

YTL POWER INTERNATIONAL BERHAD (Company No. 406684-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

	<u>INDIVIDUAL PERIOD</u>		<u>CUMULATIVE PERIOD</u>	
	<u>CURRENT YEAR QUARTER 30/6/2002 RM'000</u>	<u>PRECEDING YEAR CORRESPONDING QUARTER 30/6/2001 RM'000</u>	<u>CURRENT YEAR TO DATE 30/6/2002 RM'000</u>	<u>PRECEDING YEAR CORRESPONDING PERIOD 30/6/2001 RM'000</u>
1 (a) Turnover	485,077 =====	327,344 =====	1,501,316 =====	1,319,512 =====
(b) Investment income	96 =====	191 =====	652 =====	1,173 =====
(c) Other income including interest income	54,670 =====	23,295 =====	133,733 =====	109,739 =====
2 (a) Operating profit before interest on borrowings, depreciation and amortisation, income tax and minority interests	318,520	202,112	962,767	836,316
(b) Interest on borrowings	(69,395)	(27,204)	(158,555)	(114,061)
(c) Depreciation and amortisation	(65,158)	(31,342)	(158,874)	(125,595)
(d) Exceptional items	- -----	8,986 -----	602 -----	11,318 -----
(e) Operating profit after interest on borrowings, depreciation, and amortisation, but before income tax and minority interests	183,967	152,552	645,940	607,978
(f) Share in the results of associated companies	443 -----	- -----	692 -----	335 -----
(g) Profit before taxation and minority interests	184,410	152,552	646,632	608,313
(h) Taxation	(25,217) -----	(43,605) -----	(160,724) -----	(169,123) -----

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

QUARTERLY REPORT

CONSOLIDATED INCOME STATEMENT – Continued

		<u>INDIVIDUAL PERIOD</u>		<u>CUMULATIVE PERIOD</u>	
		<u>CURRENT YEAR QUARTER</u>	<u>PRECEDING YEAR CORRESPONDING QUARTER</u>	<u>CURRENT YEAR TO DATE</u>	<u>PRECEDING YEAR CORRESPONDING PERIOD</u>
		<u>30/6/2002</u>	<u>30/6/2001</u>	<u>30/6/2002</u>	<u>30/6/2001</u>
		<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
(i)	(i) Profit after taxation before deducting minority interests	159,193	108,947	485,908	439,190
	(ii) Less minority interests	-	-	-	-
(j)	Profit after taxation attributable to members of the Company	159,193	108,947	485,908	439,190
(k)	Retained profits brought forward				
	As previously reported	2,087,499	2,110,145	1,923,092	1,777,130
	Prior year adjustment	-	(296,000)	-	(296,000)
		2,087,499	1,814,145	1,923,092	1,481,130
(l)	Profit available for distribution	2,246,692	1,923,092	2,409,000	1,920,320
(m)	Capitalised on redemption of Preference shares by one of the subsidiaries	-	-	(1,800)	-
(n)	Dividend – Current	-	-	(160,508)	-
	- over provision	-	-	-	2,772
(o)	Retained profits carried forward	2,246,692	1,923,092	2,246,692	1,923,092
3 (a)	Earnings per share based on 2 (i) above :-				
	(i) Basic	7.03 sen	4.87 sen	21.62 sen	19.44 sen
	Based on weighted average number of ordinary shares	2,265,273,758	2,237,187,461	2,247,673,293	2,259,060,517

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

QUARTERLY REPORT

CONSOLIDATED INCOME STATEMENT - Continued

		<u>INDIVIDUAL PERIOD</u>		<u>CUMULATIVE PERIOD</u>	
		CURRENT YEAR QUARTER 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
(ii)	Fully diluted	7.03 sen =====	4.87 sen =====	21.62 sen =====	19.44 sen =====
	Based on weighted average number of ordinary shares	2,265,273,758 =====	2,237,187,461 =====	2,247,673,293 =====	2,259,060,517 =====

YTL POWER INTERNATIONAL BERHAD (Company No. 406684-H)
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QUARTERLY REPORT

