

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

**INTERIM FINANCIAL REPORT**

Interim financial report on consolidated results for the financial quarter ended 30 June, 2003.

The figures have not been audited.

**CONDENSED CONSOLIDATED INCOME STATEMENTS**

	<b>INDIVIDUAL QUARTER PRECEDING YEAR</b>	<b>CUMMULATIVE QUARTER</b>		
	<b>CURRENT YEAR</b>	<b>CORRESPONDING</b>	<b>12 MONTHS ENDED</b>	
	<b>QUARTER</b>	<b>QUARTER</b>	<b>30.6.2003</b>	<b>30.6.2002</b>
	<b>30.6.2003</b>	<b>30.6.2002</b>	<b>30.6.2003</b>	<b>30.6.2002</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
		<b>(restated)</b>		<b>(restated)</b>
		<b>RM'000</b>		<b>RM'000</b>
REVENUE	1,097,842	687,677	4,047,502	2,567,942
OPERATING EXPENSES	(616,621)	(355,796)	(2,507,777)	(1,674,666)
OTHER OPERATING INCOME	8,508	(17,960)	86,057	85,970
PROFIT FROM OPERATIONS	489,729	313,921	1,625,782	979,246
FINANCE COSTS	(165,188)	(80,810)	(624,967)	(202,270)
GAIN ON DISPOSAL OF				
- SUBSIDIARIES	-	-	22,929	-
- ASSOCIATED COMPANY	-	-	21,125	-
SHARE OF PROFITS OF ASSOCIATED COMPANIES	2,597	5,118	4,062	22,286
PROFIT BEFORE TAXATION	327,138	238,229	1,048,931	799,262
TAXATION	(94,429)	(53,364)	(257,873)	(211,072)
PROFIT AFTER TAXATION	232,709	184,865	791,058	588,190
MINORITY INTERESTS	(84,819)	(74,612)	(275,972)	(224,813)
NET PROFIT FOR THE PERIOD	147,890	110,253	515,086	363,377
<b>EARNINGS PER SHARE</b>				
Basic (Sen)	10.20	7.60	35.51	25.06
Diluted (Sen)	10.06	7.28	34.97	24.53

The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 30 June, 2002

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

**INTERIM FINANCIAL REPORT**

**CONDENSED CONSOLIDATED BALANCE SHEETS**

	<b>UNAUDITED AS AT 30.6.2003 RM'000</b>	<b>AUDITED AS AT 30.6.2002 (restated) RM'000</b>	<b>AUDITED AS AT 30.6.2002 (reported) RM'000</b>
PROPERTY, PLANT & EQUIPMENT	13,131,550	11,818,655	11,814,860
INVESTMENT PROPERTIES	531,250	430,962	430,962
INVESTMENT IN SUBSIDIARIES	196,870	196,870	196,870
INVESTMENT IN ASSOCIATED COMPANIES	302,741	308,189	307,207
QUOTED INVESTMENTS	20,474	20,322	20,322
UNQUOTED INVESTMENTS	243,601	142,126	142,126
DEVELOPMENT EXPENDITURE	572,697	256,030	256,030
CAPITAL WORK-IN-PROGRESS	4,960	4,960	4,960
GOODWILL ON CONSOLIDATION	515,552	508,915	260,660
<b>CURRENT ASSETS</b>			
Inventories	200,314	128,284	128,284
Property development projects	154,509	170,854	170,854
Trade & other receivables	2,117,244	2,178,062	2,178,062
Inter-company balances	28,899	43,630	43,630
Short term investments	108,985	29,196	29,196
Fixed deposits	5,481,442	4,461,372	4,461,372
Cash & bank balances	95,726	89,365	89,365
	8,187,119	7,100,763	7,100,763

The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the year ended 30 June, 2002

