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

Interim Financial Report
30 June 2011

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

INTERIM FINANCIAL REPORT
Interim financial report on consolidated results for the financial year ended 30 June 2011.

The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	12 MONTHS ENDED	
	30.6.2011 RM'000	30.6.2010 RM'000 RESTATED	30.6.2011 RM'000	30.6.2010 RM'000 RESTATED
REVENUE	4,264,862	3,753,395	14,662,356	13,442,917
COST OF SALES	(3,501,123)	(2,956,662)	(11,996,136)	(10,889,251)
GROSS PROFIT	763,739	796,733	2,666,220	2,553,666
OTHER OPERATING EXPENSES	(257,824)	(157,919)	(621,315)	(443,913)
OTHER OPERATING INCOME	5,386	88,750	66,307	177,413
PROFIT FROM OPERATIONS	511,301	727,564	2,111,212	2,287,166
FINANCE COSTS	(226,844)	(173,903)	(850,527)	(828,764)
SHARE OF RESULTS OF ASSOCIATED COMPANIES	92,839	97,409	255,436	258,810
PROFIT BEFORE TAXATION	377,296	651,070	1,516,121	1,717,212
TAXATION	1,786	(193,023)	(313,178)	(476,203)
PROFIT FOR THE PERIOD/YEAR	379,082	458,047	1,202,943	1,241,009
PROFIT ATTRIBUTABLE TO:				
Owners of the Parent	451,562	458,047	1,319,596	1,241,135
Non-Controlling Interests	(72,480)	-	(116,653)	(126)
	379,082	458,047	1,202,943	1,241,009
EARNINGS PER 50 SEN SHARE				
Basic (Sen)	6.25	6.45	18.31	19.10
Diluted (Sen)	5.80	5.96	16.89	17.57

The Condensed Consolidated Income Statement should be read in conjunction with the audited annual financial statements for the year ended 30 June 2010 and the accompanying explanatory notes attached to the interim financial statements.

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

INTERIM FINANCIAL REPORT

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	12 MONTHS ENDED	
	30.06.2011	30.06.2010	30.06.2011	30.06.2010
	RM'000	RM'000 RESTATED	RM'000	RM'000 RESTATED
PROFIT FOR THE PERIOD/YEAR	379,082	458,047	1,202,943	1,241,009
OTHER COMPREHENSIVE INCOME:				
AVAILABLE-FOR-SALE FINANCIAL ASSETS	12,788	-	51,576	-
CASH FLOW HEDGE	(95,277)	-	100,593	-
CURRENCY TRANSLATION DIFFERENCES	160,357	(230,555)	518,492	(1,003,023)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD/ YEAR, NET OF TAX	77,868	(230,555)	670,661	(1,003,023)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD/ YEAR	456,950	227,492	1,873,604	237,986
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Parent	529,419	227,492	1,990,240	238,112
Non-Controlling Interests	(72,469)	-	(116,636)	(126)
	456,950	227,492	1,873,604	237,986

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited annual financial statements for the year ended 30 June 2010 and the accompanying explanatory notes attached to the interim financial statements.

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

INTERIM FINANCIAL REPORT

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	UNAUDITED As at 30.06.2011 RM'000	AUDITED As at 30.06.2010 RM'000 RESTATED
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	16,632,590	15,955,022
Prepaid Lease Payment	2,265	63,608
Intangible Assets	6,485,793	6,148,646
Investment in Associated Companies	1,137,117	1,025,204
Investments	492,705	694,300
Available-for-Sale Financial Assets	253,270	-
Prepayments and Others	42,228	60,066
Derivative Financial Instruments	2,611	-
	25,048,579	23,946,846
Current Assets		
Inventories	526,319	593,041
Receivables, Deposits and Prepayments	2,384,370	1,989,459
Derivative Financial Instruments	95,904	1,949
Short Term Investments	-	48,393
Deposits, Cash and Bank Balances	7,178,824	7,371,542
	10,185,417	10,004,384
TOTAL ASSETS	35,233,996	33,951,230
EQUITY AND LIABILITIES		
Share Capital	3,639,497	3,623,273
Reserves	5,011,826	3,739,057
Treasury Shares, at cost	(119,972)	(119,967)
Equity attributable to Owners of the Parent	8,531,351	7,242,363
Non-Controlling Interests	(121,926)	-*
TOTAL EQUITY	8,409,425	7,242,363

* Non-Controlling Interests denote RM2.

