

YTL POWER INTERNATIONAL BERHAD

Company No. 406684-H

Incorporated in Malaysia

Interim Financial Report

30 June 2012

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

INTERIM FINANCIAL REPORT

Interim financial report on consolidated results for the financial period ended 30 June 2012.

The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30.6.2012 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30.6.2011 RM'000	12 MONTHS ENDED	
			30.6.2012 RM'000	30.6.2011 RM'000
REVENUE	4,163,612	4,265,065	15,876,191	14,662,559
COST OF SALES	(3,661,261)	(3,607,318)	(13,561,812)	(12,102,331)
GROSS PROFIT	502,351	657,747	2,314,379	2,560,228
OTHER OPERATING EXPENSES	(182,165)	(173,899)	(518,044)	(537,390)
OTHER OPERATING INCOME	92,204	33,830	119,924	94,751
PROFIT FROM OPERATIONS	412,390	517,678	1,916,259	2,117,589
FINANCE COSTS	(201,805)	(223,812)	(821,348)	(847,495)
SHARE OF RESULTS OF ASSOCIATED COMPANIES	122,621	124,215	288,041	286,812
PROFIT BEFORE TAXATION	333,206	418,081	1,382,952	1,556,906
TAXATION	47,631	5,520	(234,036)	(309,444)
PROFIT FOR THE PERIOD	380,837	423,601	1,148,916	1,247,462
PROFIT ATTRIBUTABLE TO:				
Owners of the Parent	407,106	496,134	1,229,934	1,364,168
Non-Controlling Interests	(26,269)	(72,533)	(81,018)	(116,706)
	380,837	423,601	1,148,916	1,247,462
EARNINGS PER 50 SEN SHARE				
Basic (Sen)	5.60	6.87	16.96	18.93
Diluted (Sen)	5.35	6.37	16.04	17.47

The Condensed Consolidated Income Statement should be read in conjunction with the audited annual financial statements for the year ended 30 June 2011 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT	PRECEDING		
	YEAR	YEAR		
	QUARTER	QUARTER	12 MONTHS ENDED	
	30.06.2012	30.06.2011	30.06.2012	30.06.2011
	RM'000	RM'000	RM'000	RM'000
PROFIT FOR THE PERIOD	380,837	423,601	1,148,916	1,247,462
OTHER COMPREHENSIVE				
INCOME/(LOSS):				
AVAILABLE-FOR-SALE RESERVE	4,081	(14,868)	(5,472)	23,920
HEDGING RESERVE	(368,144)	(95,275)	(244,812)	100,593
CURRENCY TRANSLATION DIFFERENCES	219,034	162,056	125,783	520,185
	-----	-----	-----	-----
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	(145,029)	51,913	(124,501)	644,698
	-----	-----	-----	-----
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>235,808</u>	<u>475,514</u>	<u>1,024,415</u>	<u>1,892,160</u>
TOTAL COMPREHENSIVE INCOME				
ATTRIBUTABLE TO:				
Owners of the Parent	249,042	548,037	1,124,642	2,008,850
Non-Controlling Interests	(13,234)	(72,523)	(100,227)	(116,690)
	-----	-----	-----	-----
	<u>235,808</u>	<u>475,514</u>	<u>1,024,415</u>	<u>1,892,160</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 2011 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
	30.06.2012	30.6.2011
	RM'000	RM'000
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	17,208,431	16,662,340
Intangible Assets	6,657,788	6,484,398
Associated Companies	1,869,022	1,138,020
Investments	180,857	745,976
Receivables, deposits and prepayments	65,690	42,228
Derivative Financial Instruments	3,797	2,611
	-----	-----
	25,985,585	25,075,573
	-----	-----
Current Assets		
Inventories	543,360	532,380
Receivables, Deposits and Prepayments	2,625,400	2,363,178
Derivative Financial Instruments	75,856	95,904
Deposits, Cash and Bank Balances	9,617,961	7,178,749
	-----	-----
	12,862,577	10,170,211
	-----	-----
TOTAL ASSETS	38,848,162	35,245,784
	=====	=====
EQUITY AND LIABILITIES		
Share Capital	3,664,128	3,639,497
Reserves	5,888,951	4,993,754
Treasury Shares, at cost	(119,972)	(119,972)
	-----	-----
Equity attributable to Owners of the Parent	9,433,107	8,513,279
Non-Controlling Interests	340,364	(121,980)
	-----	-----
TOTAL EQUITY	9,773,471	8,391,299
	-----	-----

