

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

INTERIM FINANCIAL REPORT

Interim financial report on consolidated results for the year ended 30 June 2006

The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENTS

	INDIVIDUAL CURRENT YEAR QUARTER 30.06.2006 RM'000	PERIOD PRECEDING YEAR CORRESPONDING QUARTER 30.06.2005 RM'000	CUMULATIVE CURRENT YEAR TO DATE 30.06.2006 RM'000	PERIOD PRECEDING YEAR CORRESPONDING PERIOD 30.06.2005 RM'000
REVENUE	1,025,706	928,675	3,758,125	3,671,315
OPERATING EXPENSES	(589,127)	(577,719)	(2,183,202)	(2,148,937)
OTHER OPERATING INCOME	1,218	18,860	39,914	24,750
PROFIT FROM OPERATION	----- 437,797	----- 369,816	----- 1,614,837	----- 1,547,128
FINANCE COSTS	(179,106)	(176,162)	(661,103)	(680,551)
SHARE OF RESULTS OF ASSOCIATED COMPANIES	65,150	90,459	249,953	161,324
PROFIT BEFORE TAXATION	----- 323,841	----- 284,113	----- 1,203,687	----- 1,027,901
TAXATION	(60,506)	(93,842)	(329,330)	(285,723)
NET PROFIT FOR THE PERIOD	----- 263,335 =====	----- 190,271 =====	----- 874,357 =====	----- 742,178 =====
EARNINGS PER SHARE				
Basic (Sen)	5.34	3.91	17.88	15.84
Diluted (Sen)	5.02	3.65	16.70	14.87

The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 30th June 2005

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

	As at 30.06.2006	As at 30.06.2005
	RM'000	RM'000
Property, Plant & Equipment	14,124,026	14,295,774
Intangible Assets	441,333	441,333
Investment in Associated Companies	818,635	774,960
Investments	854,561	590,790
Development Expenditure	634	857
Current Assets		
Inventories	153,311	138,209
Receivable, Deposits and Prepayment	1,068,676	1,112,395
Short Term Investments	43,137	41,964
Deposits, Bank and Cash Balances	4,740,147	4,509,289
	-----	-----
	6,005,271	5,801,857
	-----	-----
Current Liabilities		
Payables and Accrued Liabilities	902,278	872,711
Provision for Liabilities and Charges	37,171	31,018
Provision for Taxation	71,768	53,424
Bonds	874,509	125,000
Borrowings	190,238	1,385,633
	-----	-----
	2,075,964	2,467,786
	-----	-----
Net Current Assets	3,929,307	3,334,071
	-----	-----
	20,168,496	19,437,785
	=====	=====

The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the year ended 30th June 2005

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CONDENSED CONSOLIDATED BALANCE SHEET – Continued

	As at 30.06.2006	As at 30.06.2005
	RM'000	RM'000
Share Capital	2,581,535	2,498,398
Reserves	3,617,176	3,032,334
Treasury Shares, at cost	(469,568)	(301,499)
Shareholders' Funds	----- 5,729,143	----- 5,229,233
Minority Interests*	-	-
Deferred Taxation	2,327,501	2,362,357
Bonds	7,141,296	8,105,189
Borrowings	4,400,577	3,151,994
Provision for Liabilities & Charges	406,644	417,535
Deferred Income	147,203	149,213
Payables	16,132	22,264
	----- 20,168,496 =====	----- 19,437,785 =====
Net Assets Per Share (RM)	1.16 ====	1.08 ====

* 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 2005

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2006**

	Current Year Quarter 30.06.2006 RM'000	Preceding Year Corresponding Quarter 30.06.2005 RM'000
Net cash from operating activities	1,173,274	1,331,816
Net cash used in investing activities	(600,372)	(1,637,679)
Net cash generated from financing activities	(343,554)	368,845
Net changes in cash and cash equivalents	229,348	62,982
Cash and cash equivalents brought forward	4,446,875	4,383,893
Cash and cash equivalents carried forward (note a)	4,676,223	4,446,875

Note a :

Cash and cash equivalents comprise :

	RM'000	RM'000
Fixed Deposit	4,732,407	4,487,493
Cash and bank balances	7,740	21,796
Bank overdraft	(63,924)	(62,414)
	4,676,223	4,446,875

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended 30th June 2005.

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2006**

	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 2005	2,498,398	2,072,127	(2,058,302)	(301,499)	3,018,509	5,229,233
Gain/(loss) not recognised in the income statement:						
Foreign currency Translation difference	-	-	(73,457)	-	-	(73,457)
Profit for the year	-	-	-	-	874,357	874,357
Dividend paid for Year Ended 30.6.2005	-	-	-	-	(355,322)	(355,322)
Shares repurchased	-	-	-	(168,069)	-	(168,069)
Issue of share capital	83,137	139,264	-	-	-	222,401
Statutory reserve transferred From retained earnings	-	-	15,762	-	(15,762)	-
At 30 June 2006	<u>2,581,535</u>	<u>2,211,391</u>	<u>(2,115,997)</u>	<u>(469,568)</u>	<u>3,521,782</u>	<u>5,729,143</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 2005