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

**INTERIM FINANCIAL REPORT**

**CONDENSED CONSOLIDATED BALANCE SHEETS - Continued**

	<b>UNAUDITED</b>	<b>AUDITED</b>	<b>AUDITED</b>
	<b>AS AT</b>	<b>AS AT</b>	<b>AS AT</b>
	<b>30.6.2003</b>	<b>30.6.2002</b>	<b>30.6.2002</b>
		<b>(restated)</b>	<b>(reported)</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>LESS : CURRENT LIABILITIES</b>			
Trade & other payables	922,951	939,464	939,464
Inter-company balances	26,245	22,905	22,905
Short term borrowings	2,804,918	2,881,081	2,881,081
Provision for taxation	59,613	137,455	79,634
Dividends payable	-	26	26
Provision for liabilities & charges	24,613	38,863	38,863
	-----	-----	-----
	3,838,340	4,019,794	3,961,973
	-----	-----	-----
<b>NET CURRENT ASSETS</b>	4,348,779	3,080,969	3,138,790
	-----	-----	-----
	19,868,474	16,767,998	16,572,787
	=====	=====	=====

The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the year ended 30 June, 2002

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

**INTERIM FINANCIAL REPORT**

**CONDENSED CONSOLIDATED BALANCE SHEETS - Continued**

	<b>UNAUDITED AS AT 30.6.2003  RM'000</b>	<b>AUDITED AS AT 30.6.2002 (restated) RM'000</b>	<b>AUDITED AS AT 30.6.2002 (reported) RM'000</b>
FINANCED BY :-			
SHARE CAPITAL	737,293	737,293	737,293
RESERVES			
Share premium	549,073	549,073	549,073
Capital reserve	60,959	24,577	24,577
Reserve on consolidation	346	-	129,442
Exchange differences reserve	65,324	14,566	29,836
Retained profits	3,722,631	3,255,193	3,252,276
Less : Treasury shares, at cost	(116,016)	(113,395)	(113,395)
	-----	-----	-----
SHAREHOLDERS' FUNDS	5,019,610	4,467,307	4,609,102
MINORITY INTERESTS	1,986,435	1,777,773	2,033,033
LONG TERM BORROWINGS	10,266,364	8,332,838	8,332,838
OTHER LONG TERM LIABILITIES	95,899	89,916	89,916
PROVISION FOR LIABILITIES	59,599	32,380	32,380
DEFERRED INCOME	137,890	131,832	131,832
DEFERRED TAXATION	2,302,677	1,935,952	1,343,686
	-----	-----	-----
	19,868,474	16,767,998	16,572,787
	=====	=====	=====
Net Tangible Assets Per 50 sen share (Sen)	310.5	272.7	299.6
	=====	=====	=====

The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the year ended 30 June, 2002

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

**INTERIM FINANCIAL REPORT**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE THIRD QUARTER ENDED 30 JUNE 2003**

<b>Group</b>	<b>Share capital RM'000</b>	<b>Share premium RM'000</b>	<b>Capital reserve RM'000</b>	<b>Reserve on consolidation RM'000</b>	<b>Translation reserve RM'000</b>	<b>Retained profits RM'000</b>	<b>Treasury shares RM'000</b>	<b>Total RM'000</b>
Balance at 1.7.2002								
- as previously reported	737,293	549,073	24,577	129,442	29,836	3,252,276	(113,395)	4,609,102
- prior years adjustments	-	-	-	(129,442)	(15,270)	2,917	-	(141,795)
- as restated	737,293	549,073	24,577	-	14,566	3,255,193	(113,395)	4,467,307
<i>Currency translation differences</i>	-	-	-	-	50,758	-	-	50,758
Net gains not recognised in the income statement	-	-	-	-	50,758	-	-	50,758
Net profit for the period	-	-	-	-	-	515,086	-	515,086
Decrease in capital reserve	-	-	(1,500)	-	-	-	-	(1,500)
Increase in reserve on consolidation	-	-	-	346	-	-	-	346
Accretion arising from additional shares issued	-	-	-	-	-	31,898	-	31,898
Transfer to capital reserve	-	-	37,882	-	-	(1,210)	-	36,672
Dividend paid	-	-	-	-	-	(78,336)	-	(78,336)
Treasury shares	-	-	-	-	-	-	(2,621)	(2,621)
Balance at 30.6.2003	737,293	549,073	60,959	346	65,324	3,722,631	(116,016)	5,019,610

