

YTL POWER INTERNATIONAL BERHAD

Company No. 406684-H

Incorporated in Malaysia

Interim Financial Report
31 March 2013

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INTERIM FINANCIAL REPORT

Interim financial report on consolidated results for the financial period ended 31 March 2013.

The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER CURRENT YEAR QUARTER 31.3.2013 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31.3.2012 RM'000	CUMULATIVE QUARTER 9 MONTHS ENDED	
			31.3.2013 RM'000	31.3.2012 RM'000
REVENUE	3,652,547	3,985,417	11,930,254	11,712,579
COST OF SALES	(3,060,146)	(3,383,665)	(10,314,866)	(9,900,551)
GROSS PROFIT	592,401	601,752	1,615,388	1,812,028
OTHER OPERATING EXPENSES	(150,884)	(114,126)	(393,358)	(335,879)
OTHER OPERATING INCOME	186	9,055	105,426	27,720
PROFIT FROM OPERATIONS	441,703	496,681	1,327,456	1,503,869
FINANCE COSTS	(186,157)	(195,376)	(583,639)	(619,543)
SHARE OF RESULTS OF ASSOCIATED COMPANIES	81,023	50,595	252,766	165,420
PROFIT BEFORE TAXATION	336,569	351,900	996,583	1,049,746
TAXATION	(78,747)	(81,003)	(234,964)	(281,667)
PROFIT FOR THE PERIOD	257,822	270,897	761,619	768,079
PROFIT ATTRIBUTABLE TO:				
Owners of the Parent	256,161	262,831	765,051	822,828
Non-Controlling Interests	1,661	8,066	(3,432)	(54,749)
	257,822	270,897	761,619	768,079
EARNINGS PER 50 SEN SHARE				
Basic (Sen)	3.52	3.62	10.51	11.35
Diluted (Sen)	3.41	3.42	10.07	10.74

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		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31.3.2013 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31.3.2012 RM'000	9 MONTHS ENDED 31.3.2013 31.3.2012 RM'000 RM'000	
PROFIT FOR THE PERIOD	257,822	270,897	761,619	768,079
OTHER COMPREHENSIVE INCOME/(LOSS):				
AVAILABLE-FOR-SALE RESERVE	(1,280)	3,381	(8,755)	(9,553)
HEDGING RESERVE	56,953	114,273	232,089	123,332
CURRENCY TRANSLATION DIFFERENCES	(167,348)	(62,295)	(225,491)	(93,251)
	-----	-----	-----	-----
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD, NET OF TAX	(111,675)	55,359	(2,157)	20,528
	-----	-----	-----	-----
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	146,147	326,256	759,462	788,607
	=====	=====	=====	=====
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Parent	140,948	365,173	776,859	875,600
Non-Controlling Interests	5,199	(38,917)	(17,397)	(86,993)
	-----	-----	-----	-----
	146,147	326,256	759,462	788,607
	=====	=====	=====	=====

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
	31.3.2013	30.6.2012	1.7.2011
		(Restated)	(Restated)
	RM'000	RM'000	RM'000
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	16,763,221	17,258,872	16,662,340
Intangible Assets	6,605,498	6,633,773	6,484,398
Associated Companies	1,661,983	1,524,768	1,138,020
Investments	166,412	180,857	745,976
Receivables, deposits and prepayments	403,588	507,026	42,228
Derivative Financial Instruments	5,376	3,797	2,611
	-----	-----	-----
	25,606,078	26,109,093	25,075,573
	-----	-----	-----
Current Assets			
Inventories	562,213	547,670	532,380
Receivables, Deposits and Prepayments	2,243,565	2,609,592	2,363,178
Derivative Financial Instruments	38,128	75,856	95,904
Deposits, Cash and Bank Balances	10,925,425	9,627,985	7,178,749
	-----	-----	-----
	13,769,331	12,861,103	10,170,211
	-----	-----	-----
TOTAL ASSETS	39,375,409	38,970,196	35,245,784
	=====	=====	=====
EQUITY AND LIABILITIES			
Share Capital	3,668,968	3,664,128	3,639,497
Reserves	6,369,964	5,715,552	4,815,950
Treasury Shares, at cost	(150,032)	(119,972)	(119,972)
	-----	-----	-----
Equity attributable to Owners of the Parent	9,888,900	9,259,708	8,335,475
Non-Controlling Interests	296,007	373,583	(121,980)
	-----	-----	-----
TOTAL EQUITY	10,184,907	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
	31.3.2013	30.6.2012	1.7.2011
		(Restated)	(Restated)
	RM'000	RM'000	RM'000
LIABILITIES			
Non-Current Liabilities			
Deferred Taxation	2,176,747	2,374,003	2,482,397
Borrowings	20,908,801	13,687,972	14,615,594
Grant and Contribution	281,841	280,011	256,834
Provision For Liabilities and Charges	306,998	361,850	366,722
Derivative Financial Instruments	6,248	45,478	19,989
Payables	259,890	273,644	25,877
	-----	-----	-----
	23,940,525	17,022,958	17,767,413
	-----	-----	-----
Current Liabilities			
Payables and Accrued Expenses	2,387,341	2,472,539	2,429,015
Provision for Liabilities and Charges	799	772	20,099
Derivative Financial Instruments	41,602	284,648	94,152
Taxation	255,421	257,605	239,337
Borrowings	2,564,814	9,298,383	6,482,273
	-----	-----	-----
	5,249,977	12,313,947	9,264,876
	-----	-----	-----
TOTAL LIABILITIES	29,190,502	29,336,905	27,032,289
	-----	-----	-----
TOTAL EQUITY AND LIABILITIES	39,375,409	38,970,196	35,245,784
	=====	=====	=====
 Net Assets Per 50 Sen Share (RM)	 1.36	 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)

