	-	-	-	-	(29,449)	(29,449)
Issue of share capital	44,006	62,488	-	-	-	106,494	-	106,494
Shares repurchased	-	-	-	(1,177,228)	-	(1,177,228)	-	(1,177,228)
Cancellation of shares	(125,000)	(412,250)	125,000	412,250	-	-	-	-
Provision for share options	-	-	4,481	-	-	4,481	-	4,481
Warrants reserves	-	8,801	(8,801)	-	-	-	-	-
At 31 December 2013	3,588,040	2,704,369	(2,400,173)	(1,155,126)	7,135,588	9,872,698	280,210	10,152,908

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

YTL POWER INTERNATIONAL BERHAD (Company No. 406684-H)
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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2012**

	Attributable to Owners of the Parent						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	Total RM'000		
At 1 July 2012	3,664,128	3,037,384	(3,223,816)	(119,972)	5,901,984	9,259,708	373,583	9,633,291
Effect of changes in accounting policy	-	-	-	-	(254,499)	(254,499)	-	(254,499)
At 1 July 2012, as restated	3,664,128	3,037,384	(3,223,816)	(119,972)	5,647,485	9,005,209	373,583	9,378,792
Profit for the period	-	-	-	-	508,890	508,890	(5,093)	503,797
Other comprehensive income	-	-	127,021	-	-	127,021	(17,503)	109,518
Total comprehensive income for the period	-	-	127,021	-	508,890	635,911	(22,596)	613,315
Non-controlling interests arising from business combination	-	-	-	-	-	-	1,709	1,709
Issue of share capital	4,831	6,860	-	-	-	11,691	-	11,691
Dividends paid to non-controlling interests	-	-	-	-	-	-	(29,425)	(29,425)
Dividends paid for the year ended 30 June 2012	-	-	-	-	(68,235)	(68,235)	-	(68,235)
Provision for share options	-	-	4,805	-	-	4,805	-	4,805
Warrant reserve	-	966	(966)	-	-	-	-	-
At 31 December 2012, as restated	3,668,959	3,045,210	(3,092,956)	(119,972)	6,088,140	9,589,381	323,271	9,912,652

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

INTERIM FINANCIAL REPORT

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2013**

	CURRENT YEAR-TO-DATE 31.12.2013 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31.12.2012 RM'000
Cash flows from operating activities		
Profit for the period	490,831	503,797
Adjustment for:		
Allowance for impairment of receivables (net of reversals)	79,722	27,663
Allowance for impairment of investment in associates	23,815	-
Allowance for impairment of inventories	20,901	3,630
Amortisation of deferred income	(2,092)	-
Amortisation of grants and contributions	(3,535)	(5,640)
Amortisation of intangible assets	18,550	-
Depreciation of property, plant and equipment	622,726	605,671
Gain on disposal of investments	-	(3,846)
Interest expense	392,909	397,482
Interest income	(16,409)	(11,431)
Provision for post-employment benefit	30,634	29,095
Provision for liabilities and charges	1,027	397
Share of profits of associates	(131,170)	(171,743)
Taxation	86,549	156,217
Unrealised loss/(gain) on foreign exchange	81,740	(16,166)
Other non-cash items	7,293	(7,691)
	-----	-----
	1,703,491	1,507,435
Changes in working capital:		
Inventories	42,569	(142,093)
Receivables, deposits and prepayments	433,120	364,120
Payables and accrued expenses	(311,573)	19,185
	-----	-----
Cash generated from operations	1,867,607	1,748,647
Interest paid	(358,936)	(354,549)
Payment to retirement benefit scheme	(30,288)	(27,210)
Tax paid	(196,312)	(203,988)
	-----	-----
Net cash flow from operating activities	1,282,071	1,162,900
	-----	-----
Cash flows from investing activities		
Dividends received	185,680	69,232
Grants received	18,524	14,628
Interest received	12,235	6,477
Purchase of property, plant and equipment	(662,670)	(679,213)
Proceeds from disposal of investments	-	16,957
Proceeds from redemption of investment in loan stock	54,585	-
Other investing activities	(783)	(6,341)
	-----	-----
Net cash flow used in investing activities	(392,429)	(578,260)
	-----	-----

