

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 September 2004

The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENTS

	INDIVIDUAL CURRENT YEAR QUARTER 30.09.2004 RM'000	PERIOD PRECEDING YEAR CORRESPONDING QUARTER 30.09.2003 RM'000	CUMULATIVE CURRENT YEAR TO DATE 30.09.2004 RM'000	PERIOD PRECEDING YEAR CORRESPONDING PERIOD 30.09.2003 RM'000
REVENUE	888,577	818,348	888,577	818,348
OPERATING EXPENSES	(518,805)	(463,865)	(518,805)	(463,865)
OTHER OPERATING INCOME	891	4,402	891	4,402
PROFIT FROM OPERATION	370,663	358,885	370,663	358,885
FINANCE COSTS	(163,714)	(145,510)	(163,714)	(145,510)
SHARE OF RESULTS OF ASSOCIATED COMPANY	133	118	133	118
PROFIT BEFORE TAXATION	207,082	213,493	207,082	213,493
TAXATION	(49,846)	(56,823)	(49,846)	(56,823)
NET PROFIT FOR THE PERIOD	157,236	156,670	157,236	156,670
EARNINGS PER SHARE				
Basic (Sen)	3.49	3.47	3.49	3.47
Diluted (Sen)	3.33	3.38	3.33	3.38

The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 30th June 2004

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

	As at 30.09.2004	As at 30.06.2004
	RM'000	RM'000
Property, Plant & Equipment	14,033,849	13,975,543
Intangible Assets	440,700	440,700
Investment in Associated Companies	610	517
Investments	445,422	445,436
Development Expenditure	17,549	8,332
Current Assets		
Inventories	126,670	145,785
Receivable, Deposits and Prepayment	1,092,134	1,086,725
Short Term Investments	46,079	40,837
Deposits, Bank and Cash Balances	4,271,658	4,432,698
	-----	-----
	5,536,541	5,706,045
	-----	-----
Current Liabilities		
Payables and Accrued Liabilities	836,458	800,837
Provision for Liabilities and Charges	31,325	28,388
Provision for Taxation	45,403	42,174
Bonds	125,000	125,000
Borrowings	293,301	550,835
	-----	-----
	1,331,487	1,547,234
	-----	-----
Net Current Assets	4,205,054	4,158,811
	-----	-----
	<u>19,143,184</u>	<u>19,029,339</u>
	=====	=====

The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the year ended 30th June 2004

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CONDENSED CONSOLIDATED BALANCE SHEET – Continued

	As at 30.09.2004	As at 30.06.2004
	RM'000	RM'000
Share Capital	2,345,748	2,306,255
Reserves	2,762,078	2,519,362
Treasury Shares, at cost	(295,113)	(265,127)
	-----	-----
Shareholders' Funds	4,812,713	4,560,490
Minority Interests*	-	-
Deferred Taxation	2,294,317	2,301,955
Bonds	6,384,420	6,517,107
Borrowings	5,084,749	5,083,207
Provision for Liabilities & Charges	396,207	393,073
Deferred Income	142,744	145,320
Payables	28,034	28,187
	-----	-----
	<u>19,143,184</u>	<u>19,029,399</u>
	=====	=====
Net Tangible Assets Per Share (RM)#	0.97	0.93
	=====	=====

* Minority Interest denotes RM1.

#On 12 July 2004, the subdivision of the Company's ordinary shares of RM1 each into ordinary shares of RM0.50 each was completed with the listing and quotation of the new shares on the Main Board of Bursa Securities Malaysia Berhad. The net tangible assets per share calculated above is based on the subdivided shares of the Company.

The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the year ended 30th June 2004

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD ENDED 30 SEPTEMBER 2004**

	Current Year Quarter 30.09.2004 RM'000	Preceding Year Corresponding Quarter 30.09.2003 RM'000
Net cash from operating activities	323,653	291,972
Net cash used in investing activities	(233,151)	(293,972)
Net cash generated from financing activities	(251,106)	418,290
Net changes in cash and cash equivalents	(160,604)	416,290
Cash and cash equivalents brought forward	4,383,893	4,245,430
Cash and cash equivalents carried forward (note a)	4,233,289	4,661,720

Note a :

Cash and cash equivalents comprise :

	RM'000	RM'000
Fixed Deposit	4,264,402	4,710,051
Cash and bank balances	7,256	2,065
Bank overdraft	(48,369)	(50,396)
	4,223,289	4,661,720

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended 30th June 2004.