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2013**

	----- 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 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/(Loss) for the period	-	-	-	-	765,051	765,051	(3,432)	761,619
Other comprehensive income/(loss)	-	-	11,808	-	-	11,808	(13,965)	(2,157)
Total comprehensive income for the period	-	-	11,808	-	765,051	776,859	(17,397)	759,462
Non-Controlling Interest arising from business combination	-	-	-	-	-	-	1,709	1,709
Dividends paid to Non-Controlling Interest	-	-	-	-	-	-	(61,888)	(61,888)
Issue of share capital	4,840	6,872	-	-	-	11,712	-	11,712
Dividend paid - For the year ended 30 June 2012	-	-	-	-	(68,235)	(68,235)	-	(68,235)
- For the year ending 30 June 2013	-	-	-	-	(68,261)	(68,261)	-	(68,261)
Shares repurchased	-	-	-	(30,060)	-	(30,060)	-	(30,060)
Provision for share options	-	-	7,177	-	-	7,177	-	7,177
Warrants reserves	-	967	(967)	-	-	-	-	-
At 31 March 2013	3,668,968	3,045,223	(3,205,798)	(150,032)	6,530,539	9,888,900	296,007	10,184,907

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 PERIOD ENDED 31 MARCH 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/(loss) for the period	-	-	-	-	822,828	822,828	(54,749)	768,079
Other comprehensive (loss)/income	-	-	52,772	-	-	52,772	(32,244)	20,528
Total comprehensive (loss)/income for the period	-	-	52,772	-	822,828	875,600	(86,993)	788,607
Change in ownership interest in subsidiary	-	-	(19,991)	-	143,472	123,481	355,150	478,631
Issue of share capital	22,751	57,456	(7,255)	-	-	72,952	-	72,952
Dividend paid - For the year ended 30 June 2011	-	-	-	-	(136,209)	(136,209)	-	(136,209)
- For the year ended 30 June 2012	-	-	-	-	(204,404)	(204,404)	-	(204,404)
Provision for share options	-	-	384	-	-	384	-	384
Share option lapsed	-	-	(10,099)	-	10,099	-	-	-
Warrant reserve	-	541	(541)	-	-	-	-	-
At 31 March 2012	3,662,248	3,034,337	(3,068,291)	(119,972)	5,558,957	9,067,279	146,177	9,213,456

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.

