

YTL POWER INTERNATIONAL BERHAD

Company No. 406684-H

Incorporated in Malaysia

Interim Financial Report
30 September 2010

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**Interim Financial Report
30 September 2010**

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INTERIM FINANCIAL REPORT

Interim financial report on consolidated results for the quarter ended 30 September 2010.

The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER PRECEDING		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	YEAR CORRESPONDING QUARTER	3 MONTHS ENDED	
	30.9.2010 RM'000	30.9.2009 RM'000	30.9.2010 RM'000	30.9.2009 RM'000
REVENUE	3,484,279	3,203,722	3,484,279	3,203,722
COST OF SALES	(2,891,506)	(2,634,463)	(2,891,506)	(2,634,463)
GROSS PROFIT	592,773	569,259	592,773	569,259
OTHER OPERATING EXPENSES	(107,502)	(105,967)	(107,502)	(105,967)
OTHER OPERATING INCOME	48,044	43,848	48,044	43,848
PROFIT FROM OPERATIONS	533,315	507,140	533,315	507,140
FINANCE COSTS	(200,970)	(241,964)	(200,970)	(241,964)
SHARE OF RESULTS OF ASSOCIATED COMPANIES	49,566	53,748	49,566	53,748
PROFIT BEFORE TAXATION	381,911	318,924	381,911	318,924
TAXATION	(112,151)	(87,953)	(112,151)	(87,953)
PROFIT FOR THE PERIOD	269,760	230,971	269,760	230,971
PROFIT ATTRIBUTABLE TO:				
Owners of the Parent	272,908	231,097	272,908	231,097
Non-Controlling Interests	(3,148)	(126)	(3,148)	(126)
	269,760	230,971	269,760	230,971
EARNINGS PER 50 SEN SHARE				
Basic (Sen)	3.79	3.93	3.79	3.93
Diluted (Sen)	3.50	3.28	3.50	3.28

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.

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER PRECEDING		CUMULATIVE QUARTER	
	CURRENT YEAR CORRESPONDING	YEAR CORRESPONDING	3 MONTHS ENDED	
	QUARTER 30.9.2010 RM'000	QUARTER 30.9.2009 RM'000	30.9.2010 RM'000	30.9.2009 RM'000
PROFIT FOR THE PERIOD	269,760	230,971	269,760	230,971
OTHER COMPREHENSIVE INCOME:				
INCREASE IN AVAILABLE- FOR-SALE FINANCIAL ASSETS	16,644	-	16,644	-
INCREASE IN CASH FLOW HEDGE	13,703	-	13,703	-
CURRENCY TRANSLATION DIFFERENCES	151,039	(57,872)	151,039	(57,872)
	-----	-----	-----	-----
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	181,386	(57,872)	181,386	(57,872)
	-----	-----	-----	-----
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	451,146	173,099	451,146	173,099
	=====	=====	=====	=====
TOTAL COMPREHENSIVE INCOME				
ATTRIBUTABLE TO:				
Owners of the Parent	454,293	173,225	454,293	173,225
Non-Controlling Interests	(3,147)	(126)	(3,147)	(126)
	-----	-----	-----	-----
	451,146	173,099	451,146	173,099
	=====	=====	=====	=====

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.

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	UNAUDITED	AUDITED
	As at	As at
	30.09.2010	30.06.2010
	RM'000	RM'000
		RESTATED
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	16,207,313	16,018,630
Intangible Assets	6,197,906	6,148,646
Investment in Associated Companies	961,604	992,907
Investments	-	694,300
Available-for-Sale Financial Assets	849,817	-
Prepayments and Others	52,195	60,066
	-----	-----
	24,268,835	23,914,549
	-----	-----
Current Assets		
Inventories	723,172	593,041
Receivables, Deposits and Prepayments	1,980,440	1,989,459
Derivative Financial Instruments	33,728	1,949
Short Term Investments	48,717	48,393
Deposits, Cash and Bank Balances	7,846,501	7,371,542
	-----	-----
	10,632,558	10,004,384
	-----	-----
TOTAL ASSETS	34,901,393	33,918,933
	=====	=====
EQUITY AND LIABILITIES		
Share Capital	3,626,060	3,623,273
Reserves	4,148,869	3,706,760
Treasury Shares, at cost	(119,969)	(119,967)
	-----	-----
Equity attributable to Owners of the Parent	7,654,960	7,210,066
Non-Controlling Interests	(3,147)	-*
	-----	-----
TOTAL EQUITY	7,651,813	7,210,066
	-----	-----

* Non-Controlling Interests denotes 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.

