YTL POWER

YTL POWER INTERNATIONAL BERHAD

406684-H

BUILDING THE RIGHT THING

Annual Report 2016

YTL
POWER
INTERNATIONAL
BERHAD (406684-H)

Contents

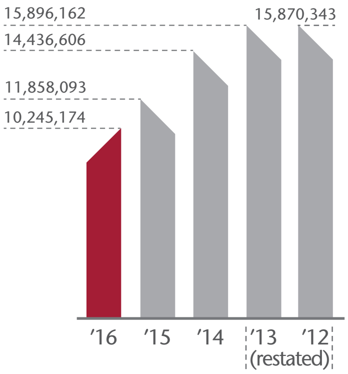

FOST 5

Financial Highlights

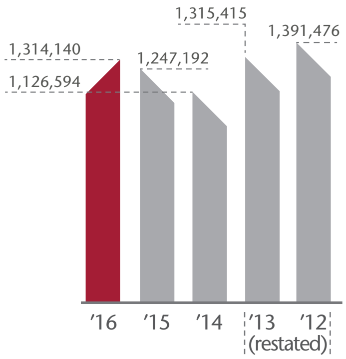
	2016	2015	2014	2013 (restated)	2012 (restated)
Revenue (RM'000)	**10,245,174**	11,858,093	14,436,606	15,896,162	15,870,343
Profit Before Taxation (RM'000)	**1,314,140**	1,247,192	1,126,594	1,315,415	1,391,476
Profit After Taxation (RM'000)	**1,178,456**	920,398	1,208,747	1,029,883	1,156,961
Profit for the Year Attributable to Owners of the Parent (RM'000)	**1,061,850**	918,812	1,202,414	1,054,770	1,232,211
Total Equity Attributable to Owners of the Parent (RM'000)	**12,510,981**	11,393,687	10,439,494	9,809,073	8,981,768
Earnings per Share (Sen)	**14.06**	13.20	18.30	14.54	16.99
Dividend per Share (Sen)	**10.00**	10.00	–	1.88	5.64
Total Assets (RM'000)	**43,245,591**	43,637,810	40,085,106	38,910,167	38,946,755
Net Assets per Share (RM)	**1.62**	1.62	1.54	1.38	1.24

Financial Highlights

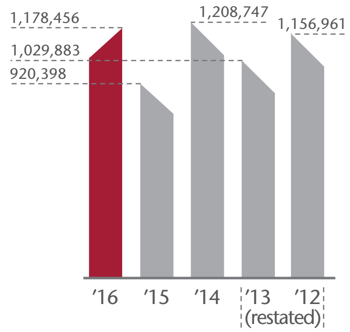
Revenue
(RM'000)



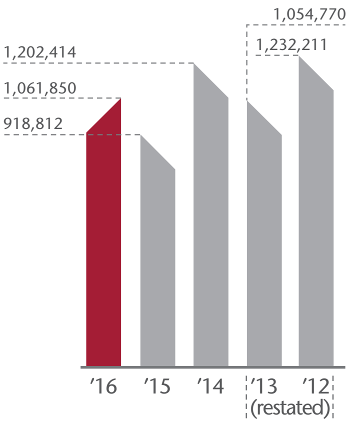
Profit Before Taxation
(RM'000)



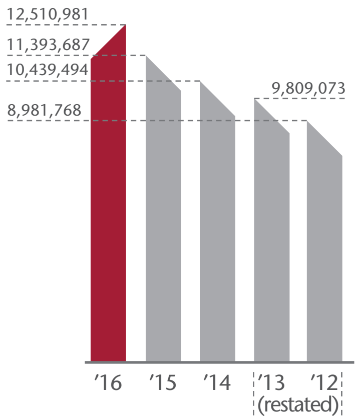
Profit After Taxation
(RM'000)



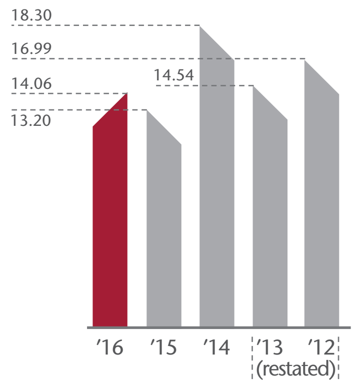
Profit for the Year Attributable to Owners of the Parent
(RM'000)



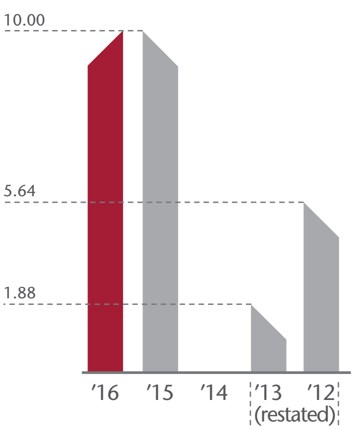
Total Equity Attributable to Owners of the Parent
(RM'000)



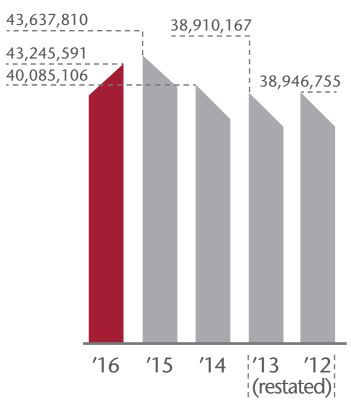
Earnings per Share
(Sen)



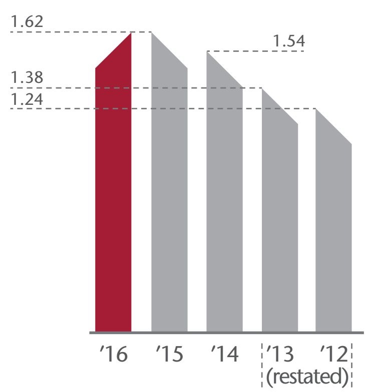
Dividend per Share
(Sen)



Total Assets
(RM'000)



Net Assets per Share
(RM)



Chairman's Statement

ON BEHALF OF THE BOARD OF DIRECTORS OF YTL POWER INTERNATIONAL BERHAD ("YTL POWER" OR THE "COMPANY"), I HAVE THE PLEASURE OF PRESENTING TO YOU THE ANNUAL REPORT AND THE AUDITED FINANCIAL STATEMENTS OF THE COMPANY AND ITS SUBSIDIARIES (THE "GROUP") FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016.

OVERVIEW

The Group registered a stable performance for the financial year under review. YTL Power's water and sewerage operations in the United Kingdom (UK), together with its power generation and merchant multi-utilities businesses in Singapore, contributed the bulk of revenue, although ongoing excess generation capacity in Singapore's electricity market coupled with lower vesting volumes added pressure to both margins and sales volumes.

In June 2016, the Group's mobile broadband division took another pioneering step forward with the launch of its revolutionary 4G LTE (Long Term Evolution) network, complete with Malaysia's first VoLTE (Voice-over-LTE) service, offering customers access to best-in-industry data tonnage on its all-IP network.

Chairman's Statement

Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay, Executive Chairman

Meanwhile, in the contracted power generation segment, the Group continued to make progress on two key projects under development in which it has equity stakes, a 1,320 megawatt (MW) power project with a 30-year power purchase agreement in Indonesia and a 554 MW oil shale-fired power station with a 30-year power purchase agreement in Jordan. Both projects are in the development stage and progress is underway towards achieving financial close.

The Malaysian economy grew at a moderate pace, recording gross domestic product (GDP) growth of 5.0% for the 2015 calendar year, compared to 6.0% in 2014, supported by the continued expansion of domestic demand, primarily driven by the private sector. The economy remained resilient with steady growth of 4.1% for the first half of the 2016 calendar year. Meanwhile, in other major economies where the Group operates, the UK registered growth of approximately 2.0% during 2015, with the first and second quarters of the 2016 calendar year showing growth of 0.7% and 1.6%, respectively. Singapore's economy grew 2.1% in 2015, with growth of approximately 2.2% for the first half of the 2016 calendar year *(sources: Ministry of Finance Malaysia, Bank Negara Malaysia, Singapore Ministry of Trade & Industry, UK Office for National Statistics updates & reports).*

Chairman's Statement

FINANCIAL PERFORMANCE

The Group registered revenue of RM10,245.2 million for the financial year ended 30 June 2016 compared to RM11,858.1 million for the previous financial year ended 30 June 2015. Profit before taxation increased by 5.4% to RM1,314.1 million this year over RM1,247.2 million last year, whilst profit for the financial year increased by 28.0% to RM1,178.5 million this year compared to RM920.4 million last year.

Revenue from the merchant multi-utilities segment was impacted by excess generation capacity and lower vesting volumes in the Singapore electricity market, offsetting better performance in the water and sewerage segment which resulted from the weakening of the Malaysian Ringgit against the British Pound. The decrease was also due to the absence of revenue from the contracted power generation segment following the completion of its power purchase agreement in September 2015. The mobile broadband division saw an increase in revenue resulting from the continuous growth in the subscriber base.

The higher profit was principally attributable to the better performance of the water and sewerage segment and a higher share of results from the Group's associated company in Indonesia, which arose due to an increase in deferred tax credits on the revaluation of its power plant.

Dividends

In line with the Group's policy of creating long-term value for shareholders through a sustainable dividend policy, YTL Power declared an interim dividend of 20% or 10 sen per ordinary share of 50 sen each in respect of the financial year ended 30 June 2016. Therefore, the Board of Directors of YTL Power did not recommend a final dividend for the financial year under review.

This is the 19th consecutive year that the Company has declared dividends since listing on the Main Market of Bursa Malaysia Securities Berhad in 1997 as it endeavours to deliver dividend yields that are higher than prevailing interest rates.

REVIEW OF OPERATIONS

Power Generation, Merchant Multi-Utilities & Power Transmission

The Group's power generation (in both contracted and merchant markets), merchant multi-utilities and power transmission businesses are carried out by its wholly-owned subsidiaries in Malaysia and Singapore, and associates in Indonesia, Australia and Jordan.

Operations in Singapore

The Group has a 100% stake in YTL PowerSeraya Pte Limited ("YTL PowerSeraya") in Singapore, which owns 3,100 MW of installed capacity comprising steam turbine plants, combined-cycle plants and co-generation combined-cycle plants.

For the financial year under review, YTL PowerSeraya sold 8,976 gigawatt hours (GWh) of electricity and achieved a total generation market share of 18.7%, marginally higher compared to 18.0% last year. The electricity market remained competitive, driven by volatilities across global markets and generation capacity oversupply in the wholesale electricity market. In the midst of a challenging business environment, the division maintained a steady stream of income from steam and potable water sales. This included a three-year potable water sales agreement, which commenced in June 2016.

As part of its continuing efforts to improve the reliability and availability of its four combined cycle gas plant units, the division developed and executed action plans to enhance its start-up reliability and reduce forced outages of its gas units, resulting in an improved overall gas plant reliability factor of 99.9% for the year under review, compared to 98.8% last year.

Chairman's Statement

In the contestable retail electricity sector, the division's market share decreased slightly to 19.2% for the year under review, compared to 20.5% last year, with a total sales volume of 6,107 GWh for the year ended 30 June 2016. Intense competition in the retail electricity market continued to rise with the entry of new electricity retailers, which exerted downward pressure on profit margins and slowed new customer acquisitions. Through this challenging period, the retail division kept pace with market developments and proactively engaged customers to explain the changes within the electricity industry and help them make sound purchase decisions.

With the full liberalisation of the electricity market to include domestic households in 2018, the division, backed by its extensive retail experience, is already preparing itself to capture a wider customer base, targeting to create long-term value for both existing and new customers, and exploring new technologies and strategic alliances to develop innovative solutions to further strengthen its value proposition to customers.

Chairman's Statement

The trading and fuel management division's jetty and tank leasing activities picked up progressively after the upgrading works of its jetty facilities were completed in January 2015. With an upgraded and well-integrated terminal configured for cargo and bunker trading as well as enhanced capabilities to facilitate rapid turnaround times, the division handled 13.86 million tonnes of fuel oil in the financial year ended 30 June 2016.

As part of its plans to optimise the use of its operational assets, the division also successfully leased out all of its 18 storage tanks, with a combined storage capacity of 810,000 cubic meters. At the same time, more than twice the number of vessels berthed at the terminal, with an average berth utilisation rate of more than 56% for the year under review. Commercial operations in the oil terminal and oil storage business remain central to maintaining the division's growth in the dynamic fuel oil and related services environment and the company will continue to look into capturing the right opportunities to meet customers' oil storage and bunkering needs.

Operations in Malaysia

YTL Power Generation Sdn Bhd ("YTLPG"), a wholly-owned subsidiary of YTL Power, is the owner of the Group's two combined cycle, gas-fired power stations. Located in Paka, Terengganu, and Pasir Gudang, Johor, the stations have a total generating capacity of 1,212 MW – 808 MW at Paka Power Station and 404 MW at Pasir Gudang Power Station. YTLPG's power purchase agreement was completed in September 2015, and YTLPG was subsequently awarded the project for supply of power from Paka Power Station under the short term capacity bid called by the Malaysian Energy Commission. Negotiations on the terms of the power purchase agreement are currently ongoing.

Operations in Indonesia

YTL Power has an effective interest of 20% in PT Jawa Power ("Jawa Power") in Indonesia, which owns a 1,220 MW coal-fired thermal power station located at the Paiton Power Generation Complex in Java. The plant supplies power to Indonesia's national utility company, PT PLN (Persero) ("PLN"), under a 30-year power purchase agreement. Operation and maintenance (O&M) for Jawa Power is carried out by PT YTL Jawa Timur, a wholly-owned subsidiary of YTL Power, under a 30-year agreement.

Jawa Power achieved average availability of 93.51% for its financial year ended 31 December 2015 and 86.74% availability for the six months ended 30 June 2016. The station generated 8,220 GWh of electricity for its financial year compared to 8,434 GWh for its previous financial year, for its sole offtaker, PLN.

Operations in Australia

The Group has a 33.5% investment in ElectraNet Pty Ltd ("ElectraNet") in Australia, which is a regulated transmission network service provider in Australia's National Electricity Market ("NEM"). ElectraNet owns South Australia's high voltage electricity transmission network, which transports electricity from electricity generators to receiving end-users across the state. ElectraNet's network covers approximately 200,000 square kilometres of South Australia via more than 5,700 circuit kilometres of transmission lines and 88 high voltage substations. The company also provides the important network link from South Australia to the NEM via two regulated interconnectors.

The company is regulated by the Australian Energy Regulator which sets revenue caps based on the company's expected capital expenditure requirements for a five-year regulatory period. The current revenue cap became effective on 1 July 2013 and is valid for a period of five years until 30 June 2018.

Projects under development

The Group has an 80% equity interest in PT Tanjung Jati Power Company ("Tanjung Jati"), an independent power producer which is undertaking the development of Tanjung Jati A, a 2 x 660 MW coal-fired power project in Java, Indonesia. Tanjung Jati has a 30-year power purchase agreement with PLN, Indonesia's state-owned electric utility company, entered into in December 2015. The project is currently in the development stage and progress is underway towards achieving financial close.

The project is part of the Indonesian government's drive to build new power plants to add up to 35,000 MW in new generating capacity to the electricity grid over the next five years to meet the country's escalating energy needs. Given the opportunities afforded by the country's expanding energy requirements and future development goals, Indonesia remains one of the most compelling growth markets in this region for YTL Power's multi-utility businesses, and the Group will be able to leverage its capabilities and experience in Indonesia's power sector to develop this vital power asset.

The Group also has a 30% equity interest in Attarat Power Company ("APCO") and has entered into agreements to increase its stake to 45%. APCO is developing a 554 MW oil shale-fired power generation project in the Hashemite Kingdom of Jordan. APCO has signed a 30-year power purchase agreement with the National Electric Power Company ("NEPCO"), the Jordan state-owned utility, for the entire electrical capacity and energy output of the power plant, with an option for NEPCO to extend the power purchase agreement to 40 years. The power plant is scheduled to start generating electricity for local consumption in 2019.

In June 2016, YTL Power and APCO's other existing shareholders (Eesti Energia AS and Near East Investment) entered into equity agreements to introduce a new shareholder, Yudean Group ("Yudean"), to the project. Following the completion of the share transfers, which is subject to achieving full financial close, APCO will be indirectly owned by YTL Power (45%), Yudean (45%) and Eesti Energia AS (10%).

Earlier this year, APCO signed agreements with Bank of China and Industrial and Commercial Bank of China to provide debt funding for the project. The US$1.6 billion debt financing will be provided on the basis of support by China Export & Credit Insurance Corporation (Sinosure) and progress is underway to achieving full financial close.

Water & Sewerage Services

The Group's water and sewerage operations are carried out by its wholly-owned subsidiary, Wessex Water Limited, and its subsidiaries ("Wessex Water"), in the UK. Wessex Water is a regional water and sewerage business serving 2.8 million customers and operating across an area of 10,000 square kilometres in the southwest of England.

Wessex Water's regulatory year, which ended on 31 March 2016, was the first of the new five-year price control period that will last until 1 April 2020. Wessex Water's regulator is the Water Services Regulation Authority, known as Ofwat, the economic regulator of the water sector in England and Wales. For the year under review, Wessex Water performed well against its performance commitments and achieved industry-leading levels of customer service and environmental performance.

Average bills reduced by 5% from April 2015 and, through its assistance programme, 'tap', the division continued to support customers who are financially vulnerable and have difficulty in paying their bills. The programme now helps more than 21,000 customers to pay ongoing charges and repay debt, as well as offering additional practical help to reduce water and energy bills, and, under guidance from its expert affordability advisory group, a discount of around 20% has been introduced for pensioners on the lowest incomes who often suffer hardship in silence instead of asking for help.

Chairman's Statement

Wessex Water continued to focus on understanding its customers' changing needs and responding to the pressures that many continue to be under in these challenging economic times. A customer excellence programme has been launched which includes improved customer systems, community projects, improved communication and shortened response times.

Wessex Water's water supply grid project is making excellent progress and, once complete, will ensure future demand is met and improve the resilience of supplies to customers. The division creates more than 1,000 jobs directly in constructing new assets and in the regional supply chain as a community business, and is the largest infrastructure investor in the region.

The company made good progress on a GBP39.0 million programme of work to improve bathing water quality at Burnham-on-Sea within its operating region and is investing in a number of innovative projects, some of which are industry firsts. In the Poole Harbour catchment, the division is working with farmers to reduce nitrate runoff and leaching into the River Frome in the first nitrogen offsetting trial in the UK. Wessex Water also runs a joint research programme with the University of Bath where a water innovation and research centre has been launched.

During the year, in an effort to further tackle the reduction of its carbon footprint, the division completed installation of advanced anaerobic digestion and electricity generation at Trowbridge sewage treatment works and installed a large solar photovoltaic array on the roof of its operations centre in Bath. The division also continued to push improvements in efficiency and resource use, with more than 95% of waste generated diverted from landfills, and increasing the value recovery from waste.

Communications

The Group's communications operations in Malaysia are carried out by its 60%-owned subsidiary, YTL Communications Sdn Bhd ("YTL Comms"), a global frontrunner in 4G services.

In June 2016, YTL Comms took a major evolutionary step forward with the launch of its nationwide 4G LTE network, offering Malaysia's first VoLTE service. In undertaking the leap to 4G LTE, YTL Comms built a global best-in-class partnership with industry leaders, including Samsung, Qualcomm, China Mobile and Google, to deliver its highly innovative mobile internet experience.

