

YTL POWER INTERNATIONAL BERHAD

Company No. 406684-H

Incorporated in Malaysia

Interim Financial Report
31 March 2012

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INTERIM FINANCIAL REPORT

Interim financial report on consolidated results for the financial period ended 31 March 2012.

The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER CURRENT YEAR QUARTER 31.3.2012 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31.3.2011 RM'000	CUMULATIVE QUARTER 9 MONTHS ENDED 31.3.2012 31.3.2011 RM'000 RM'000	
REVENUE	3,985,417	3,336,610	11,712,579	10,397,494
COST OF SALES	(3,383,665)	(2,612,431)	(9,900,551)	(8,495,013)
GROSS PROFIT	601,752	724,179	1,812,028	1,902,481
OTHER OPERATING EXPENSES	(114,126)	(156,510)	(335,879)	(363,491)
OTHER OPERATING INCOME	9,055	1,623	27,720	60,921
PROFIT FROM OPERATIONS	496,681	569,292	1,503,869	1,599,911
FINANCE COSTS	(195,376)	(226,720)	(619,543)	(623,683)
SHARE OF RESULTS OF ASSOCIATED COMPANIES	50,595	57,520	165,420	162,597
PROFIT BEFORE TAXATION	351,900	400,092	1,049,746	1,138,825
TAXATION	(81,003)	(96,301)	(281,667)	(314,964)
PROFIT FOR THE PERIOD	270,897	303,791	768,079	823,861
PROFIT ATTRIBUTABLE TO:				
Owners of the Parent	262,831	335,911	822,828	868,034
Non-Controlling Interests	8,066	(32,120)	(54,749)	(44,173)
	270,897	303,791	768,079	823,861
EARNINGS PER 50 SEN SHARE				
Basic (Sen)	3.62	4.66	11.35	12.05
Diluted (Sen)	3.42	4.29	10.74	11.10

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 PRECEDING		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31.3.2012 RM'000	YEAR CORRESPONDING QUARTER 31.3.2011 RM'000	9 MONTHS ENDED 31.3.2012 31.3.2011 RM'000 RM'000	
PROFIT FOR THE PERIOD	270,897	303,791	768,079	823,861
OTHER COMPREHENSIVE INCOME/(LOSS):				
AVAILABLE-FOR-SALE RESERVE	3,381	3,005	(9,553)	38,788
HEDGING RESERVE	114,273	124,725	123,332	195,868
CURRENCY TRANSLATION DIFFERENCES	(62,295)	126,574	(93,251)	358,129
	-----	-----	-----	-----
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	55,359	254,304	20,528	592,785
	-----	-----	-----	-----
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	326,256	558,095	788,607	1,416,646
	=====	=====	=====	=====
TOTAL COMPREHENSIVE INCOME				
ATTRIBUTABLE TO:				
Owners of the Parent	365,173	590,212	875,600	1,460,813
Non-Controlling Interests	(38,917)	(32,117)	(86,993)	(44,167)
	-----	-----	-----	-----
	326,256	558,095	788,607	1,416,646
	=====	=====	=====	=====

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
	31.3.2012	30.6.2011
	RM'000	RM'000
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	16,928,880	16,662,340
Intangible Assets	6,442,189	6,484,398
Associated Companies	1,084,249	1,138,020
Investments	711,120	745,976
Receivables, deposits and prepayments	48,695	42,228
Derivative Financial Instruments	12,385	2,611
	-----	-----
	25,227,518	25,075,573
	-----	-----
Current Assets		
Inventories	526,524	532,380
Receivables, Deposits and Prepayments	2,373,954	2,363,178
Derivative Financial Instruments	157,622	95,904
Deposits, Cash and Bank Balances	9,584,975	7,178,749
	-----	-----
	12,643,075	10,170,211
	-----	-----
TOTAL ASSETS	37,870,593	35,245,784
	=====	=====
EQUITY AND LIABILITIES		
Share Capital	3,662,248	3,639,497
Reserves	5,702,807	4,993,754
Treasury Shares, at cost	(119,972)	(119,972)
	-----	-----
Equity attributable to Owners of the Parent	9,245,083	8,513,279
Non-Controlling Interests	146,177	(121,980)
	-----	-----
TOTAL EQUITY	9,391,260	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
	31.3.2012	30.6.2011
	RM'000	RM'000
LIABILITIES		
Non-Current Liabilities		
Deferred Taxation	2,486,260	2,538,545
Bonds	6,793,375	7,816,189
Borrowings	6,637,330	6,799,405
Deferred Income	250,066	256,834
Provision For Liabilities and Charges	99,247	132,770
Derivative Financial Instruments	21,128	19,989
Payables	31,421	25,877
	-----	-----
	16,318,827	17,589,609
	-----	-----
Current Liabilities		
Payables and Accrued Expenses	2,604,400	2,428,083
Provision for Liabilities and Charges	1,083	21,031
Derivative Financial Instruments	88,057	94,152
Taxation	272,129	239,337
Borrowings	9,194,837	6,482,273
	-----	-----
	12,160,506	9,264,876
	-----	-----
TOTAL LIABILITIES	28,479,333	26,854,485
	-----	-----
TOTAL EQUITY AND LIABILITIES	37,870,593	35,245,784
	=====	=====
 Net Assets Per 50 Sen Share (RM)	 1.27	 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 MARCH 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	-	-	-	-	822,828	822,828	(54,749)	768,079	
Other comprehensive income	-	-	52,772	-	-	52,772	(32,244)	20,528	
Total comprehensive income/(loss) for the period	-	-	52,772	-	822,828	875,600	(86,993)	788,607	
Changes in ownership interest in a subsidiary	-	-	(19,991)	-	143,472	123,481	355,150	478,631	
Issue of share capital	22,751	57,456	(7,255)	-	-	72,952	-	72,952	
Dividend paid – For the year ended 30 June 2011 – For the year ending 30 June 2012	-	-	-	-	(136,209) (204,404)	(136,209) (204,404)	-	(136,209) (204,404)	
Provision for share options	-	-	384	-	-	384	-	384	
Share options lapsed	-	-	(10,099)	-	10,099	-	-	-	
Warrants reserve	-	541	(541)	-	-	-	-	-	
At 31 March 2012	3,662,248	3,034,337	(3,068,291)	(119,972)	5,736,761	9,245,083	146,177	9,391,260	

