

YTL CORPORATION BERHAD (Company No: 92647-H)
(Incorporated in Malaysia)

QUARTERLY REPORT

Quarterly report on consolidated results for the financial quarter ended 30 June, 2002.

The figures have not been audited.

CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR 30.6.2002 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30.6.2001 RM'000	CURRENT YEAR TO DATE 30.6.2002 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30.6.2001 RM'000
1. (a) Revenue	707,588	624,932	2,587,853	2,326,045
(b) Investment income	265	213	641	1,222
(c) Other income	68,631	37,204	171,584	146,897
2. (a) Profit before finance costs, depreciation and amortisation, exceptional items, income tax, minority interests and extraordinary items	376,586	268,265	1,154,979	1,022,294
(b) Finance costs	(79,990)	(38,202)	(201,450)	(162,961)
(c) Depreciation and amortisation	(71,906)	(40,033)	(186,639)	(155,804)
(d) Exceptional items	-	-	601	-
(e) Profit before income tax, minority interests and extraordinary items	224,690	190,030	767,491	703,529
(f) Share of profits of associated companies	4,335	3,160	21,286	18,429

YTL CORPORATION BERHAD (Company No: 92647-H)
(Incorporated in Malaysia)

QUARTERLY REPORT

CONSOLIDATED INCOME STATEMENT - (Continued)

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT	PRECEDING	CURRENT	PRECEDING
	YEAR	YEAR	YEAR TO	YEAR
	QUARTER	CORRESPONDING	DATE	CORRESPONDING
	30.6.2002	30.6.2001	30.6.2002	30.6.2001
	RM'000	RM'000	RM'000	RM'000
(g) Profit before income tax, minority interests and extraordinary items after share of profits of associated companies	229,025	193,190	788,777	721,958
(h) Income tax	(35,673)	(29,641)	(193,381)	(179,800)
(i) (i) Profit after income tax before deducting minority interests	193,352	163,549	595,396	542,158
(ii) Minority interests	(71,837)	(56,806)	(221,516)	(211,287)
(j) Pre-acquisition profit/(loss), if applicable	-	-	-	-
(k) Net profit from ordinary activities attributable to members of the company	121,515	106,743	373,880	330,871
(l) (i) Extraordinary items	-	-	-	-
(ii) Minority interests	-	-	-	-
(iii) Extraordinary items attributable to members of the company	-	-	-	-
(m) Net profit attributable to members of the company	121,515	106,743	373,880	330,871

YTL CORPORATION BERHAD (Company No: 92647-H)
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QUARTERLY REPORT

CONSOLIDATED INCOME STATEMENT - (Continued)

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT	PRECEDING	CURRENT	PRECEDING
	YEAR	YEAR	YEAR TO	YEAR
	QUARTER	CORRESPONDING	DATE	CORRESPONDING
	30.6.2002	30.6.2001	30.6.2002	30.6.2001
	RM'000	RM'000	RM'000	RM'000
3. Earnings per share based on 2(m) above after deducting any provision for preference dividends, if any :-				
(i) Basic (based on ordinary shares of 50 sen each)	8.10 sen	7.32 sen	25.78 sen	22.49 sen
	=====	=====	=====	=====
Based on weighted average number of ordinary shares ('000)	1,500,185	1,458,238	1,449,964	1,471,192
	=====	=====	=====	=====
(ii) Fully diluted (based on ordinary shares of 50 sen each)	7.92 sen	7.21 sen	25.24 sen	21.98 sen
	=====	=====	=====	=====
Based on weighted average number of ordinary shares ('000)	15,342,803	6,480,485	1,481,366	1,505,328
	=====	=====	=====	=====

YTL CORPORATION BERHAD (Company No: 92647-H)
(Incorporated in Malaysia)

CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2002

	AS AT END OF CURRENT QUARTER 30.6.2002 RM'000	AS AT PRECEDING FINANCIAL YEAR ENDED 30.6.2001 RM'000
PROPERTY, PLANT & EQUIPMENT	11,802,038 -----	3,188,044 -----
INVESTMENT PROPERTIES	430,962 -----	425,688 -----
INVESTMENT IN SUBSIDIARIES	196,870 -----	196,870 -----
INVESTMENT IN ASSOCIATED COMPANIES	305,955 -----	286,966 -----
QUOTED INVESTMENTS	16,275 -----	18,828 -----
UNQUOTED INVESTMENTS	142,126 -----	140,226 -----
DEVELOPMENT EXPENDITURE	257,458 -----	244,813 -----
CAPITAL WORK-IN-PROGRESS	4,960 -----	4,980 -----

YTL CORPORATION BERHAD (Company No: 92647-H)
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CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2002 - (Continued)

	AS AT END OF CURRENT QUARTER 30.6.2002 RM'000	AS AT PRECEDING FINANCIAL YEAR ENDED 30.6.2001 RM'000
CURRENT ASSETS		
Inventories	128,251	114,406
Property development projects	170,965	120,401
Trade debtors	1,367,274	1,177,883
Gross amount due from customers for contract works	31,824	164,028
Other debtors, deposits & prepayments	1,036,140	540,862
Inter-company balances	51,191	54,565
Short term investments	23,236	20,006
Fixed deposits	4,461,101	3,546,867
Cash & bank balances	96,597	22,557
	-----	-----
	7,366,579	5,761,575
	-----	-----
LESS : CURRENT LIABILITIES		
Trade creditors	230,632	175,532
Gross amount due to customers for contract works	27,433	16,529
Other creditors & accruals	670,301	375,421
Inter-company balances	25,999	31,370
Borrowings	2,609,344	605,850
Provision for taxation	71,173	70,809
Dividends	26	124
	-----	-----
	3,634,908	1,275,635
	-----	-----
NET CURRENT ASSETS	3,731,671	4,485,940
	-----	-----
GOODWILL ON CONSOLIDATION	260,579	254,245
	-----	-----
	17,148,894	9,246,600
	=====	=====

YTL CORPORATION BERHAD (Company No: 92647-H)
(Incorporated in Malaysia)

CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2002 - (Continued)

	AS AT END OF CURRENT QUARTER 30.6.2002 RM'000	AS AT PRECEDING FINANCIAL YEAR ENDED 30.6.2001 RM'000
FINANCED BY :-		
SHARE CAPITAL	737,293	736,529
RESERVES		
Share premium	549,073	681,916
Capital reserve	25,196	23,494
Reserve on Consolidation	465,253	-
Unappropriated profits	3,263,792	2,925,068
Others	22,585	22,797
Less : Treasury shares, at cost	(113,395)	(249,980)
	-----	-----
SHAREHOLDERS' FUNDS	4,949,797	4,139,824
MINORITY INTERESTS	1,941,030	1,780,599
LONG TERM BORROWINGS	8,637,030	2,820,145
OTHER LONG TERM LIABILITIES	1,451,105	506,032
PROVISION FOR LIABILITIES	38,148	-
DEFERRED INCOME	131,784	-
	-----	-----
	17,148,894	9,246,600
	=====	=====
Net tangible assets per 50 sen share (RM)	3.23	2.73
	=====	=====

QUARTERLY REPORT

Notes :

1. Accounting Policies

The quarterly financial statements have been prepared based on the same accounting policies and methods of computation adopted in the last annual audited financial statements and in accordance with the provisions of the Companies Act, 1965 and applicable approved Accounting Standards in Malaysia.

On 21 May, 2002, the Group completed the purchase of the entire issued and paid-up share capital of Wessex Water Ltd, a company incorporated in the United Kingdom. With this purchase the Group's principal activities were extended to include the supply of water and the treatment and disposal of wastewater.

In conjunction with this purchase, the Group has adopted the following additional accounting policies pertinent to the water and wastewater industry. These policies comply with applicable approved Accounting Standards in Malaysia

Property, plant and equipment

Tangible fixed assets of Wessex Water Services Limited, a wholly owned subsidiary of Wessex Water Ltd, comprise infrastructure assets and other assets.

