

**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 March 2006

The figures have not been audited.

**CONDENSED CONSOLIDATED INCOME STATEMENTS**

	INDIVIDUAL CURRENT YEAR QUARTER 31.03.2006  RM'000	PERIOD PRECEDING YEAR CORRESPONDING QUARTER 31.03.2005  RM'000	CUMULATIVE CURRENT YEAR TO DATE 31.03.2006  RM'000	PERIOD PRECEDING YEAR CORRESPONDING PERIOD 31.03.2005  RM'000
REVENUE	890,673	922,179	2,732,419	2,742,640
OPERATING EXPENSES	(527,985)	(534,047)	(1,594,075)	(1,571,218)
OTHER OPERATING INCOME	30,712	(2,061)	38,696	5,890
PROFIT FROM OPERATION	393,400	386,071	1,177,040	1,177,312
FINANCE COSTS	(154,361)	(180,928)	(481,997)	(504,389)
SHARE OF RESULTS OF ASSOCIATED COMPANIES	74,158	53,118	184,803	70,865
PROFIT BEFORE TAXATION	313,197	258,261	879,846	743,788
TAXATION	(95,854)	(77,956)	(268,824)	(191,881)
NET PROFIT FOR THE PERIOD	217,343	180,305	611,022	551,907
<b>EARNINGS PER SHARE</b>				
Basic (Sen)	4.41	3.74	12.53	11.92
Diluted (Sen)	4.10	3.52	11.67	11.22

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

**YTL POWER INTERNATIONAL BERHAD (Company No. 406684-H)**  
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**INTERIM FINANCIAL REPORT**

**CONDENSED CONSOLIDATED BALANCE SHEET**

	<b>As at 31.03.2006</b>	<b>As at 30.06.2005</b>
	<b>RM'000</b>	<b>RM'000</b>
Property, Plant & Equipment	13,596,162	14,295,774
Intangible Assets	441,333	441,333
Investment in Associated Companies	781,467	774,960
Investments	854,623	590,790
Development Expenditure	1,378	857
<b>Current Assets</b>		
Inventories	150,368	138,209
Receivable, Deposits and Prepayment	1,014,414	1,112,395
Short Term Investments	42,825	41,964
Deposits, Bank and Cash Balances	4,812,046	4,509,289
	-----	-----
	6,019,653	5,801,857
	-----	-----
<b>Current Liabilities</b>		
Payables and Accrued Liabilities	790,471	872,711
Provision for Liabilities and Charges	40,106	31,018
Provision for Taxation	76,918	53,424
Bonds	125,000	125,000
Borrowings	482,003	1,385,633
	-----	-----
	1,514,498	2,467,786
	-----	-----
<b>Net Current Assets</b>	4,505,155	3,334,071
	-----	-----
	<u>20,180,118</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 30<sup>th</sup> June 2005

**YTL POWER INTERNATIONAL BERHAD (Company No. 406684-H)**  
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**INTERIM FINANCIAL REPORT**

**CONDENSED CONSOLIDATED BALANCE SHEET – Continued**

	<b>As at 31.03.2006</b>	<b>As at 30.06.2005</b>
	<b>RM'000</b>	<b>RM'000</b>
Share Capital	2,581,260	2,498,398
Reserves	3,256,823	3,032,334
Treasury Shares, at cost	(446,693)	(301,499)
	-----	-----
Shareholders' Funds	5,391,390	5,229,233
Minority Interests*	-	-
Deferred Taxation	2,279,673	2,362,357
Bonds	7,673,953	8,105,189
Borrowings	4,303,467	3,151,994
Provision for Liabilities & Charges	369,846	417,535
Deferred Income	140,291	149,213
Payables	21,498	22,264
	-----	-----
	20,180,118	19,437,785
	=====	=====
Net Assets Per Share ( RM )	1.09	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 30<sup>th</sup> June 2005

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

**INTERIM FINANCIAL REPORT**

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT  
FOR THE PERIOD ENDED 31 MARCH 2006**

	<b>Current Year Quarter 31.03.2006 RM'000</b>	<b>Preceding Year Corresponding Quarter 31.03.2005 RM'000</b>
Net cash from operating activities	849,301	883,569
Net cash used in investing activities	(512,066)	(1,335,692)
Net cash generated from financing activities	(32,145)	628,776
Net changes in cash and cash equivalents	305,090	176,653
Cash and cash equivalents brought forward	4,446,874	4,383,893
Cash and cash equivalents carried forward ( note a )	4,751,964	4,560,546