CONSOLIDATED BALANCE SHEET

	As at End of Current Quarter 30 June 2002 RM'000	As at Preceding Financial Year End 30 June 2001 RM'000
Fixed Assets	11,192,255	2,676,444
Development Expenditure	0	304
Investment in Associated Companies	478	227
Long Term Investments	28,095	17,172
Investment, Unquoted	132,050	132,050
Current Assets		
Stocks	103,786	90,927
Trade Debtors	363,624	152,348
Short Term Investments	23,235	10,000
Fixed Deposits	3,844,425	3,037,048
Cash and Bank Balances	27,643	1,061
Other Debtors, Deposits and Prepayments	734,392	249,053
	-----	-----
	5,097,105	3,540,437
	-----	-----
Current Liabilities		
Short Term Borrowings	2,177,532	125,000
Trade Creditors	77,632	50,847
Other Creditors	526,038	107,923
Provision for Taxation	49,126	51,278
	-----	-----
	2,830,328	335,048
	-----	-----
Net Current Assets	2,266,777	3,205,389
	-----	-----
	13,619,655	6,031,586
	=====	=====

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

QUARTERLY REPORT

CONSOLIDATED BALANCE SHEET – Continued

	As at End of Current Quarter 30 June 2002 RM'000	As at Preceding Financial Year End 30 June 2001 RM'000
Share Capital	2,288,672	2,288,666
Reserves		
Share Premium	1,919,112	2,041,286
Capital Redemption Reserve	18,000	16,200
Merger Reserves	(2,138,533)	(2,138,533)
Reserve on Consolidation	465,253	0
Foreign Fluctuation Reserve	40	43
Retained Profit	2,246,692	1,923,091
Less: Treasury stock, at cost	(71,756)	(149,234)
	-----	-----
Shareholders' Funds	4,727,480	3,981,519
Minority Interests*	-	-
Long Term borrowings	4,061,516	812,500
Bonds	3,304,835	750,000
Provision for Liabilities	38,148	0
Deferred Income	131,784	0
Deferred Taxation	1,355,892	487,567
	-----	-----
	13,619,655	6,031,586
	=====	=====
Net Tangible Assets Per Share (RM)	2.09	1.78
	====	====

* Minority Interest denotes RM1.

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 a 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

QUARTERLY REPORT

Notes-continued

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.

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 economic 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 amount 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 financial quarter, there was no exceptional item except for the exceptional gain arising from disposal of quoted investment as stated in Note 6.

3. Extraordinary Item

During the current financial quarter, there was no extraordinary item.

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

QUARTERLY REPORT

Notes-continued

4. Taxation

	Current Year Quarter 30/6/2002 RM'000	Current Year to Date 30/6/2002 RM'000
Current	6,859	106,511
Under / (over) provision	(466)	1,445
Deferred	18,824	52,768
	----- 25,217 =====	----- 160,724 =====

The provision for taxation for the current quarter and current year to date reflects an effective tax rate lower than the Statutory Income Tax Rate due to income of 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 financial quarter.

6. Quoted Investments

(a) There was no purchase of quoted investments during the current financial quarter. Purchases of quoted investment for the current financial year to date amounted to RM 13.246 million. During the current quarter there were disposal of quoted investments amounting to RM 0.163 million. Profit on sale of investments amounted to RM 0.602 million for the financial year to date. Total sale proceeds for the year to date was RM 2.925 million.

(b) The cost, carrying value and the market value of the quoted investments of the Group as at end of the reporting quarter are:

	RM'000
Cost	28,095
Carrying value	28,095
Market value	29,133
	=====

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 financial quarter that will materially affect the financial results and state of affairs of the Group.

QUARTERLY REPORT

Notes-continued

8. Corporate Developments

a) Corporate proposal announced and pending completion

As at the date of this announcement, there are 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.

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 and Share Buy-Backs

During the current financial year to date, 5,690 ordinary shares were issued pursuant to the exercise of warrants at an average exercise price of RM2.82 per share.

