

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

Interim Financial Report
30 June 2013

YTL POWER INTERNATIONAL BERHAD

Company No. 406684-H
Incorporated in Malaysia

**Interim Financial Report
30 June 2013**

	Page No.
Condensed Consolidated Income Statement	1
Condensed Consolidated Statement of Comprehensive Income	2
Condensed Consolidated Statement of Financial Position	3 - 4
Condensed Consolidated Statement of Changes in Equity	5 - 6
Condensed Consolidated Statement of Cash Flows	7 - 8
Notes to the Interim Financial Report	9 - 25

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 2013.

The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30.6.2013 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30.6.2012 RM'000	12 MONTHS ENDED 30.6.2013 30.6.2012 RM'000 RM'000	
REVENUE	3,885,597	4,157,764	15,815,851	15,870,343
COST OF SALES	(3,036,611)	(3,652,858)	(13,351,477)	(13,553,409)
GROSS PROFIT	848,986	504,906	2,464,374	2,316,934
OTHER OPERATING EXPENSES	(395,525)	(180,490)	(788,883)	(516,369)
OTHER OPERATING INCOME	1,558	98,073	106,984	125,793
PROFIT FROM OPERATIONS	455,019	422,489	1,782,475	1,926,358
FINANCE COSTS	(217,767)	(200,578)	(801,406)	(820,121)
SHARE OF RESULTS OF ASSOCIATED COMPANIES	103,128	119,819	355,894	285,239
PROFIT BEFORE TAXATION	340,380	341,730	1,336,963	1,391,476
TAXATION	(50,503)	47,152	(285,467)	(234,515)
PROFIT FOR THE PERIOD/YEAR	289,877	388,882	1,051,496	1,156,961
PROFIT ATTRIBUTABLE TO:				
Owners of the Parent	307,253	409,383	1,072,304	1,232,211
Non-Controlling Interests	(17,376)	(20,501)	(20,808)	(75,250)
	289,877	388,882	1,051,496	1,156,961
EARNINGS PER 50 SEN SHARE				
Basic (Sen)	4.27	5.63	14.78	16.99
Diluted (Sen)	4.14	5.38	14.20	16.08

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

INTERIM FINANCIAL REPORT

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER CURRENT YEAR QUARTER 30.6.2013 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30.6.2012 RM'000	CUMULATIVE QUARTER 12 MONTHS ENDED 30.6.2013 30.6.2012 RM'000 RM'000	
PROFIT FOR THE PERIOD/YEAR	289,877	388,882	1,051,496	1,156,961
OTHER COMPREHENSIVE				
INCOME/(LOSS):				
AVAILABLE-FOR-SALE RESERVE	(391)	4,081	(9,146)	(5,472)
HEDGING RESERVE	(64,179)	(368,144)	167,910	(244,812)
CURRENCY TRANSLATION DIFFERENCES	117,564	227,562	(107,927)	134,311
	-----	-----	-----	-----
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD/YEAR, NET OF TAX	52,994	(136,501)	50,837	(115,973)
	-----	-----	-----	-----
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD/YEAR	342,871	252,381	1,102,333	1,040,988
	=====	=====	=====	=====
TOTAL COMPREHENSIVE INCOME				
ATTRIBUTABLE TO:				
Owners of the Parent	347,219	253,439	1,124,078	1,129,039
Non-Controlling Interests	(4,348)	(1,058)	(21,745)	(88,051)
	-----	-----	-----	-----
	342,871	252,381	1,102,333	1,040,988
	=====	=====	=====	=====

