

YTL POWER INTERNATIONAL BERHAD

Company No. 406684-H

Incorporated in Malaysia

Interim Financial Report
31 December 2011

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INTERIM FINANCIAL REPORT

Interim financial report on consolidated results for the financial period ended 31 December 2011.

The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER PRECEDING		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31.12.2011 RM'000	YEAR CORRESPONDING QUARTER 31.12.2010 RM'000	6 MONTHS ENDED	
			31.12.2011 RM'000	31.12.2010 RM'000
REVENUE	4,091,310	3,576,605	7,727,162	7,060,884
COST OF SALES	(3,499,681)	(2,991,076)	(6,516,886)	(5,882,582)
GROSS PROFIT	591,629	585,529	1,210,276	1,178,302
OTHER OPERATING EXPENSES	(48,044)	(99,480)	(221,753)	(206,982)
OTHER OPERATING INCOME	7,702	11,254	18,665	59,298
PROFIT FROM OPERATIONS	551,287	497,303	1,007,188	1,030,618
FINANCE COSTS	(205,094)	(195,993)	(424,167)	(396,963)
SHARE OF RESULTS OF ASSOCIATED COMPANIES	53,852	55,512	114,825	105,078
PROFIT BEFORE TAXATION	400,045	356,822	697,846	738,733
TAXATION	(113,018)	(106,512)	(200,664)	(218,663)
PROFIT FOR THE PERIOD	287,027	250,310	497,182	520,070
PROFIT ATTRIBUTABLE TO:				
Owners of the Parent	313,796	259,215	559,995	532,123
Non-Controlling Interests	(26,769)	(8,905)	(62,813)	(12,053)
	287,027	250,310	497,182	520,070
EARNINGS PER 50 SEN SHARE				
Basic (Sen)	4.33	3.60	7.74	7.39
Diluted (Sen)	4.11	3.32	7.31	6.80

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.

INTERIM FINANCIAL REPORT

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31.12.2011 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31.12.2010 RM'000	6 MONTHS ENDED	
			31.12.2011	31.12.2010
			RM'000	RM'000
PROFIT FOR THE PERIOD	287,027	250,310	497,182	520,070
OTHER COMPREHENSIVE INCOME/(LOSS):				
AVAILABLE-FOR-SALE RESERVE	6,003	19,140	(12,934)	35,784
HEDGING RESERVE	975	57,441	9,059	71,144
CURRENCY TRANSLATION DIFFERENCES	(89,519)	80,513	(30,956)	231,552
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD, NET OF TAX	(82,541)	157,094	(34,831)	338,480
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	204,486	407,404	462,351	858,550
TOTAL COMPREHENSIVE INCOME				
ATTRIBUTABLE TO:				
Owners of the Parent	216,447	416,307	510,427	870,600
Non-Controlling Interests	(11,961)	(8,903)	(48,076)	(12,050)
	204,486	407,404	462,351	858,550

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.