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 PERIOD ENDED 31 MARCH 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									
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	-	-	-	-	868,034	868,034	(44,173)	823,861	
Other comprehensive income	-	-	592,779	-	-	592,779	6	592,785	
Total comprehensive income/(loss) for the period	-	-	592,779	-	868,034	1,460,813	(44,167)	1,416,646	
Non-Controlling Interests arising from business combination	-	-	-	-	-	-	(5,290)	(5,290)	
Shares repurchased	-	-	-	(5)	-	(5)	-	(5)	
Issue of share capital	14,461	27,595	-	-	-	42,056	-	42,056	
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)	
Provision for share options	-	-	3,210	-	-	3,210	-	3,210	
Warrants reserve	-	1,747	(1,747)	-	-	-	-	-	
At 31 March 2011	3,637,734	2,972,010	(3,121,926)	(119,972)	4,789,194	8,157,040	(49,457)	8,107,583	

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 MARCH 2012**

	CURRENT YEAR-TO-DATE 31.3.2012 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31.3.2011 RM'000
Cash flows from operating activities		
Profit for the period	768,079	823,861
Adjustment for:		
Depreciation of property, plant and equipment	813,410	645,130
Fair value changes of investments	18,631	-
Interest expense	619,543	623,683
Interest income	(16,710)	(9,080)
Provision for retirement benefits	43,067	45,999
(Write back of provision)/provision for liabilities and charges	(17,343)	2,424
Share of results of associated companies	(165,420)	(162,597)
Taxation	281,667	314,964
Unrealised loss / (gain) on foreign exchange	16,583	(2,377)
Other non-cash items	19,612	6,489
	-----	-----
	2,381,119	2,288,496
Changes in working capital:		
Inventories	5,807	(190,230)
Receivables, deposits and prepayments	(3,063)	125,438
Payables and accrued expenses	306,241	345,191
	-----	-----
Cash generated from operations	2,690,104	2,568,895
Interest paid	(358,026)	(507,518)
Tax paid	(311,369)	(218,584)
Payment to retirement benefit scheme	(79,975)	(74,709)
	-----	-----
Net cash flow from operating activities	1,940,734	1,768,084
	-----	-----
Cash flows from investing activities		
Dividends received	158,986	86,837
Grants received	21,353	21,542
Interest received	11,956	9,158
Further investment in associated company	(12,751)	-
Purchase of property, plant and equipment	(1,058,182)	(1,152,568)
Other investing activities	320	(69,671)
	-----	-----
Net cash flow used in investing activities	(878,318)	(1,104,702)
	-----	-----

INTERIM FINANCIAL REPORT

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2012 -- Continued**

	CURRENT YEAR-TO-DATE 31.3.2012 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31.3.2011 RM'000
Cash flows from financing activities		
Dividends paid	(517,835)	(810,693)
Proceeds from borrowings	10,558,687	3,379,771
Proceeds from issue of shares	72,952	42,056
Repayment of borrowings	(7,046,072)	(2,717,195)
Disposal of subsidiaries' interest to Non-Controlling Interests	543,239	-
Redemption of bond	(2,200,000)	(805,000)
Other financing activities	(7,935)	(578)
	-----	-----
Net cash flow from/(used in) financing activities	1,403,036	(911,639)
	-----	-----
Net changes in cash and cash equivalents	2,465,452	(248,257)
Effects of exchange rate changes	(68,504)	135,941
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>	9,528,262	7,214,405
	=====	=====