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

INTERIM FINANCIAL REPORT

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	UNAUDITED	AUDITED	AUDITED
	As at	As at	As at
	30.6.2013	30.6.2012	1.7.2011
		(Restated)	(Restated)
	RM'000	RM'000	RM'000
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	17,287,322	17,258,872	16,662,340
Intangible Assets	6,659,590	6,633,773	6,484,398
Associated Companies	1,718,840	1,524,768	1,138,020
Investments	186,596	180,857	745,976
Receivables, deposits and prepayments	693,974	507,026	42,228
Derivative Financial Instruments	7,850	3,797	2,611
	-----	-----	-----
	26,554,172	26,109,093	25,075,573
	-----	-----	-----
Current Assets			
Inventories	526,324	547,670	532,380
Receivables, Deposits and Prepayments	2,176,660	2,609,592	2,363,178
Derivative Financial Instruments	37,654	75,856	95,904
Deposits, Cash and Bank Balances	9,623,527	9,627,985	7,178,749
	-----	-----	-----
	12,364,165	12,861,103	10,170,211
	-----	-----	-----
TOTAL ASSETS	38,918,337	38,970,196	35,245,784
	=====	=====	=====
EQUITY AND LIABILITIES			
Share Capital	3,669,034	3,664,128	3,639,497
Reserves	6,719,385	5,715,552	4,815,950
Treasury Shares, at cost	(390,148)	(119,972)	(119,972)
	-----	-----	-----
Equity attributable to Owners of the Parent	9,998,271	9,259,708	8,335,475
Non-Controlling Interests	289,017	373,583	(121,980)
	-----	-----	-----
TOTAL EQUITY	10,287,288	9,633,291	8,213,495
	-----	-----	-----

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

INTERIM FINANCIAL REPORT

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION – Continued

	UNAUDITED	AUDITED	AUDITED
	As at	As at	As at
	30.6.2013	30.6.2012	1.7.2011
		(Restated)	(Restated)
	RM'000	RM'000	RM'000
LIABILITIES			
Non-Current Liabilities			
Deferred Taxation	2,184,725	2,374,003	2,482,397
Borrowings	20,918,408	13,687,972	14,615,594
Grant and Contribution	295,774	280,011	256,834
Provision For Liabilities and Charges	333,965	361,850	366,722
Derivative Financial Instruments	16,262	45,478	19,989
Payables	270,802	273,644	25,877
	-----	-----	-----
	24,019,936	17,022,958	17,767,413
	-----	-----	-----
Current Liabilities			
Payables and Accrued Expenses	2,419,768	2,472,539	2,429,015
Provision for Liabilities and Charges	870	772	20,099
Derivative Financial Instruments	61,282	284,648	94,152
Taxation	250,521	257,605	239,337
Borrowings	1,878,672	9,298,383	6,482,273
	-----	-----	-----
	4,611,113	12,313,947	9,264,876
	-----	-----	-----
TOTAL LIABILITIES	28,631,049	29,336,905	27,032,289
	-----	-----	-----
TOTAL EQUITY AND LIABILITIES	38,918,337	38,970,196	35,245,784
	=====	=====	=====
 Net Assets Per 50 Sen Share (RM)	 1.41	 1.27	 1.15
	====	====	====

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

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

INTERIM FINANCIAL REPORT

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013**

	----- Attributable to Owners of the Parent -----							
	Share Capital RM'000	Share Premium RM'000	Merger & Other Reserves RM'000	Treasury Shares RM'000	Retained Earnings RM'000	Total RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
At 1 July 2012, as restated	3,664,128	3,037,384	(3,223,816)	(119,972)	5,901,984	9,259,708	373,583	9,633,291
Profit for the year	-	-	-	-	1,072,304	1,072,304	(20,808)	1,051,496
Other comprehensive income	-	-	51,774	-	-	51,774	(937)	50,837
Total comprehensive income for the year	-	-	51,774	-	1,072,304	1,124,078	(21,745)	1,102,333
Liquidation of Subsidiary	-	-	80	-	(235)	(155)	-	(155)
Acquisition of Subsidiary	-	-	-	-	-	-	(979)	(979)
Dividends paid to Non-Controlling Interest	-	-	-	-	-	-	(61,842)	(61,842)
Issue of share capital	4,906	6,963	-	-	-	11,869	-	11,869
Dividend paid - For the year ended 30 June 2012	-	-	-	-	(68,235)	(68,235)	-	(68,235)
- For the year ended 30 June 2013	-	-	-	-	(68,261)	(68,261)	-	(68,261)
Shares repurchased	-	-	-	(270,176)	-	(270,176)	-	(270,176)
Provision for share options	-	-	9,443	-	-	9,443	-	9,443
Warrants reserves	-	981	(981)	-	-	-	-	-
At 30 June 2013	3,669,034	3,045,328	(3,163,500)	(390,148)	6,837,557	9,998,271	289,017	10,287,288