As a result of the superior efficiency of an all-IP network, YTL Comms offers consumers the most advanced 4G service with innovative and highly accessible pricing. Under its "Double Double" pricing campaign, customers have access to both 4G LTE and 4G Broadband networks, along with best-in-industry data tonnage allocations.

In conjunction with the new service, YTL Comms launched the Yes Altitude, Malaysia's first VoLTE-capable 4G smartphone, which retails for less than US$100. In collaboration with China Mobile, the Yes Altitude is designed with dual-sim functionality which provides consumers with unparalleled convenience and enables them to fully experience and utilise the Yes 4G LTE network. The division also worked with leading device brands such as Samsung and Xiaomi to ensure full portfolio support on its 4G LTE network.

YTL Comms has been focused on its efforts to close the country's broadband internet divide with the launch of its nationwide 4G broadband network and, with the recent launch of the 4G LTE network, it has effectively closed the country's mobile internet divide as well. Malaysians in suburban and rural areas can finally enjoy access to the same high quality 4G services as those in the big cities.

As the only all-IP network in the country, the Yes platform is the most advanced nationwide network in Malaysia. The network is optimised for the future and brings superior cost efficiency that enables YTL Comms to deliver highly competitive pricing for the benefit of all consumers. As the fastest expanding network in Malaysia, YTL Comms has over 4,300 base stations creating an all-4G footprint reaching 85% population coverage. The network is actively expanding with well-laid plans to densify existing coverage and to launch into Sarawak.

Chairman's Statement

YTL Comms has also created an internal culture of innovation and collaboration, and was recognised at the *"Malaysia Best Employer Brand Awards 2016"* for the second consecutive year by the Employer Branding Institute and Stars of the Industry, endorsed by the Asian Confederation of Businesses.

CORPORATE SOCIAL RESPONSIBILITY

The Group believes that effective corporate social responsibility can deliver benefits to its businesses and its shareholders by enhancing reputation and business trust, risk management, relationships with regulators, staff motivation and retention, customer loyalty and long-term shareholder value. Social responsibility and sustainability are key values of the Group and YTL Power places a high priority on acting responsibly in the conduct of its business.

As a multi-utility provider with operations, investments and projects under development in Malaysia, the UK, Singapore, Indonesia, Jordan and Australia, the Group works to ensure that its businesses are operated sustainably, to protect and preserve the resources on which its operations depend. YTL Power's largest international operations, Wessex Water in the UK and YTL PowerSeraya in Singapore, also have extensive, long-standing and long-term sustainability programmes that have been integrated into their regulatory structures and business operations, for the benefit of their customers and stakeholders.

The Group is part of the wider network of the YTL group of companies under the umbrella of its parent company, YTL Corporation Berhad, which has a long-standing commitment to creating successful, profitable and sustainable businesses. Further details can be found in the **YTL Group Sustainability Report 2016**, issued as a separate report to enable shareholders and stakeholders to better assess the Group's sustainability record and activities. Meanwhile, YTL Power's statements on corporate governance, risk management and internal control, which elaborate further on its systems and controls, can be found as a separate section in this Annual Report.

FUTURE PROSPECTS

The global economy is expected to improve at a modest pace for the rest of the 2016 calendar year, although the global growth outlook remains vulnerable to considerable downside risks arising from policy developments in the major economies, volatility in global commodity price trends and financial market adjustments. Overall, the Malaysian economy is expected to grow by 4.0 to 4.5% in 2016, driven by domestic demand and sustained primarily by private sector spending. Private consumption growth, however, is projected to trend below the long-term average, as households continue to make expenditure adjustments in response to the lingering effects of the goods and services tax (GST) implementation *(sources: Ministry of Finance, Bank Negara Malaysia updates).*

Looking ahead, the UK vote to leave the European Union in the referendum held in June 2016, commonly referred to as "Brexit", has created uncertainty with no clear indication from the UK government on the future steps to be taken. However, the Group's water and sewerage business, which operates in the southwest of England under a regulatory concession granted by the UK government, is not expected to be materially affected due to the regulated nature and the geographic concentration of its operations within a localised region of the UK. Wessex Water also remains one of the best performing and most efficient water and sewerage companies in the UK and has adapted well to maintain a stellar operating track record. Whilst the current situation is uncertain and highly fluid, the Group will remain vigilant in monitoring events and conducting ongoing assessments of any operational and financial impacts.

With its new projects under development, Tanjung Jati in Indonesia and APCO in Jordan, the Group has laid the foundations for fresh income streams going forward, and will continue to pursue viable growth paths to complement its resilient stable of existing businesses and investments in Singapore, Malaysia, Indonesia and Australia.

As the Group embarks on another year, the Board of Directors of YTL Power wishes to take this opportunity to thank the Group's shareholders, investors, customers, business associates and the regulatory authorities for their ongoing support. We also extend our gratitude to the management and staff of the Group for their efforts in enabling YTL Power to deliver another strong performance.

TAN SRI DATO' SERI (DR) YEOH TIONG LAY
PSM, SPMS, SPDK, DPMS, KMN, PPN, PJK

Corporate Events

6 May 2016

Signing of Equity Agreements for US$2.1 Billion 554 MW Oil Shale Project

YTL Power International Berhad and its partners entered into equity agreements for the US$2.1 billion 554 megawatt oil shale project being developed by Attarat Power Company in the Hashemite Kingdom of Jordan. The project's existing shareholders, comprising YTL Power International Berhad, Eesti Energia AS and Near East Investment, signed the agreements to introduce a new shareholder, Yudean Group, to the project.

Seated left to right, Yeoh Keong Hann, Director, YTL Power Generation Sdn Bhd; Huang Guoqing, Managing Director, Yudean International; Hando Sutter, Chief Executive Officer, Eesti Energia AS; and Margus Vals, Project Development Director, Eesti Energia AS.

Standing left to right, Dominic Freely, Senior Managing Director, Evercore Partners; Jason Pok Hooi Loong, Chief Financial Officer, Attarat Power Company; Joseph Tan Choong Min, Director of Projects, YTL Power International Berhad; Huang Zhenhai, Director, General Manager, Yudean Group; Li Mingliang, Deputy General Manager, Chief Investment Officer, Yudean Group; Wen Lianhe, Deputy Chief Engineer, Director of Strategy & Development Department, Yudean Group; He Handong, Director of General Affairs Department, Yudean Group; and Andres Anijalg, Project Director (Jordan Project), Eesti Energia AS.

Corporate Events

30 June 2016

YES Launches 4G LTE and Yes Altitude

YTL Communications Sdn Bhd, a subsidiary of YTL Power International Berhad, launched its Yes 4G LTE services with an impressive 85% nationwide population coverage, and also became the first mobile operator in the country to introduce Voice-over-LTE (VoLTE) capability for high-definition calls. The Yes Altitude, the newest high quality Android device developed by Yes, was also unveiled as the most affordable VoLTE smartphone in the Malaysian market. The launch was officiated by Datuk Seri Panglima Dr Mohd Salleh Bin Tun Said Keruak, Minister of Communication and Multimedia.

From left to right, Wing K Lee, Chief Executive Officer of YTL Communications Sdn Bhd; Dato' Yeoh Seok Hong, Executive Director of YTL Power International Berhad; Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay, Executive Chairman of YTL Power International Berhad; Datuk Seri Panglima Dr Mohd Salleh Bin Tun Said Keruak, Minister of Communication and Multimedia; Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, Managing Director of YTL Power International Berhad; Dato' Yeoh Soo Keng, Executive Director of YTL Power International Berhad; and Jacob Yeoh Keong Yeow, Deputy Chief Executive Officer of YTL Communications Sdn Bhd.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Twentieth Annual General Meeting of YTL Power International Berhad ("the Company") will be held at Majestic Ballroom, Level 2, The Majestic Hotel Kuala Lumpur, 5, Jalan Sultan Hishamuddin, 50000 Kuala Lumpur on Tuesday, the 22nd day of November, 2016 at 10.00 a.m. to transact the following business:-

AS ORDINARY BUSINESS

1. To lay before the meeting the Audited Financial Statements for the financial year ended 30 June 2016 together with the Reports of the Directors and Auditors thereon; *Please refer Explanatory Note A*

2. To re-elect the following Directors who retire pursuant to Article 84 of the Company's Articles of Association:-

   (i) Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng *Resolution 1*
   (ii) Dato' Yeoh Seok Kian *Resolution 2*
   (iii) Dato' Yeoh Seok Hong *Resolution 3*
   (iv) Syed Abdullah Bin Syed Abd. Kadir *Resolution 4*

3. To re-elect Faiz Bin Ishak who retires pursuant to Article 90 of the Company's Articles of Association; *Resolution 5*

4. To consider and if thought fit, pass the following Ordinary Resolutions in accordance with Section 129(6) of the Companies Act, 1965:-

   (i) "THAT Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay, retiring pursuant to Section 129(6) of the Companies Act, 1965, be and is hereby re-appointed a Director of the Company to hold office until the next Annual General Meeting." *Resolution 6*

   (ii) "THAT Tan Sri Datuk Dr Aris Bin Osman @ Othman, retiring pursuant to Section 129(6) of the Companies Act, 1965, be and is hereby re-appointed a Director of the Company to hold office until the next Annual General Meeting." *Resolution 7*

5. To approve the payment of Directors' fees amounting to RM764,167 for the financial year ended 30 June 2016; *Resolution 8*

6. To re-appoint the Auditors and to authorise the Directors to fix their remuneration. *Resolution 9*

AS SPECIAL BUSINESS

To consider and, if thought fit, pass the following resolutions:-

ORDINARY RESOLUTIONS:-

7. CONTINUING IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTORS

   (i) "THAT subject to the passing of the Ordinary Resolution 7, approval be and is hereby given to Tan Sri Datuk Dr Aris Bin Osman @ Othman, who has served as Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to serve as an Independent Non-Executive Director of the Company." *Resolution 10*

   (ii) "THAT subject to the passing of the Ordinary Resolution 1, approval be and is hereby given to Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng, who has served as Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to serve as an Independent Non-Executive Director of the Company." *Resolution 11*

8. PROPOSED AUTHORITY TO ALLOT SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965

"THAT pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby empowered to allot and issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the issued and paid-up share capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad." *Resolution 12*

9. PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

"THAT subject to the Company's compliance with all applicable rules, regulations, orders and guidelines made pursuant to the Companies Act, 1965, the provisions of the Company's Memorandum and Articles of Association and the Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("Main LR") and the approvals of all relevant authorities, the Company be and is hereby authorised, to the fullest extent permitted by law, to buy-back and/or hold from time to time and at any time such amount of ordinary shares of RM0.50 each in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interests of the Company ("the Proposed Share Buy-Back") provided that:-

(i) The maximum number of shares which may be purchased and/or held by the Company at any point of time pursuant to the Proposed Share Buy-Back shall not exceed ten per centum (10%) of the total issued and paid-up share capital of the Company for the time being quoted on Bursa Securities provided always that in the event that the Company ceases to hold all or any part of such shares as a result of, amongst others, cancellation of shares, sale of shares on the market of Bursa Securities or distribution of treasury shares to shareholders as dividend in respect of shares bought back under the previous shareholder mandate for share buy-back which was obtained at the Annual General Meeting held on 24 November 2015, the Company shall be entitled to further purchase and/or hold such additional number of shares as shall (in aggregate with the shares then still held by the Company) not exceed ten per centum (10%) of the total issued and paid-up share capital of the Company for the time being quoted on Bursa Securities;

(ii) The maximum amount of funds to be allocated by the Company pursuant to the Proposed Share Buy-Back shall not exceed the sum of Retained Profits and the Share Premium Account of the Company based on its latest audited financial statements available up to the date of a transaction pursuant to the Proposed Share Buy-Back. As at 30 June 2016, the audited Retained Profits and Share Premium Account of the Company were RM7,062,320,000 and RM2,792,660,000 respectively; and

(iii) The shares purchased by the Company pursuant to the Proposed Share Buy-Back may be dealt with by the Directors in all or any of the following manner:-

   (a) the shares so purchased may be cancelled; and/or

   (b) the shares so purchased may be retained in treasury for distribution as dividend to the shareholders and/or resold on the market of Bursa Securities and/or subsequently cancelled; and/or

   (c) part of the shares so purchased may be retained as treasury shares with the remainder being cancelled.

Notice of Annual General Meeting

AND THAT such authority shall commence upon the passing of this resolution, until the conclusion of the next Annual General Meeting of the Company or the expiry of the period within which the next Annual General Meeting is required by law to be held unless revoked or varied by Ordinary Resolution of the shareholders of the Company in general meeting, whichever occurs first, but so as not to prejudice the completion of a purchase made before such expiry date;

AND THAT the Directors of the Company be and are hereby authorised to take all steps as are necessary or expedient to implement or to give effect to the Proposed Share Buy-Back with full powers to amend and/or assent to any conditions, modifications, variations or amendments (if any) as may be imposed by the relevant governmental/regulatory authorities from time to time and with full power to do all such acts and things thereafter in accordance with the Companies Act, 1965, the provisions of the Company's Memorandum and Articles of Association and the Main LR and all other relevant governmental/regulatory authorities." *Resolution 13*

10. PROPOSED RENEWAL OF SHAREHOLDER MANDATE FOR EXISTING RECURRENT RELATED PARTY TRANSACTIONS AND PROPOSED NEW SHAREHOLDER MANDATE FOR ADDITIONAL RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

"THAT the Company and/or its subsidiaries be and is/are hereby authorised to enter into recurrent related party transactions from time to time with Related Parties who may be a Director, a major shareholder of the Company and/or its subsidiaries or a person connected with such a Director or major shareholder as specified in section 2.1.2 (a) & (b) of the Circular to Shareholders dated 28 October 2016 subject to the following:-

(i) the transactions are of a revenue or trading in nature which are necessary for the day-to-day operations of the Company and/or its subsidiaries and are transacted on terms consistent or comparable with market or normal trade practices and/or based on normal commercial terms and on terms not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders; and

(ii) disclosure is made in the annual report of the aggregate value of transactions conducted during the financial year pursuant to the shareholder mandate in accordance with the Bursa Malaysia Securities Berhad Main Market Listing Requirements.

THAT the mandate given by the shareholders of the Company shall only continue to be in force until the conclusion of the next Annual General Meeting of the Company or the expiry of the period within which the next Annual General Meeting is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (the "Act") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); unless revoked or varied by Ordinary Resolution of the shareholders of the Company in general meeting, whichever is the earlier;

AND THAT the Directors of the Company be authorised to complete and do such acts and things as they may consider expedient or necessary to give full effect to the shareholder mandate." *Resolution 14*

By Order of the Board,

HO SAY KENG
Company Secretary

KUALA LUMPUR
28 October 2016

Notice of Annual General Meeting

Notes:-

A member entitled to attend and vote at the meeting may appoint a proxy to vote in his stead. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. A member other than an Authorised Nominee shall not be entitled to appoint more than one proxy to attend and vote at the same meeting and where such member appoints more than one proxy to attend and vote at the same meeting, such appointment shall be invalid. Where a member of the Company is an Exempt Authorised Nominee as defined under the Securities Industry (Central Depositories) Act, 1991, which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.

The instrument appointing a proxy, in the case of an individual, shall be signed by the appointor or his attorney and in the case of a corporation, either under seal or under the hand of an officer or attorney duly authorised in writing. The original instrument appointing a proxy shall be deposited at the office of the appointed share registrar for the Annual General Meeting, Tricor Investor & Issuing House Services Sdn Bhd, at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur before 10.45 a.m. on 21 November 2016. For the purpose of determining a member who shall be entitled to attend the Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd, in accordance with Article 60(2) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors as at 15 November 2016. Only a depositor whose name appears on the General Meeting Record of Depositors as at 15 November 2016 shall be entitled to attend the said meeting or appoint proxy to attend and/or vote in his stead.

Explanatory Note A

This Agenda item is meant for discussion only as under the provisions of Section 169(1) of the Companies Act, 1965, the audited financial statements do not require formal approval of shareholders and hence, the matter will not be put forward for voting.

Explanatory Notes to Special Business

Resolutions on the Continuing in Office as Independent Non-Executive Directors

In line with Recommendation 3.3 of the Malaysian Code on Corporate Governance 2012, Resolutions 10 and 11 are to enable Tan Sri Datuk Dr Aris Bin Osman @ Othman and Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng to continue serving as Independent Directors of the Company to fulfil the requirements of Paragraph 3.04 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements. The justifications of the Board of Directors for recommending and supporting the resolutions for their continuing in office as Independent Directors are set out under the Nominating Committee Statement in the Company's Annual Report 2016.

Resolution pursuant to Section 132D of the Companies Act, 1965

Resolution 12 is a renewal of the general authority given to the Directors of the Company to allot and issue shares ("S132D Mandate") as approved by the shareholders at the Nineteenth Annual General Meeting held on 24 November 2015 ("Previous Mandate").

As at the date of this Notice, the Company has not issued any new shares pursuant to the Previous Mandate which will lapse at the conclusion of the Twentieth Annual General Meeting to be held on 22 November 2016.

Resolution 12, if passed, will enable the Directors to allot and issue ordinary shares at any time from unissued share capital of the Company up to an amount not exceeding ten per centum (10%) of the Company's issued share capital for the time being without convening a general meeting which will be both time and cost consuming. The S132D Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to placement of shares, for purpose of funding future investment project(s), working capital and/or acquisitions.

Resolution pertaining to the Renewal of Authority to Buy-Back Shares of the Company

For Resolution 13, further information on the Share Buy-Back is set out in Part A of the Statement/Circular dated 28 October 2016 which is despatched together with the Company's Annual Report 2016.

Resolution pertaining to the Recurrent Related Party Transactions

For Resolution 14, further information on the Recurrent Related Party Transactions is set out in Part B of the Statement/Circular dated 28 October 2016 which is despatched together with the Company's Annual Report 2016.

Statement Accompanying Notice of Annual General Meeting

(Pursuant to Paragraph 8.27(2) of Bursa Malaysia Securities Berhad Main Market Listing Requirements)

1. DETAILS OF INDIVIDUALS WHO ARE STANDING FOR ELECTION AS DIRECTORS (EXCLUDING DIRECTORS STANDING FOR RE-ELECTION)

No individual is seeking election as a Director at the Twentieth Annual General Meeting of the Company.

2. GENERAL MANDATE FOR ISSUE OF SECURITIES IN ACCORDANCE WITH PARAGRAPH 6.03(3) OF BURSA MALAYSIA SECURITIES BERHAD MAIN MARKET LISTING REQUIREMENTS

Details of the general mandate/authority for Directors to allot and issue shares in the Company pursuant to Section 132D of the Companies Act, 1965 are set out in the Explanatory Notes to Special Business of the Notice of Twentieth Annual General Meeting.

