

**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 March 2003

The figures have not been audited.

**CONDENSED CONSOLIDATED INCOME STATEMENTS**

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER 31.03.2003 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31.03.2002 RM'000	CURRENT YEAR TO DATE 31.03.2003 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31.03.2002 RM'000
REVENUE	732,355	346,564	2,297,681	1,016,239
OPERATING EXPENSES	(446,124)	(165,717)	(1,358,137)	(473,901)
OTHER OPERATING INCOME	22,001	4,648	40,664	8,794
PROFIT FROM OPERATION	308,232	185,495	980,208	551,132
FINANCE COSTS	(138,107)	(30,473)	(415,063)	(89,160)
SHARE OF RESULTS OF ASSOCIATED COMPANY	116	92	306	249
PROFIT BEFORE TAXATION	170,241	155,114	565,451	462,221
TAXATION	(35,990)	(47,270)	(135,827)	(135,506)
NET PROFIT FOR THE PERIOD	134,251	107,844	429,624	326,715
<b>EARNINGS PER SHARE</b>				
Basic (Sen)	5.94	4.76	18.99	14.57
Diluted (Sen)	-	-	-	-

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

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**CONDENSED CONSOLIDATED BALANCE SHEET**

	<b>As at 31.03.2003 RM'000</b>	<b>As at 30.06.2002 RM'000</b>
Property, Plant & Equipment	12,024,952	11,205,177
Development Expenditure	5,592	-
Investment in Associated Companies	172	494
Investments	167,696	164,192
Current Assets		
Inventories	99,846	103,792
Receivable, Deposits and Prepayment	845,882	838,744
Short Term Investments	109,539	19,190
Deposits, Bank and Cash Balances	4,309,829	3,872,068
	-----	-----
	5,365,096	4,833,794
	-----	-----
Current Liabilities		
Payables and Accrued Liabilities	680,291	604,675
Provision for Liabilities and Charges	58,681	38,162
Provision for Taxation	60,843	59,309
Bonds	125,000	125,000
Borrowings	1,046,750	2,024,424
	-----	-----
	1,971,565	2,851,570
	-----	-----
Net Current Assets	3,393,531	1,982,224
	-----	-----
	15,591,943	13,352,087
	=====	=====

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

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**CONDENSED CONSOLIDATED BALANCE SHEET – Continued**

	<b>As at 31.03.2003 RM'000</b>	<b>As at 30.06.2002 RM'000</b>
Share Capital	2,288,672	2,288,672
Reserves	2,405,876	2,271,446
Treasury Shares, at cost	(78,087)	(71,756)
	-----	-----
Shareholders' Funds	4,616,461	4,488,362
Minority Interests*	-	-
Deferred Taxation	1,403,800	1,316,810
Bonds	3,993,920	3,978,951
Borrowings	5,390,260	3,382,758
Provision for Liabilities & Charges	33,543	32,380
Deferred Income	132,635	131,831
Payables	21,324	20,995
	-----	-----
	<u>15,591,943</u>	<u>13,352,087</u>
	=====	=====
Net Tangible Assets Per Share ( RM )	2.04	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 30<sup>th</sup> June 2002

**YTL POWER INTERNATIONAL BERHAD (Company No. 406684-H)**  
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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT  
FOR THE QUARTER ENDED 31 MARCH 2003**

	<b>RM'000</b>
Net cash from operating activities	(1,089,209) =====
Net cash used in investing activities	(520,175) =====
Net cash generated from financing activities	2,057,055 =====
Net changes in cash and cash equivalents	447,671
Cash and cash equivalents brought forward	3,822,625 -----
Cash and cash equivalents carried forward ( note a )	4,270,296 =====

Note a :

Cash and cash equivalents comprise :

	RM'000
Fixed Deposit	4,308,892
Cash and bank balances	937
Bank overdraft	(39,533) -----
	4,270,296 =====

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended 30<sup>th</sup> 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 MARCH 2003**

	<b>Share Capital RM'000</b>	<b>Share Premium RM'000</b>	<b>Merger &amp; Other Reserves RM'000</b>	<b>Treasury Shares RM'000</b>	<b>Retained Earnings RM'000</b>	<b>Total RM'000</b>
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	-	-	30,417	-	-	30,417
Profit for the period	-	-	-	-	429,624	429,624
Dividends paid for the Year Ended 30.6.2002	-	-	-	-	(325,611)	(325,611)
Shares repurchased	-	-	-	(6,331)	-	(6,331)
Transfer to capital redemption reserve	-	-	2,000	-	(2,000)	-
	-----	-----	-----	-----	-----	-----
As at 31 March 2003	<u>2,288,672</u>	<u>1,919,113</u>	<u>(1,861,946)</u>	<u>(78,087)</u>	<u>2,348,709</u>	<u>4,616,461</u>

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

**INTERIM FINANCIAL REPORT**

**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 2,152,000 shares were purchased from the open market for a total consideration of RM6,330,978.98. The share buy-back transactions were financed by internally generated funds. The shares purchased are being held as treasury shares. As at 31 March 2003, the number of treasury shares held is 27,893,415 shares.