INTERIM FINANCIAL REPORT

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	UNAUDITED	AUDITED
	As at	As at
	31.12.2011	30.06.2011
	RM'000	RM'000
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	16,740,216	16,662,340
Intangible Assets	6,447,564	6,484,398
Associated Companies	1,168,026	1,138,020
Investments	714,775	745,976
Receivables, deposits and prepayments	33,692	42,228
Derivative Financial Instruments	4,275	2,611
	-----	-----
	25,108,548	25,075,573
	-----	-----
Current Assets		
Inventories	605,708	532,380
Receivables, Deposits and Prepayments	2,077,389	2,363,178
Derivative Financial Instruments	104,376	95,904
Deposits, Cash and Bank Balances	8,675,701	7,178,749
	-----	-----
	11,463,174	10,170,211
	-----	-----
TOTAL ASSETS	36,571,722	35,245,784
	=====	=====
EQUITY AND LIABILITIES		
Share Capital	3,662,199	3,639,497
Reserves	5,542,630	4,993,754
Treasury Shares, at cost	(119,972)	(119,972)
	-----	-----
Equity attributable to Owners of the Parent	9,084,857	8,513,279
Non-Controlling Interests	192,565	(121,980)
	-----	-----
TOTAL EQUITY	9,277,422	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
	31.12.2011	30.06.2011
	RM'000	RM'000
LIABILITIES		
Non-Current Liabilities		
Deferred Taxation	2,512,168	2,538,545
Bonds	5,782,568	7,816,189
Borrowings	6,656,664	6,799,405
Deferred Income	252,562	256,834
Provision For Liabilities and Charges	141,253	132,770
Derivative Financial Instruments	20,852	19,989
Payables	20,205	25,877
	-----	-----
	15,386,272	17,589,609
	-----	-----
Current Liabilities		
Payables and Accrued Expenses	2,397,717	2,428,083
Provision for Liabilities and Charges	955	21,031
Derivative Financial Instruments	62,910	94,152
Taxation	276,092	239,337
Borrowings	9,170,354	6,482,273
	-----	-----
	11,908,028	9,264,876
	-----	-----
TOTAL LIABILITIES	27,294,300	26,854,485
	-----	-----
TOTAL EQUITY AND LIABILITIES	36,571,722	35,245,784
	=====	=====
 Net Assets Per 50 Sen Share (RM)	 1.25	 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 PERIOD ENDED 31 DECEMBER 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 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	-	-	-	-	559,995	559,995	(62,813)	497,182
Other comprehensive (loss)/income	-	-	(49,568)	-	-	(49,568)	14,737	(34,831)
Total comprehensive (loss)/income for the period	----- -	----- -	----- (49,568)	----- -	----- 559,995	----- 510,427	----- (48,076)	----- 462,351
Changes in ownership interest in a subsidiary	----- -	----- -	----- (20,362)	----- -	----- 144,506	----- 124,144	----- 362,621	----- 486,765
Issue of share capital	22,702	57,386	(7,257)	-	-	72,831	-	72,831
Dividend paid – For the year ended 30 June 2011	-	-	-	-	(136,208)	(136,208)	-	(136,208)
Provision for share options	-	-	384	-	-	384	-	384
Share options lapsed	-	-	(10,099)	-	10,099	-	-	-
Warrant reserve	-	531	(531)	-	-	-	-	-
At 31 December 2011	----- 3,662,199 =====	----- 3,034,257 =====	----- (3,170,994) =====	----- (119,972) =====	----- 5,679,367 =====	----- 9,084,857 =====	----- 192,565 =====	----- 9,277,422 =====

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)
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INTERIM FINANCIAL REPORT

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2010**

	----- 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								
As previously reported	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 *	-	-	(22,059)	-	4,042	(18,017)	-	(18,017)
At 1 July 2010, as restated	3,623,273	2,942,668	(3,716,168)	(119,967)	4,462,243	7,192,049	-	7,192,049
Profit/(Loss) for the period	-	-	-	-	532,123	532,123	(12,053)	520,070
Other comprehensive income	-	-	338,477	-	-	338,477	3	338,480
Total comprehensive income/(loss) for the period	-	-	338,477	-	532,123	870,600	(12,050)	858,550
Shares repurchased	-	-	-	(2)	-	(2)	-	(2)
Issue of share capital	11,665	20,299	-	-	-	31,964	-	31,964
Dividend paid – For the year ended 30 June 2010	-	-	-	-	(135,238)	(135,238)	-	(135,238)
Provision for share options	-	-	2,640	-	-	2,640	-	2,640
Warrant reserve	-	1,736	(1,736)	-	-	-	-	-
At 31 December 2010	3,634,938	2,964,703	(3,376,787)	(119,969)	4,859,128	7,962,013	(12,050)	7,949,963

* These amounts have been restated to align with the audited figures for the year ended 30 June 2011.

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.