Corporate Information

BOARD OF DIRECTORS

Executive Chairman

Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay
PSM, SPMS, SPDK, DPMS, KMN, PPN, PJK
Hon DEng (Heriot-Watt), DBA (Hon) (UMS), Chartered Builder
FCIOB, FAIB, FFB, FBIM, FSIET, FBGAM, FMID

Managing Director

Tan Sri Dato' (Dr) Francis Yeoh Sock Ping
PSM, CBE, FICE, SIMP, DPMS, DPMP, JMN, JP
Hon LLD (Nottingham), Hon DEng (Kingston), BSc (Hons) Civil Engineering, FFB, F Inst D, MBIM, RIM

Deputy Managing Director

Dato' Yeoh Seok Kian
DSSA
BSc (Hons) Bldg, MCIOB, FFB

Directors

Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng
PSM, DPMT, ASM, JP

Tan Sri Datuk Dr. Aris Bin Osman @ Othman
PSM, PJN, KMN
PhD (Development Economics), MA (Development Economics), BA (Hons) (Analytical Economics)

Dato' Yusli Bin Mohamed Yusoff
DPMS
BA (Hons) (Economics)

Dato' Yeoh Soo Min
DSPN, DPMP, DIMP
BA (Hons) Accounting

Dato' Yeoh Seok Hong
DSPN, JP
BE (Hons) Civil & Structural Engineering, FFB

Dato' Sri Michael Yeoh Sock Siong
DIMP, SSAP
BE (Hons) Civil & Structural Engineering, FFB

Dato' Yeoh Soo Keng
DIMP
BSc (Hons) Civil Engineering

Dato' Mark Yeoh Seok Kah
DSSA
LLB (Hons)

Syed Abdullah Bin Syed Abd. Kadir
BSc (Engineering Production), BCom (Economics)

Faiz Bin Ishak
Fellow of the Association of Chartered Certified Accountants

COMPANY SECRETARY

Ho Say Keng

REGISTERED OFFICE

11th Floor, Yeoh Tiong Lay Plaza
55 Jalan Bukit Bintang
55100 Kuala Lumpur
Tel : 603 2117 0088
603 2142 6633
Fax : 603 2141 2703

BUSINESS OFFICE

7th Floor, Yeoh Tiong Lay Plaza
55 Jalan Bukit Bintang
55100 Kuala Lumpur
Tel : 603 2117 0088
603 2142 6633
Fax : 603 2141 2703

REGISTRAR

YTL Corporation Berhad
11th Floor, Yeoh Tiong Lay Plaza
55 Jalan Bukit Bintang
55100 Kuala Lumpur
Tel : 603 2117 0088
603 2142 6633
Fax : 603 2141 2703

AUDIT COMMITTEE

Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng
(Chairman and Independent Non-Executive Director)

Tan Sri Datuk Dr. Aris Bin Osman @ Othman
(Independent Non-Executive Director)

Faiz Bin Ishak
(Independent Non-Executive Director)

NOMINATING COMMITTEE

Tan Sri Datuk Dr. Aris Bin Osman @ Othman
(Chairman and Independent Non-Executive Director)

Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng
(Independent Non-Executive Director)

Dato' Yusli Bin Mohamed Yusoff
(Independent Non-Executive Director)

AUDITORS

PricewaterhouseCoopers (AF 1146)
Chartered Accountants
Level 10, 1 Sentral, Jalan Rakyat
Kuala Lumpur Sentral
50470 Kuala Lumpur

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
Main Market (23.5.1997)

Profile of the Board of Directors

TAN SRI DATO' SERI (DR) YEOH TIONG LAY

Malaysian, male, aged 86, was appointed to the Board on 21 October 1996 and has been the Executive Chairman since 31 October 1996. His contributions are well recognised with the conferment of the title of Doctor of Engineering by Heriot-Watt University, Edinburgh and his appointment as Honorary Life President of the Master Builders Association of Malaysia in 1988. He is the co-founder and the first Chairman of the ASEAN Constructors' Federation. On 26 October 2002, Tan Sri Yeoh Tiong Lay was conferred the Honorary Doctorate in Philosophy (Business Administration) by Universiti Malaysia Sabah. He was installed as Pro-Chancellor for Universiti Malaysia Sabah on 1 July 2005. He is the past President and Lifetime member of the International Federation of Asian and Western Pacific Contractors Association. On 19 January 2008, Tan Sri Yeoh Tiong Lay was conferred the prestigious Order of the Rising Sun, Gold Rays with Neck Ribbon by the Emperor of Japan in recognition of his outstanding contribution towards the economic co-operation and friendship between Japan and Malaysia, including his efforts as an executive member and Vice President of the Malaysia-Japan Economic Association. On 20 August 2009, Tan Sri Yeoh Tiong Lay was accorded a Lifetime Achievement Award at the Asia Pacific Entrepreneurship Awards 2009 (APEA 2009) in recognition of his outstanding entrepreneurial achievements and contribution towards the development of the nation. He is also the Honorary Chairman of Tung Shin Hospital and is on the Board of Governors for several schools. Tan Sri Yeoh Tiong Lay is also the Executive Chairman of YTL Corporation Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad. He is also a board member of other public companies such as YTL Cement Berhad and YTL Industries Berhad, and a private utilities corporation, Wessex Water Limited in England and Wales. He also sits on the board of trustees of YTL Foundation.

TAN SRI DATO' (DR) FRANCIS YEOH SOCK PING

Malaysian, male, aged 62, was appointed to the Board on 18 October 1996 as an Executive Director and has been the Managing Director of the Company since then. Tan Sri Francis studied at Kingston University in the United Kingdom, where he obtained a Bachelor of Science (Hons) Degree in Civil Engineering and was conferred an Honorary Doctorate of Engineering in 2004. In July 2014, Tan Sri Francis was conferred an Honorary Degree of Doctor of Laws from University of Nottingham. He became the Managing Director of YTL Corporation Berhad Group in 1988 which, under his stewardship, has grown from a single listed company into a global integrated infrastructure developer, encompassing multiple listed entities ie. YTL Corporation Berhad, YTL Power International Berhad, YTL Land & Development Berhad, YTL Hospitality REIT, and Starhill Global REIT.

He is presently the Managing Director of YTL Corporation Berhad and YTL Land & Development Berhad which are listed on the Main Market of Bursa Malaysia Securities Berhad. He is the Executive Chairman and Managing Director of YTL e-Solutions Berhad. He is also the Executive Chairman of YTL Starhill Global REIT Management Limited, the manager of Starhill Global REIT, a vehicle listed on the Main Board of the Singapore Exchange Securities Trading Limited (SGX-ST). Tan Sri Francis sits on the boards of several public companies such as YTL Industries Berhad and YTL Cement Berhad. He is the Chairman of private utilities corporations, Wessex Water Services Limited in England and Wales, and YTL PowerSeraya Pte Limited in Singapore. Tan Sri Francis is also an Independent Non-Executive Director of The Hong Kong and Shanghai Banking Corporation Limited and is a director and Chief Executive Officer of Pintar Projek Sdn Bhd, the manager of YTL Hospitality REIT. He also sits on the board of trustees of YTL Foundation. He also serves on the board of directors of Suu Foundation, a humanitarian organisation committed to improving healthcare and education in Myanmar.

He is a Founder Member of the Malaysian Business Council and The Capital Markets Advisory Council, member of The Nature Conservancy Asia Pacific Council and the Asia Business Council, Trustee of the Asia Society and Chairman for South East Asia of the International Friends of Louvre. He is also a member of the Advisory Council of London Business School, Wharton School and INSEAD. He served as a member of the Barclays Asia-Pacific Advisory Committee from 2005 to 2012. Tan Sri Francis was made a board member of Global Child Forum by His Majesty King Carl XVI Gustaf in May 2016.

He was ranked by both Fortune and Businessweek magazines as Asia's 25 Most Powerful and Influential Business Personalities and one of Asia's Top Executives by Asiamoney. He won the inaugural Ernst & Young's Master Entrepreneur in Malaysia in 2002 and was named as Malaysia's CEO of the Year by CNBC Asia Pacific in 2005.

In 2006, he was awarded the Commander of the Most Excellent Order of the British Empire (CBE) by Her Majesty Queen Elizabeth II, and received a prestigious professional accolade when made a Fellow of the Institute of Civil Engineers in London in 2008. He was the Primus Inter Pares Honouree of the 2010 Oslo Business for Peace Award, for his advocacy of socially responsible business ethics and practices. The Award was conferred by a panel of Nobel Laureates in Oslo, home of the Nobel Peace Prize. He also received the Corporate Social Responsibility Award at CNBC's 9th Asia Business Leaders Awards 2010. He received the Lifetime Achievement Award for Leadership in Regulated Industries at the 7th World Chinese Economic Summit held in London in 2015. He was also awarded the prestigious Muhammad Ali Celebrity Fight Night Award at the 2016 Celebrity Fight Night in Arizona.

Profile of the Board of Directors

DATO' YEOH SEOK KIAN

Malaysian, male, aged 59, was appointed to the Board on 21 October 1996 as an Executive Director. He is currently the Deputy Managing Director of the Company. He graduated from Heriot-Watt University, Edinburgh, United Kingdom in 1981 with a Bachelor of Science (Hons) Degree in Building. He attended the Advance Management Programme conducted by Wharton Business School, University of Pennsylvania in 1984. Dato' Yeoh is a Fellow of the Faculty of Building, United Kingdom as well as a Member of the Chartered Institute of Building (UK). He serves as Deputy Managing Director of YTL Corporation Berhad and Executive Director of YTL Land & Development Berhad, both listed on the Main Market of Bursa Malaysia Securities Berhad. Dato' Yeoh also sits on the boards of other public corporations such as YTL Cement Berhad, YTL Industries Berhad and The Kuala Lumpur Performing Arts Centre, and private utilities corporations, Wessex Water Limited in England and Wales, YTL PowerSeraya Pte Limited in Singapore, as well as YTL Starhill Global REIT Management Limited, the manager of Starhill Global REIT, a vehicle listed on the Main Board of the Singapore Exchange Securities Trading Limited (SGX-ST). He is also an Executive Director of Pintar Projek Sdn Bhd, the manager of YTL Hospitality REIT.

TAN SRI DATO' LAU YIN PIN @ LAU YEN BENG

Malaysian, male, aged 67, was appointed to the Board on 18 February 1997 as an Independent Non-Executive Director. He is also the Chairman of the Audit Committee and a member of the Nominating Committee. He obtained a Diploma in Commerce with distinction from Tunku Abdul Rahman College in 1974.

Tan Sri Dato' Lau has been a member of the Malaysian Institute of Accountants since 1979. He was made a Fellow of the Association of Chartered Certified Accountants, United Kingdom in 1981 and became a graduate member of the Institute of Chartered Secretaries and Administrators, United Kingdom, in 1987.

He was appointed to the board of the former Lembaga Letrik Negara on 1 October 1988 and served on the board of Tenaga Nasional Berhad, the successor to Lembaga Letrik Negara until 15 September 2010. Tan Sri Dato' Lau had also served as director of Nanyang Press Holdings Berhad, Media Chinese International Limited (a corporation listed on the Main Market of Bursa Malaysia Securities Berhad and The Stock Exchange of Hong Kong Limited), and Chairman of Star Publication (Malaysia) Berhad. He is currently a board member of Ahmad Zaki Resources Berhad, and MCT Berhad, both of which are listed on the Main Market of Bursa Malaysia Securities Berhad. Tan Sri Dato' Lau also sits on the Board of Trustees of TARC Education Foundation.

TAN SRI DATUK DR. ARIS BIN OSMAN @ OTHMAN

Malaysian, male, aged 72, was appointed to the Board on 12 June 2006 as an Independent Non-Executive Director. He is also the Chairman of the Nominating Committee and a member of the Audit Committee. Tan Sri Datuk Dr. Aris holds a PhD in Development Economics and a MA in Political Economy from Boston University, a MA in Development Economics from Williams College, Massachusetts, U.S.A., and a Bachelor of Arts (Hons) in Analytical Economics from University of Malaya.

Tan Sri Datuk Dr. Aris had served in various positions in the Economic Planning Unit, Prime Minister's Department from 1966 to 1986. He was seconded to Bank Bumiputra Malaysia Berhad (now known as CIMB Bank Berhad), Kuala Lumpur as Chief General Manager (Corporate Planning, Financial Subsidiaries, Treasury, Human Resources) from 1986 to 1989. From 1989 to 1999, Tan Sri Datuk Dr. Aris was with the Ministry of Finance during which he served as Executive Director (South-East Asia Group) of the World Bank, Washington D.C. from 1991 to 1994 and Secretary General to the Treasury from 1998 to mid-1999. This was followed by an illustrious career in banking where he held the positions of Executive Chairman and Managing Director/Chief Executive Officer of Bank Pembangunan dan Infrastruktur Malaysia Berhad. He was the Chairman of Malaysia Airports Holdings Berhad until his retirement in June 2012. He retired from his positions as director of AMMB Holdings Berhad and AmInvestment Bank Berhad in August 2015. He is currently a member of the board of trustees of YTL Foundation.

DATO' YUSLI BIN MOHAMED YUSOFF

Malaysian, male, aged 57, was appointed to the Board on 4 October 2011 as an Independent Non-Executive Director. Dato' Yusli is also a member of the Nominating Committee.

Dato' Yusli graduated with a Bachelor of Economics from the University of Essex, England in 1981. He is a member of the Institute of Chartered Accountants, England & Wales, the Malaysian Institute of Accountants, the Malaysian Institute of Certified Public Accountants and is also an honorary member of the Institute of Internal Auditors Malaysia.

Dato' Yusli began his career in the field of accounting and auditing in England where he held the position of audit senior and trainee accountant with Peat Marwick Mitchell, London (1981-1986) and Chief Accountant with Hugin Sweda PLC, London (1986-1990). He then held various key positions in a

Profile of the Board of Directors

number of public listed and private companies in Malaysia including senior financial and general management roles within Renong Group before leaving as Chief Operating Officer/ Executive Director of Renong Berhad in 1995. He was Group Managing Director of Shapadu Corporation (1995-1996) and Chief General Manager of Sime Merchant Bankers Berhad (1996-1998) and served concurrently as Executive Vice Chairman of Intria Berhad and Managing Director of Metacorp Berhad (1998-1999) before venturing into stockbroking as the Chief Executive Director of CIMB Securities Sdn Bhd (2000-2004). He was the Chief Executive Officer/Executive Director of Bursa Malaysia Berhad (February 2004 to March 2011). He sat as a board member of the Capital Market Development Fund (2004-2011) and was chairman of the Association of Stockbroking Companies Malaysia (2003-2004). He also served as exco member of the Financial Reporting Foundation of Malaysia (2004-2011).

Dato' Yusli currently sits on the Board of Directors of Mudajaya Group Berhad, Mulpha International Berhad, AirAsia X Berhad, Westports Holdings Berhad, Australasia Resources & Minerals Bhd, and Infiniti Trustee Berhad. He is the President of the Malaysian Institute of Corporate Governance.

DATO' YEOH SOO MIN

Malaysian, female, aged 60, was appointed to the Board on 2 June 1997 as an Executive Director. She graduated with a Bachelor of Art (Hons) Degree in Accounting. She did her Articleship at Leigh Carr and Partners, London and has gained vast experience in accounting and management. She was responsible for the setting up of the Travel and Accounting Division of the YTL Group in December 1990. Dato' Yeoh Soo Min is currently responsible for the accounting and finance systems for the YTL Group. She is an Associate Fellow member of the Malaysian Institute of Management. She was the past President of the Women in Travel Industry. She is currently a Fellow of the Governors of International Students House, London and is a Trustee of Yayasan Tuanku Fauziah, IJN Foundation, and Women's Leadership Endowment Fund. She also holds directorships in YTL Corporation Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad and YTL Industries Berhad.

DATO' YEOH SEOK HONG

Malaysian, male, aged 57, was appointed to the Board on 18 October 1996 as an Executive Director. He obtained his Bachelor of Engineering (Hons) Civil & Structural Engineering Degree from the University of Bradford, United Kingdom in 1982. He is a member of the Faculty of Building, United Kingdom. In 2010, he was conferred an Honorary Doctor of Science degree by Aston University in the United Kingdom. Dato' Yeoh Seok Hong has vast experience in the construction industry, being the Executive Director responsible for the YTL Group construction division. He was the project director responsible for the development and the construction of the two Independent Power Producer power stations owned by YTL Power Generation Sdn Bhd. His other achievements include the construction of the Express Rail Link between the Kuala Lumpur International Airport and the Kuala Lumpur Sentral Station. He is also responsible for developing the power and utility businesses of the YTL Power International Berhad Group and the building of the fourth generation (4G) Worldwide Interoperability for Microwave Access (WiMAX) network by YTL Communications Sdn Bhd. He serves as an Executive Director of YTL Corporation Berhad and YTL Land & Development Berhad, both listed on the Main Market of Bursa Malaysia Securities Berhad. Dato' Yeoh Seok Hong also sits on the boards of other public companies such as YTL Cement Berhad and YTL Industries Berhad, and private utilities corporations, Wessex Water Limited and Wessex Water Services Limited in England and Wales, and YTL PowerSeraya Pte Limited in Singapore. He also sits on the board of trustees of YTL Foundation.

DATO' SRI MICHAEL YEOH SOCK SIONG

Malaysian, male, aged 56, was appointed to the Board on 21 October 1996 as an Executive Director. He graduated from University of Bradford, United Kingdom in 1983 with a Bachelor of Engineering (Hons) Civil & Structural Engineering Degree. Dato' Sri Michael Yeoh is primarily responsible for YTL Group Manufacturing Division which activities involve cement manufacturing and other building material industries. He serves as an Executive Director of YTL Corporation Berhad and YTL Land & Development Berhad, both listed on the Main Market of Bursa Malaysia Securities Berhad and YTL e-Solutions Berhad. He also sits on the boards of other public companies such as YTL Cement Berhad, YTL Industries Berhad, and YTL PowerSeraya Pte Limited in Singapore.

Profile of the Board of Directors

DATO' YEOH SOO KENG

Malaysian, female, aged 53, was appointed to the Board on 2 June 1997 as an Executive Director. She graduated with a Bachelor of Science (Hons) in Civil Engineering from Leeds University, United Kingdom in 1985. She started her career as the project director for the construction of the British High Commissioner's residence, Kuala Lumpur; the Design & Build of the National Art Gallery in Kuala Lumpur and the Selangor Medical Centre in Shah Alam. She was also in charge of a few turnkey projects such as the construction and completion of Yeoh Tiong Lay Plaza, Pahang Cement plant in Pahang and Slag Cement plants in Selangor and Johor. She heads the sales and marketing of the mobile internet of YTL Communications Sdn Bhd. She is also the purchasing director responsible for bulk purchases of building materials and related items for construction, hotels and resorts, and property development divisions of the YTL Group. She is instrumental in the sales and marketing of cement and related products for YTL Cement Berhad and Perak-Hanjoong Simen Sdn Bhd. She was the Chairman of Cement and Concrete Association from year 2013 to 2015. She is also a director of YTL Corporation Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad, YTL e-Solutions Berhad and YTL Cement Berhad. She is actively engaged in community work and is currently President of the Federal Territory Kuala Lumpur Branch of the Girl Guides Association Malaysia, and member of the board of the World Scout Foundation.

DATO' MARK YEOH SEOK KAH

Malaysian, male, aged 51, was appointed to the Board on 21 October 1996 as an Executive Director. He graduated from King's College, University of London, with an LLB (Hons) and was subsequently called to the Bar at Gray's Inn, London in 1988. He was awarded Fellowship of King's College London in July 2014.

