

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

INTERIM FINANCIAL REPORT

Interim financial report on consolidated results for the year ended 30 June 2003

The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENTS

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER 30.06.2003 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30.06.2002 RM'000	CURRENT YEAR TO DATE 30.06.2003 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30.06.2002 RM'000
REVENUE	871,518	487,543	3,182,783	1,503,781
OPERATING EXPENSES	(464,554)	(272,293)	(1,823,412)	(745,131)
OTHER OPERATING INCOME	12,377	38,131	40,179	46,926
PROFIT FROM OPERATION	419,341	253,381	1,399,550	805,576
FINANCE COSTS	(148,582)	(69,408)	(563,645)	(159,296)
SHARE OF RESULTS OF ASSOCIATED COMPANY	399	443	704	357
PROFIT BEFORE TAXATION	271,158	184,416	836,609	646,637
TAXATION	(97,337)	(25,218)	(233,164)	(160,724)
NET PROFIT FOR THE PERIOD	173,821	159,198	603,445	485,913
EARNINGS PER SHARE				
Basic (Sen)	7.69	7.03	26.68	21.62
Diluted (Sen)	7.67	-	26.52	-

The Condensed Consolidated Income Statements 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 BALANCE SHEET

	As at 30.06.2003 RM'000	As at 30.06.2002 RM'000
Property, Plant & Equipment	12,502,880	11,205,177
Intangible Assets	410,690	-
Investment in Associated Companies	501	494
Investments	263,333	164,192
Current Assets		
Inventories	132,337	103,792
Receivable, Deposits and Prepayment	947,642	838,744
Short Term Investments	98,685	19,190
Deposits, Bank and Cash Balances	4,321,906	3,872,068
	-----	-----
	5,500,570	4,833,794
	-----	-----
Current Liabilities		
Payables and Accrued Liabilities	613,505	604,675
Provision for Liabilities and Charges	24,613	38,162
Provision for Taxation	78,966	59,309
Bonds	125,000	125,000
Borrowings	1,838,486	2,024,424
	-----	-----
	2,680,570	2,851,570
	-----	-----
Net Current Assets	2,820,000	1,982,224
	-----	-----
	15,997,404	13,352,087
	=====	=====

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 30.06.2003 RM'000	As at 30.06.2002 RM'000
Share Capital	2,288,672	2,288,672
Reserves	2,359,772	2,271,446
Treasury Shares, at cost	(78,090)	(71,756)
	-----	-----
Shareholders' Funds	4,570,354	4,488,362
Minority Interests*	-	-
Deferred Taxation	2,205,251	1,316,810
Bonds	4,036,453	3,978,951
Borrowings	4,963,194	3,382,758
Provision for Liabilities & Charges	59,599	32,380
Deferred Income	137,890	131,831
Payables	24,663	20,995
	-----	-----
	<u>15,997,404</u>	<u>13,352,087</u>
	=====	=====
Net Tangible Assets Per Share (RM)	<u>1.84</u>	<u>1.98</u>

* 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 YEAR ENDED 30 JUNE 2003**

	RM'000
Net cash from operating activities	1,079,357
	=====
Net cash used in investing activities	(1,150,325)
	=====
Net cash generated from financing activities	493,521
	=====
Net changes in cash and cash equivalents	422,553
Cash and cash equivalents brought forward	3,822,625

Cash and cash equivalents carried forward (note a)	4,245,178
	=====

Note a :

Cash and cash equivalents comprise :

	RM'000
Fixed Deposit	4,270,300
Cash and bank balances	51,606
Bank overdraft	(76,728)

	4,245,178
	=====

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 YEAR 30 JUNE 2003**

	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
Prior years adjustment	-	-	(239,396)	-	-	(239,396)
Gain not recognised in the income statement: Foreign currency Translation difference	-	-	49,888	-	-	49,888
Profit for the period	-	-	-	-	603,445	603,445
Dividends paid for the Year Ended 30.6.2002	-	-	-	-	(325,611)	(325,611)
Shares repurchased	-	-	-	(6,334)	-	(6,334)
Transfer to capital redemption reserve	-	-	2,000	-	(2,000)	-
	-----	-----	-----	-----	-----	-----
As at 30 June 2003	<u>2,288,672</u>	<u>1,919,113</u>	<u>(2,081,871)</u>	<u>(78,090)</u>	<u>2,522,530</u>	<u>4,570,354</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 save for the change in its accounting policy for the basis of provision for deferred taxation using the liability method for all temporary differences.