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited annual financial statements for the year ended 30 June 2010 and the accompanying explanatory notes attached to the financial statements.

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

INTERIM FINANCIAL REPORT

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION – Continued

	UNAUDITED As at 30.06.2011 RM'000	AUDITED As at 30.06.2010 RM'000 RESTATED
LIABILITIES		
Non-Current Liabilities		
Deferred Taxation	2,541,717	2,633,592
Bonds	7,816,189	7,740,168
Borrowings	6,925,374	11,041,891
Deferred Income	233,254	218,140
Provision for Liabilities and Charges	132,770	185,866
Derivative Financial Instruments	19,989	-
Payables	25,878	5,932
	17,695,171	21,825,589
Current Liabilities		
Payables and Accrued Expenses	2,419,531	2,296,270
Provision for Liabilities and Charges	20,099	20,660
Derivative Financial Instruments	94,152	23,749
Taxation	239,314	142,299
Bonds	-	813,470
Borrowings	6,356,304	1,586,830
	9,129,400	4,883,278
TOTAL LIABILITIES	26,824,571	26,708,867
TOTAL EQUITY AND LIABILITIES	35,233,996	33,951,230
Net Assets Per 50 Sen Share (RM)	1.18	1.01

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited annual financial statements for the year ended 30 June 2010 and the accompanying explanatory notes attached to the financial statements

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

INTERIM FINANCIAL REPORT
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE 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								
As previously reported	3,623,273	2,942,668	(3,694,109)	(119,967)	4,458,201	7,210,066	-	7,210,066
Effects of adoption of IC 12	-	-	-	-	32,297	32,297	-	32,297
As restated	3,623,273	2,942,668	(3,694,109)	(119,967)	4,490,498	7,242,363	-	7,242,363
Effects of adoption of FRS 139	-	-	(13,119)	-	(64,129)	(77,248)	-	(77,248)
At 1 July 2010, as restated	3,623,273	2,942,668	(3,707,228)	(119,967)	4,426,369	7,165,115	-	7,165,115
Profit/(loss) for the year	-	-	-	-	1,319,596	1,319,596	(116,653)	1,202,943
Other comprehensive income	-	-	670,644	-	-	670,644	17	670,661
Total comprehensive income/(loss) for the year	-	-	670,644	-	1,319,596	1,990,240	(116,636)	1,873,604
Non-Controlling Interests arising from business combination	-	-	-	-	-	-	(5,290)	(5,290)
Shares repurchased	-	-	-	(5)	-	(5)	-	(5)
Issue of share capital	16,224	33,669	-	-	-	49,893	-	49,893
Dividend paid – For the year ended 30 June 2010	-	-	-	-	(135,238)	(135,238)	-	(135,238)
– For the year ended 30 June 2011	-	-	-	-	(405,844)	(405,844)	-	(405,844)
Dividends declared – For the year ended 30 June 2011	-	-	-	-	(135,418)	(135,418)	-	(135,418)
Provision for share options	-	-	4,379	-	-	4,379	-	4,379
Warrant reserve	-	-	(1,771)	-	-	(1,771)	-	(1,771)
Share option lapsed	-	-	(29)	-	29	-	-	-
At 30 June 2011	3,639,497	2,976,337	(3,034,005)	(119,972)	5,069,494	8,531,351	(121,926)	8,409,425

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 2010 and the accompanying explanatory notes attached to the interim financial statements.

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

INTERIM FINANCIAL REPORT

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2010

	|---------- Attributable to Owners of the Parent					----------|		
	Share Capital RM'000	**Share Premium RM'000**	**Merger & Other Reserves RM'000**	**Treasury Shares RM'000**	**Retained Earnings RM'000**	**Total RM'000**	**Non-Controlling Interests RM'000**	**Total Equity RM'000**
At 1 July 2009	2,955,140	1,774,815	(2,663,078)	(119,810)	4,154,857	6,101,924	126	6,102,050
Profit/(loss) for the year	-	-	-	-	1,241,135	1,241,135	(126)	1,241,009
Other comprehensive loss	-	-	(1,003,023)	-	-	(1,003,023)	-	(1,003,023)
Total comprehensive income/(loss) for the year	-	-	(1,003,023)	-	1,241,135	238,112	(126)	237,986
Shares repurchased	-	-	-	(157)	-	(157)	-	(157)
Issue of share capital	668,133	1,156,853	(474)	-	-	1,824,512	-	1,824,512
Dividend paid – For the year ended 30 June 2009	-	-	-	-	(125,240)	(125,240)	-	(125,240)
– For the year ended 30 June 2010	-	-	-	-	(510,644)	(510,644)	-	(510,644)
Dividend declared – For the year ended 30 June 2010	-	-	-	-	(269,610)	(269,610)	-	(269,610)
Equity components of exchangeable bond	-	-	(24,089)	-	-	(24,089)	-	(24,089)
Provision for share options	-	-	7,555	-	-	7,555	-	7,555
Warrant reserve	-	11,000	(11,000)	-	-	-	-	-
At 30 June 2010	3,623,273	2,942,668	(3,694,109)	(119,967)	4,490,498	7,242,363	-*	7,242,363