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 30 June, 2002

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

**INTERIM FINANCIAL REPORT**

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT  
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2003**

	<b>RM'000</b>
Net cash from operating activities	1,349,279
	-----
Net cash used in investing activities	(1,357,668)
	-----
Net cash from financing activities	1,000,690
	-----
Net changes in cash and cash equivalents	992,301
Cash and cash equivalents brought forward	4,496,126
	-----
Cash and cash equivalents carried forward	5,488,427
	=====

Cash and cash equivalents comprise :

	<b>RM'000</b>
Fixed deposits	5,481,442
Cash & bank balances	95,726
Bank overdrafts	(88,741)
	-----
	5,488,427
Less : Fixed deposits under lien	(64,680)
	-----
	5,423,747
Housing development account	(651)
	-----
	5,423,096
	=====

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended 30 June, 2002

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

**INTERIM FINANCIAL REPORT**

**Notes :**

**Disclosure requirements per MASB 26 - paragraph 16**

**A1. Accounting Policies and methods of computation**

The interim financial report is unaudited and has been prepared in accordance with MASB 26 “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, 2002.

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 except for the change in its accounting policy for the depreciation of hotel buildings and the change in basis of provision for deferred tax to full provision on consolidation of the foreign subsidiaries.

In prior years :-

- (1) the Group had depreciated the hotel buildings at an annual rate of 2%. It is now the Group’s policy not to depreciate these buildings.

The change in accounting policy has been accounted for retrospectively. The effect of the change in accounting policy not to depreciate these buildings is disclosed in the condensed Statement of Changes in Equity and also an increase of RM0.262 million and RM1.012 million in the Group’s profit for the financial quarter and the twelve months period ended 30 June, 2003, respectively.

- (2) the deferred taxation of YTL Power International Berhad’s foreign subsidiaries, Wessex Water Ltd. Group is made using the liability method for all timing differences. The Group for purposes of consolidation had changed its basis of provision for deferred taxation using the liability method for all temporary differences in line with MASB 25.

The effect of the change in accounting basis for deferred taxation is disclosed in the Condensed Balance Sheet which resulted in a reversal of the reserve on consolidation of RM214 million to a goodwill on consolidation of RM410 million.

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, 2002.

**A2. Audit Report of the preceding financial year ended 30 June 2002**

The Auditors’ Report on the financial statements of the preceding financial year was not subject to any qualification.

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

**INTERIM FINANCIAL REPORT**

**Notes : - continued**

**A3. Seasonality or Cyclicity of Operations**

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

**A4. Changes in estimates of amounts reported**

There was no change to estimates of amounts reported in prior interim periods and prior financial years.

**A5. Changes in Debt and Equity Securities**

There was no issuance, cancellation, repurchase, resale and repayment of debts and equity securities except for the following :-

- i) Repayment of debt securities of RM62.5 and RM425.06 million for the current financial quarter and for the 12 months period ended 30 June, 2003, respectively.
- ii) Repurchased a total of 1,000 ordinary shares of its issued share capital from the open market for a total consideration of RM0.003 million at an average cost of RM3.52 per share during the current financial quarter. During the current financial year to date, a total of 775,000 shares were repurchased from the open market for a total consideration of RM2.621 million. The repurchased transactions were financed by internally generated funds. The repurchased shares are held as treasury shares in accordance with the requirements of Section 67A of the Companies Act, 1965.
- iii) On 16 October, 2002, 33,742,000 new ordinary shares were granted at an option price of RM2.79 in pursuant to the new Employees Share Option Scheme ("ESOS") for employees and Executive Directors of the Company and its subsidiaries who meet the criteria of eligibility for participation in the ESOS.