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION – Continued

	UNAUDITED	AUDITED
	As at	As at
	30.09.2010	30.06.2010
	RM'000	RM'000
		RESTATED
LIABILITIES		
Non-Current Liabilities		
Deferred Taxation	2,634,640	2,633,592
Bonds	7,739,017	7,740,168
Borrowings	11,842,257	11,041,891
Deferred Income	228,695	218,140
Provision for Liabilities and Charges	190,953	185,866
Payables	5,290	5,932
	-----	-----
	22,640,852	21,825,589
	-----	-----
Current Liabilities		
Payables and Accrued Expenses	2,172,575	2,296,270
Provision for Liabilities and Charges	21,066	20,660
Derivative Financial Instruments	120,024	23,749
Taxation	166,459	142,299
Bonds	-	813,470
Borrowings	2,128,604	1,586,830
	-----	-----
	4,608,728	4,883,278
	-----	-----
TOTAL LIABILITIES	27,249,580	26,708,867
	-----	-----
TOTAL EQUITY AND LIABILITIES	34,901,393	33,918,933
	=====	=====
 Net Assets Per 50 Sen Share (RM)	 1.06	 1.00
	===	===

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)

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 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 Interest 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 FRS 139	-	-	(22,059)	-	4,042	(18,017)	-	(18,017)
At 1 July 2010, as restated	3,623,273	2,942,668	(3,716,168)	(119,967)	4,462,243	7,192,049	-	7,192,049
Profit/(Loss) for the period	-	-	-	-	272,908	272,908	(3,148)	269,760
Other comprehensive income	-	-	181,385	-	-	181,385	1	181,386
Total comprehensive income/(loss) for the period	-	-	181,385	-	272,908	454,293	(3,147)	451,143
Shares repurchased	-	-	-	(2)	-	(2)	-	(2)
Issue of share capital	2,787	4,370	-	-	-	7,157	-	7,157
Provision for share options	-	-	1,463	-	-	1,463	-	1,463
Warrant reserve	-	426	(426)	-	-	-	-	-
At 30 September 2010	3,626,060	2,947,464	(3,533,746)	(119,969)	4,735,151	7,654,960	(3,147)	7,651,813

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 PERIOD ENDED 30 SEPTEMBER 2009**

	----- 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 Interest 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 period	-	-	-	-	231,097	231,097	(126)	230,971
Other comprehensive income	-	-	(57,872)	-	-	(57,872)	-	(57,872)
Total comprehensive income/(loss) for the period	-	-	(57,872)	-	231,097	173,225	(126)	173,099
Shares repurchased	-	-	-	(45)	-	(45)	-	(45)
Issue of share capital	26,146	36,465	-	-	-	62,611	-	62,611
Provision for share options	-	-	1,954	-	-	1,954	-	1,954
Warrant reserve	-	1,573	(1,573)	-	-	-	-	-
At 30 September 2009	2,981,286	1,812,853	(2,720,569)	(119,855)	4,385,954	6,339,669	-*	6,339,669

* Non-Controlling Interest denotes RM1.

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.

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2010**

	CURRENT YEAR-TO-DATE 30.09.2010	PRECEDING YEAR CORRESPONDING PERIOD 30.09.2009
	RM'000	RM'000
Net cash generated from operating activities	638,024	702,790
	=====	=====
Net cash used in investing activities	(508,232)	(296,175)
	=====	=====
Net cash generated from/(used in) financing activities	374,859	(126,416)
	=====	=====
Net changes in cash and cash equivalents	504,651	280,199
Cash and cash equivalents at beginning of the period	7,326,721	5,906,751
	-----	-----
Cash and cash equivalents at end of the period <i>[Note a]</i>	7,831,372	6,186,950
	=====	=====

[Note a]

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

	RM'000	RM'000
Fixed deposits	7,503,681	5,866,048
Cash and bank balances	342,820	370,863
Bank overdrafts (included within short term borrowings in [Note B10])	(15,129)	(49,961)
	-----	-----
	7,831,372	6,186,950
	=====	=====

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:

FRS 101(revised): Presentation of Financial Statements

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.

FRS 7 Financial Instruments: Disclosures

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.

Amendment to FRS 117 Leases

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. The reclassification has been accounted for retrospectively in accordance with the transitional provision and comparative balances have been restated.

INTERIM FINANCIAL REPORT

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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 derecognised or through the amortisation process.

INTERIM FINANCIAL REPORT

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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.