In prior years, deferred taxation of YTL Power International Berhad’s foreign owned subsidiaries, Wessex Water Ltd Group is made using the liability method for all timing differences. The Group for purpose 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 is disclosed in the Condensed Balance Sheet which resulted in the reversal of the reserve on consolidation of RM214 million (included as part of Reserves) to a goodwill on consolidation of RM410 million (Intangible Assets).

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, and year to date 4 ordinary shares were issued pursuant to the exercise of warrants at an average exercise price of RM 2.87 per share.

During the current financial year to date, a total of 2,153,000 shares were purchased from the open market for a total consideration of RM6,333,945.16. The share buy-back transactions were financed by internally generated funds. The shares purchased are being held as treasury shares. As at 30 June 2003, the number of treasury shares held is 27,894,415 shares.

The outstanding debts are as disclosed in note B9.

A7. Dividend paid

No dividends was 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 30.06.2003	Turnover	Profit Before Taxation
Analysis by activities	RM'000	RM'000
Investment holding	183,254	98,178
Power generation	1,264,392	476,517
Water and sewage	1,735,137	261,914
	-----	-----
	<u>3,182,783</u>	<u>836,609</u>

Analysis by geographical area

Operations in Malaysia	1,324,249	503,687
Operations in United Kingdom and Australia.	1,858,534	332,922
	-----	-----
	<u>3,182,783</u>	<u>836,609</u>

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 except for performance guarantee by SCT for the amount of GBP1.4 million.

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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 RM871.5 million for the current quarter ended 30 June 2003 from RM487.5 million in the preceding year corresponding quarter ended 30 June 2002. This represents an increase of RM384 million or 78.8 % over the preceding year corresponding quarter ended 30 June 2002. The Group profit before taxation increased by 47 % to RM271.2 million in the current quarter ended 30 June 2003 as compared to the preceding year corresponding quarter ended 30 June 2002. The increase in turnover and profit before tax was substantially attributable to consolidation of the full quarter financial results of Wessex Water Group.

B2. Comparison with Preceding Quarter

	Current Quarter 30/06/2003 RM'000	Preceding Quarter 31/03/2003 RM'000
Turnover	817,518	732,355
Consolidated Profit before taxation	271,158	170,241
Consolidated Profit after taxation	173,821	134,251

The increase in turnover and consolidated profit before taxation in the current quarter ended 30 June 2003 as compared to the preceding quarter ended 31 March 2003 was mainly due to increase in investment income and increase in sales of electricity and water & sewage charges.

B3. Prospects

The results of the group for the year ending 30 June 2004 are expected to be satisfactory.

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 30/06/2003 RM'000	Current Year to Date 30/06/2003 RM'000
In respect of current period		
- Income Tax	(14,595)	59,701
- Deferred Tax	111,932	170,797
In respect of prior years		
- Income Tax	-	2,666
	----- 97,337 =====	----- 233,164 =====

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 0.702 million and RM 3.447 million respectively.

B7. Quoted Investments

- (a) Purchases of quoted investment for the current quarter and current financial year to date amounted to RM 0.430 million and RM 3.777 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 as at end of the reporting quarter are:

	RM'000
Cost	36,283
Carrying value	36,283
Market value	48,142
	=====

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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	562,500	1,587,500
Unsecured	938,486	8,437,147	9,375,633
	-----	-----	-----
	<u>1,963,486</u>	<u>8,999,647</u>	<u>10,963,133</u>

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

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

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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)	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. Pending material litigation

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

B12. 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, 2003. The Book Closure and Payment Dates in respect of the aforesaid dividend will be determined by the Board at a later date.

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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 30.06.2003	Preceding Year Corresponding Quarter 30.06.2002
Net profit for the period (RM'000)	173,821 =====	159,198 =====
Weighted average number of ordinary shares ('000)	2,260,778 =====	2,265,274 =====
Basic earnings per share (sen)	7.69 =====	7.03 =====

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

	Current Quarter 30.06.2003	Preceding Year Corresponding Quarter 30.06.2002
Net profit for the period (RM'000)	173,821 =====	- =====
<i>Weighted average number of ordinary shares ('000) - diluted</i>		
Weighted average number of ordinary shares ('000) - basic	2,260,778	-
Effect of unexercised warrants	3,406	-
	----- 2,264,184 =====	----- 2,270,626 =====
Diluted earnings per share (sen)	7.67 =====	- * =====

* Not applicable as conversion of warrant is anti - dilutive

By Order of the Board

HO SAY KENG
Secretary

Kuala Lumpur
Dated: 28 August 2003