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

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

INTERIM FINANCIAL REPORT

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

	----- Attributable to Owners of the Parent -----						Non- Controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Merger & Other Reserves RM'000	Treasury Shares RM'000	Retained Earnings RM'000	Total RM'000		
At 1 July 2011	3,639,497	2,976,340	(3,083,561)	(119,972)	5,100,975	8,513,279	(121,980)	8,391,299
MFRS initial adoption adjustment	-	-	-	-	(177,804)	(177,804)	-	(177,804)
At 1 July 2011, as restated	3,639,497	2,976,340	(3,083,561)	(119,972)	4,923,171	8,335,475	(121,980)	8,213,495
Profit for the year	-	-	-	-	1,232,211	1,232,211	(75,250)	1,156,961
Other comprehensive loss	-	-	(103,172)	-	-	(103,172)	(12,801)	(115,973)
Total comprehensive income for the year	-	-	(103,172)	-	1,232,211	1,129,039	(88,051)	1,040,988
Disposal of interest in subsidiary	-	-	(19,991)	-	145,287	125,296	419,871	545,167
Acquisition of subsidiaries	-	-	-	-	-	-	5,696	5,696
Issue of share capital	24,631	60,127	(7,257)	-	-	77,501	-	77,501
Equity contribution in subsidiary by 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 ended 30 June 2012	-	-	-	-	(272,575)	(272,575)	-	(272,575)
Dividend paid to Non-Controlling Interest	-	-	-	-	-	-	(41,953)	(41,953)
Provision for share options	-	-	1,181	-	-	1,181	-	1,181
Share option lapsed	-	-	(10,099)	-	10,099	-	-	-
Warrant reserve	-	917	(917)	-	-	-	-	-
At 30 June 2012, as restated	3,664,128	3,037,384	(3,223,816)	(119,972)	5,901,984	9,259,708	373,583	9,633,291

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

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

INTERIM FINANCIAL REPORT

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013**

	CURRENT YEAR-TO-DATE 30.6.2013 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30.6.2012 RM'000
Cash flows from operating activities		
Profit for the period	1,051,496	1,156,961
Adjustment for:		
Allowance for impairment of trade receivables	71,683	47,871
Depreciation of property, plant and equipment	1,199,022	1,161,425
Fair value changes of investments	(18,968)	18,631
Gain on de-recognition of preference shares	-	(87,608)
Gain on disposal of investments	(11,397)	-
Interest expense	801,406	820,121
Interest income	(20,538)	(24,392)
Provision for retirement benefits	60,160	79,700
Provision/(write back) for liabilities and charges	1,206	(17,279)
Provision for impairment of other receivables	102,605	-
Share of results of associated companies	(355,894)	(285,239)
Taxation	285,467	234,515
Unrealised (gain)/loss on foreign exchange	(19,947)	(14,247)
Other non-cash items	(8,130)	30,546
	-----	-----
	3,138,171	3,121,005
Changes in working capital:		
Inventories	2,504	(19,038)
Payables and accrued expenses	(40,545)	491,254
Receivables, deposits and prepayments	(29,746)	(419,903)
	-----	-----
Cash generated from operations	3,070,384	3,173,318
Interest paid	(646,184)	(612,415)
Payment to retirement benefit scheme	(90,069)	(93,026)
Tax paid	(429,899)	(382,669)
	-----	-----
Net cash flow from operating activities	1,904,232	2,085,208
	-----	-----
Cash flows from investing activities		
Additional investment in associated company	(2,966)	(15,751)
Disposal of interest in subsidiary	-	545,167
Dividends received	165,413	161,611
Grants received	28,335	27,475
Interest received	28,867	19,384
Purchase of property, plant and equipment	(1,526,061)	(1,319,289)
Proceeds from disposal of investments	16,957	49,422
Other investing activities	(11,201)	6,994
	-----	-----
Net cash flow used in investing activities	(1,300,656)	(524,987)
	-----	-----

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

INTERIM FINANCIAL REPORT

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2013 -- Continued**

	CURRENT YEAR-TO-DATE 30.6.2013 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30.6.2012 RM'000
Cash flows from financing activities		
Debt financing fee	(95,418)	(7,955)
Dividends paid	(198,338)	(586,155)
Proceeds from borrowings	9,025,410	15,437,930
Proceeds from issue of shares	11,869	77,501
Repayment of borrowings	(9,038,935)	(11,957,762)
Redemption of bond	-	(2,200,000)
Repurchase of own shares	(270,176)	-
	-----	-----
Net cash flow (used in)/from financing activities	(565,588)	763,559
	-----	-----
Net changes in cash and cash equivalents	37,988	2,323,780
Effects of exchange rate changes	(38,625)	97,677
Cash and cash equivalents at beginning of the period	9,552,771	7,131,314
	-----	-----
Cash and cash equivalents at end of the period <i>[Note a]</i>	9,552,134	9,552,771
	=====	=====

