

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 December 2004

The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENTS

	INDIVIDUAL CURRENT YEAR QUARTER 31.12.2004 RM'000	PERIOD PRECEDING YEAR CORRESPONDING QUARTER 31.12.2003 RM'000	CUMULATIVE CURRENT YEAR TO DATE 31.12.2004 RM'000	PERIOD PRECEDING YEAR CORRESPONDING PERIOD 31.12.2003 RM'000
REVENUE	931,884	827,202	1,820,461	1,645,550
OPERATING EXPENSES	(518,366)	(461,177)	(1,037,171)	(925,042)
OTHER OPERATING INCOME	7,060	4,109	7,951	8,511
PROFIT FROM OPERATION	420,578	370,134	791,241	729,019
FINANCE COSTS	(159,747)	(153,463)	(323,461)	(298,973)
SHARE OF RESULTS OF ASSOCIATED COMPANY	17,614	136	17,747	254
PROFIT BEFORE TAXATION	278,445	216,807	485,527	430,300
TAXATION	(64,079)	(59,282)	(113,925)	(116,105)
NET PROFIT FOR THE PERIOD	214,366	157,525	371,602	314,195
EARNINGS PER SHARE				
Basic (Sen)	4.70	3.49	8.19	6.96
Diluted (Sen)	4.46	3.34	7.77	6.73

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 31.12.2004	As at 30.06.2004
	RM'000	RM'000
Property, Plant & Equipment	14,968,801	13,975,543
Intangible Assets	440,700	440,700
Investment in Associated Companies	667,072	517
Investments	512,113	445,436
Development Expenditure	7,824	8,332
Current Assets		
Inventories	135,315	145,785
Receivable, Deposits and Prepayment	984,373	1,086,725
Short Term Investments	41,403	40,837
Deposits, Bank and Cash Balances	4,286,495	4,432,698
	-----	-----
	5,447,586	5,706,045
	-----	-----
Current Liabilities		
Payables and Accrued Liabilities	758,634	800,837
Provision for Liabilities and Charges	34,446	28,388
Provision for Taxation	60,133	42,174
Bonds	125,000	125,000
Borrowings	939,425	550,835
	-----	-----
	1,917,638	1,547,234
	-----	-----
Net Current Assets	3,529,948	4,158,811
	-----	-----
	<u>20,126,458</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

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

	As at 31.12.2004	As at 30.06.2004
	RM'000	RM'000
Share Capital	2,469,812	2,306,255
Reserves	3,306,700	2,519,362
Treasury Shares, at cost	(380,922)	(265,127)
	-----	-----
Shareholders' Funds	5,395,590	4,560,490
Minority Interests*	-	-
Deferred Taxation	2,428,210	2,301,955
Bonds	6,320,124	6,517,107
Borrowings	5,362,925	5,083,207
Provision for Liabilities & Charges	434,341	393,073
Deferred Income	156,178	145,320
Payables	29,090	28,187
	-----	-----
	<u>20,126,458</u>	<u>19,029,399</u>
	=====	=====
Net Tangible Assets Per Share (RM)#	1.05	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 31 DECEMBER 2004**

	Current Year Quarter 31.12.2004 RM'000	Preceding Year Corresponding Quarter 31.12.2003 RM'000
Net cash from operating activities	672,976	753,995
Net cash used in investing activities	(1,156,853)	(483,472)
Net cash generated from financing activities	334,368	355,312
Net changes in cash and cash equivalents	(149,509)	625,835
Cash and cash equivalents brought forward	4,383,893	4,245,430
Cash and cash equivalents carried forward (note a)	4,234,384	4,871,265

Note a :

Cash and cash equivalents comprise :

	RM'000	RM'000
Fixed Deposit	4,250,007	4,905,057
Cash and bank balances	36,488	12,171
Bank overdraft	(52,111)	(45,963)
	4,234,384	4,871,265

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 31 DECEMBER 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	-	-	98,635	-	-	98,635
Profit for the period	-	-	-	-	371,602	371,602
Shares repurchased	-	-	-	(115,795)	-	(115,795)
Issue of share capital	163,557	317,101	-	-	-	480,658
At 31 December 2004	<u>2,469,812</u>	<u>2,270,501</u>	<u>(1,959,318)</u>	<u>(380,922)</u>	<u>2,995,517</u>	<u>5,395,590</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	-	-	71,300	-	-	71,300
Profit for the period	-	-	-	-	314,195	314,195
Shares repurchased	-	-	-	(35,341)	-	(35,341)
Issue of share capital	4,122	8,038	-	-	-	12,160
At 31 December 2003	<u>2,292,794</u>	<u>1,927,151</u>	<u>(2,024,075)</u>	<u>(113,431)</u>	<u>2,649,803</u>	<u>4,732,242</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 and financial year to date, a total of 230,866,798 ordinary shares and 309,804,311 ordinary shares were issued respectively pursuant to the conversion of 2.5 % Exchangeable Guaranteed Unsecured Bonds (“Bonds”) issued by a subsidiary company.

On 7 January 2005, the Company announced that all the outstanding Bonds amounting to USD5,415,000 (RM20,577,000) had been redeemed. As at the Redemption Date, Bonds amounting to USD144,585,000 (RM549,423,000) had been converted into 373,537,607 ordinary shares of RM0.50 each in YTL Power International Berhad. Each Bond was exchangeable at the option of the registered holder of the Bonds into fully paid ordinary shares of YTL Power International Berhad at an exchange price of RM1.47 per share.

INTERIM FINANCIAL REPORT

Notes :- continued

During the current financial quarter and financial year to date, 17,261,170 ordinary shares and 17,310,028 ordinary shares were issued respectively pursuant to the exercise of warrants at an exercise price of RM 1.45 per share.