The outstanding debts are as disclosed in note B9 and the ordinary share capital as at 30 June, 2003 is RM737.3 million.

**A6. Dividend paid**

No dividends were paid in the current financial quarter ended 30 June 2003.

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

**INTERIM FINANCIAL REPORT**

Notes : - continued

**A7. Segment Reporting**

**Inter-segment pricing is determined based on a negotiated basis.**

	Construction RM'000	Information technology & e-commerce related business RM'000	Manufacturing & trading RM'000	Property investment & development RM'000	Management services & others RM'000	Power generation & transmission RM'000	Hotels RM'000	Water & sewerage RM'000	Total RM'000
<b>Revenue</b>	126,160	20,436	467,830	116,350	210,534	1,264,392	106,663	1,735,137	4,047,502
<b>Results</b>									
Profit from operations	22,852	13,563	93,812	72,009	140,251	587,000	6,775	689,520	1,625,782
Finance costs									(624,967)
Gain on disposal of - subsidiaries									22,929
- associated company									21,125
Share of profits of associated companies									4,062
Profit before taxation									1,048,931
Taxation									(257,873)
Profit after taxation									791,058
Minority interests									(275,972)
Net profit for the period									515,086

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

**INTERIM FINANCIAL REPORT**

**Notes : - continued**

**A8. Valuation of Property, Plant and Equipment**

The valuation of property, plant & equipment have been brought forward without any amendments from the previous annual audited financial statements except for the depreciation of hotel buildings which the Group had changed its accounting policy not to provide depreciation for these properties. The directors are of the opinion that it is more appropriate not to depreciate the hotel properties since it is the Group's practice to maintain these properties to a high standard and condition in order to maintain the residual values at least equal to their respective carrying amounts such that depreciation would be insignificant. The related maintenance expenditure is charged to the income statement.

The effect of the change in accounting policy has been accounted for retrospectively and the property, plant & equipment have increased by RM3.794 million for the financial year ended 30 June, 2002.

**A9. Material Events Subsequent to the end of the interim period**

There were no material events subsequent to the end of the current financial quarter.

**A10. Changes in the Composition of the Group**

During the current financial quarter and the financial year to date, there were no changes in the composition of the Group including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings and discontinuing operations except for the following :-

- (i) On 3 September, 2002, YTL Land & Development Berhad. ("YTL L&D"), a subsidiary of the Company subscribed for 999,998 ordinary shares of RM1 each representing 99.99% equity interest in Amanresorts Sdn. Bhd. for a cash consideration of RM999,998;
- (ii) YTL E-Solutions Berhad, a subsidiary of the Company acquired 100% equity interest in YTL Info Screen Sdn. Bhd. and Intellectual Learning Sdn. Bhd. on 17 September, 2002 and 21 March, 2003 respectively;
- (iii) Acquisition of equity interests by YTL L&D, a subsidiary of the Company pursuant to the Proposed Acquisitions by YTL L&D as disclosed under Note B8.

The disposal by the Company of the following equity interests under the Proposed Acquisitions by YTL L&D resulted in a gain on disposal of subsidiaries and associated company of RM22.9 million and RM21.1 million respectively:

