

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

INTERIM FINANCIAL REPORT

Interim financial report on consolidated results for the quarter ended 31 December 2007.

The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENTS

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	6 MONTHS ENDED	
	31.12.2007 RM'000	31.12.2006 RM'000	31.12.2007 RM'000	31.12.2006 RM'000
REVENUE	1,003,205	976,601	2,041,528	1,935,934
COST OF SALES	(545,216)	(532,113)	(1,100,643)	(1,030,240)
GROSS PROFIT	457,989	444,488	940,885	905,694
OTHER OPERATING EXPENSES	(50,779)	(57,985)	(99,070)	(119,068)
OTHER OPERATING INCOME	60,695	11,632	87,431	21,336
PROFIT FROM OPERATIONS	467,905	398,135	929,246	807,962
FINANCE COSTS	(185,477)	(161,356)	(374,613)	(329,457)
SHARE OF RESULTS OF ASSOCIATED COMPANIES	57,707	49,931	103,272	94,130
PROFIT BEFORE TAXATION	340,135	286,710	657,905	572,635
TAXATION	(94,593)	(64,478)	(177,296)	(129,823)
NET PROFIT FOR THE PERIOD	245,542	222,232	480,609	442,812
ATTRIBUTABLE TO:				
Shareholders	245,542	222,232	480,609	442,812
Minority interest	-	-	-	-
	245,542	222,232	480,609	442,812
EARNINGS PER 50 SEN SHARE				
Basic (Sen)	4.82	4.51	9.43	8.98
Diluted (Sen)	4.12	4.22	8.19	8.44

The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 30 June 2007 and the accompanying explanatory notes attached to the interim financial statements.

INTERIM FINANCIAL REPORT

CONDENSED CONSOLIDATED BALANCE SHEET

	UNAUDITED	AUDITED
	As at	As at
	31.12.2007	30.06.2007
	RM'000	RM'000
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	14,622,578	14,882,278
Prepaid Lease Payments	3,322	3,473
Intangible Assets	441,333	441,333
Investment in Associated Companies	877,198	863,140
Investments	664,851	668,284
Development Expenditure	11,931	0
	-----	-----
	16,621,213	16,858,508
	-----	-----
Current Assets		
Inventories	148,853	160,850
Receivable, Deposits and Prepayment	873,469	909,200
Short Term Investments	45,182	44,507
Deposits, Cash and Bank Balances	7,637,590	6,029,825
	-----	-----
	8,705,094	7,144,382
	-----	-----
TOTAL ASSETS	25,326,307	24,002,890
	=====	=====
EQUITY AND LIABILITIES		
Share Capital	2,679,233	2,648,158
Reserves	4,093,985	3,881,747
Treasury Shares, at cost	(532,288)	(402,762)
	-----	-----
Equity attributable to Shareholders of the Company	6,240,930	6,127,143
Minority Interest *	-	-
	-----	-----
TOTAL EQUITY	6,240,930	6,127,143
	-----	-----

* Minority Interest denotes RM1.

The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the year ended 30 June 2007 and the accompanying explanatory notes attached to the financial statements.

INTERIM FINANCIAL REPORT

CONDENSED CONSOLIDATED BALANCE SHEET – Continued

	UNAUDITED	AUDITED
	As at	As at
	31.12.2007	30.06.2007
	RM'000	RM'000
LIABILITIES		
Non-Current Liabilities		
Payables	11,756	12,308
Provision for Liabilities and Charges	338,857	382,853
Bonds	9,761,695	9,255,414
Borrowings	3,624,002	3,766,565
Deferred Income	138,959	147,363
Deferred Tax Liabilities	2,133,509	2,214,317
	-----	-----
	16,008,778	15,778,820
	-----	-----
Current Liabilities		
Payables and Accrued Liabilities	1,115,779	986,628
Provision for Liabilities and Charges	21,606	28,023
Provision for Taxation	135,066	49,263
Bonds	125,000	125,000
Borrowings	1,679,148	908,013
	-----	-----
	3,076,599	2,096,927
	-----	-----
TOTAL LIABILITIES	19,085,377	17,875,747
	-----	-----
TOTAL EQUITY AND LIABILITIES	25,326,307	24,002,890
	=====	=====
Net Assets Per 50 Sen Share (RM)	1.22	1.20
	===	===