A total of 45,443,100 ordinary shares and 62,469,200 ordinary shares were repurchased from the open market for a total consideration of RM85,809,626 and RM115,795,407 respectively for the current financial quarter and financial year to date. The share buy-back transactions were financed by internally generated funds. The shares purchased are being held as treasury shares. As at 31 December 2004, the number of treasury shares held is 225,431,230 ordinary 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
	31.12.2004	Year	Taxation	Taxation
		Corresponding	Current	Preceding
		Year	Year	Year
		31.12.2003	31.12.2004	31.12.2003
	RM'000	RM'000	RM'000	RM'000
Analysis by activities				
Investment holding	117,565	87,396	73,402	66,538
Power generation	572,443	597,438	216,533	206,385
Water and sewage	1,130,453	960,716	195,592	157,377
	-----	-----	-----	-----
	1,820,461	1,645,550	485,527	430,300
	=====	=====	=====	=====
Analysis by geographical area	RM'000	RM'000	RM'000	RM'000
Operations in Malaysia	597,233	628,538	201,848	227,514
Operations in United Kingdom	1,130,453	960,716	195,592	157,377
Operations in Other Countries	92,775	56,296	88,087	45,409
	-----	-----	-----	-----
	1,820,461	1,645,550	485,527	430,300
	=====	=====	=====	=====

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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 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.

On 10 December 2004, the Company completed the acquisition of 122,920 ordinary shares of United States Dollars (“USD”) 1,000 each, representing 35 % equity interest in P.T. Jawa Power. The Company has also completed the acquisition of 500 ordinary shares of United States Dollars (“USD”) 1,000 each, representing 100 % equity interest in PT Powergen Jawa Timur.

On 23 February 2005, the Company announced that it has incorporated YTL Jawa Power Holdings BV, a company incorporated in the Netherlands with an authorized 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.

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Notes :- continued

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 GmbH for the amount of GBP 1.542 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 RM931.9 million for the current quarter ended 31 December 2004 from RM827.2 million in the preceding year corresponding quarter ended 31 December 2003. This represents an increase of RM104.7 million or 12.7 % over the preceding year corresponding quarter ended 31 December 2003. The Group profit before taxation increased by 28.4 % to RM278.4 million in the current quarter ended 31 December 2004 as compared to the preceding year corresponding quarter ended 31 December 2003.

B2. Comparison with Preceding Quarter

	Current Quarter 31.12.2004 RM'000	Preceding Quarter 30.09.2004 RM'000
Turnover	931,884	888,577
Consolidated Profit before taxation	278,445	207,082
Consolidated Profit after taxation	214,366	157,236

The increase in turnover and consolidated profit before taxation in the current quarter ended 31 December 2004 as compared to preceding quarter ended 30 September 2004 were mainly due to better performance of foreign subsidiaries and consolidation of one month financial results of a newly acquired associated company.

B3. Prospects

Barring any unforeseen circumstances and following the acquisition of 35 % equity interest in P.T. Jawa Power, the Group's performance is expected to be satisfactory for the financial year ending 30 June 2005

B4. Profit Forecast/Profit Guarantee

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

B5. Taxation

	Current Year Quarter 31.12.2004 RM'000	Current Year to Date 31.12.2004 RM'000
In respect of current period		
- Income Tax	54,291	101,597
- Deferred Tax	14,804	27,625
In respect of prior years		
- Income Tax	717	717
- Deferred Tax	(5,733)	(16,014)
	-----	-----
	64,079	113,925
	=====	=====

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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 and recognition of tax credits.

B6. Sale of unquoted investments and/or properties

During the current financial quarter and financial year to date, profit on sales of unquoted investments amounted to RM33,753.

B7. Quoted Investments

- (a) Purchase of quoted investments during the current financial quarter and financial year to date amounted to RM1,530,860.
- (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	30,083
Carrying value	30,083
Market value	55,276
	<u>=====</u>

B8. Corporate Developments

a) **Corporate proposal announced and pending completion**

As at the date of this announcement, there is no corporate proposal announced and 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	225,674	1,979,433	2,205,107
Unsecured	838,751	9,703,616	10,542,367
	<u>1,064,425</u>	<u>11,683,049</u>	<u>12,747,474</u>

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

In US Dollar ('000)	<u>395,389</u>
In Sterling Pound ('000)	<u>1,219,844</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=RM7.3169)	RM'000 5,347,191
Average fixed interest rate	5.62 %

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Notes –Continued

Average period to maturity of the fixed rate borrowing (years) 0.48

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 31.12.2004	Preceding Year Corresponding Quarter 31.12.2003
Net Profit for the period (RM’000)	214,366 =====	157,525 =====
Weighted average number of ordinary shares (‘000)	4,559,517 =====	4,511,906 =====
Basic earnings per share (sen)	4.70 =====	3.49 =====

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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 31.12.2004	Preceding Year Corresponding Quarter 31.12.2003
Net profit for the period (RM’000)	214,366	157,525
<i>Weighted average number of ordinary shares (‘000) - diluted</i>		
Weighted average number of ordinary shares (‘000) - basic	4,559,517	4,511,906
Effect of unexercised warrants	219,141	175,529
Effect of unexercised ESOS	30,042	25,373
	----- 4,808,700	----- 4,712,808
Diluted earnings per share (sen)	=====	=====
	4.46	3.34
	=====	=====

* *Total cash expected to be received in the event of an exercise of all outstanding warrants and ESOS options is RM1,773.078 million. Accordingly, the Net Tangible Asset (NTA) on a proforma basis will increase by RM1,773.078 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: 25 February 2005