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

INTERIM FINANCIAL REPORT

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2013 -- Continued**

	CURRENT YEAR-TO-DATE 31.12.2013 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31.12.2012 RM'000
Cash flows from financing activities		
Dividends paid	-	(68,235)
Dividends paid to non-controlling interests	(29,449)	(29,425)
Proceeds from borrowings	113,488	7,957,254
Proceeds from issue of shares	106,494	11,691
Repayment of borrowings	(854,161)	(7,886,688)
Repurchase of own shares	(1,177,228)	-
Debt financing fee	-	(89,285)
	-----	-----
Net cash flow used in financing activities	(1,840,856)	(104,688)
	-----	-----
Net changes in cash and cash equivalents	(951,214)	479,952
Effects of exchange rate changes	392,944	(35,314)
Cash and cash equivalents at beginning of the period	9,552,134	9,552,771
	-----	-----
Cash and cash equivalents at end of the period <i>[Note a]</i>	8,993,864	9,997,409
	=====	=====

[Note a]

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

	RM'000	RM'000
Fixed deposits	8,495,448	9,494,880
Cash and bank balances	529,847	529,855
Bank overdrafts (included within short term borrowings in [Note B9])	(31,431)	(27,326)
	-----	-----
	8,993,864	9,997,409
	=====	=====

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

INTERIM FINANCIAL REPORT

PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134

The interim financial report should be read in conjunction with the audited annual financial statements of the Group for the year ended 30 June 2013.

A1. Accounting Policies and Methods of Computation

The interim financial report is unaudited and has been prepared in accordance with Malaysian Financial Reporting Standard (“MFRS”) 134: “Interim Financial Reporting” and Chapter 9, part K paragraph 9.22 of the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad (“Bursa Securities”).

The accounting policies and methods of computations adopted by the Group in this interim financial report are consistent with those adopted in the annual audited financial statements for the financial year ended 30 June 2013.

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

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

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

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

Amendment to MFRS 119: “Employee Benefits”

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

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

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YTL POWER INTERNATIONAL BERHAD (Company No. 406684-H)
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Notes – continued

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

Group	As previously reported RM'000	MFRS 116 Adjustment RM'000	MFRS 119 Adjustment RM'000	As restated RM'000
As at 1 July 2012				
Statement of financial position				
<u>Non-current assets</u>				
Property, plant and equipment	17,258,872	40,487	-	17,299,359
<u>Current assets</u>				
Inventories	547,670	(40,487)	-	507,183
<u>Non-current liabilities</u>				
Post-employment benefit obligations	361,850	-	330,584	692,434
Deferred taxation	2,374,003	-	(76,085)	2,297,918
<u>Equity</u>				
Retained earnings	5,901,984	-	(254,499)	5,647,485
As at 30 June 2013				
Income statement				
Cost of sales	(13,372,401)	(10,124)	(11,891)	(13,394,416)
Other operating expenses	(272,680)	304	-	(272,376)
Taxation	(284,664)	-	2,732	(281,932)
Statement of comprehensive				
Income				
Other comprehensive income				
- actuarial gain, net of tax	-	-	92,299	92,299
- currency translation differences	(105,974)	-	5,521	(100,453)
Statement of financial position				
<u>Non-current assets</u>				
Property, plant and equipment	17,283,670	31,760	-	17,315,430
Investment in associates	1,718,840	-	13,065	1,731,905
<u>Current assets</u>				
Inventories	526,325	(41,580)	-	484,745
<u>Non-current liabilities</u>				
Post-employment benefit obligations	333,965	-	232,346	566,311
Deferred taxation	2,184,677	-	(53,443)	2,131,234
<u>Equity</u>				
Currency translation reserve	(1,195,219)	-	5,522	(1,189,697)
Retained earnings	6,834,896	(9,820)	(171,335)	6,653,741
Non-controlling interests	284,937	-	(25)	284,912

INTERIM FINANCIAL REPORT

Notes – continued

The explanatory notes contained herein provide an explanation of the events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the financial year ended 30 June 2013.

A2. Seasonality or Cyclicity of Operations

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

A3. Unusual Items

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.

A5. Changes in Debt and Equity Securities

The numbers of ordinary shares of RM0.50 each issued during the current financial quarter and financial year to date pursuant to the exercise of Warrants 2008/2018 were 67,347,840 and 88,011,858 respectively at a weighted average exercise price of RM1.21 per share.

There was no share issued pursuant to the exercise of employees' share options granted under the Company's Employees Share Option Scheme during the current financial quarter and financial year to date.

A total of 488,611,400 ordinary shares of RM0.50 each and 638,519,100 ordinary shares of RM0.50 each were repurchased from the open market for a total consideration of RM919,415,471 and RM1,177,227,765 respectively for the current financial quarter and financial year to date. The share buyback transactions were financed by internally generated funds. The shares purchased are being held as treasury shares. A total of 250,000,000 treasury shares amounting to RM412,250,000 were cancelled during the current financial quarter and financial year to date. As at 31 December 2013, the number of treasury shares held were 624,340,745 ordinary shares of RM0.50 each.