The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the year ended 30 June 2007 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 DECEMBER 2007**

	----- Attributable to Equity Holders of the Parent -----							Total Equity RM'000
	----- Non-Distributable -----		Merger & Other Reserves RM'000	Treasury Shares RM'000	Retained Earnings RM'000	Total RM'000	Minority Interest RM'000	
	Share Capital RM'000	Share Premium RM'000						
At 1 July 2007	2,648,158	1,944,120	(2,089,013)	(402,763)	4,026,641	6,127,143	-	6,127,143
Currency translation difference	-	-	(149,727)	-	-	(149,727)	-	(149,727)
Net profit for the period	-	-	-	-	480,609	480,609	-	480,609
Total recognised income and expenses for the period	-	-	(149,727)	-	480,609	330,882	-	330,882
Shares repurchased	-	-	-	(129,525)	-	(129,525)	-	(129,525)
Issue of share capital	12,551	22,220	-	-	-	34,771	-	34,771
Dividend paid – Financial year ended 30 June 2007	-	-	-	-	(186,895)	(186,895)	-	(186,895)
Conversion of bonds	18,524	52,600	-	-	-	71,124	-	71,124
Equity component of exchangeable bond	-	-	(7,177)	-	-	(7,177)	-	(7,177)
Share options granted	-	-	607	-	-	607	-	607
At 31 December 2007	2,679,233	2,018,940	(2,245,310)	(532,288)	4,320,355	6,240,930	-	6,240,930

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 30 June 2007 and accompanying explanatory notes attached to the interim financial statements.

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY-continued
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2006**

	----- Attributable to Equity Holders of the Parent -----							Minority Interest 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	Non-Distributable RM'000		
At 1 July 2006	2,581,535	2,211,391	(2,116,309)	(469,567)	3,521,907	5,728,957	-	5,728,957	
Currency translation difference	-	-	70,704	-	-	70,704	-	70,704	
Net profit for the period	-	-	-	-	442,812	442,812	-	442,812	
Total recognised income and expenses for the period	-	-	70,704	-	442,812	513,516	-	513,516	
Shares repurchased	-	-	-	(142,416)	-	(142,416)	-	(142,416)	
Issue of share capital	57,523	106,723	-	-	-	164,246	-	164,246	
At 31 December 2006	2,639,058	2,318,114	(2,045,605)	(611,983)	3,964,719	6,264,303	-	6,264,303	

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 30 June 2007 and the accompanying explanatory notes attached to the interim financial statements.

INTERIM FINANCIAL REPORT

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2007**

	CURRENT YEAR-TO-DATE 31.12.2007 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31.12.2006 RM'000
Net cash generated from operating activities	759,863	704,175
Net cash used in investing activities	(425,011)	(222,462)
Net cash generated from/ (used in) financing activities	1,270,862	1,010,546
Net increase in cash and cash equivalents	1,605,714	1,492,259
Cash and cash equivalents at beginning of the period	6,013,224	4,676,223
Cash and cash equivalents at end of the period <i>[Note a]</i>	7,618,938	6,168,482

[Note a]

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

	RM'000	RM'000
Fixed deposits	7,619,218	6,218,866
Cash and bank balances	18,372	16,845
Bank overdrafts (included within short term borrowings in [Note B9])	(18,652)	(67,229)
	7,618,938	6,168,482

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended 30 June 2007 and the accompanying explanatory notes attached to the interim financial statements.

INTERIM FINANCIAL REPORT

PART A – EXPLANATORY NOTES PURSUANT TO FRS 134

The Condensed Financial Statements should be read in conjunction with the audited annual financial statements of the Group for the year ended 30 June 2007.

A1. Accounting Policies and Methods of Computation

The interim financial report is unaudited and has been prepared in accordance with Financial Reporting Standard (“FRS”) 134: “Interim Financial Reporting” and Chapter 9, part K of the Listing Requirements of the Bursa Malaysia Securities Berhad.

