

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 2003

The figures have not been audited.

CONDENSED CONSOLIDATED INCOME STATEMENTS

	INDIVIDUAL CURRENT YEAR QUARTER 31.12.2003 RM'000	PERIOD PRECEDING YEAR CORRESPONDING QUARTER 31.12.2002 RM'000	CUMULATIVE CURRENT YEAR TO DATE 31.12.2003 RM'000	PERIOD PRECEDING YEAR CORRESPONDING PERIOD 31.12.2002 RM'000
REVENUE	827,202	792,765	1,645,550	1,565,326
OPERATING EXPENSES	(461,177)	(471,362)	(925,042)	(912,013)
OTHER OPERATING INCOME	4,109	14,596	8,511	18,663
PROFIT FROM OPERATION	370,134	335,999	729,019	671,976
FINANCE COSTS	(153,463)	(144,228)	(298,973)	(276,956)
SHARE OF RESULTS OF ASSOCIATED COMPANY	136	96	254	190
PROFIT BEFORE TAXATION	216,807	191,867	430,300	395,210
TAXATION	(59,282)	(48,625)	(116,105)	(99,837)
NET PROFIT FOR THE PERIOD	157,525	143,242	314,195	295,373
EARNINGS PER SHARE				
Basic (Sen)	6.98	6.33	13.93	13.05
Diluted (Sen)	6.68	-	13.47	-

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

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

	As at 31.12.2003 RM'000	As at 30.06.2003 RM'000
Property, Plant & Equipment	13,486,156	12,510,747
Intangible Assets	440,700	440,700
Investment in Associated Companies	182	501
Investments	448,879	263,333
Current Assets		
Inventories	164,032	132,337
Receivable, Deposits and Prepayment	882,334	904,489
Short Term Investments	70,160	98,676
Deposits, Bank and Cash Balances	4,917,228	4,321,970
	-----	-----
	6,033,754	5,457,472
	-----	-----
Current Liabilities		
Payables and Accrued Liabilities	748,470	617,405
Provision for Liabilities and Charges	55,249	24,613
Provision for Taxation	71,041	23,854
Bonds	525,000	125,000
Borrowings	154,481	1,206,490
	-----	-----
	1,554,241	1,997,362
	-----	-----
Net Current Assets	4,479,513	3,460,110
	-----	-----
	<u>18,855,430</u>	<u>16,675,391</u>

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

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CONDENSED CONSOLIDATED BALANCE SHEET – Continued

	As at 31.12.2003 RM'000	As at 30.06.2003 RM'000
Share Capital	2,292,794	2,288,672
Reserves	2,748,987	2,355,454
Treasury Shares, at cost	(113,431)	(78,090)
	-----	-----
Shareholders' Funds	4,928,350	4,566,036
Minority Interests*	-	-
Deferred Taxation	2,343,213	2,205,251
Bonds	7,430,962	4,086,286
Borrowings	3,941,743	5,595,667
Provision for Liabilities & Charges	37,900	59,599
Deferred Income	145,639	137,890
Payables	27,623	24,662
	-----	-----
	<u>18,855,430</u>	<u>16,675,391</u>
	=====	=====
Net Tangible Assets Per Share (RM)	<u>1.99</u>	<u>1.82</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 2003

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2003**

	Current Year Quarter 31.12.2003 RM'000	Preceding Year Corresponding Quarter 31.12.2002 RM'000
Net cash from operating activities	753,995	368,137
Net cash used in investing activities	(483,472)	(495,266)
Net cash generated from financing activities	353,312	287,375
Net changes in cash and cash equivalents	625,835	160,246
Cash and cash equivalents brought forward	4,245,430	3,822,625
Cash and cash equivalents carried forward (note a)	4,871,265	3,982,871

Note a :

Cash and cash equivalents comprise :

	RM'000	RM'000
Fixed Deposit	4,905,057	3,990,742
Cash and bank balances	12,171	35,994
Bank overdraft	(45,963)	(43,865)
	4,871,265	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 2003.

YTL POWER INTERNATIONAL BERHAD (Company No. 406684-H)
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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER YEAR 31 DECEMBER 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
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	-	-	71,300	-	-	71,300
Profit for the period	-	-	-	-	314,195	314,195
Dividends paid for the Year Ended 30.6.2002	-	-	-	-	-	-
Shares repurchased	-	-	-	(35,341)	-	(35,341)
Issue of share capital	4,122	8,038	-	-	-	12,160
At 31 December 2003	<u>2,294,794</u>	<u>1,927,151</u>	<u>(2,014,891)</u>	<u>(113,431)</u>	<u>2,836,727</u>	<u>4,928,350</u>
At 1 July 2002						
- as previously report	2,288,672	1,919,113	(1,894,363)	(71,756)	2,246,696	4,488,362
- prior year adjustment			(240,610)			(240,610)
- As restated	<u>2,288,672</u>	<u>1,919,113</u>	<u>(2,134,973)</u>	<u>(71,756)</u>	<u>2,246,696</u>	<u>4,247,752</u>
Gain not recognised in the income statement:						
Foreign currency Translation difference	-	-	54,142	-	-	54,142
Profit for the period	-	-	-	-	295,373	295,373
Shares repurchased	-	-	-	(5,519)	-	(5,519)
Transfer to capital Redemption reserve	-	-	2,000	-	(2,000)	-
As at 30 December 2002	<u>2,288,672</u>	<u>1,919,113</u>	<u>(2,078,831)</u>	<u>(77,275)</u>	<u>2,540,069</u>	<u>4,591,748</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 2003

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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, 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, and year to date 4,122,031 ordinary shares were issued pursuant to the conversion of 2.5 % Exchangeable Guaranteed Unsecured Bond issued by a subsidiary company.

