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Notes to the financial statements for the financial year ended 30 June 2011 (continued)

4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group and the Company make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) **Impairment assessment of goodwill**

The Group tests goodwill for impairment annually, in accordance with its accounting policy. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates as set out in Note 14 to the financial statements.

(b) **Estimated residual value and useful lives of property, plant and equipment**

The Group reviews annually the estimated residual value and useful lives of its assets based on factors such as business plans and strategies, expected level of usage and future regulatory changes. It is possible that the future results of operations could be materially affected by changes in this estimate.

During the year, the estimated residual value of certain property, plant and equipment with a net book value of RM1.4 billion was reviewed and the impact on the change of the estimates are set out in Note 12 to the financial statements. A change in the residual value on this asset by 10% will increase the annual depreciation charge by RM15.3 million.

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Notes to the financial statements for the financial year ended 30 June 2011 (continued)

4 Critical accounting estimates and judgements (continued)

(c) Deferred tax assets

Deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which temporary differences can be utilised. This involves judgement regarding future financial performance of a particular entity in which the deferred tax asset has been recognised.

(d) Share based payments

Equity-settled share based payments are measured at fair value at the grant date. The Group revises the estimated number of performance shares that participants are expected to receive based on non-market vesting conditions at each reporting date. The assumption of the valuation model used to determine fair value is set out in Note 28 to the financial statements.

(e) Estimated pension benefits

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximately the terms of the related pension liability.

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in Note 33 to the financial statements.

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Notes to the financial statements for the financial year ended 30 June 2011 (continued)

4 Critical accounting estimates and judgements (continued)

(f) Estimate impairment of property, plant and equipment and investments

The Group management follows its accounting policy set out in Note 3(d) to the financial statements in determining when property, plant and equipment and investments are considered impaired.

Impairment is recognised when events and circumstances indicate that these assets may be impaired and the carrying amount of these assets exceeds the recoverable amounts. In determining the recoverable amount of these assets, certain estimates regarding the cash flows of these assets are made.

5 Revenue

	Group		Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Sale of electricity	10,280,326	9,183,171	-	-
Sale of water, treatment and disposal of waste water	2,293,708	2,455,967	-	-
Sale of fuel oil	1,776,564	1,571,456	-	-
Sale of steam	150,795	97,620	-	-
Tank leasing fees and others	28,868	25,949	-	-
Broadband and telecommunications revenue	26,603	-	-	-
Dividends:				
- unquoted investment in a subsidiary company	-	-	539,141	233,889
- unquoted investment outside Malaysia	34,508	36,232	-	-
- quoted investments in Malaysia	5,585	5,882	5,585	5,882
Interest income	34,176	33,545	33,270	58,939
Management fees	3,680	4,035	25,000	25,000
Royalty income	-	-	-	1,247
Operation and maintenance fees	27,746	29,060	-	-
	14,662,559	13,442,917	602,996	324,957

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Notes to the financial statements for the financial year ended 30 June 2011 (continued)

6 Significant transactions with related parties

Key management personnel are the persons who have authority and responsibility for planning, directing and controlling the activities of the Group or the Company. The key management compensation is disclosed below:

	Group		Company	
	2011	2010	**2011**	2010
	RM'000	RM'000	**RM'000**	RM'000
Key management compensation				
- Wages, salaries and bonus	**21,150**	12,780	**8,580**	5,950
- Defined contribution plan	**2,529**	1,534	**1,030**	714
- Fees	**320**	320	**320**	320
- Share options expenses	**2,260**	3,391	**931**	1,396
Included in key management compensation is the Directors' remuneration (whether executive or otherwise) as disclosed in Note 8 to the financial statements				

Whenever exist, related party transactions also include transaction with entities that are controlled, jointly controlled or significantly influenced directly or indirectly by any key management personnel or their close family members.

In addition to related party transactions and balances mentioned elsewhere in the financial statements, set out below are significant related party transactions and balances which were carried out as terms and conditions negotiated amongst the related parties.

	Group		Company	
	2011	2010	**2011**	2010
	RM'000	RM'000	**RM'000**	RM'000
Sale of goods and services				
- Subsidiaries	**-**	-	**25,000**	26,248
- Related companies	**5,366**	-	**-**	-
Dividend income				
- Subsidiaries	**-**	-	**539,141**	233,889
- Related companies	**4,109**	4,220	**4,109**	4,220
Interest income				
- Subsidiaries - in respect of loan and advances	**-**	-	**21,076**	36,493
- Subsidiaries - in respect of payment on behalf	**-**	-	**-**	3,286

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Notes to the financial statements for the financial year ended 30 June 2011 (continued)

6 Significant transactions with related parties (continued)

	Group		Company	
	2011	2010	**2011**	2010
	RM'000	RM'000	**RM'000**	RM'000
Purchases of goods and services from subsidiaries and related companies				
- Building infrastruture	-	38,000	-	-
- Computers equipment and software	1,123	-	-	-
- Hotel and accommodation	10,555	7,001	6,451	1,147
- Information technology related services	113	21,001	-	-
- Limestone	3,337	-	-	-
- Operating and maintenance agreement	91,000	202,881	-	-
- Rental of land and building	5,526	1,920	-	-
- Telecommunications related charges	50,000	20,000	-	-
- Travelling fares and motor vehicle maintenance	7,325	8,217	5,873	6,617
Acquisition of subsidiary from				
- Related companies	18,000	-	-	-
Expenses paid on behalf of				
- Subsidiaries	-	-	65,697	25,147
Expenses paid on behalf by				
- Subsidiaries	-	-	66,011	12,554
- Immediate holding company	3,235	2,807	-	-
- Related companies	16,866	31,573	4,845	8,612
Subsidiaries and related companies year-end balances arising from:				
- Sales of goods/services	1,108	2,593	-	51,249
- Purchases of goods/services	90,944	180,010	1,247	-
- Expenses paid on behalf	-	-	54,548	75,736
- Dividend receivable	-	-	147,210	-

The movement in advances to subsidiaries during the year is as follows:

	2011	2010
	RM'000	RM'000
Advances to subsidiaries		
At 1 July	531,684	493,491
Advances during the year	692,607	14,067
Repayments during the year	(563,623)	(12,367)
Interest charged	21,076	36,493
At 30 June	681,744	531,684

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Notes to the financial statements for the financial year ended 30 June 2011 (continued)

7 Finance costs

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Interest on borrowings	847,495	828,764	196,661	193,041

8 Profit before taxation

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Profit before taxation is stated after charging/(crediting):				
Amortisation of grant	(9,506)	(6,056)	-	-
Amortisation of prepaid lease payments	-	4,604	-	-
Auditors' remuneration				
- statutory audit fees paid to PricewaterhouseCoopers (Malaysia)	380	316	303	252
- statutory audit fees paid to PricewaterhouseCoopers (Overseas)	501	419	-	-
- statutory audit fees paid to other audit firms	1,549	1,550	-	-
Depreciation of property, plant and equipment	987,958	771,513	126	117
Development expenditure	23,030	11,599	23,030	11,599
Directors' remuneration	27,625	19,507	12,226	9,863
Dividends from quoted investments in Malaysia	(640)	(603)	-	-
Fair value changes of derivatives	(2,038)	-	-	-
Fair value changes on investments	(27,656)	-	(27,656)	-
Ineffective portion on cash flow hedges	4,385	-	-	-
Interest income	(13,756)	(10,884)	-	-
Liquidated damages received	-	(97,924)	-	-
Net gain on disposal of property, plant and equipment	(8,697)	(11,012)	(24)	-
Property, plant and equipment written off	17,692	5,399	-	-
Provision for impairment of receivables (net of reversal)	21,642	55,549	-	33,439
Provision for inventories obsolescence	2,868	6,444	-	-
Provision/(Write back of provision) of fuel cost	5,049	(5,193)	-	-
Realised loss/(gain) on foreign exchange	24,425	535	-	(18,616)
Rental of land and building	77,678	6,307	-	-
Rental of plant, equipment and machinery	2,183	2,179	-	-
Staff costs				
- wages, salaries and bonus	387,902	249,799	9,721	8,080
- defined contribution plan	13,937	12,779	965	812
- defined benefit plan	29,413	49,711	-	-
- share options expenses	3,382	3,864	155	226
Unrealised loss/(gain) on foreign exchange	18,016	2,370	(11,264)	(1,653)

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Notes to the financial statements for the financial year ended 30 June 2011 (continued)

8 Profit before taxation (continued)

The aggregate remuneration of Directors categorised into appropriate components are as follows:

	Salaries RM'000	Fees RM'000	Bonus RM'000	Others* RM'000	Total RM'000
Year ended 30 June 2011					
Group					
Executive Directors	12,051	360	9,810	5,142	27,363
Non-Executive Directors	-	220	-	42	262
Company					
Executive Directors	5,681	360	3,610	2,313	11,964
Non-Executive Directors	-	220	-	42	262
Year ended 30 June 2010					
Group					
Executive Directors	8,675	360	4,800	5,373	19,208
Non-Executive Directors	-	260	-	39	299
Company					
Executive Directors	4,545	360	2,100	2,559	9,564
Non-Executive Directors	-	260	-	39	299

The number of Directors of the Group and of the Company whose total remuneration fall within the following bands for the year ended 30 June 2011 are as follows:

	Group No. of Directors		Company No. of Directors	
Range of remuneration	**Executive**	**Non- Executive**	**Executive**	**Non- Executive**
Below RM50,000	-	1	-	1
RM50,001 - RM100,000	-	2	3	2
RM100,001 - RM150,000	-	1	-	1
RM200,001 - RM250,000	1	-	1	-
RM250,001 - RM300,000	-	-	1	-
RM500,001 - RM550,000	1	-	-	-
RM1,100,001 - RM1,150,000	1	-	1	-
RM2,400,001 - RM2,450,000	-	-	1	-
RM2,600,001 - RM2,650,000	-	-	1	-
RM2,700,001 - RM2,750,000	1	-	-	-
RM3,300,001 - RM3,350,000	1	-	-	-
RM4,400,001 - RM4,450,000	1	-	-	-
RM4,550,001 - RM4,600,000	1	-	-	-
RM5,050,001 - RM5,100,000	1	-	-	-
RM5,200,001 - RM5,250,000	-	-	1	-
RM5,400,001 - RM5,450,000	1	-	-	-

* Included in the remuneration of Directors of the Group and Company are contributions to a defined contribution plan and share options expenses charged to the profit or loss amounting to RM2,635,350 and RM2,459,920 (2010: RM1,637,850 and RM3,689,881) and RM1,136,250 and RM1,130,234 (2010: RM818,250 and RM1,695,351) respectively.

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Notes to the financial statements for the financial year ended 30 June 2011 (continued)

9 Taxation

Taxation charge for the year:

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Current tax				
- Malaysian income tax	99,882	95,680	701	2,315
- Foreign income tax	313,808	238,458	-	-
Deferred tax (Note 30)	(104,246)	142,065	3	-
	309,444	476,203	704	2,315
Current tax				
Current year	437,965	348,183	875	2,273
(Over)/Under provision in prior years	(24,275)	(14,045)	(174)	42
Deferred tax				
Originating and reversal of temporary differences	(104,239)	115,975	3	-
(Over)/Under accrual in prior years	(7)	26,090	-	-
	309,444	476,203	704	2,315

The explanation of the relationship between tax expense and profit from ordinary activities before tax is as follows:

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Numerical reconciliation between tax expense and the product of accounting profit multiplied by the Malaysian tax rate				
Profit before taxation	1,556,906	1,684,915	382,169	69,326
Tax calculated at the Malaysian tax rate 25% (2010: 25%)	389,227	421,229	95,542	17,332
Tax effects of:				
Share of results of associated companies	(71,703)	(56,628)	-	-
Different tax rates in other countries including remeasuring of deferred tax *	(148,281)	(30,640)	-	-
Non-deductible expenses	181,160	152,092	40,121	17,493
Income not subject to tax	(16,677)	(21,895)	(134,785)	(32,552)
(Over)/Under provision in prior years in relation to current and deferred tax	(24,282)	12,045	(174)	42
Tax expenses	309,444	476,203	704	2,315

* During the year, a subsidiary residing in a foreign country had announced the reduction in its corporation tax rate from 28% to 26% with effect from 1 April 2011. This change reduced the effective corporation tax rate to 27.5% for the year to 30 June 2011 and correspondingly reduced the deferred tax liability by RM95.9 million. Further, a reduction in the corporation tax rate by 1% per annum to 23% by 1 April 2014 was also announced, but these changes were not substantially enacted by 30 June 2011, and the impact has not been included above.

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10 Earnings per share ('EPS')

(a) Basic EPS

	Group 2011	2010
Profit attributable to owners of the parent (RM'000)	1,364,168	1,208,838
Weighted average number of ordinary shares in issue ('000)	7,207,075	6,499,137
Basic EPS (sen)	18.93	18.60

Basic EPS of the Group is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary share in issue during the year, excluding the number of ordinary shares bought back during the year.

(b) Diluted EPS

	Group 2011	2010
Profit attributable to owners of the parent (RM'000)	1,364,168	1,208,838
Profit used to determine diluted EPS (RM'000)	1,364,168	1,208,838
Weighted average number of ordinary shares in issue ('000)	7,207,075	6,499,137
Adjustments for:		
- conversion of Warrants ('000)	569,501	538,099
- ESOS ('000)	30,954	28,205
Weighted average number of ordinary shares for diluted earnings per share ('000)	7,807,530	7,065,441
Diluted EPS (sen)	17.47	17.11

As at 30 June 2011, the Company had 1,184,765,536 (2010: 1,202,486,719) Warrants, whose terms of conversion are set out in Note 28(a) to the financial statements, still unexercised. FRS 133 'Earnings per share' prescribes that Warrants are dilutive when they are issued for no consideration or when they would result in the issue of ordinary shares for less than its fair value.

For the diluted EPS calculation, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares.

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Notes to the financial statements for the financial year ended 30 June 2011 (continued)

11 Dividends

	2011 Gross dividend per share Sen	2011 Amount of dividend RM'000	2010 Gross dividend per share Sen	2010 Amount of dividend RM'000
Dividends paid in respect of the year ended 30 June 2009:				
- Final single tier dividend of 3.75% or 1.875 sen per ordinary share of 50 sen each paid on 24 December 2009	-	-	1.88	125,240
Dividends paid in respect of the year ended 30 June 2010:				
- First interim single tier dividend of 7.5% or 3.75 sen per ordinary share of 50 sen each paid on 21 January 2010	-	-	3.75	251,256
- Second interim single tier dividend of 7.5% or 3.75 sen per ordinary share of 50 sen each paid on 31 March 2010	-	-	3.75	259,388
- Third interim single tier dividend of 7.5% or 3.75 sen per ordinary share of 50 sen each paid on 15 July 2010	-	-	3.75	269,610
Dividends paid in respect of the year ended 30 June 2010:				
- Final single tier dividend of 3.75% or 1.875 sen per ordinary share of 50 sen each paid on 23 December 2010	1.88	135,238	-	-
Dividends paid in respect of the year ended 30 June 2011:				
- First interim single tier dividend of 7.5% or 3.75 sen per ordinary share of 50 sen each paid on 21 January 2011	3.75	270,494	-	-
- Second interim tax exempt dividend of 3.75% or 1.875 sen per ordinary share of 50 sen each paid on 31 March 2011	1.88	135,351	-	-
- Third interim tax exempt dividend of 3.75% or 1.875 sen per ordinary share of 50 sen each paid on 15 July 2011	1.88	135,418	-	-
	9.39	676,501	13.13	905,494

A fourth interim tax exempt dividend of 3.75% or 1.875 sen per ordinary share of 50 sen each has been declared for payment on 24 November 2011. The Directors do not recommend the payment of a final dividend for the financial year ended 30 June 2011.

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Notes to the financial statements
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12 Property, plant and equipment

The details of property, plant and equipment are as follows:

Group	Land and buildings RM'000	Infrastructure assets RM'000	Plant and machinery RM'000	Mains and lines RM'000	Office equipment RM'000	Computers RM'000	Furniture and fittings RM'000	Motor vehicles and aircraft RM'000	Telecommunication equipment RM'000	Assets under construction RM'000	Total RM'000
2011											
Cost											
At 1 July 2010	3,829,906	4,535,638	10,534,961	22,699	513,075	24,672	4,795	82,936	104	842,814	20,391,600
Exchange differences	(16,504)	(40,314)	168,521	-	(4,555)	597	78	(159)	-	(1,836)	105,828
Additions	7,683	133,784	229,122	-	18,895	3,652	2,520	39,025	749	1,122,908	1,558,338
Disposals	(2,447)	-	(15,220)	-	(1)	(2,287)	-	(4,806)	-	-	(24,761)
Written off	(3,956)	-	(111,836)	-	(1,992)	(2,840)	-	-	(80)	-	(120,704)
Transfer on commissioning	25,575	53,442	304,382	-	14,283	5,427	2,266	-	923,125	(1,328,500)	-
Reclassified from prepaid lease payments (Note 13)	74,065	-	-	-	-	-	-	-	-	-	74,065
At 30 June 2011	3,914,322	4,682,550	11,109,930	22,699	539,705	29,221	9,659	116,996	923,898	635,386	21,984,366
Accumulated depreciation											
At 1 July 2010	946,010	147,518	3,111,470	17,592	178,867	16,286	1,733	17,092	10	-	4,436,578
Exchange differences	(3,435)	(1,627)	15,114	-	(1,659)	276	51	(61)	-	-	8,659
Charge for the year	129,237	42,841	751,249	614	26,920	5,371	852	8,386	22,488	-	987,958
Disposals	(2,447)	-	(10,370)	-	(1)	(2,269)	-	(3,527)	-	-	(18,614)
Written off	(301)	-	(99,017)	-	(786)	(2,834)	-	-	(74)	-	(103,012)
'Reclassified from prepaid lease payments (Note 13)	10,457	-	-	-	-	-	-	-	-	-	10,457
At 30 June 2011	1,079,521	188,732	3,768,446	18,206	203,341	16,830	2,636	21,890	22,424	-	5,322,026
Net book value											
At 30 June 2011	2,834,801	4,493,818	7,341,484	4,493	336,364	12,391	7,023	95,106	901,474	635,386	16,662,340

No borrowing costs arising on financing specifically entered into for the construction of property, plant and equipment was capitalised during the financial year. The Group has revised the useful life and residual value of certain property, plant and equipment. The revision was accounted for as a change in accounting estimate and as a result, the depreciation charge for the current financial year has increased by RM84,156,983.

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12 Property, plant and equipment (continued)

Group	Land and buildings RM'000	Infrastructure assets RM'000	Plant and machinery RM'000	Mains and lines RM'000	Office equipment RM'000	Computers RM'000	Furniture and fittings RM'000	Motor vehicles and aircraft RM'000	Telecommuni-cation equipment RM'000	Assets under construction RM'000	Total RM'000
2010											
Cost											
At 1 July 2009	4,299,657	5,240,425	9,026,406	22,699	505,224	23,023	2,953	64,914	57	2,289,370	21,474,728
Exchange differences	(554,085)	(865,877)	(970,454)	-	(88,515)	(562)	(56)	(3,402)	-	(84,200)	(2,567,151)
Additions	26,522	114,199	134,889	-	26,766	1,729	1,935	54,546	48	1,208,741	1,569,375
Disposals	-	-	(16,197)	-	-	-	(17)	(33,131)	-	-	(49,345)
Written off	(5,070)	-	(30,905)	-	(14)	(6)	(20)	9	(1)	-	(36,007)
Transfer on commissioning	62,882	46,891	2,391,222	-	69,614	488	-	-	-	(2,571,097)	-
At 30 June 2010	3,829,906	4,535,638	10,534,961	22,699	513,075	24,672	4,795	82,936	104	842,814	20,391,600
Accumulated depreciation											
At 1 July 2009	929,853	129,077	2,836,020	16,457	186,062	11,727	991	27,236	1	-	4,137,424
Exchange differences	(85,878)	(24,774)	(271,607)	-	(30,352)	(226)	(26)	(943)	-	-	(413,806)
Charge for the year	103,886	43,215	587,832	1,135	23,160	4,786	769	6,721	9	-	771,513
Disposals	-	-	(12,013)	-	-	-	(1)	(15,931)	-	-	(27,945)
Written off	(1,851)	-	(28,762)	-	(3)	(1)	-	9	-	-	(30,608)
At 30 June 2010	946,010	147,518	3,111,470	17,592	178,867	16,286	1,733	17,092	10	-	4,436,578
Net book value											
At 30 June 2010	2,883,896	4,388,120	7,423,491	5,107	334,208	8,386	3,062	65,844	94	842,814	15,955,022

Borrowing costs of RM22,007,395, arising on financing specifically entered into for the construction of property, plant and equipment, were capitalised in the financial year 2010 and included in additions of the Group in the financial year 2010.