Medium Term Notes of the Company and its subsidiary company amounting to RM850 million in total was fully settled during the current financial year to date.

The outstanding debts are as disclosed in Note B9.

INTERIM FINANCIAL REPORT

Notes – continued

A6. Dividends Paid

There was no dividend paid during the current financial quarter.

A7. Segment Information

The Group has five reportable segments as described below:

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

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

Segment information for the financial period ended 31 December 2013:

	Power generation (Contracted) RM'000	Multi utilities business (Merchant) RM'000	Water & sewerage RM'000	Mobile broadband network RM'000	Investment holding activities RM'000	Group RM'000
External Revenue	575,084	5,287,468	1,407,850	445,641	35,141	7,751,184
Inter- segment Revenue	-	-	-	252	57,776	58,028
Segment profit / (loss) before tax	109,143	317,096	391,879	(77,876)	(162,862)	577,380

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INTERIM FINANCIAL REPORT

Notes – continued

Segment information for the financial period ended 31 December 2012:

	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	556,314	6,200,579	1,267,665	219,291	33,858	8,277,707
Inter- segment Revenue	-	-	-	238	56,097	56,335
Segment profit/ (loss) before tax	107,396	355,113	328,098	(137,724)	7,131	660,014

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

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

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

INTERIM FINANCIAL REPORT

Notes – continued

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

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

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

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

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

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

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

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

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

A10. Changes in Contingent Liabilities

There were no material changes in the contingent liabilities of the Group since the last financial year ended 30 June 2013 except for an additional corporate guarantee which was given by the Company to a financial institution for additional banking facilities of RM65 million granted to a subsidiary.

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A11. Fair value measurement

The Group measures fair value using the following fair value hierarchy that reflects the significance of the input used in making the measurements:

- a) Level 1 – quoted price (unadjusted) in active market for identical assets or liabilities;
- b) Level 2 – inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (that is, as prices) or indirectly (that is, derived from prices); and
- c) Level 3 – inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The following table presents the Group's assets and liabilities that are measured at fair value as at:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
31.12.2013				
Assets				
Financial assets at fair value through profit and loss:				
- Trading derivatives	-	15,287	-	15,287
Available-for-sale	51,480	164,112	4,723	220,315
Derivatives used for hedging	-	41,877	-	41,877
Total assets	51,480	221,276	4,723	277,479
Liabilities				
Financial liabilities at fair value through profit or loss:				
- Trading derivatives	-	6,130	-	6,130
Derivatives used for hedging	-	19,769	-	19,769
Total liabilities	-	25,899	-	25,899

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

B1. Review of the Results

The comparison of the results is tabulated below:

	Individual Quarter		Cumulative Quarter	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
	RM'000	RM'000	RM'000	RM'000
Revenue				
Power generation (Contracted)	276,646	293,041	575,084	556,314
Multi utilities business (Merchant)	2,535,171	3,037,802	5,287,468	6,200,579
Water & sewerage	716,756	635,032	1,407,850	1,267,665
Mobile broadband network	227,811	117,578	445,641	219,291
Investment holding activities	13,668	15,129	35,141	33,858
	<u>3,770,052</u>	<u>4,098,582</u>	<u>7,751,184</u>	<u>8,277,707</u>
Profit/(Loss) before taxation				
Power generation (Contracted)	48,532	56,241	109,143	107,396
Multi utilities business (Merchant)	164,015	151,887	317,096	355,113
Water & sewerage	197,022	182,071	391,879	328,098
Mobile broadband network	(28,102)	(76,996)	(77,876)	(137,724)
Investment holding activities	(53,366)	32,464	(162,862)	7,131
	<u>328,101</u>	<u>345,667</u>	<u>577,380</u>	<u>660,014</u>

a) Current Quarter vs Preceding Year Corresponding Quarter

The Group recorded a revenue of RM3,770.0 million for the current financial quarter ended 31 December 2013 as compared to RM4,098.6 million recorded in the preceding year corresponding quarter ended 31 December 2012. The Group profit before taxation for the current financial quarter was RM328.1 million, a decrease of RM17.6 million as compared to RM345.7 million recorded in the preceding year corresponding quarter.

Performance of the respective operating business segments for the quarter ended 31 December 2013 as compared to the preceding year corresponding quarter is analysed as follows:

Power generation (Contracted)

The decrease in revenue and profit before taxation was principally due to lower generation of electricity sales and provision for impairment of inventories in the current quarter as compared to that recorded in the preceding year.

