

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

INTERIM FINANCIAL REPORT

Interim financial report on consolidated results for the period ended 31 December 2002

The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENTS

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER 31.12.2002 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31.12.2001 RM'000	CURRENT YEAR TO DATE 31.12.2002 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31.12.2001 RM'000
REVENUE	792,765	316,079	1,565,326	669,675
OPERATING EXPENSES	(471,362)	(138,684)	(912,013)	(308,175)
OTHER OPERATING INCOME	14,596	2,340	18,663	4,146
PROFIT FROM OPERATION	335,999	179,735	671,976	365,646
FINANCE COSTS	(144,228)	(28,901)	(276,956)	(58,687)
SHARE OF RESULTS OF ASSOCIATED COMPANY	96	84	190	158
PROFIT BEFORE TAXATION	191,867	150,918	395,210	307,117
TAXATION	(48,625)	(42,196)	(99,837)	(88,236)
NET PROFIT FOR THE PERIOD	143,242	108,722	295,373	218,881
EARNINGS PER SHARE				
Basic (Sen)	6.33	4.88	13.22	9.81
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 SHEET

	As at 31.12.2002 RM'000	As at 30.06.2002 RM'000
Property, Plant & Equipment	11,989,075	11,205,177
Investment in Associated Companies	121	494
Investments	165,089	164,192
Current Assets		
Inventories	108,401	103,792
Receivable, Deposits and Prepayment	877,587	838,744
Short Term Investments	167,794	19,190
Deposits, Bank and Cash Balances	4,026,736	3,872,068
	-----	-----
	5,180,518	4,833,794
	-----	-----
Current Liabilities		
Payables and Accrued Liabilities	643,125	604,675
Provision for Liabilities and Charges	37,429	38,162
Provision for Taxation	93,290	59,309
Bonds	125,000	125,000
Borrowings	2,450,515	2,024,424
	-----	-----
	3,349,359	2,851,570
	-----	-----
Net Current Assets	1,831,159	1,982,224
	-----	-----
	<u>13,985,444</u>	<u>13,352,087</u>
	=====	=====

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

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CONDENSED CONSOLIDATED BALANCE SHEET – Continued

	As at 31.12.2002 RM'000	As at 30.06.2002 RM'000
Share Capital	2,288,672	2,288,672
Reserves	2,620,961	2,271,446
Treasury Shares, at cost	(77,275)	(71,756)
	-----	-----
Shareholders' Funds	4,832,358	4,488,362
Minority Interests*	-	-
Deferred Taxation	1,388,902	1,316,810
Bonds	4,025,803	3,978,951
Borrowings	3,546,979	3,382,758
Provision for Liabilities & Charges	34,117	32,380
Deferred Income	135,163	131,831
Payables	22,122	20,995
	-----	-----
	13,985,444	13,352,087
	=====	=====
Net Tangible Assets Per Share (RM)	2.14	1.98
	=====	=====

* Minority Interest denotes RM1.

The Condensed Consolidated Balance Sheet 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 31 DECEMBER 2002**

	RM'000
Net cash from operating activities	367,082
	=====
Net cash used in investing activities	(494,211)
	=====
Net cash generated from financing activities	287,375
	=====
Net changes in cash and cash equivalents	160,246
Cash and cash equivalents brought forward	3,822,625

Cash and cash equivalents carried forward (note a)	3,982,871
	=====

Note a :

Cash and cash equivalents comprise :

	RM'000
Fixed Deposit	3,990,742
Cash and bank balances	35,994
Bank overdraft	(43,865)

	3,982,871
	=====

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 31 DECEMBER 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 October 2002	2,288,672	1,919,113	(1,867,540)	(72,028)	2,398,827	4,667,044
Gain not recognised in the income statement: Foreign currency Translation difference	-	-	27,319	-	-	27,319
Profit for the period	-	-	-	-	143,242	143,242
Shares repurchased	-	-	-	(5,247)	-	(5,247)
Transfer to capital redemption reserve	-	-	2,000	-	(2,000)	-
	-----	-----	-----	-----	-----	-----
As at 31 December 2002	<u>2,288,672</u>	<u>1,919,113</u>	<u>(1,838,221)</u>	<u>(77,275)</u>	<u>2,540,069</u>	<u>4,832,358</u>

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 1,866,000 shares were purchased from the open market for a total consideration of RM5,518,578.78. The share buy-back transactions were financed by internally generated funds. The shares purchased are being held as treasury shares. As at 31 December 2002, the number of treasury shares held is 27,607,415 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 31.12.2002	Turnover	Profit Before Taxation
Analysis by activities	RM'000	RM'000
Investment holding	52,403	33,682
Power generation	640,351	239,745
Water and sewage	872,572	121,783
	-----	-----
	1,565,326	395,210
	=====	=====

Analysis by geographical area

Operations in Malaysia	679,115	265,186
Operations in United Kingdom and Australia.	886,211	130,024
	-----	-----
	1,565,326	395,210
	=====	=====

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 RM792.8 million for the current quarter ended 31 December 2002 from RM316.1 million in the preceding year corresponding quarter ended 31 December 2001. This represents an increase of RM476.7 million or 150.8 % over the preceding year corresponding quarter ended 31 December 2001. The Group profit before taxation increased by 27.1 % to RM191.9 million in the current quarter ended 31 December 2002 as compared to the preceding year corresponding quarter ended 31 December 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 31/12/2002 RM'000	Preceding Quarter 30/9/2002 RM'000
Turnover	792,765	772,561
Consolidated Profit/(Loss) before taxation	191,867	203,343
Consolidated Profit/(Loss) after taxation	143,242	152,131

The increase in turnover in the current quarter ended 31 December 2002 as compared to the preceding quarter ended 30 September 2002 was mainly due to the increased in sales of water and sewage services for the quarter. The decrease in consolidated profit before taxation in the current quarter ended 31 December 2002 as compared to the preceding quarter ended 30 September 2002 was substantially due to finance and amortisation cost..

B3. Prospects

The Group, after considering the current level of operations, is expected to achieve satisfactory performance for the financial year ending 30 June 2003.

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 31/12/2002 RM'000	Current Year to Date 31/12/2002 RM'000
In respect of current period		
- Income Tax	28,078	67,361
- Deferred Tax	17,881	29,810
In respect of prior years		
- Income Tax	2,666	2,666
	----- 48,625 =====	----- 99,837 =====

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

During the current quarter and current financial year to date, profit on sales of unquoted investments amounted to RM 1.055 million.

B7. Quoted Investments

- (a) Purchases of quoted investment for the current quarter and current financial year to date amounted to RM 0.627 million and RM 0.667 million respectively. 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	28,762
Carrying value	28,762
Market value	25,783
	=====

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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	3,105,809	4,130,809
Unsecured	1,550,515	4,466,973	6,017,488
	-----	-----	-----
	<u>2,575,515</u>	<u>7,572,782</u>	<u>10,148,297</u>
	=====	=====	=====

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

In US Dollar ('000)	150,000
	=====
In Sterling Pound ('000)	1,180,272
	=====

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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)	477,997 =====
	RM'000
RM equivalent (exchange rate £1=RM5.93)	2,912,151
Average fixed interest rate	6.27%
Average period to maturity of the fixed rate borrowing (years)	2.654

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 31.12.2002	Preceding Year Corresponding Quarter 31.12.2001
Net profit for the period (RM'000)	143,242	108,722
Weighted average number of ordinary shares ('000)	2,262,482	2,229,521
Basic earnings per share (sen)	<u>6.33</u>	<u>4.88</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: 27 February 2003