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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 2004	2,306,255	1,953,400	(2,057,953)	(265,127)	2,623,915	4,560,490
Gain/(loss) not recognised in the income statement:						
Foreign currency Translation difference	-	-	(47,730)	-	-	(47,730)
Profit for the year	-	-	-	-	742,178	742,178
Equity Component of Exchangeable Bond	-	-	35,232	-	-	35,232
Dividend paid for Year Ended 30.6.2004	-	-	-	-	(337,337)	(337,337)
Shares repurchased	-	-	-	(358,030)	-	(358,030)
Issue of share capital	192,143	440,385	-	-	-	632,528
Share dividend	-	(321,658)	-	321,658	-	-
Statutory reserve transferred from retained earnings	-	-	10,247	-	(10,247)	-
Capital reserve arising from acquisition of an associated company	-	-	1,902	-	-	1,902
At 30 June 2005	<u>2,498,398</u>	<u>2,072,127</u>	<u>(2,058,302)</u>	<u>(301,499)</u>	<u>3,018,509</u>	<u>5,229,233</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 2005

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Notes :

Disclosure requirement per FRS 134 – paragraph 16

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 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, 2005.

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, 2005.

A2. Audit Report of preceding financial year ended 30 June 2005.

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, 98,400 ordinary shares and 92,401,656 ordinary shares were issued respectively pursuant to the exercise of warrants at a weighted average exercise price of RM 1.43 per share and RM 1.41 per share respectively.

During the current financial quarter and financial year to date, 452,000 ordinary shares and 73,873,000 ordinary shares respectively were issued pursuant to the exercise of ESOS at a weighted average exercise price of RM 1.34 per share and RM 1.25 per share respectively.

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Notes :- continued

A total of 11,462,300 ordinary shares and 78,164,600 ordinary shares were repurchased from the open market for a total consideration of RM22,874,597 and RM168,068,857 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 30 June 2006, the number of treasury shares held were 238,621,656 ordinary shares.

The outstanding debts are as disclosed in note B9.

A7. Dividend paid

A final gross dividend of 10 sen per share less income tax of 28 %, amounting to RM355,321,709 in respect of the financial year ended 30 June 2005 was paid during the current financial year to date.

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 for year ended 30 June 2006 :-

	Investment Holding RM'000	Power Generation RM'000	Water & Sewerage RM'000	Group RM'000
Revenue	177,869	1,211,518	2,368,738	3,758,125
Results				
Segment result	78,375	523,393	1,013,069	1,614,837
Unallocated income				-
Profit from operations				1,614,837
Finance cost				(661,103)
Share of results of associated companies	784	249,169	-	249,953
Profit from ordinary activities before tax				1,203,687
Taxation				(329,330)
Profit from ordinary activities after tax				874,357

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Notes :- continued

Segment Reporting for year ended 30 June 2005 :-

	Investment Holding RM'000	Power Generation RM'000	Water & Sewerage RM'000	Group RM'000
Revenue	184,851	1,158,463	2,328,001	3,671,315
Results				
Segment result	104,125	523,815	905,739	1,533,679
Unallocated income				13,449

Profit from operations				1,547,128
Finance cost				(680,551)
Share of results of associated companies	869	160,455	-	161,324

Profit from ordinary activities before tax				1,027,901
Taxation				(285,723)

Profit from ordinary activities after tax				742,178
				=====

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 14 October 2005, the Company announced that it has acquired YTL Jawa Power Finance Limited (formerly known as YTL Utilities Investments Limited) through its wholly-owned subsidiary, YTL Jawa Power Holdings Limited.

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Notes :- continued

YTL Jawa Power Finance Limited, a company incorporated in the Cayman Islands on 27 June 2003, 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 as at date of announcement of acquisition was US\$1.00 divided into 1 ordinary share of US\$1.00 each. As at 30.6.2006, the issued and paid-up share capital of YTL Jawa Power Finance Limited was US\$6,200 comprising 6,200 ordinary shares of US\$1.00 each of which 96% (or 5,932 shares) was held by YTL Jawa Power Holdings Limited and the remaining 4% (or 268 shares) by YTL Jawa O & M Holdings Limited.

On 3 April 2006, the Company announced that its wholly-owned subsidiary, YTL Utilities Limited has acquired a new wholly-owned subsidiary, YTL Utilities Holdings Limited.

YTL Utilities Holdings Limited (“YTLUH”) was incorporated in the Cayman Islands on 24 March 2006 with an authorised share capital of GBP250,000.00 comprising 250,000 shares of par value GBP1.00 each. Its issued and paid up capital at date of incorporation was GBP1.00 comprising 1 share of GBP1.00 each. The issued and paid-up share capital of YTLUH as at 30.6.2006 was GBP132,688 comprising 132,688 shares of GBP1.00 each. YTLUH is principally involved in investment holdings.

On 28 April 2006, the Company announced that its wholly-owned subsidiary, YTL Utilities Limited has acquired a new wholly-owned subsidiary, YTL Utilities Finance 3 Limited [formerly known as Concrete Investments Limited].