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Multi utilities business (Merchant)

The lower revenue is principally due to lower units of electricity sold and lower revenue recorded for fuel oil trading. The higher profit before taxation is mainly due to lower operating expenses and depreciation provision.

Water & sewerage

The increase in revenue and profit before taxation is due to the increase in price as allowed by the regulator.

Mobile broadband network

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

Investment holding activities

The decrease in profit before taxation was principally due to decrease in share of profit of associate and unrealised foreign exchange losses.

b) Current Year to date vs Preceding Year to date

Group revenue was RM 7,751.1 million for the current financial period ended 31 December 2013 as compared to RM 8,277.7 million recorded in the preceding year corresponding period ended 31 December 2012. The Group profit before taxation for the current financial period was RM 577.4 million, a decrease of RM 82.6 million or 12.52% as compared to RM 660.0 million recorded in the preceding year corresponding period.

Performance of the respective operating business segments for the period ended 31 December 2013 as compared to the preceding financial year was consistent with the notes mentioned in (a) above with the exception of the business segments mentioned below:

Power generation (Contracted)

The increase in revenue was principally due to higher generation of electricity sales as compared to that recorded in the preceding year corresponding quarter. However, there is only a marginal increase in profit before taxation due to provision for impairment of inventories.

Multi utilities business (Merchant)

The lower revenue is principally due to lower fuel oil trading volume and lower units of electricity sold coupled with lower electricity price as a result of lower fuel oil price. The lower profit before taxation is mainly due to lower vesting non-fuel margin and volume and lower retail non-fuel margin.

Investment holding activities

The decrease in profit before taxation was principally due to decrease in share of profit of associate, provision for impairment of investment in associate and unrealised foreign exchange losses.

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B2. Comparison with Preceding Quarter

	Current Quarter 31.12.2013 RM'000	Preceding Quarter 30.9.2013 RM'000
Revenue	3,770,052	3,981,132
Consolidated profit before taxation	328,101	249,279
Consolidated profit after taxation	255,155	235,676

The increase in Group profit before taxation as compared to the preceding quarter was principally attributable to lower unrealised foreign exchange losses.

B3. Prospects

Power generation (Contracted)

YTL Power Generation is expected to perform satisfactorily as it operates under a regulatory regime.

Multi utilities business (Merchant)

The increase in generation capacity into the electricity market of Singapore would add pressure to both margin and sales volume for the current financial year. Nevertheless, this segment would continue to strive to diversify beyond their core business into integrated multi-utilities energy platform with focus on customer service.

Water & sewerage

The Company operates under strict regulatory regime and has met all of its regulatory targets and is top of the regulator's league table for customer service. Hence, the management is confident of delivering its 2010-15 regulatory outperformance target. The Company has a long term planning horizon to ensure that water resources are going to be available in the future.

Mobile broadband network

Despite the challenging market in the telecommunications industry, this business segment is expected to continuously grow its subscriber base to generate higher revenue by introducing improved and innovative services to the market.

B4. Profit Forecast

The Group did not issue any profit forecast during the financial period.

B5. Audit Report of the preceding financial year ended 30 June 2013

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

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B6. Profit for the period

	Current Year Quarter 31.12.2013 RM'000	Current Year To Date 31.12.2013 RM'000
Profit before taxation is stated after charging/(crediting):		
Allowance for impairment of receivables (net of reversal)	36,856	79,722
Allowance for impairment of inventories	7,037	20,901
Allowance for impairment of investment in associates	(137)	23,815
Amortisation of deferred income	(2,092)	(2,092)
Amortisation of grant and contributions	(357)	(3,535)
Amortisation of intangible assets	9,711	18,550
Depreciation of property, plant and equipment	309,150	622,726
Net gain on disposal of property, plant and equipment	(2,137)	(2,598)
Interest income	(13,107)	(16,409)
Interest expense	195,945	392,909
Loss on foreign exchange	17,907	88,472
	<u>=====</u>	<u>=====</u>

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

B7. Taxation

	Current Year Quarter 31.12.2013 RM'000	Current Year To Date 31.12.2013 RM'000
In respect of current period		
- Income Tax	138,380	231,534
- Deferred Tax	(65,434)	(144,985)
	<u>-----</u> 72,946	<u>-----</u> 86,549
	<u>=====</u>	<u>=====</u>

The lower effective tax rate of the Group as compared to the Malaysian statutory income tax rate for the current financial quarter and financial year to date is mainly attributable to lower corporate tax rate regime prevailing in foreign tax jurisdiction where the foreign subsidiaries operate.