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited annual financial statements for the year ended 30 June 2011 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
	30.06.2012	30.6.2011
	RM'000	RM'000
LIABILITIES		
Non-Current Liabilities		
Deferred Taxation	2,430,235	2,538,545
Bonds	6,942,581	7,816,189
Borrowings	6,745,391	6,799,405
Deferred Income	429,942	256,834
Provision For Liabilities and Charges	127,898	132,770
Derivative Financial Instruments	29,908	19,989
Payables	30,170	25,877
	-----	-----
	16,736,125	17,589,609
	-----	-----
Current Liabilities		
Payables and Accrued Expenses	2,481,639	2,428,083
Provision for Liabilities and Charges	772	21,031
Derivative Financial Instruments	300,218	94,152
Taxation	257,554	239,337
Borrowings	9,298,383	6,482,273
	-----	-----
	12,338,566	9,264,876
	-----	-----
TOTAL LIABILITIES	29,074,691	26,854,485
	-----	-----
TOTAL EQUITY AND LIABILITIES	38,848,162	35,245,784
	=====	=====
Net Assets Per 50 Sen Share (RM)	1.30	1.18
	===	===

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited annual financial statements for the year ended 30 June 2011 and the accompanying explanatory notes attached to the financial statements

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

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012**

	----- Attributable to Owners of the Parent -----							
	Share Capital RM'000	Share Premium RM'000	Merger & Other Reserves RM'000	Treasury Shares RM'000	Retained Earnings RM'000	Total RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
At 1 July 2011	3,639,497	2,976,340	(3,083,561)	(119,972)	5,100,975	8,513,279	(121,980)	8,391,299
Profit/(Loss) for the period	-	-	-	-	1,229,934	1,229,934	(81,018)	1,148,916
Other comprehensive income	-	-	(105,292)	-	-	(105,292)	(19,209)	(124,501)
Total comprehensive income/(loss) for the period	-	-	(105,292)	-	1,229,934	1,124,642	(100,227)	1,024,415
Changes in ownership interest in a subsidiary	-	-	(19,994)	-	145,282	125,288	362,571	487,859
Issue of share capital	24,631	60,125	(7,255)	-	-	77,501	-	77,501
Share capital by subsidiary to Non Controlling Interest	-	-	-	-	-	-	200,000	200,000
Dividend paid – For the year ended 30 June 2011	-	-	-	-	(136,209)	(136,209)	-	(136,209)
– For the year ending 30 June 2012	-	-	-	-	(272,575)	(272,575)	-	(272,575)
Provision for share options	-	-	1,181	-	-	1,181	-	1,181
Share options lapsed	-	-	(10,099)	-	10,099	-	-	-
Warrants reserve	-	917	(917)	-	-	-	-	-
At 30 June 2012	3,664,128	3,037,382	(3,225,937)	(119,972)	6,077,506	9,433,107	340,364	9,773,471

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 2011 and the accompanying explanatory notes attached to the interim financial statements.

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

INTERIM FINANCIAL REPORT

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011**

	----- Attributable to Owners of the Parent -----							
	Share Capital RM'000	Share Premium RM'000	Merger & Other Reserves RM'000	Treasury Shares RM'000	Retained Earnings RM'000	Total RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
At 1 July 2010	3,623,273	2,942,668	(3,694,109)	(119,967)	4,458,201	7,210,066	-	7,210,066
Adoption of new accounting policy	-	-	(36,711)	-	(44,922)	(81,633)	-	(81,633)
At 1 July 2010, as restated	3,623,273	2,942,668	(3,730,820)	(119,967)	4,413,279	7,128,433	-	7,128,433
Profit/(loss) for the year	-	-	-	-	1,364,168	1,364,168	(116,706)	1,247,462
Other comprehensive income	-	-	644,682	-	-	644,682	16	644,698
Total comprehensive income/(loss) for the year	-	-	644,682	-	1,364,168	2,008,850	(116,690)	1,892,160
Non-Controlling Interests arising from business combination	-	-	-	-	-	-	(5,290)	(5,290)
Shares repurchased	-	-	-	(5)	-	(5)	-	(5)
Issue of share capital	16,224	31,901	(1,455)	-	-	46,670	-	46,670
Dividend paid – For the year ended 30 June 2010	-	-	-	-	(135,238)	(135,238)	-	(135,238)
– For the year ended 30 June 2011	-	-	-	-	(405,845)	(405,845)	-	(405,845)
Dividends declared – For the year ended 30 June 2011	-	-	-	-	(135,418)	(135,418)	-	(135,418)
Provision for share options	-	-	5,832	-	-	5,832	-	5,832
Warrant reserve	-	1,771	(1,771)	-	-	-	-	-
Share option lapsed	-	-	(29)	-	29	-	-	-
At 30 June 2011	3,639,497	2,976,340	(3,083,561)	(119,972)	5,100,975	8,513,279	(121,980)	8,391,299

