

YTL POWER INTERNATIONAL BERHAD

Company No. 406684-H

Incorporated in Malaysia

Interim Financial Report
30 September 2012

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	Page No.
Condensed Consolidated Income Statement	1
Condensed Consolidated Statement of Comprehensive Income	2
Condensed Consolidated Statement of Financial Position	3 - 4
Condensed Consolidated Statement of Changes in Equity	5 - 6
Condensed Consolidated Statement of Cash Flows	7 - 8
Notes to the Interim Financial Report	9 - 23

INTERIM FINANCIAL REPORT

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

The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30.9.2012 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30.9.2011 RM'000	3 MONTHS ENDED 30.9.2012 30.9.2011 RM'000 RM'000	
REVENUE	4,179,125	3,635,852	4,179,125	3,635,852
COST OF SALES	(3,723,514)	(3,017,205)	(3,723,514)	(3,017,205)
GROSS PROFIT	455,611	618,647	455,611	618,647
OTHER OPERATING EXPENSES	(121,551)	(173,709)	(121,551)	(173,709)
OTHER OPERATING INCOME	98,363	10,963	98,363	10,963
PROFIT FROM OPERATIONS	432,423	455,901	432,423	455,901
FINANCE COSTS	(201,519)	(219,073)	(201,519)	(219,073)
SHARE OF RESULTS OF ASSOCIATED COMPANIES	83,443	60,973	83,443	60,973
PROFIT BEFORE TAXATION	314,347	297,801	314,347	297,801
TAXATION	(62,500)	(87,646)	(62,500)	(87,646)
PROFIT FOR THE PERIOD	251,847	210,155	251,847	210,155
PROFIT ATTRIBUTABLE TO:				
Owners of the Parent	252,806	246,199	252,806	246,199
Non-Controlling Interests	(959)	(36,044)	(959)	(36,044)
	251,847	210,155	251,847	210,155
EARNINGS PER 50 SEN SHARE				
Basic (Sen)	3.47	3.41	3.47	3.41
Diluted (Sen)	3.29	3.19	3.29	3.19

The Condensed Consolidated Income Statement should be read in conjunction with the audited annual financial statements for the year ended 30 June 2012 and the accompanying explanatory notes attached to the interim financial statements.

INTERIM FINANCIAL REPORT

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER PRECEDING		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	YEAR CORRESPONDING QUARTER	3 MONTHS ENDED	
	30.9.2012 RM'000	30.9.2011 RM'000	30.9.2012 RM'000	30.9.2011 RM'000
PROFIT FOR THE PERIOD	251,847	210,155	251,847	210,155
OTHER COMPREHENSIVE INCOME/(LOSS):				
AVAILABLE-FOR-SALE RESERVE	(11,305)	(18,937)	(11,305)	(18,937)
HEDGING RESERVE	220,064	8,084	220,064	8,084
CURRENCY TRANSLATION DIFFERENCES	(46,892)	58,563	(46,892)	58,563
	-----	-----	-----	-----
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	161,867	47,710	161,867	47,710
	-----	-----	-----	-----
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	413,714	257,865	413,714	257,865
	=====	=====	=====	=====
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Parent	430,776	293,980	430,776	293,980
Non-Controlling Interests	(17,062)	(36,115)	(17,062)	(36,115)
	-----	-----	-----	-----
	413,714	257,865	413,714	257,865
	=====	=====	=====	=====

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited annual financial statements for the year ended 30 June 2012 and the accompanying explanatory notes attached to the interim financial statements.