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12 Property, plant and equipment (continued)

Land and buildings of the Group are as follows:

Group	Leasehold Land RM'000	Freehold Land RM'000	Buildings RM'000	Total RM'000
Cost				
At 1 July 2010	-	58,955	3,770,951	3,829,906
Exchange differences	1,706	(485)	(17,725)	(16,504)
Additions	-	1,015	6,668	7,683
Disposals	-	-	(2,447)	(2,447)
Written off	-	-	(3,956)	(3,956)
Transfer on commissioning	-	-	25,575	25,575
Reclassified from prepaid lease payments (Note 13)	74,065	-	-	74,065
At 30 June 2011	75,771	59,485	3,779,066	3,914,322
Accumulated depreciation				
At 1 July 2010	-	-	946,010	946,010
Exchange differences	140	-	(3,575)	(3,435)
Charge for the year	4,552	-	124,685	129,237
Disposals	-	-	(2,447)	(2,447)
Written off	-	-	(301)	(301)
Reclassified from prepaid lease payments (Note 13)	10,457	-	-	10,457
At 30 June 2011	15,149	-	1,064,372	1,079,521
Net book value				
At 30 June 2011	60,622	59,485	2,714,694	2,834,801
Cost				
At 1 July 2009	-	63,385	4,236,272	4,299,657
Exchange differences	-	(10,414)	(543,671)	(554,085)
Additions	-	5,984	20,538	26,522
Written off	-	-	(5,070)	(5,070)
Transfer on commissioning	-	-	62,882	62,882
At 30 June 2010	-	58,955	3,770,951	3,829,906
Accumulated depreciation				
At 1 July 2009	-	-	929,853	929,853
Exchange differences	-	-	(85,878)	(85,878)
Charge for the year	-	-	103,886	103,886
Written off	-	-	(1,851)	(1,851)
At 30 June 2010	-	-	946,010	946,010
Net book value				
At 30 June 2010	-	58,955	2,824,941	2,883,896

The net book value of assets of the Group held under finance leases amounted to RM250,551,754 (2010: RM291,754,961).

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Notes to the financial statements for the financial year ended 30 June 2011 (continued)

12 Property, plant and equipment (continued)

	Office equipment RM'000	Computers RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Total RM'000
Company					
2011					
Cost					
At 1 July 2010	35	288	20	1,220	1,563
Additions	-	-	-	148	148
Disposals	-	-	-	(530)	(530)
At 30 June 2011	35	288	20	838	1,181
Accumulated depreciation					
At 1 July 2010	35	187	20	897	1,139
Charge for the year	-	52	-	74	126
Disposals	-	-	-	(530)	(530)
At 30 June 2011	35	239	20	441	735
Net book value					
At 30 June 2011	-	49	-	397	446
2010					
Cost					
At 1 July 2009	35	216	20	917	1,188
Additions	-	72	-	303	375
At 30 June 2010	35	288	20	1,220	1,563
Accumulated depreciation					
At 1 July 2009	35	140	20	827	1,022
Charge for the year	-	47	-	70	117
At 30 June 2010	35	187	20	897	1,139
Net book value					
At 30 June 2010	-	101	-	323	424

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13 Prepaid lease payments

	Group 2011 RM'000	2010 RM'000
Cost		
At 1 July	**74,065**	77,243
Exchange differences	**-**	(3,178)
Reclassified to property, plant and equipment (Note 12)	**(74,065)**	-
At 30 June	**-**	74,065
Accumulated amortisation		
At 1 July	**10,457**	6,061
Exchange differences	**-**	(208)
Amortisation	**-**	4,604
Reclassified to property, plant and equipment (Note 12)	**(10,457)**	-
At 30 June	**-**	10,457
Net Book value		
At 30 June	**-**	63,608

The prepaid lease payments comprise upfront payments for short term leasehold land.

Prepaid lease payments have been reclassified to property, plant and equipment as a result of adoption of Amendment to FRS117 Leases as disclosed in the Note 44(c) to the financial statements.

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14 Intangible assets

	Group	
	2011	2010
	RM'000	RM'000
Goodwill on consolidation:		
At 1 July	6,148,646	6,408,936
Exchange differences	327,818	(260,290)
Acquisition of subsidiaries	7,934	-
At 30 June	6,484,398	6,148,646

Impairment test for goodwill

The Group undertakes an annual test for impairment of its cash-generating units ('CGUs').

Goodwill is allocated for impairment test to the individual entity which is also the CGUs identified according to the respective companies.

The following CGUs, being the lowest level of asset for which there are separately identifiable cash flows, have carrying amounts of goodwill that are considered significant in comparison with the Group's total goodwill:

	Group	
	2011	2010
	RM'000	RM'000
PowerSeraya Limited (Singapore)	6,035,038	5,707,221
Wessex Water Limited (United Kingdom ('UK'))	440,700	440,700
Others	8,660	725
Total goodwill	6,484,398	6,148,646

The amount of goodwill initially recognised is dependent on the allocation of the purchase price to the fair value of the identifiable assets acquired and the liabilities assumed. The determination of the fair value of the assets and liabilities is based, to a considerable extent, on management judgement.

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14 Intangible assets (continued)

(a) Key assumption used in the value-in-use calculation

The following assumption has been applied in the value-in-use calculation:

	2011 Singapore %	2011 UK %	2010 Singapore %	2010 UK %
Pre-tax discount	6.8	6.1	5.5	6.1
Terminal growth rate	(0.8)	(0.2)	(2.5)	1.3
Revenue growth	3.0	6.1	5.4	2.2

The recoverable amounts of the CGUs are determined based on value-in-use calculations. The value-in-use calculations apply a discounted cash flow model using cash flow projections based on financial budgets and forecasts approved by management.

The discount rates used are pre-tax and reflect specific risks relating to the CGU. The discount rates applied to the cash flow projections are derived from the cost of capital plus a reasonable risk premium at the date of the assessment of the respective CGU.

(b) Impact of possible change in key assumption

Changing the assumptions selected by management, in particular the discount rate and growth rate assumptions used in the cash flow projections, could significantly affect the Group's result. The Group's review includes the key assumptions related to sensitivity in the cash flow projections.

The circumstances where a reasonable possible change in key assumptions will result in the recoverable amounts of goodwill on the CGUs to equal the corresponding carrying values, having incorporated the consequential effects on other variables, are as follow:

	2011 Singapore %	2011 UK %	2010 Singapore %	2010 UK %
Pre-tax discount	9.4	10.7	7.2	9.8
Terminal growth rate	(5.1)	(1.8)	(5.6)	(0.3)
Revenue growth	1.7	(11.0)	4.9	(7.3)

No impairment loss was recognised for the year ended 30 June 2011 for the goodwill assessed as their recoverable values were in excess of their carrying values.

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15 Subsidiaries

(a) Investment in subsidiaries

	Company 2011 RM'000	2010 RM'000
Unquoted shares, at cost	**10,965,360**	10,965,360

The subsidiaries are as follows:

Name of company	Country of incorporation	Group's effective interest 2011 %	2010 %	Principal activities
YTL Communications Sdn Bhd *	Malaysia	60	60	Provision of wired line and wireless broadband access and other related services
Extiva Communications Sdn Bhd @&	Malaysia	60	-	Developing and marketing VoIP telephony and other advanced network media appliances for the service provider and enterprise telephony market
YTL Power Generation Sdn Bhd	Malaysia	100	100	Developing, constructing, completing, maintaining and operating power plants
YTL Power International Holdings Limited *	Cayman Islands	100	100	Investment holding
YTL Power Australia Limited *	Cayman Islands	100	100	Investment holding
YTL Power Finance (Cayman) Limited *	Cayman Islands	100	100	Investment holding
YTL-CPI Power Limited *	Hong Kong	51	51	Dormant
YTL Seraya Limited *	Cayman Islands	100	100	Investment holding
YTL Utilities Holdings (S) Pte. Limited *	Singapore	100	100	Investment holding
YTL Utilities (S) Pte. Limited *	Singapore	100	100	Investment holding
YTL PowerSeraya Pte. Limited *	Singapore	100	100	Investment holding

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Notes to the financial statements for the financial year ended 30 June 2011 (continued)

15 Subsidiaries (continued)

(a) Investment in subsidiaries (continued)

Name of company	Country of incorporation	Group's effective interest 2011 %	Group's effective interest 2010 %	Principal activities
PowerSeraya Limited **	Singapore	100	100	Own and operate energy facilities and services (full value chain of electricity generation including trading of physical fuels and fuel related derivative instruments, tank leasing activities and sale of by-products from the electricity generation process)
Seraya Energy Pte Ltd **#	Singapore	100	100	Sale of electricity
Seraya Energy and Investment Pte Ltd **#	Singapore	100	100	Investment holding
PetroSeraya Pte Ltd **#	Singapore	100	100	Oil trading and oil tank leasing
YTL Utilities Limited *	Cayman Islands	100	100	Investment holding
YTL Utilities Finance Limited *	Cayman Islands	100	100	Investment holding
YTL Utilities Finance 2 Limited *	Cayman Islands	100	100	Investment holding
YTL Utilities Finance 3 Limited *	Cayman Islands	100	100	Investment holding
YTL Utilities Finance 4 Limited *	Cayman Islands	100	100	Financial services
YTL Utilities Finance 5 Limited *	Cayman Islands	100	100	Financial services
YTL Utilities Finance 6 Limited *	Cayman Islands	100	100	Investment holding
YTL Utilities Finance 7 Limited (formerly known as YTL Jordan Energy Limited) @	Cayman Islands	100	-	Dormant
YTL Utilities Holdings Limited *	Cayman Islands	100	100	Investment holding
Wessex Water International Limited	Cayman Islands	100	100	Dormant
YTL Utilities (UK) Limited *	England and Wales	100	100	Investment holding
YTL Events Limited *	England and Wales	100	100	Providing public entertainment, events and public relations services
Wessex Water Limited *	England and Wales	100	100	Investment holding
Wessex Water Services Limited *#	England and Wales	100	100	Water supply and waste water services

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15 Subsidiaries (continued)

(a) Investment in subsidiaries (continued)

Name of company	Country of incorporation	Group's effective interest 2011 %	Group's effective interest 2010 %	Principal activities
SC Technology GmbH *#	Switzerland	100	100	Waste treatment processes
SC Technology Nederlands B.V. *#	Netherlands	100	100	Waste treatment processes
SC Technology Deutschland GmbH *#	Germany	100	100	Waste treatment processes
Geneco Limited *#	England & Wales	100	100	Dormant
YTL ECOGreen Pte Ltd *	Singapore	100	100	Dormant
YTL Communications International Ltd *&	Cayman Islands	60	60	Investment holding
YTL Global Networks Ltd &	Cayman Islands	60	60	Dormant
Wessex Electricity Utilities Limited *#	England and Wales	100	100	Dormant
Wessex Water Utility Solutions Limited *#	England and Wales	100	100	Dormant
Wessex Water Services Finance Plc *#	England and Wales	100	100	Issue of bonds
Wessex Water Enterprises Limited *#	England and Wales	100	100	Water supply and waste water services
Wessex Engineering & Construction Services Limited *#	England and Wales	100	100	Engineering and construction services
Wessex Promotions Limited *#	England and Wales	100	100	Entertainment promotion
Wessex Water Pension Scheme Trustee Limited *#	England and Wales	100	100	Management of Wessex Water Pension Scheme
Wessex Water Commercial Limited *#	England and Wales	100	100	Dormant
Wessex Property Services Limited *#	England and Wales	100	100	Dormant
Wessex Water Trustee Company Limited *#	England and Wales	100	100	Dormant
Wessex Water Engineering Services Limited *#	England and Wales	100	100	Dormant
Wessex Spring Water Limited *#	England and Wales	100	100	Dormant

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15 Subsidiaries (continued)

(a) Investment in subsidiaries (continued)

Name of company	Country of incorporation	Group's effective interest 2011 %	2010 %	Principal activities
Wessex Logistics Limited *#	England and Wales	100	100	Dormant
YTL Engineering Limited *#	England and Wales	100	100	Dormant
YTL Services Limited *#	England and Wales	100	100	Dormant
YTL Jawa Power Holdings Limited *	Cyprus	100	100	Investment holding
YTL Jawa Power Finance Limited * ^	Cayman Islands	100	100	Investment holding
YTL Jawa Power Holdings B.V. * ^	Netherlands	100	100	Investment holding
YTL Jawa Power B.V. * ^	Netherlands	100	100	Investment holding
YTL Jawa O & M Holdings Limited *	Cyprus	100	100	Investment holding
YTL Jawa O & M Holdings B.V. *°	Netherlands	100	100	Investment holding
YTL Jawa Power Services B.V. *°	Netherlands	100	100	Investment holding
P.T. YTL Jawa Timur *°	Indonesia	100	100	Construction management, consultancy services and power station operation services

* *Audited by a firm other than member firm of PricewaterhouseCoopers International Limited*
** *Audited by a member firm of PricewaterhouseCoopers International Limited which is a separate and independent legal entity from PricewaterhouseCoopers, Malaysia*
# *Subsidiaries of Wessex Water Limited*
° *Subsidiaries of YTL Jawa O & M Holdings Limited*
^ *Subsidiaries of YTL Jawa Power Holdings Limited*
‡ *Subsidiaries of PowerSeraya Limited*
& *Subsidiaries of YTL Communications Sdn Bhd*
@ *Acquired during the financial year*

(b) Subsidiary acquired during the year

On 16 February 2011, YTL Communications Sdn Bhd, a direct 60% owned subsidiary of the Company completed the acquisition of 500,000 ordinary shares of RM1.00 each representing 100% of the issued and paid-up share capital of Extiva Communications Sdn Bhd for a total purchase consideration of RM20,000,000. The fair value of identifiable assets was determined to be RM6,776,225 giving rise to goodwill amounting to RM13,223,775 of which is RM7,934,265 is attributable to owners of the parent and RM5,289,510 attributable to non-controlling interests.

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16 Joint ventures

The joint venture ('JV') mentioned below is held by a subsidiary, Wessex Water Limited.

(a) Jointly controlled operations

The Group has a 50% interest in a joint arrangement, Bristol Wessex Billing Services Limited, which was incorporated in England and Wales. On 28 June 2001, Wessex Water Limited and Wessex Water Services Limited entered into a joint arrangement with a third party, under which the billing and customer services of both groups were transferred to Bristol Wessex Billing Services Limited.

The Group's share of the assets, liabilities and expenses of the jointly controlled operations has been accounted for in the book of the relevant subsidiary as follow:

	Group	
	2011	2010
	RM'000	RM'000
Non-current assets	428	580
Current assets	3,649	3,854
Current liabilities	(4,077)	(4,434)
Net assets	-	-
Expenses	48,815	52,790

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17 Associated companies

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Unquoted shares, at cost	574,044	576,150	5	5
Group's share of post-acquisition reserves	563,976	416,757	-	-
Group's share of net assets	1,138,020	992,907	5	5

(a) The Group's share of revenue and results of associated companies are as follows:

	Group 2011 RM'000	Group 2010 RM'000
Revenue	756,258	941,607
Profit after taxation	286,812	226,513

(b) The Group's share of the assets and liabilities of the associated companies are as follows:

	Group 2011 RM'000	Group 2010 RM'000
Non-current assets	1,331,631	1,353,233
Current assets	417,810	424,708
Current liabilities	(186,190)	(131,071)
Non-current liabilities	(425,231)	(653,963)
Net assets	1,138,020	992,907

(c) The associated companies are as follows:

Name of company	Country of incorporation	Group's effective interest 2011 %	Group's effective interest 2010 %	Principal activities
ElectraNet Transmission Services Pty Ltd	Australia	33.5	33.5	Principal electricity transmission network service provider
Jimah Power Generation Sdn Bhd	Malaysia	49.0	49.0	Developing, constructing, completing, maintaining and operating power plants. The company has not commenced operations
P.T. Jawa Power	Indonesia	35.0	35.0	To construct, commission and operate a coal-fired thermal power station
Teknologi Tenaga Perlis (Overseas) Consortium Sdn Bhd	Malaysia	30.0	30.0	Dormant
Enefit Jordan B.V.	Netherlands	30.0	-	Investment holding

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18 Investments

	Group		Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Available-for-sale financial assets	170,304	-	99,256	-
Financial assets at fair value through profit or loss	82,967	-	82,967	-
Investments previously carried at cost	-	111,043	-	96,578
	253,271	111,043	182,223	96,578

(a) Available-for-sale financial assets

The investments are in relation to the following:

	Group	Company
	2011	2011
	RM'000	RM'000
Equity investments (quoted in Malaysia)	118,718	99,256
Equity investments (unquoted outside Malaysia)	51,586	-
	170,304	99,256

A gain arising from the changes in fair value of available-for-sale financial assets during the year of RM23.9 million was recognised as other comprehensive income in the Statements of Comprehensive Income.

(b) Financial assets at fair value through profit or loss

The investment is in relation to the following:

	Group	Company
	2011	2011
	RM'000	RM'000
Equity investments (quoted in Malaysia)	82,967	82,967

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18 Investments (continued)

(b) Financial assets at fair value through profit or loss (continued)

This is in relation to investment in Irredeemable Convertible Unsecured Loan Stocks ('ICULS') of RM1.00 each in a related company, YTL Cement Berhad. These are ten (10) years ICULS issued on 10 November 2005. These ICULS bear a step-up coupon rate ranging from 4% to 6% per annum until its maturity date. The interest is payable semi-annually. The conversion price of the ICULS is fixed at a step down basis, in the first four (4) years, the conversion price is at RM2.72 for one (1) ordinary share in YTL Cement Berhad, after which it is at RM2.04 in the next three (3) years and at RM1.82 for the remaining three (3) years.

A gain arising from the changes of financial assets at fair value through profit or loss during the year of RM27.7 million was recognised in the Income Statements.

(c) Investments previously carried at cost

	Group 2010 RM'000	Company 2010 RM'000
Equity investments (quoted in Malaysia)	103,271	96,578
Equity investments (quoted outside Malaysia)	3	-
Unquoted loan outside Malaysia	7,769	-
	111,043	96,578

With the adoption of FRS 139 effective from 1 July 2010, other long term investments are reclassified to available-for-sale financial assets and financial assets at fair value through profit or loss as set out in Note 44 to the financial statements.

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19 Investment in preference shares

	Group 2011 RM'000	2010 RM'000
Investment in preference shares	492,705	583,257

The investment of unquoted preference shares is held by a foreign subsidiary. The holder of the preference shares is entitled to a fixed dividend of 7% per annum of the subscription price paid. The preference shares holder carries no voting rights and the preference shares are redeemable at the option of the holder at any time on the terms agreeable between the preference shares issuer and holder thereof.

20 Receivables, deposits and prepayments

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Non-Current				
Prepayments	41,367	59,253	-	-
Other receivables	861	813	-	-
	42,228	60,066	-	-
Current				
Trade receivables	1,642,921	753,999	-	-
Less: Provision for impairment of receivables	(112,187)	(86,437)	-	-
Total trade receivables (net)	1,530,734	667,562	-	-
Other receivables	168,115	69,210	38,592	42,537
Less: Provision for impairment of other receivables	(33,412)	(33,439)	(33,439)	(33,439)
Accrued income	273,750	868,621	-	-
Amounts recoverable from a supplier	285,630	238,551	-	-
Deposits	31,199	48,989	342	342
Interest receivables	1,871	13,165	146	446
Prepayments	103,955	114,068	1,334	1,201
	2,361,842	1,986,727	6,975	11,087

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20 Receivables, deposits and prepayments (continued)

Credit terms of trade receivables average at 30 days (2010: 30 days). The Group's historical experience in collecting trade receivables falls largely within this period. On this basis, the Directors believe that no additional credit risk beyond the amounts provided for collection losses is inherent in the Group's trade receivables.

As at 30 June 2011, trade receivables of RM237.2 million were past due but not impaired. The ageing analysis of these receivables is as follows:

	RM'000
Up to 3 months	100,511
3 to 6 months	20,070
6 to 9 months	17,430
9 to 12 months	16,826
Over 1 year	82,402
	237,239

In addition, the amount recoverable from a supplier of RM285.6 million relates to a subsidiary of the Company who had entered into a Gas Supply Agreement ('GSA') on 15 March 1993. Under this agreement, the price of gas to be supplied is calculated by reference to a market price-related formula. However, since 1 May 1997, the Government of Malaysia has fixed the price of gas and accordingly, the market price-related formula applicable under the GSA has not been used by the gas supplier. As a consequence, a dispute arose over whether a discount provided for under the market price-related formula was applicable under the GSA. The Government has informed the subsidiary company that the discount should be reinstated with effect from 1 January 2002. However, contrary to the decision of the Government, the gas supplier advised the subsidiary company that effective from 1 January 2002 the discount has been withdrawn. As such, as at 30 June 2011, a sum of RM285.6 million has been paid to the gas supplier under protest. The Directors believe that this amount will be fully recoverable.

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20 Receivables, deposits and prepayments (continued)

The credit quality of trade and other receivables that are neither past due nor impaired can be assessed by reference to external credit ratings (where available).

	2011 RM'000
With credit ratings (Moody's / RAM)	
- AAA	115,202
- P1	1,871
Without credit ratings *	1,618,806
	1,735,879

* *The credit quality of these receivables, which include a sum of RM953.8 million due from a company which is owned by the Government of Singapore, reflects the economic prosperity of the commercial and domestic counterparties across their respective regions. These receivables are generally due from counterparties with good payment history. None of the Group's trade and other receivables that are neither past due nor impaired have been renegotiated during the financial year.*

Receivables amounting to RM257.6 million are secured by financial guarantees given by banks and RM133.9 million are secured by cash collateral.

Movements on the Group's provision for impairment of receivables are as follows:

Group	Trade Receivables 2011 RM'000	Other Receivables 2011 RM'000
At 1 July	86,437	33,439
Exchange differences	4,108	(27)
Provision for impairment of receivables	55,256	-
Unused amount reversed	(33,614)	-
At 30 June	112,187	33,412

The impaired receivables are from counterparties in financial difficulties. These receivables are not secured by collateral or credit enhancements.

The fair value of receivables approximate to their carrying values.

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21 Inventories

Inventories comprise:

	Group 2011 RM'000	2010 RM'000
Finished goods	30,155	-
Spare parts	135,875	132,780
Raw materials	14,322	11,699
Work in progress	25,190	16,628
Fuel	326,838	431,934
	532,380	593,041

22 Derivative financial instruments

	Assets 2011 RM'000	Liabilities 2011 RM'000	Group 2011 RM'000
At 30 June 2010*	1,949	(23,749)	(21,800)
Adoption of new accounting policy (Note 44)	24,850	(93,864)	(69,014)
At 1 July 2010 restated	26,799	(117,613)	(90,814)
Movement during the year	71,716	3,472	75,188
At 30 June 2011	98,515	(114,141)	(15,626)

* The derivative financial assets and liabilities arose from the acquisition of PowerSeraya Limited on 6 March 2009. These financial derivatives are recognised at fair value as at that date.