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 2011 and the accompanying explanatory notes attached to the interim financial statements.

INTERIM FINANCIAL REPORT

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012**

	CURRENT YEAR-TO-DATE 30.06.2012 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30.06.2011 RM'000
Cash flows from operating activities		
Profit for the period	1,148,916	1,247,462
Adjustment for:		
Depreciation of property, plant and equipment	1,160,511	987,958
Fair value changes of investments	18,631	(27,656)
Interest expense	821,348	847,495
Interest income	(24,392)	(13,756)
Provision for retirement benefits	79,202	29,413
Provision for liabilities and charges	2,323	3,705
Share of results of associated companies	(288,041)	(286,812)
Taxation	234,036	309,444
Unrealised (gain)/loss on foreign exchange	(4,795)	18,016
Gain in de-recognition of financial assets	(81,706)	-
Provision for impairment of receivables	47,810	21,642
Other non-cash items	17,242	14,945
	-----	-----
	3,131,085	3,151,856
Changes in working capital:		
Inventories	(14,729)	76,113
Receivables, deposits and prepayments	(198,605)	(151,030)
Payables and accrued expenses	304,052	(7,915)
	-----	-----
Cash generated from operations	3,221,803	3,069,024
Interest paid	(613,470)	(640,256)
Tax paid	(382,576)	(299,097)
Payment to retirement benefit scheme	(92,496)	(95,534)
	-----	-----
Net cash flow from operating activities	2,133,261	2,034,137
	-----	-----
Cash flows from investing activities		
Dividends received	161,611	89,905
Grants received	26,709	25,650
Interest received	19,384	13,265
Acquisition of associated company	(15,751)	(40,664)
Purchase of property, plant and equipment	(1,320,283)	(1,324,241)
Other investing activities	1,353	(17,793)
	-----	-----
Net cash flow used in investing activities	(1,126,977)	(1,253,878)
	-----	-----

INTERIM FINANCIAL REPORT

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2012 -- Continued**

	CURRENT YEAR-TO-DATE 30.06.2012 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30.06.2011 RM'000
Cash flows from financing activities		
Dividends paid	(586,154)	(810,693)
Proceeds from borrowings	11,946,396	3,698,282
Proceeds from issue of shares	77,501	48,124
Repayment of borrowings	(8,466,227)	(3,308,319)
Disposal of subsidiaries' interest to Non-Controlling Interests	545,167	-
Redemption of bond	(2,200,000)	(834,330)
Other financing activities	(9,756)	(601)
	-----	-----
Net cash flow from/(used in) financing activities	1,306,927	(1,207,537)
	-----	-----
Net changes in cash and cash equivalents	2,313,211	(427,278)
Effects of exchange rate changes	98,222	231,871
Cash and cash equivalents at beginning of the period	7,131,314	7,326,721
	-----	-----
Cash and cash equivalents at end of the period <i>[Note a]</i>	9,542,747	7,131,314
	=====	=====

[Note a]

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

	RM'000	RM'000
Fixed deposits	9,309,973	6,768,272
Cash and bank balances	307,988	410,477
Bank overdrafts (included within short term borrowings in [Note B9])	(75,214)	(47,435)
	-----	-----
	9,542,747	7,131,314
	=====	=====

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited annual financial statements for the year ended 30 June 2011 and the accompanying explanatory notes attached to the interim financial statements.

INTERIM FINANCIAL REPORT

PART A – EXPLANATORY NOTES PURSUANT TO FRS 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 2011.

A1. Accounting Policies and Methods of Computation

The interim financial report is unaudited and has been prepared in accordance with Financial Reporting Standard (“FRS”) 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 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 2011.