[Note a]

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

	RM'000	RM'000
Fixed deposits	9,047,450	6,975,314
Cash and bank balances	537,525	289,650
Bank overdrafts (included within short term borrowings in [Note B9])	(56,713)	(50,559)
	-----	-----
	9,528,262	7,214,405
	=====	=====

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 99,601 and 5,414,943 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 100 ordinary shares of RM0.50 each and 200 ordinary shares of RM0.50 each were repurchased from the open market for a total consideration of RM227 and RM457 respectively 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 31 March 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 RM150 million and RM620 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

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.

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 ending 30 June 2012 was paid on 13 January 2012.

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 ending 30 June 2012 was paid on 30 March 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 period ended 31 March 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	878,376	8,842,715	1,759,888	155,576	76,024	11,712,579
Inter-segment Revenue	1,592	-	-	355	2,076,034	2,077,981
Segment profit / (loss) before tax	258,932	647,938	461,551	(214,289)	(104,386)	1,049,746

Segment information for the financial period ended 31 March 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	814,656	7,827,245	1,664,424	14,028	77,141	10,397,494
Inter-segment Revenue	-	-	-	16	1,240,435	1,240,451
Segment profit/ (loss) before tax	215,076	616,882	453,311	(103,661)	(42,783)	1,138,825

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 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. 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

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	
	31.3.2012	31.3.2011	31.3.2012	31.3.2011
	RM'000	RM'000	RM'000	RM'000
Revenue				
Power generation (Contracted)	281,524	253,195	878,376	814,656
Multi utilities business (Merchant)	2,985,018	2,505,466	8,842,715	7,827,245
Water & sewerage	567,813	543,620	1,759,888	1,664,424
Mobile broadband network	124,990	9,349	155,576	14,028
Investment holding & other businesses	26,072	24,980	76,024	77,141
	3,985,417	3,336,610	11,712,579	10,397,494
Profit/(Loss) before tax				
Power generation (Contracted)	53,574	80,999	258,932	215,076
Multi utilities business (Merchant)	183,442	255,484	647,938	616,882
Water & sewerage	138,855	150,215	461,551	453,311
Mobile broadband network	(17,253)	(76,005)	(214,289)	(103,661)
Investment holding & other businesses	(6,718)	(10,601)	(104,386)	(42,783)
	351,900	400,092	1,049,746	1,138,825

a) Current Quarter vs Preceding Year Corresponding Quarter

Group revenue was RM3,985.4 million for the current financial quarter ended 31 March 2012 as compared to RM3,336.6 million recorded in the preceding year corresponding quarter ended 31 March 2011. The Group profit before taxation for the current financial quarter was RM351.9 million, a reduction of RM48.2 million or 12.0% as compared to RM400.1 million recorded in the preceding year corresponding quarter.

Performance of the respective operating business segments for the quarter ended 31 March 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.

INTERIM FINANCIAL REPORT

Notes – continued

Multi utilities business (Merchant)

Increase in revenue was mainly due to higher volume of business. Decrease in profit before taxation was mainly due to higher maintenance cost incurred during the period.

Water & sewerage

Lower profit before tax was recorded mainly due to the increase in finance cost incurred on index-linked bonds which are linked to RPI (Retail Price Index) 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

Increase in revenue is primarily due to the increase in interest income from fixed deposits. The lower loss incurred is due to lower administrative expenses incurred during the quarter.

b) Current Year to date vs Preceding Year to date

Group revenue was RM11,712.6 million for the current financial period ended 31 March 2012 as compared to RM10,397.5 million recorded in the preceding year corresponding period ended 31 March 2011. The Group profit before taxation for the current financial period was RM1,049.7 million, a decrease of RM89.1 million or 7.8% as compared to RM1,138.8 million recorded in the preceding year corresponding period.

Performance of the respective operating business segments for the period ended 31 March 2012 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

Losses increased further for the nine-month period under review due to further losses, albeit at a lower scale in the current quarter. The losses incurred in the preceding year to date were for three months of commercial operations only as compared to the current nine-month 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 31.3.2012 RM'000	Preceding Quarter 31.12.2011 RM'000
Revenue	3,985,416	4,091,310
Consolidated profit before taxation	351,900	400,045
Consolidated profit after taxation	270,897	287,027

The decrease in Group profit before taxation as compared to the preceding quarter was principally attributable to higher depreciation charged in the power generation segment and lower gross margin in multi utilities business, partially offset by lower losses recorded in the business of mobile broadband network.

