

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 2005

The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENTS

	INDIVIDUAL CURRENT YEAR QUARTER 31.12.2005 RM'000	PERIOD PRECEDING YEAR CORRESPONDING QUARTER 31.12.2004 RM'000	CUMULATIVE CURRENT YEAR TO DATE 31.12.2005 RM'000	PERIOD PRECEDING YEAR CORRESPONDING PERIOD 31.12.2004 RM'000
REVENUE	915,023	931,884	1,841,746	1,820,461
OPERATING EXPENSES	(525,586)	(518,366)	(1,066,090)	(1,037,171)
OTHER OPERATING INCOME	4,819	7,060	7,984	7,951
PROFIT FROM OPERATION	394,256	420,578	783,640	791,241
FINANCE COSTS	(162,771)	(159,747)	(327,636)	(323,461)
SHARE OF RESULTS OF ASSOCIATED COMPANIES	74,026	17,614	110,645	17,747
PROFIT BEFORE TAXATION	305,511	278,445	566,649	485,527
TAXATION	(90,348)	(64,079)	(172,970)	(113,925)
NET PROFIT FOR THE PERIOD	215,163	214,366	393,679	371,602
EARNINGS PER SHARE				
Basic (Sen)	4.42	4.70	8.12	8.19
Diluted (Sen)	4.09	4.46	7.54	7.77

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 31.12.2005	As at 30.06.2005
	RM'000	RM'000
Property, Plant & Equipment	13,718,209	14,295,774
Intangible Assets	441,333	441,333
Investment in Associated Companies	793,810	774,960
Investments	846,882	590,790
Development Expenditure	1,276	857
Current Assets		
Inventories	146,073	138,209
Receivable, Deposits and Prepayment	1,008,450	1,112,395
Short Term Investments	42,534	41,964
Deposits, Bank and Cash Balances	4,797,153	4,509,289
	-----	-----
	5,994,210	5,801,857
	-----	-----
Current Liabilities		
Payables and Accrued Liabilities	810,892	872,711
Provision for Liabilities and Charges	39,110	31,018
Provision for Taxation	77,684	53,424
Bonds	125,000	125,000
Borrowings	810,479	1,385,633
	-----	-----
	1,863,165	2,467,786
	-----	-----
Net Current Assets	4,131,045	3,334,071
	-----	-----
	<u>19,932,555</u>	<u>19,437,785</u>

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 31.12.2005	As at 30.06.2005
	RM'000	RM'000
Share Capital	2,565,804	2,498,398
Reserves	3,462,135	3,032,334
Treasury Shares, at cost	(419,254)	(301,499)
	-----	-----
Shareholders' Funds	5,608,685	5,229,233
Minority Interests*	-	-
Deferred Taxation	2,296,865	2,362,357
Bonds	7,756,308	8,105,189
Borrowings	3,733,416	3,151,994
Provision for Liabilities & Charges	376,366	417,535
Deferred Income	139,120	149,213
Payables	21,795	22,264
	-----	-----
	19,932,555	19,437,785
	=====	=====
Net Assets Per Share (RM)	1.14	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 PERIOD ENDED 31 DECEMBER 2005**

	Current Year Quarter 31.12.2005 RM'000	Preceding Year Corresponding Quarter 31.12.2004 RM'000
Net cash from operating activities	639,093	672,976
Net cash used in investing activities	(406,048)	(1,156,853)
Net cash generated from financing activities	59,744	334,368
Net changes in cash and cash equivalents	292,789	(149,509)
Cash and cash equivalents brought forward	4,446,874	4,383,893
Cash and cash equivalents carried forward (note a)	4,739,663	4,234,384

Note a :

Cash and cash equivalents comprise :

	RM'000	RM'000
Fixed Deposit	4,789,118	4,250,007
Cash and bank balances	8,035	36,488
Bank overdraft	(57,490)	(52,111)
	4,739,663	4,234,384

The Condensed Consolidated Cash Flow Statement 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 STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2005**

	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	-	-	(75,150)	-	-	(75,150)
Profit for the period	-	-	-	-	393,679	393,679
Shares repurchased	-	-	-	(117,755)	-	(117,755)
Issue of share capital	67,406	111,272	-	-	-	178,678
At 31 December 2005	<u>2,565,804</u>	<u>2,183,399</u>	<u>(2,133,452)</u>	<u>(419,254)</u>	<u>3,412,188</u>	<u>5,608,685</u>
	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	-	-	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 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, 83,073,056 ordinary shares and 90,987,056 ordinary shares were issued respectively pursuant to the exercise of warrants at an exercise price of RM 1.41 per share.

During the current financial quarter and financial year to date, 43,826,000 ordinary shares were issued pursuant to the exercise of ESOS at a weighted average exercise price of RM 1.15 per share.

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Notes :- continued

A total of 33,483,200 ordinary shares and 54,352,200 ordinary shares were repurchased from the open market for a total consideration of RM73,836,119 and RM117,755,165 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 2005, the number of treasury shares held was 214,809,256 ordinary shares.