* Non-Controlling Interests denote RM2.

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 2010 and the accompanying explanatory notes attached to the interim financial statements.

INTERIM FINANCIAL REPORT

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2011

	CURRENT YEAR-TO-DATE 30.06.2011	PRECEDING YEAR CORRESPONDING PERIOD 30.06.2010
	RM'000	RM'000
Net cash generated from operating activities	2,072,763	2,663,933
Net cash used in investing activities	(1,433,570)	(1,420,422)
Net cash (used in)/generated from financing activities	(834,525)	176,459
Net changes in cash and cash equivalents	(195,332)	1,419,970
Cash and cash equivalents at beginning of the year	7,326,721	5,906,751
Cash and cash equivalents at end of the year *[Note a]*	7,131,389	7,326,721

[Note a]

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

	RM'000	RM'000
Fixed deposits	6,768,272	7,025,387
Cash and bank balances	410,552	346,155
Bank overdrafts (included within short term borrowings in [Note B10])	(47,435)	(44,821)
	7,131,389	7,326,721

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited annual financial statements for the year ended 30 June 2010 and the accompanying explanatory notes attached to the interim financial statements.

INTERIM FINANCIAL REPORT

PART A – EXPLANATORY NOTES PURSUANT TO FRS 134

The interim financial report should be read in conjunction with the audited annual financial statements of the Group for the year ended 30 June 2010.

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 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 2010.

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 except for the adoption of new and revised FRSs, amendments to FRSs and Interpretation Committee ('IC') interpretations which were effective for financial period beginning 1 July 2010.

The adoption of the new and revised FRSs, amendments to FRSs and ICs do not have significant financial impact on the Group other than the effects of the following FRSs:

<u>FRS 101(revised): Presentation of Financial Statements</u>

The revised FRS 101 requires all non-owner changes in equity to be presented either in a single statement of comprehensive income or in two statements which comprise a separate income statement and statement of comprehensive income. The Group has elected to present the statement of comprehensive income in two statements if there is any comprehensive income being recognized in the period.

There is no impact on the financial position of the Group since these changes affect only the presentation of items of income and expenses. The Group has adopted the standard retrospectively.

<u>FRS 7 Financial Instruments: Disclosures</u>

FRS 7 requires extensive disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments. Such information will be disclosed in the audited annual financial statements of the Group.

<u>Amendment to FRS 117 Leases</u>

With the adoption of the Amendment to FRS 117, the classification of a leasehold land as a finance lease or an operating lease is based on the extent to which risks and rewards incidental to ownership lies. Accordingly, the Group has reclassified its leasehold land to property, plant and equipment. This change in classification has no effect on the financial position of the Group.

FRS 139 Financial Instruments: Recognition and Measurement

FRS 139 sets out the new requirements for the recognition and measurement of the Group's financial instruments. It also sets out the requirements for the application of hedge accounting.

Financial instruments are recorded initially at fair value. Subsequent measurement of those instruments at end of each reporting period reflects the designation of the financial instrument. The Group determines the classification at initial recognition and re-evaluates this designation at each year end except for those financial instruments measured at fair value through profit or loss.