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INTERIM FINANCIAL REPORT

Notes – continued

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	Effect on adoption of amendment to FRS 117	Effect on adoption of FRS 139	As Restated
	RM'000	RM'000	RM'000	RM'000
<u>Non-current Assets</u>				
Property, plant & equipment	15,955,022	63,608	-	16,018,630
Prepaid lease payment	63,608	(63,608)	-	-
Available-for-sale financial assets	-	-	740,911	740,911
Investments	694,300	-	(694,300)	-
Derivative financial instruments	-	-	1,684	1,684
<u>Current Assets</u>				
Derivative financial instruments	1,949	-	35,117	37,066
Receivables, deposits and prepayments	698,746	-	(11,952)	686,794
<u>Non-current liabilities</u>				
Bonds	7,740,168	-	(4,387)	7,735,781
Derivative financial instruments	-	-	16,806	16,806
<u>Current liabilities</u>				
Payables and accrued expenses	1,837,199	-	(876)	1,836,323
Derivative financial instruments	23,749	-	77,934	101,683
Bonds	813,470	-	-	813,470
<u>Reserves</u>				
Merger & other reserves	(3,694,109)	-	(22,059)	(3,716,168)
Retained earnings	4,458,206	-	4,042	4,462,248

A2. Seasonality or Cyclicity 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.

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.

INTERIM FINANCIAL REPORT

Notes – continued

A5. Changes in Debt and Equity Securities

The numbers of ordinary shares issued during the current financial quarter and financial year to date pursuant to the exercise of Warrants 2008/2018 were 4,262,920 at a weighted average exercise price of RM1.21 per share.

During the current financial quarter, 1,310,500 ordinary shares was issued pursuant to the exercise of employees' share options granted under the Company's Employees Share Option Scheme (ESOS) at a weighted average exercise price of RM1.59 per share.

A total of 1,000 ordinary shares were repurchased from the open market for a total consideration of RM2,334 for the current financial quarter 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 September 2010, the number of treasury shares held were 56,723,745 ordinary shares.

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

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 during the current financial quarter on 15 July 2010.

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.

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INTERIM FINANCIAL REPORT

Notes – continued

Segment information for the period ended 30 September 2010:

30 Sept 2010	Power generation (Contracted)	Multi utilities business (Merchant)	Water & Sewerage	Mobile broadband network	Investment holding & other businesses	Group
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External Revenue	276,378	2,624,047	557,947	-	25,907	3,484,279
Inter-segment Revenue	-	-	-	-	183,933	183,933
Segment profit / (loss) before tax	72,582	186,191	145,425	(7,851)	(14,436)	381,911

Segment information for the period ended 30 September 2009:

30 Sept 2009	Power generation (Contracted)	Multi utilities business (Merchant)	Water & Sewerage	Mobile broadband network	Investment holding & other businesses	Group
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External Revenue	287,097	2,227,586	663,186	-	25,853	3,203,722
Inter-segment Revenue	-	-	-	-	135,333	135,333
Segment profit/ (loss) before tax	82,909	59,863	159,018	(792)	17,926	318,924

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.

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Notes – continued

A9. Changes in the Composition of the Group

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

On 16 November 2010, YTL Utilities Limited (“YTL Utilities”), a wholly-owned subsidiary of the Company, has acquired 1 ordinary share of par value USD1.00 in YTL Jordan Energy Limited at par value (“the Acquisition”). As a result of the Acquisition, YTL Jordan Energy Limited has become a wholly-owned subsidiary of YTL Utilities and an indirect subsidiary of YTL Power.

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.

A10. Changes in Contingent Liabilities

There were no material changes in the contingent liabilities or the contingent assets of the Group since the last financial year ended 30 June 2010.

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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 RM3,484.3 million for the current quarter ended 30 September 2010 as compared to RM3,203.7 million recorded in the preceding year corresponding quarter ended 30 September 2009. This represents an increase of RM280.6 million or 8.8% over the preceding year corresponding quarter ended 30 September 2009. The Group profit before taxation for the current quarter ended 30 September 2010 was RM381.9 million, an increase of RM63.0 million or 19.7% as compared to the preceding year corresponding quarter ended 30 September 2009. The Group net profit after taxation for the current quarter was RM269.8 million as compared to RM231.0 million in the preceding year corresponding quarter, an increase of RM38.8 million or 16.8%. These increases were attributable to better performance in multi utilities business (merchant) segment of the Group.

B2. Comparison with Preceding Quarter

	Current Quarter 30.09.2010 RM'000	Preceding Quarter 30.06.2010 RM'000
Revenue	3,484,279	3,753,395
Consolidated profit before taxation	381,911	618,773
Consolidated profit after taxation	269,760	425,750

The decrease in Group profit before taxation and Group profit after taxation as compared to the preceding quarter were principally due to lower contribution from the business segments of the Group and currency translation arising from the strengthening of Ringgit Malaysia.

B3. Prospects

The Group is expected to perform satisfactorily for the financial year ending 30 June 2011.