YTL Utilities Finance 3 Limited (“YTL Utilities Finance 3”) was incorporated in the Cayman Islands on 18 May 2004 with an authorised share capital of US\$50,000.00 comprising 50,000 shares of par value US\$1.00 each. Its present issued and paid-up share capital stands at US1.00 comprising 1 share of US\$1.00 each. YTL Utilities Finance 3 is principally involved in investment holdings.

A12. Changes in Contingent Liabilities

Changes in the contingent liabilities of the Group since the last annual balance sheet as at 30 June 2005 are as follows:-

- a) The performance guarantee by SC Technology GmbH for the amount of GBP 1.19 million.
- b) A joint and several shareholders’ contingent support with Siemens Financial Services to invest up to a further USD11.66 million equity.

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Disclosure requirement per Bursa Malaysia listing requirements Part A of Appendix 9B

B1. Review of the Results

Group turnover increased to RM1,025.7 million for the current quarter ended 30 June 2006 from RM928.7 million in the preceding year corresponding quarter ended 30 June 2005. This represents an increase of RM97.0 million or 10.4 % over the preceding year corresponding quarter ended 30 June 2005. The Group profit before taxation increased by 14.1 % to RM323.8 million in the current quarter ended 30 June 2006 as compared to the preceding year corresponding quarter ended 30 June 2005. The increase was mainly attributable to higher contribution from Wessex Water Group.

B2. Comparison with Preceding Quarter

	Current Quarter 30.06.2006 RM'000	Preceding Quarter 31.03.2006 RM'000
Turnover	1,025,706	890,673
Consolidated Profit before taxation	323,841	313,197
Consolidated Profit after taxation	263,335	217,343

The increase in both turnover and consolidated profit after taxation in the current quarter ended 30 June 2006 as compared to preceding quarter ended 31 March 2006 were mainly due to higher turnover in all business segments and higher contribution from 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 2007.

B4. Profit Forecast/Profit Guarantee

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

B5. Taxation

	Current Year Quarter 30.06.2006 RM'000	Current Year to Date 30.06.2006 RM'000
In respect of current period		
- Income Tax	77,003	312,522
- Deferred Tax	(16,435)	18,005
In respect of prior years		
- Income Tax	(62)	(1,197)
	----- 60,506 =====	----- 329,330 =====

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Notes :- continued

The provision for taxation for the current quarter and current year to date reflect an effective rate lower than the Statutory Income Tax Rate substantially due to deferred tax credit recognised by a foreign subsidiary.

B6. Sale of unquoted investments and/or properties

There is no sale of unquoted investment during the current financial quarter.

B7. Quoted Investments

- a) There is no purchase of quoted investment during the current financial quarter. Purchase of quoted investment during the current financial year to date amounted to RM256,872,763.
- 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	283,857
Carrying value	283,857
Market value	280,820
	=====

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.

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.

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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	125,718	836,454	962,172
Unsecured	939,029	10,705,419	11,644,448
	<u>1,064,747</u>	<u>11,541,873</u>	<u>12,606,620</u>

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

In US Dollar ('000)	420,000
In Sterling Pound ('000)	<u>1,292,948</u>

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

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 and also to generate a desired interest rate profile. 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:

“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 Services Limited has an interest rate swap agreement which limit the Group's exposure to floating interest rate, details of which are as follows:

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Notes :- continued

	Total
	£'000
Notional Principal Amount (denotes in Sterling Pound)	10,800
	<u>=====</u>
	RM'000
RM equivalent (exchange rate £1=RM6.7352)	72,740
Average fixed interest rate	5.95 %
Average period to maturity of the fixed rate borrowing (years)	3.46

All financial instruments are executed with creditworthy counter parties with a view to limit the interest rate 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 2006 (30 June 2005: 20% less 28% tax of RM355,321,709). 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 30.06.2006	Preceding Year Corresponding Quarter 30.06.2005
Net Profit for the period (RM'000)	263,335	190,271
	<u>=====</u>	<u>=====</u>
Weighted average number of ordinary shares ('000)	4,931,104	4,861,415
	<u>=====</u>	<u>=====</u>
Basic earnings per share (sen)	5.34	3.91
	<u>=====</u>	<u>=====</u>

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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.

	Current Quarter 30.06.2006	Preceding Year Corresponding Quarter 30.06.2005
Net profit for the period (RM'000)	263,335	190,271
<i>Weighted average number of ordinary shares ('000) - diluted</i>		
Weighted average number of ordinary shares ('000) - basic	4,931,104	4,861,415
Effect of unexercised warrants	304,255	320,138
Effect of unexercised ESOS	13,013	37,597
	----- 5,248,372 =====	----- 5,219,150 =====
Diluted earnings per share (sen)	5.02	3.65
	=====	=====

* Total cash expected to be received in the event of an exercise of all outstanding warrants and ESOS options is RM1,557.430 million. Accordingly, the Net Tangible Asset (NTA) on a proforma basis will increase by RM1,557.430 million resulting in an increase in NTA per share of RM0.26. 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: 24 August 2006