Financial Assets

a) Loans and Receivables

Prior to 1 July 2010, loans and receivables were stated at gross proceeds receivables less allowance for doubtful debts. Under FRS 139, loans and receivables are initially measured at fair value and subsequently at amortised cost using the effective interest rate method. Gains and losses are recognised in the consolidated income statement when the loans and receivables are derecognised, impaired or through the amortisation process.

b) Available-for-sale

Prior to 1 July 2010, available-for-sale financial assets such as other investments were accounted for at cost less impairment losses. Under FRS 139, available-for-sale financial asset is measured (a) at fair value initially and subsequently with unrealized gains or losses recognised directly in equity until the investment is derecognised or impaired or (b) at cost if the unquoted equity instrument is not carried at fair value because its fair value cannot be reliably measured.

c) Held-to-maturity

Prior to 1 July 2010, held-to-maturity financial assets such as negotiable instruments of deposits were accounted for at cost less impairment losses. Under FRS 139, held-to-maturity financial asset is initially measured at fair value and subsequently at amortised cost using the effective interest rate method. Gains and losses are recognised in the consolidated income statement when the investments are derecognised, impaired or through the amortisation process.

Financial Liabilities

a) Borrowings

Prior to 1 July 2010, borrowings were stated at the proceeds received less directly attributable transaction costs. Under FRS 139, borrowings are initially measured at fair value plus directly attributable transaction costs and subsequently at amortised cost using the effective interest rate method. Gains and losses are recognised in the consolidated income statement when the liabilities are derecgnised or through the amortisation process.

b) Derivative Financial Instruments

Prior to 1 July 2010, derivatives were not recognised in the financial statements. Under FRS 139, derivatives are required to be initially recognised at fair value on the date the derivative contract is entered into and subsequently at fair value at each of the reporting period. Derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. Any gains or losses arising from changes in fair value on derivatives that do not qualify for hedge accounting are recognised in the income statement.

However, where derivatives qualify for hedge accounting, recognition of any changes in fair value will depend on the nature of items being hedged as explained below:

Cash flow hedge

The effective portion of the gain or loss on the hedging instrument is recognised directly in equity, while an ineffective portion is recognised immediately in the income statement. Amounts taken to equity are transferred to the income statement when the hedged transaction affects profit or loss, such as when the hedged financial expense is recognised or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts taken to equity are transferred to the initial carrying amount of non-financial asset or liability.

If the forecast transaction or firm commitment is no longer expected to occur, amounts previously recognised in equity are transferred to the income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in equity remain in equity until the forecast transaction or firm commitment occurs.

In accordance with the transitional provisions of FRS 139, the above changes are applied prospectively and the comparatives as at 30 June 2010 are not restated. Instead, the changes have been accounted for by restating the following opening balances in the statement of financial position as at 1 July 2010.

<u>IC interpretation 12: Service Concession Arrangement</u>

The IC interpretation 12: Service Concession Arrangements (“IC 12”) provides guidance on the accounting by the operator of a service concession arrangement involving the provision of public sector services.

Infrastructure within the scope of IC 12 shall not be recognized as tangible operating assets of the operator because the contractual service arrangement does not convey the right to control the use of infrastructure to the operator. Instead, the right to charge for the provision of services being the consideration received by the operator for the construction, operation and maintenance that the operator has performed on the infrastructure is to be recognized as financial assets.

IC 12 requires that the contractual obligations to maintain the infrastructure to a specified standard or to restore the infrastructure when it is deteriorated below a specified condition, be recognised and measured in accordance with FRS 137: Provisions, Contingent Liabilities and Contingent Assets.

INTERIM FINANCIAL REPORT

Notes – continued

This interpretation applies to the Group's Associate Company, PT Jawa Power.

The effects arising from the adoption of the new standard as described above, other than those disclosed in the statement of changes in equity are as follows:

	As previously reported RM'000	**Effect on adoption of IC 12 RM'000**	**Effect on adoption of FRS 139 RM'000**	**As Restated RM'000**
As at 1 July 2010				
Non-current Assets				
Associated companies	992,907	32,297	(2,873)	1,022,331
Available-for-sale financial assets	-	-	157,653	157,653
Investments	694,300	-	(167,399)	526,901
Derivative financial instruments	-	-	1,684	1,684
Current Assets				
Derivative financial instruments	1,949	-	35,117	37,066
Receivables, deposits and prepayments	1,986,727	-	(11,951)	1,974,776
Non-current liabilities				
Bonds	7,740,168	-	(4,387)	7,735,781
Derivative financial instruments	-	-	16,806	16,806
Current liabilities				
Payables and accrued expenses	2,115,081	-	(876)	2,114,205
Derivative financial instruments	23,749	-	77,934	101,683
Reserves				
Merger & other reserves	(3,694,109)	-	(13,119)	(3,707,228)
Retained earnings	4,458,201	32,297	(64,129)	4,426,369

A2. Seasonality or Cyclicality of Operations

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

A3. Exceptional or Unusual Items

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

INTERIM FINANCIAL REPORT

Notes – continued

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 253,882 and 17,721,183 respectively at a weighted average exercise price of RM1.21 per share.

