

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

INTERIM FINANCIAL REPORT

Interim financial report on consolidated results for the period ended 30 June 2004

The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENTS

	INDIVIDUAL CURRENT YEAR QUARTER 30.06.2004 RM'000	PERIOD PRECEDING YEAR CORRESPONDING QUARTER 30.06.2003 RM'000	CUMULATIVE CURRENT YEAR TO DATE 30.06.2004 RM'000	PERIOD PRECEDING YEAR CORRESPONDING PERIOD 30.06.2003 RM'000
REVENUE	850,387	841,696	3,386,920	3,166,578
OPERATING EXPENSES	(503,332)	(467,047)	(1,942,601)	(1,943,065)
OTHER OPERATING INCOME	6,149	5,367	19,585	18,830
PROFIT FROM OPERATION	353,204	380,016	1,463,904	1,242,343
FINANCE COSTS	(159,534)	(198,898)	(621,158)	(613,961)
SHARE OF RESULTS OF ASSOCIATED COMPANY	255	399	647	705
PROFIT BEFORE TAXATION	193,925	181,517	843,393	629,087
TAXATION	(52,882)	(46,989)	(229,934)	(182,816)
NET PROFIT FOR THE PERIOD	141,043	134,528	613,459	446,271
EARNINGS PER SHARE				
Basic (Sen)	6.31	5.95	27.27	19.73
Diluted (Sen)	5.99	5.87	26.23	19.61

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)
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT

CONDENSED CONSOLIDATED BALANCE SHEET

	As at 30.06.2004	As at 30.06.2003
	RM'000	RM'000
Property, Plant & Equipment	13,975,543	12,510,747
Intangible Assets	440,700	440,700
Investment in Associated Companies	457	501
Investments	445,436	263,333
Development Expenditure	8,332	-
Current Assets		
Inventories	145,785	132,337
Receivable, Deposits and Prepayment	1,088,710	904,490
Short Term Investments	40,837	98,676
Deposits, Bank and Cash Balances	4,432,698	4,321,969
	-----	-----
	5,708,030	5,457,472
	-----	-----
Current Liabilities		
Payables and Accrued Liabilities	803,370	617,405
Provision for Liabilities and Charges	27,845	24,613
Provision for Taxation	42,174	23,854
Bonds	525,000	125,000
Borrowings	150,343	1,206,490
	-----	-----
	1,548,732	1,997,362
	-----	-----
Net Current Assets	4,159,298	3,460,110
	-----	-----
	<u>19,029,766</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

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

INTERIM FINANCIAL REPORT

CONDENSED CONSOLIDATED BALANCE SHEET – Continued

	As at 30.06.2004	As at 30.06.2003
	RM'000	RM'000
Share Capital	2,306,255	2,288,672
Reserves	2,539,691	2,177,537
Treasury Shares, at cost	(265,127)	(78,090)
	-----	-----
Shareholders' Funds	4,580,819	4,388,119
Minority Interests*	-	-
Deferred Taxation	2,399,976	2,205,251
Bonds	7,416,298	4,086,286
Borrowings	4,183,431	5,595,667
Provision for Liabilities & Charges	275,151	237,516
Deferred Income	145,320	137,890
Payables	28,771	24,662
	-----	-----
	19,029,766	16,675,391
	=====	=====
Net Tangible Assets Per Share (RM)	1.86	1.75
	====	====

* 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

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

INTERIM FINANCIAL REPORT

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2004**

	Financial Year End 30.06.2004 RM'000	Financial Year End 30.06.2003 RM'000
Net cash from operating activities	1,135,494	916,836
Net cash used in investing activities	(1,102,516)	(725,556)
Net cash generated from financing activities	105,485	231,525
Net changes in cash and cash equivalents	138,463	422,805
Cash and cash equivalents brought forward	4,245,430	3,822,625
Cash and cash equivalents carried forward (note a)	4,383,893	4,245,430

Note a :

Cash and cash equivalents comprise :

	RM'000	RM'000
Fixed Deposit	4,419,875	4,270,178
Cash and bank balances	12,823	51,791
Bank overdraft	(48,805)	(76,539)
	4,383,893	4,245,430

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)
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 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						
- As previously reported	2,288,672	1,919,113	(2,086,190)	(78,090)	2,522,531	4,566,036
- Prior year adjustment			(7,732)		(170,185)	(177,917)
	<u>2,288,672</u>	<u>1,919,113</u>	<u>(2,093,922)</u>	<u>(78,090)</u>	<u>2,352,346</u>	<u>4,388,119</u>
Gain not recognised in the income statement:						
Foreign currency Translation difference	-	-	39,150	-	-	39,150
Profit for the year	-	-	-	-	613,459	613,459
Dividends paid for the Year Ended 30.6.2003	-	-	-	-	(324,742)	(324,742)
Shares repurchased	-	-	-	(187,037)	-	(187,037)
Issue of share capital	17,583	34,287	-	-	-	51,870
At 30 June 2004	<u>2,306,255</u>	<u>1,953,400</u>	<u>(2,054,772)</u>	<u>(265,127)</u>	<u>2,641,063</u>	<u>4,580,819</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