INTERIM FINANCIAL REPORT

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2013**

	CURRENT YEAR-TO-DATE 31.3.2013 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31.3.2012 RM'000
Cash flows from operating activities		
Profit for the period	761,619	768,079
Adjustment for:		
Depreciation of property, plant and equipment	934,604	813,410
Fair value changes of investments	-	18,631
Interest expense	583,639	619,543
Interest income	(16,314)	(16,710)
Provision for retirement benefits	39,913	43,067
Provision/(write back) for liabilities and charges	912	(17,343)
Share of results of associated companies	(252,766)	(165,420)
Taxation	234,964	281,667
Unrealised (gain)/loss on foreign exchange	(56,108)	16,583
Gain in disposal of investments	(11,397)	-
Provision for impairment of receivables	41,076	34,014
Other non-cash items	22,600	(14,402)
	-----	-----
	2,282,742	2,381,119
Changes in working capital:		
Inventories	(36,067)	5,807
Receivables, deposits and prepayments	342,766	(3,063)
Payables and accrued expenses	(29,935)	452,579
	-----	-----
Cash generated from operations	2,559,506	2,836,442
Interest paid	(552,936)	(504,364)
Tax paid	(325,563)	(311,369)
Payment to retirement benefit scheme	(79,785)	(79,975)
	-----	-----
Net cash flow from operating activities	1,601,222	1,940,734
	-----	-----
Cash flows from investing activities		
Dividends received	163,732	158,986
Grants received	19,283	21,353
Interest received	18,701	11,956
Investment of associated company	(2,969)	(12,751)
Purchase of property, plant and equipment	(1,125,007)	(1,058,182)
Proceeds from disposal of investments	16,957	-
Other investing activities	(21,304)	320
	-----	-----
Net cash flow used in investing activities	(930,607)	(878,318)
	-----	-----

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 PERIOD ENDED 31 MARCH 2013 -- Continued**

	CURRENT YEAR-TO-DATE 31.3.2013 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31.3.2012 RM'000
Cash flows from financing activities		
Dividends paid	(198,385)	(517,835)
Proceeds from borrowings	8,953,813	10,558,687
Proceeds from issue of shares	11,712	72,952
Repayment of borrowings	(7,888,953)	(7,046,072)
Disposal of subsidiaries' interest to Non-Controlling Interests	-	543,239
Redemption of bond	-	(2,200,000)
Debt financing fee	(95,728)	-
Repurchase of own shares	(30,060)	-
Other financing activities	-	(7,935)
	-----	-----
Net cash flow (used in)/from financing activities	752,399	1,403,036
	-----	-----
Net changes in cash and cash equivalents	1,423,014	2,465,452
Effects of exchange rate changes	(161,252)	(68,504)
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>	10,814,533	9,528,262
	=====	=====

[Note a]

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

	RM'000	RM'000
Fixed deposits	10,496,917	9,047,450
Cash and bank balances	428,508	537,525
Bank overdrafts (included within short term borrowings in [Note B9])	(110,892)	(56,713)
	-----	-----
	10,814,533	9,528,262
	=====	=====

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.

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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	31 March 2012 RM'000	30 June 2012 RM'000
Total equity as previously reported under FRS Framework	8,391,299	9,391,260	9,811,095
Less: MFRS transitional adjustments			
- Actuarial losses on transition	(177,804)	(177,804)	(177,804)
Total equity under MFRS	<u>8,213,495</u>	<u>9,213,456</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, 18,223 and 9,679,724 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 20,623,400 and 20,623,500 ordinary shares of RM0.50 each were repurchased from the open market for a total consideration of RM30,059,916 and RM30,060,135 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 31 March 2013, the number of treasury shares held were 77,348,445 ordinary shares of RM0.50 each.

Medium Term Notes of RM515.5 million 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.

The outstanding debts are as disclosed in Note B9.

A6. Dividends Paid

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.

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 ending 30 June 2013 was paid on 15 January 2013.

INTERIM FINANCIAL REPORT

Notes – continued

A7. Segment Information

The Group has five reportable segments as described below:

- a) Power generation (Contracted)
- b) Multi utilities business (Merchant)
- c) Water and sewerage
- d) Mobile broadband network
- e) Investment holding 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 period ended 31 March 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	838,075	8,817,782	1,868,238	338,131	68,028	11,930,254
Inter-segment Revenue	-	-	-	337	-	337
Segment profit / (loss) before tax	151,153	507,517	506,606	(192,853)	24,160	996,583

Segment information for the financial period ended 31 March 2012:

	Power generation (Contracted) RM'000	Multi utilities business (Merchant) RM'000	Water & sewerage RM'000	Mobile broadband network RM'000	Investment holding activities RM'000	Group RM'000
External Revenue	878,376	8,842,715	1,759,888	155,576	76,024	11,712,579
Inter-segment Revenue	1,592	-	-	355	-	1,947
Segment profit/ (loss) before tax	258,932	647,938	461,551	(214,289)	(104,386)	1,049,746

INTERIM FINANCIAL REPORT

Notes – continued

A8. Events After the Interim Period

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

A9. Changes in the Composition of the Group

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

- (i) On 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 YTL Power.

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.

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 YTL Power.