INTERIM FINANCIAL REPORT

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	UNAUDITED	AUDITED	AUDITED
	As at	As at	As at
	30.9.2012	30.6.2012	1.7.2011
		(Restated)	(Restated)
	RM'000	RM'000	RM'000
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	17,239,260	17,258,872	16,662,340
Intangible Assets	6,627,652	6,633,773	6,484,398
Associated Companies	1,480,988	1,524,768	1,138,020
Investments	164,439	180,857	745,976
Receivables, deposits and prepayments	496,725	507,026	42,228
Derivative Financial Instruments	5,449	3,797	2,611
	-----	-----	-----
	26,014,513	26,109,093	25,075,573
	-----	-----	-----
Current Assets			
Inventories	564,164	547,670	532,380
Receivables, Deposits and Prepayments	2,615,327	2,609,592	2,363,178
Derivative Financial Instruments	70,122	75,856	95,904
Deposits, Cash and Bank Balances	10,054,252	9,627,985	7,178,749
	-----	-----	-----
	13,303,865	12,861,103	10,170,211
	-----	-----	-----
TOTAL ASSETS	39,318,378	38,970,196	35,245,784
	=====	=====	=====
EQUITY AND LIABILITIES			
Share Capital	3,667,545	3,664,128	3,639,497
Reserves	6,153,612	5,715,552	4,815,950
Treasury Shares, at cost	(119,972)	(119,972)	(119,972)
	-----	-----	-----
Equity attributable to Owners of the Parent	9,701,185	9,259,708	8,335,475
Non-Controlling Interests	326,713	373,583	(121,980)
	-----	-----	-----
TOTAL EQUITY	10,027,898	9,633,291	8,213,495
	-----	-----	-----

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited annual financial statements for the year ended 30 June 2012 and the accompanying explanatory notes attached to the financial statements.

INTERIM FINANCIAL REPORT

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION – Continued

	UNAUDITED	AUDITED	AUDITED
	As at	As at	As at
	30.9.2012	30.6.2012	1.7.2011
		(Restated)	(Restated)
	RM'000	RM'000	RM'000
LIABILITIES			
Non-Current Liabilities			
Deferred Taxation	2,341,189	2,374,003	2,482,397
Borrowings	13,946,762	13,687,972	14,615,594
Deferred Income	285,611	280,011	256,834
Provision For Liabilities and Charges	363,555	361,850	366,722
Derivative Financial Instruments	35,192	45,478	19,989
Payables	271,931	273,644	25,877
	-----	-----	-----
	17,244,240	17,022,958	17,767,413
	-----	-----	-----
Current Liabilities			
Payables and Accrued Expenses	2,406,191	2,472,539	2,429,015
Provision for Liabilities and Charges	429	772	20,099
Derivative Financial Instruments	93,885	284,648	94,152
Taxation	268,920	257,605	239,337
Borrowings	9,276,815	9,298,383	6,482,273
	-----	-----	-----
	12,046,240	12,313,947	9,264,876
	-----	-----	-----
TOTAL LIABILITIES	29,290,480	29,336,905	27,032,289
	-----	-----	-----
TOTAL EQUITY AND LIABILITIES	39,318,378	38,970,196	35,245,784
	=====	=====	=====
 Net Assets Per 50 Sen Share (RM)	 1.33	 1.27	 1.15
	====	====	====

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited annual financial statements for the year ended 30 June 2012 and the accompanying explanatory notes attached to the 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 PERIOD ENDED 30 SEPTEMBER 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 2012, as restated	3,664,128	3,037,384	(3,223,816)	(119,972)	5,901,984	9,259,708	373,583	9,633,291
Profit/(Loss) for the period	-	-	-	-	252,806	252,806	(959)	251,847
Other comprehensive income	-	-	177,971	-	-	177,971	(16,104)	161,867
Total comprehensive income/(loss) for the period	-	-	177,971	-	252,806	430,777	(17,063)	413,714
Dividends paid to Non Controlling Interest	-	-	-	-	-	-	(29,807)	(29,807)
Issue of share capital	3,417	4,851	-	-	-	8,268	-	8,268
Provision for share options	-	-	2,432	-	-	2,432	-	2,432
Warrants reserves	-	683	(683)	-	-	-	-	-
At 30 September 2012	3,667,545	3,042,918	(3,044,096)	(119,972)	6,154,790	9,701,185	326,713	10,027,898

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 2012 and the accompanying explanatory notes attached to the interim financial statements.

