

**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 2003

The figures have not been audited.

**CONDENSED CONSOLIDATED INCOME STATEMENTS**

	<b>INDIVIDUAL CURRENT YEAR QUARTER 30.09.2003 RM'000</b>	<b>PERIOD PRECEDING YEAR CORRESPONDING QUARTER 30.09.2002 RM'000</b>	<b>CUMULATIVE CURRENT YEAR TO DATE 30.09.2003 RM'000</b>	<b>PERIOD PRECEDING YEAR CORRESPONDING PERIOD 30.09.2002 RM'000</b>
REVENUE	818,348	772,561	818,348	772,561
OPERATING EXPENSES	(463,865)	(440,651)	(463,865)	(440,651)
OTHER OPERATING INCOME	4,402	4,067	4,402	4,067
PROFIT FROM OPERATION	358,885	335,977	358,885	335,977
FINANCE COSTS	(145,510)	(132,728)	(145,510)	(132,728)
SHARE OF RESULTS OF ASSOCIATED COMPANY	118	93	118	93
PROFIT BEFORE TAXATION	213,493	203,342	213,493	203,342
TAXATION	(56,823)	(51,212)	(56,823)	(51,212)
NET PROFIT FOR THE PERIOD	156,670	152,130	156,670	152,130

**EARNINGS PER SHARE**

Basic (Sen)	6.94	6.72	6.94	6.72
Diluted (Sen)	6.79	-	6.79	-

The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 30<sup>th</sup> June 2003

**YTL POWER INTERNATIONAL BERHAD (Company No. 406684-H)**  
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**CONDENSED CONSOLIDATED BALANCE SHEET**

	<b>As at 30.09.2003 RM'000</b>	<b>As at 30.06.2003 RM'000</b>
Property, Plant & Equipment	12,678,159	12,510,747
Intangible Assets	440,700	440,700
Investment in Associated Companies	86	501
Investments	448,582	263,333
Current Assets		
Inventories	155,419	132,337
Receivable, Deposits and Prepayment	922,132	904,489
Short Term Investments	50,175	98,676
Deposits, Bank and Cash Balances	4,712,116	4,321,970
	-----	-----
	5,839,842	5,457,472
	-----	-----
Current Liabilities		
Payables and Accrued Liabilities	642,859	617,405
Provision for Liabilities and Charges	87,024	24,613
Provision for Taxation	26,541	23,854
Bonds	525,000	125,000
Borrowings	86,848	1,206,490
	-----	-----
	1,368,272	1,997,362
	-----	-----
Net Current Assets	4,471,570	3,460,110
	-----	-----
	18,039,097	16,675,391
	=====	=====

The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the year ended 30<sup>th</sup> June 2003

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**CONDENSED CONSOLIDATED BALANCE SHEET – Continued**

	<b>As at 30.09.2003 RM'000</b>	<b>As at 30.06.2003 RM'000</b>
Share Capital	2,288,672	2,288,672
Reserves	2,533,910	2,355,454
Treasury Shares, at cost	(95,002)	(78,090)
	-----	-----
Shareholders' Funds	4,727,580	4,566,036
Minority Interests*	-	-
Deferred Taxation	2,233,286	2,205,251
Bonds	5,017,560	4,086,286
Borrowings	5,861,426	5,595,667
Provision for Liabilities & Charges	35,526	59,599
Deferred Income	137,866	137,890
Payables	25,853	24,662
	-----	-----
	18,039,097	16,675,391
	=====	=====
Net Tangible Assets Per Share ( RM )	1.89	1.82
	===	===

\* 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 2003

**YTL POWER INTERNATIONAL BERHAD (Company No. 406684-H)**  
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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30 SEPTEMBER 2003**

	<b>Current Year Quarter 30.09.2003 RM'000</b>	<b>Preceding Year Corresponding Quarter 30.09.2003 RM'000</b>
Net cash from operating activities	291,972	196,668
	=====	=====
Net cash used in investing activities	(293,972)	(238,813)
	=====	=====
Net cash generated from financing activities	418,290	154,730
	=====	=====
Net changes in cash and cash equivalents	416,290	112,585
Cash and cash equivalents brought forward	4,245,430	3,822,625
	-----	-----
Cash and cash equivalents carried forward ( note a )	4,661,720	3,935,210
	=====	=====

Note a :

Cash and cash equivalents comprise :

	RM'000	RM'000
Fixed Deposit	4,710,051	3,935,409
Cash and bank balances	2,065	26,491
Bank overdraft	(50,396)	(26,690)
	-----	-----
	4,661,720	3,935,210
	=====	=====

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 2003.

**YTL POWER INTERNATIONAL BERHAD (Company No. 406684-H)**  
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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE QUARTER YEAR 30 SEPTEMBER 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 2003	2,288,672	1,919,113	(2,086,191)	(78,090)	2,522,532	4,566,036
Gain not recognised in the income statement: Foreign currency Translation difference	-	-	21,786	-	-	21,786
Profit for the period	-	-	-	-	156,670	156,670
Dividends paid for the Year Ended 30.6.2002	-	-	-	-	-	-
Shares repurchased	-	-	-	(16,912)	-	(16,912)
As at 30 September 2003	<u>2,288,672</u>	<u>1,919,113</u>	<u>(2,064,405)</u>	<u>(95,002)</u>	<u>2,679,202</u>	<u>4,727,580</u>
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>

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 2003

**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, 2003.

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, 2003.

