

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

INTERIM FINANCIAL REPORT

Interim financial report on consolidated results for the quarter ended 30 September 2007.

The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENTS

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	3 MONTHS ENDED	
	30.09.2007	30.09.2006	30.09.2007	30.09.2006
	RM'000	RM'000	RM'000	RM'000
REVENUE	1,038,323	959,333	1,038,323	959,333
COST OF SALES	(555,427)	(498,127)	(555,427)	(498,127)
GROSS PROFIT	482,896	461,206	482,896	461,206
OTHER OPERATING EXPENSES	(48,291)	(61,083)	(48,291)	(61,083)
OTHER OPERATING INCOME	26,736	9,704	26,736	9,704
PROFIT FROM OPERATIONS	461,341	409,827	461,341	409,827
FINANCE COSTS	(189,136)	(168,101)	(189,136)	(168,101)
SHARE OF RESULTS OF ASSOCIATED COMPANIES	45,565	44,199	45,565	44,199
PROFIT BEFORE TAXATION	317,770	285,925	317,770	285,925
TAXATION	(82,703)	(65,345)	(82,703)	(65,345)
NET PROFIT FOR THE PERIOD	235,067	220,580	235,067	220,580
ATTRIBUTABLE TO:				
Shareholders	235,067	220,580	235,067	220,580
Minority interest	-	-	-	-
	235,067	220,580	235,067	220,580
EARNINGS PER 50 SEN SHARE				
Basic (Sen)	4.61	4.49	4.61	4.49
Diluted (Sen)	4.06	4.24	4.06	4.24

The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 30 June 2007.

INTERIM FINANCIAL REPORT

CONDENSED CONSOLIDATED BALANCE SHEET

	UNAUDITED	AUDITED
	As at	As at
	30.09.2007	30.06.2007
	RM'000	RM'000
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	14,985,055	14,882,278
Prepaid Lease Payments	3,397	3,473
Intangible Assets	441,333	441,333
Investment in Associated Companies	852,424	863,140
Investments	683,767	668,284
Development Expenditure	5,856	0
	-----	-----
	16,971,832	16,858,508
	-----	-----
Current Assets		
Inventories	156,171	160,850
Receivable, Deposits and Prepayment	817,061	909,200
Short Term Investments	44,850	44,507
Deposits, Cash and Bank Balances	7,772,711	6,029,825
	-----	-----
	8,790,793	7,144,382
	-----	-----
TOTAL ASSETS	25,762,625	24,002,890
	=====	=====
EQUITY AND LIABILITIES		
Share Capital	2,655,543	2,648,158
Reserves	4,184,443	3,881,747
Treasury Shares, at cost	(490,098)	(402,762)
	-----	-----
Equity attributable to Shareholders of the Company	6,349,888	6,127,143
Minority Interest *	-	-
	-----	-----
TOTAL EQUITY	6,349,888	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.

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CONDENSED CONSOLIDATED BALANCE SHEET – Continued

	UNAUDITED	AUDITED
	As at	As at
	30.09.2007	30.06.2007
	RM'000	RM'000
LIABILITIES		
Non-Current Liabilities		
Payables	12,307	12,308
Provision for Liabilities and Charges	385,000	382,853
Bonds	10,292,751	9,255,414
Borrowings	3,729,142	3,766,565
Deferred Income	146,085	147,363
Deferred Tax Liabilities	2,207,885	2,214,317
	-----	-----
	16,773,170	15,778,820
	-----	-----
Current Liabilities		
Payables and Accrued Liabilities	1,074,876	986,628
Provision for Liabilities and Charges	23,066	28,023
Provision for Taxation	90,511	49,263
Bonds	125,000	125,000
Borrowings	1,326,114	908,013
	-----	-----
	2,639,567	2,096,927
	-----	-----
TOTAL LIABILITIES	19,412,737	17,875,747
	-----	-----
TOTAL EQUITY AND LIABILITIES	25,762,625	24,002,890
	=====	=====
 Net Assets Per 50 Sen Share (RM)	 1.25	 1.20
	===	===

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

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2007**

	----- 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		
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	-	-	44,940	-	-	44,940	-	44,940	
Net profit for the period	-	-	-	-	235,067	235,067	-	235,067	
Total recognised income and expenses for the period	-	-	44,940	-	235,067	280,007	-	280,007	
Shares repurchased	-	-	-	(87,335)	-	(87,335)	-	(87,335)	
Issue of share capital	1,627	2,895	-	-	-	4,522	-	4,522	
Conversion of bonds	5,758	20,462	-	-	-	26,220	-	26,220	
Equity component of exchangeable bond	-	-	(972)	-	-	(972)	-	(972)	
Share options granted	-	-	303	-	-	303	-	303	
At 30 September 2007	2,655,543	1,967,477	(2,044,742)	(490,098)	4,261,708	6,349,888	-	6,349,888	

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.