[Note a]

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

	RM'000	RM'000
Fixed deposits	9,253,613	9,309,973
Cash and bank balances	369,914	318,012
Bank overdrafts (included within short term borrowings in [Note B9])	(71,393)	(75,214)
	-----	-----
	9,552,134	9,552,771
	=====	=====

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

INTERIM FINANCIAL REPORT

PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134

The interim financial report should be read in conjunction with the audited annual financial statements of the Group for the year ended 30 June 2012.

A1. Accounting Policies and Methods of Computation

The interim financial report is unaudited and has been prepared in accordance with Malaysian Financial Reporting Standard (“MFRS”) 134: “Interim Financial Reporting” and Chapter 9, part K paragraph 9.22 of the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad (“Bursa Securities”).

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

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

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

- (i) Impact of electing MFRS 1 Optional Exemption for Employee Benefit.

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

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

INTERIM FINANCIAL REPORT

Notes – continued

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

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

Reconciliation of equity arising from adoption of MFRS Framework

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

The explanatory notes contained herein provide an explanation of the events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the financial year ended 30 June 2012.

The accounting policies and methods of computation adopted by the Group in the interim financial statements are consistent with those adopted in the latest audited annual financial statements.

A2. Seasonality or Cyclicity of Operations

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

INTERIM FINANCIAL REPORT

Notes – continued

A3. Unusual Items

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

A4. Changes in Estimates of Amounts Reported

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

A5. Changes in Debt and Equity Securities

During the current financial quarter and financial year to date, 130,761 and 9,810,485 ordinary shares of RM0.50 each, respectively were issued pursuant to the exercise of Warrants 2008/2018 at a weighted average exercise price of RM1.21 per share.

There was no share issued pursuant to the exercise of employees' share options granted under the Company's Employees Share Option Scheme during the current financial quarter and financial year to date.

A total of 158,473,200 and 179,096,700 ordinary shares of RM0.50 each were repurchased from the open market for a total consideration of RM240,115,400 and RM270,175,536 respectively for the current financial quarter and financial year to date. The share buyback transactions were financed by internally generated funds. The shares purchased are being held as treasury shares. As at 30 June 2013, the number of treasury shares held were 235,821,645 ordinary shares of RM0.50 each.

Medium Term Notes of the Company and its subsidiary company amounting to RM615.5 million in total was fully settled during the current financial year to date.

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

On 25 March 2013 and 14 June 2013, the Company issued Medium Term Notes of RM1 billion and RM100 million due on 24 March 2023 and 14 June 2028 at a coupon rate of 4.49% per annum and 4.618% per annum, respectively. The net proceeds of the issuance will be utilised for refinancing borrowings and for general corporate purposes.

The outstanding debts are as disclosed in Note B9.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

INTERIM FINANCIAL REPORT

Notes – continued

A6. Dividends Paid

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

- (i) A fourth interim tax exempt dividend of 1.875% or 0.9375 sen per ordinary share of 50 sen each amounting to RM68,234,840 in respect of the financial year ended 30 June 2012 was paid on 31 October 2012.
- (ii) An interim tax exempt dividend of 1.875% or 0.9375 sen per ordinary share of 50 sen each amounting to RM68,260,942 in respect of the financial year ended 30 June 2013 was paid on 15 January 2013.