Dato' Mark Yeoh joined YTL Group in 1989 and is presently the Executive Director responsible for the YTL Hotels and Resorts Division. In addition, he is also part of YTL Power's Mergers & Acquisitions Team and was involved in the acquisition of ElectraNet SA (Australia), Wessex Water Limited (UK), P.T. Jawa Power (Indonesia) and PowerSeraya Limited (Singapore). He serves as an Executive Director of YTL Corporation Berhad and YTL Land & Development Berhad, both listed on the Main Market of Bursa Malaysia Securities Berhad. He is a board member of YTL Cement Berhad and private utilities corporations, Wessex Water Limited and Wessex Water Services Limited in England and Wales, and YTL PowerSeraya Pte Limited in Singapore. He is also an Executive Director of Pintar Projek Sdn Bhd, the manager of YTL Hospitality REIT.

SYED ABDULLAH BIN SYED ABD. KADIR

Malaysian, male, aged 62, was appointed to the Board on 18 February 1997 as an Executive Director. He graduated from the University of Birmingham in 1977 with a Bachelor of Science (Engineering Production) and a Bachelor of Commerce (Economics) Double Degree. He has extensive experience in banking and financial services, having been with Bumiputra Merchant Bankers Berhad from 1984 to 1994, holding the position of general manager immediately prior to his departure from the bank. Prior to joining YTL Corporation Berhad Group, he was, from November 1994 to February 1996, the general manager of Amanah Capital Partners Berhad (now known as MIDF Amanah Capital Berhad), a company which has interests in, *inter alia*, discount, money broking, unit trusts, finance and fund management operations. He currently also serves on the boards of YTL Corporation Berhad which is listed on Bursa Malaysia Securities Berhad, and YTL e-Solutions Berhad.

FAIZ BIN ISHAK

Faiz Bin Ishak, Malaysian, male, aged 58, was appointed to the Board on 26 November 2015 as an Independent Non-Executive Director. He is also a member of Audit Committee. He became a gradute member of the Association of Chartered Certified Accountants (ACCA), United Kingdom, in 1982. He was admitted to Associateship and Fellowship of ACCA in 1993 and 1999, respectively.

He served in various roles related to finance in The New Straits Times Press (M) Berhad ("NSTP") from 1982 and his last appointment with NSTP was as Managing Director, which he held from 1999 to 2003. He joined Commerce Assurance Berhad (a licensed general insurance underwriter, now part of Allianz General Insurance Berhad) as Executive Director in 2003 and assumed the role of Chief Executive Officer from 2006 to 2007. He presently serves on the board of YTL Corporation Berhad which is listed on the Main Market of Bursa Malaysia Securities Berhad. He is also an entrepreneur in the retail food and beverages industry.

DETAILS OF ATTENDANCE OF DIRECTORS AT BOARD MEETINGS

During the financial year, a total of 5 Board meetings were held and the details of attendance are as follows:-

	Attendance
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	5
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping	5
Dato' Yeoh Seok Kian	5
Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng	5
Tan Sri Datuk Dr. Aris Bin Osman @ Othman	5
Dato' Yusli Bin Mohamed Yusoff	5
Dato' Yeoh Soo Min	5
Dato' Yeoh Seok Hong	5
Dato' Sri Michael Yeoh Sock Siong	5
Dato' Yeoh Soo Keng	5
Dato' Mark Yeoh Seok Kah	5
Syed Abdullah Bin Syed Abd. Kadir	5
Faiz Bin Ishak *(*Appointed on 26 November 2015)*	2*

Notes:

1. **Family Relationship with Director and/or Major Shareholder**

   Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay who is a deemed major shareholder of the Company, is the father of Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, Dato' Yeoh Seok Kian, Dato' Yeoh Soo Min, Dato' Yeoh Seok Hong, Dato' Sri Michael Yeoh Sock Siong, Dato' Yeoh Soo Keng and Dato' Mark Yeoh Seok Kah. Save as disclosed herein, none of the Directors has any family relationship with any director and/or major shareholder of the Company.

2. **Conflict of Interest**

   None of the Directors has any conflict of interest with the Company.

3. **Conviction of Offences (other than traffic offences)**

   None of the Directors has been convicted of any offences within the past five (5) years.

4. **Public Sanction or Penalty imposed**

   None of the Directors has been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

Profile of Key Senior Management

COLIN FRANK SKELLETT

British, male, aged 71, was appointed to the board of directors of Wessex Water Services Limited on 1 September 1988.

Colin is a chartered chemist and engineer by training. He has been working in the water industry for more than 40 years, holding a number of positions in the management and control of both water supply and sewage treatment.

He joined Wessex Water in 1974 and was appointed its Chief Executive in 1988. Colin oversaw the move from the public to the private sector and the transformation of Wessex Water into a highly rated UK public limited company.

Colin is currently Group Chief Executive of Wessex Water, Chairman of The Gainsborough Bath Spa Hotel and Thermae Bath Spa, non-executive Chairman of European Connoisseurs Travel and chair of the Venturers' Academy, a specialist autism free school. He chairs the Bath Abbey Appeal Board and is also the chair of the new YTL Land and Property UK business.

Colin was awarded an OBE for services to business and WaterAid in the 2012 Queen's Birthday Honours and has an Honorary Doctorate in Engineering from the University of the West of England, awarded in 2015.

CHAN SWEE HUAT

Singaporean, male, aged 60, was appointed to the board of directors of YTL PowerSeraya Pte Ltd on 16 October 2013.

He was also appointed the Chief Executive Officer of the YTL PowerSeraya Pte Ltd Group on 16 October 2013.

Prior to his current appointment, he was Senior Vice President of the Trading & Fuel Management Group, where he was responsible for the planning, development and implementation of effective business strategies in the areas of physical oil storage, bunkering and chartering.

Swee Huat is trained as a mechanical engineer with over 25 years of experience in business development, planning, and management of power plant assets. He initially joined YTL PowerSeraya Pte Ltd in 2001 and headed the Business Development Group. He had also served as Vice President of the Power Generation group for three years where he played a pivotal role in ensuring high plant efficiency and availability and maintained the competitive standing of the company in the new Electricity Market from 2004 to 2006.

LEE WING KUI

American, male, aged 49, was appointed the Chief Executive Officer of YTL Communications Sdn Bhd ("YTL Communications") on 1 November, 2009 and subsequently appointed as a member of the board of directors of YTL Communications on 3 March 2011.

As the CEO of YTL Communications, Wing maximises his expertise in innovative product development with a deep understanding of communications and internet technologies to deliver affordable, world-class quality products and services that improve the way people in Malaysia live, learn, work and play.

Prior to joining YTL Communications, Wing led next-generation mobile internet product development at Clearwire in the United States. Earlier, he spent 15 years at Sprint Nextel, where he held senior management positions leading product development, led Sprint's Innovation Program, and spearheaded IT Architecture for the launch of the first nationwide wireless data network in the United States.

Wing holds 22 U.S. patents in wireless and distributed systems and was recognised as the Asian American Engineer of the Year during the 2002 U.S. National Engineers Week.

A graduate of the University of Texas at Austin, Wing also holds an Executive Certificate in Management and Leadership from MIT's Sloan School of Management.

Notes:

None of the Key Senior Management has –

- any directorship in public companies and/or listed issuers;
- any family relationship with any Director and/or major shareholder of the Company;
- any conflict of interest with the Company;
- been convicted of any offences (other than traffic offences) within the past five (5) years; and
- been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

Statement of Directors' Responsibilities

The Directors are required by the Companies Act, 1965 ("the Act") and the Bursa Malaysia Securities Berhad Main Market Listing Requirements ("Listing Requirements") to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year and of the results and cash flows of the Group and of the Company for the financial year then ended.

In preparing the financial statements for the financial year ended 30 June 2016, the Directors have:

- considered the applicable approved accounting standards in Malaysia;
- used appropriate accounting policies and applied them consistently; and
- made judgements and estimates that are reasonable and prudent.

The Directors confirm that the financial statements have been prepared on a going concern basis.

The Directors are responsible for ensuring that the Group and the Company keep accounting records which disclose with reasonable accuracy the financial position of the Group and of the Company which enable them to ensure that the financial statements comply with the Act, Listing Requirements, Malaysian Financial Reporting Standards and International Financial Reporting Standards.

Audit Committee Report

COMPOSITION

Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng
(Chairman/Independent Non-Executive Director)

Tan Sri Datuk Dr. Aris Bin Osman @ Othman
(Member/Independent Non-Executive Director)

Faiz Bin Ishak
(Member/Independent Non-Executive Director)

TERMS OF REFERENCE

The terms of reference of the Audit Committee can be found under the "Governance" section on the Company's website at www.ytlpowerinternational.com.

NUMBER OF MEETINGS HELD AND DETAILS OF ATTENDANCE

During the financial year, a total of five (5) Audit Committee Meetings were held and the details of attendance are as follows:-

	Attendance
Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng	5
Tan Sri Datuk Dr. Aris Bin Osman @ Othman	5
Faiz Bin Ishak *(*Appointed on 26 November 2015)*	2*

SUMMARY OF WORK CARRIED OUT DURING FINANCIAL YEAR

The Audit Committee carried out the following work during the financial year ended 30 June 2016 in the discharge of its functions and duties:-

1. Financial Reporting

(a) Reviewed the following quarterly financial results and annual financial statements to ensure compliance with Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("Main LR"), Malaysian Financial Reporting Standards ("MFRS") and other statutory and regulatory requirements prior to their recommendation to the Board of Directors for approval:

- Quarterly financial results for the fourth quarter of financial year ended 30 June 2015, and the annual audited financial statements for the financial year ended 30 June 2015;
- First, second and third quarters of the quarterly results for the financial year ended 30 June 2016.

(b) Reviewed the variance analysis, in particular, the deviation of the profit after tax and minority interest in the audited financial statements for the financial year ended 30 June 2015 from that of the announced quarterly financial results for the financial year ended 30 June 2015 and confirmed that no obligation was triggered under Paragraph 9.19(35) of the Main LR.

2. External Audit

(a) Reviewed with the external auditors:-

- their status report, and final report on the audit of the financial statements for financial year ended 30 June 2015 setting out their comments and conclusions on the significant audit and accounting matters highlighted, including management's judgements, estimates and/or assessments made, and adequateness of disclosures in the financial statements. The review also covered the report on the IT General Controls (ITGC) review conducted on YTL Communications Sdn Bhd for financial year 2015 and an update on the prior financial year's findings, and internal control matters highlighted by the external auditors that arose during the course of their audit;
- the audit plan for the financial year ended 30 June 2016 outlining, amongst others, their scope of work, areas of audit emphasis, multi-location audit, and development in laws and regulations affecting financial reporting and the roles and responsibilities of directors/audit committee members and auditors. No new MFRS or amendments to MFRS which were effective for financial year beginning on or after 1 July 2015 were identified;
- the profiles of the audit engagement team covering assurance from PwC Malaysia, Singapore and Australia, and specialised audit support (tax, advisory, and IT risk assurance) which enabled the Audit Committee to assess their qualification, expertise, resources, and independence, as well as the effectiveness of the audit process. The external auditors also confirmed their independence in each of the reports presented to the Audit Committee and that they had reviewed and were not aware of any non-audit services provided to the Group which had compromised their independence.

(b) Reviewed the audit fees proposed by the external auditors and recommended the same to the Board of Directors for approval.

(c) Had discussions with the external auditors twice in 2015, namely in May and September, without the presence of management, to discuss matters concerning the audit for the financial year ended 30 June 2015. No areas of concern were raised that needed the attention of the Board of Directors. There was full support and good co-operation from management and employees of the Company.

3. Internal Audit

(a) Reviewed with the internal auditors the internal audit reports (including follow-up review reports) on their findings and recommendations, management's responses and/or actions taken thereto, and ensured that material findings were satisfactorily addressed by management. Also took note of the salient findings set out in the internal audit reports reviewed by the audit committees of Wessex Water Limited group and YTL PowerSeraya Pte Limited group;

(b) Reviewed and adopted the internal audit risk analysis reports for 2015 and 2016. Internal audit would leverage on the Group's risk analysis to focus on the business processes and relevant areas that address the key risks identified. The purpose is to achieve an appropriate level of risk based audit coverage and to assist in fulfilling the Group's overall business objectives. Also received reports from the risk management committee YTL PowerSeraya Pte Limited which included the risk register update. Risk management and internal control reports of the significant associated corporations, P.T. Jawa Power and Electranet Pty Ltd were also submitted to the Audit Committee;

(c) Reviewed and adopted the risk-based internal audit plan for financial year ending 30 June 2017 to ensure sufficient scope and coverage of activities of the Company and the Group;

(d) Reviewed internal audit resourcing, with focus on ensuring that the function has the right calibre of resource in place.

4. Recurrent Related Party Transactions of a Revenue or Trading Nature ("RRPT")

(a) Reviewed, on a quarterly basis, the RRPT entered into by the Company and/or its subsidiaries with related parties to ensure that the Group's internal policies and procedures governing RRPT are adhered to, the terms of the shareholder mandate are not contravened, and disclosure requirements of the Main LR are observed;

(b) Received updates on the directorships and shareholdings held by the Directors of the Company and persons connected with them via the general notices given under and in accordance with Section 131 of the Companies Act, 1965. These disclosures enabled an assessment of the potential or actual conflicts of interest which may arise in relation to related party transactions or RRPT;

(c) Reviewed the 2015 circular to shareholders in relation to the renewal of shareholder mandate for RRPT, prior to its recommendation to the Board of Directors for approval.

5. Annual Report

(a) Reviewed the Audit Committee Report, and Statement on Risk Management and Internal Control before recommending these to the Board of Directors for approval for inclusion in 2015 Annual Report.

6. Other Matters

(a) In conjunction with a Board of Directors' meeting of the Company held at the registered office of Wessex Water Services Limited in September 2015, the Audit Committee, together with several other members of the Board of Directors, visited Wessex operation sites which included the Scientific Centre, Bristol sewage treatment works at Avonmouth, Geneco's food waste plant and gas to grid facility, and the Filton development site. The visit was a useful part of the Company's broader director education program and it enabled the Audit Committee to gain first hand insight into the operational and control environment.

Audit Committee Report

INTERNAL AUDIT FUNCTION

The objective of the Internal Audit ("IA") is to help management evaluate the effectiveness and efficiency of the internal control systems. The IA is part of the Company and the Group's governance system, and according to the Malaysian Code of Corporate Governance, the IA is in charge of supervising internal control activities. IA's goal is to focus mainly on risk-based audits related to operations and compliance that are aligned with the risks of the Company and the Group to ensure that the relevant controls addressing those risks are reviewed.

During the year, the IA Department evaluated the adequacy and effectiveness of key controls in responding to risks within the organisation's governance, operations and information systems regarding:-

- Reliability and integrity of financial and operational information;
- Effectiveness and efficiency of operations;
- Safeguarding of assets; and
- Compliance with relevant laws, regulations and contractual obligations.

The work of the internal audit function during the year under review include:-

1. Developed the annual internal audit plan and proposed the plan to the Audit Committee.

2. Conducted scheduled and special internal audit engagements, focusing primarily on the effectiveness of internal controls and recommended improvements where necessary.

3. Conducted follow-up reviews to assess if appropriate action has been taken to address issues highlighted in previous audit reports.

4. Presented significant audit findings and areas for improvements raised by the IA to the Audit Committee for consideration on the recommended corrective measures together with the management's response.

5. Conducted recurrent related party transactions reviews to assess accuracy and completeness of reporting, and ensure compliance with the Main LR.

6. Conducted discussions with management in identifying significant concerns and risk areas perceived by management for inclusion in the internal audit plan.

Costs amounting to RM1,118,920 were incurred in relation to the internal audit function for the financial year ended 30 June 2016.

Nominating Committee Statement

NOMINATING COMMITTEE ("NC")

The NC assists the Board of Directors of YTL Power International Berhad (the "Company") ("Board") in discharging its responsibilities by overseeing the selection and assessment of Directors to ensure that the composition of the Board meets the needs of the Company and its subsidiaries ("YTL Power Group").

The terms of reference of the NC can be found under the "Governance" section on the Company's website at www.ytlpowerinternational.com.

Members of the NC are as follows:-

- Tan Sri Datuk Dr Aris bin Osman @ Othman *(Chairman)*
- Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng
- Dato' Yusli bin Mohamed Yusoff

The NC met three times during financial year ended 30 June 2016, attended by all members at every meeting.

ACTIVITIES OF THE NC FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

(a) Board nomination and election process and criteria used

The NC is responsible for considering and making recommendations to the Board candidates for directorship when the need arises such as to fill a vacancy arising from resignation or retirement or to close any skills, competencies or diversity gap that has been identified. Candidates may be proposed by the Managing Director or any Director or shareholder and must fulfil the requirements prescribed under the relevant laws and regulations for appointment as director. In assessing the suitability of a candidate, the NC will take into consideration the candidate's skills, knowledge, expertise, competence and experience, time commitment, character, professionalism and integrity. For the position of independent non-executive director, the NC will evaluate the candidate's ability to discharge such responsibilities as expected from an independent non-executive director.

i. Review of Director proposed for appointment

Following the retirement of Dato' (Dr) Yahya bin Ismail at the conclusion of the 2015 AGM, the NC was tasked with assessing and recommending to the Board the appointment of a new independent director to fulfil the requirements of Paragraphs 15.02(1) and 15.09(1)(a) of Bursa Malaysia Securities Berhad Main Market Listing Requirements ("Main LR").

To assist in identifying whether additional skills and competencies required representation on the Board as a result of the vacancy created, a summary of the Board composition and its balance of skills, knowledge, experience and diversity was reviewed. Several potential candidates were considered by the Managing Director and it was suggested that Encik Faiz bin Ishak's ("Encik Faiz") name be put forward to the NC for evaluation on his suitability.

The NC evaluated Encik Faiz's background, knowledge, experience, skills, and external appointments and the associated time commitments of these roles to ensure that they would not impact his commitment to the Company. As Encik Faiz is also on the board of the Company's holding company, the NC already has some insights into his character, integrity and attributes and whether he would be a right fit to and complement the Board. The NC was also assured of Encik Faiz's independence through a signed confirmation of his fulfilment of the criteria for an independent director as prescribed in the Main LR. Having completed this process, the NC was confident that Encik Faiz will contribute positively to the work of the Board and recommended his candidacy to the Board.

ii. Review of Directors proposed for re-election/re-appointment

In accordance with Article 84 of the Articles of Association of the Company ("Article 84"), Directors are to be elected at every annual general meeting when one-third of the Directors longest in office shall retire, subject always to the requirement that all Directors shall retire from office once at least in each three years, and if eligible, may offer themselves for re-election.

Further, a director who was appointed during the year to fill a casual vacancy is required under Article 90 of the Articles of Association of the Company ("Article 90"), to retire from office, and if eligible, may offer himself/herself for re-election.

Pursuant to Section 129 of the Companies Act, 1965 ("Section 129"), the office of a director of or over the age of 70 years becomes vacant at every annual general meeting unless he/she is re-appointed by a resolution passed by the shareholders at such general meeting.

Nominating Committee Statement

In June 2016, based on the results of the assessment undertaken for the financial year, the NC resolved to recommend to the Board that:-

- Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng, Dato' Yeoh Seok Kian, Dato' Yeoh Seok Hong, and Tuan Syed Abdullah bin Syed Abd Kadir, who are due to retire pursuant to Article 84 at the Twentieth Annual General Meeting of the Company ("AGM"), stand for re-election;
- Encik Faiz, who is due to retire pursuant to Article 90 at the AGM, stand for re-election;
- Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay, and Tan Sri Datuk Dr Aris bin Osman @ Othman, who are all over the age of 70 years and due to retire pursuant to Section 129 at the AGM, stand for re-appointment.