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 except for the adoption of the following new/revised FRSSs, which are relevant to its operations, effective for financial period beginning 1 July 2007:

FRS 107	Cash Flow Statements
FRS 112	Income Taxes
FRS 117	Leases
FRS 118	Revenue
FRS 119	Employee Benefits
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
FRS 124	Related Party Disclosure (The disclosure requirements under FRS124 will be presented in the annual financial statements for the financial year ending 30 June 2008)
FRS 126	Accounting and Reporting by Retirement Benefit Plans
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets

The adoption of the above FRSSs does not have significant financial impact on the Group other than the effects of FRS 117.

FRS 117: Leases

Prior to the adoption of the revised FRS 117, leasehold land was classified as property, plant and equipment and was stated at cost less accumulated depreciation and impairment loss. With the revised FRS 117, the unamortised carrying amounts of leasehold land are now classified as prepaid lease payments and amortised over the period of its remaining lease term. The reclassification of leasehold land as prepaid lease payments has been accounted for retrospectively and the comparatives in the balance sheet have been restated.

The effects on the comparatives to the Group on adoption of FRS 117 are as follows:

	As previously Reported RM'000	Effect of changes RM'000	As reported RM'000
30 June 2007			
Property, plant and equipments	14,885,751	(3,473)	14,882,278
Prepaid lease payments	-	3,473	3,473

INTERIM FINANCIAL REPORT

Notes – continued

A2. Seasonality or Cyclicity of Operations

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

A3. 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.

A4. Changes in Estimates of Amounts Reported

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

A5. Changes in Debt and Equity Securities

The number of ordinary shares issued during the current financial quarter and financial year to date pursuant to the conversion of Zero Coupon Exchangeable Guaranteed Bonds issued by a subsidiary company were 25,533,594 and 37,048,744 respectively.

During the current financial quarter and financial year to date, 18,741,530 ordinary shares and 21,923,130 ordinary shares were issued pursuant to the exercise of warrants at a weighted average exercise price of RM 1.39 per share.

During the current financial quarter and financial year to date, 3,104,750 ordinary shares and 3,178,750 ordinary shares were issued respectively pursuant to the exercise of employees' share options granted under the Company's Employees Share Option Scheme (ESOS) at a weighted average exercise price of RM 1.35 per share.

A total of 16,268,700 ordinary shares and 53,218,800 ordinary shares were repurchased from the open market for a total consideration of RM42,190,165 and RM129,525,455 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 2007, the number of treasury shares held were 243,273,675 ordinary shares.

A total of 204,916,239 treasury shares were distributed as share dividend on 7 January 2008 to the shareholders on the basis of one (1) treasury share for every twenty five (25) ordinary shares held on 24 December 2007.

On 25 September 2007, the Company issued RM370.0 million Medium Term Notes at a coupon rate of 3.841% per annum. The net proceed of the issuance is currently placed under Fixed Deposits with licensed financial institutions pending investments in utilities assets.

On 28 September 2007 a subsidiary company Wessex Water Services Finance Plc issued GBP150.0 million index linked bonds at an interest rate of 1.5% plus inflation repayable in July 2058. The net proceed of the issuance will be used to finance capital expenditure.

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Notes – continued

On 1 October 2007, the Company issued RM380.0 million Medium Term Notes at a coupon rate of 3.9% per annum. The net proceed of the issuance is currently placed under Fixed Deposits with licensed financial institutions pending investments in utilities assets.

The outstanding debts are as disclosed in Note B9.

A6. Dividend Paid

A final dividend of 10% gross less income tax of 27% amounting to RM186,894,674 in respect of the financial year ended 30 June 2007 was paid during the current financial quarter.