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Notes to the financial statements for the financial year ended 30 June 2011 (continued)

22 Derivative financial instruments (continued)

Analysed as:

Group	Contract/ notional amount RM'000	Fair values Assets RM'000	Fair values Liabilities RM'000
2011			
Cash flow hedges			
- fuel oil swaps	1,152,633	78,646	6,193
- currency forwards	1,484,390	734	30,503
- interest rate swap	614,425	-	55,527
Fair value through profit or loss			
- fuel oil swaps	1,013,275	18,193	19,121
- currency forwards	520,488	942	2,797
		98,515	114,141
Current portion		95,904	94,152
Non-current portion		2,611	19,989
		98,515	114,141

The changes in fair value that arose from fair value through profit or loss and the ineffective portion of cash flow hedges are recognised in the profit or loss amounting to a gain of RM2.0 million and a loss of RM4.3 million respectively.

Period when the cash flows on cash flow hedges are expected to occur or affect profit or loss:

(a) Fuel oil swaps

Fuel oil swaps are entered into to hedge highly probable forecast fuel purchases that are expected to occur at various dates. The fuel oil swaps have maturity dates that match the expected occurrence of these transactions. Gains and losses recognised in the hedging reserve prior to the occurrence of these transactions are transferred to the inventory of fuels upon acquisition or cost of sales upon consumption of natural gas. The gains and losses relating to fuel oil inventory are subsequently recognised in profit or loss upon consumption of the underlying fuels.

The fair values of fuel oil swaps are determined using the active market rate.

22 Derivative financial instruments (continued)

(b) Forward Foreign Currency Exchange

Forward foreign currency exchange are entered into to hedge highly probable forecast transactions denominated in foreign currency expected to occur at various dates. The currency forwards have maturity dates that match the expected occurrence of these transactions. Gains and losses relating to highly probable forecast fuel purchases are recognised in the hedging reserve prior to the occurrence of these transactions and are transferred to the inventory of fuels upon acquisition or cost of sales upon consumption of natural gas. The gains and losses relating to fuel oil inventory are subsequently transferred to profit or loss upon consumption of the underlying fuels.

For those currency forwards used to hedge highly probable forecast foreign currency purchases of property, plant and equipment, the gains and losses are included in the cost of the assets and recognised in profit or loss over their estimated useful lives as part of depreciation expense.

For those currency forwards used to hedge highly probably forecast foreign currency transactions for maintenance contracts, the gains and losses are included in payments and recognised in profit or loss over the period of the contracts.

The fair values of forward currency contracts are determined using actively quoted forward currency rates.

(c) Interest rate swaps

Interest rate swaps are entered into to hedge floating semi-annual interest payments on borrowings. Since the borrowings are obtained specifically for the construction of property, plant and equipment, the interest on these borrowings along with the net interest on the interest swaps are capitalised. The interest payments are included in the cost of the assets and recognised in profit or loss over their estimated useful lives as part of depreciation expense.

The fair values of interest rate swaps are calculated using the present value of the estimated future cash flows discounted at actively quoted interest rates.

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Notes to the financial statements for the financial year ended 30 June 2011 (continued)

23 Amount owing to immediate and penultimate holding company

The amount owing to the immediate and penultimate holding company relates to expenses paid on the Group's behalf and is unsecured, payable on demand and is interest free.

24 Amounts owing by/(to) subsidiaries

The amounts owing by/(to) subsidiaries within 12 months are interest free, unsecured, and payable on demand except for advances to certain subsidiaries amounting to RM681.7 million (2010: RM531.7 million) which bear interest at a rate of 1.5% per annum above the Base Lending Rate or at a rate of 0.6% per annum above the effective Cost of Funds ('COF') (2010: 1.5% per annum above the Base Lending Rate). In addition, the amounts receivable within 12 months are also in respect of interests receivable on advances and operational expense payments made on behalf of subsidiaries.

The amounts payable within 12 months are in respect of advances and operational expense payments made by a subsidiary on behalf of the Company.

25 Short term investments

	Group and Company	
	2011	2010
	RM'000	RM'000
Unquoted debt securities of corporations in Malaysia		
At cost	-	48,393

The investment was disposed during the year.

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Notes to the financial statements for the financial year ended 30 June 2011 (continued)

26 Fixed deposits

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Deposits with licensed banks	**6,768,272**	7,025,387	**250,951**	562,671

The range of interest rates of deposits that was effective as at the reporting date is as follows:

	Group 2011 %	Group 2010 %	Company 2011 %	Company 2010 %
Deposits with licensed banks	**0.05 - 3.40**	0.20 - 2.75	**3.02 - 3.40**	2.60 - 2.75

Deposits of the Group and the Company have an average maturity of 30 days (2010: 30 days).

27 Cash and cash equivalents

Cash and cash equivalents included in the Statements of Cash Flows of the Group and the Company comprise the following:

	Note	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Fixed deposits	26	**6,768,272**	7,025,387	**250,951**	562,671
Cash and bank balances		**410,477**	346,155	**6,622**	9,062
Bank overdrafts	32 (e)	**(47,435)**	(44,821)	**-**	-
		7,131,314	7,326,721	**257,573**	571,733

Bank balances are deposits held at call with banks.

The Group seeks to invest cash and cash equivalents safely and profitably with creditworthy local and offshore licensed banks. The credit quality of the local and offshore licenced banks are P1 as rated by RAM Rating Services Bhd and Moody's Investors Service, Inc. respectively.

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Notes to the financial statements for the financial year ended 30 June 2011 (continued)

28 Share capital

	Group and Company	
	2011	2010
	RM'000	RM'000
Authorised:		
At beginning and end of the year - 22,730,000,000 ordinary shares of RM0.50 each	11,365,000	11,365,000
Issued and fully paid:		
At beginning of the year - 7,246,545,703 (2010: 5,910,280,545) ordinary shares of RM0.50 each	3,623,273	2,955,140
Exercise of share options - 14,727,350 (2010: 11,195,100) ordinary shares of RM0.50 each	7,364	5,598
Exercise of share Warrants - 17,721,184 (2010: 949,518,380) ordinary shares of RM0.50 each	8,860	474,759
Conversion of bonds - Nil (2010: 375,551,678) ordinary shares of RM0.50 each	-	187,776
At end of the year - 7,278,994,236 (2010: 7,246,545,703) ordinary shares of RM0.50 each	3,639,497	3,623,273

The issued and fully paid up share capital of the Company was increased from RM3,623,272,852 to RM3,639,497,118 following the exercise of 14,727,350 ESOS at exercise prices ranging from RM1.32 to RM2.02 per share and the exercise of 17,721,184 Warrants at an exercise price of RM1.21 per Warrant on the basis of one (1) new ordinary share for every one (1) Warrant. The new ordinary shares of 50 sen each rank pari passu in all respects with the existing issued shares of the Company.

Of the total 7,278,994,236 (2010: 7,246,545,703) issued and fully paid ordinary shares at 30 June 2011, the Company holds 56,724,745 (2010: 56,722,745) shares as treasury shares. As at 30 June 2011, the number of ordinary shares in issue and fully paid after offsetting treasury shares are 7,222,269,491 (2010: 7,189,822,958).

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Notes to the financial statements for the financial year ended 30 June 2011 (continued)

28 Share capital (continued)

(a) Warrants 2008/2018

As indicated in Note 31(i) to the financial statements, the Company had on 18 April 2008 issued RM2,200,000,000 nominal value of five-year 3.00% Redeemable Non Guaranteed Unsecured Bonds 2008/2013 with 1,776,371,304 detachable Warrants ('Warrants').

The Warrants were constituted under a Deed Poll dated 5 May 2008 and each Warrant entitles its registered holder to subscribe for one (1) new ordinary share of RM0.50 each in the Company at the exercise price of RM1.25 payable in cash. The exercise price is subject to adjustments in accordance with the basis set out in the deed poll.

Effective from 22 September 2008, the exercise price of Warrant was adjusted from RM1.25 to RM1.21 pursuant to the share dividend of one (1) treasury share for every forty (40) existing ordinary shares of 50 sen each.

The Warrants may be exercised at any time commencing on the date of issue of Warrants on 12 June 2008 but not later than 11 June 2018. Any Warrants which have not been exercised at date of maturity will lapse and cease to be valid for any purpose.

The total number of Warrants that remain unexercised are as follows:

	Group and Company '000
At 1 July 2009	2,155,326
Exercise of Warrants	(949,518)
Warrants expired	(3,322)
At 30 June 2010	1,202,486
At 1 July 2010	1,202,486
Exercise of Warrants	(17,721)
At 30 June 2011	1,184,765

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Notes to the financial statements for the financial year ended 30 June 2011 (continued)

28 Share capital (continued)

(b) Employees' Share Option Scheme ('ESOS')

The Company implemented an Employees' Share Option Scheme ('ESOS') which came into effect on 30 November 2001 for a period of ten (10) years. The ESOS is governed by the bye-laws which were approved by the shareholders on 16 October 2001.

(i) The maximum number of shares, which may be made available under the Scheme, shall not exceed ten per cent (10%) of the total issued and paid up share capital of the Company at the time of offering the option.

(ii) Any employee (including Executive Directors) of the Group shall be eligible to participate in the Scheme if, as at the date of offer for an option ('Offer Date') the employee:

(a) has attained the age of eighteen (18) years;

(b) is employed by and on payroll of a company within the Group; and

(c) has been in the employment of the Group for a period of at least one (1) year of continuous service prior to and up to the Offer Date, including service during the probation period, and is confirmed in service. The ESOS Committee may, at its discretion, nominate any employee (including Executive Directors) of the Group to be an eligible employee despite the eligibility criteria under Clause 4.1(iii) of the bye-laws not being met, at any time and from time to time.

(iii) The price payable for shares under the Scheme shall be based on the five (5)-day weighted average market price of the underlying shares at the time the option is granted, with a discount of not more than ten per cent (10%), if deemed appropriate.

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Notes to the financial statements for the financial year ended 30 June 2011 (continued)

28 Share capital (continued)

(b) Employees' Share Option Scheme ('ESOS') (continued)

(iv) Subject to Clause 14, the ESOS Committee may, at any time and from time to time, before or after an option is granted, limit the exercise of the option to a maximum number of new ordinary shares of the Company and/or such percentage of the total ordinary shares of the Company comprised in the option during such period(s) within the option period and impose any other terms and/or conditions deemed appropriate by the ESOS Committee in its sole discretion including amending/varying any terms and conditions imposed earlier. Notwithstanding the above, and subject to Clause 11 and 12, the option can only be exercised by the grantee three (3) years after the Offer Date, by notice in writing to the Company, provided however that the ESOS Committee may at its discretion or upon the request in writing by the grantee allow the option to be exercised at any earlier or other period.

(v) The grantee shall be prohibited from disposing the ordinary shares of the Company so allotted to him for a period of twelve (12) months from the date on which the option is exercised. However, the ESOS Committee may at its discretion or upon request in writing by the grantee allow the disposal of such ordinary shares of the Company at any earlier or other period.

(vi) The person to whom the option has been granted has no right to participate by virtue of the option in any share of any other company.

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Notes to the financial statements for the financial year ended 30 June 2011 (continued)

28 Share capital (continued)

(b) Employees' Share Option Scheme ('ESOS') (continued)

The movements during the year in the number of share options of the Company are as follows:

Year ended 30 June 2011

			Number of share options				
Grant date	Expiry date	Exercise Price RM/share	At start of financial year '000	Granted '000	Exercised '000	Lapsed '000	At end of financial year '000
*16.10.2002	29.11.2011	1.14	20	-	-	-	20
*13.12.2002	29.11.2011	1.32	9,634	-	(1,850)	(100)	7,684
*26.12.2002	29.11.2011	1.39	3,673	-	(845)	-	2,828
*12.12.2003	29.11.2011	1.53	634	-	-	-	634
*12.12.2003	29.11.2011	1.70	1,384	-	(370)	(34)	980
16.05.2005	29.11.2011	1.82	3,745	-	(485)	-	3,260
16.05.2005	29.11.2011	2.02	4,177	-	(635)	(34)	3,508
01.08.2005	29.11.2011	1.90	35,223	-	(4,468)	(10)	30,745
07.08.2006	29.11.2011	1.74	500	-	-	-	500
07.08.2006	29.11.2011	1.93	4,675	-	(409)	(170)	4,096
07.08.2006	29.11.2011	1.74	4,027	-	(50)	(299)	3,678
20.08.2007	29.11.2011	2.04	800	-	-	-	800
20.08.2007	29.11.2011	2.27	3,100	-	(27)	(204)	2,869
16.01.2008	29.11.2011	2.39	67	-	-	-	67
26.06.2008	29.11.2011	1.80	80	-	-	-	80
28.11.2008	29.11.2011	1.61	6,080	-	-	(360)	5,720
28.11.2008	29.11.2011	1.78	9,310	-	-	(250)	9,060
17.02.2009	29.11.2011	1.68	43,087	-	(5,588)	(20)	37,479
01.07.2009	29.11.2011	1.97	20,440	-	-	(885)	19,555
			150,656	-	(14,727)	(2,366)	133,563

Year ended 30 June 2010

			Number of share options				
Grant date	Expiry date	Exercise Price RM/share	At start of financial year '000	Granted '000	Exercised '000	Lapsed '000	At end of financial year '000
*16.10.2002	29.11.2011	1.14	20	-	-	-	20
*13.12.2002	29.11.2011	1.32	12.879	-	(3.145)	(100)	9,634
*26.12.2002	29.11.2011	1.39	4,390	-	(717)	-	3.673
*12.12.2003	29.11.2011	1.53	1,719	-	(525)	(560)	634
*12.12.2003	29.11.2011	1.70	1.518	-	(134)	-	1,384
16.05.2005	29.11.2011	1.82	3,900	-	(55)	(100)	3,745
16.05.2005	29.11.2011	2.02	4.344	-	(99)	(68)	4,177
01.08.2005	29.11.2011	1.90	41.426	-	(6.173)	(30)	35,223
07.08.2006	29.11.2011	1.74	700	-	-	(200)	500
07.08.2006	29.11.2011	1.93	4,844	-	(67)	(102)	4,675
07.08.2006	29.11.2011	1.74	4,450	-	(280)	(143)	4,027
20.08.2007	29.11.2011	2.04	900	-	-	(100)	800
20.08.2007	29.11.2011	2.27	3.360	-	-	(260)	3.100
16.01.2008	29.11.2011	2.39	67	-	-	-	67
26.06.2008	29.11.2011	1.80	90	-	-	(10)	80
28.11.2008	29.11.2011	1.61	6.560	-	-	(480)	6.080
28.11.2008	29.11.2011	1.78	9,424	-	-	(114)	9.310
17.02.2009	29.11.2011	1.68	43.097	-	-	(10)	43.087
01.07.2009	29.11.2011	1.97	-	22.600	-	(2.160)	20.440
			143.688	22.600	(11.195)	(4.437)	150.656

* *FRS 2 not applicable for these transactions*

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Notes to the financial statements for the financial year ended 30 June 2011 (continued)

28 Share capital (continued)

(b) Employees' Share Option Scheme ('ESOS') (continued)

	2011 '000	2010 '000
Number of share options vested at reporting date	99,228	67,692

The fair value of options granted in which FRS 2 applies, were determined using the Trinomial Valuation model. The significant inputs in the model are as follows:

	2011*	2010
Group		
Valuation assumptions:		
Weighted average share price at date of grant (per share)	-	RM 2.18
Expected volatility	-	21.07%
Expected dividend yield	-	8.00%
Expected option life	-	2 years
Risk-free interest rate per annum (based on Malaysian securities bonds)	-	2.94%

* No new options were granted during the financial year.

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome.

Value of employee services received for issue of share options:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Share options expenses	5,832	7,555	5,832	7,555
Allocation to subsidiaries	-	-	(4,547)	(5,633)
Allocation to related company	-	(1)	-	(1)
Total share options expenses	5,832	7,554	1,285	1,921

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Notes to the financial statements for the financial year ended 30 June 2011 (continued)

28 Share capital (continued)

(c) Employees' Share Option Scheme 2011 ('2011 Scheme')

At an Extraordinary General Meeting held on 30 November 2010, the Company's shareholders approved the establishment of a new ESOS ('2011 Scheme') for eligible employees and directors of the Company and/or its subsidiaries who meet the criteria of eligibility for participation, in place of ESOS 2001 which will be expiring on 29 November 2011.

The main features of the 2011 Scheme are as follow:

(i) The 2011 Scheme shall be in force for a period of ten (10) years, effective from 1 April 2011.

(ii) The maximum number of shares to be allotted and issued pursuant to the exercise of the options which may be granted under the 2011 Scheme shall not exceed fifteen per cent (15%) of the total issued and paid-up share capital of the Company at the point of time throughout the duration of the 2011 Scheme.

(iii) Any employee (including the directors) of the Group shall be eligible to participate in the 2011 Scheme if, as at the date of offer of an option ('Offer Date'), the person:

(a) has attained the age of eighteen (18) years;

(b) is a director or an employee employed by and on payroll of a company within the Group; and

(c) in the case of employees, has been in the employment of the Group for a period of at least one (1) year of continuous service prior to and up to the Offer Date, including service during the probation period, and is confirmed in service. The options committee may, at its discretion, nominate any employee (including directors) of the Group to be an eligible employee despite the eligibility criteria under Clause 3.1(iii) of the By-Laws not being met, at any time and from time to time.

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28 Share capital (continued)

(c) Employees' Share Option Scheme 2011 ('2011 Scheme') (continued)

(iv) The subscription price for shares under the 2011 Scheme shall be determined by the Board upon recommendation of the options committee and shall be fixed based on the higher of the following:

(a) the weighted average market price of shares, as quoted on Bursa Securities, for the five (5) market days immediately preceding the Offer Date of the options with a discount of not more than ten per cent (10%), if deemed appropriate, or such lower or higher limit in accordance with any prevailing guidelines issued by Bursa Securities or any other relevant authorities as amended from time to time; or

(b) the par value of the shares (or such other par value as may be permitted by the provisions of the Companies Act, 1965).

(v) Subject to Clause 13 of the By-Laws, the options committee may, at any time and from time to time, before or after an option is granted, limit the exercise of the option to a maximum number of new ordinary shares of the Company and/or such percentage of the total ordinary shares of the Company comprised in the options during such period(s) within the option period and impose any other terms and/or conditions deemed appropriate by the options committee in its sole discretion including amending/varying any terms and conditions imposed earlier. Notwithstanding the above, and subject to Clauses 10 and 11 of the By-Laws, the options can only be exercised by the grantee no earlier than three (3) years after the Offer Date or such other period as may be determined by the options committee at its absolute discretion, by notice in writing to the options committee, provided however that the options committee may at its discretion or upon the request in writing by the grantee allow the options to be exercised at any earlier or other period.

(vi) A grantee shall be prohibited from disposing of the new ordinary shares of the Company allotted and issued to him for a period of one (1) year from the date on which the option is exercised or such other period as may be determined by the options committee at its absolute discretion.

As at the end of the financial year, no options have been granted in respect of the 2011 Scheme.

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29 Reserves

(a) Other reserves

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Non-distributable				
Capital redemption reserve	20,000	20,000	-	-
Capital reserve	1,512	1,630	-	-
Available-for-sale reserve	58,752	-	44,521	-
Hedging reserve	28,315	-	-	-
Statutory reserve	45,135	48,677	-	-
Share options reserve	16,971	12,623	16,971	12,623
Warrant reserve	118,477	120,248	118,477	120,248
	289,162	203,178	179,969	132,871

(i) Capital redemption reserve

Capital redemption reserve has been set up for purposes of redemption of preference shares in a subsidiary.

(ii) Capital reserve

	Group 2011 RM'000	Group 2010 RM'000
At 1 July	1,630	1,764
Exchange differences	(118)	(134)
At 30 June	1,512	1,630

(iii) Available-for-sale reserve

	Group 2011 RM'000	Company 2011 RM'000
At 1 July 2010	-	-
Adoption of new accounting policy (Note 44)	34,832	27,605
At 1 July 2010 restated	34,832	27,605
Movement during the year	23,920	16,916
At 30 June	58,752	44,521

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Notes to the financial statements for the financial year ended 30 June 2011 (continued)

29 Reserves (continued)

(a) Other reserves (continued)

(iv) Hedging reserve

	Group 2011 RM'000	Group 2010 RM'000
At 1 July	-	-
Adoption of new accounting policy (Note 44)	(71,543)	-
At 1 July 2010, restated	(71,543)	-
Exchange differences	(735)	-
Changes in fair value	100,593	-
At 30 June	28,315	-

(v) Statutory reserve

	Group 2011 RM'000	Group 2010 RM'000
At 1 July	48,677	52,637
Exchange differences	(3,542)	(3,960)
At 30 June	45,135	48,677

This represents reserves which need to be set aside pursuant to local statutory requirements of an associated company.

(vi) Share options reserve

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
At 1 July	12,623	5,542	12,623	5,542
Share options expenses	5,832	7,555	5,832	7,555
Share options exercised/lapsed	(1,484)	(474)	(1,484)	(474)
At 30 June	16,971	12,623	16,971	12,623

(vii) Warrant reserve

	Group and Company 2011 RM'000	Group and Company 2010 RM'000
At 1 July	120,248	131,248
Conversion of Warrant during the year	(1,771)	(11,000)
At 30 June	118,477	120,248

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Notes to the financial statements for the financial year ended 30 June 2011 (continued)

29 Reserves (continued)

(b) Treasury shares

The shareholders of the Company, by a resolution passed in the 14th Annual General Meeting held on 30 November 2010, approved the Company's plan to repurchase its own shares. The Directors of the Company are committed to enhance the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

During the year, the Company repurchased 2,000 (2010: 71,000) of its issued share capital from the open market. The average price paid for the shares repurchased was RM2.33 per share (2010: RM2.21 per share). The repurchase transactions were financed by internally generated funds. The repurchased shares are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

(c) Retained earnings

Pursuant to the Finance Act 2007, the single tier company income tax system was introduced. Under the single tier system, the tax on a company's profit is a final tax and the dividends distributed to its shareholders would be exempted from tax. The Company has elected for irrevocable option to disregard the unutilised section 108 balances as at 30 June 2009.