During the current financial quarter and financial year to date, 3,271,500 ordinary shares of RM0.50 each and 14,727,350 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 RM1.67 per share and RM1.71 per share respectively.

A total of 2,000 ordinary shares of RM0.50 each were repurchased from the open market for a total consideration of RM4,667 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 2011, the number of treasury shares held were 56,724,745 ordinary shares of RM0.50 each.

On 30 September 2010, the Group had fully settled a SGD350 million 3.97% unsecured Bonds.

The outstanding debts are as disclosed in Note B10.

A6. Dividends Paid

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

(i) A third interim single tier dividend of 7.5% or 3.75 sen per ordinary share of 50 sen each amounting to RM269,610,359 in respect of the financial year ended 30 June 2010 was paid on 15 July 2010.

(ii) A final single tier dividend of 3.75% or 1.875 sen per ordinary share of 50 sen each amounting to RM135,238,224 in respect of the financial year ended 30 June 2010 was paid on 23 December 2010.

(iii) A first interim single tier dividend of 7.5% or 3.75 sen per ordinary share of 50 sen each amounting to RM270,493,634 in respect of the financial year ended 30 June 2011 was paid on 21 January 2011.

(iv) A second interim tax exempt dividend of 3.75% or 1.875 sen per ordinary share of 50 sen each amounting to RM135,351,037 in respect of the financial year ended 30 June 2011 was paid on 31 March 2011.

INTERIM FINANCIAL REPORT

Notes – continued

A7. Segment Information

The Group has five reportable segments as described below:

a) Power generation (Contracted)
b) Multi utilities business (Merchant)
c) Water & 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 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	26,399	105,364	14,662,356
Inter-segment Revenue	-	-	-	298	1,365,197	1,365,495
Segment profit / (loss) before tax	334,202	884,154	635,266	(280,064)	(57,437)	1,516,121

Segment information for the year ended 30 June 2010:

	Power generation (Contracted) RM'000	**Multi utilities business (Merchant)** RM'000	**Water & sewerage** RM'000	**Mobile broadband network** RM'000	**Investment holding & other businesses** RM'000	**Group** RM'000
External Revenue	1,127,875	9,750,600	2,455,904	-	108,538	13,442,917
Inter-segment Revenue	-	-	-	-	909,399	909,399
Segment profit/ (loss) before tax	332,673	705,114	700,806	(10,271)	(11,110)	1,717,212

INTERIM FINANCIAL REPORT

Notes – continued

A8. Material Events Subsequent to the End of 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 except for the following:

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

The sale was completed on 15 August 2011.

A9. Changes in the Composition of the Group

There were no changes in the composition of the Group for the current financial year, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings and discontinuing operations except for the followings:

(i) On 16 November 2010, YTL Utilities Limited (‘YTL Utilities’), a wholly-owned subsidiary of the Company, acquired 1 ordinary share of par value USD1.00 in YTL Jordan Energy Limited at par value. As a result, YTL Jordan Energy Limited became a wholly-owned subsidiary of YTL Utilities and an indirect subsidiary of the Company.

YTL Jordan Energy Limited was incorporated in the Cayman Islands on 16 November 2010 with an authorised share capital of USD50,000.00 comprising 50,000 shares of USD1.00 each. YTL Jordan Energy Limited will be principally involved in investment holding.

(ii) On 10 November 2010, YTL Communications Sdn Bhd (‘YTL Comm’), a 60%-owned subsidiary of the Company, entered into a Sale and Purchase Agreement with YTL e-Solutions Berhad, a related company, for the acquisition of 450,000 ordinary shares of RM1.00 each representing 90% of the issued and paid-up share capital of Extiva Communications Sdn Bhd (‘Extiva’) for a consideration of RM18,000,000 in cash. On 14 January 2011, YTL Comm entered into an agreement with Kok Kee Chon (‘KKC’) and Extiva for the acquisition from KKC of 50,000 ordinary shares of RM1.00 each representing 10% of the issued and paid-up share capital of Extiva for a consideration of RM2,000,000 in cash. All the 500,000 shares in Extiva were registered in the name of YTL Comm on 16 February 2011. As a result, Extiva became a wholly-owned subsidiary of YTL Comm and an indirect subsidiary of the Company.