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

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2011**

	----- 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 2011	3,639,497	2,976,340	(3,083,561)	(119,972)	5,100,975	8,513,279	(121,980)	8,391,299
MFRS initial adoption adjustment	-	-	-	-	(177,804)	(177,804)	-	(177,804)
At 1 July 2011, as restated	3,639,497	2,976,340	(3,083,561)	(119,972)	4,923,171	8,335,475	(121,980)	8,213,495
Profit/(loss) for the period	-	-	-	-	246,199	246,199	(36,044)	210,155
Other comprehensive income	-	-	47,781	-	-	47,781	(71)	47,710
Total comprehensive income/(loss) for the period	-	-	47,781	-	246,199	293,980	(36,115)	257,865
Non-Controlling Interests arising from business combination	-	-	(18,458)	-	123,421	104,963	323,379	428,342
Issue of share capital	2,091	4,513	-	-	-	6,604	-	6,604
Provision for share options	-	-	387	-	-	387	-	387
Warrant reserve	-	5	(5)	-	-	-	-	-
At 30 September 2011	3,641,588	2,980,858	(3,053,856)	(119,972)	5,292,791	8,741,409	165,284	8,906,693

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 2012 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 30 SEPTEMBER 2012**

	CURRENT YEAR-TO-DATE 30.9.2012 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30.9.2011 RM'000
Cash flows from operating activities		
Profit for the period	251,847	210,155
Adjustment for:		
Depreciation of property, plant and equipment	306,185	253,477
Fair value changes of investments	-	13,391
Interest expense	201,519	219,073
Interest income	(4,862)	(5,420)
Provision for retirement benefits	13,782	15,040
Share of results of associated companies	(83,443)	(60,973)
Taxation	62,500	87,646
Unrealised (gain)/loss on foreign exchange	(16,013)	67,493
Gain in disposal of investments	(7,662)	-
Provision for impairment of receivables	13,885	-
Other non-cash items	(6,970)	(1,752)
	-----	-----
	730,768	798,130
Changes in working capital:		
Inventories	(32,255)	(1,890)
Receivables, deposits and prepayments	40,792	257,341
Payables and accrued expenses	(31,580)	(24,706)
	-----	-----
Cash generated from operations	707,725	1,028,875
Interest paid	(175,943)	(118,553)
Tax paid	(94,734)	(68,910)
Payment to retirement benefit scheme	(13,889)	(14,100)
	-----	-----
Net cash flow from operating activities	423,159	827,312
	-----	-----
Cash flows from investing activities		
Dividends received	68,280	55,556
Grants received	7,519	6,580
Interest received	2,901	3,132
Investment of associated company	-	(4,376)
Purchase of property, plant and equipment	(292,527)	(363,286)
Proceeds from disposal of investments	16,957	-
Other investing activities	(1,475)	841
	-----	-----
Net cash flow used in investing activities	(198,345)	(301,553)
	-----	-----

INTERIM FINANCIAL REPORT

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2012 -- Continued**

	CURRENT YEAR-TO-DATE 30.9.2012 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30.9.2011 RM'000
Cash flows from financing activities		
Dividends paid	(29,807)	(135,418)
Proceeds from borrowings	837,390	2,471,772
Proceeds from issue of shares	8,268	6,606
Repayment of borrowings	(516,347)	(232,185)
Disposal of subsidiaries' interest to Non-Controlling Interests	-	495,285
Redemption of bond	-	(2,200,000)
	-----	-----
Net cash flow from financing activities	299,504	406,060
	-----	-----
Net changes in cash and cash equivalents	524,318	931,819
Effects of exchange rate changes	(22,837)	44,359
Cash and cash equivalents at beginning of the period	9,552,771	7,131,314
	-----	-----
Cash and cash equivalents at end of the period <i>[Note a]</i>	10,054,252	8,107,492
	=====	=====

[Note a]

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

	RM'000	RM'000
Fixed deposits	9,650,016	7,780,169
Cash and bank balances	404,236	374,662
Bank overdrafts (included within short term borrowings in [Note B9])	-	(47,339)
	-----	-----
	10,054,252	8,107,492
	=====	=====

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited annual financial statements for the year ended 30 June 2012 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 2012.

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”).

Subsequent to the last financial year end, the Group has adopted the Malaysian Financial Reporting Standard Framework (MFRS Framework) issued by the MASB. The MFRS is effective to the Group from 1 July 2012.