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30 Deferred taxation

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the Statements of Financial Position:

	Group		Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Deferred tax liabilities	2,538,545	2,633,592	26	23
At 1 July	2,633,592	2,796,681	23	23
Exchange differences	7,238	(376,763)	-	-
(Credited)/Charged to Income Statements	(104,246)	142,065	3	-
Recognition of investment allowance	(14,370)	(21,058)	-	-
Utilisation of investment allowance	16,331	92,667	-	-
At 30 June	2,538,545	2,633,592	26	23
Subject to income tax				
Deferred tax assets before offsetting:				
- Retirement benefits	32,941	52,208	-	-
- Provision	27,496	27,968	-	-
	60,437	80,176	-	-
Offsetting	(60,437)	(80,176)	-	-
	-	-	-	-
Deferred tax liabilities before offsetting:				
- Property, plant and equipment	2,593,052	2,703,242	26	23
- Others	5,930	10,526	-	-
	2,598,982	2,713,768	26	23
Offsetting	(60,437)	(80,176)	-	-
	2,538,545	2,633,592	26	23

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Notes to the financial statements for the financial year ended 30 June 2011 (continued)

31 Bonds

	Note	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Current					
3.97% Unsecured Bonds	31 (a)	-	813,470	-	-
Non-current					
3.52% Retail Price Index Guaranteed Bonds	31 (b)	309,445	305,621	-	-
5.75% Guaranteed Unsecured Bonds	31 (c)	1,679,649	1,696,962	-	-
5.375% Guaranteed Unsecured Bonds	31 (d)	963,033	972,094	-	-
1.75% Index Linked Guaranteed Bonds	31 (e)	832,431	822,147	-	-
1.369% and 1.374% Index Linked Guaranteed Bonds	31 (f)	832,431	822,147	-	-
1.489%, 1.495% and 1.499% Index Linked Guaranteed Bonds	31 (g)	791,423	763,702	-	-
2.186% Index Linked Guaranteed Bonds	31 (h)	263,793	250,255	-	-
3.00% Redeemable Non Guaranteed Unsecured Bonds	31 (i)	2,143,984	2,107,240	2,143,984	2,107,240
		7,816,189	7,740,168	2,143,984	2,107,240
Total					
3.97% Unsecured Bonds	31 (a)	-	813,470	-	-
3.52% Retail Price Index Guaranteed Bonds	31 (b)	309,445	305,621	-	-
5.75% Guaranteed Unsecured Bonds	31 (c)	1,679,649	1,696,962	-	-
5.375% Guaranteed Unsecured Bonds	31 (d)	963,033	972,094	-	-
1.75% Index Linked Guaranteed Bonds	31 (e)	832,431	822,147	-	-
1.369% and 1.374% Index Linked Guaranteed Bonds	31 (f)	832,431	822,147	-	-
1.489%, 1.495% and 1.499% Index Linked Guaranteed Bonds	31 (g)	791,423	763,702	-	-
2.186% Index Linked Guaranteed Bonds	31 (h)	263,793	250,255	-	-
3.00% Redeemable Non Guaranteed Unsecured Bonds	31 (i)	2,143,984	2,107,240	2,143,984	2,107,240
		7,816,189	8,553,638	2,143,984	2,107,240

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Notes to the financial statements for the financial year ended 30 June 2011 (continued)

31 Bonds (continued)

All bonds of subsidiaries are on a non-recourse basis to the Company.

The weighted average effective interest rate of the Group and the Company as at the Statement of Financial Position is as follows:

	Group		Company	
	2011	2010	2011	2010
	%	%	%	%
Weighted average effective interest rate				
3.97% Unsecured Bonds	-	4.210	-	-
3.52% Retail Price Index Guaranteed Bonds	5.560	5.340	-	-
5.75% Guaranteed Unsecured Bonds	5.869	5.870	-	-
5.375% Guaranteed Unsecured Bonds	5.501	5.502	-	-
1.75% Index Linked Guaranteed Bonds	3.897	3.552	-	-
1.369% and 1.374% Index Linked Guaranteed Bonds	3.484	3.191	-	-
1.489%, 1.495% and 1.499% Index Linked Guaranteed Bonds	5.969	1.542	-	-
2.186% Index Linked Guaranteed Bonds	8.365	5.867	-	-
3.00% Redeemable Non Guaranteed Unsecured Bonds	4.850	4.850	4.850	4.850

The fair value of the Bonds of the Group and the Company as at the reporting date is as set out below:

	Group		Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
3.97% Unsecured Bonds	-	819,571	-	-
3.52% Retail Price Index Guaranteed Bonds	325,083	301,165	-	-
5.75% Guaranteed Unsecured Bonds	1,790,521	1,806,257	-	-
5.375% Guaranteed Unsecured Bonds	990,999	1,002,411	-	-
1.75% Index Linked Guaranteed Bonds	1,029,909	923,853	-	-
1.369% and 1.374% Index Linked Guaranteed Bonds	927,299	850,728	-	-
1.489%, 1.495% and 1.499% Index Linked Guaranteed Bonds	918,046	847,402	-	-
2.186% Index Linked Guaranteed Bonds	268,359	250,806	-	-
3.00% Redeemable Non Guaranteed Unsecured Bonds	2,310,553	2,289,044	2,310,553	2,289,044
	8,560,769	9,091,237	2,310,553	2,289,044

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Notes to the financial statements for the financial year ended 30 June 2011 (continued)

31 Bonds (continued)

The period in which the bonds of the Group and the Company attain maturity are as follows:

	Not later than 1 year RM'000	Later than 1 year but not later than 5 years RM'000	Later than 5 years RM'000	Total RM'000
Group				
At 30 June 2011				
3.52% Retail Price Index Guaranteed Bonds	-	-	309,445	309,445
5.75% Guaranteed Unsecured Bonds	-	-	1,679,649	1,679,649
5.375% Guaranteed Unsecured Bonds	-	-	963,033	963,033
1.75% Index Linked Guaranteed Bonds	-	-	832,431	832,431
1.369% and 1.374% Index Linked Guaranteed Bonds	-	-	832,431	832,431
1.489%, 1.495% and 1.499% Index Linked Guaranteed Bonds	-	-	791,423	791,423
2.186% Index Linked Guaranteed Bonds	-	-	263,793	263,793
3.00% Redeemable Non Guaranteed Unsecured Bonds	-	2,143,984	-	2,143,984
	-	2,143,984	5,672,205	7,816,189
At 30 June 2010				
3.97% Unsecured Bonds	813,470	-	-	813,470
3.52% Retail Price Index Guaranteed Bonds	-	-	305,621	305,621
5.75% Guaranteed Unsecured Bonds	-	-	1,696,962	1,696,962
5.375% Guaranteed Unsecured Bonds	-	-	972,094	972,094
1.75% Index Linked Guaranteed Bonds	-	-	822,147	822,147
1.369% and 1.374% Index Linked Guaranteed Bonds	-	-	822,147	822,147
1.489%, 1.495% and 1.499% Index Linked Guaranteed Bonds	-	-	763,702	763,702
2.186% Index Linked Guaranteed Bonds	-	-	250,255	250,255
3.00% Redeemable Non Guaranteed Unsecured Bonds	-	2,107,240	-	2,107,240
	813,470	2,107,240	5,632,928	8,553,638
Company				
At 30 June 2011				
3.00% Redeemable Non Guaranteed Unsecured Bonds	-	2,143,984	-	2,143,984
At 30 June 2010				
3.00% Redeemable Non Guaranteed Unsecured Bonds	-	2,107,240	-	2,107,240

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Notes to the financial statements for the financial year ended 30 June 2011 (continued)

31 Bonds (continued)

(a) 3.97% Unsecured Bonds

On 30 September 2003, PowerSeraya Limited issued SGD350,000,000 3.97% Unsecured Bonds ('Bonds') at par for working capital and to fund major capital expenditure. Interest was payable semi-annually in arrears on the interest payment dates falling on 30 March and 30 September in each year. The Bonds were matured and repaid on 30 September 2010.

The Bonds constitute direct, unconditional, unsubordinated and unsecured obligations of PowerSeraya Limited and shall at all times rank pari passu and rateably without any preference or priority among themselves, and pari passu with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of PowerSeraya Limited.

(b) 3.52% Retail Price Index Guaranteed Bonds

On 10 December 2001, Wessex Water Services Finance Plc ('Issuer') issued GBP50,000,000 nominal value 3.52% Guaranteed Retail Price Index with Zero Floor Bonds due 2023 ('RPIG Bonds') unconditionally and irrevocably guaranteed by Wessex Water Services Limited ('Guarantor'). The RPIG Bonds were constituted under a Trust Deed dated 10 December 2001 and are unsecured.

The principal features of the RPIG Bonds are as follows:

(i) The RPIG Bonds bear interest semi-annually on 30 January and 30 July at an interest rate of 3.52% initially, indexed up by the inflation rate every year. The effective interest rate as at 30 June 2011 is 8.23% (2010: 3.80%).

(ii) Unless previously redeemed, repurchased, cancelled or otherwise satisfied by the Issuer, the RPIG Bonds will be redeemed in full by the Issuer on 30 July 2023 at their indexed value together with all accrued interest on the surrender of the Bonds.

(iii) The Issuer may, at any time, purchase the RPIG Bonds in any manner and at any price. If purchases are made by tender, tenders must be available to all bondholders alike. All RPIG Bonds purchased by the Issuer will forthwith be cancelled.

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31 Bonds (continued)

(b) 3.52% Retail Price Index Guaranteed Bonds (continued)

(iv) The Issuer, by giving the appropriate notice and in accordance with the conditions laid out in the offering circular, may purchase the RPIG Bonds if there is a change in tax legislation or if it wishes to do so at a price determined by an agreed formula.

(v) The bondholders may put the RPIG Bonds to the Issuer if:

- Wessex Water Services Limited loses its Appointment;
- the Issuer ceases to be a subsidiary of Wessex Water Services Limited; or
- a Restructuring Event occurs which results in the RPIG Bonds being downgraded below investment grade. 'Appointment' refers to the Instrument of Appointment dated 1 September 1989 under Section 11 of the Water Act 1989 (now Section 6 of the Water Industry Act, 1991) appointing the Guarantor as a water undertaker and sewerage undertaker for the areas described therein. 'Restructuring Event' refers to either:
  - any material rights, benefits or obligations of Wessex Water Services Limited under the Appointment or any material terms of the Appointment are modified; or
  - any legislation is enacted removing, reducing or qualifying the duties or powers of the Secretary of State for the Environment and/or the Director General of Water Services.

The nominal value of RPIG Bonds issued of GBP50,000,000 remained outstanding as at 30 June 2011, net of amortised fees and discount. The net proceeds of the RPIG Bonds were used to fund the capital investment programme of Wessex Water Services Limited.

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31 Bonds (continued)

(c) 5.75% Guaranteed Unsecured Bonds

On 15 October 2003, Wessex Water Services Finance Plc ('Issuer'), a subsidiary of the Group, issued GBP350,000,000 nominal value 5.75% Guaranteed Unsecured Bonds due 2033 ('GU Bonds') unconditionally and irrevocably guaranteed by Wessex Water Services Limited ('Guarantor'), a subsidiary of the Group. The GU Bonds are constituted under a Trust Deed dated 15 October 2003. The nominal value of GU Bonds issued amounted to GBP350,000,000, and as at 30 June 2011 GBP345,265,801 (2010: GBP345,831,889) remained outstanding, net of amortised fees and discount. The net proceeds of the GU Bonds were used for refinancing of existing financial indebtedness and for general corporate purposes.

The principal features of the GU Bonds are as follows:

(i) The GU Bonds bear interest at 5.75% per annum, payable annually on 14 October of each year.

(ii) Unless previously redeemed, repurchased, cancelled or otherwise satisfied by the Issuer, the GU Bonds will be redeemed in full by the Issuer on 14 October 2033 at their nominal value together with all accrued interest on the surrender of the GU Bonds.

(iii) The Issuer may, at any time, purchase the GU Bonds in any manner and at any price. If purchases are made by tender, tenders must be available to all bondholders alike. All GU Bonds purchased by the Issuer will forthwith be cancelled.

(iv) The Issuer, by giving the appropriate notice and in accordance with the conditions laid out in the offering circular, may purchase the GU Bonds if there is a change in tax legislation or if it wishes to do so at a price determined by an agreed formula.

31 Bonds (continued)

(c) 5.75% Guaranteed Unsecured Bonds (continued)

(v) The bondholders may put the GU Bonds to the Issuer if:

- Wessex Water Services Limited loses its Appointment;
- the Issuer ceases to be a subsidiary of Wessex Water Services Limited; or
- a Restructuring Event occurs which results in the GU Bonds being downgraded below investment grade. 'Appointment' refers to the Instrument of Appointment dated 1 September 1989 under Section 11 of the Water Act 1989 (now Section 6 of the Water Industry Act, 1991) appointing the Guarantor as a water undertaker and sewerage undertaker for the areas described therein. 'Restructuring Event' refers to either:
  - any material rights, benefits or obligations of Wessex Water Services Limited under the Appointment or any material terms of the Appointment are modified;
  - any legislation is enacted removing, reducing or qualifying the duties or powers of the Secretary of State for the Environment and/or the Director General of Water Services.

(d) 5.375% Guaranteed Unsecured Bonds

On 10 March 2005, Wessex Water Services Finance Plc ('Issuer'), a subsidiary of the Group, issued GBP200,000,000 nominal value 5.375% Guaranteed Unsecured Bonds due 2028 ('GU Bonds') unconditionally and irrevocably guaranteed by Wessex Water Services Limited ('Guarantor'), a subsidiary of the Group. The GU Bonds are constituted under a Trust Deed dated 10 March 2005. The nominal value of GU Bonds issued amounted to GBP200,000,000, of which GBP197,959,499 (2010: GBP198,107,696) remained outstanding as at 30 June 2011, net of amortised fees and discount. The net proceeds of the GU Bonds were used for refinancing of existing financial indebtedness and for general corporate purposes.

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31 Bonds (continued)

(d) 5.375% Guaranteed Unsecured Bonds (continued)

The principal features of the GU Bonds are as follows:

(i) The GU Bonds bear interest at 5.375% per annum, payable on 10 March of each year.

(ii) Unless previously redeemed, repurchased, cancelled or otherwise satisfied by the Issuer, the GU Bonds will be redeemed in full by the Issuer on 10 March 2028 at their nominal value together with accrued interest on the surrender of the GU Bonds.

(iii) The Issuer may, at any time, purchase the GU Bonds in any manner and at any price. If purchases are made by tender, tenders must be available to all bondholders alike. All GU Bonds purchased by the Issuer will forthwith be cancelled.

(iv) The Issuer, by giving the appropriate notice and in accordance with the conditions laid out in the offering circular, may purchase the GU Bonds if there is a change in tax legislation or if it wishes to do so at a price determined by an agreed formula.

(v) The bondholders may put the GU Bonds to the Issuer if:

- Wessex Water Services Limited loses its Appointment;
- the Issuer ceases to be a subsidiary of Wessex Water Services Limited; or
- a Restructuring Event occurs which results in the GU Bonds being downgraded below investment grade. 'Appointment' refers to the Instrument of Appointment dated 1 September 1989 under Section 11 of the Water Act 1989 (now Section 6 of the Water Industry Act, 1991) appointing the Guarantor as a water undertaker and sewerage undertaker for the areas described therein. 'Restructuring Event' refers to either:
    - any material rights, benefits or obligations of Wessex Water Services Limited under the Appointment or any material terms of the Appointment are modified;
    - any legislation is enacted removing, reducing or qualifying the duties or powers of the Secretary of State for the Environment and/or the Director General of Water Services.

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31 Bonds (continued)

(e) 1.75% Index Linked Guaranteed Bonds

On 31 July 2006, Wessex Water Services Finance Plc ('Issuer') issued two (2) tranches of GBP75,000,000 nominal value 1.75% Index Linked Guaranteed Bonds ('ILG Bonds') unconditionally and irrevocably guaranteed by Wessex Water Services Limited ('Guarantor'). The ILG Bonds were each constituted under a Trust Deed dated 31 July 2006 and are unsecured.

The principal features of the ILG Bonds are as follows:

(i) The ILG Bonds bear interest semi-annually on 31 January and 31 July at an interest rate of 1.75% initially, indexed up by the inflation rate every year. The effective interest rate as at 30 June 2011 is 6.46% (2010: 2.03%).

(ii) Unless previously redeemed, repurchased, cancelled or otherwise satisfied by the Issuer, the ILG Bonds will be redeemed in full by the Issuer on 31 July 2046 for one tranche, and 31 July 2051 for the other tranche, at their indexed value together with all accrued interest on the surrender of the ILG Bonds.

(iii) The Issuer may, at any time, purchase the ILG Bonds in any manner and at any price. If purchases are made by tender, tenders must be available to all bondholders alike. All ILG Bonds purchased by the Issuer will forthwith be cancelled.

(iv) The Issuer, by giving the appropriate notice and in accordance with the conditions laid out in the offering circular, may purchase the ILG Bonds if there is a change in tax legislation or if it wishes to do so at a price determined by an agreed formula.

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Notes to the financial statements for the financial year ended 30 June 2011 (continued)

31 Bonds (continued)

(e) 1.75% Index Linked Guaranteed Bonds (continued)

(v) The bondholders may put the ILG Bonds to the Issuer if:

- Wessex Water Services Limited loses its Appointment;
- the Issuer ceases to be a subsidiary of Wessex Water Services Limited; or
- a Restructuring Event occurs which results in the ILG Bonds being downgraded below investment grade. 'Appointment' refers to the Instrument of Appointment dated 1 September 1989 under Section 11 of the Water Act 1989 (now Section 6 of the Water Industry Act, 1991) appointing the Guarantor as a water undertaker and sewerage undertaker for the areas described therein. 'Restructuring Event' refers to either:
  - any material rights, benefits or obligations of Wessex Water Services Limited under the Appointment or any material terms of the Appointment are modified; or
  - any legislation is enacted removing, reducing or qualifying the duties or powers of the Secretary of State for the Environment and/or the Director General of Water Services.

The nominal value of ILG Bonds issued of GBP150,000,000 remained outstanding as at 30 June 2011, net of amortised fees and discount. The net proceeds of the ILG Bonds were used to fund the capital investment programme of Wessex Water Services Limited.

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31 Bonds (continued)

(f) 1.369% and 1.374% Index Linked Guaranteed Bonds

On 31 January 2007, Wessex Water Services Finance Plc ('Issuer') issued GBP75,000,000 nominal value 1.369% Index Linked Guaranteed Bonds and GBP75,000,000 nominal value 1.374% Index Linked Guaranteed Bonds, both due 2057 ('ILG Bonds') unconditionally and irrevocably guaranteed by Wessex Water Services Limited ('Guarantor'). The ILG Bonds were each constituted under a Trust Deed dated 31 January 2007 and are unsecured.

The principal features of the ILG Bonds are as follows:

(i) The ILG Bonds bear interest semi-annually on 31 January and 31 July at an interest rate of 1.369% and 1.374% initially, indexed up by the inflation rate every year. The effective interest rate as at 30 June 2011 is 6.08% (2010: 1.65%).

(ii) Unless previously redeemed, repurchased, cancelled or otherwise satisfied by the Issuer, the ILG Bonds will be redeemed in full by the Issuer on 31 July 2057 at their indexed value together with all accrued interest on the surrender of the ILG Bonds.

(iii) The Issuer may, at any time, purchase the ILG Bonds in any manner and at any price. If purchases are made by tender, tenders must be available to all bondholders alike. All ILG Bonds purchased by the Issuer will forthwith be cancelled.

(iv) The Issuer, by giving the appropriate notice and in accordance with the conditions laid out in the offering circular, may purchase the ILG Bonds if there is a change in tax legislation or if it wishes to do so at a price determined by an agreed formula.

(v) The bondholders may put the ILG Bonds to the Issuer if:

- Wessex Water Services Limited loses its Appointment;
- the Issuer ceases to be a subsidiary of Wessex Water Services Limited; or

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31 Bonds (continued)

(f) 1.369% and 1.374% Index Linked Guaranteed Bonds (continued)

(v) The bondholders may put the ILG Bonds to the Issuer if (continued):

- a Restructuring Event occurs which results in the ILG Bonds being downgraded below investment grade. 'Appointment' refers to the Instrument of Appointment dated 1 September 1989 under Section 11 of the Water Act 1989 (now Section 6 of the Water Industry Act, 1991) appointing the Guarantor as a water undertaker and sewerage undertaker for the areas described therein. 'Restructuring Event' refers to either:
  - any material rights, benefits or obligations of Wessex Water Services Limited under the Appointment or any material terms of the Appointment are modified; or
  - any legislation is enacted removing, reducing or qualifying the duties or powers of the Secretary of State for the Environment and/or the Director General of Water Services.

The nominal value of ILG Bonds issued of GBP150,000,000 remained outstanding as at 30 June 2011, net of amortised fees and discount. The net proceeds of the ILG Bonds were used to fund the capital investment programme of Wessex Water Services Limited.