Both Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng and Tan Sri Datuk Dr Aris bin Osman @ Othman abstained from deliberations at the NC meeting on their own re-election and re-appointment, respectively.

The Board, save for the members who had abstained from deliberations on their own re-election/re-appointment, supported the NC's views and recommends that shareholders vote in favour of the resolutions for their re-election/re-appointment at the forthcoming AGM.

iii. Review of Directors proposed for continuing in office as Independent Non-Executive Directors ("INED")

As part of the annual assessment of Directors and in accordance with Recommendation 3.1 of the Malaysian Code on Corporate Governance 2012, an assessment of independence was conducted on the INED. In addition to the criteria for independence prescribed in the Main LR and Practice Note 13, the INED were assessed on their ability and commitment to continue to bring independent and objective judgement to board deliberations.

During the course of their respective independence evaluations, Tan Sri Datuk Dr Aris bin Osman @ Othman and Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng had respectively expressed their reservation on continuing in office as INED due to the perception, doubt and focus cast on the independence of long-serving directors arising from the corporate governance recommendation that the tenure of independent directors be capped at 9 years. Despite having confirmed and maintained their independence, they felt it best that their positions be decided by the Board. The NC appreciated their candour and that they continue to be valuable and independent contributors to the Board.

The Board respected the views of Tan Sri Datuk Dr Aris bin Osman @ Othman and Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng as each brings with him a different wealth of expertise, wisdom and experience. The Board also appreciated that they continue to exhibit exemplary level of integrity, professionalism and commitment to the YTL Power Group. Both Tan Sris possess collegial attributes yet remain objective and independent in their views and participate actively and candidly in Board deliberations.

For these reasons, the Board, save for Tan Sri Datuk Dr Aris bin Osman @ Othman and Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng, who had abstained from deliberations on the matter, is satisfied with the skills, contributions and independent judgment that Tan Sri Datuk Dr Aris bin Osman @ Othman and Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng bring to the Board. The Board, save for Tan Sri Datuk Dr Aris bin Osman @ Othman and Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng, recommends and supports the resolutions for their continuing in office as INED of the Company which will be tabled for shareholders' approval at the forthcoming AGM.

(b) Annual assessment

In May 2016, the NC carried out its annual assessment of the effectiveness of the Board as a whole, the Board Committees and individual Directors. The assessment exercise was facilitated by the Company Secretary and took the form of completion of questionnaires/evaluation forms comprising a Board and Board Committees Effectiveness Evaluation Form, and Individual Director Performance Evaluation Form.

In evaluating the effectiveness of the Board, several areas were reviewed including the composition, degree of independence, right mix of expertise, experience and skills, quality of information and decision making, and boardroom activities. Board Committees were assessed on their composition, expertise, and whether their functions and responsibilities were effectively discharged in accordance with their respective terms of reference.

The assessment of the individual Directors covered areas such as calibre, character/personality, conduct, integrity, knowledge, experience, time commitment, competency,

Nominating Committee Statement

participation in board decisions, acknowledgement of potential conflicts of interest when they arise and abstained from participation in deliberation and voting.

Results of the assessment were summarised and discussed at the NC meeting held in June 2016 and reported to the Board by the Chairman of the NC. These results form the basis of the NC's recommendations to the Board for the re-election and re-appointment of Directors at the AGM.

(c) Review of the NC Statement for financial year ended 30 June 2015

The NC Statement was reviewed by the NC prior to its recommendation to the Board for approval for publication/update on the Company's website.

Policy on Board Composition

As the Board's overriding aim is to maintain a strong and effective Board, it seeks to ensure that all appointments are made on merit, taking into account the collective balance of elements such as skills, experience, age, gender, ethnicity, background and perspective. The Board recognises the importance of encouraging and developing female talent at all levels. Currently, two or 22% of the Company's Executive Directors are women and they make up 15% of the full Board. Although it has not set any specific measurable objectives, the Board intends to continue its current approach to diversity in all aspects while at the same time seeking Board members of the highest calibre, and with the necessary strength, experience and skills to meet the needs of the Company.

Induction, training and development of Directors

Upon joining the Board, a newly appointed Director will be given an induction pack containing the Company's annual report, Memorandum & Articles of Association, and schedule of meetings of the Board and Committee (if the Director is also a Committee member) which will serve as an initial introduction to the YTL Power Group as well as an ongoing reference.

The Board, through the NC, assesses the training needs of its Directors on an ongoing basis by determining areas that would best strengthen their contributions to the Board.

Besides the findings from the annual performance assessment of Directors, which provide the NC with useful insights into the training needs of the Directors, each Director is requested to identify appropriate training that he/she believes will enhance his/her contribution to the Board.

The Board has taken steps to ensure that its members have access to appropriate continuing education programmes. The Company Secretary facilitates the organisation of in-house development programmes and keeps Directors informed of relevant external training programmes.

During the financial year ended 30 June 2016, the following three in-house training programmes were organised for the Directors:

- Trans-Pacific Partnership Agreement (TPPA): Enhancing Trade and Investment, Economic Growth and Development;
- Harnessing the Power of Disruption and Disrupting Beliefs for Strategic Advantage;
- Risk Oversight Practices, Corporate Culture and Enterprise Risk Management.

Nominating Committee Statement

All the Directors have undergone training programmes during the financial year ended 30 June 2016. The conferences, seminars and training programmes attended by one or more of the Directors covered the following areas:-

Seminars/Conferences/Training	Attended by
Corporate Governance ("CG")/ Risk Management & Internal Controls	
• Board Chairman Series: Tone from the Chair and Establishing Boundaries (15 September 2015)	Dato' Yusli bin Mohamed Yusoff ("Dato' Yusli")
• Special Forum on Integrity in Public & Private Partnership (18 September 2015)	Dato' Yusli
• CG Breakfast Series with Directors: Board Reward & Recognition (26 November 2015)	Dato' Yusli
• Corporate Integrity Pledge Conference (8 December 2015)	Dato' Yusli
• CG Breakfast Series with Directors: Future of Auditor Reporting – The Game Changer for Boardroom (9 March 2016)	Dato' Yusli
• Breakfast Series with Corporate Directors: Risk Assurance (24 March 2016)	Dato' Yeoh Seok Kian ("Dato' YS Kian")
• CG Breakfast Series with Directors: The Strategy, The Leadership, The Stakeholders and The Board (6 May 2016)	Tuan Syed Abdullah bin Syed Abd Kadir ("Syed Abdullah")
• Harnessing the Power of Disruption and Disrupting Beliefs for Strategic Advantage (27 May 2016)	Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay ("Tan Sri Yeoh Tiong Lay") Tan Sri Dato' (Dr) Francis Yeoh Sock Ping ("Tan Sri Francis Yeoh") Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng ("Tan Sri Dato' Lau YP") Dato' Yeoh Soo Min ("Dato' Y Soo Min") Dato' Mark Yeoh Seok Kah ("Dato' Mark Yeoh") Encik Faiz bin Ishak ("Faiz Ishak")
• Risk Oversight Practices, Corporate Culture and Enterprise Risk Management (24 June 2016)	Tan Sri Yeoh Tiong Lay Tan Sri Francis Yeoh Dato' Y Soo Min Syed Abdullah Faiz Ishak
Trade/Economic Development, Sustainability	
• An Evening of Stimulating Lectures with St. Anne's College, University of Oxford – *"Nuclear Future of Malaysia"* and *"Malaysia and Biodiversity Conservation in Southeast Asia"* (21 July 2015)	Tan Sri Yeoh Tiong Lay Tan Sri Dato' Lau YP Dato' Yeoh Seok Hong ("Dato' YS Hong")
• Launching of the Malaysia Biomass Industries Review (30 July 2015)	Tan Sri Dato' Lau YP

Nominating Committee Statement

Seminars/Conferences/Training	Attended by
• 7th World Chinese Economic Summit 2015 (10 & 11 November 2015)	Tan Sri Francis Yeoh
• 2nd ASEAN Business Summit 2015 (4 December 2015)	Tan Sri Francis Yeoh
• International Biomass Conference Malaysia 2015 (8 & 9 December 2015)	Tan Sri Dato' Lau YP
• Forum on Enhancing the 21st Century Maritime Silk Road through Malaysia (14-16 December 2015)	Tan Sri Dato' Lau YP
• World Economic Forum Annual Meeting 2016 (20-23 January 2016)	Tan Sri Francis Yeoh Dato' YS Hong
• Sustainability Engagement Series: Succession plan for Human Resource Development and Executives (1 April 2016)	Tan Sri Datuk Dr Aris bin Osman @ Othman ("Tan Sri Aris")
• Trans-Pacific Partnership Agreement (TPPA): Enhancing Trade and Investment, Economic Growth and Development (10 May 2016)	Tan Sri Yeoh Tiong Lay Tan Sri Aris Dato' Y Soo Min Dato' Mark Yeoh Dato' Yeoh Soo Keng ("Dato' Y Soo Keng") Syed Abdullah Faiz Ishak
• Belt and Road Summit (18 May 2016)	Tan Sri Francis Yeoh
• Socio-Economic Research Centre (SERC) Global Economic Conference 2016 (30 May 2016)	Tan Sri Dato' Lau YP
• World Economic Forum on ASEAN 2016 (1 & 2 June 2016)	Tan Sri Francis Yeoh Dato' YS Kian
Leadership, Legal, Corporate Social Responsibility, and Business Management	
• Media Talk on Media Outlook 2015/2016 in Malaysia (6 August 2015)	Tan Sri Dato' Lau YP
• Leaps of Knowledge: The Classroom Reimagined (31 October 2015)	Dato' Y Soo Min
• Leadership Roles in Innovation and Change Management (26-29 November 2015)	Tan Sri Dato' Lau YP
• Workshop on Compensation & Benefits (2 December 2015)	Dato' Y Soo Min
• Suruhanjaya Syarikat Malaysia Annual Dialogue 2015 (15 December 2015)	Dato' Yusli

Nominating Committee Statement

Seminars/Conferences/Training	Attended by
• YTL Leadership Conference 2015 (17 & 18 December 2015)	Tan Sri Yeoh Tiong Lay Tan Sri Francis Yeoh Tan Sri Dato' Lau YP Tan Sri Aris Dato' YS Kian Dato' Yusli Dato' Y Soo Min Dato' YS Hong Dato' Sri Michael Yeoh Sock Siong Dato' Mark Yeoh Dato' Y Soo Keng Syed Abdullah Faiz Ishak
• Ring the Bell for Gender Equality (11 March 2016)	Dato' Y Soo Min
• Global Child Forum on Southeast Asia (5 May 2016)	Dato' Y Soo Min
• Honour International Symposium 2016 (19 May 2016)	Tan Sri Francis Yeoh
• Leaps of Knowledge: Your World Reimagined (28 May 2016)	Dato' Y Soo Min
• Amendments to Bursa Malaysia Securities Berhad Listing Requirements (1 June 2016)	Tan Sri Aris Syed Abdullah Faiz Ishak
• HSBC Non-Executive Directors Forum (15 & 16 June 2016)	Tan Sri Francis Yeoh

Statement on Corporate Governance

for the financial year ended 30 June 2016

The Board of Directors ("Board") of YTL Power International Berhad ("YTL Power" or "Company") remains firmly committed to ensuring an appropriate and sound system of corporate governance throughout the Company and its subsidiaries ("YTL Power Group"). The YTL Power Group has a long-standing commitment to corporate governance and protection of shareholder value, which has been integral to the YTL Power Group's achievements and strong financial profile to date.

The YTL Power Group's corporate governance structure is a fundamental part of the Board's responsibility to protect and enhance long-term shareholder value and the financial performance of the YTL Power Group, whilst taking into account the interests of all stakeholders.

In implementing its governance system and ensuring compliance with the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities"), the Board has been guided by the principles and recommendations of the Malaysian Code on Corporate Governance 2012 ("Code").

The Board is satisfied that the Company has, in all material aspects, complied with the principles and recommendations of the Code for the financial year ended 30 June 2016. This statement explains the Company's application of the principles and compliance with the recommendations as set out in the Code for the financial year under review, including, where otherwise indicated, explanations of its alternative measures and processes.

ROLES & RESPONSIBILITIES OF THE BOARD

YTL Power is led and managed by an experienced Board with a wide and varied range of expertise to address and manage the complexity and scale of the YTL Power Group's operations. This broad spectrum of skills and experience ensures the YTL Power Group is under the guidance of an accountable and competent Board. The Directors recognise the key role they play in charting the strategic direction, development and control of the YTL Power Group. Key elements of the Board's stewardship responsibilities include those set out in the Code:

- Reviewing and adopting strategic plans for the YTL Power Group;
- Overseeing the conduct of the YTL Power Group's business operations and financial performance;
- Identifying principal risks affecting the YTL Power Group's businesses and maintaining a sound system of internal control and mitigation measures;
- Succession planning;
- Overseeing the development and implementation of shareholder communications policies; and
- Reviewing the adequacy and integrity of the YTL Power Group's management information and internal controls system.

The Managing Director and Executive Directors are accountable to the Board for the profitability and development of the YTL Power Group, consistent with the primary aim of enhancing long-term shareholder value. The Independent Non-Executive Directors have the experience and business acumen necessary to carry sufficient weight in the Board's decisions and the presence of these Independent Non-Executive Directors brings an additional element of balance to the Board as they do not participate in the day-to-day running of the YTL Power Group.

The roles of Executive and Non-Executive Directors are differentiated, both having fiduciary duties towards shareholders. Executive Directors have a direct responsibility for business operations whereas Non-Executive Directors have the necessary skill and experience to bring an independent judgement to bear on issues of strategy, performance and resources brought before the Board. The Executive Directors are collectively accountable for the running and management of the YTL Power Group's operations and for ensuring that strategies are fully discussed and examined, and take account of the long-term interests of shareholders, employees, customers, suppliers and the many communities in which the YTL Power Group conducts its business.

The Directors also observe and adhere to the Code of Ethics for Company Directors established by the Companies Commission of Malaysia, which encompasses the formulation of corporate accountability standards in order to establish an ethical corporate environment.

In the discharge of their responsibilities, the Directors have established functions which are reserved for the Board and those which are delegated to management. Key matters reserved for the Board's approval include overall strategic direction, business expansion and restructuring plans, material acquisitions and disposals, expenditure over certain limits, issuance of new securities and capital alteration plans. Further information on authorisation procedures, authority levels and other key processes can also be found in the ***Statement on Risk Management & Internal Control*** set out in this Annual Report.

The Board believes sustainability is integral to the long-term success of the YTL Power Group. Further information on the YTL Power Group's sustainability activities can be found in the ***Chairman's Statement*** in this Annual Report.

Statement on Corporate Governance

for the financial year ended 30 June 2016

The Board's functions are governed and regulated by the Memorandum and Articles of Association of the Company and the various applicable legislation, Listing Requirements and other regulations and codes. The Board's charter was formalised during the financial year ended 30 June 2014 and a copy can be found under the "Governance" section on the Company's website at **www.ytlpowerinternational.com**.

Board meetings are scheduled with due notice in advance at least 5 times in a year in order to review and approve the annual and interim financial results. Additional meetings may also be convened on an ad-hoc basis when significant issues arise relating to the YTL Power Group and when necessary to review the progress of its operating subsidiaries in achieving their strategic goals. The Board met 5 times during the financial year ended 30 June 2016.

The Directors are fully apprised of the need to determine and disclose potential or actual conflicts of interest which may arise in relation to transactions or matters which come before the Board. In accordance with applicable laws and regulations, the Directors formally disclose any direct or indirect interests or conflicts of interests in such transactions or matters as and when they arise and abstain from deliberations and voting at Board meetings as required.

The Directors have full and unrestricted access to all information pertaining to the YTL Power Group's business and affairs to enable them to discharge their duties. Prior to each Board meeting, all Directors receive the agenda together with a comprehensive set of Board papers encompassing qualitative and quantitative information relevant to the business of the meeting. This allows the Directors to obtain further explanations or clarifications, where necessary, in order to be properly briefed before each meeting.

Board papers are presented in a consistent, concise and comprehensive format, and include, where relevant to the proposal put forward for the Board's deliberation, approval or knowledge, progress reports on the YTL Power Group's operations and detailed information on corporate proposals, major fund-raising exercises and significant acquisitions and disposals. Where necessary or prudent, professional advisers may be on hand to provide further information and respond directly to Directors' queries. In order to maintain confidentiality, Board papers on issues that are deemed to be price-sensitive may be handed out to Directors during the Board meeting.

All Directors have full access to the advice and services of the Company Secretary who consistently ensures that Board procedures are adhered to at all times during meetings and advises the Board on matters including corporate governance issues and the Directors' responsibilities in complying with relevant legislation and regulations. The Company Secretary works very closely with management for timely and appropriate information, which will then be passed on to the Directors. In accordance with the Board's procedures, deliberations and conclusions in Board meetings are recorded by the Company Secretary, who ensures that accurate and proper records of the proceedings of Board meetings and resolutions passed are recorded and kept in the statutory register at the registered office of the Company.

The Company Secretary is a Fellow of the Chartered Association of Certified Accountants, a registered member of the Malaysian Institute of Accountants and an affiliate member of the Malaysian Institute of Chartered Secretaries and Administrators, and is qualified to act as Company Secretary under Section 139A of the Companies Act 1965. During the financial year under review, the Company Secretary attended training, seminars and regulatory briefings and updates relevant for the effective discharge of her duties.

COMPOSITION & INDEPENDENCE OF THE BOARD

The Board currently has 13 Directors, comprising 9 executive members and 4 non-executive members, all 4 of whom are independent. This provides an effective check and balance in the functioning of the Board, and complies with the Listing Requirements, which require one-third of the Board to be independent.

In accordance with the Company's Articles of Association, at least one-third of the Directors are required to retire from office at each Annual General Meeting ("AGM") and may offer themselves for re-election by rotation. Directors who are appointed by the Board during the financial year are subject to re-election by shareholders at the next AGM held following their appointments. Directors who are over seventy years of age are required to submit themselves for re-appointment by shareholders annually in accordance with Section 129 of the Companies Act 1965. The names of Directors seeking re-election at the forthcoming AGM are disclosed in the ***Notice of Annual General Meeting***, which can be found in this Annual Report. The details of the Directors can be found in the ***Profile of the Board of Directors*** set out in this Annual Report and this information is also available under the "Governance" section on the Company's website at **www.ytlpowerinternational.com**.

The Nominating Committee, which was established by the Board on 23 May 2013, is now responsible for assessing suitable candidates for appointment to the Board for approval, taking into account the required mix of skills, experience and expertise of members of the Board before submitting its recommendation to the Board for decision. Further information on the activities of the Nominating Committee can be found in the ***Nominating Committee Statement*** set out in this Annual Report. This information is also available under the "Governance" section on the Company's website at **www.ytlpowerinternational.com**.