The Group’s interim financial statements for the 1st quarter ended 30 September 2012 are the first set of interim financial statements prepared in accordance to MFRS framework and the Group has applied MFRS 1 “First-time Adoption of MFRS” in the transition to MFRS Framework. Subject to certain transition elections provided by MFRS 1, the Group has consistently applied the same accounting policies in its opening MFRS statement of financial position at 1 July 2011 (transition date) and throughout all periods presented in this set of interim financial statements, as if these policies had always been in effect.

The MFRS Framework is generally required to be applied retrospectively with certain mandatory exceptions and optional exceptions provided by MFRS 1 to facilitate entities transitioning into the MFRS Framework. The mandatory exceptions and optional exceptions of MFRS 1 have no financial impact to the Group’s financial statements, except for one optional exception elected by the Group, giving rise to financial impact as set out below.

(i) **Impact of Electing MFRS 1 Optional Exemption for Employee Benefit.**

In transitioning into the MFRS Framework, the Group has elected to recognise cumulative unrecognised actuarial loss from the inception of the plan at the date of transition to MFRS.

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INTERIM FINANCIAL REPORT

Notes – continued

The effect of the recognizing the loss at the date of transition on the Financial Position is as follows:

Group	As previously reported under FRS Framework	MFRS transition adjustment	As restated/ adjusted under MFRS Framework
	RM'000	RM'000	RM'000
As at 1 July 2011			
Retained earnings	5,100,975	(177,804)	4,923,171
Deferred taxation	2,538,545	(56,148)	2,482,397
Post-employment benefit obligations	132,770	233,952	366,722
As at 30 June 2012			
Retained earnings	6,079,788	(177,804)	5,901,984
Deferred taxation	2,430,151	(56,148)	2,374,003
Post-employment benefit obligations	127,898	233,952	361,850

Reconciliation of equity arising from adoption of MFRS Framework

	1 July 2011 RM'000	30 September 2011 RM'000	30 June 2012 RM'000
Total equity as previously reported under FRS Framework	8,391,299	9,084,497	9,811,095
Less: MFRS transitional adjustments			
- Actuarial losses on transition	(177,804)	-	(177,804)
Total equity under MFRS	<u>8,213,495</u>	<u>9,084,497</u>	<u>9,633,291</u>

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 2012.

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.

A2. Seasonality or Cyclicity of Operations

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

INTERIM FINANCIAL REPORT

Notes – continued

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 6,833,034 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 ("ESOS") during the current financial quarter and financial year to date.

A total of 100 ordinary shares of RM0.50 each were repurchased from the open market for a total consideration of RM219 for the current financial quarter and 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 September 2012, the number of treasury shares held were 56,725,045 ordinary shares of RM0.50 each.

Medium Term Notes of RM515.5 million was fully settled during the current financial quarter and financial year to date.

On 30 August 2012, a subsidiary company issued GBP100 million Guaranteed Unsecured Bonds due on 24 September 2021 at an interest rate of 4.000% per annum. The net proceeds of the issuance will be utilised for financing existing indebtedness and for general corporate purposes.

The outstanding debts are as disclosed in Note B9.

A6. Dividends Paid

There was no dividend paid during the current financial quarter.

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 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 30 September 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	263,273	3,162,777	632,633	101,713	18,729	4,179,125
Inter-segment Revenue	-	-	-	95	-	95
Segment profit / (loss) before tax	51,155	203,226	146,027	(60,728)	(25,333)	314,347

Segment information for the financial period ended 30 September 2011:

	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	275,022	2,749,491	573,967	12,916	24,456	3,635,852
Inter-segment Revenue	-	-	-	131	-	131
Segment profit/ (loss) before tax	86,103	215,057	177,248	(94,944)	(85,663)	297,801

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.

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 2012 except for corporate guarantee which was given by the Company to a financial institution for revolving credit facility of RM300 million granted to a subsidiary.

