

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

INTERIM FINANCIAL REPORT

Interim financial report on consolidated results for the period ended 31 March 2004

The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENTS

	INDIVIDUAL CURRENT YEAR QUARTER 31.03.2004 RM'000	PERIOD PRECEDING YEAR CORRESPONDING QUARTER 31.03.2003 RM'000	CUMULATIVE CURRENT YEAR TO DATE 31.03.2004 RM'000	PERIOD PRECEDING YEAR CORRESPONDING PERIOD 31.03.2003 RM'000
REVENUE	863,984	732,355	2,509,533	2,297,681
OPERATING EXPENSES	(514,227)	(446,124)	(1,439,268)	(1,358,137)
OTHER OPERATING INCOME	31,532	22,001	40,435	40,664
PROFIT FROM OPERATION	381,289	308,232	1,110,700	980,208
FINANCE COSTS	(162,259)	(138,107)	(461,624)	(415,063)
SHARE OF RESULTS OF ASSOCIATED COMPANY	138	116	392	306
PROFIT BEFORE TAXATION	219,168	170,241	649,468	565,451
TAXATION	(60,947)	(35,990)	(177,052)	(135,827)
NET PROFIT FOR THE PERIOD	158,221	134,251	472,416	429,624
EARNINGS PER SHARE				
Basic (Sen)	7.02	5.94	20.96	18.99
Diluted (Sen)	6.75	-	20.27	-

The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 30th June 2003

YTL POWER INTERNATIONAL BERHAD (Company No. 406684-H)
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CONDENSED CONSOLIDATED BALANCE SHEET

	As at 31.03.2004 RM'000	As at 30.06.2003 RM'000
Property, Plant & Equipment	13,998,832	12,510,747
Intangible Assets	440,700	440,700
Investment in Associated Companies	277	501
Investments	445,472	263,333
Current Assets		
Inventories	142,182	132,337
Receivable, Deposits and Prepayment	1,063,066	904,489
Short Term Investments	100,334	98,676
Deposits, Bank and Cash Balances	4,472,147	4,321,970
	-----	-----
	5,777,729	5,457,472
	-----	-----
Current Liabilities		
Payables and Accrued Liabilities	765,793	617,405
Provision for Liabilities and Charges	27,313	24,613
Provision for Taxation	65,020	23,854
Bonds	525,000	125,000
Borrowings	146,221	1,206,490
	-----	-----
	1,529,347	1,997,362
	-----	-----
Net Current Assets	4,248,382	3,460,110
	-----	-----
	<u>19,133,663</u>	<u>16,675,391</u>

The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the year ended 30th June 2003

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CONDENSED CONSOLIDATED BALANCE SHEET – Continued

	As at 31.03.2004 RM'000	As at 30.06.2003 RM'000
Share Capital	2,292,794	2,288,672
Reserves	2,592,429	2,355,454
Treasury Shares, at cost	(141,687)	(78,090)
	-----	-----
Shareholders' Funds	4,743,536	4,566,036
Minority Interests*	-	-
Deferred Taxation	2,411,391	2,205,251
Bonds	7,579,235	4,086,286
Borrowings	4,140,032	5,595,667
Provision for Liabilities & Charges	81,754	59,599
Deferred Income	148,438	137,890
Payables	29,277	24,662
	-----	-----
	<u>19,133,663</u>	<u>16,675,391</u>
	=====	=====
Net Tangible Assets Per Share (RM)	<u>1.92</u>	<u>1.82</u>

* Minority Interest denotes RM1.

The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the year ended 30th June 2003

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2004**

	Current Year Quarter 31.03.2004 RM'000	Preceding Year Corresponding Quarter 31.03.2003 RM'000
Net cash from operating activities	885,258	(1,089,209)
Net cash used in investing activities	(793,872)	(520,175)
Net cash generated from financing activities	83,401	2,057,055
Net changes in cash and cash equivalents	174,787	447,671
Cash and cash equivalents brought forward	4,245,430	3,822,625
Cash and cash equivalents carried forward (note a)	4,420,217	4,270,296

Note a :

Cash and cash equivalents comprise :

	RM'000	RM'000
Fixed Deposit	4,459,107	4,308,892
Cash and bank balances	13,040	937
Bank overdraft	(51,930)	(39,533)
	4,420,217	4,270,296

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended 30th June 2003.