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(Incorporated in Malaysia)

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY-continued
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2006**

	----- 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 2006	2,581,535	2,211,391	(2,116,309)	(469,567)	3,521,907	5,728,957	-	5,728,957
Currency translation difference	-	-	78,072	-	-	78,072	-	78,072
Net profit for the period	-	-	-	-	220,580	220,580	-	220,580
Total recognised income and expenses for the period	-	-	78,072	-	220,580	298,652	-	298,652
Shares repurchased	-	-	-	(26,828)	-	(26,828)	-	(26,828)
Issue of share capital	36	60	-	-	-	96	-	96
At 30 September 2006	2,581,571	2,211,451	(2,038,237)	(496,395)	3,742,487	6,000,877	-	6,000,877

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.

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2007**

	CURRENT YEAR-TO-DATE 30.09.2007 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30.09.2006 RM'000
Net cash generated from operating activities	477,214	471,827
Net cash used in investing activities	(138,722)	(126,784)
Net cash generated from/ (used in) financing activities	1,377,576	969,499
Net increase in cash and cash equivalents	1,716,068	1,314,542
Cash and cash equivalents at beginning of the period	6,013,224	4,676,233
Cash and cash equivalents at end of the period <i>[Note a]</i>	7,729,292	5,990,775

[Note a]

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

	RM'000	RM'000
Fixed deposits	7,759,331	6,049,844
Cash and bank balances	13,380	8,199
Bank overdrafts (included within short term borrowings in [Note B9])	(43,419)	(67,268)
	7,729,292	5,990,775

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended 30 June 2007.

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 FRSs 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 FRSs does not have significant financial impact on the Group other than the effects of FRS 117.

FRS 117: Leases

Prior to 1 July 2007, leasehold land was classified as property, plant and equipment and was stated at cost less accumulated depreciation and impairment loss. With the adoption of 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 11,515,150.

During the current financial quarter and financial year to date, 3,181,600 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, 74,000 ordinary shares were issued pursuant to the exercise of ESOS at a weighted average exercise price of RM 1.35 per share.

A total of 36,950,100 ordinary shares were repurchased from the open market for a total consideration of RM87,335,290 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 30 September 2007, the number of treasury shares held were 227,004,975 ordinary shares.

On 28 September 2007 a subsidiary company Wessex Water Services Finance Plc issued a 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.

On 25 September 2007, the Company issued a RM370.0 million Medium Term Note 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.

The outstanding debts are as disclosed in Note B9.

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Notes - continued

A6. Dividend Paid

No dividend 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 30 September 2007:

	Investment Holding RM'000	Power Generation RM'000	Water & Sewerage RM'000	Group RM'000
Revenue	62,514	289,182	686,627	1,038,323
Results				
Segment result	27,444	127,993	305,904	461,341
Unallocated income				-
Profit from operations				461,341
Finance cost				(189,136)
Share of results of associated companies	55	45,510	-	45,565
Profit from ordinary activities before tax				317,770
Taxation				(82,703)
Profit from ordinary activities after tax				235,067

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Notes - continued

Segment Reporting for period ended 30 September 2006:

	Investment Holding RM'000	Power Generation RM'000	Water & Sewerage RM'000	Group RM'000
Revenue	52,963	286,503	619,867	959,333
<hr/>				
Results				
Segment result	19,082	118,781	271,964	409,827
Unallocated income				-
Profit from operations				409,827
Finance cost				(168,101)
Share of results of associated companies	105	44,094	-	44,199
Profit from ordinary activities before tax				285,925
Taxation				(65,345)
Profit from ordinary activities after tax				220,580
				=====

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 RM1,038.3 million for the current quarter ended 30 September 2007 from RM959.3 million in the preceding year corresponding quarter ended 30 September 2006. This represents an increase of RM79.0 million or 8.2% over the preceding year corresponding quarter ended 30 September 2006. The Group profit before taxation and profit after taxation increased by 11.1% and 6.6% to RM317.8 million and RM235.1 million respectively in the current quarter ended 30 September 2007 as compared to the preceding year corresponding quarter ended 30 September 2006. The increase was principally due to better performance recorded in all business segments of the Group.