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INTERIM FINANCIAL REPORT

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

B1. Review of the Results

The comparison of the results is tabulated below:

	Individual Quarter		Cumulative Quarter	
	30.9.2012 RM'000	30.9.2011 RM'000	30.9.2012 RM'000	30.9.2011 RM'000
Revenue				
Power generation (Contracted)	263,273	275,022	263,273	275,022
Multi utilities business (Merchant)	3,162,777	2,749,491	3,162,777	2,749,491
Water & sewerage	632,633	573,967	632,633	573,967
Mobile broadband network	101,713	12,916	101,713	12,916
Investment holding Activities	18,729	24,456	18,729	24,456
	<u>4,179,125</u>	<u>3,635,852</u>	<u>4,179,125</u>	<u>3,635,852</u>
Profit/(Loss) before tax				
Power generation (Contracted)	51,155	86,103	51,155	86,103
Multi utilities business (Merchant)	203,226	215,057	203,226	215,057
Water & sewerage	146,027	177,248	146,027	177,248
Mobile broadband network	(60,728)	(94,944)	(60,728)	(94,944)
Investment holding Activities	(25,333)	(85,663)	(25,333)	(85,663)
	<u>314,347</u>	<u>297,801</u>	<u>314,347</u>	<u>297,801</u>

a) Current Quarter vs Preceding Year Corresponding Quarter

Group revenue was RM4,179.1 million for the current financial quarter ended 30 September 2012 as compared to RM3,635.8 million recorded in the preceding year corresponding quarter ended 30 September 2011. The Group profit before taxation for the current financial quarter was RM314.3 million, an increase of RM16.5 million or 5.5% as compared to RM297.8 million recorded in the preceding year corresponding quarter.

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

Power generation (Contracted)

The decrease in revenue and profit before tax was principally due to scheduled plant maintenance carried out in the current quarter.

INTERIM FINANCIAL REPORT

Notes – continued

Multi utilities business (Merchant)

The higher revenue recorded is due to the higher sales volume achieved. However, profit before taxation was lower due to higher fuel cost incurred.

Water & sewerage

The increase in price agreed by the regulators contributed to the increase in revenue for the quarter. Profit before taxation is lower as a result of higher operating cost due to inflationary pressure and higher depreciation charged for the period.

Mobile broadband network

The continuous growth in its subscriber base resulted in an increase in revenue of this segment which contributed to a lower loss recorded in this quarter.

Investment holding activities

Revenue decreased following reduction in dividend income. The increase in share of profit of associate cushioned the loss before taxation.

B2. Comparison with Preceding Quarter

	Current Quarter 30.9.2012 RM'000	Preceding Quarter 30.6.2012 RM'000
Revenue	4,179,125	4,157,765
Consolidated profit before taxation	314,347	341,729
Consolidated profit after taxation	251,847	388,881

Group profit before taxation and profit after taxation decreased as the preceding quarter recorded a one off gain on de-recognition of financial assets and a reduction in the United Kingdom's corporate tax of 2% applicable to Wessex Water group.

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.

INTERIM FINANCIAL REPORT

Notes – continued

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.

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 2012

The Auditors' Report on the financial statements of the financial year ended 30 June 2012 did not contain any qualification.

B6. Profit for the period

	Current Year Quarter 30.9.2012 RM'000	Current Year To Date 30.9.2012 RM'000
Profit before taxation is stated after charging/(crediting):		
Amortisation of grant	(2,848)	(2,848)
Depreciation of property, plant and equipment	306,185	306,185
Dividends income	(79)	(79)
Gain on disposal of property, plant and equipment	(897)	(897)
Gain on derivatives	(21,775)	(21,775)
Gain on foreign exchange	(16,013)	(16,013)
Interest income	(4,862)	(4,862)
Interest expense	201,519	201,519
Provision for impairment of receivables (net of reversal)	13,885	13,885
Rental income	-	-
Write off of provision for fuel cost	12,349	12,349
*Exceptional items	-	-
	=====	=====

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

INTERIM FINANCIAL REPORT

Notes – continued

B7. Taxation

	Current Year Quarter 30.9.2012 RM'000	Current Year To Date 30.9.2012 RM'000
In respect of current period		
- Income Tax	95,171	95,171
- Deferred Tax	(32,671)	(32,671)
	-----	-----
	62,500	62,500
	=====	=====

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 tax rate applicable in the foreign subsidiaries.