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

- (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 YTL Power.

INTERIM FINANCIAL REPORT

Notes – continued

YTL Infrastructure and Sword Holdings were both 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 its entire issued share capital of GBP1 comprising 1 ordinary share of the nominal value of GBP1 held by Sword Holdings. As a result, Sword Bidco and Sword Bidco Holdings became indirect wholly-owned subsidiaries of YTL Power.

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.

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.

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**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	
	31.3.2013	31.3.2012	31.3.2013	31.3.2012
	RM'000	RM'000	RM'000	RM'000
Revenue				
Power generation (Contracted)	281,761	281,524	838,075	878,376
Multi utilities business (Merchant)	2,617,203	2,985,018	8,817,782	8,842,715
Water & sewerage	600,573	567,813	1,868,238	1,759,888
Mobile broadband network	118,840	124,990	338,131	155,576
Investment holding Activities	34,170	26,072	68,028	76,024
	3,652,547	3,985,417	11,930,254	11,712,579
Profit/(Loss) before taxation				
Power generation (Contracted)	43,757	53,574	151,153	258,932
Multi utilities business (Merchant)	152,404	183,442	507,517	647,938
Water & sewerage	178,508	138,855	506,606	461,551
Mobile broadband network	(55,129)	(17,253)	(192,853)	(214,289)
Investment holding Activities	17,029	(6,718)	24,160	(104,386)
	336,569	351,900	996,583	1,049,746

a) Current Quarter vs Preceding Year Corresponding Quarter

Group revenue was RM3,652.5 million for the current financial quarter ended 31 March 2013 as compared to RM3,985.4 million recorded in the preceding year corresponding quarter ended 31 March 2012. The Group profit before taxation for the current financial quarter was RM336.6 million, a decrease of RM15.3 million or 4.3% as compared to RM351.9 million recorded in the preceding year corresponding quarter.

Performance of the respective operating business segments for the quarter ended 31 March 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 higher provision for maintenance cost and depreciation.

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Multi utilities business (Merchant)

The decrease in revenue and profit before taxation are mainly due to the lower fuel oil price and easing contract price coupled with the lower electricity sales 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 in October 2012 as allowed by the regulator.

Mobile broadband network

The decrease in revenue and profit before taxation was mainly due to the existence of one-time revenue and profit recognition for the school project in the preceding year corresponding quarter.

Investment holding activities

The increase in dividend received and share of profit in associates has contributed to the higher revenue and profit before taxation, respectively

b) Current Year to date vs Preceding Year to date

Group revenue was RM11,930.3 million for the current financial period ended 31 March 2013 as compared to RM11,712.6 million recorded in the preceding year corresponding period ended 31 March 2012. The Group profit before taxation for the current financial period was RM996.6 million, a decrease of RM53.10 million or 5.1% as compared to RM1,049.7 million recorded in the preceding year corresponding period.

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

Investment holding & other businesses

The increase in profit before taxation is mainly attributed to the increase in share of profit of associate and also the favourable movement in foreign exchange resulting in an unrealised foreign exchange gain.

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B2. Comparison with Preceding Quarter

	Current Quarter 31.3.2013 RM'000	Preceding Quarter 31.12.2012 RM'000
Revenue	3,652,547	4,098,582
Consolidated profit before taxation	336,569	345,667
Consolidated profit after taxation	257,822	251,950

The reduction in revenue was due to lower contract price accorded in the segment of multi utilities business. However, profit after taxation increased marginally due substantially to foreign exchange gains not subject to taxation.

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.

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B6. Profit for the period

	Current Year Quarter 31.3.2013 RM'000	Current Year To Date 31.3.2013 RM'000
Profit before taxation is stated after charging/(crediting):		
Amortisation of grant	(2,830)	(8,470)
Depreciation of property, plant and equipment	328,933	934,604
Dividends income	-	(81)
Gain on disposal of property, plant and equipment	(1,089)	(6,087)
Loss/(gain) on derivatives	4,908	(23,141)
Gain on foreign exchange	(39,942)	(56,108)
Interest income	(4,883)	(16,314)
Interest expense	186,157	583,639
Provision for impairment of receivables (net of reversal)	13,413	41,076
Rental income	-	-
Write (back)/off provision for fuel cost	(6)	12,322
	=====	=====

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

B7. Taxation

	Current Year Quarter 31.3.2013 RM'000	Current Year To Date 31.3.2013 RM'000
In respect of current period/year		
- Income Tax	109,910	337,489
- Deferred Tax	(31,163)	(102,525)
	-----	-----
	78,747	234,964
	=====	=====

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.