A7. Segment Reporting

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

Segment reporting for period ended 31 December 2007:

	Investment Holding RM'000	Power Generation RM'000	Water & Sewerage RM'000	Group RM'000
Revenue	136,087	567,404	1,338,037	2,041,528
<hr/>				
Results				
Segment result	57,762	261,061	610,423	929,246
Unallocated income				-
				<hr/>
Profit from operations				929,246
Finance cost				(374,613)
Share of results of associated companies	-	103,272	-	103,272
				<hr/>
Profit from ordinary activities before tax				657,905
Taxation				(177,296)
				<hr/>
Profit from ordinary activities after tax				480,609
				<hr/> <hr/>

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Notes - continued

Segment Reporting for period ended 31 December 2006:

	Investment Holding RM'000	Power Generation RM'000	Water & Sewerage RM'000	Group RM'000
Revenue	106,450	576,159	1,253,325	1,935,934
<hr/>				
Results				
Segment result	20,575	244,460	542,927	807,962
Unallocated income				-
				<hr/>
Profit from operations				807,962
Finance cost				(329,457)
Share of results of associated companies	-	94,130	-	94,130
				<hr/>
Profit from ordinary activities before tax				572,635
Taxation				(129,823)
				<hr/>
Profit from ordinary activities after tax				442,812
				<hr/> <hr/>

A8. Material Events Subsequent to the End of the Interim Period

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

A9. Changes in the Composition of the Group

There was no change in the composition of the Group since the last quarterly report as at 30 June 2007.

A10. Changes in Contingent Liabilities

There were no material changes in the contingent liabilities of the Group since last annual balance sheet as at 30 June 2007.

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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

Group revenue increased to RM1,003.2 million for the current quarter ended 31 December 2007 from RM976.6 million in the preceding year corresponding quarter ended 31 December 2006. This represents an increase of RM26.6 million or 2.7% over the preceding year corresponding quarter ended 31 December 2006. The Group profit before taxation and profit after taxation increased by 18.6% and 10.5% to RM340.1 million and RM245.5 million respectively in the current quarter ended 31 December 2007 as compared to the preceding year corresponding quarter ended 31 December 2006. The increase was principally due to better performance recorded in all business segments of the Group.

B2. Comparison with Preceding Quarter

	Current Quarter 31.12.2007 RM'000	Preceding Quarter 30.09.2007 RM'000
Revenue	1,003,205	1,038,323
Consolidated Profit before taxation	340,135	317,770
Consolidated Profit after taxation	245,542	235,067

B3. Prospect

The Group, after considering its current level of operations and market conditions, is expected to achieve satisfactory performance for the financial year ending 30 June 2008.

B4. Profit Forecast

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

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INTERIM FINANCIAL REPORT

Notes - continued

B5. Taxation

	Current Year Quarter 31.12.2007 RM'000	Current Year To Date 31.12.2007 RM'000
In respect of current period		
- Income Tax	90,657	180,993
- Deferred Tax	5,778	(548)
In respect of prior years		
- Income Tax	(1,842)	(3,149)
	-----	-----
	94,593	177,296
	=====	=====

The provision for taxation for the current quarter and current year to date reflect an effective rate higher than the Statutory Income Tax Rate was substantially due to certain expenses not deductible for tax purposes and increased in deferred tax charge of a foreign subsidiary company.

B6. Sale of Unquoted Investments and/or Properties

There was no sale of unquoted investments or properties during the current financial quarter and financial year to date.

B7. Quoted Investments

- a) There was no purchase or sale of quoted investments during the current financial quarter and financial year to date.
- b) The cost, carrying value and the market value of the quoted investments of the Group as at end of the current reporting quarter are:

	RM'000
Cost	97,569
Carrying value	97,569
Market value	166,570
	=====

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INTERIM FINANCIAL REPORT

Notes: - continued

B8. Corporate Proposals

a) Corporate Proposal Announced and Pending Completion

Save for the following, there were no corporate proposals announced and pending as at the date of this report:-

- i) On 16 November, 2007, the following corporate proposal was announced:-
- Proposed issue of up to RM2,200,000,000 nominal value of 3.00% redeemable bonds ("Bonds") with up to 2,227,964,871 detachable warrants ("Warrants") on a bought deal basis to primary subscriber(s) ("Proposed Bonds with Warrants"); and
 - Proposed offer for sale by the primary subscriber(s) of up to 2,227,964,871 Warrants to the existing shareholders of YTL Power on a renounceable rights basis of one (1) Warrant for every three (3) existing ordinary shares of RM0.50 each held in YTL Power on an entitlement date and at an offer price to be determined and announced later ("Proposed Offer for Sale").