The accounting policies and methods of computation adopted by the Group in the interim financial statements are consistent with those adopted in the latest audited annual financial statements.

The adoption of amendments to FRSs and Interpretation Committee (“IC”) interpretations which were effective for financial period beginning on or after 1 July 2011 do not have significant financial impact on the Group.

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 3,759,848 and 9,174,791 respectively at a weighted average exercise price of RM1.21 per share.

During the financial year to date, 40,087,750 ordinary shares of RM0.50 each was issued pursuant to the exercise of employees’ share options granted under the Company’s Employees Share Option Scheme at a weighted average exercise price of RM1.66 per share.

INTERIM FINANCIAL REPORT

Notes – continued

A total of 200 ordinary shares of RM0.50 each were repurchased from the open market for a total consideration of RM457 for the current financial year to date. The share buy back transactions were financed by internally generated funds. The shares purchased are being held as treasury shares. As at 30 June 2012, the number of treasury shares held were 56,724,945 ordinary shares of RM0.50 each.

On 25 August 2011, the Company issued RM2.2 billion in medium term notes (“MTNs”) pursuant to an MTN programme with a nominal value of up to RM5.0 billion, the proceeds of which were utilised on the same date to undertake an early redemption and cancellation of the Company’s outstanding RM2.2 billion 3.0% Redeemable Non-Guaranteed Bonds due 2013.

An MTN of RM464.5 million and RM1,084.5 million was fully settled during the current financial quarter and financial year to date.

On 24 January 2012, a subsidiary company issued GBP200 million Guaranteed Bonds due on 24 September 2021 at an interest rate of 4.000% per annum. The net proceeds of the issuance will be utilised to finance capital expenditure.

The outstanding debts are as disclosed in Note B9.

A6. Dividends Paid

The following dividends were paid during the financial year under review:

- (i) A third interim tax exempt dividend of 3.75% or 1.875 sen per ordinary share of 50 sen each amounting to RM135,417,595 in respect of the financial year ended 30 June 2011 was paid on 15 July 2011.
- (ii) A fourth interim tax exempt dividend of 3.75% or 1.875 sen per ordinary share of 50 sen each amounting to RM136,208,794 in respect of the financial year ended 30 June 2011 was paid on 24 November 2011.
- (iii) A first interim tax exempt dividend of 3.75% or 1.875 sen per ordinary share of 50 sen each amounting to RM136,268,902 in respect of the financial year ended 30 June 2012 was paid on 13 January 2012.
- (iv) A second interim tax exempt dividend of 1.875% or 0.9375 sen per ordinary share of 50 sen each amounting to RM68,135,398 in respect of the financial year ended 30 June 2012 was paid on 30 March 2012.
- (v) A third interim tax exempt dividend of 1.875% or 0.9375 sen per ordinary share of 50 sen each amounting to RM68,170,558 in respect of the financial year ended 30 June 2012 was paid on 27 June 2012.

INTERIM FINANCIAL REPORT

Notes – continued

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 and other businesses

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 year ended 30 June 2012:

	Power generation (Contracted) RM'000	Multi utilities business (Merchant) RM'000	Water & sewerage RM'000	Mobile broadband network RM'000	Investment holding & other businesses RM'000	Group RM'000
External Revenue	1,155,417	11,999,044	2,396,160	227,139	98,431	15,876,191
Inter-segment Revenue	3,691	-	-	565	2,428,730	2,432,986
Segment profit / (loss) before tax	288,167	725,242	597,812	(309,774)	81,505	1,382,952

Segment information for the financial year ended 30 June 2011:

	Power generation (Contracted) RM'000	Multi utilities business (Merchant) RM'000	Water & sewerage RM'000	Mobile broadband network RM'000	Investment holding & other businesses RM'000	Group RM'000
External Revenue	1,087,338	11,149,547	2,293,708	26,603	105,363	14,662,559
Inter-segment Revenue	-	-	-	298	1,296,796	1,297,094
Segment profit/ (loss) before tax	312,178	884,119	639,324	(280,198)	1,483	1,556,906

INTERIM FINANCIAL REPORT

Notes – continued

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 7 July 2011, the Company together with YTL Jawa Power Holdings Limited, a wholly-owned subsidiary of the Company, entered into a share purchase agreement (“SPA”) with Marubeni Corporation (“Marubeni”) and Aster Power Holding B.V., a wholly-owned subsidiary of Marubeni, relating to the sale and purchase of 7,714 ordinary shares of EUR1.00 and certain Company Interests (as defined in the SPA) in YTL Jawa Power Holdings BV (“YTLJPH”) representing 15/35 or 42.86% equity interests in YTLJPH.