A subsidiary company has on 13 October 2003 issued a £350 million Guaranteed Bonds due in year 2033 with 5.75% annual coupons. The net proceeds of the issue of the Bonds, amounting to approximately £344,711,500 were used to refinance its existing indebtedness

During the current financial quarter and financial year to date, a total of 5,422,200 shares and 10,932,400 shares were purchased from the open market for a total consideration of RM18,428,400.78 and RM35,340,397.77 respectively. The share buy-back transactions were financed by internally generated funds. The shares purchased are being held as treasury shares. As at 31 December 2003, the number of treasury shares held is 38,826,815 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

	Turnover	Turnover	Profit	Profit
	Current Year	Preceding	Before	Before
	31.12.2003	Year	Taxation	Taxation
	RM'000	Corresponding	Current	Preceding
Analysis by activities		31.12.2002	Year	Year
		RM'000	31.12.2003	31.12.2002
			RM'000	RM'000
Investment holding	87,396	52,403	66,538	38,490
Power generation	597,438	640,351	206,385	239,745
Water and sewage	960,716	872,572	157,377	116,975
	-----	-----	-----	-----
	1,645,550	1,565,326	430,300	395,210
	=====	=====	=====	=====
Analysis by geographical area				
Operations in Malaysia	628,538	679,115	227,514	265,186
Operations in United Kingdom	960,716	872,572	157,377	116,975
Operations in Other Countries	56,296	13,639	45,409	13,049
	-----	-----	-----	-----
	1,645,550	1,565,326	430,300	395,210
	=====	=====	=====	=====

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 3.1 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 RM 827.2 million for the current quarter ended 31 December 2003 from RM792.8 million in the preceding year corresponding quarter ended 31 December 2002. This represents an increase of RM34.4 million or 4.3 % over the preceding year corresponding quarter ended 31 December 2002. The Group profit before taxation increased by 13 % to RM216.8 million in the current quarter ended 31 December 2003 as compared to the preceding year corresponding quarter ended 31 December 2002.

B2. Comparison with Preceding Quarter

	Current Quarter 31/12/2003 RM'000	Preceding Quarter 30/09/2003 RM'000
Turnover	827,202	818,348
Consolidated Profit before taxation	216,807	213,493
Consolidated Profit after taxation	157,525	156,670

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.

B5. Taxation

	Current Year Quarter 31/12/2003 RM'000	Current Year to Date 31/12/2003 RM'000
In respect of current period		
- Income Tax	86,372	131,683
- Deferred Tax	(27,090)	(15,578)
In respect of prior years		
- Income Tax	-	-
	----- 59,282 =====	----- 116,105 =====

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Notes-continued

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 financial year to date, profit on sales of unquoted investments amounted to RM 0.215 million and RM 0.558 million respectively.

B7. Quoted Investments

- (a) Purchases of quoted investment for the current quarter and financial year to date amounted to RM 0.059 million. During the current quarter and financial year to date, there were disposal of quoted investments amounting to RM 0.050 million and RM 6.498 million respectively. Profit on sale of investment amounted to RM 0.021 million and RM 1.645 million for the financial quarter and financial year to date respectively.
- (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	31,830
Carrying value	31,830
Market value	54,511
	=====

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.

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Notes –Continued

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	525,000	2,139,445	2,664,445
Unsecured	154,481	9,233,260	9,387,741
	-----	-----	-----
	679,481	11,372,705	12,052,186
	=====	=====	=====

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

In US Dollar (‘000)	150,000
	=====
In Sterling Pound (‘000)	1,166,653
	=====

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)	730,800
	=====
	RM’000
RM equivalent (exchange rate £1=RM6.7678)	4,945,908

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Notes –Continued

Average fixed interest rate	5.62 %
Average period to maturity of the fixed rate borrowing (years)	1.48

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.

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 31.12.2003	Preceding Year Corresponding Quarter 31.12.2002
Net profit for the period (RM'000)	157,525	143,242
Weighted average number of ordinary shares ('000)	2,255,952	2,262,482
Basic earnings per share (sen)	6.98	6.33

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Notes : - continued

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 31.12.2003	Preceding Year Corresponding Quarter 31.12.2002
*Net profit for the period (RM'000)	157,525	-
<i>Weighted average number of ordinary shares ('000) - diluted</i>		
Weighted average number of ordinary shares ('000) - basic	2,255,953	-
Effect of unexercised warrants	87,765	-
Effect of unexercised ESOS	12,686	
	----- 2,356,404	----- -
Diluted earnings per share (sen)	=====	=====
	6.68	- **

* Total cash expected to be received in the event of an exercise of all outstanding warrants and ESOS options is RM1,806.294 million. Accordingly, the Net Tangible Asset (NTA) on a proforma basis will increase by RM1,806.294 million resulting in an increase in NTA per share of RM0.63. In arriving at the Diluted earnings per share, NTA and NTA per share, no income has been accrued for the cash proceeds.

** Not applicable as conversion of warrant is anti – dilutive

By Order of the Board

HO SAY KENG
Secretary

Kuala Lumpur
Dated: 26 February 2004