

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

INTERIM FINANCIAL REPORT

Interim financial report on consolidated results for the period ended 30 September 2002

The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENTS

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER 30.09.2002 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30.09.2001 RM'000	CURRENT YEAR TO DATE 30.09.2002 RM'000	PRECEDING YEAR ENDED 30.09.2001 RM'000
REVENUE	772,561	353,596	772,561	353,596
OPERATING EXPENSES	(440,651)	(169,492)	(440,651)	(169,492)
OTHER OPERATING INCOME	4,067	1,807	4,067	1,807
PROFIT FROM OPERATION	335,977	185,911	335,977	185,911
FINANCE COSTS	(132,728)	(29,787)	(132,728)	(29,787)
SHARE OF RESULTS OF ASSOCIATED COMPANY	94	73	94	73
PROFIT BEFORE TAXATION	203,343	156,197	203,343	156,197
TAXATION	(51,212)	(46,040)	(51,212)	(46,040)
NET PROFIT FOR THE PERIOD	152,131	110,157	152,131	110,157

EARNINGS PER SHARE

Basic (Sen)	6.72	4.94	6.72	4.94
Diluted (Sen)	-	-	-	-

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

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CONDENSED CONSOLIDATED BALANCE SHEETS

	As at 30.09.2002 RM'000	As at 30.06.2002 RM'000
Property, Plant & Equipment	11,537,895	11,205,177
Investment in Associated Companies	74	494
Investments	164,350	164,192
Current Assets		
Inventories	96,381	103,792
Receivable, Deposits and Prepayment	882,843	838,744
Short Term Investments	133,852	19,190
Deposits, Bank and Cash Balances	3,961,900	3,872,068
	-----	-----
	5,074,976	4,833,794
	-----	-----
Current Liabilities		
Payables and Accrued Liabilities	636,531	604,675
Provision for Liabilities and Charges	52,927	38,162
Provision for Taxation	73,009	59,309
Bonds	125,000	125,000
Borrowings	2,203,049	2,024,424
	-----	-----
	3,090,516	2,851,570
	-----	-----
Net Current Assets	1,984,460	1,982,224
	-----	-----
	<u>13,686,779</u>	<u>13,352,087</u>

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

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CONDENSED CONSOLIDATED BALANCE SHEETS – Continued

	As at 30.09.2002 RM'000	As at 30.06.2002 RM'000
Share Capital	2,288,672	2,288,672
Reserves	2,450,400	2,271,446
Treasury Shares, at cost	(72,028)	(71,756)
	-----	-----
Shareholders' Funds	4,667,044	4,488,362
Minority Interests*	-	-
Deferred Taxation	1,349,336	1,316,810
Bonds	4,031,485	3,978,951
Borrowings	3,451,373	3,382,758
Provision for Liabilities & Charges	33,214	32,380
Deferred Income	132,791	131,831
Payables	21,536	20,995
	-----	-----
	<u>13,686,779</u>	<u>13,352,087</u>
	=====	=====
Net Tangible Assets Per Share (RM)	2.06	1.98
	=====	=====

* Minority Interest denotes RM1.

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

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE QUARTER ENDED 30 SEPTEMBER 2002**

	RM'000
Net cash from operating activities	196,668
	=====
Net cash used in investing activities	(238,813)
	=====
Net cash from financing activities	154,730
	=====
Net changes in cash and cash equivalents	112,585
Cash and cash equivalents brought forward	3,822,625

Cash and cash equivalents carried forward	3,935,210
	=====

Cash and cash equivalents comprise :

	RM'000
Fixed Deposit	3,935,409
Cash and bank balances	26,491
Bank overdraft	(26,690)

	3,935,210
	=====

Note : There are no comparative figures as this is the first interim financial report prepared in accordance with MASB 26 – Interim Financial Reporting.

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

YTL POWER INTERNATIONAL BERHAD (Company No. 406684-H)
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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 30 SEPTEMBER 2002**

	Share Capital RM'000	Share Premium RM'000	Merger & Other Reserves RM'000	Treasury Shares RM'000	Retained Earnings RM'000	Total RM'000
As at 01 July 2002	2,288,672	1,919,113	(1,894,363)	(71,756)	2,246,696	4,488,362
Gain not recognised in the income statement: Foreign currency Translation difference	-	-	26,823	-	-	26,823
Profit for the period	-	-	-	-	152,131	152,131
Shares repurchased	-	-	-	(272)	-	(272)
	-----	-----	-----	-----	-----	-----
As at 30 September 2002	<u>2,288,672</u>	<u>1,919,113</u>	<u>(1,867,540)</u>	<u>(72,028)</u>	<u>2,398,827</u>	<u>4,667,044</u>

Note : There are no comparative figures as this is the first interim financial report prepared in accordance with MASB 26 – Interim Financial Reporting.

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

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Notes :

Disclosure requirement 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.

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 preceding financial year ended 30 June 2002

The Auditors’ Reports on the financial statements of the preceding financial year were 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.