Infrastructure assets comprise of network of systems of mains and sewers, impounding and pumped raw water storage reservoirs, dams, sludge pipelines, sea outfalls and infrastructure investigations and studies. Expenditure on infrastructure assets relating to enhancements of the network is treated as additions, which are included at after deducting connection charges and grants. The system or network is required to be maintained in perpetuity and on this basis is deemed have no finite useful economic life. Accordingly, no depreciation is charged to the income statement in relation to the use of the infrastructure assets during the year. Maintenance costs incurred in respect of infrastructure assets are charged to the income statement as incurred.

Other assets include properties, plant and equipment and are shown at cost less accumulated depreciation. Freehold land is not depreciated. Other assets are depreciated evenly over their estimated economic lives, which are principally as follows :-

Buildings and operational structures	15 - 80 years
Plant, machinery and vehicles	3 - 30 years
Other assets	4 - 15 years

Where an indication of impairment exists for the infrastructure and other assets, the carrying amounts of the assets is assessed and written down immediately to their recoverable amounts.

QUARTERLY REPORT

Notes - Continued

Leased assets

Where assets are financed by leasing arrangements, which transfer substantially all the risks and rewards of ownership of an asset to the lessee (finance leases), the assets are treated as if they had been purchased and the corresponding capital cost is shown as an obligation to the lessor. Leasing payments are treated as consisting of a capital element and finance costs, the capital element reducing the obligation to the lessor and the finance charge being written off to the income statement over the period of the lease in reducing amounts in relation to the outstanding obligations. The assets are depreciated over the shorter of their useful lives and the period of the lease. All other leases are regarded as operating leases. Rental costs arising under operating leases are written off in the year they are incurred.

Grants and contributions

Grants and contributions in respect of specific expenditure, on non-infrastructure fixed assets are treated as deferred income and recognised in the income statement over the expected useful lives of the related assets. Grants and contribution relating to infrastructure assets have been deducted from the cost of those assets.

Pensions

The cost of providing benefits is charge to the income statement on a basis designed to spread the cost over the average service lives of employees. Differences between the amount funded and charged to the income statement are treated either as provisions or prepayments in the balance sheet. The pension schemes are of the defined benefit type, which are externally funded and valued by an independent actuary.

2. Exceptional Item

During the current quarter and financial year to date, there was no exceptional item except for the exceptional gain arising from disposal of quoted investments as stated in Note 6.

3. Extraordinary Item

During the current quarter and financial year to date, there was no extraordinary item.

QUARTERLY REPORT

Notes - Continued

4. **Taxation**

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT	PRECEDING	CURRENT	PRECEDING
	YEAR	YEAR	YEAR TO	YEAR
	CORRESPONDING	CORRESPONDING	DATE	CORRESPONDING
	QUARTER	QUARTER	DATE	PERIOD
	30.6.2002	30.6.2001	30.6.2002	30.6.2001
	RM'000	RM'000	RM'000	RM'000
Within Malaysia				
Current provision	13,812	26,991	128,093	138,596
(Over)/Under-provision	(549)	(21,602)	1,557	(21,602)
Associated companies	260	1,486	2,101	1,486
Deferred taxation	22,150	22,729	61,630	61,283
	-----	-----	-----	-----
	35,673	29,604	193,381	179,763
Outside Malaysia				
Current provision	-	37	-	37
(Over)/Under-provision	-	-	-	-
	-----	-----	-----	-----
	35,673	29,641	193,381	179,800
	=====	=====	=====	=====

The provision for taxation for the current quarter and financial year to date reflect an effective tax rate lower than the statutory tax rate due mainly to the availability of reinvestment allowances in certain allowances and income generated by certain foreign subsidiaries which is tax exempt and non-taxability of provision written back.