The sale was completed on 15 August 2011. Arising from the disposal, the effective interest in P.T. Jawa Power was reduced from 35% to 20%.

- (ii) On 10 October 2011, the Company acquired 1 ordinary share in YTL Power Trading (Labuan) Ltd (“YTL Power Labuan”) at USD1.00. As a result, YTL Power Labuan has become a wholly-owned subsidiary of the Company.

YTL Power Labuan was incorporated in the Federal Territory of Labuan with an issued and paid-up share capital of USD1.00 comprising one ordinary share. YTL Labuan will be principally involved in trading.

- (iii) On 27 October 2011, YTL Communications (S) Pte Ltd (“YTL Comm (S)”) was incorporated in the Republic of Singapore with an issued and paid-up share capital of SGD1.00 held by YTL Communications Sdn Bhd (“YTL Communications”), a 60%-owned subsidiary of the Company. As a result, YTL Comm (S) became an indirect subsidiary of the Company.

YTL Comm (S) will be principally involved in the provision of software integration and technical services (inclusive of hardware, software and system maintenance).

- (iv) On 31 January 2012, YTL Communications acquired two (2) ordinary shares of RM1.00 each in YTL Digital Sdn Bhd (“YTL Digital”), representing the entire issued and paid-up share capital of YTL Digital from YTL Energy Sdn Bhd, a wholly-owned subsidiary of YTL Corporation Berhad (“YTL Corp”), at par value per share in cash. As a result, YTL Digital became an indirect subsidiary of the Company and remains an indirect subsidiary of YTL Corp.

INTERIM FINANCIAL REPORT

Notes – continued

- (v) On 1 April 2012, PowerSeraya Limited (“PowerSeraya”), an indirect wholly-owned subsidiary of the Company, transferred all its shares in the following subsidiaries to YTL PowerSeraya Pte Limited (“YTL PowerSeraya”), the holding company of PowerSeraya and an indirect wholly-owned subsidiary of the Company, for the consideration stated below (“PS Group Restructuring”):-

Name of subsidiary	Number of ordinary shares	Transfer consideration
Seraya Energy Pte Ltd (“SE”)	50,000,002	S\$2.00
Seraya Energy and Investment Pte Ltd (“SEI”)	5,400,002	S\$5,400,002

As a result of the PS Group Restructuring, SE and SEI became direct subsidiaries of YTL PowerSeraya and remain indirect subsidiaries of YTL Power.

SE and SEI were incorporated in Singapore on 16 May 2001 and 13 October 1999, respectively. SE is principally involved in the sale of electricity whilst SEI is an investment holding company.

PowerSeraya ceased business operations following the completion of the PS Group Restructuring and commenced member’s voluntary winding up pursuant to Section 290(1)(b) of the Companies Act (Cap 50) of Singapore on 30 June 2012.

- (vi) On 5 June 2012, YTL Power Australia Limited (an indirect wholly-owned subsidiary of the Company) (“YTL Power Australia”) exercised its right of converting its entire holding of 10,925 “A” preference shares of USD1.00 each into 10,925 ordinary shares of USD1.00 each representing 58.4% of the issued and paid-up ordinary share capital of YTL Power Investments Limited (“YTL Power Investments”). As a result, YTL Power Investments became a subsidiary of YTL Power Australia and an indirect subsidiary of the Company.

YTL Power Investments was incorporated in the Cayman Islands on 16 October, 2000 and is principally involved in investment holding.

On 12 June 2012, YTL Power Australia acquired the remaining issued share capital of YTL Power Investments not held by it comprising 7,790 ordinary shares of USD1.00. As a result, YTL Power Investments became a wholly-owned subsidiary of YTL Power Australia and an indirect wholly-owned subsidiary of the Company.