YTL POWER INTERNATIONAL BERHAD (Company No. 406684-H)
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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 31 MARCH 2004**

	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 01 July 2003	2,288,672	1,919,113	(2,086,191)	(78,090)	2,522,532	4,566,036
Gain not recognised in the income statement: Foreign currency Translation difference	-	-	81,264	-	-	81,264
Profit for the period	-	-	-	-	472,415	472,415
Dividends paid for the Year Ended 30.6.2003	-	-	-	-	(324,742)	(324,742)
Shares repurchased	-	-	-	(63,597)	-	(63,597)
Issue of share capital	4,122	8,038	-	-	-	12,160
At 31 March 2004	<u>2,292,794</u>	<u>1,927,151</u>	<u>(2,004,927)</u>	<u>(141,687)</u>	<u>2,670,205</u>	<u>4,743,536</u>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 30th June 2003

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY- continue

	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 2002						
- as previously report	2,288,672	1,919,113	(1,894,363)	(71,756)	2,246,696	4,488,362
- prior year adjustment			(240,610)			(240,610)
- As restated	2,288,672	1,919,113	(2,134,973)	(71,756)	2,246,696	4,247,752
Gain not recognised in the income statement: Foreign currency Translation difference	-	-	30,417	-	-	30,417
Profit for the period	-	-	-	-	429,624	429,624
Dividends paid for the Year Ended 30.6.2002	-	-	-	-	(325,611)	(325,611)
Shares repurchased	-	-	-	(6,331)	-	(6,331)
Transfer to capital Redemption reserve	-	-	2,000	-	(2,000)	-
At 31 March 2003	<u>2,288,672</u>	<u>1,919,113</u>	<u>(2,102,556)</u>	<u>(78,087)</u>	<u>2,348,709</u>	<u>4,375,851</u>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 30th June 2003

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Notes :

Disclosure requirement per MASB 26 – paragraph 16

A1. Accounting Policies and methods of computation

The interim financial report is unaudited and has been prepared in accordance with MASB 26 “Interim Financial Reporting” and Chapter 9, part K of the Listing Requirements of the Kuala Lumpur Stock Exchange.

The Condensed Financial Statements should be read in conjunction with the audited annual financial statements of the Group for the year ended 30 June, 2003.

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

The following notes explain 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, 2003.

A2. Audit Report of preceding financial year ended 30 June 2003.

The Auditors’ Reports on the financial statements of the preceding financial year were not subject to any qualification.

A3. Seasonality or Cyclicity of Operations

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

A4. 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.

A5. Changes in estimates of amounts reported

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

INTERIM FINANCIAL REPORT

Notes : - continued

A6. Changes in Debt and Equity Securities

During the current financial year to date 4,122,031 ordinary shares were issued pursuant to the conversion of 2.5 % Exchangeable Guaranteed Unsecured Bond issued by a subsidiary company. There was no conversion of the 2.5 % Exchangeable Unsecured Bond during the current financial quarter.

During the current financial quarter and financial year to date, 20 ordinary shares were issued pursuant to the exercise of warrants at an exercise price of RM 2.91 per share.

A subsidiary company has on 13 October 2003 issued a £350 million Guaranteed Bonds due in year 2033 with 5.75% annual coupons. The net proceeds of the issue of the Bonds, amounting to approximately £345 million were used to refinance its existing indebtedness.

During the current financial quarter and financial year to date, a total of 8,309,000 shares and 19,241,400 shares were repurchased from the open market for a total consideration of RM28,256,220 and RM63,596,618 respectively. The share buy-back transactions were financed by internally generated funds. The shares purchased are being held as treasury shares. As at 31 March 2004, the number of treasury shares held is 47,135,815 shares.

The outstanding debts are as disclosed in note B9.

A7. Dividend paid

A final gross dividend of 20 sen per share less income tax of 28 %, amounting to RM324,742,340 in respect of the financial year ended 30 June 2003 was paid during the current financial quarter.