5. **Sale of unquoted investments and/or properties**

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

QUARTERLY REPORT

Notes – Continued

6. Quoted Investments

- (a) There was no purchase of quoted investments during the current quarter and financial year to date. During the current financial year to date, the Group has disposed of RM 2.391 million of quoted shares which resulted in a profit on sale of investments amounting to RM 0.465 million. Total sale proceeds for the current financial year to date was RM 2.876 million. During the quarter the Group disposed of RM 0.251 million of quoted investments.
- (b) The cost, carrying value and the market value of the quoted investments of the Group as at end of the current financial year to date are :-

	RM'000
Cost	16,275
Carrying value	16,275
Market value	16,333
	=====

7. Changes in the Composition of the Group

Save for the acquisition of Wessex Water Limited which was completed on 21 May, 2002, there was no material change in the composition of the Group for the current quarter and financial year to date that will materially affect the financial results and state of affairs of the Group.

8. Corporate Developments

- **Corporate proposals announced and completed are as follows :-**

- (a) Proposed listing of YTL E-Solutions Berhad, a wholly-owned subsidiary, on the MESDAQ market of KLSE announced by the Company on 1 August, 2001 (“Proposed Listing”).

The Proposed Listing which entails a Proposed Restricted Issue of 34,000,000 new ordinary shares of RM1 each to entitled shareholders of the Company and a Proposed Public Issue of 1,000,000 new ordinary shares of RM1 each to eligible employees and directors of YTL E-Solutions Berhad at an indicative issue price of RM1.10 per share was approved by the Securities Commission and KLSE on 24 July, 2001 and 27 July, 2001 respectively.

QUARTERLY REPORT

Notes - Continued

Approvals from the Foreign Investment Committee and the Ministry of International Trade and Industry were obtained on 15 May, 2001 and 14 June, 2001 respectively. At an Extraordinary General Meeting convened on 16 October, 2001, the shareholders of the Company had approved the proposed listing.

On 2 July 2002 the entire issued and paid-up share capital of 135,000,000 ordinary shares of RM1 each was listed on the MESDAQ Market of the KLSE under the “Technology” sector.

- **Corporate proposals announced but not yet completed are as follows :-**
 - (a) The Company and its subsidiary, YTL Land & Development Berhad (“YTL Land”) (formerly known as Taiping Consolidated Berhad), had on 2 October, 2001 announced the following proposals :-
 - (i) Proposed acquisition by YTL Land of 45% equity interest in Syarikat Kemajuan Perumahan Negara Sdn. Bhd. (“SKPN”) from Syarikat Pembinaan Yeoh Tiong Lay Sdn. Bhd. (“SPYTL”), a subsidiary of the Company;
 - (ii) Proposed acquisition by YTL Land of 5% equity interest in SKPN from Pemasaran Simen Negara Sdn. Bhd.;
 - (iii) Proposed acquisition by YTL Land of 100% equity interest in Bayumaju Development Sdn. Bhd. (“Bayumaju”) from the Company;
 - (iv) Proposed acquisition by YTL Land of 100% equity interest in Pakatan Perakbina Sdn. Bhd. (“Pakatan”) from SPYTL and Dato’ Hj. Mohd. Zainal Abidin bin Hj. Abdul Kadir;
 - (v) Proposed acquisition by YTL Land of 30% equity interest in Udapakat Bina Sdn. Bhd., a 70% owned subsidiary of Pakatan, from Uda Holdings Bhd.;
 - (vi) Proposed acquisition by YTL Land of 5% equity interest in PYP Sendirian Berhad which is 95% owned by Pakatan, from YM Raja Dato’ Wahid Bin Raja Kamaralzaman;
 - (vii) Proposed issue of irredeemable convertible preference shares at an issue price of RM1 each by YTL Land;
 - (viii) Proposed increase in the authorised share capital of YTL Land; and
 - (ix) Proposed amendments to the Articles of Association of YTL Land.

Items (i) to (vi) above are collectively referred to as the “Proposed Acquisitions”.

YTL CORPORATION BERHAD (Company No: 92647-H)
(Incorporated in Malaysia)

QUARTERLY REPORT

Notes - Continued

Approval from the Foreign Investment Committee for the Proposed Acquisitions was received vide its letter dated 23 March 2002. Approvals from the other relevant authorities for the above proposals are pending.