A7. Segment Information

The Group has five reportable segments as described below:

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

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

Segment information for the financial year ended 30 June 2013:

	Power generation (Contracted) RM'000	Multi utilities business (Merchant) RM'000	Water & sewerage RM'000	Mobile broadband network RM'000	Investment holding activities RM'000	Group RM'000
External Revenue	1,118,904	11,654,828	2,507,191	445,833	89,095	15,815,851
Inter-segment Revenue	-	-	-	1,831	102,893	104,724
Segment profit / (loss) before tax	177,788	727,969	671,774	(269,093)	28,525	1,336,963

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

INTERIM FINANCIAL REPORT

Notes – continued

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 activities RM'000	Group RM'000
External Revenue	1,155,417	11,999,044	2,396,160	221,380	98,342	15,870,343
Inter-segment Revenue	3,691	-	-	1,596	137,338	142,625
Segment profit/ (loss) before tax	288,167	726,259	597,201	(307,687)	87,536	1,391,476

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 24 October 2012, YTL Power Investments Limited (“YTL Power Investments”), an indirect wholly-owned subsidiary of the Company incorporated in the Cayman Islands, disposed of all its shares in Swiss Water System AG (“SWS”) comprising 22,650 shares with a par value of CHF100, representing 58.98% of the issued and paid-up share capital of SWS for EUR1.00 in cash (“Disposal”). As a result of the Disposal, SWS ceased to be a subsidiary of YTL Power Investments and an indirect subsidiary of the Company.

SWS was incorporated in Zurich, Switzerland on 30 January 2004. As at date of the Disposal, SWS was inactive and had a share capital of CHF3,840,000 comprising 38,400 shares of the par value of CHF100 each.

- (ii) On 26 October 2012, Frogtrade Limited (“Frogtrade”), a 57.58%-owned subsidiary of YTL Power Investments entered into an agreement with three sellers for the acquisition of a total 1,020 ordinary shares of 5 pence each in the capital of I Education Limited (“I Education”), representing 51% of the issued and paid-up share capital of I Education, for a total consideration of GBP1,020,000 in cash.

INTERIM FINANCIAL REPORT

Notes – continued

The acquisition was completed on 26 October 2012 and the shares were registered in the name of Frogtrade on 23 November 2012. As a result, I Education became a subsidiary of Frogtrade and indirect subsidiary of the Company. Concurrently with the acquisition, Pagabo Limited (“Pagabo”), a wholly-owned subsidiary of I Education, became an indirect subsidiary of Frogtrade and the Company.

I Education and Pagabo were incorporated in England & Wales on 12 March 2007 and 5 January 2010. I Education is principally involved in the business of providing internet services, including the development and provision of educational software whilst Pagabo ceased its business after the acquisition.

- (iii) On 19 November 2012, the Company acquired 1 ordinary share of the par value GBP1 representing the entire issued and paid-up share capital of YTL Infrastructure Limited (“YTL Infrastructure”) at GBP1 in cash. As a result, YTL Infrastructure became a wholly-owned subsidiary of the Company.

Concurrently with the acquisition, YTL Infrastructure acquired the entire issued and paid-up share capital of Sword Holdings Limited (“Sword Holdings”) comprising 1 ordinary share at par value of GBP1. As a result, Sword Holdings became an indirect subsidiary of the Company.

YTL Infrastructure and Sword Holdings were incorporated on 19 November 2012 in the Cayman Islands, each with an authorised share capital of GBP30,000 comprising 30,000 shares of GBP1 each. YTL Infrastructure and Sword Holdings will be principally involved in investment holding.

- (iv) Sword Bidco Limited (“Sword Bidco”) and Sword Bidco (Holdings) Limited (“Sword Bidco Holdings”) were incorporated on 30 November 2012 and 6 December 2012, respectively, in England and Wales, each with an issued share capital of GBP1.00 comprising 1 ordinary share of the nominal value of GBP1.00 held by Sword Holdings. As a result, Sword Bidco and Sword Bidco Holdings became indirect wholly-owned subsidiaries of the Company.

Sword Bidco and Sword Bidco Holdings will be principally involved in investment holding.

- (v) On 14 December 2012, Sword Midco Limited (“Sword Midco”) was incorporated in England and Wales as a wholly-owned subsidiary of Sword Bidco Holdings. As a result, Sword Midco became an indirect wholly-owned subsidiary of the Company.

On 17 December 2012, Sword Holdings transferred its one ordinary share of the nominal value of GBP1 in Sword Bidco, representing the entire issued share capital of Sword Bidco, to Sword Midco for GBP1. As a result, Sword Bidco became a direct subsidiary of Sword Midco and remained an indirect subsidiary of the Company.

Sword Midco was incorporated with an issued share capital of GBP1 comprising 1 ordinary share of the nominal value of GBP1. Sword Midco will be principally involved in investment holding.