(g) 1.489%, 1.495% and 1.499% Index Linked Guaranteed Bonds

On 28 September 2007, Wessex Water Services Finance Plc ('Issuer') issued GBP50,000,000 nominal value 1.489% Index Linked Guaranteed Bonds, GBP50,000,000 nominal value 1.495% Index Linked Guaranteed Bonds and GBP50,000,000 nominal value 1.499% Index Linked Guaranteed Bonds, all due 2058 ('ILG Bonds') unconditionally and irrevocably guaranteed by Wessex Water Services Limited ('Guarantor'). The ILG Bonds were each constituted under a Trust Deed dated 28 September 2007 and are unsecured.

The principal features of the ILG Bonds are as follows:

(i) The ILG Bonds bear interest semi-annually on 29 November and 29 May at an interest rate of 1.489%, 1.495% and 1.499% initially, indexed up by the inflation rate every year. The effective interest rate as at 30 June 2011 is 6.84% (2010: 5.94%).

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Notes to the financial statements for the financial year ended 30 June 2011 (continued)

31 Bonds (continued)

(g) **1.489%, 1.495% and 1.499% Index Linked Guaranteed Bonds (continued)**

(ii) Unless previously redeemed, repurchased, cancelled or otherwise satisfied by the Issuer, the ILG Bonds will be redeemed in full by the Issuer on 29 November 2058 at their indexed value together with all accrued interest on the surrender of the ILG Bonds.

(iii) The Issuer may, at any time, purchase the ILG Bonds in any manner and at any price. If purchases are made by tender, tenders must be available to all bondholders alike. All ILG Bonds purchased by the Issuer will forthwith be cancelled.

(iv) The Issuer, by giving the appropriate notice and in accordance with the conditions laid out in the offering circular, may purchase the ILG Bonds if there is a change in tax legislation or if it wishes to do so at a price determined by an agreed formula.

(v) The bondholders may put the ILG Bonds to the Issuer if:

- Wessex Water Services Limited loses its Appointment;
- the Issuer ceases to be a subsidiary of Wessex Water Services Limited; or
- a Restructuring Event occurs which results in the ILG Bonds being downgraded below investment grade. 'Appointment' refers to the Instrument of Appointment dated 1 September 1989 under Section 11 of the Water Act 1989 (now Section 6 of the Water Industry Act, 1991) appointing the Guarantor as a water undertaker and sewerage undertaker for the areas described therein. 'Restructuring Event' refers to either:
  - any material rights, benefits or obligations of Wessex Water Services Limited under the Appointment or any material terms of the Appointment are modified; or
  - any legislation is enacted removing, reducing or qualifying the duties or powers of the Secretary of State for the Environment and/or the Director General of Water Services.

The nominal value of ILG Bonds issued of GBP150,000,000 remained outstanding as at 30 June 2011, net of amortised fees and discount. The net proceeds of the ILG Bonds were used to fund the capital investment programme of Wessex Water Services Limited.

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31 Bonds (continued)

(h) 2.186% Index Linked Guaranteed Bonds

On 7 September 2009, Wessex Water Services Finance Plc ('Issuer') issued GBP50,000,000 nominal value 2.186% Index Linked Guaranteed Bonds due 2039 ('ILG Bonds') unconditionally and irrevocably guaranteed by Wessex Water Services Limited ('Guarantor'). The ILG Bonds were constituted under a Trust Deed dated 7 September 2009 and are unsecured.

The principal features of the ILG Bonds are as follows:

(i) The ILG Bonds bear interest semi-annually on 1 December and 1 June at an interest rate of 2.186% initially, indexed up by the inflation rate every half year. The effective interest rate as at 30 June 2011 is 5.38% (2010: 4.69%).

(ii) Unless previously redeemed, repurchased, cancelled or otherwise satisfied by the Issuer, the ILG Bonds will be redeemed in full by the Issuer on 1 June 2039 at their indexed value together with all accrued interest on the surrender of the ILG Bonds.

(iii) The Issuer may, at any time, purchase the ILG Bonds in any manner and at any price. If purchases are made by tender, tenders must be available to all bondholders alike. All ILG Bonds purchased by the Issuer will forthwith be cancelled.

(iv) The Issuer, by giving the appropriate notice and in accordance with the conditions laid out in the offering circular, may purchase the ILG Bonds if there is a change in tax legislation or if it wishes to do so at a price determined by an agreed formula.

31 Bonds (continued)

(h) 2.186% Index Linked Guaranteed Bonds (continued)

(v) The bondholders may put the ILG Bonds to the Issuer if:

- Wessex Water Services Limited loses its Appointment;
- the Issuer ceases to be a subsidiary of Wessex Water Services Limited; or
- a Restructuring Event occurs which results in the ILG Bonds being downgraded below investment grade. 'Appointment' refers to the Instrument of Appointment dated 1 September 1989 under Section 11 of the Water Act 1989 (now Section 6 of the Water Industry Act, 1991) appointing the Guarantor as a water undertaker and sewerage undertaker for the areas described therein. 'Restructuring Event' refers to either:
  - any material rights, benefits or obligations of Wessex Water Services Limited under the Appointment or any material terms of the Appointment are modified; or
  - any legislation is enacted removing, reducing or qualifying the duties or powers of the Secretary of State for the Environment and/or the Director General of Water Services.

The nominal value of ILG Bonds issued of GBP50,000,000 remained outstanding as at 30 June 2011, net of amortised fees and discount. The net proceeds of the ILG Bonds were used to fund the capital investment programme of Wessex Water Services Limited.

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31 Bonds (continued)

(i) 3.00% Redeemable Non Guaranteed Unsecured Bonds

On 18 April 2008, the Company issued RM2,200,000,000 nominal value of five year 3.00% Redeemable Non Guaranteed Unsecured Bonds 2008/2013 ('Bonds') with 1,776,371,304 detachable Warrants. The Bonds were constituted under a Trust Deed dated 10 April 2008. The details of the Warrants are set out in Note 28(a) to the financial statements.

The principal features of the Bonds are as follow:

(i) The Bonds are issued at discount (91.87%) of the nominal value.

(ii) The Bonds bear interest at 3.0% per annum, payable semi-annually on 18 October and 18 April of each financial year.

(iii) The Bonds are redeemable on 18 April 2013 ('Maturity Date') at one hundred percent (100%) of its nominal value.

(iv) Unless previously redeemed, repurchased, cancelled or otherwise satisfied by the Company, the Bonds will be redeemed in full by the Company on the Maturity Date at one hundred percent (100%) of its nominal value together with all accrued interest.

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32 Borrowings

	Note	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Current					
Term Loans	32 (a)	3,746,135	986,943	-	-
Revolving credit	32 (b)	1,882,725	-	300,000	-
Committed bank loans	32 (c)	26,943	26,108	-	-
Finance lease	32(d)	159,035	28,958	-	-
Bank overdrafts	32 (e), 27	47,435	44,821	-	-
Medium Term Notes	32 (f)	470,000	200,000	470,000	-
Commercial papers	32 (g)	150,000	300,000	150,000	300,000
		6,482,273	1,586,830	920,000	300,000
Non-current					
Term loans	32 (a)	3,409,784	7,989,510	-	-
Revolving credit	32 (b)	983,080	116,210	-	-
Committed bank loans	32 (c)	11,506	12,510	-	-
Finance lease	32(d)	165,210	323,927	-	-
Medium Term Notes	32 (f)	2,229,825	2,599,734	1,330,000	1,700,000
		6,799,405	11,041,891	1,330,000	1,700,000
Total					
Term loans	32 (a)	7,155,919	8,976,453	-	-
Revolving credit	32 (b)	2,865,805	116,210	300,000	-
Committed bank loans	32 (c)	38,449	38,618	-	-
Finance lease	32(d)	324,245	352,885	-	-
Bank overdrafts	32 (e), 27	47,435	44,821	-	-
Medium Term Notes	32 (f)	2,699,825	2,799,734	1,800,000	1,700,000
Commercial papers	32 (g)	150,000	300,000	150,000	300,000
		13,281,678	12,628,721	2,250,000	2,000,000

All borrowings of the subsidiaries are on a non-recourse basis to the Company save and except for RM1,445,654,996 (2010: RM1,908,056,962) term loans.

All borrowings of the subsidiaries are unsecured save and except for a term loan of RM3,561,807,250 (SGD1,449,244,110) (2010: RM4,347,696,887 (SGD1,870,620,810)).

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Notes to the financial statements for the financial year ended 30 June 2011 (continued)

32 Borrowings (continued)

The weighted average effective interest rate of the Group and the Company as at the reporting date is as follows:

	Group 2011	Group 2010	Company 2011	Company 2010
	%	%	%	%
Weighted average effective interest rate				
Term loans	1.43	1.45	-	-
Bank overdrafts	2.50	1.50	-	-
Committed bank loans	1.96	0.99	-	-
Finance lease	2.34	2.05	-	-
Medium Term Notes	4.65	4.84	4.57	4.84
Commercial Papers	3.04	2.42	3.04	2.42
Revolving credit	2.32	0.97	1.69	-

The periods in which the borrowings of the Group attain maturity are as follows:

	Not later than 1 year RM'000	Later than 1 year but not later than 5 years RM'000	Later than 5 years RM'000	Total RM'000
Group				
At 30 June 2011				
Term loans	3,746,135	2,728,712	681,072	7,155,919
Committed bank loans	26,943	11,506	-	38,449
Finance lease	159,035	44,455	120,755	324,245
Bank overdrafts	47,435	-	-	47,435
Medium Term Notes	470,000	2,229,825	-	2,699,825
Commercial Papers	150,000	-	-	150,000
Revolving credit	1,882,725	983,080	-	2,865,805
	6,482,273	5,997,578	801,827	13,281,678
At 30 June 2010				
Term loans	986.943	6.811,854	1,177,656	8.976,453
Revolving credit	-	116.210	-	116,210
Committed bank loans	26,108	12,510	-	38.618
Finance lease	28,958	153,676	170,251	352.885
Bank overdrafts	44,821	-	-	44,821
Medium Term Notes	200,000	2,599,734	-	2.799.734
Commercial Papers	300,000	-	-	300,000
	1.586.830	9,693,984	1,347.907	12.628.721

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Notes to the financial statements for the financial year ended 30 June 2011 (continued)

32 Borrowings (continued)

The periods in which the borrowings of the Company attain maturity are as follows:

	Not later than 1 year RM'000	Later than 1 year but not later than 5 years RM'000	Total RM'000
Company			
At 30 June 2011			
Medium Term Notes	470,000	1,330,000	1,800,000
Commercial Papers	150,000	-	150,000
Revolving credit	300,000	-	300,000
	920,000	1,330,000	2,250,000
At 30 June 2010			
Medium Term Notes	-	1,700,000	1,700,000
Commercial Papers	300,000	-	300,000
	300,000	1,700,000	2,000,000

The carrying amounts of borrowings of the Group and the Company at the reporting date approximated their fair values except for the following non-current Medium Term Notes:

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Non-Current Medium Term Notes	2,302,404	2,772,385	1,384,468	1,869,693

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Notes to the financial statements for the financial year ended 30 June 2011 (continued)

32 Borrowings (continued)

(a) Term loans

(i) Term loans denominated in Great Britain Pounds

GBP175,000,000 Unsecured Term Loan
The term loans of RM486,480,000 (GBP100,000,000) (2010: RM858,707,500 (GBP175,000,000)) are unsecured loans of Wessex Water Services Limited and are guaranteed by Wessex Water Limited. The loans bear interest rates of LIBOR plus a different variable margin for each of the GBP75,000,000 and GBP100,000,000 loans respectively. GBP75,000,000 was repaid on 15 June 2011.

GBP140,000,000 Unsecured Term Loan
The term loan of RM681,072,000 (GBP140,000,000) (2010: RM686,966,000 (GBP140,000,000)) are unsecured loans of Wessex Water Services Limited Limited and are guaranteed by Wessex Water Limited. The loan bears an interest rate of LIBOR plus 0.18%.

GBP50,000,000 Unsecured Term Loan
The term loan of RM243,240,000 (GBP50,000,000) (2010: RM245,345,000 (GBP50,000,000)) was drawn by Wessex Water Services Limited. The loan bears an interest rate of LIBOR plus 1.10%.

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Notes to the financial statements for the financial year ended 30 June 2011 (continued)

32 Borrowings (continued)

(a) Term loans (continued)

(ii) Term loans denominated in US Dollar

USD190,000,000 Unsecured Term Loan
Term loan of RM618,925,000 (USD190,000,000) is unsecured and is guaranteed by the Company. The loan bears an interest rate of LIBOR plus 0.265% margin. The loan was paid in full on 29 January 2011.

USD400,000,000 Unsecured Term Loan
Term loans of RM1,200,240,185 (USD397,364,736) (2010: RM1,289,131,962 (USD395,742,736)) were drawn by the subsidiaries. The term loans are unsecured and are guaranteed by the Company. The loans of USD200.0 million each is repayable on 17 December 2012 and 30 June 2015 respectively. These loans bear interest rate of LIBOR plus 1.40% and LIBOR plus 1.65% respectively.

(iii) Term loans denominated in SGD Dollar

SGD1,449,244,110 Secured Term Loan
Term loan of RM3,561,807,250 (SGD1,449,244,110) (2010: RM4,347,696,887 (SGD1,870,620,810)) is secured loan of YTL PowerSeraya Pte. Limited. The borrowings bear interest rate of 2.50% (margin rate) per annum plus swap rate per annum and is repayable in full on 6 March 2012. The borrowings are secured by a charge over the subsidiary's shares in PowerSeraya Limited and other assets of the subsidiary.

SGD400,000,000 Unsecured Term Loan
PowerSeraya Limited has a SGD 400,000,000 term loan facility. As at 30 June 2011, the subsidiary had fully drawn down the facility amounting to RM983,080,000 (SGD400,000,000) (2010: RM 929,580,000 (SGD 400,000,000)). The term loan facility has staggered repayment dates commencing on 29 August 2011 with final repayment date on 28 August 2014. The subsidiary has a choice to select an interest period of one, three or six month on the facility.

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32 Borrowings (continued)

(b) Revolving credit

(i) Revolving credit denominated in SGD Dollar

SGD750,000,000 Revolving Credit
PowerSeraya Limited has a total SGD750,000,000 (2010: SGD 50,000,000) revolving credit facilities, of which SGD350,000,000, SGD50,000,000 and SGD350,000,000 terminate on 6 March 2012, 28 August 2012 and 13 September 2013 respectively. As at 30 June 2011, the subsidiary had drawn down the facility amounting to RM1,720,390,000 (SGD700,000,000) (2010: RM116,210,000 (SGD50,000,000)). The undrawn revolving credit facilities amounting to RM122,885,000 (SGD50,000,000) (2010: Nil) will expire on 6 March 2012.

SGD100,000,000 Revolving Credit
YTL Utilities Holdings (S) Pte. Limited has entered into a SGD 100,000,000 revolving credit facility which matures on 16 May 2012 and is guaranteed by the Company. During the financial year, the subsidiary had fully drawn down the facility amounting to RM245,770,000 (SGD100,000,000). The subsidiary has a choice to select an interest period of one, two, three or six months on the facility.

The borrowings bear an interest rate of swap rate plus 1.10% margin per annum and are subject to annual renewal by the bank.

(ii) Revolving credit denominated in Ringgit Malaysia

RM900,000,000 Revolving Credit
During the financial year, revolving credit facilities of RM300,000,000 and RM600,000,000 were drawn by the Company and a subsidiary respectively. The revolving credit bears an interest rate between COF plus 0.50% and COF plus 0.60%.

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Notes to the financial statements for the financial year ended 30 June 2011 (continued)

32 Borrowings (continued)

(c) Committed bank loans

Committed bank loans amounted to RM38,449,311 (EUR8,814,067) (2010: RM38,618,382 (EUR9,613,474)). Of this balance, RM13,584,390 (EUR3,114,067) (2010: RM14,716,578 (EUR3,663,474)) is guaranteed by Wessex Water Limited and bears an interest rate of EURIBOR plus 1.05% and varies depending on the credit rating of Wessex Water Limited. The remaining balance of RM24,864,921 (EUR5,700,000) (2010: RM23,901,804 (EUR5,950,000)) is a direct obligation of Wessex Water Limited and bears an interest rate of EURIBOR plus 0.50%.

(d) Finance lease

The Group finance lease of RM324,244,711 (2010: RM352,884,749) is repayable in instalments until 30 June 2019. The finance lease bears interest rates ranging from 1.70% to 3.00%.

	Group	
	2011	2010
	RM'000	RM'000
Minimum finance lease payments		
- Not later than 1 year	219,532	46,230
- Later than 1 year but not later than 5 years	111,135	203,258
- Later than 5 years	63,986	192,018
Future finance charges on finance lease	(70,408)	(88,621)
Present value of finance lease	324,245	352,885

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Notes to the financial statements for the financial year ended 30 June 2011 (continued)

32 Borrowings (continued)

(e) Bank overdrafts

Bank overdrafts of RM47,434,886 (GBP9,750,634) (2010: RM44,820,621 (GBP9,134,203)) are unsecured loans of Wessex Water Services Limited, Wessex Water Limited and SC Technology Nederland B.V.. The overdrafts are repayable in full on demand. All the bank overdrafts bear interest of Base Rate plus 1%.

(f) Medium Term Notes ('MTN')

The MTN of the Company were issued pursuant to a Commercial Paper and/or Medium Term Notes issuance programme of up to RM2,000,000,000 ('CP/MTN Programme') constituted by a Trust Deed and CP/MTN Programme Agreement, both dated 24 May 2007.

During the year, the Company issued a new RM100,000,000 of the MTN. There was no repayment and reissuance (2010: RM200,000,000 and RM680,000,000) of the MTN during the year. The facility bears interest rates ranging from 3.80% to 5.55% (2010 : 3.95% to 5.55%).

The nominal value of RM1,300,000,000 unsecured MTN of a subsidiary ranging between one (1) year to eleven (11) years were issued pursuant to a Facility Agreement dated 9 July 2003. Interest is payable semi-annually. The facility bears interest rates ranging from 3.93% to 4.05% (2010: 3.93% to 4.43%).

A principal amount of RM200,000,000 (2010: RM200,000,000) of the subsidiary was repaid during the financial year.

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32 Borrowings (continued)

(g) Commercial Papers ('CP')

The Commercial Papers of the Company were issued pursuant to a Commercial Paper and/or Medium Term Notes issuance programme of up to RM2,000,000,000 ('CP/MTN Programme') constituted by a Trust Deed and CP/MTN Programme Agreement, both dated 24 May 2007.

During the year, the Company issued and repaid RM1,050,000,000 (2010: RM1,800,000,000) of the CP which bears an interest rates ranging from 2.73% to 3.41% (2010: 2.32% to 2.73%).

33 Post-employment benefit obligations

	Group		Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Defined contribution plan - Current				
Malaysia	932	676	208	185
Defined benefit plan – Non-current				
Overseas				
- United Kingdom	126,608	180,304	-	-
- Indonesia	6,162	5,562	-	-
	132,770	185,866	-	-

(a) Defined contribution plan

Group companies incorporated in Malaysia contribute to the national defined contribution plan. Once the contributions have been paid, the Group has no further payment obligations.

(b) Defined benefit plan - United Kingdom

The Group operates final salary defined benefit plans for its employees in the United Kingdom, the assets of which are held in separate trustee-administered funds. The latest actuarial valuation of the plan was undertaken at 31 December 2010. This valuation was updated as at 30 June 2011 using revised assumptions.

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Notes to the financial statements for the financial year ended 30 June 2011 (continued)

33 Post-employment benefit obligations (continued)

(b) Defined benefit plan - United Kingdom (continued)

The movements during the year in the amounts recognised in the Statements of Financial Position are as follows:

	2011 RM'000	2010 RM'000
At 1 July	180,304	248,782
Exchange differences	(1,095)	(37,735)
Pension cost	42,104	73,078
Contributions and benefits paid	(94,705)	(103,821)
At 30 June	126,608	180,304

The amounts recognised in the Statements of Financial Position are analysed as follows:

	2011 RM'000	2010 RM'000
Present value of funded obligations	2,105,485	2,024,342
Fair value of plan assets	(1,750,355)	(1,528,990)
Status of funded plan	355,130	495,352
Unrecognised actuarial loss	(228,522)	(315,048)
Liability in the Statements of Financial Position	126,608	180,304

Changes in present value of defined benefit obligations are as follows:

	2011 RM'000	2010 RM'000
At 1 July	2,024,342	1,902,248
Exchange differences	(18,223)	(350,693)
Interest cost	107,954	107,048
Current service cost	48,825	42,981
Contributions by scheme participants	2,944	4,841
Past service cost	(23,554)	2,152
Net benefits paid	(76,059)	(79,076)
Actuarial loss on obligation	39,256	394,841
Present value of obligation, 30 June	2,105,485	2,024,342

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33 Post-employment benefit obligations (continued)

(b) Defined benefit plan - United Kingdom (continued)

Changes in fair value of plan assets are as follows:

	2011 RM'000	2010 RM'000
At 1 July	1,528,990	1,627,100
Exchange differences	(15,152)	(280,468)
Expected return on plan assets	93,724	94,676
Contributions by employer	94,705	103,821
Contributions by scheme participants	2,944	4,841
Net benefits paid	(76,059)	(79,076)
Actuarial gain on plan assets	121,203	58,096
Fair value of plan assets, 30 June	1,750,355	1,528,990

The pension cost recognised is analysed as follows:

	2011 RM'000	2010 RM'000
Current service cost	48,825	42,981
Interest cost	107,954	107,048
Expected return on plan assets	(93,724)	(94,676)
Past service cost	(23,554)	2,152
Actuarial loss recognised	2,603	15,573
	42,104	73,078
Actual return on plan assets	(297,244)	(122,855)
The charge to the profit or loss was included in the following line items:		
- cost of sales	21,556	40,014
- administrative expenses	6,318	8,147
- interest cost	14,230	12,372
Total charge to the profit or loss	42,104	60,533
Capitalised spread across property, plant and equipment	-	12,545
	42,104	73,078

The principal actuarial assumptions used in respect of the Group's defined benefit plan were as follows:

	2011 %	2010 %
Discount rate	5.60	5.40
Expected rate of increase in pension payment	2.20 - 3.30	2.20 - 3.20
Expected rate of salary increases	4.40	3.30
Price inflation	3.60	3.30

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33 Post-employment benefit obligations (continued)

(c) Defined benefit plan – Indonesia

Summary of obligations relating to employee benefits due under prevailing law and regulations as well as under the Indonesia subsidiary's regulations are as presented below:

	2011 RM'000	2010 RM'000
Obligation relating to post-employment benefits	4,453	3,808
Obligation relating to other long term employee benefits	1,709	1,754
	6,162	5,562

The Group has a defined contribution pension fund program for its permanent national employees. The Group's contribution is 6% of employee basic salary, while the employees' contribution range from 3% to 14%.