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2011**

	CURRENT YEAR-TO-DATE 31.12.2011 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31.12.2010 RM'000
Cash flows from operating activities		
Profit for the period	497,182	520,070
Adjustment for:		
Depreciation of property, plant and equipment	552,742	428,219
Fair value changes of investments	18,631	-
Interest expense	424,167	395,453
Interest income	(8,148)	(6,091)
Provision for retirement benefits	32,176	31,918
Provision for liabilities and charges	(17,584)	1,200
Share of results of associated companies	(114,825)	(105,078)
Taxation	200,664	218,663
Unrealised loss / (gain) on foreign exchange	25,567	(1,284)
Other non-cash items	(21,720)	12,431
	-----	-----
	1,588,852	1,495,501
Changes in working capital:		
Inventories	(69,195)	(147,665)
Receivables, deposits and prepayments	260,315	37,236
Payables and accrued expenses	138,114	356,058
	-----	-----
Cash generated from operations	1,918,086	1,741,130
Interest paid	(251,398)	(340,895)
Tax paid	(200,188)	(134,076)
Payment to retirement benefit scheme	(29,419)	(24,000)
	-----	-----
Net cash flow from operating activities	1,437,081	1,242,159
	-----	-----
Cash flows from investing activities		
Dividends received	63,049	25,634
Grants received	17,656	16,881
Interest received	7,200	6,019
Further investment in associated company	(7,845)	-
Purchase of property, plant and equipment	(613,165)	(900,903)
Other investing activities	(677)	(3,507)
	-----	-----
Net cash flow used in investing activities	(533,782)	(855,876)
	-----	-----

INTERIM FINANCIAL REPORT

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2011 -- Continued**

	CURRENT YEAR-TO-DATE 31.12.2011 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31.12.2010 RM'000
Cash flows from financing activities		
Dividends paid	(271,626)	(404,849)
Proceeds from borrowings	9,627,312	2,305,076
Proceeds from issue of shares	72,831	31,964
Repayment of borrowings	(7,071,244)	(900,600)
Disposal of subsidiaries interest to Non-Controlling Interests	544,566	-
Redemption of bond	(2,200,000)	(805,000)
Other financial activities	(7,974)	1,885
	-----	-----
Net cash flow generated from financing activities	693,865	228,476
	-----	-----
Net changes in cash and cash equivalents	1,597,164	614,759
Effects of exchange rate changes	(60,452)	46,088
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>	8,668,026	7,987,568
	=====	=====

[Note a]

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

	RM'000	RM'000
Fixed deposits	8,357,778	7,569,515
Cash and bank balances	317,923	447,047
Bank overdrafts (included within short term borrowings in [Note B9])	(7,675)	(28,994)
	-----	-----
	8,668,026	7,987,568
	=====	=====

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 5,268,507 and 5,315,342 respectively at a weighted average exercise price of RM1.21 per share.

During the current financial quarter and financial year to date, 35,953,000 ordinary shares of RM0.50 each and 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 100 ordinary shares of RM0.50 each were repurchased from the open market for a total consideration of RM230 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 31 December 2011, the number of treasury shares held were 56,724,845 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 RM100 million and RM470 million was fully settled during the current financial quarter and financial year to date.

The outstanding debts are as disclosed in Note B9.

A6. Dividends Paid

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.

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.

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.

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INTERIM FINANCIAL REPORT

Notes – continued

Segment information for the financial period ended 31 December 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	596,852	5,857,697	1,192,075	30,586	49,952	7,727,162
Inter-segment Revenue	-	-	-	230	1,684,662	1,684,962
Segment profit / (loss) before tax	<u>205,358</u>	<u>464,496</u>	<u>322,696</u>	<u>(197,036)</u>	<u>(97,668)</u>	<u>697,846</u>

Segment information for the financial period ended 31 December 2010:

	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	561,461	5,321,779	1,120,804	4,678	52,162	7,060,884
Inter-segment Revenue	-	-	-	-	297,534	297,534
Segment profit/ (loss) before tax	<u>134,077</u>	<u>361,398</u>	<u>303,096</u>	<u>(27,656)</u>	<u>(32,182)</u>	<u>738,733</u>

A8. Events After the Interim Period

There was no item, transaction or event of a material or unusual nature during the period from the end of the quarter under review to the date of this report.

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INTERIM FINANCIAL REPORT

Notes – continued

A9. Changes in the Composition of the Group

There were no changes in the composition of the Group for the current financial 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 (“YTLJPHL”), 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 control 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 (the “Acquisition”). As a result of the Acquisition, 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, 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).