Statement on Corporate Governance

for the financial year ended 30 June 2016

Directors' remuneration is decided in line with the objective recommended by the Code to determine the remuneration for Directors so as to attract, retain, motivate and incentivise Directors of the necessary calibre to lead the YTL Power Group successfully. In general, the remuneration of the Directors is reviewed against the performance of the individual and the YTL Power Group. The Executive Directors' remuneration consists of basic salary, other emoluments and other customary benefits as appropriate to a senior management member. The component parts of remuneration are structured so as to link rewards to performance. Directors do not participate in decisions regarding their own remuneration packages and Directors' fees must be approved by shareholders at the AGM.

Details of the aggregate remuneration of Directors categorised into appropriate components and the range of remuneration for each Director can be found in ***Note 7*** in the ***Notes to the Financial Statements*** in this Annual Report. Details are not shown with reference to Directors individually, both for security reasons and because the Board believes that such information will not add significantly to the understanding and evaluation of the YTL Power Group's standards of corporate governance.

In order to ensure balance of authority and accountability, the roles of the Executive Chairman and the Managing Director are separate and distinct, and these positions are held by separate members of the Board. The Executive Chairman is primarily responsible for the orderly conduct and effectiveness of the Board whereas the Managing Director oversees the day-to-day running of the business, implementation of Board policies and making of operational decisions, in addition to advancing relationships with regulators and all other stakeholders. Whilst the Code recommends that the Chairman should be a non-executive member, the Board is of the view that its existing measures, including the delineation of the roles and duties of the Managing Director and the Executive Chairman and the presence of independent oversight by the Independent Non-Executive Directors, are sufficient to ensure the balance of accountability and authority within the Board.

BOARD COMMITMENT

In accordance with the Listing Requirements, each member of the Board holds not more than five directorships in public listed companies. This ensures that their commitment, resources and time are focused on the affairs of the YTL Power Group thereby enabling them to discharge their duties effectively. The details of each Director's attendance of Board meetings can be found in the ***Profile of the Board of Directors*** whilst details of the training programmes attended during the year under review are disclosed in the ***Nominating Committee Statement*** in this Annual Report. This information is also available under the "Governance" section on the Company's website at **www.ytlpowerinternational.com**.

INTEGRITY IN FINANCIAL REPORTING

The Company has in place an Audit Committee which comprises 3 Non-Executive Directors in compliance with the Listing Requirements which require all the members of the Audit Committee to be non-executive members. The Audit Committee holds quarterly meetings to review matters including the YTL Power Group's financial reporting, the audit plans for the financial year and recurrent related party transactions, as well as to deliberate the findings of the internal and external auditors.

The Audit Committee met 5 times during the financial year ended 30 June 2016. Full details of the composition and a summary of the work carried out by the Audit Committee during the financial year can be found in the ***Audit Committee Report*** set out in this Annual Report. This information and the terms of reference of the Audit Committee are available under the "Governance" section on the Company's website at **www.ytlpowerinternational.com**.

The Audit Committee has established formal and professional arrangements for maintaining an appropriate relationship with the Company's external auditors, Messrs Pricewaterhouse Coopers ("PwC Malaysia"). The external auditors also attend each AGM in order to address clarifications sought pertaining to the audited financial statements by shareholders.

Details of the audit and non-audit fees paid/payable to PwC Malaysia for the financial year ended 30 June 2016 are as follows:-

	Company RM'000	Group RM'000
Statutory audit fees paid/payable to:-		
– PwC Malaysia	580	630
– Affiliates* of PwC Malaysia	–	648
Total	580	1,278
Non-audit fees paid/payable to:-		
– PwC Malaysia	31	249
– Affiliates* of PwC Malaysia	74	357
Total	105	606

* *Member firms of an organisation which are separate and independent legal entities from PwC Malaysia*

The Directors are responsible for ensuring that financial statements are drawn up in accordance with the Companies Act 1965, the Listing Requirements, applicable Malaysian Financial Reporting Standards and International Financial Reporting Standards. The ***Statement of Directors' Responsibilities*** made pursuant to Section 169 of the Companies Act 1965 is set out in this Annual Report.

Statement on Corporate Governance

for the financial year ended 30 June 2016

In presenting the financial statements, the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, to present a true and fair assessment of the Company's position and prospects. Interim financial statements were reviewed by the Audit Committee and approved by the Board prior to release to Bursa Securities.

RISK MANAGEMENT

The Board acknowledges its overall responsibility for maintaining a sound system of risk management and internal control to safeguard the investment of its shareholders and the YTL Power Group's assets. Details of the YTL Power Group's system of risk management and internal control and its internal audit function are contained in the ***Statement on Risk Management & Internal Control*** and the ***Audit Committee Report*** as set out in this Annual Report.

CORPORATE DISCLOSURE & COMMUNICATION WITH SHAREHOLDERS

The YTL Power Group values dialogue with investors and constantly strives to improve transparency by maintaining channels of communication with shareholders and investors that enable the Board to convey information about performance, corporate strategy and other matters affecting stakeholders' interests. The Board believes that a constructive and effective investor relationship is essential in enhancing shareholder value and recognises the importance of timely dissemination of information to shareholders.

Accordingly, the Board ensures that shareholders are kept well-informed of any major development of the YTL Power Group. Such information is communicated through the Annual Report, the various disclosures and announcements to Bursa Securities, including quarterly and annual results, and corporate websites. Corporate information, annual financial results, governance information, business reviews and future plans are disseminated through the Annual Report, whilst current corporate developments are communicated via the Company's corporate website at **www.ytlpowerinternational.com** and the YTL Corporation Berhad Group's community website at **www.ytlcommunity.com**, in addition to prescribed information, including its interim financial results, announcements, circulars, prospectuses and notices, which is released through the official website of Bursa Securities.

The Managing Director and the Executive Directors meet with analysts, institutional shareholders and investors throughout the year not only to promote the dissemination of the YTL Power Group's financial results but to provide updates on strategies and new developments to ensure better understanding of the YTL Power Group's operations and activities. Presentations based on permissible disclosures are made to explain the YTL Power Group's performance and major development programs. Whilst efforts are made to provide as much information as possible to its shareholders and stakeholders, the Directors are cognisant of the legal and regulatory framework governing the release of material and sensitive information so as to not mislead its shareholders. Therefore, the information that is price-sensitive or that may be regarded as undisclosed material information about the YTL Power Group is not disclosed to any party until after the prescribed announcement to Bursa Securities has been made.

The AGM is the principal forum for dialogue with shareholders. The Board provides opportunities for shareholders to raise questions pertaining to issues in the Annual Report, corporate developments in the YTL Power Group, the resolutions being proposed and the business of the YTL Power Group in general at every general meeting of the Company. The notice of the AGM and a circular to shareholders in relation to the renewal of the Company's share buy-back and recurrent related party transactions mandates, if applicable, are sent to shareholders at least 21 days prior to the AGM in accordance with the Listing Requirements and the Companies Act 1965 in order to enable shareholders to review the YTL Power Group's financial and operational performance for the financial year and to fully evaluate new resolutions being proposed.

The Managing Director and Executive Directors take the opportunity to present a comprehensive review of the progress and performance of the YTL Power Group and provide appropriate answers in response to shareholders' questions during the meeting, thereby ensuring a high level of accountability, transparency and identification with the YTL Power Group's business operations, strategy and goals. Each item of special business included in the notice of the meeting is accompanied by an explanatory statement for the proposed resolution to facilitate full understanding and evaluation of the issues involved.

The rights of shareholders, including the right to demand for a poll, are found in the Articles of Association of the Company. At the 19th AGM of the Company, held on 24 November 2015, the resolutions put forth for shareholders' approval were voted on by a show of hands as there were no shareholder demands for voting to be done by way of a poll.

This statement was approved by the Board of Directors on 25 August 2016.

Statement on Risk Management & Internal Control

for the financial year ended 30 June 2016

During the financial year under review, YTL Power International Berhad ("YTL Power" or "Company") and its subsidiaries ("YTL Power Group") continued to enhance the YTL Power Group's system of internal control and risk management, to comply with the applicable provisions of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") and the principles and recommendations of the Malaysian Code on Corporate Governance 2012 ("Code").

The Board acknowledges its overall responsibility for maintaining a sound system of risk management and internal control to safeguard the investment of its shareholders and the assets of the YTL Power Group, and that these controls are designed to provide reasonable, but not absolute, assurance against the risk of occurrence of material errors, fraud or losses.

RESPONSIBILITIES OF THE BOARD

The Board is ultimately responsible for maintaining a sound system of risk management and internal control which includes the establishment of an appropriate control environment framework to address the need to safeguard shareholders' investments and the assets of the YTL Power Group, and for reviewing the adequacy and integrity of the system. The system of internal control covers not only financial controls but operational and compliance controls and risk management. However, the Board recognises that reviewing the YTL Power Group's system of risk management and internal control is a concerted and continuing process, designed to minimise the likelihood of fraud and error, and to manage rather than eliminate the risk of failure to achieve business objectives. Accordingly, the system of risk management and internal control can only provide reasonable but not absolute assurance against material misstatement, fraud and loss.

The Board believes that the YTL Power Group's system of risk management and internal control, financial or otherwise in place for the financial year under review, should provide reasonable assurance regarding the achievement of the objectives of ensuring effectiveness and efficiency of operations, reliability and transparency of financial information and compliance with laws and regulations.

PRINCIPAL FEATURES OF THE YTL POWER GROUP'S SYSTEM OF INTERNAL CONTROL

The Board is committed to maintaining a sound internal control structure that includes processes for continuous monitoring and review of effectiveness of control activities, and to govern the manner in which the YTL Power Group and its staff conduct themselves. The principal features which formed part of the YTL Power Group's system of internal control can be summarised as follows:-

- **Authorisation Procedures:** The YTL Power Group has a clear definition of authorisation procedures and a clear line of accountability, with strict authorisation, approval and control procedures within the Board and the senior management. Responsibility levels are communicated throughout the YTL Power Group which set out, among others, authorisation levels, segregation of duties and other control procedures to promote effective and independent stewardship in the best interests of shareholders.

- **Authority Levels:** The YTL Power Group has delegated authority levels for major tenders, capital expenditure projects, acquisitions and disposals of businesses and other significant transactions to the Executive Directors. The approval of capital and revenue proposals above certain limits is reserved for decision by the Board. Other investment decisions are delegated for approval in accordance with authority limits. Comprehensive appraisal and monitoring procedures are applied to all major investment decisions.

  The authority of the Directors is required for decisions on key treasury matters including financing of corporate and investment funding requirements, foreign currency and interest rate risk management, investments, insurance and designation of authorised signatories.

- **Financial Performance:** Interim financial results are reviewed by the Audit Committee and approved by the Board upon recommendation of the Audit Committee before release to Bursa Securities. The full year financial results and analyses of the YTL Power Group's state of affairs are disclosed to shareholders after review and audit by the external auditors.

- **Internal Compliance:** The YTL Power Group monitors compliance with its internal financial controls through management reviews and reports which are internally reviewed by key personnel to enable it to gauge achievement of annual targets. Updates of internal policies and procedures are undertaken to reflect changing risks or resolve operational deficiencies, as well as changes to legal and regulatory compliance requirements relevant to the YTL Power Group. Internal audit visits are systematically arranged over specific periods to monitor and scrutinise compliance with procedures and assess the integrity of financial information provided.

Statement on Risk Management & Internal Control

for the financial year ended 30 June 2016

KEY PROCESSES OF THE YTL POWER GROUP'S SYSTEM OF INTERNAL CONTROL

The key processes that the Board has established to review the adequacy and integrity of the system of internal control are as follows:-

- **Internal Audit Function:** The YTL Power Group's internal audit function is carried out by the Internal Audit department within the YTL Corporation Berhad Group ("YTLIA"), which provides assurance on the efficiency and effectiveness of the internal control systems implemented by management, and reports directly to the Audit Committee. A description of the work of the internal audit function can be found in the ***Audit Committee Report*** set out in this Annual Report. This information is also available under the "Governance" section on the Company's website at **www.ytlpowerinternational.com**.

  YTLIA operates independently of the work it audits and provides periodic reports to the Audit Committee, reporting on the outcome of the audits conducted which highlight the effectiveness of the system of internal control and significant risks. The Audit Committee reviews and evaluates the key concerns and issues raised by YTLIA and ensures that appropriate and prompt remedial action is taken by management.

  None of the weaknesses or issues identified during the review for the financial year has resulted in non-compliance with any relevant policies or procedures, listing requirements or recommended industry practices that would require disclosure in the Company's Annual Report.

  The companies of the Wessex Water Limited group ("Wessex Water") based in the United Kingdom ("UK") were not covered by the internal audit process discussed above. Wessex Water's operations are subject to stringent financial and operational controls imposed by its regulator, the UK Water Services Regulation Authority (known as Ofwat), a government body, and by its regulatory licence. Wessex Water Services Limited ("WWSL") possesses its own internal audit department. The internal audit department reports to WWSL's audit committee, which has the responsibility to ensure the preservation of good financial practices and monitor the controls that are in place to ensure the integrity of those practices. It reviews the annual financial statements and provides a line of communication between the board of directors and the external auditors. It has formal terms of reference which deal with its authorities and duties, and its findings are presented to the Audit Committee.

  Similarly, the companies of the YTL PowerSeraya Pte Limited group ("YTL PowerSeraya") based in Singapore were also not covered by YTLIA. YTL PowerSeraya's operations are subject to stringent financial and operational controls imposed by its regulator, the Energy Market Authority ("EMA"), a statutory board under the Minister of Trade and Industry of Singapore. YTL PowerSeraya outsourced its internal audit to a reputable professional firm which reports to its audit committee and its findings are also presented to the Audit Committee. YTL PowerSeraya has the responsibility to ensure that the internal controls and systems in place are maintained to provide reasonable assurance as to the integrity and reliability of its financial statements.

  The system of internal control will continue to be reviewed, enhanced and updated in line with changes in the operating environment. The Board will seek regular assurance on the continuity and effectiveness of the internal control system through appraisals by YTLIA. The Board is of the view that the current system of internal control in place throughout the YTL Power Group is effective to safeguard its interests.

- **Senior Management Meetings:** The YTL Power Group conducts regular meetings of the senior management which comprises Executive Directors and divisional heads. The purpose of these meetings is to deliberate and decide upon urgent company matters. Decisions can then be effectively communicated to relevant staff levels in a timely manner. From these meetings, the management is able to identify significant operational and financial risks of the business units concerned.

- **Treasury Meetings:** Management meetings are convened to review, identify, discuss and resolve significant financial and treasury matters and to monitor the financial standing of the YTL Power Group. These meetings are conducted on a regular basis to ensure that any new financial developments and/or areas of concern are highlighted early and can be dealt with promptly. The members of this meeting comprise at least the YTL Power Group Managing Director, Executive Directors and senior managers.

- **Site Visits:** The Executive Directors undertake site visits to production and operating units and communicate with various levels of staff to gauge first-hand the effectiveness of strategies discussed and implemented. This is to ensure that management and the Executive Directors maintain a transparent and open channel of communication for effective operation.

Statement on Risk Management & Internal Control

for the financial year ended 30 June 2016

KEY FEATURES & PROCESSES OF THE YTL POWER GROUP'S RISK MANAGEMENT FRAMEWORK

The YTL Power Group's strong financial profile is the result of a system of internal control and risk management designed to mitigate risks which arise in the course of business. This is exemplified by the YTL Power Group's strategy of acquiring regulated assets and financing acquisitions on a non-recourse basis. These include Wessex Water and YTL PowerSeraya, as well as its interests in ElectraNet Pty Ltd and P.T. Jawa Power. These assets share common characteristics of highly predictable operating costs and revenue streams, which in turn generate stable and predictable cash flows and profits, underpinned by an established regulatory environment in their respective markets of operation.

The Board acknowledges that all areas of the YTL Power Group's business activities involve some degree of risk. The YTL Power Group is committed to ensuring that there is an effective risk management framework which allows management to manage risks within defined parameters and standards, and promotes profitability of the YTL Power Group's operations in order to enhance shareholder value.

The Board assumes overall responsibility for the YTL Power Group's risk management framework. Identifying, evaluating and managing any significant risks faced by the YTL Power Group is an ongoing process which is undertaken by the senior management at each level of operations and by the Audit Committee, which assesses and analyses these findings and reports to the Board. At the same time, YTLIA, in the performance of its internal audit function, will identify and evaluate any significant risks faced by the YTL Power Group and report these findings to the Audit Committee. During the financial year under review, the Board's functions within the risk management framework were exercised primarily by the Executive Directors through their participation in management meetings to ensure the adequacy and integrity of the system of internal control. Emphasis is placed on reviewing and updating the process for identifying and evaluating the significant risks affecting the business, and policies and procedures by which these risks are managed.

The YTL Power Group's activities expose it to a variety of financial risks, including market risk (comprising foreign currency exchange risk, interest rate risk and price risk), credit risk, liquidity risk and capital risk. The YTL Power Group's overall financial risk management objective is to ensure that the YTL Power Group creates value for its shareholders. The YTL Power Group focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance. Financial risk management is carried out through regular risk review analysis, internal control systems and adherence to the YTL Power Group's financial risk management policies. The Board regularly reviews these risks and approves the appropriate control environment framework. Further discussion and details on the YTL Power Group's financial risk management is contained in ***Note 33*** of the ***Notes to the Financial Statements*** in this Annual Report.

Management is responsible for creating a risk-aware culture within the YTL Power Group and for the identification and evaluation of significant risks applicable to their areas of business, together with the design and operation of suitable internal controls. These risks are assessed on a continual basis and may be associated with a variety of internal and external sources including control breakdowns, disruption in information systems, competition, natural catastrophe and regulatory requirements. Significant changes in the business and the external environment which affect significant risks will be reported by the management to the Board in developing a risk mitigation action plan. Where areas for improvement in the system are identified, the Board considers the recommendations made by the Audit Committee and the internal auditors.

The Board will pursue its ongoing process of identifying, assessing and managing key business, operational and financial risks faced by its business units as well as regularly reviewing planned strategies to determine whether risks are mitigated and well-managed, and to ensure compliance with the guidelines issued by the relevant authorities. This is to ensure the YTL Power Group is able to respond effectively to the constantly changing business environment in order to protect and enhance stakeholders' interests and shareholder value.

Statement on Risk Management & Internal Control

for the financial year ended 30 June 2016

REVIEW BY EXTERNAL AUDITORS

As required under Paragraph 15.23 of the Listing Requirements, the external auditors, Messrs PricewaterhouseCoopers, have reviewed this Statement on Risk Management & Internal Control. Their review was performed in accordance with Recommended Practice Guide ("RPG") 5 issued by the Malaysian Institute of Accountants. Based on their review, they have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process the Board has adopted in reviewing the adequacy and integrity of internal control and risk management of the YTL Power Group. RPG 5 does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the YTL Power Group.

CONCLUSION

The Board is of the view that the system of risk management and internal control being instituted throughout the YTL Power Group is sound and effective. The monitoring, review and reporting arrangements in place give reasonable assurance that the structure and operation of controls are appropriate for the YTL Power Group's operations and that risks are at an acceptable level throughout its businesses. The Managing Director and the Executive Director primarily responsible for the financial management of YTL Power have provided assurance to the Board that the YTL Power Group's risk management and internal control system is operating adequately and effectively. Reviews of all the control procedures will be continuously carried out to ensure the ongoing effectiveness and adequacy of the system of risk management and internal control, so as to safeguard shareholders' investments and the YTL Power Group's assets.

This statement was approved by the Board of Directors on 25 August 2016.