The obligation for post-employment and other long term employee benefits were recognised with reference to actuarial report prepared by an independent actuary. The latest actuarial report was dated 30 June 2011.

(i) Post-employment benefits obligation

The movements during the year in the amounts recognised in the Statements of Financial Position are as follows:

	2011 RM'000	2010 RM'000
At 1 July	3,808	2,883
Exchange differences	(94)	133
Pension cost	1,064	1,029
Contributions and benefits paid	(325)	(237)
At 30 June	4,453	3,808

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33 Post-employment benefit obligations (continued)

(c) Defined benefit plan – Indonesia (continued)

(i) Post-employment benefits obligation (continued)

The obligations relating to post-employment benefits recognised in the Statements of Financial Position are as follows:

	2011 RM'000	2010 RM'000
Present value of obligations	7,088	5,085
Unrecognised actuarial loss	(2,261)	(421)
Unrecognised past service cost	(374)	(856)
Liability in the Statements of Financial Position	4,453	3,808

Changes in present value of defined benefit obligations are as follows:

	2011 RM'000	2010 RM'000
At 1 July	3,808	2,883
Exchange differences	(94)	133
Interest cost	475	491
Current service cost	529	487
Past service cost	35	38
Net benefits paid	(325)	(237)
Actuarial loss on obligation	25	13
Present value of obligation, 30 June	4,453	3,808

The pension cost recognised be analysed as follows:

	2011 RM'000	2010 RM'000
Current service cost	529	487
Interest cost	475	491
Past service cost	35	38
Net actuarial losses	25	13
	1,064	1,029

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Notes to the financial statements for the financial year ended 30 June 2011 (continued)

33 Post-employment benefit obligations (continued)

(c) Defined benefit plan – Indonesia (continued)

(ii) Other long term employee benefits obligation

The obligations relating to other long term employee benefits (i.e. long leave service benefits) recognised in the Statements of Financial Position are as follows:

	2011 RM'000	2010 RM'000
Present value of obligations	1,709	1,754

The movements during the year in the amounts recognised in the Statements of Financial Position are as follows:

	2011 RM'000	2010 RM'000
At 1 July	1,754	1,480
Exchange differences	(16)	78
Pension cost	475	521
Contributions and benefits paid	(504)	(325)
At 30 June	1,709	1,754

Changes in present value of defined benefit obligations are as follows:

	2011 RM'000	2010 RM'000
At 1 July	1,754	1,480
Exchange differences	(15)	78
Interest cost	145	173
Current service cost	215	202
Net benefits paid	(504)	(325)
Actuarial loss on obligation	114	146
Present value of obligation, 30 June	1,709	1,754

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33 Post-employment benefit obligations (continued)

(c) Defined benefit plan – Indonesia (continued)

(ii) Other long term employee benefits obligation (continued)

The amounts relating to other long term employee benefits obligation recognised in the profit or loss are as follows:

	2011 RM'000	2010 RM'000
Current service cost	215	202
Interest cost	145	173
Net actuarial losses	115	146
	475	521

All of the charges above were included in the cost of sales.

The principal actuarial assumptions used in respect of the Group's defined benefit plan were as follows:

	2011 %	2010 %
Discount rate	8.8	9.8
Expected rate of return on plan assets	8.0	8.0
Expected rate of salary increase	9.0	8.0

34 Deferred income

	Group 2011 RM'000	2010 RM'000
At 1 July	218,140	198,257
Exchange differences	4,634	(25,479)
Recognition of investment allowance	14,370	21,058
Received during the year	29,196	30,360
Amortisation	(9,506)	(6,056)
At 30 June	256,834	218,140

Deferred income represents government grants in foreign subsidiaries in respect of specific qualifying expenditure on infrastructure assets, non-infrastructure assets and a cogeneration plant.

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35 Payables (Non-Current)

	Group 2011 RM'000	Group 2010 RM'000
At 1 July	5,932	9,320
Exchange differences	1,154	(1,315)
Received during the year	19,835	(496)
Refunded during the year	(1,044)	(1,577)
At 30 June	25,877	5,932

Non-current payables are mainly deposits collected from retail customers in electricity sales and deposits received from developers of housing development in relation to the provision of water and sewerage infrastructure.

36 Payables and accrued expenses (Current)

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Trade payables	966,277	952,555	-	-
Duties and taxes payable	14,778	8,847	-	-
Accrued expenses	487,710	349,608	23,960	21,818
Receipts in advance	161,533	147,764	-	-
Dividends payable	135,418	269,610	135,418	269,610
Other payables	441,510	291,744	-	763
Security deposit	116,985	94,954	-	-
	2,324,211	2,115,082	159,378	292,191

Credit terms of trade payables granted to the Group range from 30 to 60 days (2010: 30 to 60 days).

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37 Provision for liabilities and charges

	Group	
	2011	2010
	RM'000	RM'000
At 1 July	**20,660**	39,118
Exchange differences	**1,064**	(2,658)
Charge/(credited) during the year	**3,705**	(5,594)
Payment	**(5,330)**	(10,206)
At 30 June	**20,099**	20,660

The provision for liabilities and charges relate to the scaling down of operations of certain subsidiaries of the Group.

38 Amounts owing by/(to) related companies

The amounts owing by/(to) related companies are unsecured, interest free and payable on demand. The amounts owing by/(to) related companies principally relate to operation and maintenance expenses of power plant of a subsidiary and expenses paid on behalf of the Company.

39 Financial risk management

The Group's activities expose it to a variety of financial risks, including market risk (comprising of foreign currency exchange risk, interest rate risk and price risk), credit risk, liquidity risk and capital risk. The Group's overall financial risk management objective is to ensure that the Group creates value for its shareholders. The Group focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. Financial risk management is carried out through regular risk review analysis, internal control systems and adherence to Group financial risk management policies. The Board regularly reviews these risks and approves the appropriate control environment frameworks.

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39 Financial risk management (continued)

(a) Market risk

(i) Foreign currency exchange risk

Foreign currency exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to risks arising from various currency exposures primarily with respect to the Great Britain Pounds and Singapore Dollars. The Group has investments in foreign operations whose net assets are exposed to foreign currency translation risk. Such exposures are mitigated through borrowings denominated in the respective functional currencies.

Where necessary, the Group enters into forward foreign currency exchange contracts to limit its exposure on foreign currency receivables and payables and on cash flows generated from anticipated transactions denominated in foreign currencies.

The following table illustrates the effects on the Group's net assets resulting from currency fluctuations (on the basis all other variables remain constant).

Group 2011	Increase/Decrease Net assets RM '000
5% changes on GBP exchange rate	140,958
5% changes on SGD exchange rate	332,793

There is no significant exposure to foreign currency exchange risk at the Company level.

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Notes to the financial statements for the financial year ended 30 June 2011 (continued)

39 Financial risk management (continued)

(a) Market risk (continued)

(ii) Interest rate risk

Interest rate exposure arises from the Group's borrowings, deposits and short term investments, and is managed through the use of fixed and floating rate debts and derivative financial instruments. Derivative financial instruments are used, where appropriate, to generate the desired interest rate profile.

Borrowings issued at variable rates expose the Group to cash flow interest rate risk. However, it is partially offset by the interest income accruing on fixed deposits.

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the reporting date, was:

	Group 2011 RM'000	Company 2011 RM'000
Fixed rate instruments		
Financial liabilities	7,644,510	4,093,984
Variable rate instruments		
Financial assets	6,768,272	250,951
Financial liabilities	13,453,357	300,000

At the reporting date, if annual interest rates had been 50 basis points higher/lower respectively, with all other variables in particular foreign exchange rates and tax rates being held constant, the profit after tax will be lower/higher by RM67.3 million as a result of increase/decrease in interest expense on these borrowings.

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Notes to the financial statements for the financial year ended 30 June 2011 (continued)

39 Financial risk management (continued)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

The excess funds of the Group are invested in bank deposits and other short term instruments. The Group manages its liquidity risks by placing such excess funds on short term maturities to match its cash flow needs. If interest deposit rates increased/decreased by 10 basis points, interest income for the financial year would increase/decrease by RM6.8 million.

(iii) Price risk

Investments

The Group is exposed to equity securities price risk arising from investments held by the Group and classified on the Statements of Financial Position as available-for-sale financial assets and investments carried at fair value through profit or loss. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio.

The Group's investments are primarily publicly traded. The impact of an increase/decrease on the quoted prices to the Group's profit for the year and net assets is approximately RM20.0 million. This analysis is based on a 10% increase or decrease in the quoted market price of these investments as at the reporting date, with all other variables remaining constant.

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39 Financial risk management (continued)

(a) Market risk (continued)

(iii) Price risk (continued)

Fuel commodity price risk

The Group hedges its fuel commodity price risk by the use of derivative instruments against fluctuations in fuel oil prices which affect the cost of fuel.

Exposure to price fluctuations arising from the purchase of fuel is managed via fuel oil swaps where the price of fuel is indexed to a benchmark fuel price index, for example 180 CST fuel oil. As at 30 June 2011, if the forward fuel oil price curve increased/decreased by 2%, the profit before tax would be lower/higher by RM4.5 million for the Group.

(b) Credit risk

Credit risk is the potential financial loss resulting from the failure of a counter party to settle their obligations to the Group. Credit risk of the Group arises mainly from trade receivables, fixed deposits, short term investments and derivative financial instruments.

The Group seeks to invest cash assets safely and profitably with creditworthy institutions. All derivative financial instruments are executed with creditworthy counter parties with a view to limit the credit risk exposure of the Group.

39 Financial risk management (continued)

(b) Credit risk (continued)

In the Group's power generation business in Malaysia, trade receivables are solely from its off taker, a national electricity utility company and the counterparty risk is considered to be minimal. As for the Group's power generation business in Singapore, credit reviews are performed on all customers with established credit limits and supported by collateral in the form of guarantees. For the Group's water and sewerage business, the credit risk of receivables is mitigated through strict collection procedures. In addition, the Directors are of the view that credit risk arising from these businesses is limited due to the large customer base.

Transactions involving derivative financial instruments are allowed only with counterparties that are of high credit quality. As such, management does not expect any counterparties to fail to meet their obligations. The Group considers the risk of material loss in the event of non-performance by a financial counter party to be unlikely.

At the reporting date, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the Statements of Financial Position.

Intercompany balances

The Company provides unsecured advances to subsidiaries and where necessary makes payments for expenses on behalf of its subsidiaries. The Company monitors the results of the subsidiaries regularly. As at 30 June 2011, the maximum exposure to credit risk is represented by their carrying amounts in the Statements of Financial Position.

Management has taken reasonable steps to ensure that intercompany receivables are stated at the realisable values. As at 30 June 2011, there was no indication that the advances extended to the subsidiaries are not recoverable.

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Notes to the financial statements for the financial year ended 30 June 2011 (continued)

39 Financial risk management (continued)

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient bank deposits and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Group aims at maintaining flexibility by keeping committed credit lines available.

The table below summarises the maturity profile of the Group's financial liabilities as at the reporting date based on undiscounted contractual payments:

Group 2011	Less than 1 year RM'000	Between 1 and 5 years RM'000	Over 5 years RM'000	Total RM'000
Non-derivative financial liabilities				
Bonds	-	2,143,984	5,672,205	7,816,189
Borrowings	6,482,273	6,102,988	766,825	13,352,086
Trade and other payables	2,324,211	25,877	-	2,350,088
Derivative financial liabilities				
Net - Interest rate swaps	36,934	10,227	8,366	55,527
Gross - fuel oil swaps	25,314	-	-	25,314
Gross - currency forwards	31,904	1,386	10	33,300
	8,900,636	8,284,462	6,447,406	23,632,504

Notes to the financial statements for the financial year ended 30 June 2011 (continued)

39 Financial risk management (continued)

(d) Capital risk

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the Statements of Financial Position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the Statements of Financial Position plus net debt.

	Group 2011 RM'000	Company 2011 RM'000
Total bonds and borrowings (Note 31 & 32)	21,097,867	4,393,984
Less: Fixed deposits, cash and bank balances	(7,178,749)	(257,573)
Net debt	13,919,118	4,136,411
Total equity	8,391,299	7,783,832
Total capital	22,310,417	11,920,243
Gearing ratio	62%	35%

To strengthen the capital structure of the Company, all borrowings of subsidiaries are on a non recourse basis to the Company save and except for those borrowings guaranteed by the Company as set out in Note 42 to the financial statements.

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Notes to the financial statements for the financial year ended 30 June 2011 (continued)

40 Financial Instruments by category

The table below provides an analysis of the Group's financial instruments categorised as follow:

Group 2011	Loans and receivables RM'000	Assets at fair value through profit or loss RM'000	Derivatives used for hedging RM'000	Available-for-sale RM'000	Total RM'000
Assets as per Statements of Financial Position					
Available-for-sale financial assets	-	-	-	170,304	170,304
Financial assets at fair value through profit or loss	-	82,967	-	-	82,967
Investment in preference shares	492,705	-	-	-	492,705
Derivative financial instruments	-	19,135	79,380	-	98,515
Trade and other receivables excluding pre-payments[1]	2,258,748	-	-	-	2,258,748
Cash and cash equivalents	7,131,314	-	-	-	7,131,314
	9,882,767	102,102	79,380	170,304	10,234,553

	Liabilities at fair value through profit or loss RM'000	Derivatives used for hedging RM'000	Other financial liabilities at amortised cost RM'000	Total RM'000
Liabilities as per Statements of Financial Position				
Bonds	-	-	7,816,189	7,816,189
Borrowings (excluding finance lease liabilities)	-	-	12,957,433	12,957,433
Finance lease liabilities	-	-	324,245	324,245
Derivative financial instruments	21,918	92,223	-	114,141
Trade and other payables excluding statutory liabilities[2]	-	-	2,309,433	2,309,433
	21,918	92,223	23,407,300	23,521,441

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Notes to the financial statements for the financial year ended 30 June 2011 (continued)

40 Financial Instruments by category (continued)

The table below provides an analysis of the Company's financial instruments categorised as follow:

Company 2011	Loans and receivables RM'000	Assets at fair value through profit or loss RM'000	Available-for-sale RM'000	Total RM'000
Assets as per Statements of Financial Position				
Available-for-sale financial assets	-	-	99,256	99,256
Financial assets at fair value through profit or loss	-	82,967	-	82,967
Trade and other receivables excluding pre-payments[1]	5,641	-	-	5,641
Cash and cash equivalents	257,573	-	-	257,573
	263,214	82,967	99,256	445,437

	Other financial liabilities at amortised cost RM'000	Total RM'000
Liabilities as per Statements of Financial Position		
Bonds	2,143,984	2,143,984
Borrowings (excluding finance lease liabilities)	2,250,000	2,250,000
Trade and other payables excluding statutory liabilities[2]	159,378	159,378
	4,553,362	4,553,362

[1] *Pre-payments are excluded from the trade and other receivables balance, as this analysis is required only for financial instruments.*

[2] *Statutory liabilities are excluded from the trade payables balance, as this analysis is required only for financial instruments.*

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Notes to the financial statements for the financial year ended 30 June 2011 (continued)

41 Commitments

(a) Capital commitments:

	Group 2011 RM'000	2010 RM'000
Contracted, but not provided for	1,233,326	780,186
Authorised, not contracted for	-	35,702

The above commitments comprise purchase of spare parts and property, plant and equipment.

(b) Operating lease arrangements:

(i) The Group as lessee

The future minimum lease payments under non-cancellable operating leases contracted for as at the reporting date but not recognised as liabilities are analysed as follows:

	Group 2011 RM'000	2010 RM'000
Lease rental on sublease of office space:		
Not later than 1 year	48,739	3,752
Later than 1 year but not later than 5 years	125,375	7,191

(ii) The Group as lessor

The future minimum lease payments receivable under non-cancellable operating leases contracted for as at the reporting date but not recognised as receivables are analysed as follows:

	Group 2011 RM'000	2010 RM'000
Not later than 1 year	39,488	5,631
Later than 1 year but not later than 5 years	8,044	1,408

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Notes to the financial statements for the financial year ended 30 June 2011 (continued)

42 Contingent liabilities

A subsidiary has provided performance guarantees on behalf of its subsidiary in respect of tender for contracts. The maximum liability as at 30 June 2011 amounted to RM1,548,605 (2010: RM1,426,074).

There is a joint and several shareholders' contingent support with Siemens Financial Services to invest up to a further equity which amounted to RM35,219,030 (2010: RM37,982,450) in PT Jawa Power, an associated company of the Group.

As at 30 June 2011, the Company has given the following guarantees:-

(i) Term loans of USD200,000,000 and USD200,000,000 respectively guaranteed by the Company. These loans are repayable in full on 17 December 2012 and 30 June 2015 respectively.

(ii) Revolving credit of SGD100,000,000 guaranteed by the Company. The loan matures on 16 May 2012.

(iii) Corporate guarantees of RM108,371,375 to financial institutions for letter of credit facilities utilised by its subsidiaries.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

43 Segmental 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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Notes to the financial statements for the financial year ended 30 June 2011 (continued)

43 Segmental information (continued)

At 30 June 2011	Power Generation (Contracted) RM'000	Multi utilities business (Merchant) [a] RM'000	Water and Sewerage RM'000	Mobile broadband network RM'000	Investment holding and other businesses RM'000	Group RM'000
Revenue						
Total revenue	1,087,338	11,149,547	2,293,708	26,901	1,402,159	15,959,653
Inter-segment elimination	-	-	-	(298)	(1,296,796)	(1,297,094)
External revenue	1,087,338	11,149,547	2,293,708	26,603	105,363	14,662,559
Results						
Dividend income	640	-	-	-	-	640
Share of results of associates	-	-	-	-	286,812	286,812
Interest income	8,404	1,142	3,886	310	14	13,756
Finance costs	(60,352)	(221,685)	(339,155)	(482)	(225,821)	(847,495)
Segment profit/(loss)	312,178	884,119	639,324	(280,198)	1,483	1,556,906
Other segment items						
Capital expenditures	112,316	259,505	552,046	634,146	325	1,558,338
Depreciation	232,562	324,926	405,056	25,064	350	987,958
Segment assets						
Investment in associates and JV	-	-	-	-	1,138,020	1,138,020
Other segment assets	2,474,276	12,180,584	11,504,070	1,448,221	6,500,613	34,107,764
	2,474,276	12,180,584	11,504,070	1,448,221	7,638,633	35,245,784
Segment liabilities						
Bonds and borrowings	1,499,825	6,510,692	7,485,108	8,018	5,594,224	21,097,867
Other segment liabilities	494,970	1,953,961	2,666,885	460,267	180,535	5,756,618
	1,994,795	8,464,653	10,151,993	468,285	5,774,759	26,854,485

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Notes to the financial statements for the financial year ended 30 June 2011 (continued)

43 Segmental information (continued)

At 30 June 2010	Power Generation (Contracted) RM'000	Multi utilities business (Merchant) [#1] RM'000	Water and Sewerage RM'000	Investment holding and other businesses RM'000	Group RM'000
Revenue					
Total revenue	1,127,875	9,750,600	2,455,904	1,017,937	14,352,316
Inter-segment elimination	-	-	-	(909,399)	(909,399)
External revenue	1,127,875	9,750,600	2,455,904	108,538	13,442,917
Results					
Dividend income	603	-	-	-	603
Share of results of associates	-	-	-	226,513	226,513
Interest income	5,677	913	872	3,422	10,884
Finance costs	(49,781)	(254,190)	(318,477)	(206,316)	(828,764)
Segment profit/(loss)	332,673	705,114	700,806	(53,678)	1,684,915
Other segment items					
Capital expenditures	73,129	380,715	463,771	651,760	1,569,375
Depreciation and amortisation charge	147,055	207,392	420,954	716	776,117
Segment assets					
Investment in associates and JV	-	-	-	992,907	992,907
Other segment assets	2,545,502	11,624,959	11,704,692	7,050,873	32,926,026
	2,545,502	11,624,959	11,704,692	8,043,780	33,918,933
Segment liabilities					
Bonds and borrowings	1,099,734	6,207,057	7,853,849	6,021,719	21,182,359
Other segment liabilities	587,935	1,571,643	2,745,097	621,833	5,526,508
	1,687,669	7,778,700	10,598,946	6,643,552	26,708,867

#1 This segment encompasses a large portion of the value chain involved in the generation of electricity. This includes the generation and sale of electricity to both wholesale and retail markets, as well as oil trading and oil tanking leasing.

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Notes to the financial statements for the financial year ended 30 June 2011 (continued)

43 Segmental information (continued)

Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follow:

	Revenue		Non-current assets	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Malaysia	1,131,719	1,152,917	2,916,006	2,427,904
Singapore	11,149,547	9,750,600	9,413,975	8,987,931
United Kingdom	2,293,708	2,455,904	10,850,392	10,802,751
Other countries	87,585	83,496	8,593	8,756
	14,662,559	13,442,917	23,188,966	22,227,342

Non-current assets information presented above consist of the following items as presented in the Statements of Financial Position.