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 a corporate guarantee which was given by the Company to a financial institution for a term loan of GBP100 million drawn by its 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 are tabulated below:

	Individual Quarter		Cumulative Quarter	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
	RM'000	RM'000	RM'000	RM'000
Revenue				
Power generation (Contracted)	321,830	285,083	596,852	561,461
Multi utilities business (Merchant)	3,108,206	2,697,732	5,857,697	5,321,779
Water & sewerage	618,108	562,857	1,192,075	1,120,804
Mobile broadband network	17,670	4,678	30,586	4,678
Investment holding & other businesses	25,496	26,255	49,952	52,162
	4,091,310	3,576,605	7,727,162	7,060,884
Profit/(loss) before tax				
Power generation (Contracted)	119,255	61,495	205,358	134,077
Multi utilities business (Merchant)	249,439	175,207	464,496	361,398
Water & sewerage	145,448	157,671	322,696	303,096
Mobile broadband network	(102,092)	(19,805)	(197,036)	(27,656)
Investment holding & other businesses	(12,005)	(17,746)	(97,668)	(32,182)
	400,045	356,822	697,846	738,733

a) Current Quarter vs Preceding Year Corresponding Quarter

Group revenue was RM4,091.3 million for the current financial quarter ended 31 December 2011 as compared to RM3,576.6 million recorded in the preceding year corresponding quarter ended 31 December 2010. The Group profit before taxation for the current financial quarter was RM400.0 million, an increase of RM43.2 million or 12.1% as compared to RM356.8 million recorded in the preceding year corresponding quarter.

Performance of the respective operating business segments for the quarter ended 31 December 2011 as compared to the preceding corresponding quarter is analysed as follows:

Power generation (Contracted)

The increase in revenue and profit were principally due to higher generation of electricity sales in the current quarter arising from the improvement in gas supply and lower O&M cost incurred, partially offset by higher depreciation.

INTERIM FINANCIAL REPORT

Notes – continued

Multi utilities business (Merchant)

Increase in revenue and profit before taxation was mainly due to overall higher volume of business, favourable fair value adjustments on fuel and savings in finance cost.

Water & sewerage

Lower profit before tax was mainly due to higher operating cost incurred during the quarter.

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 segment recorded a lower loss which was primarily due to favourable unrealised foreign exchange gain, partially offset by fair value loss on quoted investment.

b) Current Year to date vs Preceding Year to date

Group revenue was RM7,727.2 million for the current financial period ended 31 December 2011 as compared to RM7,060.9 million recorded in the preceding year corresponding period ended 31 December 2010. The Group profit before taxation for the current financial period was RM697.8 million, a decrease of RM40.9 million or 5.5% as compared to RM738.7 million recorded in the preceding year corresponding period.

Performance of the respective operating business segments for the period ended 31 December 2011 as compared to the preceding corresponding period is consistent with the notes mentioned in (a) above with the exception of the business segments mentioned below:

Mobile broadband network

The loss in current year to date was attributable to a full six months of operations as compared to the non-commercial operations in the preceding year corresponding period.

Investment holding & other businesses

The segment was impacted adversely by the fair value loss on quoted investment and unrealised foreign exchange losses.

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INTERIM FINANCIAL REPORT

Notes – continued

B2. Comparison with Preceding Quarter

	Current Quarter 31.12.2011 RM'000	Preceding Quarter 30.09.2011 RM'000
Revenue	4,091,310	3,635,852
Consolidated profit before taxation	400,045	297,801
Consolidated profit after taxation	287,027	210,155

The increase in Group profit before taxation as compared to the preceding quarter was principally attributable to better performance recorded by the foreign subsidiaries.

B3. Prospects

Power generation (Contracted)

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

Multi utilities business (Merchant)

PowerSeraya continues to strive for long-term sustainable growth despite the competitive environment with focus on customer service and value-added energy solutions.

Water & sewerage

Wessex Water continued to maintain its position as one of the most efficient and profitable water and sewerage companies in the UK despite challenging economic conditions.

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.

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.

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INTERIM FINANCIAL REPORT

Notes – continued

B6. Profit for the period

	Current Year Quarter 31.12.2011 RM'000	Current Year To Date 31.12.2011 RM'000
Profit before taxation is stated after charging/(crediting):		
Amortisation of grant	(2,584)	(4,889)
Depreciation of property, plant and equipment	299,189	552,742
Dividends income	(205)	(276)
Gain on disposal of property, plant and equipment	(361)	(1,443)
Gain on derivatives	(8,941)	(5,514)
(Gain)/loss on foreign exchange	(32,329)	28,369
Interest income	(2,727)	(8,148)
Interest expense	205,094	424,167
Provision for impairment of receivables (net of reversal)	22,799	22,799
Rental income	(32)	(62)
Write back of provision for fuel cost	(185)	(5,990)
*Exceptional items	-	-
	=====	=====