Extiva was incorporated on 14 April 1998 and presently has an authorised share capital of RM1,000,000.00 comprising 1,000,000 ordinary shares of RM1.00 each, of which 500,000 ordinary shares have been issued and fully paid-up. Extiva is principally involved in developing and marketing VoIP telephony and other advanced network media appliances for the service provider and enterprise telephony markets.

INTERIM FINANCIAL REPORT

Notes – continued

(iii) On 29 April 2011, YTLJPHL completed the acquisition of 30% of the issued share capital of Enefit Jordan BV from Near East Investment Co (NEI) and Eesti Energia AS (EE) for a total consideration of USD11,500,000. As a result, Enefit Jordan BV became an associate company of YTLJPHL.

Enefit Jordan BV was incorporated on 22 February 2011 and presently has an authorised share capital of EUR90,000.00 comprising of 90,000 ordinary shares of EUR1.00 each, of which 18,000 ordinary shares have been issued and fully paid-up. Enefit Jordan BV was established by NEI and EE as a holding company of two wholly-owned project companies to develop an oil project (oil shale mining and shale oil production) and a power project (oil shale-fired) at Attarat Um Ghudran in Jordan. These two projects are currently at preliminary development stage, including evaluation of oil shale deposits and project agreements discussions with relevant authorities.

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 2010 except for the following:

As at 30 June 2011, the Company had given corporate guarantees to financial institutions for facilities granted by the financial institutions to its subsidiaries, details set out as follows:

	Amount
	USD'000
Letter of credits	33,600
	========
	RM'000
Bonds and Guarantees	6,883
	========

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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

Group revenue was RM4,264.9 million for the current financial quarter ended 30 June 2011 as compared to RM3,753.4 million recorded in the preceding year corresponding quarter ended 30 June 2010. The Group profit before taxation for the current financial quarter ended 30 June 2011 was RM377.3 million, a decrease of RM273.8 million or 42.1% as compared to RM651.1 million recorded in the preceding year corresponding quarter ended 30 June 2010. However, Group profit attributable to shareholders of the Company, net of minority interest, was in line to the preceding year corresponding quarter. For the 12 months ended 30 June 2011, the Group profit attributable to shareholders of the Company was RM1,319.6 million, an increase of RM78.5 million or 6.3% as compared to RM1,241.1 million recorded in the financial year ended 30 June 2010.

B2. Comparison with Preceding Quarter

	Current Quarter 30.06.2011 RM'000	**Preceding Quarter 31.03.2011 RM'000**
Revenue	4,264,862	3,336,610
Consolidated profit before taxation	377,296	400,092
Consolidated profit after taxation	379,082	303,791

The increase in Group profit after taxation as compared to the preceding quarter was principally attributable to substantial tax credit recorded in the current quarter following a change in rate of tax recognised by the Wessex Water Group.

B3. Prospects

The Group is expected to perform satisfactorily for the financial year ending 30 June 2012.

B4. Profit Forecast

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

B5. Audit Report of the preceding financial year ended 30 June 2010

The Auditors' Report on the financial statements of the financial year ended 30 June 2010 did not contain any qualification.

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INTERIM FINANCIAL REPORT

Notes – continued

B6. Taxation

	Current Year Quarter 30.06.2011 RM'000	Current Year To Date 30.06.2011 RM'000
In respect of current period/year		
- Income Tax	70,854	416,474
- Deferred Tax	(54,085)	(84,741)
In respect of prior period/year		
- Income Tax	(18,555)	(18,555)
	(1,786)	313,178

The provision for taxation for the current financial quarter and current year to date reflects an effective rate lower than the average Statutory Income Tax Rate primarily due to substantial tax credit recorded in the current quarter following a change in rate of tax recognised by the Wessex Water Group.

B7. Sale of Unquoted Investments and/or Properties

There was no sale of unquoted investments and/or properties during the current financial quarter and financial year to date.