YTL POWER INTERNATIONAL BERHAD (Company No. 406684-H)
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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 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 2004	2,306,255	1,953,400	(2,057,953)	(265,127)	2,623,915	4,560,490
Gain not recognised in the income statement: Foreign currency Translation difference	-	-	8,718	-	-	8,718
Profit for the period	-	-	-	-	157,236	157,236
Shares repurchased	-	-	-	(29,986)	-	(29,986)
Issue of share capital	39,493	76,762	-	-	-	116,255
At 30 September 2004	<u>2,345,748</u>	<u>2,030,162</u>	<u>(2,049,235)</u>	<u>(295,113)</u>	<u>2,781,151</u>	<u>4,812,713</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 2004

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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 2003	2,288,672	1,919,113	(2,095,375)	(78,090)	2,335,608	4,369,928
Gain not recognised in the income statement:						
Foreign currency Translation difference	-	-	21,786	-	-	21,786
Profit for the period	-	-	-	-	156,670	156,670
Shares repurchased	-	-	-	(16,912)	-	(16,912)
At 30 September 2003	<u>2,288,672</u>	<u>1,919,113</u>	<u>(2,073,589)</u>	<u>(95,002)</u>	<u>2,492,278</u>	<u>4,531,472</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 2004

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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, 2004.

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, 2004.

A2. Audit Report of preceding financial year ended 30 June 2004.

The Auditors’ Report on the financial statements of the preceding financial year was 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, a subsidiary company repaid a principal amount of RM400 million Medium Term Loan (MTN”) on 16 July 2004 and re-issued RM100 million MTN on 23 August 2004 with a maturity date falling on 24 August 2005.

During the current financial quarter 78,937,513 ordinary shares were issued pursuant to the conversion of 2.5 % Exchangeable Guaranteed Unsecured Bond issued by a subsidiary company.

During the current financial quarter, 48,858 ordinary shares were issued pursuant to the exercise of warrants at an exercise price of RM 1.45 per share.

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Notes :- continued

During the current financial quarter, a total of 17,026,100 shares were repurchased from the open market for a total consideration of RM29,985,781. The share buy-back transactions were financed by internally generated funds. The shares purchased are being held as treasury shares. As at 30 September 2004, the number of treasury shares held is 179,988,130 shares.

The subdivision of the Company's 2,306,254,911 ordinary shares of RM1.00 each into 4,612,509,822 ordinary shares of RM0.50 each which was effective 1 July 2004 was completed with the listing of the new ordinary shares of RM0.50 each on the Main Board of Bursa Securities Malaysia Berhad on 12 July 2004.

The outstanding debts are as disclosed in note B9.

A7. Dividend paid

No dividend 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
	Current Year	Preceding	Before	Before
	30.09.2004	Year	Taxation	Taxation
		Corresponding	Current	Preceding
		Year	Year	Year
		30.09.2003	30.09.2004	30.09.2003
	RM'000	RM'000	RM'000	RM'000
Analysis by activities				
Investment holding	40,565	39,606	23,119	29,558
Power generation	283,619	313,157	96,464	109,812
Water and sewage	564,393	465,585	87,499	74,123
	-----	-----	-----	-----
	888,577	818,348	207,082	213,493
	=====	=====	=====	=====
Analysis by geographical area	RM'000	RM'000	RM'000	RM'000
Operations in Malaysia	299,565	332,730	100,623	119,706
Operations in United Kingdom	564,393	465,585	87,499	74,123
Operations in Other Countries	24,619	20,033	18,960	19,664
	-----	-----	-----	-----
	888,577	818,348	207,082	213,493
	=====	=====	=====	=====

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Notes :- continued

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

On 30 August 2004, the Company announced that it has acquired/incorporated the following wholly-owned subsidiaries :-

- 1) Dockdale Investments Limited (now known as “YTL Jawa Power Holdings Limited”)
- 2) Worplan Investments Limited (now known as “YTL Jawa O & M Holdings Limited”)
- 3) YTL Jawa Power B.V. (“YTL Jawa Power”)
- 4) YTL Jawa Power Services B.V. (“YTL Jawa Power Services”)
- 5) YTL Power Jawa O & M Holdings B.V. (“YTL Jawa O & M Holdings”)

YTL Jawa Power Holdings Limited and YTL Jawa O & M Holdings Limited, companies incorporated in the Republic of Cyprus on 25 May 2004, are investment holding companies with the authorised share capital of CYP5,000.00 comprising 5,000 ordinary shares of CYP1.00 each. The issued and paid-up share capital is CYP1,000 divided into 1,000 ordinary shares of CYP1.00 each.