- **Status of utilisation of proceeds**

- **8.5% Redeemable Non-Guaranteed Unsecured Bonds (“Bonds”)**

- A sum of RM132.4 million out of the proceeds received by the Company from the issue of the RM500 million Bonds on 29 June, 1999 is currently placed under Fixed Deposits with licensed financial institutions pending equity investments in Express Rail Link Sdn. Bhd., a 40% associated company and financing of housing development projects priced below RM250,000 per unit.

- **7% Redeemable Non-Guaranteed Unsecured Bonds**

- The proceeds received by YTL Power International Berhad 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.

- **2.5% Exchangeable Guaranteed Bonds Due 2006**

- The proceeds received by YTL Power Finance (Cayman) Limited, a wholly-owned subsidiary of the Company, from the issue of the USD150 million 2.5% Exchangeable Guaranteed Bonds Due 2006 on 11 July 2001 has been invested into YTL Utilities Limited, a wholly-owned subsidiary incorporated in the Cayman Islands. YTL Utilities Limited in turn holds the entire issued and paid-up share capital of YTL Utilities (UK) Limited which acquired the entire issued and paid-up share capital of Wessex Water Limited.

- The approval of the Securities Commission to extend the purpose for the use of proceeds for this investment was received vide its letter of 15 April 2002.

9. Changes in Share Capital

For the current financial year to date, a total of 1,527,576 new ordinary shares of 50 sen each were issued. The new ordinary shares issued were arising from the exercise of Warrants.

As at 30 June, 2002 the Company purchased a total of 52,024,000 ordinary shares from the open market at an average price of RM4.81 per share. There was no share buy-back transaction during the current financial year to date.

YTL CORPORATION BERHAD (Company No: 92647-H)
(Incorporated in Malaysia)

QUARTERLY REPORT

Notes - Continued

To date, a total of 28,425,050 treasury shares were distributed as share dividend to the shareholders on the basis of one (1) treasury share for every fifty (50) ordinary shares held on 2 January, 2002 and the balances of treasury shares held is 23,598,950 shares.

10. 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	1,031,020	860,468	1,891,488
Unsecured	1,578,324	7,776,562	9,354,886
	-----	-----	-----
	2,609,344	8,637,030	11,246,374
	=====	=====	=====

The borrowings denominated in foreign currencies are as follows :-

In US Dollar ('000)	150,025
In Hong Kong Dollar ('000)	13,315
In Sterling Pound ('000)	1,126,537
	=====

11. Contingent Liabilities - Unsecured

There has been no material change in the contingent liabilities since the last annual balance sheet of which the following were reported:

- (a) The Company has given corporate guarantees amounting to RM549.5 million to financial institutions for facilities granted by the financial institutions to its subsidiaries as follows:-

	Total Amount Guaranteed RM'000	Amount Utilised RM'000
Block discounting/hire purchase facility	23,900	350
Bank overdrafts	38,100	998
Letters of credit/trust receipts/bankers acceptances/shipping guarantees	244,800	27,926
Revolving loans/advances	105,000	90,000
Suppliers credit facility	500	488
Bankers' guarantees :-		
Advance payment bonds/performance bonds, pre-bid bonds and other related guarantees	137,200	111,099
	-----	-----
	549,500	230,861
	=====	=====

QUARTERLY REPORT

Notes - Continued

The group has provided performance guarantees in respect to tendering for contracts by a subsidiary company, the maximum liability in respect of which as at 24 August 2002 was RM 6.9 million (S£ 1.2 million at exchange rate S£ 1 = RM 5.78).

12. 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 derivative financial instruments to limit the Group's exposure to interest rate movements. 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 :

“ Interest rate swap contracts protect the Company and Group from movements in interest rates. 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 derivative financial instruments disclosed in the latest audited financial statements and the date of this announcement. In addition to the above, Wessex Water Limited, a newly acquired subsidiary company, has several interest rate swap agreements which limit the Group's exposure to floating interest rate, details of which are as follows :

	Total £'000
Notional Principal Amount (denominated in Sterling Pound)	477,437 =====
	RM'000
RM equivalent (exchange rate £1 = RM5.78)	2,759,586
Average fixed interest rate	6.88%
Average period to maturity of the fixed rate borrowing (years)	3.301

All derivative financial instruments are executed with creditworthy counter parties with a view to limit the credit risk exposure of the Group.