B8. Quoted Investments

a) There was no disposal of quoted investment during the current financial quarter and financial year to date.

b) There was no purchase of quoted investments during the current financial quarter and financial year to date.

c) The cost, carrying value and the market value of the quoted investments of the Group as at end of the current financial quarter are:

	RM'000
Cost	103,527
Carrying value	201,701
Market/Fair value	201,701

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B9. Corporate Proposals

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

B10. Group Borrowings and Debt Securities

The Group's borrowings from financial institutions as at 30 June 2011 are as follows:

	Short term		Long term		
	Bonds	Borrowings	Bonds	Borrowings	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Secured	-	3,564,106	-	5,719	3,569,825
Unsecured	-	2,792,198	7,816,189	6,919,655	17,528,042
Total	-	6,356,304	7,816,189	6,925,374	21,097,867

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

In US Dollar ('000)	397,365
In Sterling Pound ('000)	1,538,626
In Singapore Dollar ('000)	2,649,100

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

a) SGD 100 million revolving credit due on 27 January 2012.
b) USD200 million term loan due on 17 December 2012.
c) USD 200 million term loan due on 30 June 2015.

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B11. Derivative Financial Instruments, Fair Value Changes of Financial Liabilities and Retained Earnings

(a) Derivative Financial Instruments

As at 30 June 2011, 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	2,117,698	2,194,457
- 1 year to 3 years	48,210	50,821
Currency forwards		
- Less than 1 year	1,926,563	1,894,310
- 1 year to 3 years	78,315	76,919
Interest rate swaps		
- More than 3 years	614,425	581,124

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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(b) Fair Value Changes of Financial Liabilities

The gains/(losses) arising from fair value changes of financial liabilities for the current financial quarter and financial year to date are as follows:

Type of financial liabilities	**Basis of fair value measurement**	**Reason for the gain/(loss)**	**Fair value gain/(loss)**	
			Current year quarter 3 months to 30.06.2011	**Current year to date 12 months to 30.06.2011**
			RM'000	**RM'000**
Forward foreign currency exchange contracts	Foreign exchange differential between the contracted rate and the market forward rate	Foreign exchange rates differential between the contracted rate and the market forward rate which have moved unfavourably against the Group	(2,362)	(2,527)
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	(1,825)	459
		Total	(4,187)	(2,068)

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(c) Retained Earnings

	As at 30.06.2011 RM'000
Retained earnings/ (accumulated losses) of the Company and its subsidiaries	
- Realised	5,760,909
- Unrealised	(1,381,767)

	4,379,142
Retained earnings/ (accumulated losses) from associated companies	
- Realised	640,351
- Unrealised	(67,029)

	4,952,464
Add: consolidated adjustments	117,030

Total Group retained earnings as per consolidated accounts	5,069,494
	========

B12. Pending Material Litigation

There was no material litigation pending as at the date of this report.

B13. Dividend

The Board of Directors is pleased to declare a fourth interim tax exempt dividend of 3.75% or 1.875 sen per ordinary share of 50 sen each for the financial year ended 30 June 2011.

The book closure and payment dates in respect of the aforesaid dividend are 9 November 2011 and 24 November 2011, respectively.

The Board does not recommend a final dividend for the year ended 30 June 2011 (2010: a final dividend of 3.75% or 1.875 sen per ordinary share of 50 sen each amounting to RM135,238,224).

INTERIM FINANCIAL REPORT

Notes – continued

B14. Earnings Per Share

i) Basic Earnings Per 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 30.06.2011	Preceding Year Corresponding Quarter 30.06.2010 RESTATED
Profit attributable to Owners of the Parent (RM'000)	451,562	458,047
	======	======
Weighted average number of ordinary shares ('000)	7,219,876	7,105,616
	========	========
Basic earnings per share (Sen)	6.25	6.45
	====	====

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Notes – continued

ii) Diluted Earnings Per 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 30.06.2011	**Preceding Year Corresponding Quarter 30.06.2010 RESTATED**
Profit attributable to Owners of the Parent (RM'000)	451,562	458,047
	======	======
Weighted average number of ordinary shares ('000) – diluted		
Weighted average number of ordinary shares ('000) – basic	7,219,876	7,105,616
Effect of unexercised warrants 2008/2018	536,093	544,112
Effect of unexercised ESOS	25,383	29,313
	--------------	--------------
	7,781,352	7,679,041
	========	========
Diluted earnings per share (Sen)	5.80	5.96
	====	====

* *Total cash expected to be received in the event of an exercise of all outstanding warrants and ESOS options is RM1,672.2 million. Accordingly, the Net Asset (NA) on a pro forma basis will increase by RM1,672.2 million resulting in an increase 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: 25 August 2011