Analysis of Share/Warrant Holdings

as at 20 September 2016

Class of shares : Ordinary Shares of RM0.50 each
Voting rights : One vote per shareholder on a show of hands or one vote per ordinary share on a poll

DISTRIBUTION OF SHAREHOLDINGS

Size of holding	No. of Shareholders	%	No. of Shares#	%#
Less than 100	5,539	14.18	189,744	0.00
100 – 1,000	4,846	12.41	2,276,089	0.03
1,001 – 10,000	20,901	53.53	77,991,755	1.01
10,001 – 100,000	6,685	17.12	176,006,630	2.28
100,001 to less than 5% of issued shares	1,072	2.75	2,500,294,316	32.38
5% and above of issued shares	5	0.01	4,965,352,034	64.30
Total	**39,048**	**100.00**	**7,722,110,568**	**100.00**

THIRTY LARGEST SHAREHOLDERS (without aggregating securities from different securities accounts belonging to the same person)

	Name	No. of Shares	%#
1	YTL Corporation Berhad	3,106,793,823	40.23
2	YTL Corporation Berhad	554,753,971	7.18
3	Cornerstone Crest Sdn Bhd	485,294,116	6.28
4	Yeoh Tiong Lay & Sons Holdings Sdn Bhd	419,310,833	5.43
5	Citigroup Nominees (Tempatan) Sdn Bhd – Employees Provident Fund Board	399,199,291	5.17
6	Amanahraya Trustees Berhad – Amanah Saham Bumiputera	377,465,082	4.89
7	RHB Capital Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Yeoh Tiong Lay & Sons Holdings Sdn Bhd	284,000,000	3.68
8	DB (Malaysia) Nominee (Asing) Sdn Bhd – Exempt An for Deutsche Bank AG Singapore (PWM Asing)	216,526,937	2.80
9	Kumpulan Wang Persaraan (Diperbadankan)	183,787,020	2.38
10	Lembaga Tabung Haji	134,631,363	1.74
11	Amanahraya Trustees Berhad – Amanah Saham Wawasan 2020	58,815,389	0.76
12	Cartaban Nominees (Asing) Sdn Bhd – Exempt An for State Street Bank & Trust Company (WEST CLT OD67)	57,751,234	0.75
13	Amanahraya Trustees Berhad – Amanah Saham Malaysia	57,700,000	0.75
14	Maybank Nominees (Tempatan) Sdn Bhd – Maybank Asset Management Sdn Bhd for Malayan Banking Berhad (N14011200618)	47,256,045	0.61
15	HSBC Nominees (Asing) Sdn Bhd – BBH and Co Boston for Vanguard Emerging Markets Stock Index Fund	45,679,768	0.59
16	Amanahraya Trustees Berhad – AS 1Malaysia	44,771,740	0.58

Analysis of Share/Warrant Holdings

as at 20 September 2016

	Name	No. of Shares	%#
17	HSBC Nominees (Asing) Sdn Bhd – Exempt An for JPMorgan Chase Bank, National Association (U.S.A.)	35,676,900	0.46
18	Dato' Yeoh Seok Hong	23,975,217	0.31
19	Dato' Yeoh Seok Hong	21,869,999	0.28
20	Amanahraya Trustees Berhad – Amanah Saham Didik	21,661,502	0.28
21	Citigroup Nominees (Asing) Sdn Bhd – UBS AG	20,931,790	0.27
22	Cartaban Nominees (Asing) Sdn Bhd – GIC Private Limited for Government of Singapore (C)	19,408,842	0.25
23	Dato' Yeoh Soo Min	16,862,430	0.22
24	HSBC Nominees (Asing) Sdn Bhd – Exempt An for JPMorgan Chase Bank, National Association (SingaporeJPMPB.)	14,848,668	0.19
25	HSBC Nominees (Asing) Sdn Bhd – Exempt An for JPMorgan Chase Bank, National Association (U.K.)	14,187,175	0.18
26	Dato' Sri Michael Yeoh Sock Siong	14,055,133	0.18
27	Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	14,049,262	0.18
28	Dato' Yeoh Soo Keng	13,666,251	0.18
29	Citigroup Nominees (Asing) Sdn Bhd – Legal & Geeral Assurance (Pensions Management) Limited (A/C 1125250001)	12,993,254	0.17
30	Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	11,485,729	0.15
	Total	**6,729,408,764**	**87.12**

SUBSTANTIAL SHAREHOLDERS (as per register of substantial shareholders)

Name	No. of Shares Held			
	Direct	%#	Indirect	%#
Yeoh Tiong Lay & Sons Holdings Sdn Bhd	713,795,693	9.24	4,154,646,792(1)	53.80
YTL Corporation Berhad	3,669,342,970	47.52	485,303,822(2)	6.28
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	21,599,262	0.28	4,868,442,485(3)	63.04
Cornerstone Crest Sdn Bhd	485,294,116	6.28	–	–
Employees Provident Fund Board	398,632,691	5.16	–	–

(1) *Deemed interests by virtue of interests held by YTL Corporation Berhad, YTL Power Services Sdn Bhd and Cornerstone Crest Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.*

(2) *Deemed interests by virtue of interests held by YTL Power Services Sdn Bhd and Cornerstone Crest Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.*

(3) *Deemed interests by virtue of interests held by Yeoh Tiong Lay & Sons Holdings Sdn Bhd, YTL Corporation Berhad, YTL Power Services Sdn Bhd and Cornerstone Crest Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.*

\# *Based on the issued and paid-up capital of the Company of RM4,053,188,173.50 comprising 8,106,376,347 ordinary shares net of 384,265,779 treasury shares retained by the Company as per Record of Depositors.*

Analysis of Share/Warrant Holdings

as at 20 September 2016

Type of Securities : Warrants 2008/2018
Voting rights : One vote per Warrant 2008/2018 holder on a show of hands or one vote per Warrant 2008/2018 on a poll in respect of meeting of Warrant 2008/2018 holders

DISTRIBUTION OF WARRANT 2008/2018 HOLDINGS

Size of holding	No. of Warrants 2008/2018 Holders	%	No. of Warrants 2008/2018	%
Less than 100	408	3.73	14,234	0.01
100 – 1,000	4,661	42.65	2,498,335	1.64
1,001 – 10,000	4,489	41.07	15,465,489	10.12
10,001 – 100,000	1,164	10.65	37,548,145	24.57
100,001 to less than 5% of issued warrants	208	1.90	97,265,972	63.66
5% and above of issued warrants	0	0.00	0	0.00
Total	**10,930**	**100.00**	**152,792,175**	**100.00**

THIRTY LARGEST WARRANTS 2008/2018 HOLDERS (without aggregating securities from different securities accounts belonging to the same person)

	Name	No. of Warrants 2008/2018	%
1	Cartaban Nominees (Asing) Sdn Bhd – GIC Private Limited for Government of Singapore (C)	4,676,060	3.06
2	Yu Kok Ann	4,000,003	2.62
3	Maybank Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Su Tiing Uh	3,410,806	2.23
4	HSBC Nominees (Asing) Sdn Bhd – Exempt An for JPMorgan Chase Bank, National Association (U.K.)	3,254,959	2.13
5	Globalised Market Traders Pte Ltd	2,779,300	1.82
6	Lock Kai Sang	2,612,600	1.71
7	Wilfred Koh Seng Han	2,280,000	1.49
8	Amsec Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Chong Fook Hin	2,000,000	1.31
9	Amsec Nominees (Asing) Sdn Bhd – James Hugh Alexander Hay (GZ0115)	1,988,000	1.30
10	Kee Hun Chang @ Kee Ah Bah	1,743,000	1.14
11	Maybank Securities Nominees (Asing) Sdn Bhd – Maybank Kim Eng Securities Pte Ltd for James Hay	1,700,000	1.11
12	Cimsec Nominees (Tempatan) Sdn Bhd – Pledged Securities account for Tan Pue Leng (SUNWAYMAS-CL)	1,538,300	1.01
13	Citigroup Nominees (Asing) Sdn Bhd – GSI for EFL Limited	1,392,740	0.91
14	Maybank Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Chai Lee Fong	1,295,913	0.85

Analysis of Share/Warrant Holdings

as at 20 September 2016

	Name	No. of Warrants 2008/2018	%
15	Cartaban Nominees (Asing) Sdn Bhd – GIC Private Limited for Monetary Authority of Singapore (H)	1,264,101	0.83
16	Victor Lim Fung Tuang	1,207,800	0.79
17	Yeo Kian Huat	1,141,700	0.75
18	Hong Weng Hwa	1,130,000	0.74
19	Cimsec Nominees (Tempatan) Sdn Bhd – CIMB for Ng Choo Hock @ Ng Choo Huat (PB)	1,121,500	0.73
20	Gan Kim Leong	1,100,000	0.72
21	Tan Hock Choon	1,075,000	0.70
22	Cimsec Nominees (Tempatan) Sdn Bhd – CIMB for Goh Tiong Sheng (MY2557)	1,060,500	0.69
23	Maybank Nominees (Tempatan) Sdn Bhd – Chong Siew Chien	1,000,000	0.65
24	Lim Weng Sheng	978,800	0.64
25	Ma Pin Ling	945,600	0.62
26	Chua Moh Kit	820,000	0.54
27	Kenanga Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Eg Kaa Chee (STC)	814,426	0.53
28	Ngor Kim Hock	811,000	0.53
29	Ting Huong Tek	800,000	0.52
30	Tee Yeow	798,500	0.52
	Total	**50,740,608**	**33.19**

Statement of Directors' Interests

in the Company and related corporations as at 20 September 2016

THE COMPANY

YTL Power International Berhad

Name	No. of Shares Held			
	Direct	%	Indirect	%
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	21,599,262	0.28	4,870,179,657[1][2]	63.07
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	14,719,213	0.19	89,000[1]	*
Tan Sri Datuk' Seri Dr. Aris Bin Osman @ Othman	–	–	105,590[1]	*
Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng	40,795	*	–	–
Dato' Yeoh Seok Kian	10,404,890	0.13	4,421,155[1]	0.06
Dato' Yeoh Soo Min	16,862,430	0.22	3,754,488[1][6]	0.05
Dato' Yeoh Seok Hong	45,845,216	0.59	5,015,218[1]	0.06
Dato' Sri Michael Yeoh Sock Siong	14,055,133	0.18	2,658,052[1]	0.03
Dato' Yeoh Soo Keng	13,666,251	0.18	140,175[1]	*
Dato' Mark Yeoh Seok Kah	9,387,959	0.12	1,415,320[1]	0.02
Syed Abdullah Bin Syed Abd Kadir	2,381,613	0.03	550[1]	*

Name	No. of Warrants 2008/2018 Held			
	Direct	%	Indirect	%
Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng	2,100	*	–	–
Dato' Yeoh Soo Min	–	–	2,000[1]	*
Dato' Yeoh Soo Keng	–	–	87,054[1]	0.06

Name	No. of Share Options	
	Direct	Indirect
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	7,000,000	–
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	7,000,000	–
Tan Sri Datuk' Seri Dr. Aris Bin Osman @ Othman	1,000,000	–
Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng	1,000,000	–
Dato' Yeoh Seok Kian	5,000,000	–
Dato' Yeoh Soo Min	3,000,000	–
Dato' Yeoh Seok Hong	–	500,000[1]
Dato' Sri Michael Yeoh Sock Siong	5,000,000	–
Dato' Yeoh Soo Keng	3,000,000	–
Dato' Mark Yeoh Seok Kah	5,000,000	–
Syed Abdullah Bin Syed Abd Kadir	3,000,000	–

Statement of Directors' Interests

in the Company and related corporations as at 20 September 2016

HOLDING COMPANY

YTL Corporation Berhad

	No. of Shares Held			
Name	**Direct**	**%**	**Indirect**	**%**
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	90,561,164	0.86	5,180,901,131[(1)(3)]	49.30
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	133,001,216	1.27	–	–
Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng	77,850	*	–	–
Dato' Yeoh Seok Kian	55,481,889	0.53	11,419,186[(1)]	0.11
Dato' Yeoh Soo Min	51,797,932	0.49	1,876,871[(1)(6)]	0.02
Dato' Yeoh Seok Hong	44,535,079	0.42	23,549,759[(1)]	0.22
Dato' Sri Michael Yeoh Sock Siong	53,652,534	0.51	19,967,788[(1)]	0.19
Dato' Yeoh Soo Keng	54,083,300	0.51	758,214[(1)]	0.01
Dato' Mark Yeoh Seok Kah	20,081,152	0.19	4,005,597[(1)]	0.04
Syed Abdullah Bin Syed Abd Kadir	9,404,133	0.09	19,642[(1)]	*

	No. of Share Options	
Name	**Direct**	**Indirect**
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	7,000,000	5,000,000[(1)]
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	7,000,000	2,000,000[(1)]
Dato' Yeoh Seok Kian	5,000,000	–
Dato' Yeoh Soo Min	5,000,000	–
Dato' Yeoh Seok Hong	5,000,000	3,000,000[(1)]
Dato' Sri Michael Yeoh Sock Siong	5,000,000	–
Dato' Yeoh Soo Keng	5,000,000	–
Dato' Mark Yeoh Seok Kah	5,000,000	–
Syed Abdullah Bin Syed Abd Kadir	1,000,000	–

ULTIMATE HOLDING COMPANY

Yeoh Tiong Lay & Sons Holdings Sdn Bhd

	No. of Shares Held			
Name	**Direct**	**%**	**Indirect**	**%**
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	8,220,004	20.19	5,000,004[(1)]	12.28
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	5,000,000	12.28	–	–
Dato' Yeoh Seok Kian	5,000,000	12.28	–	–
Dato' Yeoh Soo Min	1,250,000	3.07	–	–
Dato' Yeoh Seok Hong	5,000,000	12.28	–	–
Dato' Sri Michael Yeoh Sock Siong	5,000,000	12.28	–	–
Dato' Yeoh Soo Keng	1,250,000	3.07	–	–
Dato' Mark Yeoh Seok Kah	5,000,000	12.28	–	–

Statement of Directors' Interests

in the Company and related corporations as at 20 September 2016

RELATED CORPORATIONS

YTL Cement Berhad

Name	No. of Shares Held			
	Direct	%	Indirect	%
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	–	–	737,668,130[5]	99.60

YTL e-Solutions Berhad

Name	No. of Shares Held			
	Direct	%	Indirect	%
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	–	–	1,270,588,075[7]	94.44

YTL Land & Development Berhad

Name	No. of Shares Held			
	Direct	%	Indirect	%
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	–	–	558,976,534[4]	67.41
Dato' Yeoh Seok Kian	61,538	0.01	–	–
Dato' Yeoh Soo Min	–	–	625,582[6]	0.08
Dato' Yeoh Soo Keng	100,000	0.01	–	–

Name	No. of Irredeemable Convertible Unsecured Loan Stocks 2011/2021 Held			
	Direct	%	Indirect	%
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	–	–	793,717,049[4]	80.03
Dato' Yeoh Seok Kian	37,000	*	–	–
Dato' Yeoh Soo Keng	60,000	0.01	–	–

Syarikat Pelancongan Seri Andalan (M) Sdn Bhd

Name	No. of Shares Held	
	Direct	%
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	1	*
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	1	*

Statement of Directors' Interests

in the Company and related corporations as at 20 September 2016

YTL Corporation (UK) PLC

Name	No. of Shares Held Direct	%
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	1	*

YTL Construction (Thailand) Limited

Name	No. of Shares Held Direct	%
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	1	0.01
Dato' Yeoh Seok Kian	1	0.01
Dato' Yeoh Seok Hong	1	0.01
Dato' Sri Michael Yeoh Sock Siong	1	0.01
Dato' Mark Yeoh Seok Kah	1	0.01

Samui Hotel 2 Co. Ltd

Name	No. of Shares Held Direct	%
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	1	*
Dato' Mark Yeoh Seok Kah	1	*

** Negligible*

(1) Deemed interests by virtue of interests held by spouse and/or children pursuant to Section 134(12)(c) of the Companies Act, 1965.

(2) Deemed interests by virtue of interests held by Yeoh Tiong Lay & Sons Holdings Sdn Bhd, YTL Corporation Berhad, Cornerstone Crest Sdn Bhd and YTL Power Services Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.

(3) Deemed interests by virtue of interests held by Yeoh Tiong Lay & Sons Holdings Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.

(4) Deemed interests by virtue of interests held by Yeoh Tiong Lay & Sons Holdings Sdn Bhd and YTL Corporation Berhad pursuant to Section 6A of the Companies Act, 1965.

(5) Deemed interests by virtue of interests held by YTL Corporation Berhad and YTL Power International Berhad pursuant to Section 6A of the Companies Act, 1965.

(6) Deemed interests by virtue of interests held by Tan & Yeoh Properties Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.

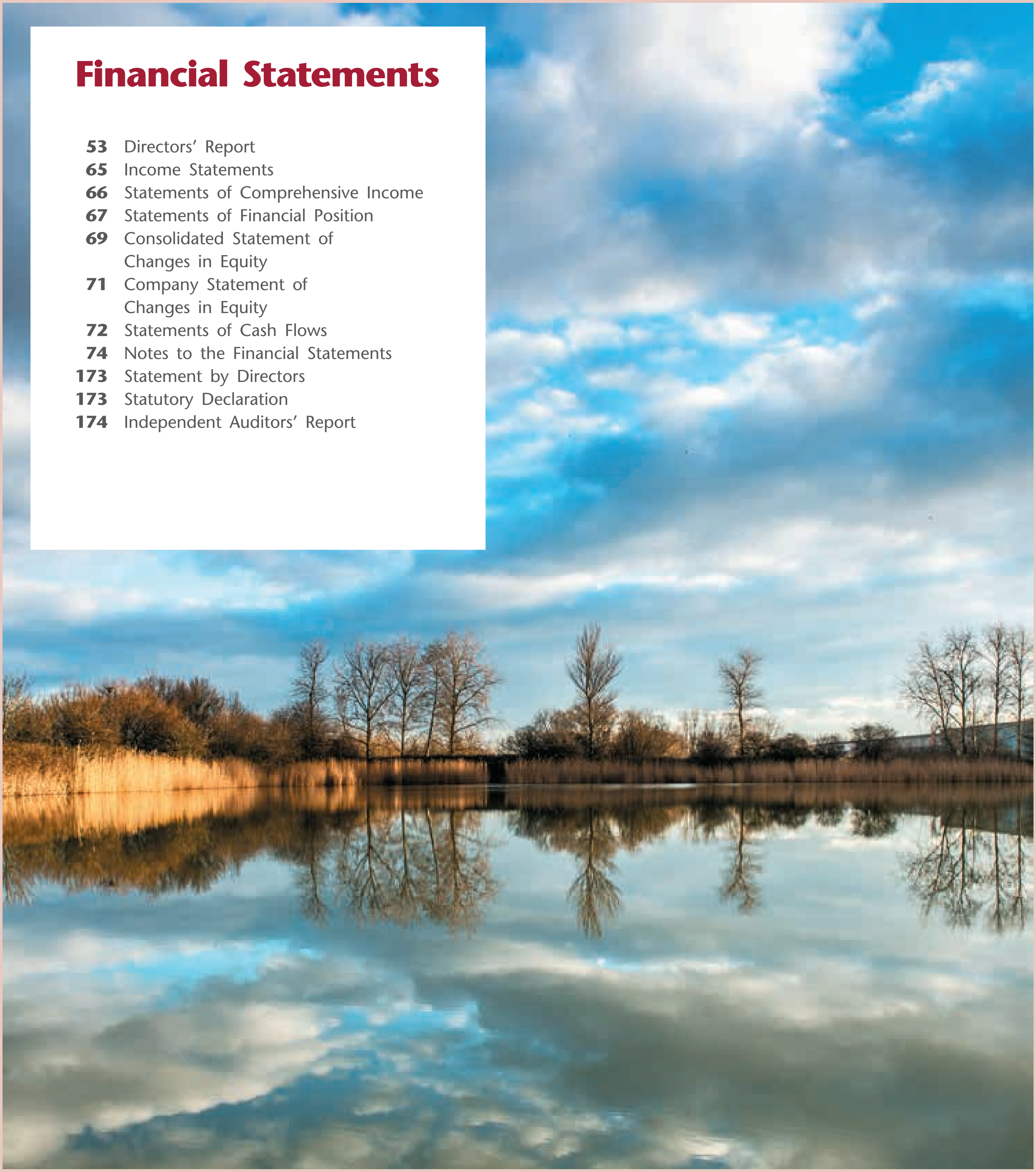
(7) Deemed interests by virtue of interests held by YTL Corporation Berhad pursuant to Section 6A of the Companies Act, 1965.