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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 31 December 2013 are as follows:

	Short term		Long term		Total
	Bonds	Borrowings	Bonds	Borrowings	
	RM'000	RM'000	RM'000	RM'000	RM'000
Secured	-	1,674	-	323	1,997
Unsecured	299,976	1,103,480	12,060,912	9,918,460	23,382,828
	-----	-----	-----	-----	-----
Total	299,976	1,105,154	12,060,912	9,918,783	23,384,825
	=====	=====	=====	=====	=====

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

In US Dollar ('000)	398,038
	=====
In Sterling Pound ('000)	1,912,962
	=====
In Singapore Dollar ('000)	2,572,656
	=====

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.
- USD200 million term loan due on 30 June 2015.
- RM300 million revolving credit due on 21 February 2014.
- RM200 million revolving credit due on 21 February 2014.
- RM200 million revolving credit due on 21 February 2014.
- RM200 million revolving credit due on 4 March 2014.

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

(a) Derivative Financial Instruments

As at 31 December 2013, 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	1,975,714	1,982,445
- 1 year to 3 years	478,724	486,027
<u>Currency forwards</u>		
- Less than 1 year	1,452,442	1,469,293
- 1 year to 3 years	575,629	584,272
<u>Interest rate swaps</u>		
- 1 year to 3 years	364,823	356,560

The Group entered into fuel oil swaps to hedge highly probable forecast physical fuel oil and natural gas purchases that are expected to occur at various dates in the future. The fuel oil swaps have maturity dates that match the expected occurrence of these transactions.

The Group entered into currency forwards to hedge highly probable forecast transactions denominated in foreign currency expected to occur in the future. The currency forwards have maturity dates that match the expected occurrence of these transactions.

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

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

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(b) Fair Value Changes of Financial Liabilities

The gains arising from fair value changes of financial liabilities for the current financial period ended 31 December 2013 are as follows:

Type of financial liabilities	Basis of fair value measurement	Reason for the gain/(loss)	Fair value gain/(loss)	
			Current year quarter 3 months to 31.12.2013	Current year to date 6 months to 31.12.2013
			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 favourably against the Group	7,416	4,155
Fuel oil swap	Fuel oil price differential between the contracted price and the market forward price	Fuel oil price differential between the contracted price and the market forward price which have moved in favour of the Group	9,212	13,548
Total			16,628	17,703

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(c) Realised and Unrealised Profits or Losses

	As at 31.12.2013 RM'000	Audited As at 30.06.2013 (Restated) RM'000
Retained earnings/(Accumulated losses) of the Company and its subsidiaries		
- Realised	7,414,413	7,282,893
- Unrealised	(1,196,166)	(1,555,459)
	----- 6,218,247	----- 5,727,434
Retained earnings/(Accumulated losses) from associated companies		
- Realised	570,372	678,796
- Unrealised	(57,472)	(121,383)
	----- 512,900	----- 557,413
Consolidation adjustments	404,441	368,894
	-----	-----
Total Group retained earnings as per consolidated accounts	7,135,588	6,653,741
	=====	=====

B11. Pending Material Litigation

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

B12. Dividend

No dividend has been declared for the current financial quarter.

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B13. Earnings Per Share

i) Basic Earnings Per 50 sen Share

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

	Current Year Quarter 31.12.2013	Preceding Year Corresponding Quarter 31.12.2012
Profit attributable to Owners of the Parent (RM'000)	247,025 =====	256,084 =====
Weighted average number of ordinary shares ('000)	6,470,837 =====	7,279,014 =====
Basic earnings per share (Sen)	3.82 =====	3.52 =====

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ii) Diluted Earnings Per 50 sen Share

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

	Current Year Quarter 31.12.2013	Preceding Year Corresponding Quarter 31.12.2012
Profit attributable to Owners of the Parent (RM'000)	247,025 <u>=====</u>	256,084 <u>=====</u>
<i>Weighted average number of ordinary shares ('000) – diluted</i>		
Weighted average number of ordinary shares ('000) – basic	6,470,837	7,279,014
Effect of unexercised Warrants 2008/2018	384,098	261,587
Effect of unexercised ESOS	24,519	1,805
	<u>-----</u> 6,879,454 <u>=====</u>	<u>-----</u> 7,542,406 <u>=====</u>
Diluted earnings per share (Sen)	3.59 <u>=====</u>	3.40 <u>=====</u>

* *Total cash expected to be received in the event of an exercise of all outstanding warrants and ESOS is RM1,213.3 million. Accordingly, the Net Asset (NA) on a pro forma basis will increase by RM1,213.3 million resulting in a decrease in NA per share of RM0.04. 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: 20 February 2014