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

**INTERIM FINANCIAL REPORT**

**Notes : - continued**

- a. Syarikat Pembinaan Yeoh Tiong Lay Sdn. Bhd., a subsidiary of the Company sold its entire investment in a subsidiary company, Syarikat Kemajuan Perumahan Negara Sdn. Bhd. and associated company Pakatan Perakbina Sdn. Bhd. to YTL L&D. These transactions give rise to a profit of RM7.3 million and RM21.1 million respectively.
- b. The Company sold its entire investment in a subsidiary company, Bayumaju Development Sdn. Bhd. to YTL L&D. This transaction gives rise to a profit of RM15.6 million;
- (iv) On 31 March, 2003, YTL Industries Berhad, a subsidiary of the Company, acquired 70% equity interest in Gemilang Pintar Sdn. Bhd. for a cash consideration of RM70,000;
- (v) During the current financial year to date, YTL Cement Berhad, a subsidiary of the Company, repurchased a total of 245,000 ordinary shares of its issued share capital from the open market for a total consideration of RM712,725 at an average cost of RM2.91 per share. The repurchase of shares were financed by internally generated funds;
- (vi) YTL Power International Berhad, a subsidiary of the Company, repurchased a total of 1,000 ordinary shares of its issued share capital from the open market value for a total consideration of RM2,966 at an average cost of RM2.96 per share during the current financial quarter. During the current financial year to date, a total of 2,153,000 ordinary shares were repurchased from the open market for a total consideration of RM6,333,945. The repurchase of shares were financed by internally generated funds and;
- (vii) YTL Land & Development Berhad, a subsidiary of the Company, repurchased a total of 1,000 ordinary shares of its issued share capital from the open market value for a total consideration of RM1,550 at an average cost of RM1.55 per share during the current financial quarter. During the current financial year to date, a total of 1,000 ordinary shares were repurchased from the open market for a total consideration of RM1,550. The repurchase of shares were financed by internally generated funds.

**A11. Changes in Contingent Liabilities or Contingent Assets**

Since the last annual balance sheet as at 30 June, 2002, there were no changes in the contingent liabilities of the Group except for the reduction of letter of credit amounting to RM10 million and bank guarantees amounting to RM49.9 million and the addition of leasing facility amounting to RM5 million; revolving loans of RM19 million and commercial papers/medium term notes of RM500 million.

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

**INTERIM FINANCIAL REPORT**

**Notes : - continued**

As at 30 June, 2003, the Company has given corporate guarantees amounting to RM919.8 million to financial institutions for facilities granted by the financial institutions to its subsidiaries as follows :-

	<b>Total Amount Guaranteed RM'000</b>	<b>Amount Utilised RM'000</b>
Block discounting/hire purchase facility	28,900	4,202
Bank overdrafts	33,900	9,002
Letters of credit/trust receipts/bankers acceptances/shipping guarantees	154,800	19,425
Revolving loans/advances	124,413	109,413
Suppliers credit facility	500	346
Bankers' guarantees :-		
Advance payment bonds/performance bonds, pre-bid bonds and other related guarantees	77,300	64,754
Commercial papers/medium term notes	500,000	430,000
	-----	-----
	<u>919,813</u>	<u>637,142</u>

The Company has also entered into an option agreement with Dato' Hj. Mohd. Zainal Abidin Hj. Abdul Kadir ("Dato' Zainal") on 2 October 2001 wherein Dato' Zainal, in consideration of RM10 paid by the Company, agrees to grant the Company a call option to purchase 7,100,000 ordinary shares and 61,092,272 irredeemable convertible preference shares in YTL Land & Development Berhad received by Dato' Zainal pursuant to the acquisition by YTL Land & Development Berhad of 60% equity interest in Pakatan Perakbina Sdn. Bhd. from Dato' Zainal at an option price of RM1.00 per share.

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

## **INTERIM FINANCIAL REPORT**

### **Disclosure requirements per KLSE listing requirements Part A of Appendix 9B**

#### **B1. Review of Performance**

The Group's recorded a revenue and profit before taxation for the current financial quarter of RM1,098 million and RM327 million respectively, representing an increase of 60% and 31% respectively when compared to the previous corresponding quarter ended 30 June, 2002.

The Group's revenue and profit before taxation for the 12 months period ended 30 June, 2003 were RM4,048 million and RM1,049 million respectively, representing an increase of 58% and 31% when compared to the previous corresponding period ended 30 June, 2002.

The increase in the Group's revenue and profit before taxation for both the current and cumulative financial quarters were substantially attributable to the consolidation of the full financial results of the Wessex Water Group.