Note a :

Cash and cash equivalents comprise :

	RM'000	RM'000
Fixed Deposit	4,800,099	4,595,840
Cash and bank balances	11,947	23,116
Bank overdraft	(60,082)	(58,410)
	4,751,964	4,560,546

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

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

**INTERIM FINANCIAL REPORT**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 MARCH 2006**

	<b>Share Capital RM'000</b>	<b>Share Premium RM'000</b>	<b>Merger &amp; Other Reserves RM'000</b>	<b>Treasury Shares RM'000</b>	<b>Retained Earnings RM'000</b>	<b>Total RM'000</b>
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	-	-	(170,005)	-	-	(170,005)
Profit for the period	-	-	-	-	611,022	611,022
Dividend paid for Year Ended 30.6.2005	-	-	-	-	(355,322)	(355,322)
Shares repurchased	-	-	-	(145,194)	-	(145,194)
Issue of share capital	82,862	138,794	-	-	-	221,656
At 31 March 2006	<u>2,581,260</u>	<u>2,210,921</u>	<u>(2,228,307)</u>	<u>(446,693)</u>	<u>3,274,209</u>	<u>5,391,390</u>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 30<sup>th</sup> June 2005

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

**INTERIM FINANCIAL REPORT**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY- continue**

	<b>Share Capital RM'000</b>	<b>Share Premium RM'000</b>	<b>Merger &amp; Other Reserves RM'000</b>	<b>Treasury Shares RM'000</b>	<b>Retained Earnings RM'000</b>	<b>Total RM'000</b>
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	-	-	27,485	-	-	27,485
Profit for the period	-	-	-	-	551,907	551,907
Dividend paid for Year Ended 30.6.2004	-	-	-	-	(337,337)	(337,337)
Shares repurchased	-	-	-	(206,536)	-	(206,536)
Issue of share capital	187,309	431,579	-	-	-	618,888
Share dividend	-	(321,658)	-	321,658	-	-
At 31 March 2005	<u>2,493,564</u>	<u>2,063,321</u>	<u>(2,030,468)</u>	<u>(150,005)</u>	<u>2,838,485</u>	<u>5,214,897</u>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 30<sup>th</sup> June 2005

## **INTERIM FINANCIAL REPORT**

### **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, 1,316,200 ordinary shares and 92,303,256 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, 29,595,000 ordinary shares and 73,421,000 ordinary shares respectively were issued pursuant to the exercise of ESOS at a weighted average exercise price of RM 1.39 per share and RM 1.25 per share respectively.

**INTERIM FINANCIAL REPORT**

**Notes :- continued**

A total of 12,350,100 ordinary shares and 66,702,300 ordinary shares were repurchased from the open market for a total consideration of RM27,439,095 and RM145,194,260 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 March 2006, the number of treasury shares held were 227,159,356 ordinary shares.

The outstanding debts are as disclosed in note B9.

**A7. Dividend paid**

A final gross dividend of 20 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 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 3rd quarter ended 31 March 2006 :-

	<b>Investment Holding RM'000</b>	<b>Power Generation RM'000</b>	<b>Water &amp; Sewerage RM'000</b>	<b>Group RM'000</b>
<b>Revenue</b>	126,747	889,858	1,715,814	2,732,419
<b>Results</b>				
Segment result	39,786	401,693	735,561	1,177,040
Unallocated income				-
				-----
Profit from operations				1,177,040
Finance cost				(481,997)
Share of results of associated companies	396	184,407	-	184,803
				-----
Profit from ordinary activities before tax				879,846
Taxation				(268,824)
				-----
Profit from ordinary activities after tax				611,022
				=====