	Non-current assets	
	2011	2010
	RM'000	RM'000
Property, plant and equipment	16,662,340	15,955,022
Prepaid lease payments	-	63,608
Intangible assets	6,484,398	6,148,646
Receivables, deposits and prepayments	42,228	60,066
	23,188,966	22,227,342

Major customers

The following are major customers with revenue equal or more than 10 per cent of Group's revenue:

	Revenue		
	2011	2010	
	RM'000	RM'000	Segment
- Tenaga Nasional Berhad	1,087,338	1,127,875	Power generation (Contracted)
- Energy Market Company	5,108,249	4,523,262	Multi utilities business (Merchant)

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Notes to the financial statements for the financial year ended 30 June 2011 (continued)

44 Effects of standards and interpretations that are effective during the year

The following describes the impact of the new standards, amendments to the published standards and IC interpretations adopted by the Group and the Company for financial year beginning on 1 July 2010 as listed in Note 2 to the financial statements:

(a) FRS 7 'Financial Instruments: Disclosures'

The adoption of FRS 7 'Financial Instruments: Disclosures' and Amendments to FRS 132 'Financial Instruments: Presentation' does not impact the financial results of the Group and the Company as the changes introduced are on presentation and disclosures.

(b) FRS 101 'Presentation of Financial Statements'

The revised FRS 101 'Presentation of Financial Statements' requires all non-owner changes in equity to be shown in a performance statement, but entities can choose whether to present one performance statement (the Statement of Comprehensive Income) or two statements (the Income Statement and Statement of Comprehensive Income). The Group and the Company have elected to present the Statements of Comprehensive Income in two statements.

(c) FRS 117 'Leases'

The improvement to FRS 117 'Leases' clarifies that the default classification of land elements in a land and building lease is no longer an operating lease. As a result, leases of land should be classified as either finance or operating, using the general principles of FRS 117. The Group has reassessed and determined that all leasehold land are in substance finance leases and has reclassified these leasehold lands to property, plant and equipment. As the amount of reclassification is not material, the Group has reclassified prepaid lease payments to property, plant and equipment in the current year.

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Notes to the financial statements for the financial year ended 30 June 2011 (continued)

44 Effects of standards and interpretations that are effective during the year (continued)

(d) IC 12 'Service Concession Arrangements'

IC 12 'Service concession arrangements' has been applied by the Group since 1 July 2010. This interpretation has limited impact on the Statements of Financial Position and Income Statements in view of the features of the Group's concession agreements.

For most of its concessions, the Group considers that the grantors do not have the characteristic features of control over infrastructures as defined in IC 12 except for a concession agreement in one of its associated companies. The effect of applying IC 12 to the financial statements of the associate company was not material.

(e) FRS 139 'Financial Instruments: Recognition and Measurement'

The Group and the Company has changed its accounting policy for recognition and measurement of financial assets upon adoption of FRS 139 'Financial Instruments: Recognition and Measurement' on 1 July 2010.

The Group and the Company has applied the new policy according to the transitional provision of FRS 139 by remeasuring all financial assets, as appropriate, and recording any adjustments to the previous carrying amounts to opening retained profits or, if appropriate, another category of equity, of the current financial year.

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Notes to the financial statements for the financial year ended 30 June 2011 (continued)

44 Effects of standards and interpretations that are effective during the year (continued)

(f) The effects arising from the adoptions of FRS 139 are as follows:

	As previously reported RM'000	FRS 139 adjustments RM'000	Restated RM'000
Group - Balance as at 1 July 2010			
Non-current assets			
Associated companies	992,907	(2,873)	990,034
Investments	111,043	46,610	157,653
Investment in preference shares	583,257	(56,356)	526,901
Derivative financial instruments	-	1,684	1,684
Current assets			
Derivative financial instruments	1,949	23,166	25,115
Non-current liabilities			
Derivative financial instruments	-	16,806	16,806
Current liabilities			
Derivative financial instruments	23,749	77,058	100,807
Reserves			
Available-for-sale reserve	-	34,832	34,832
Hedging reserve	-	(71,543)	(71,543)
Retained earnings	4,458,201	(44,922)	4,413,279
Company - Balance as at 1 July 2010			
Non-current Assets			
Investments	96,578	41,073	137,651
Reserves			
Available-for-sale reserve	-	27,605	27,605
Retained earnings	1,389,538	13,468	1,403,006

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Notes to the financial statements for the financial year ended 30 June 2011 (continued)

45 Significant subsequent event

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 B.V. ('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%.

46 Approval of financial statements

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 4 October 2011.

YTL Power International Berhad

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Notes to the financial statements for the financial year ended 30 June 2011 (continued)

47 Supplementary information disclosed pursuant to Bursa Malaysia Securities Berhad Listing Requirement

The following analysis of realised and unrealised retained profits/(accumulated losses) at the legal entity level is prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants whilst the disclosure at the Group and the Company are based on the prescribed format by the Bursa Malaysia Securities Berhad.

	Group 2011 RM'000	Company 2011 RM'000
Retained earnings / (Accumulated losses) of the Company and its subsidiaries		
- Realised	5,767,287	1,069,105
- Unrealised	(1,355,558)	38,893
	4,411,729	1,107,998
Retained earnings / (Accumulated losses) from associated companies		
- Realised	639,430	-
- Unrealised	(67,029)	-
	572,401	-
Add: Consolidated adjustments	116,845	-
Total Group retained earnings as per consolidated accounts	5,100,975	1,107,998

The disclosure of realised and unrealised profits/(losses) above is solely for compliance with the directive issued by the Bursa Malaysia Securities Berhad and should not be used for any other purpose.

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Statement by Directors pursuant to Section 169(15) of the Companies Act, 1965

We, Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE, and Dato' Yeoh Seok Hong, two of the Directors of YTL Power International Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 15 to 150 are drawn up so as to give a true and fair view of the state of affairs of the Group and the Company as at 30 June 2011 and of the results and the cash flows of the Group and the Company for the financial year ended on that date in accordance with Financial Reporting Standards and the provisions of the Companies Act, 1965.

The information set out in Note 47 to the financial statements have been prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board of Directors in accordance with their resolution dated 4 October 2011.

Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE
Director

Dato' Yeoh Seok Hong
Director

YTL Power International Berhad

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Statutory declaration pursuant to Section 169(16) of the Companies Act, 1965

I, Dato' Yeoh Seok Hong, the Director primarily responsible for the financial management of YTL Power International Berhad, do solemnly and sincerely declare that the financial statements set out on pages 15 to 150 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Dato' Yeoh Seok Hong
Director

Subscribed and solemnly declared by the abovenamed Dato' Yeoh Seok Hong at Kuala Lumpur on 4 October 2011, before me.

Commissioner for Oaths

COMMISSIONER FOR OATHS
No. W 530
TAN SEOK KETT
MALAYSIA

Lot 350, 3rd Floor, Wisma MPL,
Jalan Raja Chulan,
50200 Kuala Lumpur.

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF YTL POWER INTERNATIONAL BERHAD

(Company no: 406684 H)
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REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of YTL Power International Berhad on pages 15 to 150 which comprise the statements of financial position as at 30 June 2011 of the Group and of the Company, and the statements of income, comprehensive income, changes in equity and cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on Notes 1 to 46.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with the Financial Reporting Standards in Malaysia and the Companies Act, 1965, and for such internal control as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

PricewaterhouseCoopers (AF 1146), Chartered Accountants,
Level 10, 1 Sentral, Jalan Travers, Kuala Lumpur Sentral, P.O. Box 10192, 50706 Kuala Lumpur, Malaysia
T: +60 (3) 2173 1188, F: +60 (3) 2173 1288, www.pwc.com/my

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF YTL POWER INTERNATIONAL BERHAD (CONTINUED)
(Company no: 406684 H)
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REPORT ON THE FINANCIAL STATEMENTS (CONTINUED)

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with the Financial Reporting Standards in Malaysia and the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Company as of 30 June 2011 and of their financial performance and cash flows for the year then ended.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in note 15 to the financial statements.

(c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

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INDEPENDENT AUDITORS' REPORT TO THE
MEMBERS OF YTL POWER INTERNATIONAL BERHAD (CONTINUED)
(Company no: 406684 H)
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OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 47 on page 151 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ('MIA Guidance') and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS
(No. AF: 1146)
Chartered Accountants

IRVIN GEORGE LUIS MENEZES
(No. 2932/[illegible]/12 (J))
Chartered Accountant

Kuala Lumpur
4 October 2011

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF YTL POWER FOR THE 12-MONTH FINANCIAL PERIOD ENDED 30 JUNE 2012

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

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

The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENT

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

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

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	12 MONTHS ENDED	
	30.06.2012	30.06.2011	30.06.2012	30.06.2011
	RM'000	RM'000	RM'000	RM'000
PROFIT FOR THE PERIOD	380,837	423,601	1,148,916	1,247,462
OTHER COMPREHENSIVE INCOME/(LOSS):				
AVAILABLE-FOR-SALE RESERVE	4,081	(14,868)	(5,472)	23,920
HEDGING RESERVE	(368,144)	(95,275)	(244,812)	100,593
CURRENCY TRANSLATION DIFFERENCES	219,034	162,056	125,783	520,185
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	(145,029)	51,913	(124,501)	644,698
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	235,808	475,514	1,024,415	1,892,160
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Parent	249,042	548,037	1,124,642	2,008,850
Non-Controlling Interests	(13,234)	(72,523)	(100,227)	(116,690)
	235,808	475,514	1,024,415	1,892,160

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

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	UNAUDITED As at 30.06.2012 RM'000	AUDITED As at 30.6.2011 RM'000
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	17,208,431	16,662,340
Intangible Assets	6,657,788	6,484,398
Associated Companies	1,869,022	1,138,020
Investments	180,857	745,976
Receivables, deposits and prepayments	65,690	42,228
Derivative Financial Instruments	3,797	2,611
	25,985,585	25,075,573
Current Assets		
Inventories	543,360	532,380
Receivables, Deposits and Prepayments	2,625,400	2,363,178
Derivative Financial Instruments	75,856	95,904
Deposits, Cash and Bank Balances	9,617,961	7,178,749
	12,862,577	10,170,211
TOTAL ASSETS	38,848,162	35,245,784
EQUITY AND LIABILITIES		
Share Capital	3,664,128	3,639,497
Reserves	5,888,951	4,993,754
Treasury Shares, at cost	(119,972)	(119,972)
Equity attributable to Owners of the Parent	9,433,107	8,513,279
Non-Controlling Interests	340,364	(121,980)
TOTAL EQUITY	9,773,471	8,391,299

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

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

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

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

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

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

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

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INTERIM FINANCIAL REPORT

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

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

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

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

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

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

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

[Note a]

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

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

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

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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 Cyclicality of Operations

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

A3. Unusual Items

During the current financial quarter, there was no item of an unusual nature that affects the assets, liabilities, equity, net income or cash flows of the Group.

A4. Changes in Estimates of Amounts Reported

There was no significant change to estimate of amount reported in prior interim periods or prior financial years.

A5. Changes in Debt and Equity Securities

The numbers of ordinary shares of RM0.50 each issued during the current financial quarter and financial year to date pursuant to the exercise of Warrants 2008/2018 were 3,759,848 and 9,174,791 respectively at a weighted average exercise price of RM1.21 per share.

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

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Notes – continued

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

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

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

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

The outstanding debts are as disclosed in Note B9.

A6. Dividends Paid

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

(i) A third interim tax exempt dividend of 3.75% or 1.875 sen per ordinary share of 50 sen each amounting to RM135,417,595 in respect of the financial year ended 30 June 2011 was paid on 15 July 2011.

(ii) A fourth interim tax exempt dividend of 3.75% or 1.875 sen per ordinary share of 50 sen each amounting to RM136,208,794 in respect of the financial year ended 30 June 2011 was paid on 24 November 2011.

(iii) A first interim tax exempt dividend of 3.75% or 1.875 sen per ordinary share of 50 sen each amounting to RM136,268,902 in respect of the financial year ended 30 June 2012 was paid on 13 January 2012.

(iv) A second interim tax exempt dividend of 1.875% or 0.9375 sen per ordinary share of 50 sen each amounting to RM68,135,398 in respect of the financial year ended 30 June 2012 was paid on 30 March 2012.

(v) A third interim tax exempt dividend of 1.875% or 0.9375 sen per ordinary share of 50 sen each amounting to RM68,170,558 in respect of the financial year ended 30 June 2012 was paid on 27 June 2012.

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Notes – continued

A7. Segment Information

The Group has five reportable segments as described below:

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

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

Segment information for the financial year ended 30 June 2012:

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

Segment information for the financial year ended 30 June 2011:

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

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Notes – continued

A8. Events After the Interim Period

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

A9. Changes in the Composition of the Group

There were no changes in the composition of the Group for the current financial period, including business combinations, obtaining or losing control of subsidiaries and long-term investments, restructurings and discontinuing operations except for the followings

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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Notes – continued

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

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

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

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

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

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

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

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

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

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

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

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YTL POWER INTERNATIONAL BERHAD (Company No. 406684-H)
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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	
	30.6.2012 RM'000	**30.6.2011 RM'000**	**30.6.2012 RM'000**	**30.6.2011 RM'000**
Revenue				
Power generation (Contracted)	277,041	272,682	1,155,417	1,087,338
Multi utilities business (Merchant)	3,156,329	3,322,302	11,999,044	11,149,547
Water & sewerage	636,272	629,284	2,396,160	2,293,708
Mobile broadband network	71,563	12,575	227,139	26,603
Investment holding & other businesses	22,407	28,222	98,431	105,363
	4,163,612	4,265,065	15,876,191	14,662,559
Profit/(Loss) before tax				
Power generation (Contracted)	29,235	97,102	288,167	312,178
Multi utilities business (Merchant)	77,304	267,237	725,242	884,119
Water & sewerage	136,261	186,013	597,812	639,324
Mobile broadband network	(95,485)	(176,537)	(309,774)	(280,198)
Investment holding & other businesses	185,891	44,266	81,505	1,483
	333,206	418,081	1,382,952	1,556,906

a) Current Quarter vs Preceding Year Corresponding Quarter

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

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

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

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

Notes – continued

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

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

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

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

b) Current Year to date vs Preceding Year to date

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

Performance of the respective operating business segments for the year ended 30 June 2012 as compared to the preceding financial year was consistent with the notes mentioned in (a) above with the exception of the business segments mentioned below:

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

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

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

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INTERIM FINANCIAL REPORT

Notes – continued

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

B2. Comparison with Preceding Quarter

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

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

B3. Prospects

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

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

Water & sewerage
Wessex Water expect to perform satisfactory for the coming years as the company has met all of its regulatory targets and is top of the regulator's league table for customer service. Hence, the management is confident of delivering its 2010-15 regulatory outperformance targets.

Mobile broadband network
Despite the challenging market in the telecommunications industry, this business segment is expected to continuously grow its subscriber base to generate higher revenue.

B4. Profit Forecast

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

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

Notes – continued

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

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

B6. Profit for the period

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

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

B7. Taxation

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

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

Notes – continued

The effective tax rate of the Group as compared to the Malaysian statutory income tax rate for the current financial quarter and financial year to date is lower mainly due to income subjected to different tax jurisdictions and substantial tax credit recorded in the current quarter by the Wessex Water Group following a change in rate of tax.

B8. Corporate Proposals

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

B9. Group Borrowings and Debt Securities

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

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

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

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

All borrowings of subsidiaries are on a non-recourse basis to the Company save and except for the following which is guaranteed by the Company:

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

YTL POWER INTERNATIONAL BERHAD (Company No. 406684-H)
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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 30 June 2012, the Group's outstanding derivatives are as follows:

Type of Derivatives	Contract/Notional Value RM'000	Fair Value RM'000
Fuel oil swaps		
- Less than 1 year	2,537,778	2,581,970
- 1 year to 3 years	216,043	201,381
Currency forwards		
- Less than 1 year	2,142,755	2,152,336
- 1 year to 3 years	242,073	242,778
Interest rate swaps		
- 1 year to 3 years	508,686	466,141

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

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

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

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

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YTL POWER INTERNATIONAL BERHAD (Company No. 406684-H)
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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 June 2012 are as follows:

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

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

Notes – continued

(c) Realised and Unrealised Profits or Losses

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

B11. Pending Material Litigation

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

B12. Dividend

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

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

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

YTL POWER INTERNATIONAL BERHAD (Company No. 406684-H)
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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 30.6.2012	**Preceding Year Corresponding Quarter 30.6.2011**
Profit attributable to Owners of the Parent (RM'000)	407,106	496,134
Weighted average number of ordinary shares ('000)	7,270,094	7,219,877
Basic earnings per share (Sen)	5.60	6.87

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

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

* *Total cash expected to be received in the event of an exercise of all outstanding warrants is RM1,642 million. Accordingly, the Net Asset (NA) on a pro forma basis will increase by RM1,642 million resulting in a decrease in NA per share of RM0.01. In arriving at the Diluted earnings per share, NA and NA per share, no income has been accrued for the cash proceeds.*

By Order of the Board
HO SAY KENG
Secretary

Kuala Lumpur
Dated: 16 August 2012

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF YTL CORP AS AT 30 JUNE 2011 TOGETHER WITH THE REPORTING ACCOUNTANT'S LETTER

(Prepared for inclusion in this Prospectus)

呂林會計師樓

HLB LER LUM AF 0276
Chartered Accountants

T : 6 03 26915737
F : 6 03 26913227
E : audit@lerlum-hlb.com
W : www.lerlum-hlb.com

2nd & 3rd Floor Bangunan Yeoh, 35 & 37 Jalan Kamunting, 50300 Kuala Lumpur, Malaysia

Our ref : GEN/0393/2012

25 September 2012

The Board of Directors
YTL Corporation Berhad
11th Floor, Yeoh Tiong Lay Plaza
55 Jalan Bukit Bintang
55100 Kuala Lumpur

Dear Sirs

YTL CORPORATION BERHAD (COMPANY NO. 92647-H)
REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF YTL CORPORATION BERHAD AND ITS SUBSIDIARIES AS AT 30 JUNE 2011

We report on the proforma consolidated statements of financial position of YTL Corporation Berhad ("**YTL Corp**") and its subsidiaries (collectively referred to as "**YTL Corp Group**") as at 30 June 2011, as set out in the accompanying statement, which we have stamped for purposes of identification.

The proforma consolidated statements of financial position of YTL Corp as at 30 June 2011 have been prepared for illustrative purposes only, to provide information about how the consolidated statement of financial position of YTL Corp as at 30 June 2011 that has been presented might have been affected by the renounceable offer for sale by YTL Corp of up to 733,079,172 existing warrants 2008/2018 of YTL Power International Berhad ("**Offer Warrants**") to the entitled shareholders of YTL Corp at an offer price of RM0.20 for each Offer Warrant on the basis of 1 Offer Warrant for every 15 existing ordinary shares of RM0.10 each held in YTL Corp ("**ROS**") assuming that the ROS had been completed on that date.

The proforma statements of financial position, because of their nature, may not be reflective of the actual financial position of the YTL Corp Group had the transaction or events occurred as at 30 June 2011. Furthermore, such information does not purport to predict the future financial position of YTL Corp.

This letter is required by and is given for the purpose of complying with the Prospectus Guidelines issued by Securities Commission Malaysia ("**Prospectus Guidelines**") for inclusion in the Prospectus to the shareholders of YTL Corp and for no other purpose.

Responsibilities

It is the responsibility of the Board of Directors of YTL Corp to prepare the proforma consolidated statements of financial position in respect of the ROS, for illustrative purpose only, in accordance with the requirements of the Prospectus Guidelines.

It is our responsibility to form an opinion as required by the Prospectus Guidelines, as to the proper compilation of the proforma consolidated statements of financial position and to report that opinion to you.

In providing this opinion we are not responsible in updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the proforma consolidated statements of financial position, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinion were address by us at the dates of their issue.

Basis of Opinion

We conducted our review in accordance with Malaysian Approved Standard on Assurance Engagement, ISAE 3000, Assurance Engagements Other Than Audits or Reviews of Historical Financial Information. The work that we performed for the purpose of making this report, which involved no independence examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the proforma adjustments and discussing the proforma consolidated statements of financial position with the Directors of YTL Corp.

We planned and performed our work so as to obtain the information and explanation we considered necessary in order to provide us with reasonable assurance that the proforma consolidated statements of financial position have been properly prepared on the basis stated in the accompanying notes using financial statements prepared in accordance with Financial Reporting Standards in Malaysia, and in a manner consistent with the accounting policies of the YTL Corp Group. Our work also involves assessing whether each adjustment made to the information used in the preparation of the proforma consolidated statements of financial position is appropriate for the purposes of preparing the proforma consolidated statements of financial position.

Opinion

In our opinion,

(i) the proforma consolidated statements of financial position of YTL Corp as at 30 June 2011, which are prepared for illustrative purposes only, have been properly compiled on the basis stated in the accompanying notes to the proforma consolidated statements of financial position using the financial statements of YTL Corp prepared in accordance with Financial Reporting Standards in Malaysia, and in a manner consistent with both the format of the statement of financial position and the accounting policies adopted by the YTL Corp Group; and

(ii) the adjustments made to the information used in the preparation of the proforma consolidation financial statements are appropriate for the purposes of preparing the proforma consolidated statements of financial position.

Other matters

This letter has been prepared for the purpose of inclusion in the Prospectus of YTL Corp in connection with the ROS and is not to be used, circulated, quoted or otherwise referenced to in any document or used for any other purpose without our prior written consent.