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

B7. Taxation

	Current Year Quarter 31.12.2011 RM'000	Current Year To Date 31.12.2011 RM'000
In respect of current period		
- Income Tax	119,909	236,263
- Deferred Tax	(6,891)	(35,599)
	-----	-----
	113,018	200,664
	=====	=====

The effective tax rate of the Group for the current financial quarter and financial year to date is higher than the statutory income tax rate mainly due to income subjected to different tax jurisdictions and expenses not deductible for tax purposes, partially offset by income not subjected to tax.

INTERIM FINANCIAL REPORT

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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 2011 are as follows:

	Short term		Long term		Total RM'000
	Bonds RM'000	Borrowings RM'000	Bonds RM'000	Borrowings RM'000	
Secured	-	3,539,751	-	5,905	3,545,656
Unsecured	-	5,630,603	5,782,568	6,650,759	18,063,930
	-----	-----	-----	-----	-----
Total	-	9,170,354	5,782,568	6,656,664	21,609,586
	=====	=====	=====	=====	=====

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

In US Dollar ('000)	398,036
	=====
In Sterling Pound ('000)	1,718,919
	=====
In Singapore Dollar ('000)	2,698,651
	=====

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 2012.
- USD200 million term loan due on 30 June 2015.
- GBP100 million term loan due on 6 October 2014.
- SGD100 million revolving credit due on 14 May 2012.

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INTERIM FINANCIAL REPORT

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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 2011, 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	2,583,469	2,618,355
- 1 year to 3 years	90,486	93,935
<u>Currency forwards</u>		
- Less than 1 year	2,112,791	2,046,601
- 1 year to 3 years	189,493	182,557
<u>Interest rate swaps</u>		
- 1 year to 3 years	572,508	548,095

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 31 December 2011 are as follows:

Type of financial liabilities	Basis of fair value measurement	Reason for the gain	Fair value gain	
			Current year quarter 3 months to 31.12.2011	Current year to date 6 months to 31.12.2011
			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	6,937	10,002
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	15,669	29,244
Total			22,606	39,246

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INTERIM FINANCIAL REPORT

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(c) Realised and Unrealised Profits or Losses

	As at 31.12.2011 RM'000	Audited As at 30.06.2011 RM'000
Retained earnings/(Accumulated losses) of the Company and its subsidiaries		
- Realised	6,707,751	5,767,287
- Unrealised	(1,578,561)	(1,355,558)
	-----	-----
	5,129,190	4,411,729
	-----	-----
Retained earnings/(Accumulated losses) from associated companies		
- Realised	389,245	639,430
- Unrealised	(42,236)	(67,029)
	-----	-----
	347,009	572,401
	-----	-----
Consolidated adjustments	203,168	116,845
	-----	-----
Total Group retained earnings as per consolidated accounts	5,679,367	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 second 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 2012.

The Book Closure and Payment dates in respect of the aforesaid dividend are 15 March 2012 and 30 March 2012, 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 31.12.2011	Preceding Year Corresponding Quarter 31.12.2010
Profit attributable to Owners of the Parent (RM'000)	313,796 =====	259,215 =====
Weighted average number of ordinary shares ('000)	7,250,461 =====	7,201,990 =====
Basic earnings per share (Sen)	4.33 =====	3.60 =====

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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 31.12.2011	Preceding Year Corresponding Quarter 31.12.2010
Profit attributable to Owners of the Parent (RM'000)	313,796 =====	259,215 =====
<i>Weighted average number of ordinary shares ('000) – diluted</i>		
Weighted average number of ordinary shares ('000) – basic	7,250,461	7,201,990
Effect of unexercised Warrants 2008/2018	386,598	580,051
Effect of unexercised ESOS	-	35,617
	----- 7,637,059 =====	----- 7,817,658 =====
Diluted earnings per share (Sen)	4.11 =====	3.32 =====

* *Total cash expected to be received in the event of an exercise of all outstanding warrants is RM1,427.1 million. Accordingly, the Net Asset (NA) on a pro forma basis will increase by RM1,427.1 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: 23 February 2012