A8. Segment Reporting

The Group is organised on a world wide basis into three main business segments namely investment holding, power generation and water & sewage.

Segment Reporting

	Turnover	Turnover	Profit	Profit
		Preceding	Before	Before
		Year	Taxation	Taxation
	Current Year	Corresponding	Current	Corresponding
	31.03.2004	31.03.2003	Year	Year
Analysis by activities	RM'000	RM'000	31.03.2004	31.03.2003
			RM'000	RM'000
Investment holding	142,292	65,446	108,533	46,129
Power generation	880,092	946,130	298,682	351,438
Water and sewage	1,487,149	1,286,105	242,252	167,884
	-----	-----	-----	-----
	2,509,533	2,297,681	649,467	565,451
	=====	=====	=====	=====

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Notes : - continued

Analysis by geographical area

Operations in Malaysia	939,152	986,533	326,435	384,616
Operations in United Kingdom	1,487,149	1,286,105	242,252	167,884
Operations in Other Countries	83,232	25,043	80,780	12,951
	-----	-----	-----	-----
	2,509,533	2,297,681	649,467	565,451
	=====	=====	=====	=====

A9. Valuation of Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation.

A10. Material Events Subsequent to the end of the interim period

There were no material events subsequent to the end of the current financial quarter.

A11. Changes in the Composition of the Group

There was no change in the composition of the Group for the current financial quarter.

A12. Changes in Contingent Liabilities

There was no change in the contingent liabilities of the Group since the last annual balance sheet as at 30 June 2003 except for the performance guarantee by SCT for the amount of GBP 2.1 million.

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Notes :

Disclosure requirement per KLSE listing requirements Part A of Appendix 9B

B1. Review of the Results

Group turnover increased to RM 891.0 million for the current quarter ended 31 March 2004 from RM732.4 million in the preceding year corresponding quarter ended 31 March 2003. This represents an increase of RM158.6 million or 21.7 % over the preceding year corresponding quarter ended 31 March 2003. The Group profit before taxation increased by 28.7 % to RM219.2 million in the current quarter ended 31 March 2004 as compared to the preceding year corresponding quarter ended 31 March 2003.

B2. Comparison with Preceding Quarter

	Current Quarter 31/03/2004 RM'000	Preceding Quarter 31/12/2003 RM'000
Turnover	863,984	827,202
Consolidated Profit before taxation	219,168	216,807
Consolidated Profit after taxation	158,221	157,525

B3. Prospects

The results of the group for the year ending 30 June 2004 are expected to be satisfactory.

B4 Profit Forecast/Profit Guarantee

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

B5. Taxation

	Current Year Quarter 31/03/2004 RM'000	Current Year to Date 31/03/2004 RM'000
In respect of current period		
- Income Tax	46,129	152,481
- Deferred Tax	14,818	24,571
In respect of prior years		
- Income Tax	-	-
	----- 60,947	----- 177,052
	=====	=====

The provision for taxation for the current quarter and the current year to date reflects an effective tax rate lower than the Statutory Income Tax Rate due to income of foreign subsidiaries which is tax exempt.

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Notes –Continued

B6. Sale of unquoted investments and/or properties

During the current quarter and financial year to date, profit on sales of unquoted investments amounted to RM 0.442 million and RM 1.000 million respectively.

B7. Quoted Investments

- (a) Purchases of quoted investment for the current financial year to date amounted to RM 0.059 million. During the current quarter and financial year to date, there were disposal of quoted investments amounting to RM 1.944 million and RM 8.442 million respectively. Profit on sale of investment amounted to RM 0.691 million and RM 2.336 million for the financial quarter and financial year to date respectively.
- (b) The cost, carrying value and the market value of the quoted investments of the Group as at end of the reporting quarter are:

	RM'000
Cost	28,422
Carrying value	28,422
Market value	47,697
	=====

B8. Corporate Developments

a) Corporate proposal announced and pending completion

On 23 March 2004, the Company announced the following:-

- i) Proposed share subdivision into two (2) ordinary shares of RM0.50 each for every one (1) existing ordinary share of RM1.00 each; and
- ii) Proposed amendment to the Memorandum of Association.