INTERIM FINANCIAL REPORT

Notes : - continued

A6. Changes in Debt and Equity Securities

During the current financial quarter, there was no issuance, cancellation and resale of debts and equity securities.

During the current financial year to date, a total of 95,000 shares were purchased from the open market for a total consideration of RM271,237.78. The share buy-back transactions were financed by internally generated funds. The shares purchased are being held as treasury shares. To date, the number of treasury shares held is 25,836,415 shares.

The outstanding debts are as disclosed in note B9.

A7. Dividend paid

No dividend has been 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

Current year to date 30.9.2002	Turnover	Profit Before Taxation
Analysis by activities	RM'000	RM'000
Investment holding	25,378	16,342
Power generation	322,601	120,032
Water and sewage	424,582	66,969
	-----	-----
	772,561	203,343
	=====	=====

Analysis by geographical area

Operations in Malaysia	341,305	134,415
Operations in United Kingdom and Australia.	431,256	68,928
	-----	-----
	772,561	203,343
	=====	=====

A9. Valuation of Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation.

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Notes : - continued

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

There was no change in the composition of the Group for the current financial quarter.

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 2002.

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Notes :

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

B1. Review of the Results

Group turnover increased to RM772.6 million for the current quarter ended 30 September 2002 from RM353.6 million in the preceding year corresponding quarter ended 30 September 2001. This represents an increase of RM419 million or 118.5 % over the preceding year corresponding quarter ended 30 September 2001. The Group profit before taxation increased by 30.2 % to RM203.3 million in the current quarter ended 30 September 2002 as compared to the preceding year corresponding quarter ended 30 September 2001. The increase in turnover and profit before tax was substantially attributable to consolidation of the quarter financial results of Wessex Water Group.

B2. Comparison with Preceding Quarter

	Current Quarter 30/9/2002 RM'000	Preceding Quarter 30/6/2002 RM'000
Turnover	772,561	485,077
Consolidated Profit/(Loss) before taxation	203,343	184,410
Consolidated Profit/(Loss) after taxation	152,131	159,193

The increase in turnover in the current quarter ended 30 September 2002 as compared to the preceding quarter ended 30 June 2002 was mainly due to the inclusion of a full quarter 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 September 2002 as compared to the preceding quarter ended 30 June 2002 was substantially due to the consolidation of a full quarter financial results of Wessex Water Group as compared to the consolidation of one month in the preceding quarter, contra of a lower foreign exchange gain on translation of monetary items.

B3. Prospects

The results of the group for the year ending 30 June 2003 are expected to improve significantly following the acquisition of Wessex Water Group.

B4 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.

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Notes-continued

B5. Taxation

	Current Year Quarter 30/9/2002 RM'000	Current Year to Date 30/9/2002 RM'000
In respect of current period		
- Income Tax	39,283	40,123
- Deferred Tax	11,929	11,929
	----- 51,212 =====	----- 52,052 =====

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.

B6. Sale of unquoted investments and/or properties

There was no sale of unquoted investments or properties during the current financial quarter.

B7. Quoted Investments

- (a) Purchases of quoted investment for the current quarter and current financial year to date amounted to RM 0.040 million. During the current quarter and year to date, there was no disposal of quoted investment.
- (b) The cost, carrying value and the market value of the quoted investments of the Group in Malaysia as at end of the reporting quarter are:

	RM'000
Cost	28,135
Carrying value	25,247
Market value	25,247
	=====

INTERIM FINANCIAL REPORT
Notes-continued

B8. 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.

B9. Group Borrowings and Debt Securities

The Group's borrowings from financial institutions as at end of the current financial quarter are as follows:

	Short term RM'000	Long term RM'000	Total RM'000
Secured	1,025,000	3,100,941	4,125,941
Unsecured	1,303,049	4,381,917	5,684,966
	-----	-----	-----
	<u>2,328,049</u>	<u>7,482,858</u>	<u>9,810,907</u>
	=====	=====	=====

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

In US Dollar ('000)	150,000
	=====
In Sterling Pound ('000)	1,145,103
	=====

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Notes-continued

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 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 (denotes in Sterling Pound)	477,717 =====
	RM'000
RM equivalent (exchange rate S£1=RM5.93)	2,833,359
Average fixed interest rate	6.27%
Average period to maturity of the fixed rate borrowing (years)	2.907

All derivative financial instruments are executed with creditworthy counter parties with a view to limit the credit 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 has not recommended any interim dividends for the current financial quarter.

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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 by the weighted average number of ordinary shares in issue during the financial quarter.

	Current Quarter 30.09.2002	Preceding Year Corresponding Quarter 30.09.2001
Net profit for the period (RM'000)	152,131	110,157
Weighted average number of ordinary shares ('000)	2,262,836	2,231,052
Basic earnings per share (sen)	<u>6.72</u>	<u>4.94</u>

ii) Diluted earnings per share

As the fair value per share during the period is below the conversion price of RM2.83 as per guideline of MASB 13, it is assumed that there is no conversion of warrants as it is anti-dilutive.

By Order of the Board
HO SAY KENG
Secretary

Kuala Lumpur
Dated: 28 November 2002