- (vii) On 15 June 2012, YTL Education (UK) Limited (“YTL Education”), a wholly-owned subsidiary of YTL Power Investments, acquired an additional 52,347 ordinary shares of 10p each (“Shares Acquisition”) in the capital of Frogtrade Limited (“Frogtrade”) from twenty-three sellers, for a total consideration of £5,549,828.94 in cash. Following the Shares Acquisition, YTL Education became holder of a total of 80,778 ordinary shares of 10p each, representing an equity stake of approximately 57.58% in Frogtrade. As a result, Frogtrade became a subsidiary of YTL Education and an indirect subsidiary of the Company.

INTERIM FINANCIAL REPORT

Notes – continued

Frogtrade was incorporated in England & Wales with the registered number 03935677 on 28 February 2000 and is principally involved in the business of providing internet services, including the development and provision of education learning platforms.

- (viii) On 29 June 2012, the Company transferred all its shares comprising 3 ordinary shares of GBP1.00 each and 45,000 ordinary shares of USD1.00 each in YTL Utilities Limited (“YTL Utilities”), representing the entire issued and paid-up of YTL Utilities to YTL Power Generation Sdn Bhd (“YTLPG”), a wholly-owned subsidiary of the Company, for RM3,000,000,000.00 being the book value of the shares, the consideration of which was satisfied by the issuance of 3,000,000,000 ordinary shares of RM0.20 each in YTLPG to the Company at RM1.00 per share.

As a result, YTL Utilities became a direct subsidiary of YTLPG and an indirect subsidiary of YTL Power.

YTL Utilities was incorporated in the Cayman Islands on 8 February 2002 and is principally involved in investment holding.

- (ix) On 29 June 2012, YTL Education transferred its shares in the following subsidiaries to YTL Power Investments at the cost indicated below:-

Corporation	Number of shares transferred	% of issued & paid-up share capital of Corporation	Cost
FrogAsia Sdn Bhd (“FrogAsia”)	2 ordinary shares of RM1.00 each	100	RM2.00
Frogtrade	80,778 ordinary shares of 10p each	57.58	GBP7,549,828.94

As a result, FrogAsia and Frogtrade have become direct subsidiaries of YTL Power Investments and remain indirect subsidiaries of the Company.

FrogAsia was incorporated in Malaysia on 18 November 2011. FrogAsia is principally involved in the business of providing internet services, including the development and provision of education learning platforms.

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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 2011 except for corporate guarantee which was given by the Company to financial institutions for facilities granted to its subsidiaries as follows:

- i) A term loan of GBP100 million.
- ii) Revolving credit facilities of RM900 million.
- iii) Bank guarantee of RM10 million.

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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 are tabulated below:

	Individual Quarter		Cumulative Quarter	
	30.6.2012	30.6.2011	30.6.2012	30.6.2011
	RM'000	RM'000	RM'000	RM'000
Revenue				
Power generation (Contracted)	277,041	272,682	1,155,417	1,087,338
Multi utilities business (Merchant)	3,156,329	3,322,302	11,999,044	11,149,547
Water & sewerage	636,272	629,284	2,396,160	2,293,708
Mobile broadband network	71,563	12,575	227,139	26,603
Investment holding & other businesses	22,407	28,222	98,431	105,363
	4,163,612	4,265,065	15,876,191	14,662,559
Profit/(Loss) before tax				
Power generation (Contracted)	29,235	97,102	288,167	312,178
Multi utilities business (Merchant)	77,304	267,237	725,242	884,119
Water & sewerage	136,261	186,013	597,812	639,324
Mobile broadband network	(95,485)	(176,537)	(309,774)	(280,198)
Investment holding & other businesses	185,891	44,266	81,505	1,483
	333,206	418,081	1,382,952	1,556,906

a) Current Quarter vs Preceding Year Corresponding Quarter

Group revenue was RM4,163.6 million for the current financial quarter ended 30 June 2012 as compared to RM4,265.1 million recorded in the preceding year corresponding quarter ended 30 June 2011. The Group profit before taxation for the current financial quarter was RM333.2 million, a reduction of RM84.9 million or 20.3% as compared to RM418.1 million recorded in the preceding year corresponding quarter.

Performance of the respective operating business segments for the quarter ended 30 June 2012 as compared to the preceding corresponding quarter is analysed as follows:

Power generation (Contracted)

The increase in revenue was principally due to higher generation of electricity sales in the current quarter. Nevertheless, the increase has been offset by the increase in depreciation charged during the period.

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Multi utilities business (Merchant)

The decrease in profit before taxation is contributed by the lower sales volume recorded in the last quarter. Higher fuel cost incurred due to higher fuel prices during the quarter contributed to the lower margin recorded.