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

INTERIM FINANCIAL REPORT

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	(2,134,973)	(71,756)	2,246,696	4,247,752
- prior year adjustment					(13,010)	(13,010)
- As restated	2,288,672	1,919,113	(2,134,973)	(71,756)	2,233,686	4,234,742
Gain not recognised in the income statement: Foreign currency Translation difference	-	-	39,051	-	-	39,051
Profit for the year	-	-	-	-	446,271	446,271
Dividends paid for the Year Ended 30.6.2002	-	-	-	-	(325,611)	(325,611)
Shares repurchased	-	-	-	(6,334)	-	(6,334)
Transfer to capital Redemption reserve	-	-	2,000	-	(2,000)	-
At 30 June 2003	2,288,672	1,919,113	(2,093,922)	(78,090)	2,352,346	4,388,119

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

INTERIM FINANCIAL REPORT

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 except for the adoption of the following new MASB standard: -

i) MASB Standard No. 29 “Employee Benefits”

On first adoption of MASB 29 in the current financial period, the deficit arising in respect of post employment benefit obligations is recognised as a prior year adjustment in accordance with the transitional provisions of the standard. The effect of the change in this accounting basis on the Group financial statements are as follows:-

	As previously Reported RM'000	Effect of changes RM'000	As reported RM'000
30 June 2003			
Balance Sheet			
- Provision for liability & charges	59,599	177,917	237,516
- Retained profits	2,522,531	(170,185)	2,352,346
- Other reserves	(2,086,190)	(7,732)	(2,093,922)
30 June 2002			
Balance Sheet			
- Provision for liability & charges	55,797	13,010	68,807
- Retained profits	2,246,696	(13,010)	2,233,686
- Other reserves	(2,134,973)	-	(2,134,973)
	Current Quarter 30.06.2004 RM'000	Preceding Year Corresponding Quarter 30.06.2003 RM'000	Current Year To Date 30.06.2004 RM'000
			Preceding Year Corresponding Period 30.06.2003 RM'000
Effects on net profits for the period:			
-Net profit before changes in accounting policy	144,016	173,822	628,291
-Effects of adopting MASB 29	(2,973)	(39,294)	(14,832)
	-----	-----	-----
-Net profit for the quarter	141,043	134,528	613,459
	=====	=====	=====

INTERIM FINANCIAL REPORT

Notes : - continued

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.

A6. Changes in Debt and Equity Securities

During the current financial quarter & financial year to date 13,461,013 ordinary shares and 17,583,044 ordinary shares were issued respectively pursuant to the conversion of 2.5 % Exchangeable Guaranteed Unsecured Bond issued by a subsidiary company.

During the current 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 34,345,200 shares and 53,586,600 shares were repurchased from the open market for a total consideration of RM123,440,087 and RM187,036,705 respectively. The share buy-back transactions were financed by internally generated funds. The shares purchased are being held as treasury shares. As at 30 June 2004, the number of treasury shares held is 81,481,015 shares.

The outstanding debts are as disclosed in note B9.

A7. Dividend paid

No dividend was paid during the current financial quarter.

INTERIM FINANCIAL REPORT

Notes : - continued

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
	Current Year	Preceding	Before	Before
	30.06.2004	Year	Taxation	Taxation
		Corresponding	Current	Preceding
		Year	Year	Year
		30.06.2003	30.06.2004	30.06.2003
Analysis by activities	RM'000	RM'000	RM'000	RM'000
Investment holding	183,188	167,049	127,341	73,146
Power generation	1,155,332	1,264,392	376,949	476,518
Water and sewage	2,048,400	1,735,137	339,103	79,423
	-----	-----	-----	-----
	3,386,920	3,166,578	843,393	629,087
	=====	=====	=====	=====

Analysis by geographical area

Operations in Malaysia	1,232,109	1,332,920	408,501	503,687
Operations in United Kingdom	2,048,400	1,735,137	339,103	79,423
Operations in Other Countries	106,411	98,521	95,789	45,977
	-----	-----	-----	-----
	3,386,920	3,166,578	843,393	629,087
	=====	=====	=====	=====

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

The share subdivision into two (2) ordinary shares of RM0.50 each for every one (1) existing ordinary share of RM1.00 each and amendment to the Memorandum of Association in relation thereto was effective on 1 July 2004.

The proforma effect of the subdivision on issued and paid-up capital, earnings per share and net tangible assets per share are as follows: -

	As at 30.06.2004	After subdivision
		of share
Issued and paid-up share capital	2,306,254,911	4,612,509,822
	of RM1.00 each	of RM0.50 each

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

INTERIM FINANCIAL REPORT

Notes : - continued

	As at 30.06.2004	After subdivision of share
Earnings per share (basic) (sen)	27.27	13.64
Earnings per share (diluted) (sen)	26.23	13.12
Net tangible assets per share (RM)	1.86	0.93

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 1.1 million.

[THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK]

INTERIM FINANCIAL REPORT

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

B1. Review of the Results

Group turnover increased to RM 850.4 million for the current quarter ended 30 June 2004 from RM841.7 million in the preceding year corresponding quarter ended 30 June 2003. This represents a marginal increase of RM8.7 million or 1.0 % over the preceding year corresponding quarter ended 30 June 2003. The Group profit before taxation increased by 6.8 % to RM193.9 million in the current quarter ended 30 June 2004 as compared to the preceding year corresponding quarter ended 30 June 2003.

B2. Comparison with Preceding Quarter

	Current Quarter 30.06.2004 RM'000	Preceding Quarter 31.03.2004 RM'000
Turnover	850,387	890,984
Consolidated Profit before taxation	193,925	219,168
Consolidated Profit after taxation	141,043	158,221

The decrease in turnover and consolidated profit before taxation in the current quarter ended 30 June 2004 as compared to preceding quarter ended 31 March 2004 was mainly due to reduction in contribution from power generation business and investment income.

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 30.06.2004 RM'000	Current Year to Date 30.06.2004 RM'000
In respect of current period		
- Income Tax	28,042	180,492
- Deferred Tax	24,840	49,411
In respect of prior years		
- Income Tax	-	31
	-----	-----
	52,882	229,934
	=====	=====

INTERIM FINANCIAL REPORT

Notes –Continued

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.

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 0.218 million and RM 1.218 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 0.017 million and RM 8.459 million respectively. Profit on sale of investment amounted to RM 0.017 million and RM 2.353 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	28,386
Carrying value	28,386
Market value	45,116
	=====

B8. Corporate Developments

a) Corporate proposal announced and pending completion

On 31 May 2004, the Company announced that it entered into a Share Sale and Purchase Agreement with P.T. Bumipertiwi Tatapradipta (“PT Bumipertiwi”) to acquire from PT Bumipertiwi a 35% equity and certain loan stock interests in P.T. Jawa Power (“Jawa Power”), a company incorporated under the laws of the Republic of Indonesia, for a total purchase consideration of USD139.4 million (RM529.7 million, converted at the prevailing exchange rate of USD1.00 to RM3.80) (“Proposed Acquisition”). The Proposed Acquisition is currently pending completion.

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.

INTERIM FINANCIAL REPORT

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	1,998,238	2,523,238
Unsecured	150,343	9,601,491	9,751,834
	<u>675,343</u>	<u>11,599,729</u>	<u>12,275,072</u>

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

In US Dollar (‘000)	<u>380,000</u>
In Sterling Pound (‘000)	<u>1,194,769</u>

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 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 financial instruments disclosed in the latest audited financial statements and the date of this announcement. In addition to the above, Wessex Water Limited has several interest rate swap agreements which limit the Group’s exposure to floating interest rate, details of which are as follows :

Notional Principal Amount (denotes in Sterling Pound)	Total £’000 <u>730,800</u>
RM equivalent (exchange rate £1=RM6.8719)	RM’000 5,021,985
Average fixed interest rate	5.62 %

INTERIM FINANCIAL REPORT

Notes –Continued

Average period to maturity of the fixed rate borrowing (years) 0.98

All 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 of Directors is pleased to recommend for the approval of the shareholders a First and Final Dividend of 20% less 28 % tax for the year ended 30 June, 2004. The Book Closure and Payment Dates in respect of the aforesaid dividend will be determined by the Board at a later date.

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 30.06.2004	Preceding Year Corresponding Quarter 30.06.2003
Net Profit for the period (RM'000)	141,043 =====	134,528 =====
Weighted average number of ordinary shares ('000)	2,236,361 =====	2,260,778 =====
	Current Quarter 30.06.2004	Preceding Year Corresponding Quarter 30.06.2003
Basic earnings per share (sen)	6.31 =====	5.95 =====

INTERIM FINANCIAL REPORT

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 30.06.2004	Preceding Year Corresponding Quarter 30.06.2003
Net profit for the period (RM'000)	141,043	134,528
<i>Weighted average number of ordinary shares ('000) - diluted</i>		
Weighted average number of ordinary shares ('000) - basic	2,236,361	2,260,778
Effect of unexercised warrants	101,825	24,794
Effect of unexercised ESOS	14,512	7,671
	----- 2,352,698	----- 2,293,243
Diluted earnings per share (sen)	5.99	5.87

* *Total cash expected to be received in the event of an exercise of all outstanding warrants and ESOS options is RM1,805.230 million. Accordingly, the Net Tangible Asset (NTA) on a proforma basis will increase by RM1,805.230 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.*

By Order of the Board
HO SAY KENG
Secretary

Kuala Lumpur
Dated: 26 August 2004