As at 30 June 2002, the Company purchased 70,326,000 ordinary shares from the open market at an average price of RM2.76 per share. During the current financial year to date, a total of 16,012,000 shares were purchased from the open market for a total consideration of RM44,706,423. The share buy-back transactions were financed by internally generated funds. The shares purchased are being held as treasury shares.

To date, a total of 44,584,585 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 balance of treasury shares held is 25,836,415 shares.

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

QUARTERLY REPORT

Notes-continued

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	1,025,000	3,037,861	4,062,861
Unsecured	1,152,532	4,328,490	5,481,022
	-----	-----	-----
	2,177,532	7,366,351	9,543,883
	=====	=====	=====

The borrowing which is denominated in foreign currency is as follows :-

In US Dollar ('000)	150,000
	=====
In Sterling Pound ('000)	1,126,537
	=====

11. Contingent Liabilities - Unsecured

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 :

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

QUARTERLY REPORT

Notes-continued

Notional Principal Amount (denotes in Sterling Pound)	Total £'000 477,437 =====
RM equivalent (exchange rate S£1=RM5.78)	RM'000 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.

13. **Pending material litigation**

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

14. **Segment Reporting**

Current year to date 30.6.2002

	Turnover	Profit Before Taxation	Assets Employed
Analysis by activities	RM'000	RM'000	RM'000
Investment holding	87,576	77,100	3,629,534
Power generation and distribution	1,276,956	554,814	3,525,343
Water and sewage	136,784	14,718	9,301,468
	----- 1,501,316 =====	----- 646,632 =====	----- 16,456,345 =====

Analysis by geographical area

Operations in Malaysia	1,347,769	604,171	6,979,941
Operations in other countries	153,547	42,461	9,476,404
	----- 1,501,316 =====	----- 646,632 =====	----- 16,456,345 =====

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

QUARTERLY REPORT

Notes-continued

15. Comparison with Preceding Quarter

	Current Quarter 30/6/2002 RM'000	Preceding Quarter 31/3/2002 RM'000
Turnover	485,077	346,564
Consolidated Profit/(Loss) before taxation	184,410	155,022
Consolidated Profit/(Loss) after taxation	159,193	107,844

The increase in the current quarter ended 30 June 2002 as compared to the preceding quarter ended 31 March 2002 in turnover was mainly due to the inclusion of sales of water and sewage services from the recent acquisition of Wessex Water Limited. The increase in consolidated profit before taxation in the current quarter ended 30 June 2002 as compared to the preceding quarter ended 31 March 2002 was substantially due to consolidation of the financial results of Wessex Water Group and foreign exchange gains on translation of monetary items.

16. Review of the Results

Group turnover increased to RM485.1 million for the current quarter ended 30 June 2002 from RM327.3 million in the preceding year corresponding quarter ended 30 June 2001. This represents an increase of RM157.8 million or 48.2 % over the preceding year corresponding quarter ended 30 June 2001. The Group profit before taxation increased by 20.9 % to RM184 million in the current quarter ended 30 June 2002 as compared to the preceding year corresponding quarter ended 30 June 2001. The increase in turnover and profit before tax was substantially attributable to increased electricity sales under the Supplemental Power Purchase Agreement, consolidation of the financial results of Wessex Water Group and foreign exchange gains on translation of monetary items. The turnover for the year under review improved by RM181.8 million to RM1,501.3 million from RM1,319.5 million in the corresponding preceding year ended 30 June 2001. The increase was substantially due to increase in additional sale of electricity and consolidation of the financial results of Wessex Water Group. The profit after taxation for the year under review increased by 10.6% or RM46.7 million compared to the corresponding preceding year ended 30 June 2001.

17. Subsequent Material Event

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

18. Seasonality or Cyclicity of Operations

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

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

QUARTERLY REPORT

Notes-continued

19. Prospects

The results of the group for the year ended 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 period, save for the profit forecast of YTL Utilities (UK) Ltd, a wholly owned subsidiary of the company 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. Proposed Dividend

The Board of Directors is pleased to recommend for the approval of the shareholders a First and Final Dividend of 20% less 28 % tax for the year ended 30 June, 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