INTERIM FINANCIAL REPORT

Notes – continued

- (vi) On 12 April 2013, YTL-CPI Power Limited (“YTL-CPI”), a 51%-owned subsidiary of the Company, was dissolved following its deregistration under Section 291AA of the Companies Ordinance, Cap 32 of Hong Kong (“Dissolution”). As a result of the Dissolution, YTL-CPI has ceased to be a subsidiary of the Company.

YTL-CPI was incorporated in Hong Kong and has been dormant since its incorporation.

- (vii) On 12 April 2013, YTL Infrastructure Limited, acquired 1 ordinary share of the par value USD1 representing the entire issued and paid-up share capital of YTL Power (Thailand) Limited (“YTL Power Thailand”) at USD1 in cash. As a result, YTL Power Thailand became an indirect wholly-owned subsidiary of the Company.

YTL Power Thailand was incorporated in the Cayman Islands with an authorized share capital of USD50,000 comprising 50,000 shares of USD1 each. YTL Power Thailand will be principally involved in investment holding.

- (viii) On 15 April 2013, Enterprise Laundry Services Limited (“Enterprise Laundry Services”) was incorporated in England and Wales as a wholly-owned subsidiary of Wessex Water Enterprises Limited (an indirect wholly-owned subsidiary of the Company). As a result, Enterprise Laundry Services became an indirect wholly-owned subsidiary of the Company.

Enterprise Laundry Services was incorporated with an issued share capital of GBP100 comprising 100 ordinary shares of nominal value of GBP1 each. Enterprise Laundry Services is intended to be principally involved in the provision of laundry services.

- (ix) On 7 May 2013, Water 2 Business Limited (“Water 2 Business”) was incorporated in England and Wales as a wholly-owned subsidiary of Wessex Water Limited (an indirect wholly-owned subsidiary of the Company). As a result, Water 2 Business became an indirect wholly-owned subsidiary of the Company.

Water 2 Business was incorporated with an issued share capital of GBP100 comprising 100 ordinary shares of the nominal value of GBP1 each. Water 2 Business is intended to be a licenced water supplier, providing retail water services to business customers.

A10. Changes in Contingent Liabilities

There were no material changes in the contingent liabilities of the Group since the last financial year ended 30 June 2012 except for an additional corporate guarantee which was given by the Company to a financial institution for revolving credit facility of RM300 million granted to a subsidiary.

INTERIM FINANCIAL REPORT

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

B1. Review of the Results

The comparison of the results is tabulated below:

	Individual Quarter		Cumulative Quarter	
	30.6.2013	30.6.2012	30.6.2013	30.6.2012
	RM'000	RM'000	RM'000	RM'000
Revenue				
Power generation (Contracted)	280,829	277,041	1,118,904	1,155,417
Multi utilities business (Merchant)	2,837,046	3,156,329	11,654,828	11,999,044
Water & sewerage	638,953	636,272	2,507,191	2,396,160
Mobile broadband network	107,702	65,804	445,833	221,380
Investment holding Activities	21,067	22,318	89,095	98,342
	<u>3,885,597</u>	<u>4,157,764</u>	<u>15,815,851</u>	<u>15,870,343</u>
Profit/(Loss) before taxation				
Power generation (Contracted)	26,635	29,235	177,788	288,167
Multi utilities business (Merchant)	220,452	78,321	727,969	726,259
Water & sewerage	165,168	135,650	671,774	597,201
Mobile broadband network	(76,240)	(93,398)	(269,093)	(307,687)
Investment holding Activities	4,365	191,922	28,525	87,536
	<u>340,380</u>	<u>341,730</u>	<u>1,336,963</u>	<u>1,391,476</u>

a) Current Quarter vs Preceding Year Corresponding Quarter

Group revenue was RM3,885.6 million for the current financial quarter ended 30 June 2013 as compared to RM4,157.8 million recorded in the preceding year corresponding quarter ended 30 June 2012. The Group profit before taxation for the current financial quarter was RM340.4 million, a decrease of RM1.3 million as compared to RM341.7 million recorded in the preceding year corresponding quarter.

Performance of the respective operating business segments for the quarter ended 30 June 2013 as compared to the preceding corresponding quarter is analysed as follows:

Power generation (Contracted)

The decrease in profit before taxation was principally due to provision for impairment of other receivables partially off-set by lower depreciation provision in the current quarter.