**INTERIM FINANCIAL REPORT**

**Notes :- continued**

Segment Reporting for 3rd quarter ended 31 March 2005 :-

	<b>Investment Holding RM'000</b>	<b>Power Generation RM'000</b>	<b>Water &amp; Sewerage RM'000</b>	<b>Group RM'000</b>
<b>Revenue</b>	157,606	872,729	1,712,305	2,724,640
<b>Results</b>				
Segment result	133,185	385,246	658,291	1,176,722
Unallocated income				590
				-----
Profit from operations				1,177,312
Finance cost				(504,389)
Share of results of associated companies	430	70,435	-	70,865
				-----
Profit from ordinary activities before tax				743,788
Taxation				(191,881)
				-----
Profit from ordinary activities after tax				551,907
				=====

**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.

## **INTERIM FINANCIAL REPORT**

### **Notes :- continued**

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 present issued and paid up capital stands at GBP2.00 comprising 2 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**

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 Bursa Malaysia listing requirements Part A of Appendix 9B**

**B1. Review of the Results**

Group turnover decreased to RM890.7 million for the current quarter ended 31 March 2006 from RM922.2 million in the preceding year corresponding quarter ended 31 March 2005. This represents a decrease of RM31.5 million or 3.4 % over the preceding year corresponding quarter ended 31 March 2005. The Group profit before taxation increased by 21.3 % to RM313.2 million in the current quarter ended 31 March 2006 as compared to the preceding year corresponding quarter ended 31 March 2005. The increase was mainly attributable to higher contribution from a foreign associated company and better performance in power generation business.

**B2. Comparison with Preceding Quarter**

	<b>Current Quarter 31.03.2006 RM'000</b>	<b>Preceding Quarter 31.12.2005 RM'000</b>
Turnover	890,673	915,023
Consolidated Profit before taxation	313,197	305,511
Consolidated Profit after taxation	217,343	215,163

**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**

	<b>Current Year Quarter 31.03.2006 RM'000</b>	<b>Current Year to Date 31.03.2006 RM'000</b>
In respect of current period		
- Income Tax	90,134	235,519
- Deferred Tax	6,715	34,440
In respect of prior years		
- Income Tax	(995)	(1,135)
	-----	-----
	<u>95,854</u>	<u>268,824</u>

## **INTERIM FINANCIAL REPORT**

### **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 RM8,269,761 and RM256,872,763 respectively.
- 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:

	<b>RM'000</b>
Cost	283,857
Carrying value	283,857
Market value	289,899

#### **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.

**INTERIM FINANCIAL REPORT**

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:

	<b>Short term RM'000</b>	<b>Long term RM'000</b>	<b>Total RM'000</b>
Secured	125,765	869,898	995,663
Unsecured	481,238	11,107,522	11,588,760
	<u>607,003</u>	<u>11,977,420</u>	<u>12,584,423</u>

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

In US Dollar ('000)	495,735
In Sterling Pound ('000)	1,295,206

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 desire 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:

**INTERIM FINANCIAL REPORT**

**Notes :- continued**

	Total
	<b>£'000</b>
Notional Principal Amount (denotes in Sterling Pound)	10,800
	=====
	<b>RM'000</b>
RM equivalent (exchange rate £1=RM6.4337)	69,484
Average fixed interest rate	5.95 %
Average period to maturity of the fixed rate borrowing (years)	3.71

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.

	<b>Current Quarter 31.03.2006</b>	<b>Preceding Year Corresponding Quarter 31.03.2005</b>
Net Profit for the period (RM'000)	217,343	180,305
	=====	=====
Weighted average number of ordinary shares ('000)	4,929,251	4,821,293
	=====	=====
Basic earnings per share (sen)	4.41	3.74
	=====	=====

**INTERIM FINANCIAL REPORT**

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.

	<b>Current Quarter 31.03.2006</b>	<b>Preceding Year Corresponding Quarter 31.03.2005</b>
Net profit for the period (RM'000)	217,343	180,305
<i>Weighted average number of ordinary shares ('000) - diluted</i>		
Weighted average number of ordinary shares ('000) - basic	4,929,251	4,821,293
Effect of unexercised warrants	355,095	272,574
Effect of unexercised ESOS	18,977	32,649
	-----	-----
	5,303,323	5,126,516
	=====	=====
Diluted earnings per share (sen)	4.10	3.52
	=====	=====

\* *Total cash expected to be received in the event of an exercise of all outstanding warrants and ESOS options is RM1,594.412 million. Accordingly, the Net Tangible Asset (NTA) on a proforma basis will increase by RM1,594.412 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: 18 May 2006