YTL Jawa Power, YTL Jawa Power Services and YTL Jawa O & M Holdings, companies incorporated in the Netherlands on 23 July 2004, are also investment holding companies with authorised share capital of EUR90,000.00 comprising 90,000 ordinary shares of EUR1.00 each. The issued and paid-up share capital is EUR18,000.00 divided into 18,000 ordinary shares of EUR1.00 each.

On 17 November 2004, the Company announced that it has acquired YTL Utilities Finance 2 Limited (formerly known as YTL Jawa Power Holdings Limited) through its wholly-owned subsidiary, YTL Utilities Limited.

YTL Utilities Finance 2 Limited, a company incorporated in the Cayman Islands on 18 May 2004, is an investment holding company with an authorised share capital of US\$50,000.00 comprising 50,000 ordinary shares of US\$1.00 each. The issued and paid-up share capital is US\$1.00 divided into 1 ordinary share of US\$1.00 each.

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 2004 except for the performance guarantee by SC Technology AG, a wholly-owned subsidiary of Wessex Water Limited for the amount of GBP 1.375 million.

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

B1. Review of the Results

Group turnover increased to RM 888.6 million for the current quarter ended 30 September 2004 from RM818.3 million in the preceding year corresponding quarter ended 30 September 2003. This represents an increase of RM70.3 million or 8.6 % over the preceding year corresponding quarter ended 30 September 2003. The Group profit before taxation decreased by 3.0 % to RM207.1 million in the current quarter ended 30 September 2004 as compared to the preceding year corresponding quarter ended 30 September 2003.

B2. Comparison with Preceding Quarter

	Current Quarter 30.09.2004 RM'000	Preceding Quarter 30.06.2004 RM'000
Turnover	888,577	850,387
Consolidated Profit before taxation	207,082	193,925
Consolidated Profit after taxation	157,236	141,043

The increase in turnover and consolidated profit before taxation in the current quarter ended 30 September 2004 as compared to preceding quarter ended 30 June 2004 was mainly due to higher turnover and lower operating cost recorded in power generation business.

B3. Prospects

The results of the group for the year ending 30 June 2005 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 30.09.2004 RM'000	Current Year to Date 30.09.2004 RM'000
In respect of current period		
- Income Tax	47,306	47,306
- Deferred Tax	12,821	12,821
In respect of prior years		
- Income Tax	-	-
- Deferred Tax	(10,281)	(10,281)
	-----	-----
	49,846	49,846
	=====	=====

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

There is no sales of unquoted investments during the current financial quarter.

B7. Quoted Investments

- (a) There is no purchase or disposal of quoted investment during the current financial quarter.
- (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	28,372
Carrying value	28,372
Market value	47,917

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.

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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	225,652	1,995,586	2,221,238
Unsecured	192,649	9,473,583	9,666,232
	-----	-----	-----
	418,301	11,469,169	11,887,470
	=====	=====	=====

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

In US Dollar ('000)	332,775
	=====
In Sterling Pound ('000)	1,204,266
	=====

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 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	4,994,799
(exchange rate £1=RM6.8347)	
Average fixed interest rate	5.62 %
Average period to maturity of the fixed rate borrowing (years)	0.73

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Notes –Continued

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 of Directors 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. In accordance with MASB 13 “Earnings Per Share”, the weighted average number of ordinary shares has been adjusted for the subdivision of the Company’s shares as stated under Note A6.

	Current Quarter 30.09.2004	Preceding Year Corresponding Quarter 30.09.2003
Net Profit for the period (RM’000)	157,236 =====	156,670 =====
Weighted average number of ordinary shares (‘000)	4,509,673 =====	4,513,413 =====
Basic earnings per share (sen)	3.49 =====	3.47 =====

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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. In accordance with MASB 13 “Earnings Per Share”, the weighted average number of ordinary shares has been adjusted for the subdivision of the Company’s shares as stated under Note A6.

	Current Quarter 30.09.2004	Preceding Year Corresponding Quarter 30.09.2003
Net profit for the period (RM’000)	157,236	156,670
<i>Weighted average number of ordinary shares (‘000) - diluted</i>		
Weighted average number of ordinary shares (‘000) - basic	4,509,673	4,513,413
Effect of unexercised warrants	185,200	101,717
Effect of unexercised ESOS	26,881	19,531
	-----	-----
	4,721,754	4,634,661
	=====	=====
Diluted earnings per share (sen)	3.33	3.38
	=====	=====

* *Total cash expected to be received in the event of an exercise of all outstanding warrants and ESOS options is RM1,804.975 million. Accordingly, the Net Tangible Asset (NTA) on a proforma basis will increase by RM1,804.975 million resulting in an increase in NTA per share of RM0.31. 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 November 2004