B8. Corporate Proposals

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

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B9. Group Borrowings and Debt Securities

The Group's borrowings from financial institutions as at 31 March 2013 are as follows:

	Short term		Long term		Total RM'000
	Bonds RM'000	Borrowings RM'000	Bonds RM'000	Borrowings RM'000	
Secured	-	1,448	-	2,372	3,820
Unsecured	950,000	1,613,366	11,094,537	9,811,892	23,469,795
	-----	-----	-----	-----	-----
Total	950,000	1,614,814	11,094,537	9,814,264	23,473,615
	=====	=====	=====	=====	=====

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

In US Dollar ('000)	397,078
	=====
In Sterling Pound ('000)	2,023,855
	=====
In Singapore Dollar ('000)	2,667,511
	=====

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.
- GBP100 million term loan which was repaid on 19 April 2013.
- SGD100 million revolving credit which was repaid on 29 April 2013.
- RM300 million revolving credit due on 29 May 2013.
- RM200 million revolving credit due on 3 June 2013.
- RM200 million revolving credit due on 20 June 2013.
- RM200 million revolving credit due on 21 June 2013.
- RM300 million revolving credit was equally repaid on 24 April 2013, 29 April 2013 and 2 May 2013 respectively.

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

(a) Derivative Financial Instruments

As at 31 March 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	2,294,354	2,298,350
- 1 year to 3 years	298,110	299,147
<u>Currency forwards</u>		
- Less than 1 year	1,893,993	1,902,134
- 1 year to 3 years	356,270	357,598
- More than 3 years	4,544	4,613
<u>Interest rate swaps</u>		
- 1 year to 3 years	428,158	409,240

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 arising from fair value changes of financial liabilities for the current financial period ended 31 March 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 31.3.2013	Current year to date 9 months to 31.3.2013
			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 unfavourably against the Group	(994)	(14,462)
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	82,337	257,427
Total			81,343	242,965

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(c) Realised and Unrealised Profits or Losses

	As at 31.3.2013 RM'000	Audited As at 30.06.2012 (Restated) RM'000
Retained earnings/(Accumulated losses) of the Company and its subsidiaries		
- Realised	7,402,749	6,820,903
- Unrealised	(1,670,339)	(1,646,345)
	----- 5,732,410	----- 5,174,558
Retained earnings/(Accumulated losses) from associated companies		
- Realised	520,907	516,005
- Unrealised	(46,745)	(41,533)
	----- 474,162	----- 474,472
Consolidated adjustments	----- 323,967	----- 252,954
Total Group retained earnings as per consolidated accounts	----- 6,530,539 =====	----- 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.

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B13. Earnings Per Share

i) Basic Earnings Per 50 sen Share

The basic earnings per share of the Group has been computed by dividing the profit attributable to Owners of the Parent for the current financial quarter by the weighted average number of ordinary shares in issue during the financial quarter as set out below:

	Current Year Quarter 31.3.2013	Preceding Year Corresponding Quarter 31.3.2012
Profit attributable to Owners of the Parent (RM'000)	256,161 =====	262,831 =====
Weighted average number of ordinary shares ('000)	7,279,498 =====	7,267,702 =====
Basic earnings per share (Sen)	3.52 =====	3.62 =====

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ii) Diluted Earnings Per 50 sen Share

The diluted earnings per share of the Group has been computed by dividing the profit attributable to Owners of the Parent for the current financial quarter by the weighted average number of ordinary shares in issue during the financial quarter as set out below:

	Current Year Quarter 31.3.2013	Preceding Year Corresponding Quarter 31.3.2012
Profit attributable to Owners of the Parent (RM'000)	256,161 =====	262,831 =====
<i>Weighted average number of ordinary shares ('000) – diluted</i>		
Weighted average number of ordinary shares ('000) – basic	7,279,498	7,267,702
Effect of unexercised Warrants 2008/2018	237,785	407,992
Effect of unexercised ESOS	-	-
	----- 7,517,283 =====	----- 7,675,694 =====
Diluted earnings per share (Sen)	3.41 =====	3.42 =====

* *Total cash expected to be received in the event of an exercise of all outstanding warrants and ESOS is RM1,626.5 million. Accordingly, the Net Asset (NA) on a pro forma basis will increase by RM1,626.5 million resulting in a decrease in NA per share of RM0.02. 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: 23 May 2013