Water & sewerage

Lower profit before tax was due to the increase in finance cost incurred on index-linked bonds which are linked to Retail Price Index (“RPI”) that is on the rise.

Mobile broadband network

The continuous growth in its subscriber base has resulted in an increase in the revenue of this segment. However, the losses were mainly attributable to the start-up and fixed operating cost incurred.

Investment holding & other businesses

The decrease in revenue was due to lower interest income earned during the quarter. This was offset by an increase in the share of profit of an associated company acquired during the quarter.

b) Current Year to date vs Preceding Year to date

Group revenue was RM15,876.2 million for the current financial period ended 30 June 2012 as compared to RM14,662.6 million recorded in the preceding year corresponding period ended 30 June 2011. The Group profit before taxation for the current financial period was RM1,382.9 million, a decrease of RM174 million or 11.2% as compared to RM1,556.9 million recorded in the preceding year corresponding period.

Performance of the respective operating business segments for the year ended 30 June 2012 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:

Multi utilities business (Merchant)

The increase in the overall trading volume contributed to the higher revenue recorded. The decrease in profit before taxation was caused by the lower margin due to higher fuel price incurred during the year.

Water & sewerage

The decrease in profit before taxation was mainly attributable to the higher finance cost incurred on index-linked bonds which are linked to RPI that is on the rise and higher operating cost due to inflationary pressure.

Mobile broadband network

Further losses in the current quarter have led to the increase in losses for the financial year under review. Losses incurred in the preceding year to date were for six months of commercial operations as compared to the current full year of operations.

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Investment holding & other businesses

The lower interest income earned contributed to the decrease in revenue earned during the year. This was offset by an increase in the share of profit of an associated company acquired during the year.

B2. Comparison with Preceding Quarter

	Current Quarter 30.6.2012 RM'000	Preceding Quarter 31.3.2012 RM'000
Revenue	4,163,612	3,985,417
Consolidated profit before taxation	333,206	351,900
Consolidated profit after taxation	380,837	270,897

The decrease in Group profit before taxation as compared to the preceding quarter was principally attributable to higher depreciation charged of RM105 million in the power generation (contracted) segment. The increase in profit after tax were mainly due to a one off gain on derecognition of financial assets which was not subject to tax and an increase in share of profit of an associated company.

B3. Prospects

Power generation (Contracted)

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

Multi utilities business (Merchant)

YTL PowerSeraya Group continues to strive to diversify beyond their core business into integrated multi-utilities energy platform with focus on customer service.

Water & sewerage

Wessex Water expect to perform satisfactory for the coming years as the company 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 targets.

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.

B4. Profit Forecast

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

INTERIM FINANCIAL REPORT

Notes – continued

B5. Audit Report of the preceding financial year ended 30 June 2011

The Auditors' Report on the financial statements of the financial year ended 30 June 2011 did not contain any qualification.

B6. Profit for the period

	Current Year Quarter 30.6.2012 RM'000	Current Year To Date 30.6.2012 RM'000
Profit before taxation is stated after charging/(crediting):		
Amortisation of grant	(2,946)	(10,157)
Depreciation of property, plant and equipment	347,101	1,160,511
Dividends income	(322)	(602)
Gain on disposal of property, plant and equipment	(733)	(2,241)
Loss on derivatives	19,083	10,216
Gain on foreign exchange	(21,093)	(5,197)
Interest income	(7,682)	(24,392)
Interest expense	201,805	821,348
Provision for impairment of receivables (net of reversal)	13,796	47,810
Rental income	(36)	(130)
Write off of provision for fuel cost	9,833	3,867
Gain on derecognition of financial assets	(81,706)	-
*Exceptional items	-	-
	<u> </u>	<u> </u>

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

B7. Taxation

	Current Year Quarter 30.6.2012 RM'000	Current Year To Date 30.6.2012 RM'000
In respect of current period		
- Income Tax	65,404	391,025
- Deferred Tax	(113,035)	(156,989)
	<u> </u>	<u> </u>
	<u>(47,631)</u>	<u>234,036</u>

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Notes – continued

The 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 lower mainly due to income subjected to different tax jurisdictions and substantial tax credit recorded in the current quarter by the Wessex Water Group following a change in rate of tax.