The outstanding debts are as disclosed in note B9.

**A7. Dividend paid**

A final gross dividend of 20 sen per share less income tax of 28 %, amounting to RM325,611,016 in respect of the financial year ended 30 June 2002 has been paid during the current financial quarter.

The Board does not recommend any interim dividend for 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 31.03.2003	<b>Turnover</b>	<b>Profit Before Taxation</b>
<b>Analysis by activities</b>	<b>RM'000</b>	<b>RM'000</b>
Investment holding	65,446	46,974
Power generation	946,130	351,438
Water and sewage	1,286,105	167,039
	-----	-----
	2,297,681	565,451
	=====	=====

**Analysis by geographical area**

Operations in Malaysia	998,645	384,616
Operations in United Kingdom and Australia.	1,299,036	180,835
	-----	-----
	2,297,681	565,451
	=====	=====

**A9. Valuation of Property, Plant and Equipment**

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

**INTERIM FINANCIAL REPORT**

**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 except for performance guarantee by SCT for the amount of GBP3.4 million.



**INTERIM FINANCIAL REPORT**

**Notes :**

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

**B1. Review of the Results**

Group turnover increased to RM732.4 million for the current quarter ended 31 March 2003 from RM346.6 million in the preceding year corresponding quarter ended 31 March 2002. This represents an increase of RM385.8 million or 111.3 % over the preceding year corresponding quarter ended 31 March 2002. The Group profit before taxation increased by 9.8 % to RM170.2 million in the current quarter ended 31 March 2003 as compared to the preceding year corresponding quarter ended 31 March 2002. 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**

	<b>Current Quarter 31/03/2003 RM'000</b>	<b>Preceding Quarter 31/12/2002 RM'000</b>
Turnover	732,355	792,765
Consolidated Profit before taxation	170,241	191,867
Consolidated Profit after taxation	134,251	143,242

The decrease in turnover and consolidated profit before taxation in the current quarter ended 31 March 2003 as compared to the preceding quarter ended 31 December 2002 was mainly due to the decrease in sales of electricity under the supplemental agreement with Tenaga Nasional Berhad, decrease in interest income and decrease in sales of water and sewage services for the quarter.

**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**

	<b>Current Year Quarter 31/03/2003 RM'000</b>	<b>Current Year to Date 31/03/2003 RM'000</b>
In respect of current period		
- Income Tax	6,934	74,295
- Deferred Tax	29,056	58,866
In respect of prior years		
- Income Tax	-	2,666
	----- 35,990 =====	----- 135,827 =====

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 1.690 million and RM 2.745 million respectively.

**B7. Quoted Investments**

- (a) Purchases of quoted investment for the current quarter and current financial year to date amounted to RM 2.679 million and RM 3.347 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:

	<b>RM'000</b>
Cost	31,442
Carrying value	31,442
Market value	28,566
	=====

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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:

	<b>Short term RM'000</b>	<b>Long term RM'000</b>	<b>Total RM'000</b>
Secured	1,025,000	1,283,552	2,308,552
Unsecured	146,750	8,100,628	8,247,378
	-----	-----	-----
	<u>1,171,750</u>	<u>9,384,180</u>	<u>10,555,930</u>

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

In US Dollar ('000)	150,000
	=====
In Sterling Pound ('000)	1,123,441
	=====

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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)	70,800 =====
	RM'000
RM equivalent (exchange rate £1=RM5.9898)	424,078
Average fixed interest rate	5.76%
Average period to maturity of the fixed rate borrowing (years)	3.3

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.

	<b>Current Quarter 31.03.2003</b>	<b>Preceding Year Corresponding Quarter 31.03.2002</b>
Net profit for the period (RM'000)	134,251	107,844
Weighted average number of ordinary shares ('000)	2,260,910	2,265,413
Basic earnings per share (sen)	<u>5.94</u>	<u>4.76</u>

**ii) Diluted earnings per share**

As the fair value per share during the period is below the conversion price of RM2.87 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: 22 May 2003