B3. Prospects

Power generation (Contracted)

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

Multi utilities business (Merchant)

This business segment 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 Services Limited continued to maintain its position as one of the most efficient and profitable water and sewerage companies in the United Kingdom 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 31.3.2012 RM'000	Current Year To Date 31.3.2012 RM'000
Profit before taxation is stated after charging/(crediting):		
Amortisation of grant	(2,322)	(7,211)
Depreciation of property, plant and equipment	260,668	813,410
Dividends income	(4)	(280)
Gain on disposal of property, plant and equipment	(65)	(1,508)
Gain on derivatives	(3,353)	(8,867)
(Gain)/loss on foreign exchange	(12,473)	15,896
Interest income	(8,562)	(16,710)
Interest expense	195,376	619,543
Provision for impairment of receivables (net of reversal)	11,215	34,014
Rental income	(32)	(94)
Write off/(back) of provision for fuel cost	24	(5,966)
*Exceptional items	-	-
	=====	=====

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

B7. Taxation

	Current Year Quarter 31.3.2012 RM'000	Current Year To Date 31.3.2012 RM'000
In respect of current period		
- Income Tax	89,358	325,621
- Deferred Tax	(8,355)	(43,954)
	-----	-----
	81,003	281,667
	=====	=====

The effective tax rate of the Group as compared to the Malaysian statutory income tax rate for the current financial quarter is lower whereas that of the financial year to date is higher mainly due to income subjected to different tax jurisdictions, unavailability of group relief and expenses not deductible for tax purposes, partially offset by income not subjected to tax.

INTERIM FINANCIAL REPORT

Notes – continued

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 March 2012 are as follows:

	Short term		Long term		Total
	Bonds	Borrowings	Bonds	Borrowings	
	RM'000	RM'000	RM'000	RM'000	RM'000
Secured	-	3,539,027	-	5,905	3,544,932
Unsecured	-	5,655,810	6,793,375	6,631,425	19,080,610
	-----	-----	-----	-----	-----
Total	-	9,194,837	6,793,375	6,637,330	22,625,542
	=====	=====	=====	=====	=====

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

In US Dollar ('000)	398,220
	=====
In Sterling Pound ('000)	1,934,042
	=====
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:

- 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 16 May 2013.

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INTERIM FINANCIAL REPORT

Notes – continued

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

(a) Derivative Financial Instruments

As at 31 March 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	2,130,198	2,247,856
- 1 year to 3 years	109,683	120,601
<u>Currency forwards</u>		
- Less than 1 year	2,027,122	2,000,996
- 1 year to 3 years	137,915	136,717
<u>Interest rate swaps</u>		
- 1 year to 3 years	495,727	475,030

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 March 2012 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 31.3.2012	Current year to date 9 months to 31.3.2012
			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	6,396	16,398
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	28,850	58,094
Total			35,246	74,492

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INTERIM FINANCIAL REPORT

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(c) Realised and Unrealised Profits or Losses

	As at 31.3.2012 RM'000	Audited As at 30.06.2011 RM'000
Retained earnings/(Accumulated losses) of the Company and its subsidiaries		
- Realised	6,768,533	5,767,287
- Unrealised	(1,565,166)	(1,355,558)
	----- 5,203,367	----- 4,411,729
Retained earnings/(Accumulated losses) from associated companies		
- Realised	360,914	639,430
- Unrealised	(41,978)	(67,029)
	----- 318,936	----- 572,401
Consolidated adjustments	214,458	116,845
	-----	-----
Total Group retained earnings as per consolidated accounts	5,736,761 =====	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 third interim tax exempt dividend of 1.875% or 0.9375sen 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 12 June 2012 and 27 June 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 31.3.2012	Preceding Year Corresponding Quarter 31.3.2011
Profit attributable to Owners of the Parent (RM'000)	262,831 =====	335,911 =====
Weighted average number of ordinary shares ('000)	7,267,702 =====	7,214,807 =====
Basic earnings per share (Sen)	3.62 =====	4.66 =====

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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 31.3.2012	Preceding Year Corresponding Quarter 31.3.2011
Profit attributable to Owners of the Parent (RM'000)	262,831 =====	335,911 =====
<i>Weighted average number of ordinary shares ('000) – diluted</i>		
Weighted average number of ordinary shares ('000) – basic	7,267,702	7,214,807
Effect of unexercised Warrants 2008/2018	407,992	577,446
Effect of unexercised ESOS	-	37,669
	----- 7,675,694 =====	----- 7,829,922 =====
Diluted earnings per share (Sen)	3.42 =====	4.29 =====

* *Total cash expected to be received in the event of an exercise of all outstanding warrants is RM1,427 million. Accordingly, the Net Asset (NA) on a pro forma basis will increase by RM1,427 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 May 2012