(hereinafter, the Proposed Bonds with Warrants and Proposed Offer for Sale are collectively referred to as the "Proposals")

Subsequently, on 14 December 2007, a further announcement that the Company proposes to revise the terms of the Bonds and Warrants as set out below was made:-

- (a) The Bonds may be issued at par or a discount to their nominal value, and at 3.00% coupon or such other coupon rate, in each case to be determined nearer to the point of issuance; and
- (b) The offer price for the provisional rights to allotment of the Warrants shall be calculated based on either:-
- (i) the difference between the nominal value of the Bonds and the discounted value of the Bonds (as agreed between the Company and primary subscriber(s)) divided by the number of the Warrants to be issued; or
 - (ii) market-based principles after taking into account the demand for YTL Power shares and its volatility, as well as working capital requirements of the YTL Power Group.

Approvals have been received from Bank Negara Malaysia, Securities Commission and shareholders of the Company for the Proposals. The Proposals are currently pending implementation.

INTERIM FINANCIAL REPORT

Notes: - continued

b) **Status of Utilisation of Proceeds**

USD250 million Guaranteed Exchangeable Bonds Due 2010

The net proceeds received from the issue of the USD250 million Guaranteed Exchangeable Bond due 2010 is currently placed under fixed deposits pending investment in utilities assets.

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	125,326	39	125,365
Unsecured	1,678,822	13,385,658	15,064,480
	----- 1,804,148 =====	----- 13,385,697 =====	----- 15,189,845 =====

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

In US Dollar ('000)	401,812 =====
In Sterling Pound ('000)	1,655,272 =====

All borrowings of subsidiary companies are on a non-recourse basis to the Company save and except for the following which is guaranteed by the Company:

- a) USD250 million Guaranteed Exchangeable Bonds Due 2010.

B10. Off Balance Sheet Financial Instruments

There were no off balance sheet instruments as at 31 December 2007.

B11. Pending Material Litigation

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

B12. Dividend

The Board of Directors declared a tax exempt interim dividend of 7.5% for the current financial year ending 30 June 2008 and that the Book Closure and Payment Dates in respect of the aforesaid dividend be 10 March 2008 and 24 March 2008.

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Notes: - continued

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 Year Quarter 31.12.2007	Preceding Year Corresponding Quarter 31.12.2006
Net Profit for the period (RM'000)	245,542 =====	222,232 =====
Weighted average number of ordinary shares ('000)	5,094,082 =====	4,923,084 =====
Basic earnings per share (Sen)	4.82 =====	4.51 =====

ii) Diluted Earnings Per Share

The diluted earnings per share of the Group has been computed by dividing the adjusted net profit for the financial quarter by the weighted average number of ordinary shares in issue during the financial quarter, and after assuming exchange of USD236.5 million Zero Coupon Guaranteed Exchangeable Bonds at beginning of the period.

	Current Year Quarter 31.12.2007	Preceding Year Corresponding Quarter 31.12.2006
Adjusted Net Profit for the period (RM'000)	242,431 =====	222,232 =====
<i>Weighted average number of ordinary shares ('000) – diluted</i>		
Weighted average number of ordinary shares ('000) – basic	5,094,082	4,923,084
Effect of unexercised warrants	377,402	310,356
Effect of unexercised ESOS	24,446	34,930
Assumed exchange of USD236.5 million Zero Coupon Bonds at beginning of the period	394,686 -----	- -----
	5,890,616 =====	5,268,370 =====
Diluted earnings per share (Sen)	4.12 =====	4.22 =====

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Notes: - continued

- * *Total cash expected to be received in the event of an exercise of all outstanding warrants and ESOS options is RM1,363.599 million. Accordingly, the Net Tangible Asset (NTA) on a proforma basis will increase by RM1,363.599 million resulting in an increase in NTA per share of RM0.22. 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: 22 February 2008