Yours faithfully,

HLB LER LUM
AF 0276
Chartered Accountants

LUM TUCK CHEONG
1005/3/13(J/PH)
Partner of the Firm

YTL CORPORATION BERHAD ("YTL CORP")
PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2011

The proforma consolidated statements of financial position of YTL Corp set out below are prepared for illustrative purposes only to show the effects on the audited consolidated statements of financial position of YTL Corp as at 30 June 2011 after taking into account the effects of the ROS (details of which are set out in the notes accompanying the proforma consolidated statements of financial position), had these transactions been effected on that date:-

			Minimum Scenario	Maximum Scenario	
		Proforma I	Proforma II	Proforma III	Proforma IV
	Audited as at 30 June 2011 RM 000	Changes in share capital after 30 June 2011 up to 3 September 2012 RM 000	After Proforma I and the ROS RM 000	After Proforma I and issuance of the remaining YTL Corp Shares arising from full exchange of Exchangeable Bonds RM 000	After Proforma III and the ROS RM 000
Property,plant & Equipment	19,774,461	19,774,461	19,774,461	19,774,461	19,774,461
Investment properties	137,484	137,484	137,484	137,484	137,484
Development expenditures	960,717	960,717	960,717	960,717	960,717
Investments	3,551,011	3,551,011	3,551,011	3,551,011	3,551,011
Intangible assets	4,569,986	4,569,986	4,569,986	4,569,986	4,569,986
Biological assets	1,128	1,128	1,128	1,128	1,128
Other receivables	31,949	31,949	31,949	31,949	31,949
Other non-current assets	41,367	41,367	41,367	41,367	41,367
Derivative financial instruments	2,611	2,611	2,611	2,611	2,611
	29,070,714	29,070,714	29,070,714	29,070,714	29,070,714
Current assets					
Inventories	835,802	835,802	835,802	835,802	835,802
Property development costs	1,485,700	1,485,700	1,485,700	1,485,700	1,485,700
Trade & other receivables	3,656,630	3,656,630	3,656,630	3,656,630	3,656,630
Other current assets	254,971	254,971	254,971	254,971	254,971
Derivative fiancial instruments	95,904	95,904	95,904	95,904	95,904
Income tax assets	50,233	50,233	50,233	50,233	50,233
Amount due from related parties	21,798	21,798	21,798	21,798	21,798
Short term investments	554,925	554,925	554,925	554,925	554,925
Fixed deposits	11,478,146	11,478,146	11,478,146	11,478,146	11,478,146
Cash & bank balances	761,362	370,658	370,658	370,658	370,658
	19,195,471	18,804,767	18,804,767	18,804,767	18,804,767
Total Assets	48,266,185	47,875,481	47,875,481	47,875,481	47,875,481

Stamped for the purpose of identification to our report/letter dated

25 SEP 2012

HLB LER LUM AF 0276
Chartered Accountants

Company No.: 92647-H

APPENDIX IV

			Minimum Scenario	Maximum Scenario	
		Proforma I	Proforma II	Proforma III	Proforma IV
	Audited as at 30 June 2011 RM 000	Changes in share capital after 30 June 2011 up to 3 July 2012 RM 000	After Proforma I and the ROS RM 000	After Proforma I and issuance of the remaining YTL Corp Shares arising from full exchange of Exchangeable Bonds RM 000	After Proforma III and the ROS RM 000
Share capital	952,802	1,061,688	1,061,688	1,123,595	1,123,595
Share premium	1,317,192	1,800,170	1,800,170	2,852,589	2,852,589
Other reserves	(415,426)	(435,572)	(435,572)	(435,572)	(435,572)
Retained profits	9,233,901	9,060,571	9,115,953	9,083,230	9,141,976
Treasury shares, at cost	(722,616)	(372,459)	(372,459)	(372,459)	(372,459)
	10,365,853	11,114,398	11,169,780	12,251,383	12,310,129
Non-Controlling interest	2,171,082	1,255,274	1,337,254	1,255,274	1,342,144
Total equity	12,536,935	12,369,672	12,507,034	13,506,657	13,652,273
Non-current liabilities					
Long term payables	57,844	57,844	57,844	57,844	57,844
Other non-current liabilities	67,696	67,696	67,696	67,696	67,696
Bonds	11,747,506	11,552,986	11,552,986	10,546,013	10,546,013
Borrowings	6,063,114	6,057,247	6,057,247	6,057,247	6,057,247
Deferred income	256,834	256,834	256,834	256,834	256,834
Deferred tax liabilities	2,785,365	2,786,795	2,786,795	2,786,795	2,786,795
Post-employment benefit obligations	132,769	132,769	132,769	132,769	132,769
Derivative financial instruments	19,989	19,989	19,989	19,989	19,989
	21,131,117	20,932,160	20,932,160	19,925,187	19,925,187
Current liabilities					
Trade & other liabilities	3,290,520	3,290,520	3,290,520	3,290,520	3,290,520
Other current liabilities	228,330	228,330	228,330	228,330	228,330
Derivative financial instruments	248,648	224,164	224,164	94,152	94,152
Amount due to related parties	3,501	3,501	3,501	3,501	3,501
Bonds	499,990	499,990	499,990	499,990	499,990
Borrowings	9,940,546	9,940,546	9,803,184	9,940,546	9,794,930
Provision for liabilities & charges	24,791	24,791	24,791	24,791	24,791
Post-employment benefit obligations	2,478	2,478	2,478	2,478	2,478
Income tax liabilities	359,329	359,329	359,329	359,329	359,329
	14,598,133	14,573,649	14,436,287	14,443,637	14,298,021
	48,266,185	47,875,481	47,875,481	47,875,481	47,875,481
No of shares in issue (net of treasury shares) ('000)	8,978,705	10,377,117	10,377,117	10,996,188	10,996,188
Net assets per ordinary shares (RM)	1.15	1.07	1.08	1.11	1.12

Stamped for the purpose of identification to our report/letter dated

25 SEP 2012

HLB LER LUM AF 0276
Chartered Accountants

YTL CORPORATION BERHAD ("YTL CORP")
NOTES TO PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2011

1. Background

The proforma consolidated statements of financial position of YTL Corp as at 30 June 2011 together with the notes thereon have been prepared for illustrative purposes only, in connection with the renounceable offer for sale by YTL Corp of up to 733,079,172 existing warrants 2008/2018 of YTL Power International Berhad ("**Offer Warrants**") to the entitled shareholders of YTL Corp at an offer price of RM0.20 for each Offer Warrant on the basis of 1 Offer Warrant for every 15 existing ordinary shares of RM0.10 each held in YTL Corp ("**YTL Corp Shares**") at 5.00 p.m. on 2 October 2012 ("**Entitlement Date**") ("**ROS**").

2. Basis of preparation

The proforma consolidated statements of financial position of YTL Corp have been prepared for illustrative purposes only and are based on the audited consolidated financial statements of YTL Corp as at 30 June 2011, which were reported without auditors' qualification. The proforma consolidated statements of financial position have been prepared based on accounting policies consistent with those previously adopted in the preparation of the audited financial statements of YTL Corp.

The proforma consolidated statements of financial position have been prepared to show the effects of the ROS under the Minimum Scenario and Maximum Scenario (as defined below) and on the assumption that all the entitled shareholders of YTL Corp and/or their renouncees subscribe to their entitlements under the ROS in full:-

Minimum Scenario - Scenario based on the issued and paid-up share capital of 10,377,117,454 YTL Corp Shares (net of treasury shares) as at 3 September 2012, and assuming that prior to the Entitlement Date:

(i) none of the outstanding USD335.6 million nominal value of guaranteed exchangeable bonds ("**Exchangeable Bonds**") of YTL Corp are fully exchanged; and
(ii) none of the YTL Corp treasury shares held as at 3 September 2012 are resold in the market or distributed to the shareholders of YTL Corp.

Maximum Scenario - Scenario based on the issued and paid-up share capital of 10,377,117,454 YTL Corp Shares (net of treasury shares) as at 3 September 2012 and assuming that prior to the Entitlement Date:

(i) all of the outstanding Exchangeable Bonds of YTL Corp are fully exchanged; and
(ii) none of the YTL Corp treasury shares held as at 3 September 2012 are resold in the market or distributed to the shareholders of YTL Corp.

Proforma I

Proforma I incorporates the following adjustments to share capital, share premium, treasury shares at cost, other reserves and retained profits after 30 June 2011 up to 3 September 2012:-

	Share capital	Share premium	Treasury shares, at cost
		RM 000	
337,981,000 YTL Corp Shares repurchased at an average cost of RM1.67 per share	-	-	(565,527)
182,107,000 YTL Corp Shares issued arising from the exercise by employees of options under the employee share option scheme of YTL Corp at the weighted average exercise price of RM0.96 per share	18,211	156,612	-
787,951,284 YTL Corp Shares issued at an issue price of RM1.42 per share pursuant to the following: (i) the share exchange offer by YTL Industries Berhad ("**YTL Industries**"), a wholly owned subsidiary of YTL Corp, to acquire the entire equity interest and outstanding irredeemable convertible unsecured loan stocks in YTL Cement Berhad ("**YTL Cement**") ("**YTL Cement ICULS**"), which closed on 9 March 2012 ("**YTL Cement Share Exchange Offer**"); and (ii) the exercise by shareholders of YTL Cement of their rights to require YTL Industries to acquire their voting shares in YTL Cement in exchange for YTL Corp Shares on or before 13 June 2012 following the notice in accordance with Section 223 of the Capital Markets and Services Act, 2007 provided to the shareholders of YTL Cement who did not accept the YTL Cement Share Exchange Offer ("**Section 223 Notice**")	78,795	1,040,096	-
118,796,519 YTL Corp Shares issued pursuant to the exchange of USD64.4 million Exchangeable Bonds at the exchange price of RM1.80	11,880	201,954	-
647,539,006 treasury shares, at the original purchase cost of RM915,684,908 distributed as dividends on the basis of 1 treasury share for every 15 existing YTL Corp Shares held by the entitled shareholders whose names appear in the Record of Depositors of YTL Corp on 18 June 2012	-	(915,684)	915,684
Proforma adjustments	**108,886**	**482,978**	**350,157**

Proforma adjustment to the other reserves was due to the acquisition of the YTL Cement ICULS pursuant to YTL Cement Share Exchange Offer and Section 223 Notice.

Proforma adjustment to the retained profits was due to the acquisition of the ordinary shares of RM0.50 each in YTL Cement and the YTL Cement ICULS pursuant to YTL Cement Share Exchange Offer and Section 223 Notice, and the exchange of Exchangeable Bonds in YTL Corp.

Proforma II

Proforma II incorporates the effects of Proforma I and effects of the ROS, assuming the full subscription of 691,807,830 Offer Warrants under the Minimum Scenario. The proceeds from the ROS under the Minimum Scenario (net of estimated expenses in relation to the ROS of RM1.0 million) amounting to RM137,361,566 will be used for the repayment of bank borrowings.

Proforma III

Proforma III incorporates the effects of Proforma I and assuming the full exchange of all outstanding Exchangeable Bonds of YTL Corp as at 3 September 2012 under the Maximum Scenario as follows:-

	Average exchange price RM	No. of new YTL Corp Shares issued	Share capital RM ('000)	Share premium RM ('000)
Exchangeable Bonds #	1.80	619,070,133	61,907	1,052,419

 # Based on the exchange rate of USD 1.00 = RM3.3204

Proforma IV

Proforma IV incorporates the effects of Proforma III and effects of the ROS, assuming the full subscription of 733,079,172 Offer Warrants under the Maximum Scenario. The proceeds from the ROS under the Maximum Scenario (net of estimated expenses in relation to the ROS of RM1.0 million) amounting to RM145,615,834 will be used for the repayment of bank borrowings.

DIRECTORS' REPORT ON YTL POWER

(Prepared for inclusion in this Prospectus)

YTL POWER

YTL Power International Berhad

Company No: 406684-H

7th Floor
Yeoh Tiong Lay Plaza
55 Jalan Bukit Bintang
55100 Kuala Lumpur
Malaysia

Telephone
6 03 2117 0088
6 03 2142 6633

Facsimile
6 03 2141 5926

Website
www.ytlcommunity.com

Registered Office:
11th Floor, Yeoh Tiong Lay Plaza
55 Jalan Bukit Bintang
55100 Kuala Lumpur

27 September 2012

To: The Shareholders of YTL Corporation Berhad

Dear Sir/Madam:

On behalf of the Board of Directors of YTL Power International Berhad (**"YTL Power"**), I wish to report that after making due enquiries in relation to the period between 30 June 2011 (being the date to which the last audited consolidated financial statements of YTL Power and its subsidiaries have been made) to the date hereof (being a date not earlier than 14 days before the issue of this Prospectus):

(a) the business of YTL Power and its subsidiaries has, in the opinion of the Directors, been satisfactorily maintained;

(b) in the opinion of the Directors, no circumstances have arisen since the last consolidated audited financial statements of YTL Power and its subsidiaries which have adversely affected the trading or the value of the assets of YTL Power and/or its subsidiaries;

(c) the current assets of YTL Power and/or its subsidiaries appear in the books at values which are believed to be realisable in the ordinary course of business;

(d) save as disclosed in this Prospectus, there are no material contingent liabilities by reason of any guarantees or indemnities given by YTL Power and/or its subsidiaries;

(e) since the last audited consolidated financial statements of YTL Power, there have been no default, or any known event that could give rise to a default situation, in respect of any payment of either interest and/or principal sums in relation to any borrowings of YTL Power and/or its subsidiaries which the Directors are aware of; and

(f) save as disclosed in the unaudited consolidated financial statements of YTL Power for the financial period ended 30 June 2012 in Appendix III of this Prospectus, there have been no material adverse changes in the published reserves or any unusual factors affecting the profits of YTL Power and its subsidiaries since the last audited consolidated financial statements of YTL Power.

Yours faithfully
For and on behalf of the Board of Directors of
YTL POWER INTERNATIONAL BERHAD

TAN SRI DATO' (DR) FRANCIS YEOH SOCK PING, CBE, FICE
Managing Director

FURTHER INFORMATION

1. Share capital of YTL Power

(i) No Offer Warrants will be offered on the basis of this Prospectus later than 12 months after the date of issue of this Prospectus.

(ii) Save as disclosed below, no person has been or is entitled to be given an option to subscribe for any ordinary shares, stocks or debentures of YTL Power as at the LPD.

(a) 1,169,089,711 YTL Power Warrants which entitle its registered holders to subscribe for 1 new YTL Power Share at an exercise price of RM1.21 per warrant (subject to adjustments in accordance with the basis set out in the deed poll constituting the warrants) during the period from 12 June 2008 and up to and expiring on 11 June 2018; and

(b) ESOS options

Description	Exercise price RM	Number of share options exercisable under the ESOS of YTL Power
ESOS options[(1)]	1.49	100,779,000
ESOS options[(1)]	1.65	41,546,000

Note:

(1) Exercisable by eligible Directors and employees of the YTL Power Group (excluding subsidiaries which are dormant) from 1 June 2015 to 31 March 2021.

2. Articles of association of YTL Power

The provisions in YTL Power's Articles of Association dealing with the remuneration of the Directors of YTL Power are as follows:

Article 92 – Directors' Remuneration

The fees payable to the Directors of YTL Power shall from time to time be determined by YTL Power in general meeting, and such fees shall be divided among the Directors of YTL Power in such proportions and manner as that Directors of YTL Power may determine provided always that:

(a) Fees payable to Directors of YTL Power who hold non-executive office in the company shall be paid by a fixed sum and not by a commission on or percentage of profits or turnover;

(b) Salaries payable to Directors of YTL Power who do hold an executive office in the company may not include a commission on or a percentage of turnover;

(c) Fees payable to Directors of YTL Power shall not be increased except pursuant to a resolution passed at a general meeting where notice of the proposed increase has been given in the notice convening the meeting; and

(d) Any fees paid to an Alternate Director of YTL Power shall be such amount as shall be agreed between himself and the Director of YTL Power nominating him and shall be paid out of the remuneration of the latter.

The Directors of YTL Power may also be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meeting of the directors or any committee of the directors or general meetings of the company or in connection with the business of the company. Any Director of YTL Power who is appointed to any executive office including the office of Chairman or who serves on any committee or who otherwise performs services which in the opinion of the Directors of YTL Power are outside the scope of the ordinary duties of a Director of YTL Power, may be paid such extra remuneration by way of salary percentage of profits or otherwise as the Directors of YTL Power may determine but not a commission on or percentage of turnover. Any such extra remuneration payable to a non-executive Director of YTL Power shall not include a commission on or a percentage of profits or turnover.

3. **Material contracts of YTL Power**

Save as disclosed below, neither YTL Power nor its subsidiaries have entered into any material contracts (not being contracts entered into in the ordinary course of business) during the 2 years preceding the date of this Prospectus.

(i) Share purchase agreement dated 7 July 2011 between YTL Power, YTL Jawa Power Holdings Limited, Marubeni Corporation and Aster Power Holding B.V. relating to the sale and purchase of 7,714 ordinary shares of EUR1.00 and certain company interests (as defined in the sales and purchase agreement) in YTL Jawa Power Holdings BV ("**YTLJPH**") representing 15/35 or 42.86% equity interests in YTLJPH for a sale consideration of USD224,000,000 (RM680,960,000 based on the prevailing exchange rate of USD1.00:RM3.04);

(ii) Trust deed dated 11 August 2011 entered into between YTL Power and HSBC (Malaysia) Trustee Berhad in relation to the RM5.0 billion Medium Term Notes ("**MTN**") Issuance Programme of up to twenty-five years of YTL Power ("**MTN Programme**"); and

(iii) MTN programme agreement dated 11 August 2011 entered into between YTL Power, HSBC Bank Malaysia Berhad and Maybank Investment Bank Berhad in relation to the MTN Programme.

4. **Material litigation, claims and arbitration of YTL Power**

As at the LPD, neither YTL Power nor its subsidiaries are engaged in any material litigation, claims and arbitration, either as plaintiff or defendant and the Directors of YTL Power have no knowledge of any proceedings pending or threatened against YTL Power or its subsidiaries or of any facts likely to give rise to any proceedings which may materially and adversely affect the financial position and business of YTL Power or its subsidiaries.

5. General

(i) The nature of YTL Power's business is set out in Section 1 of Appendix I of this Prospectus. Other than as disclosed in Appendix I, there are no corporations which are deemed to be related to YTL Power by virtue of Section 6 of the Act as at the date of this Prospectus.

(ii) Save as disclosed in this Prospectus, the Directors of YTL Power are not aware of any material information, including specific trade factors or risks, which are unlikely to be known or anticipated by the general public and which could materially and adversely affect the profits of the YTL Power Group.

(iii) Save as disclosed in this Prospectus, the financial condition and operations of the YTL Power Group are not likely to be affected by any of the following:

(a) known trends, demands, commitments, events or uncertainties that will result in or are reasonably likely to result in the liquidity of the YTL Power Group increasing or decreasing in any material way;

(b) material commitments for capital expenditure of the YTL Power Group;

(c) unusual or infrequent events or transactions or any significant economic changes that materially affect the amount of reported income from the operations of the YTL Power Group; and

(d) known trends or uncertainties that have had or that the YTL Power Group reasonably expects will have a material favourable or unfavourable impact on revenues or operating income.

(iv) There are no existing or proposed service contracts between the YTL Power Group and its Directors and key management excluding contracts expiring or determinable by the employing company without payment or compensation (other than statutory compensation) within 1 year from the date of this Prospectus.

6. Consents

The Principal Adviser, Solicitors for the ROS, Special Share Registrar for the ROS, Company Secretary, Principal Bankers and Bloomberg (Malaysia) Sdn Bhd have given and have not subsequently withdrawn their written consents to the inclusion of their names and all references thereto, in the form and context in which they appear in this Prospectus.

Messrs. PricewaterhouseCoopers, the Auditors for YTL Power, have given and have not subsequently withdrawn their written consent to the inclusion of their name, Auditors' Report on the audited consolidated financial statements of YTL Power for the financial year ended 30 June 2011 and all references thereto, in the form and context in which they appear in this Prospectus

Messrs. HLB Ler Lum, the Auditors and Reporting Accountants for our Company, have given and have not subsequently withdrawn their written consent to the inclusion of their name, the proforma consolidated statements of financial position of YTL Corp as at 30 June 2011 together with the Reporting Accountants' letter and all references thereto, in the form and context in which they appear in this Prospectus.

7. **Documents for inspection**

Copies of the following documents are available for inspection at our Registered Office at 11th Floor, Yeoh Tiong Lay Plaza, 55, Jalan Bukit Bintang, 55100 Kuala Lumpur during normal business hours on Mondays to Fridays (except public holidays) for a period of 12 months from the date of this Prospectus:

(i) the Memorandum and Articles of Association of YTL Power;

(ii) the audited consolidated financial statements of YTL Power for the past 2 financial years ended 30 June 2011 and the unaudited consolidated financial statements of YTL Power for the 12-month period ended 30 June 2012;

(iii) the proforma consolidated statements of financial position of YTL Corp as at 30 June 2011 together with the Reporting Accountant's letter thereon as set out in Appendix IV of this Prospectus;

(iv) the deed poll constituting the YTL Power Warrants;

(v) the Directors' Report of YTL Power referred to in Appendix V of this Prospectus;

(vi) the material contracts referred to in Section 3 of Appendix VI of this Prospectus; and

(vii) letters of consent referred to in Section 6 of Appendix VI of this Prospectus.

8. **Responsibility statements**

(i) CIMB, being the Principal Adviser, acknowledges that, based on all available information, and to the best of their knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning the ROS;

(ii) This Prospectus, together with the accompanying NPO and OAF, have been seen and approved by our Directors and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts the omission of which would make any statements in these documents false or misleading; and

(iii) The information in this Prospectus relating to YTL Power and its subsidiaries and associate companies have been seen and approved by the Directors of YTL Power and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable enquiries, and to the best of their knowledge and belief, there are no false or misleading statements or other facts the omission of which would make any statements in this Prospectus false or misleading.