As at date of reporting, the proposal is pending the Securities Commission's approval; approval-in-principle from Bursa Malaysia Securities Berhad for the listing of and quotation for the subdivided shares; and approval of the shareholders of the Company at an extraordinary general meeting to be convened.

b) Status of utilisation of proceeds

7% Redeemable Non-Guaranteed Unsecured Bonds

The proceeds received by the Company from the issue of the RM750 million 7% Redeemable Non-Guaranteed Unsecured Bonds on 11 January 2000 is currently placed under Fixed Deposits with licensed financial institutions pending investments in power generation assets.

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Notes –Continued

B9. Group Borrowings and Debt Securities

The Group’s borrowings from financial institutions as at end of the current financial quarter are as follows:

	Short term RM’000	Long term RM’000	Total RM’000
Secured	525,000	2,070,642	2,595,642
Unsecured	146,221	9,648,624	9,794,845
	-----	-----	-----
	671,221	11,719,266	12,390,487
	=====	=====	=====

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

In US Dollar (‘000)	380,000
	=====
In Sterling Pound (‘000)	1,180,705
	=====

B10. Off Balance Sheet Financial instruments

The Group finances its activities through a combination of short-term borrowings, long-term loans and bonds. The Group uses derivative financial instruments to limit the Group’s exposure to interest rate movements. These instruments are not recognised in the financial statements on inception. The accounting policy with regards to these financial instruments, which remain the same to that disclosed in the latest audited financial statements is as follows:

“ Interest rate swap contracts protect the Company and Group from movements in interest rates. Any differential to be paid or received on an interest rate swap contract is recognised as a component of interest income or expense over the period of the contract. Gains and losses on early termination of interest rate swaps or on repayment of the borrowings are taken to the income statement.”

There has been no material change to the terms and conditions of derivative financial instruments disclosed in the latest audited financial statements and the date of this announcement. In addition to the above, Wessex Water Limited, a newly acquired subsidiary company, has several interest rate swap agreements which limit the Group’s exposure to floating interest rate, details of which are as follows :

	Total £’000
Notional Principal Amount (denotes in Sterling Pound)	730,800
	=====
	RM’000
RM equivalent (exchange rate £1=RM6.9667)	5,091,264
	=====
Average fixed interest rate	5.62 %

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Notes –Continued

Average period to maturity of the fixed rate borrowing (years) 1.23

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

B11. Pending material litigation

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

B12. Dividend

The Board has not recommended any interim dividends for the current financial quarter.

B13. Earnings Per Share

i) Basic earnings per share

The basic earnings per share of the Group has been computed by dividing the net profit for the financial quarter by the weighted average number of ordinary shares in issue during the financial quarter.

	Current Quarter 31.03.2004	Preceding Year Corresponding Quarter 31.03.2003
Net profit for the period (RM'000)	158,221	134,251
Weighted average number of ordinary shares ('000)	2,253,192	2,260,910
Basic earnings per share (sen)	7.02	5.94

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Notes –Continued

ii) Diluted earnings per share

The diluted earnings per share of the Group has been computed by dividing the net profit for the financial quarter by the weighted average number of ordinary shares in issue during the financial quarter.

	Current Quarter 31.03.2004	Preceding Year Corresponding Quarter 31.03.2003
*Net profit for the period (RM'000)	158,221	-
<i>Weighted average number of ordinary shares ('000) - diluted</i>		
Weighted average number of ordinary shares ('000) - basic	2,253,192	-
Effect of unexercised warrants	78,099	-
Effect of unexercised ESOS	12,533	-
	<u>2,343,824</u>	<u>-</u>
Diluted earnings per share (sen)	<u>6.75</u>	<u>- **</u>

* *Total cash expected to be received in the event of an exercise of all outstanding warrants and ESOS options is RM1,805.479 million. Accordingly, the Net Tangible Asset (NTA) on a proforma basis will increase by RM1,805.479 million resulting in an increase in NTA per share of RM0.63. In arriving at the Diluted earnings per share, NTA and NTA per share, no income has been accrued for the cash proceeds.*

** *Not applicable as conversion of warrant is anti – dilutive*

By Order of the Board
HO SAY KENG
Secretary

Kuala Lumpur
Dated: 27 May 2004