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 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 30.09.2010 RM'000	Current Year To Date 30.09.2010 RM'000
In respect of current period/year		
- Income Tax	94,397	94,397
- Deferred Tax	17,754	17,754
	-----	-----
	112,151	112,151
	=====	=====

The provision for taxation for the current quarter and current year to date reflects an effective rate higher than the average Statutory Income Tax Rate primarily due to certain expenses not deductible for tax purposes.

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 reporting quarter are:

	RM'000
Cost	103,281
Carrying value	166,529
Market/Fair value	166,529
	=====

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Notes – continued

B9. Corporate Proposals

Save for the following, there are no other corporate proposals announced by the Company which are not completed as at the date of this report:

On 15 October 2010, the Company announced the proposed establishment and implementation of a new employees share option scheme (“ESOS”) for the eligible employees and directors of the Company and/or its subsidiaries (collectively referred to as the “Proposed 2010 Scheme”) in place of the existing ESOS scheme of the Company which will be expiring on 30 November 2011.

Bursa Securities has in its letter dated 29 October 2010 approved the listing of and quotation for such number of additional new ordinary shares of RM0.50 each, representing up to 15% of the issued and paid-up ordinary share capital of the Company, to be issued upon the exercise of the options under the Proposed 2010 Scheme.

The Proposed 2010 Scheme is subject to the approval of the Company’s shareholders at an Extraordinary General Meeting to be held on 30 November 2010.

B10. Group Borrowings and Debt Securities

The Group’s borrowings from financial institutions as at 30 September 2010 are as follows:

	Short term RM’000	Long term RM’000	Total RM’000
Secured	-	4,395,801	4,395,801
Unsecured	2,128,604	15,185,473	17,314,077
	-----	-----	-----
	2,128,604	19,581,274	21,709,878
	=====	=====	=====

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

In US Dollar (’000)	586,152
	=====
In Sterling Pound (’000)	1,596,771
	=====
In Singapore Dollar (’000)	2,675,182
	=====

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) USD190 million term loan due on 29 January 2011.
- 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. Derivatives Financial Instruments

As at 30 September 2010, 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	933,869	957,749
- 1 year to 3 years	26,345	27,291
<u>Currency forwards</u>		
- Less than 1 year	1,242,303	1,188,447
- 1 year to 3 years	58,815	57,178
<u>Interest rate swaps</u>		
- Less than 1 year	457,119	455,962
- More than 3 years	586,050	555,008

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 acquisition of subsidiaries and for 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.

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 first interim single tier dividend of 7.5% or 3.75 sen per ordinary share of 50 sen each for the financial year ending 30 June 2011.

The book closure and payment dates in respect of the aforesaid dividend are 6 January 2011 and 21 January 2011 respectively.

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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 financial quarter by the weighted average number of ordinary shares in issue during the financial quarter as set out below:

	Current Year Quarter 30.09.2010	Preceding Year Corresponding Quarter 30.09.2009
Profit attributable to Owners of the Parent (RM'000)	272,908 =====	231,097 =====
Weighted average number of ordinary shares ('000)	7,191,931 =====	5,876,160 =====
Basic earnings per share (Sen)	3.79 =====	3.93 =====

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INTERIM FINANCIAL REPORT

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 financial quarter by the weighted average number of ordinary shares in issue during the financial quarter. For the preceding year corresponding quarter, the diluted earnings per share of the Group has been computed by dividing the adjusted profit attributable to Owners of the Parent for the financial quarter by the weighted average number of ordinary shares in issue during the financial quarter after assuming exchange of USD184.4 million Zero Coupon Guaranteed Exchangeable Bonds as set out below:

	Current Year Quarter 30.09.2010	Preceding Year Corresponding Quarter 30.09.2009
Profit/Adjusted Profit attributable to Owners of the Parents (RM'000)	272,908 =====	236,372 =====
<i>Weighted average number of ordinary shares ('000) – diluted</i>		
Weighted average number of ordinary shares ('000) – basic	7,191,931	5,876,160
Effect of unexercised warrants 2000/2010	-	364,273
Effect of unexercised warrants 2008/2018	562,324	573,677
Effect of unexercised ESOS	32,501	29,672
Assumed exchange of Zero Coupon Bonds	-	361,196
	----- 7,786,756 =====	----- 7,204,978 =====
Diluted earnings per share (Sen)	3.50 =====	3.28 =====

* *Total cash expected to be received in the event of an exercise of all outstanding warrants and ESOS options is RM1,714.0 million. Accordingly, the Net Asset (NA) on a pro forma basis will increase by RM1,714.0 million resulting in an increase in NA per share of RM0.04. 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 November 2010