#### **B2. Comparison with Preceding Quarter**

For the current financial quarter, the Group registered a profit before tax of RM327 million as compared to a profit before tax of RM249 million for the preceding financial quarter. The increase of 31% in the Group's profit before taxation in the current financial quarter was mainly due to the consolidation of the quarter financial results of the Wessex Water Group.

#### **B3. Prospects**

The Group, after considering the Group's current level of operations and the current market condition, is expected to achieve satisfactory performance for the financial year ending 30 June, 2004.

#### **B4. Profit Forecast**

The Group did not issue any profit forecast or profit guarantee during the current financial quarter.

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

**INTERIM FINANCIAL REPORT**

Notes : - continued

**B5. Taxation**

Taxation comprises the following :-

	<b>Current Year Quarter 30.6.2003 RM'000</b>	<b>Current Year To Date 30.6.2003 RM'000</b>
Taxation based on profit for the period	(10,734)	151,694
Over-provision of tax	(64,140)	(69,448)
Deferred taxation	169,012	174,900
Share of tax in associated companies	291	727
	-----	-----
	94,429	257,873
	=====	=====

**B6. Sale of Unquoted Investments and/or Properties**

During the current financial quarter and the 12 months period ended 30 June, 2003, the profit on sale of unquoted investments amounted to RM0.702 million and RM3.447 million respectively.

**B7. Quoted Securities**

(a) Details of the purchase and sale of quoted securities are as follows :-

	<b>Current Year Quarter 30.6.2003 RM'000</b>	<b>Current Year To Date 30.6.2003 RM'000</b>
Purchase	-	46
Sales	-	258
	=====	=====

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

**INTERIM FINANCIAL REPORT**

**Notes : - continued**

(b) Particulars of investment in quoted securities as at 30 June, 2003 :-	RM'000
- At cost	20,474
- At carrying value	20,474
- At market value	29,627
	<u>          </u>

**B7. Corporate Developments**

There is no corporate proposal announced by the Company which is not completed as at the date of this report. During the 12 months period ended 30 June, 2003 the subsidiary company, YTL Land & Development Berhad, completed the following proposals previously announced on 2 October 2001 and 13 December 2001 respectively :-

- (i) Proposed acquisition by YTL Land & Development Berhad (“YTL L&D”) 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 L&D of 5% equity interest in SKPN from Pemasaran Simen Negara Sdn. Bhd.;
- (iii) Proposed acquisition by YTL L&D of 100% equity interest in Bayumaju Development Sdn. Bhd. (“Bayumaju”) from the Company;
- (iv) Proposed acquisition by YTL L&D of 100% equity interest in Pakatan Perakbina Sdn. Bhd. (“Pakatan”) from SPYTL and Dato’ Hj. Mohd. Zainal Abidin Hj. Abdul Kadir;
- (v) Proposed acquisition by YTL L&D of 30% equity interest in Udapakat Bina Sdn. Bhd., a 70% owned subsidiary of Pakatan, from Uda Holdings Bhd.;
- (vi) Proposed acquisition by YTL L&D of 5% equity interest in PYP Sendirian Berhad which is 95% owned by Pakatan, from YM Dato’ Raja Wahid Bin Raja Kamaralzaman;
- (vii) Proposed issue of irredeemable convertible preference shares at an issue price of RM1 each by YTL L&D;
- (viii) Proposed increase in the authorised share capital of YTL L&D; and
- (ix) Proposed amendments to the Memorandum of Association of YTL L&D and proposed adoption of the new Articles of Association of YTL L&D;

Items (i) to (vi) above are collectively referred to as the “Proposed Acquisition by YTL L&D”.