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 for 2nd quarter ended 31 December 2005 :-

	Investment Holding RM'000	Power Generation RM'000	Water & Sewerage RM'000	Group RM'000
Revenue	89,364	569,702	1,182,680	1,841,746
Results				
Segment result	19,486	245,214	518,940	783,640
Unallocated income				-
Profit from operations				783,640
Finance cost				(327,636)
Share of results of associated companies	281	110,364	-	110,645
Profit from ordinary activities before tax				566,649
Taxation				(172,970)
Profit from ordinary activities after tax				393,679

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Notes :- continued

Segment Reporting for 2nd quarter ended 31 December 2004 :-

	Investment Holding RM'000	Power Generation RM'000	Water & Sewerage RM'000	Group RM'000
Revenue	117,565	572,443	1,130,453	1,820,461
Results				
Segment result	95,938	248,186	446,527	790,651
Unallocated income				590

Profit from operations				791,241
Finance cost				(323,461)
Share of results of associated companies	290	17,457	-	17,747

Profit from ordinary activities before tax				485,527
Taxation				(113,925)

Profit from ordinary activities after tax				371,602
				=====

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.

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 is US\$1.00 divided into 1 ordinary share of US\$1.00 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 2005 except for the joint and several shareholders' contingent support with Siemens Financial Services, which has been reduced to USD50.5 million.

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INTERIM FINANCIAL REPORT

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

B1. Review of the Results

Group turnover decreased to RM915.0 million for the current quarter ended 31 December 2005 from RM931.9 million in the preceding year corresponding quarter ended 31 December 2004. This represents a decrease of RM16.9 million or 1.8 % over the preceding year corresponding quarter ended 31 December 2004. The Group profit before taxation increased by 9.7 % to RM305.5 million in the current quarter ended 31 December 2005 as compared to the preceding year corresponding quarter ended 31 December 2004. The increase was mainly attributable to equity accounting of a foreign associated company since December 2004.

B2. Comparison with Preceding Quarter

	Current Quarter 31.12.2005 RM'000	Preceding Quarter 30.09.2005 RM'000
Turnover	915,023	926,723
Consolidated Profit before taxation	305,511	261,138
Consolidated Profit after taxation	215,163	178,516

The increase in consolidated profit after tax in the current quarter as compared to preceding quarter was mainly attributable to higher contribution from a foreign associated company.

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 2006.

B4. Profit Forecast/Profit Guarantee

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

B5. Taxation

	Current Year Quarter 31.12.2005 RM'000	Current Year to Date 31.12.2005 RM'000
In respect of current period		
- Income Tax	77,468	145,385
- Deferred Tax	12,880	27,725
In respect of prior years		
- Income Tax	-	(140)
	----- 90,348 =====	----- 172,970 =====

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Notes :- continued

The provision for taxation for the current quarter and current year to date reflect an effective rate higher than the Statutory Income Tax Rate due to certain expenses not deductible for tax purposes and higher corporate tax rate of foreign subsidiaries and associated companies.

B6. Sale of unquoted investments and/or properties

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

B7. Quoted Investments

- a) Purchase of quoted investment during the current financial quarter and financial year to date amounted to RM248,603,002.
- 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	275,587
Carrying value	275,587
Market value	284,862
	<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.

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	754,022	250,727	1,004,749
Unsecured	181,457	11,238,997	11,420,454
	-----	-----	-----
	935,479	11,489,724	12,425,203
	=====	=====	=====

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

In US Dollar ('000)	493,373
	=====
In Sterling Pound ('000)	1,293,236
	=====

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

- a) Term loan facility of USD250 million and
- b) 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
	=====
	RM'000
RM equivalent (exchange rate £1=RM6.5226)	70,444
Average fixed interest rate	5.95 %
Average period to maturity of the fixed rate borrowing (years)	3.96

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 has not recommended any interim dividends for the current financial year.

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 31.12.2005	Preceding Year Corresponding Quarter 31.12.2004
Net Profit for the period (RM'000)	215,163	214,366
	=====	=====
Weighted average number of ordinary shares ('000)	4,866,111	4,559,517
	=====	=====
Basic earnings per share (sen)	4.42	4.70
	=====	=====

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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 31.12.2005	Preceding Year Corresponding Quarter 31.12.2004
Net profit for the period (RM'000)	215,163	214,366
<i>Weighted average number of ordinary shares ('000) - diluted</i>		
Weighted average number of ordinary shares ('000) - basic	4,866,111	4,559,517
Effect of unexercised warrants	364,676	219,141
Effect of unexercised ESOS	29,947	30,042
	-----	-----
	5,260,734	4,808,700
	=====	=====
Diluted earnings per share (sen)	4.09	4.46
	=====	=====

* Total cash expected to be received in the event of an exercise of all outstanding warrants and ESOS options is RM1,606.026 million. Accordingly, the Net Tangible Asset (NTA) on a proforma basis will increase by RM1,606.026 million resulting in an increase in NTA per share of RM0.27. 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: 23 February 2006