INTERIM FINANCIAL REPORT

Notes – continued

Multi utilities business (Merchant)

The lower revenue is principally due to lower fuel oil price in the trading revenue. The higher profit before taxation is mainly due to improved margin on electricity sales and tank leasing and lower operating expenses recorded during the quarter as compared to the preceding year corresponding quarter.

Water & sewerage

The increase in revenue and profit before taxation are due to the increase in price as allowed by the regulator.

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 attributed to the high fixed operating cost incurred.

Investment holding activities

In the preceding year corresponding quarter, the profit before taxation was boosted by a one off gain on derecognition of financial assets and gain on acquisition of associate amounted to RM156 million.

b) Current Year to date vs Preceding Year to date

Group revenue was RM15,815.9 million for the current financial year ended 30 June 2013 as compared to RM15,870.3 million recorded in the preceding year ended 30 June 2012. The Group profit before taxation for the current financial year was RM1,337.0 million, a decrease of RM54.5 million or 3.9% as compared to RM1,391.5 million recorded in the preceding year.

Performance of the respective operating business segments for the year ended 30 June 2013 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:

Mobile broadband network

The increase in subscriber base has cushioned the loss incurred to date, resulting in lower losses as compared to preceding year.

Power generation (Contracted)

The decrease in profit before taxation was principally due to provision for impairment of other receivables.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

INTERIM FINANCIAL REPORT

Notes – continued

B2. Comparison with Preceding Quarter

	Current Quarter 30.6.2013 RM'000	Preceding Quarter 31.3.2013 RM'000
Revenue	3,885,597	3,652,547
Consolidated profit before taxation	340,380	336,569
Consolidated profit after taxation	289,877	257,822

The increase in Group profit before taxation as compared to the preceding quarter was principally attributable to higher profit recorded by Multi utilities business (Merchant) segment.

B3. Prospects

Power generation (Contracted)

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

Multi utilities business (Merchant)

The increase in generation capacity into the electricity market of Singapore would add pressure to both margin and sales volume for the current financial year. Nevertheless, this segment would continue to strive to diversify beyond their core business into integrated multi-utilities energy platform with focus on customer service.

Water & sewerage

The Company operates under strict regulatory regime and has met all of its regulatory targets and is top of the regulator's league table for customer service. Hence, the management is confident of delivering its 2010-15 regulatory outperformance target. The Company has a long term planning horizon to ensure that water resources are going to be available in the future.

Mobile broadband network

Despite the challenging market in the telecommunications industry, this business segment is expected to continuously grow its subscriber base to generate higher revenue by introducing improved and innovative services to the market.

B4. Profit Forecast

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

B5. Audit Report of the preceding financial year ended 30 June 2012

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

INTERIM FINANCIAL REPORT

Notes – continued

B6. Profit for the period/year

	Current Year Quarter 30.6.2013 RM'000	Current Year To Date 30.6.2013 RM'000
Profit before taxation is stated after charging/(crediting):		
Allowance for impairment of trade receivables (net of reversal)	30,607	71,683
Allowance for inventories obsolescence	306	5,175
Amortisation of grant	(2,865)	(11,335)
Depreciation of property, plant and equipment	264,418	1,199,022
Dividends income	-	(81)
Gain on disposal of property, plant and equipment	(12,634)	(18,721)
Gain on disposal of investments	-	(11,397)
Gain on derivatives	(2,285)	(25,426)
Interest income	(4,224)	(20,538)
Interest expense	217,767	801,406
Loss/(gain) on foreign exchange	36,161	(19,947)
Provision for impairment of other receivables	56,605	102,605
Provision for fuel cost	527	12,849
Rental income	(42)	(152)
	=====	=====

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

B7. Taxation

	Current Year Quarter 30.6.2013 RM'000	Current Year To Date 30.6.2013 RM'000
In respect of current period/year		
- Income Tax	96,361	433,850
- Deferred Tax	(45,858)	(148,383)
	-----	-----
	50,503	285,467
	=====	=====

The lower effective tax rate of the Group as compared to the Malaysian statutory income tax rate for the current financial quarter and financial year to date is mainly attributable to lower tax rate applicable in the foreign subsidiaries.