B2. Comparison with Preceding Quarter

	Current Quarter 30.09.2007 RM'000	Preceding Quarter 30.06.2007 RM'000
Revenue	1,038,323	1,167,496
Consolidated Profit before taxation	317,770	342,217
Consolidated Profit after taxation	235,067	520,684

The decrease in Group profit after taxation for the current quarter ended 30 September 2007 as compared to preceding quarter was principally due to substantial tax credits arising in the preceding quarter from a change in the rate of tax amounting to RM226 million recognised by the Wessex Water Group.

B3. Prospects

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/Profit Guarantee

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

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Notes - continued

B5. Taxation

	Current Year Quarter 30.09.2007 RM'000	Current Year To Date 30.09.2007 RM'000
In respect of current period		
- Income Tax	90,336	90,336
- Deferred Tax	(6,326)	(6,326)
In respect of prior years		
- Income Tax	(1,307)	(1,307)
	-----	-----
	82,703	82,703
	=====	=====

The provision for taxation for the current quarter and current year to date reflect an effective rate lower than the Statutory Income Tax Rate was substantially due to certain income of foreign subsidiaries not subject to tax.

B6. Sale of Unquoted Investments and/or Properties

There is no sale of unquoted investment during the current financial quarter and financial year to date.

B7. Quoted Investments

- a) There is no purchase or sale of quoted investment 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	165,929
	=====

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Notes: - continued

B8. Corporate Developments

a) Corporate Proposals Announced and Pending Completion

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

- i) On 16 November 2007, the Company declared a distribution of One (1) treasury share for every Twenty Five (25) existing ordinary shares of RM0.50 each ("Share Dividend") held on 24 December 2007, the Book Closure Date for the Share Dividend.
- ii) On 16 November, 2007, the Company announced the following:-
 - 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").

The Proposed Bonds with Warrants and Proposed Offer for Sale are pending approvals from the Securities Commission, Bursa Securities, Bank Negara Malaysia, shareholders of the Company and other relevant authorities, if required.

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	125,400	62,571	187,971
Unsecured	1,325,714	13,959,322	15,285,036
	-----	-----	-----
	1,451,114	14,021,893	15,473,007
	=====	=====	=====

INTERIM FINANCIAL REPORT

Notes: - continued

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

In US Dollar ('000)	415,247
	=====
In Sterling Pound ('000)	1,654,929
	=====

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 30 September 2007.

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.

	Current Year Quarter 30.09.2007	Preceding Year Corresponding Quarter 30.09.2006
Net Profit for the period (RM'000)	235,067	220,580
	=====	=====
Weighted average number of ordinary shares ('000)	5,100,285	4,917,034
	=====	=====
Basic earnings per share (Sen)	4.61	4.49
	=====	=====

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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 adjusted net profit for the financial quarter by the weighted average number of ordinary shares in issue during the financial quarter, and after assuming full conversion of USD236.5 million nominal value of Bond due 2010.

	Current Year Quarter 30.09.2007	Preceding Year Corresponding Quarter 30.09.2006
Adjusted Net Profit for the period (RM'000)	238,549 =====	220,580 =====
<i>Weighted average number of ordinary shares ('000) – diluted</i>		
Weighted average number of ordinary shares ('000) – basic	5,100,285	4,917,034
Effect of unexercised warrants	359,868	256,740
Effect of unexercised ESOS	22,531	28,904
Effect of full conversion of USD236.5 million bond	394,686	-
	----- 5,877,370 =====	----- 5,202,678 =====
Diluted earnings per share (Sen)	4.06 =====	4.24 =====

* *Total cash expected to be received in the event of an exercise of all outstanding warrants and ESOS options is RM1,394.372 million. Accordingly, the Net Tangible Asset (NTA) on a proforma basis will increase by RM1,394.372 million resulting in an increase in NTA per share of RM0.23. 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 November 2007