B8. Corporate Proposals

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

B9. Group Borrowings and Debt Securities

The Group's borrowings from financial institutions as at 30 September 2012 are as follows:

	Short term		Long term		Total
	Bonds	Borrowings	Bonds	Borrowings	
	RM'000	RM'000	RM'000	RM'000	RM'000
Secured	-	6,507,077	-	2,702	6,509,779
Unsecured	400,000	2,369,738	11,012,797	2,931,263	16,713,798
	-----	-----	-----	-----	-----
Total	400,000	8,876,815	11,012,797	2,933,965	23,223,577
	=====	=====	=====	=====	=====

INTERIM FINANCIAL REPORT

Notes – continued

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

In US Dollar ('000)	398,640
	=====
In Sterling Pound ('000)	1,937,936
	=====
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 23 November 2012.
- f) RM300 million revolving credit due on 29 November 2012.
- g) RM300 million revolving credit due on 29 November 2012.
- h) RM300 million revolving credit due on 17 December 2012.

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

(a) Derivative Financial Instruments

As at 30 September 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	2,238,714	2,274,677
- 1 year to 3 years	300,563	302,812
<u>Currency forwards</u>		
- Less than 1 year	2,152,168	2,104,000
- 1 year to 3 years	344,269	337,076
<u>Interest rate swaps</u>		
- 1 year to 3 years	508,178	471,941

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

INTERIM FINANCIAL REPORT

Notes – continued

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

Notes – continued

(b) Fair Value Changes of Financial Liabilities

The gains arising from fair value changes of financial liabilities for the current financial period ended 30 September 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 30.9.2012	Current year to date 3 months to 30.9.2012
			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 unfavourably against the Group	(11,859)	(11,859)
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	109,002	109,002
Total			97,143	97,143

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INTERIM FINANCIAL REPORT

Notes – continued

(c) Realised and Unrealised Profits or Losses

	As at 30.9.2012	Audited As at 30.06.2012 (Restated)
	RM'000	RM'000
Retained earnings/(Accumulated losses) of the Company and its subsidiaries		
- Realised	6,980,893	6,820,903
- Unrealised	(1,534,926)	(1,646,345)
	-----	-----
	5,445,967	5,174,558
	-----	-----
Retained earnings/(Accumulated losses) from associated companies		
- Realised	479,431	516,005
- Unrealised	(46,816)	(41,533)
	-----	-----
	432,615	474,472
	-----	-----
Consolidated adjustments	276,208	252,954
	-----	-----
Total Group retained earnings as per consolidated accounts	6,154,790	5,901,984
	=====	=====

B11. Pending Material Litigation

There was no material litigation pending since the last financial year ended 30 June 2012.

B12. Dividend

The Board of Directors is pleased to declare an interim tax exempt dividend of 1.875% or 0.9375 sen per ordinary share of 50 sen each for the financial year ending 30 June 2013.

The Book Closure and Payment dates in respect of the aforesaid dividend are 28 December 2012 and 15 January 2013, respectively.

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INTERIM FINANCIAL REPORT

Notes – continued

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 30.9.2012	Preceding Year Corresponding Quarter 30.9.2011
Profit attributable to Owners of the Parent (RM'000)	252,806 =====	246,199 =====
Weighted average number of ordinary shares ('000)	7,276,395 =====	7,224,403 =====
Basic earnings per share (Sen)	3.47 =====	3.41 =====

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INTERIM FINANCIAL REPORT

Notes – continued

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 30.9.2012	Preceding Year Corresponding Quarter 30.9.2011
Profit attributable to Owners of the Parent (RM'000)	252,806 =====	246,199 =====
<i>Weighted average number of ordinary shares ('000) – diluted</i>		
Weighted average number of ordinary shares ('000) – basic	7,276,395	7,224,403
Effect of unexercised Warrants 2008/2018	378,704	457,049
Effect of unexercised ESOS	19,830	25,570
	----- 7,674,929 =====	----- 7,707,022 =====
Diluted earnings per share (Sen)	3.29 =====	3.19 =====

* *Total cash expected to be received in the event of an exercise of all outstanding warrants and ESOS is RM1,632.4 million. Accordingly, the Net Asset (NA) on a pro forma basis will increase by RM1,632.4 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: 22 November 2012