**A2. Audit Report of preceding financial year ended 30 June 2003.**

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, a subsidiary company has issued private placement of RM 1.3 billion Medium Term Loan Issuance Programme of up to 11 years. The proceeds from the facilities were used to retire Revolving Credit Facility of RM 900 million and loan due to Holding Company.

During the current financial quarter, and year to date no ordinary shares were issued pursuant to the exercise of warrants.

During the current financial year to date, a total of 5,510,200 shares were purchased from the open market for a total consideration of RM16,911,996.99. The share buy-back transactions were financed by internally generated funds. The shares purchased are being held as treasury shares. As at 30 September 2003, the number of treasury shares held is 33,404,615 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**

	<b>Turnover</b>	<b>Turnover</b>	<b>Profit Before Taxation</b>	<b>Profit Before Taxation</b>
		<b>Preceding Year</b>	<b>Current Year</b>	<b>Preceding Year</b>
	<b>Current Year</b>	<b>Corresponding</b>	<b>Year</b>	<b>Corresponding</b>
	<b>30.09.2003</b>	<b>30.09.2002</b>	<b>30.09.2003</b>	<b>30.09.2002</b>
<b>Analysis by activities</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Investment holding	39,606	25,378	29,558	16,342
Power generation	313,157	322,601	109,812	120,032
Water and sewage	465,585	424,582	74,123	66,969
	-----	-----	-----	-----
	818,348	772,561	213,493	203,343
	=====	=====	=====	=====
<b>Analysis by geographical area</b>				
Operations in Malaysia	332,730	341,305	119,706	134,415
Operations in United Kingdom	465,585	424,582	74,123	66,969
Operations in Other Countries	20,033	6,674	19,664	1,959
	-----	-----	-----	-----
	818,348	772,561	213,493	203,343
	=====	=====	=====	=====

**INTERIM FINANCIAL REPORT**

**Notes : - continued**

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

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

**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 2003 except for the performance guarantee by SCT for the amount of GBP 3.2 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 RM 818.3 million for the current quarter ended 30 September 2003 from RM772.5 million in the preceding year corresponding quarter ended 30 September 2002. This represents an increase of RM45.8 million or 5.9 % over the preceding year corresponding quarter ended 30 September 2002. The Group profit before taxation increased by 5.0 % to RM213.5 million in the current quarter ended 30 September 2003 as compared to the preceding year corresponding quarter ended 30 September 2002.

**B2. Comparison with Preceding Quarter**

	<b>Current Quarter 30/09/2003 RM'000</b>	<b>Preceding Quarter 30/06/2003 RM'000</b>
Turnover	818,348	868,897
Consolidated Profit before taxation	213,493	220,810
Consolidated Profit after taxation	156,670	173,822

The decrease in turnover and consolidated profit before taxation in the current quarter ended 30 September 2003 as compared to the preceding quarter ended 30 June 2003 was mainly due to decrease in investment income and sales of electricity.

**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.

**INTERIM FINANCIAL REPORT**

**Notes-continued**

**B5. Taxation**

	<b>Current Year Quarter 30/09/2003 RM'000</b>	<b>Current Year to Date 30/09/2003 RM'000</b>
In respect of current period		
- Income Tax	45,311	45,311
- Deferred Tax	11,512	11,512
In respect of prior years		
- Income Tax	-	-
	----- 56,823 =====	----- 56,823 =====

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 to date, profit on sales of unquoted investments amounted to RM 0.622 million.

**B7. Quoted Investments**

(a) Purchases of quoted investment for the current quarter and current financial year to date amounted to RM 0.059 million. During the current quarter to date, there were disposal of quoted investments amounting to RM 6.477 million. Profit on sale of investment amounted to RM 1.624 million for the financial quarter to date.

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

	<b>RM'000</b>
Cost	31,532
Carrying value	31,532
Market value	48,693
	=====

**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:

	<b>Short term</b> <b>RM'000</b>	<b>Long term</b> <b>RM'000</b>	<b>Total</b> <b>RM'000</b>
Secured	525,000	2,079,474	2,604,474
Unsecured	86,848	8,799,512	8,886,360
	-----	-----	-----
	611,848	10,878,986	11,490,834
	=====	=====	=====

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

In US Dollar ('000)	150,000
	=====
In Sterling Pound ('000)	1,145,441
	=====

**INTERIM FINANCIAL REPORT**  
**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=RM6.3439)	3,050,147
Average fixed interest rate	5.55%
Average period to maturity of the fixed rate borrowing (years)	1.81

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.

**INTERIM FINANCIAL REPORT**

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 30.09.2003</b>	<b>Preceding Year Corresponding Quarter 30.09.2002</b>
Net profit for the period (RM'000)	156,670 =====	152,130 =====
Weighted average number of ordinary shares ('000)	2,256,706 =====	2,262,836 =====
Basic earnings per share (sen)	6.94 =====	6.72 =====

**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.

	<b>Current Quarter 30.09.2003</b>	<b>Preceding Year Corresponding Quarter 30.09.2002</b>
Net profit for the period (RM'000)	156,670 =====	- =====
<i>Weighted average number of ordinary shares ('000) - diluted</i>		
Weighted average number of ordinary shares ('000) - basic	2,256,706	-
Effect of unexercised warrants	50,859	-
	----- 2,307,565 =====	----- 2,270,626 =====
Diluted earnings per share (sen)	6.79 =====	- * =====

\* Not applicable as conversion of warrant is anti - dilutive

**By Order of the Board**

HO SAY KENG  
Secretary

Kuala Lumpur

Dated: 20 November 2003