INTERIM FINANCIAL REPORT

Notes – continued

B8. Corporate Proposals

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

B9. Group Borrowings and Debt Securities

The Group's borrowings from financial institutions as at 30 June 2013 are as follows:

	Short term		Long term		Total RM'000
	Bonds RM'000	Borrowings RM'000	Bonds RM'000	Borrowings RM'000	
Secured	-	2,197	-	1,296	3,493
Unsecured	850,000	1,026,475	11,457,982	9,459,130	22,793,587
	-----	-----	-----	-----	-----
Total	850,000	1,028,672	11,457,982	9,460,426	22,797,080
	=====	=====	=====	=====	=====

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

In US Dollar ('000)	397,396
	=====
In Sterling Pound ('000)	1,912,433
	=====
In Singapore Dollar ('000)	2,569,226
	=====

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

- USD200 million term loan due on 17 December 2015.
- USD200 million term loan due on 30 June 2015.
- RM300 million revolving credit due on 20 September 2013.
- RM200 million revolving credit due on 20 September 2013.
- RM200 million revolving credit due on 29 August 2013.
- RM200 million revolving credit due on 2 September 2013.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

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 2013, the Group's outstanding derivatives are as follows:

Type of Derivatives	Contract/Notional Value RM'000	Fair Value RM'000
<u>Fuel oil swaps</u>		
- Less than 1 year	1,877,875	1,836,623
- 1 year to 3 years	388,066	375,660
<u>Currency forwards</u>		
- Less than 1 year	1,666,768	1,693,925
- 1 year to 3 years	398,195	405,309
<u>Interest rate swaps</u>		
- 1 year to 3 years	431,922	419,269

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.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

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 year ended 30 June 2013 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 30.6.2013	Current year to date 12 months to 30.6.2013
			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/ (unfavourably) against the Group	942	(13,521)
Fuel oil swap	Fuel oil price differential between the contracted price and the market forward price	Fuel oil price differential between the contracted price and the market forward price which have moved in favour of the Group	73,333	330,761
Total			74,275	317,240

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

INTERIM FINANCIAL REPORT

Notes – continued

(c) Realised and Unrealised Profits or Losses

	As at 30.6.2013 RM'000	Audited As at 30.06.2012 (Restated) RM'000
Retained earnings/(Accumulated losses) of the Company and its subsidiaries		
- Realised	7,530,278	6,764,755
- Unrealised	(1,601,188)	(1,590,197)
	----- 5,929,090	----- 5,174,558
Retained earnings/(Accumulated losses) from associated companies		
- Realised	642,907	516,005
- Unrealised	(100,098)	(41,533)
	----- 542,809	----- 474,472
Consolidated adjustments	----- 365,658	----- 252,954
Total Group retained earnings as per consolidated accounts	----- 6,837,557	----- 5,901,984

B11. Pending Material Litigation

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

B12. Dividend

No dividend has been declared for the current financial quarter.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

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 30.6.2013	Preceding Year Corresponding Quarter 30.6.2012
Profit attributable to Owners of the Parent (RM'000)	307,253 =====	409,383 =====
Weighted average number of ordinary shares ('000)	7,191,265 =====	7,270,094 =====
Basic earnings per share (Sen)	4.27 =====	5.63 =====

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

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 30.6.2013	Preceding Year Corresponding Quarter 30.6.2012
Profit attributable to Owners of the Parent (RM'000)	307,253 =====	409,383 =====
<i>Weighted average number of ordinary shares ('000) – diluted</i>		
Weighted average number of ordinary shares ('000) – basic	7,191,265	7,270,094
Effect of unexercised Warrants 2008/2018	231,612	323,815
Effect of unexercised ESOS	-	12,104
	----- 7,422,877 =====	----- 7,606,013 =====
Diluted earnings per share (Sen)	4.14 =====	5.38 =====

* *Total cash expected to be received in the event of an exercise of all outstanding warrants and ESOS is RM1,624.0 million. Accordingly, the Net Asset (NA) on a pro forma basis will increase by RM1,624.0 million resulting in a decrease in NA per share of RM0.03. In arriving at the Diluted earnings per share, NA and NA per share, no income has been accrued for the cash proceeds.*

By Order of the Board
HO SAY KENG
Secretary

Kuala Lumpur
Dated: 22 August 2013