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 2012 are as follows:

	Short term		Long term		Total
	Bonds	Borrowings	Bonds	Borrowings	
	RM'000	RM'000	RM'000	RM'000	RM'000
Secured	-	7,413,697	-	3,387	7,417,084
Unsecured	-	1,884,686	6,942,581	6,742,004	15,569,271
	-----	-----	-----	-----	-----
Total	-	9,298,383	6,942,581	6,745,391	22,986,355
	=====	=====	=====	=====	=====

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

In US Dollar ('000)	398,316
	=====
In Sterling Pound ('000)	1,936,535
	=====
In Singapore Dollar ('000)	2,700,000
	=====

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:

- a) USD200 million term loan due on 17 December 2012.
- b) USD200 million term loan due on 30 June 2015.
- c) GBP100 million term loan due on 6 October 2014.
- d) SGD100 million revolving credit due on 16 May 2013.
- e) RM300 million revolving credit due on 13 August 2012.
- f) RM300 million revolving credit due on 27 August 2012.
- g) RM300 million revolving credit due on 30 August 2012.

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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 30 June 2012, 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	2,537,778	2,581,970
- 1 year to 3 years	216,043	201,381
<u>Currency forwards</u>		
- Less than 1 year	2,142,755	2,152,336
- 1 year to 3 years	242,073	242,778
<u>Interest rate swaps</u>		
- 1 year to 3 years	508,686	466,141

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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INTERIM FINANCIAL REPORT

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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 30 June 2012 are as follows:

Type of financial liabilities	Basis of fair value measurement	Reason for the gain/(loss)	Fair value gain	
			Current year quarter 3 months to 30.6.2012	Current year to date 12 months to 30.6.2012
			RM'000	RM'000
Forward foreign currency exchange contracts	Foreign exchange differential between the contracted rate and the market forward rate	Foreign exchange rates differential between the contracted rate and the market forward rate which have moved in favour of the Group	5,990	22,389
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	(33,286)	24,807
Total			(27,296)	47,196

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Notes – continued

(c) Realised and Unrealised Profits or Losses

	As at 30.6.2012 RM'000	Audited As at 30.06.2011 RM'000
Retained earnings/(Accumulated losses) of the Company and its subsidiaries		
- Realised	7,188,818	5,767,287
- Unrealised	(1,714,817)	(1,355,558)
	----- 5,474,001	----- 4,411,729
Retained earnings/(Accumulated losses) from associated companies		
- Realised	388,804	639,430
- Unrealised	(41,533)	(67,029)
	----- 347,271	----- 572,401
Consolidated adjustments	----- 256,234	----- 116,845
Total Group retained earnings as per consolidated accounts	----- 6,077,506	----- 5,100,975

B11. Pending Material Litigation

There was no material litigation pending since the last financial year ended 30 June 2011.

B12. Dividend

The Board of Directors is pleased to declare a fourth interim tax exempt dividend of 1.875% or 0.9375sen per ordinary share of 50 sen each for the financial year ended 30 June 2012.

The Book Closure and Payment dates in respect of the aforesaid dividend are 15 October 2012 and 31 October 2012, respectively.

The Board does not recommend a final dividend for the year ended 30 June 2012 (2011: no final dividend was recommended).

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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 30.6.2012	Preceding Year Corresponding Quarter 30.6.2011
Profit attributable to Owners of the Parent (RM'000)	407,106 =====	496,134 =====
Weighted average number of ordinary shares ('000)	7,270,094 =====	7,219,877 =====
Basic earnings per share (Sen)	5.60 =====	6.87 =====

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INTERIM FINANCIAL REPORT

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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 30.6.2012	Preceding Year Corresponding Quarter 30.6.2011
Profit attributable to Owners of the Parent (RM'000)	407,106 =====	496,134 =====
<i>Weighted average number of ordinary shares ('000) – diluted</i>		
Weighted average number of ordinary shares ('000) – basic	7,270,094	7,219,877
Effect of unexercised Warrants 2008/2018	323,815	536,093
Effect of unexercised ESOS	12,104	28,631
	----- 7,606,013 =====	----- 7,784,601 =====
Diluted earnings per share (Sen)	5.35 =====	6.37 =====

* *Total cash expected to be received in the event of an exercise of all outstanding warrants is RM1,642 million. Accordingly, the Net Asset (NA) on a pro forma basis will increase by RM1,642 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: 16 August 2012