YTL CORPORATION BERHAD (Company No: 92647-H)
(Incorporated in Malaysia)

QUARTERLY REPORT

Notes - Continued

13. **Pending Material Litigation**

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

14. **Segment Reporting**

Analysis by activities	Revenue RM'000	Profit Before Taxation RM'000	Assets Employed RM'000
Construction	365,669	12,298	574,263
Information technology and e-commerce related business	9,346	9,489	150,486
Manufacturing & trading	473,032	77,533	595,089
Property investment & development	133,126	49,689	1,125,708
Management services & others	106,648	53,592	5,248,819
Hotels	86,292	(3,950)	262,726
Power generation & transmission	1,276,956	554,122	3,525,243
Water and sewerage	136,784	14,718	9,301,468
	----- 2,587,853 =====	----- 767,491 =====	----- 20,783,802 =====
Profit from associated companies			
Construction		9	
Manufacturing & trading		13,836	
Property development		1,301	
Management services & others		3,479	
Hotels		1,969	
Power generation & transmission		692	
		----- 788,777 =====	
Analysis by geographical area			
Operations in Malaysia	2,434,275	736,881	11,029,091
Operations in other countries	153,578	51,896	9,754,711
	----- 2,587,853 =====	----- 788,777 =====	----- 20,783,802 =====

QUARTERLY REPORT

Notes - Continued

15. Comparison with Preceding Quarter

	Current Year	
	Current Quarter 30.6.2002 RM'000	Preceding Quarter 31.3.2002 RM'000
Revenue	707,588	612,678
Consolidated profit before taxation	229,025	184,951
Consolidated profit after taxation after minority interests	121,515 =====	83,875 =====

Revenue for the current quarter increased by RM94.9 million or 15.5% as compared to the preceding quarter. The increase in revenue attributed mainly to the inclusion of sales of water and sewerage services from the recent acquisition of Wessex Water Limited.

The consolidated profit before taxation increased by RM44.1 million or 23.8% as compared to the preceding quarter and the consolidated profit after taxation after minority interests increased from RM83.9 million to RM121.5 million, which represents an increase of 44.9% as compared to the preceding quarter.

16. Review of the results

The Group registered a revenue of RM2,587.9 million for the current financial year to date which is 11.3% higher than preceding year corresponding period. The improvement in revenue is substantially contributed by the ready mixed concrete, slag cement business and power generation divisions. The improvement in results is due to the increase in electricity sales under the Supplemental Power Purchase Agreement and continuing demand for cement in the construction industry and resumption.

The Group registered a consolidated profit before taxation of RM788.8 million for the current financial year to date which is 9.3% higher than preceding year corresponding period.

17. Subsequent Material Event

There was no material event subsequent to the end of the current financial year to date.

YTL CORPORATION BERHAD (Company No: 92647-H)
(Incorporated in Malaysia)

QUARTERLY REPORT

Notes - Continued

18. Seasonality or Cyclicity of Operations

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

19. Prospects

Barring unforeseen circumstances, the results of the group for the financial year ending 30 June 2003 is expected to improve significantly following the acquisition of Wessex Water Group.

20. Profit Forecast/Profit Guarantee

The Group did not issue any profit forecast during the current financial year to date, save for the profit forecast of YTL Utilities (UK) Ltd, a wholly owned subsidiary of YTL Power International Berhad for the financial year ending 30 June, 2003 as contained in the circular to shareholders dated 24 April, 2002 in relation to acquisition of Wessex Water Group.

21. Dividend

The Board of Directors is pleased to recommend for the approval of the shareholders a First and Final Dividend of 15% less 28 % tax for the year ended 30 June, 2002. The Book Closure and Payment Dates in respect of the aforesaid dividend will be determined by the Board at a later date. .

By Order of the Board
HO SAY KENG
Secretary

Kuala Lumpur
Dated : 29 August 2002