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

**INTERIM FINANCIAL REPORT**

**Notes : - continued**

Status of utilisation of proceeds

(a) 8.5% Redeemable Non-Guaranteed Unsecured Bonds (“Bonds”) 1999/2004

A sum of RM132.4 million of the remaining unutilised proceeds received by the Company from the issue of the RM500 million Bonds on 29 June, 1999 is placed under Fixed Deposits with licensed financial institutions pending equity investments in Express Rail Link Sdn. Bhd., a 50% associate of the Company. The approval of the Securities Commission (SC) to extend for a period of 12 months from 31 December, 2002 to 31 December, 2003 to complete the utilisation of the above amount was received vide its letter dated 24 December, 2002.

(b) 7% Redeemable Non-Guaranteed Unsecured Bonds 2000/2007

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 placed under Fixed Deposits with licensed financial institutions pending investment in power generation assets.

(c) 2.5% Exchangeable Guaranteed Bonds Due 2006

The proceeds received by YTL Power Finance (Cayman) Limited, a wholly-owned subsidiary of YTL Power International Berhad, 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 utilisation of the proceeds for this investment was received vide its letter dated 15 April, 2002.

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

**INTERIM FINANCIAL REPORT**

Notes : - continued

**B9. Group Borrowings and Debt Securities**

Particulars of the Group's borrowings and debts securities as at 30 June, 2003 are as follows :-

<b>Borrowings</b>	<b>RM'000</b>
(i) Short term	
- secured	1,282,343
- unsecured	1,522,575
	-----
	2,804,918
	-----
(ii) Long term	
- secured	1,025,995
- unsecured	9,240,369
	-----
	10,266,364
	-----

The above include borrowings denominated in foreign currencies as follows :-

In US Dollar ('000)	150,000
In Sterling Pound ('000)	1,145,458
In HK Dollar ('000)	11,118
	=====

**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 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 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.”

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

**INTERIM FINANCIAL REPORT**

**Notes : - continued**

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, 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 (denotes in Sterling Pound)	480,800 =====
	RM'000
RM equivalent (exchange rate £1=RM6.2835)	3,021,107
Average fixed interest rate	5.55%
Average period to maturity of the fixed rate borrowing (years)	2.06

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

**B11. 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, 2003. The Book Closure and Payment Dates in respect of the aforesaid dividend will be determined by the Board at a later date. .

**B12. Material litigation**

There are claims made by third parties against Sentul Raya Sdn. Bhd., a subsidiary of the Company. However, the Directors of the subsidiary are of the opinion that the claims will not materially affect the future position or business of the Group.

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

**INTERIM FINANCIAL REPORT**

Notes : - continued

**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 as set out below :-

	<b>Current Quarter 30.6.2003</b>	<b>Preceding Year Corresponding Quarter 30.6.2002 (restated)</b>
Net profit for the period/Profit attributable to shareholders (RM'000)	147,890	110,253
<i>Weighted average number of ordinary shares ('000)</i>		
Issued at the beginning of the period	1,474,586	1,473,305
Exercise of warrants to ordinary shares	-	1,281
Shares repurchased	(24,373)	(23,599)
	<u>1,450,213</u>	<u>1,450,987</u>
Basic earnings per share (sen)	<u>10.20</u>	<u>7.60</u>

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

**INTERIM FINANCIAL REPORT**

Notes : - continued

**B13. Earnings Per Share - 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 as set out below :-

	<b>Current Quarter 30.6.2003</b>	<b>Preceding Year Corresponding Quarter 30.6.2002 (restated)</b>
Net profit for the period/Profit attributable to shareholders (RM'000)	147,890	110,253
<i>Weighted average number of ordinary shares-diluted ('000)</i>		
Weighted average number of ordinary shares-basic	1,450,213	1,450,987
Conversion of convertible bonds	-	12
Effect of unexercised warrants	13,313	63,726
Effect of unexercised employees share option scheme	6,365	-
	<u>1,469,891</u>	<u>1,514,725</u>
Diluted earnings per share (sen)	<u>10.06</u>	<u>7.28</u>

By Order of the Board  
HO SAY KENG  
Secretary

Kuala Lumpur  
Dated : 28 August 2003