Other than as disclosed above, none of the other Directors held any interest in shares of the company or its related corporations.

List of Properties
as at 30 June 2016

Location	Tenure	Land Area (sq. m.)	Description and Existing Use	Built up Area (sq. m.)	Approximate Age of Building (years)	Lease Expiry Date	Net Book Value as at 30 June 2016 RM'000	Date of Acquisition
Avonmouth STW, Kings Weston Lane, Avonmouth, Bristol BS11 OYS	Freehold	394,600	Sewerage treatment works	–	–	–	458,402	21.5.2002
W-S-Mare STW, Accomodation Road, Bleadon, Weston Super Mare, BS24 OAP	Freehold	157,500	Sewerage treatment works	–	–	–	245,765	21.5.2002
Poole STW, Cabot Lane, Poole, Dorset, BH17 7BX	Freehold	91,800	Sewerage treatment works	–	–	–	209,527	21.5.2002
Ham Lane STW, Creech St. Michael, Taunton, Somerset TA3 5NU	Freehold	120,000	Sewerage treatment works	–	–	–	151,897	21.5.2002
Operation Centre, Claverton Down Road, Bath BA2 7WW	Freehold	27,100	Head Office	5,640	15	–	146,107	21.5.2002
Maudown Water Treatment Works, Maudown, Wiveliscombe, Tauton, TA, 2UN	Freehold	68,500	Water treatment works	–	–	–	137,648	21.5.2002
Trowbridge STW, Bardford Road, Trowbridge, West Wilts, BA 14 9 AX	Freehold	60,000	Sewerage treatment works	–	–	–	127,939	21.5.2002
Sutton Bingham WTW, Sutton Bingham, Yeovil, South Somerset, BA 22 9QL	Freehold	21,000	Water treatment works	–	–	–	100,283	21.5.2002
Holdenhurst STW, Riverside Ave, Castle Lane East, Bournemouth, Dorset BH7 7ES	Freehold	102,000	Sewerage treatment works	–	–	–	67,916	21.5.2002
Shepton Mallet (Darshill) STW, Ham Lane, Ham, Shepton Mallet, Mendip, BA4 5FF	Freehold	30,950	Sewerage treatment works	–	–	–	59,932	21.5.2002

Financial Statements



Directors' Report

for the financial year ended 30 June 2016

The Directors are pleased to submit their annual report together with the audited financial statements of the Group and the Company for the financial year ended 30 June 2016.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and the provision of administrative and technical support services. The principal activities of the subsidiaries are set out in Note 14 to the financial statements.

There have been no significant changes in the nature of the activities of the Company and the subsidiaries during the financial year.

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Profit for the financial year	**1,178,456**	**795,126**
Attributable to:		
– Owners of the parent	**1,061,850**	**795,126**
– Non-controlling interests	**116,606**	**–**
	1,178,456	**795,126**

DIVIDENDS

The dividend paid by the Company since the end of last financial year was as follows:

	RM'000
In respect of the financial year ended 30 June 2015:	
– Interim Single Tier dividend of 20% or 10 sen per ordinary share of 50 sen each paid on 23 October 2015	**771,722**

On 25 August 2016, the Board of Directors declared an interim single tier dividend of 20% or 10 sen per ordinary share of 50 sen each for the financial year ended 30 June 2016. The book closure and payment dates in respect of the aforesaid dividend are 31 October 2016 and 15 November 2016, respectively.

The Board of Directors do not recommend a final dividend for the financial year ended 30 June 2016.

RESERVES AND PROVISIONS

All material transfers to or from reserves and provisions during the financial year are shown in the financial statements.

Directors' Report

for the financial year ended 30 June 2016

SHARE CAPITAL

The issued and fully paid up share capital of the Company was increased from RM3,710,824,718 to RM4,050,800,658 following the exercise of 5,321,000 ESOS at exercise prices ranging from RM1.41 to RM1.65 per share, and the exercise of 674,630,880 Warrants at an exercise price of RM1.14 per Warrant on the basis of one (1) new ordinary share for one (1) Warrant. The new ordinary shares of 50 sen each rank pari passu in all respects with the existing issued shares of the Company.

The total number of unexercised Warrants as at 30 June 2016 amounted to 157,567,207.

TREASURY SHARES

The shareholders of the Company, by a resolution passed in the 19th Annual General Meeting held on 24 November 2015, approved the Company's plan to repurchase its own shares. The Directors of the Company are committed to enhance the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

Details of treasury shares are set out in Note 24(b) to the financial statements.

EMPLOYEES SHARE OPTION SCHEME

The Employees' Share Option Scheme for employees and Directors of the Company and its subsidiaries ("ESOS") who meet the criteria of eligibility for participation is governed by the by-laws approved by the shareholders of the Company at an Extraordinary General Meeting held on 30 November 2010. The share issuance scheme was implemented on 1 April 2011. The salient features and terms of the ESOS are set out in Note 23(b) to the financial statements.

The aggregate maximum allocation of the share options granted to key management personnel is not more than fifty per cent (50%) of the fifteen per cent (15%) of the net paid up shares capital of the Company at the point of time throughout the duration of the scheme.

The actual allocation granted to key management personnel is as follows:

	Actual Allocation	
	Since 1.4.2011	**Financial Year 30.6.2016**
Key management personnel	5.92%*	–

* Computed based on 15% of the net paid up share capital of the Company.

Since the date of the last report, no options have been granted under the ESOS.

EMPLOYEES SHARE OPTION SCHEME (CONTINUED)

Details of options granted to non-executive directors of the Company are as follows:

	Number of share options over ordinary shares of RM0.50 each in the Company			
	At 1 July 2015	Granted	Exercised	At 30 June 2016
Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng	1,000,000	–	–	**1,000,000**
Tan Sri Datuk Dr. Aris bin Osman @ Othman	1,000,000	–	–	**1,000,000**

DIRECTORS

The Directors who have held office during the period since the date of the last report are as follows:

Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE
Tan Sri Datuk Dr. Aris bin Osman @ Othman
Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng
Dato' Yeoh Seok Kian
Dato' Yusli bin Mohamed Yusoff
Dato' Yeoh Soo Min
Dato' Yeoh Seok Hong
Dato' Sri Michael Yeoh Sock Siong
Dato' Yeoh Soo Keng
Dato' Mark Yeoh Seok Kah
Syed Abdullah bin Syed Abd. Kadir
Faiz bin Ishak (Appointed on 26 November 2015)
Dato' (Dr) Yahya bin Ismail (Retired on 24 November 2015)

Directors' Report

for the financial year ended 30 June 2016

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings, the interests of the Directors who held office at the end of the financial year in shares of the Company and its related corporations are as follows:

	Number of ordinary shares of RM0.50 each in the Company			
	At 1 July 2015	Acquired	Disposed	At 30 June 2016
Direct interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	21,399,262	200,000	–	**21,599,262**
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	14,719,213	–	–	**14,719,213**
Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng	40,795	–	–	**40,795**
Dato' Yeoh Seok Kian	10,404,890	–	–	**10,404,890**
Dato' Yeoh Soo Min	16,862,430	–	–	**16,862,430**
Dato' Yeoh Seok Hong	40,845,216	5,000,000	–	**45,845,216**
Dato' Sri Michael Yeoh Sock Siong	14,055,133	–	–	**14,055,133**
Dato' Yeoh Soo Keng	13,666,251	–	–	**13,666,251**
Dato' Mark Yeoh Seok Kah	9,387,959	–	–	**9,387,959**
Syed Abdullah bin Syed Abd. Kadir	2,381,613	–	–	**2,381,613**
Deemed interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	4,284,359,386(1)(4)	586,019,271	(199,000)	**4,870,179,657(1)(4)**
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	–	89,000	–	**89,000(1)**
Tan Sri Datuk Dr. Aris bin Osman @ Othman	105,590(1)	–	–	**105,590(1)**
Dato' Yeoh Seok Kian	3,220,159(1)	1,200,996	–	**4,421,155(1)**
Dato' Yeoh Soo Min	3,754,488(1)(5)	–	–	**3,754,488(1)(5)**
Dato' Yeoh Seok Hong	5,015,218(1)	–	–	**5,015,218(1)**
Dato' Sri Michael Yeoh Sock Siong	2,658,052(1)	–	–	**2,658,052(1)**
Dato' Yeoh Soo Keng	140,175(1)	–	–	**140,175(1)**
Dato' Mark Yeoh Seok Kah	1,415,320(1)	–	–	**1,415,320(1)**
Syed Abdullah bin Syed Abd. Kadir	550(1)	–	–	**550(1)**

DIRECTORS' INTERESTS (CONTINUED)

	Number of Warrants 2008/2018 in the Company			
	At 1 July 2015	Acquired	Exercised/ Disposed	At 30 June 2016
Direct interest				
Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng	2,100	–	–	**2,100**
Deemed interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	586,019,271[(3)]	–	(586,019,271)	–
Dato' Yeoh Soo Min	2,000[(1)]	–	–	**2,000[(1)]**
Dato' Yeoh Soo Keng	87,054[(1)]	–	–	**87,054[(1)]**

	Number of share options over ordinary shares of RM0.50 each in the Company			
	At 1 July 2015	Granted	Exercised	At 30 June 2016
Direct interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	7,000,000	–	–	**7,000,000**
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	7,000,000	–	–	**7,000,000**
Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng	1,000,000	–	–	**1,000,000**
Tan Sri Datuk Dr. Aris bin Osman @ Othman	1,000,000	–	–	**1,000,000**
Dato' Yeoh Seok Kian	5,000,000	–	–	**5,000,000**
Dato' Yeoh Soo Min	3,000,000	–	–	**3,000,000**
Dato' Yeoh Seok Hong	5,000,000	–	(5,000,000)	–
Dato' Sri Michael Yeoh Sock Siong	5,000,000	–	–	**5,000,000**
Dato' Yeoh Soo Keng	3,000,000	–	–	**3,000,000**
Dato' Mark Yeoh Seok Kah	5,000,000	–	–	**5,000,000**
Syed Abdullah bin Syed Abd. Kadir	3,000,000	–	–	**3,000,000**
Deemed interest				
Dato' Yeoh Seok Hong	500,000[(1)]	–	–	**500,000[(1)]**

Directors' Report

for the financial year ended 30 June 2016

DIRECTORS' INTERESTS (CONTINUED)

Immediate Holding Company YTL Corporation Berhad	Number of ordinary shares of RM0.10 each At 1 July 2015	Acquired	Disposed	At 30 June 2016
Direct interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	90,561,164	–	–	**90,561,164**
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	133,001,216	–	–	**133,001,216**
Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng	27,850	–	–	**27,850**
Dato' Yeoh Seok Kian	55,481,889	–	–	**55,481,889**
Dato' Yeoh Soo Min	51,797,932	–	–	**51,797,932**
Dato' Yeoh Seok Hong	44,535,079	–	–	**44,535,079**
Dato' Sri Michael Yeoh Sock Siong	53,652,534	–	–	**53,652,534**
Dato' Yeoh Soo Keng	53,916,634	–	–	**53,916,634**
Dato' Mark Yeoh Seok Kah	20,081,152	–	–	**20,081,152**
Syed Abdullah bin Syed Abd. Kadir	9,304,133	–	–	**9,304,133**
Deemed interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	5,180,207,231(1)(2)	–	–	**5,180,207,231(1)(2)**
Dato' Yeoh Seok Kian	8,444,248(1)	2,908,269	–	**11,352,517(1)**
Dato' Yeoh Soo Min	1,525,605(1)(5)	–	–	**1,525,605(1)(5)**
Dato' Yeoh Seok Hong	23,549,759(1)	250,000	(250,000)	**23,549,759(1)**
Dato' Sri Michael Yeoh Sock Siong	19,332,622(1)	–	–	**19,332,622(1)**
Dato' Yeoh Soo Keng	758,214(1)	–	–	**758,214(1)**
Dato' Mark Yeoh Seok Kah	4,005,597(1)	–	–	**4,005,597(1)**
Syed Abdullah bin Syed Abd. Kadir	19,642(1)	–	–	**19,642(1)**

Immediate Holding Company YTL Corporation Berhad	Number of share options over ordinary shares of RM0.10 each At 1 July 2015	Granted	Exercised	At 30 June 2016
Direct interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	7,000,000	–	–	**7,000,000**
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	7,000,000	–	–	**7,000,000**
Dato' Yeoh Seok Kian	5,000,000	–	–	**5,000,000**
Dato' Yeoh Soo Min	5,000,000	–	–	**5,000,000**
Dato' Yeoh Seok Hong	5,000,000	–	–	**5,000,000**
Dato' Sri Michael Yeoh Sock Siong	5,000,000	–	–	**5,000,000**
Dato' Yeoh Soo Keng	5,000,000	–	–	**5,000,000**
Dato' Mark Yeoh Seok Kah	5,000,000	–	–	**5,000,000**
Syed Abdullah bin Syed Abd. Kadir	1,000,000	–	–	**1,000,000**

DIRECTORS' INTERESTS (CONTINUED)

Immediate Holding Company YTL Corporation Berhad	Number of share options over ordinary shares of RM0.10 each			
	At 1 July 2015	Granted	Exercised	At 30 June 2016
Deemed interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	5,000,000(1)	–	–	**5,000,000(1)**
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	2,000,000(1)	–	–	**2,000,000(1)**
Dato' Yeoh Seok Hong	3,000,000(1)	–	–	**3,000,000(1)**

Ultimate Holding Company Yeoh Tiong Lay & Sons Holdings Sdn. Bhd.	Number of ordinary shares of RM1.00 each			
	At 1 July 2015	Acquired	Disposed	At 30 June 2016
Direct interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	8,220,004	–	–	**8,220,004**
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	5,000,000	–	–	**5,000,000**
Dato' Yeoh Seok Kian	5,000,000	–	–	**5,000,000**
Dato' Yeoh Soo Min	1,250,000	–	–	**1,250,000**
Dato' Yeoh Seok Hong	5,000,000	–	–	**5,000,000**
Dato' Sri Michael Yeoh Sock Siong	5,000,000	–	–	**5,000,000**
Dato' Yeoh Soo Keng	1,250,000	–	–	**1,250,000**
Dato' Mark Yeoh Seok Kah	5,000,000	–	–	**5,000,000**
Deemed interest				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	5,000,004(1)	–	–	**5,000,004(1)**

Related Company YTL Cement Berhad	Number of ordinary shares of RM0.50 each			
	At 1 July 2015	Acquired	Disposed	At 30 June 2016
Deemed interest				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	737,661,273(6)	6,857	–	**737,668,130(6)**

Directors' Report

for the financial year ended 30 June 2016

DIRECTORS' INTERESTS (CONTINUED)

	Number of ordinary shares of RM0.10 each			
Related Company **YTL e-Solutions Berhad**	**At 1 July 2015**	**Acquired**	**Disposed**	**At 30 June 2016**
Direct interests				
Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng	150,000	–	–	**150,000**
Dato' Yeoh Soo Keng	500,000	–	–	**500,000**
Syed Abdullah bin Syed Abd. Kadir	300,000	–	–	**300,000**
Deemed interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	999,172,000(3)	–	–	**999,172,000(3)**
Dato' Yeoh Seok Kian	–	200,000	–	**200,000(1)**
Dato' Yeoh Soo Min	1,053,800(5)	–	–	**1,053,800(5)**
Dato' Sri Michael Yeoh Sock Siong	1,905,500(1)	–	–	**1,905,500(1)**

	Number of ordinary shares of RM0.50 each			
Related Company **YTL Land & Development Berhad**	**At 1 July 2015**	**Acquired**	**Disposed**	**At 30 June 2016**
Direct interests				
Dato' Yeoh Seok Kian	61,538	–	–	**61,538**
Dato' Yeoh Soo Keng	100,000	–	–	**100,000**
Deemed interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	558,976,534(3)	–	–	**558,976,534(3)**
Dato' Yeoh Soo Min	625,582(5)	–	–	**625,582(5)**

	Number of Irredeemable Convertible Unsecured Loan Stocks 2011/2021			
Related Company **YTL Land & Development Berhad**	**At 1 July 2015**	**Acquired**	**Converted/ Disposed**	**At 30 June 2016**
Direct interests				
Dato' Yeoh Seok Kian	37,000	–	–	**37,000**
Dato' Yeoh Soo Keng	60,000	–	–	**60,000**
Deemed interest				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	793,717,049(3)	–	–	**793,717,049(3)**

DIRECTORS' INTERESTS (CONTINUED)

Related Company Syarikat Pelancongan Seri Andalan (M) Sdn. Bhd.	Number of ordinary shares of RM1.00 each			
	At 1 July 2015	Acquired	Disposed	At 30 June 2016
Direct interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	1	–	–	**1**
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	1	–	–	**1**

Related Corporation *YTL Corporation (UK) Plc.	Number of ordinary shares of £0.25 each			
	At 1 July 2015	Acquired	Disposed	At 30 June 2016
Direct interest				
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	1	–	–	**1**

Related Corporation +YTL Construction (Thailand) Limited	Number of ordinary shares of THB100 each			
	At 1 July 2015	Acquired	Disposed	At 30 June 2016
Direct interests				
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	1	–	–	**1**
Dato' Yeoh Seok Kian	1	–	–	**1**
Dato' Yeoh Seok Hong	1	–	–	**1**
Dato' Sri Michael Yeoh Sock Siong	1	–	–	**1**
Dato' Mark Yeoh Seok Kah	1	–	–	**1**

Related Corporation +Samui Hotel 2 Co., Ltd.	Number of ordinary shares of THB10 each			
	At 1 July 2015	Acquired	Disposed	At 30 June 2016
Direct interests				
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	1	–	–	**1**
Dato' Mark Yeoh Seok Kah	1	–	–	**1**

* Incorporated in England and Wales.
\+ Incorporated in Thailand.

Directors' Report

for the financial year ended 30 June 2016

DIRECTORS' INTERESTS (CONTINUED)

(1) Deemed interests by virtue of interests held by spouse and/or children pursuant to Section 134(12)(c) of the Companies Act, 1965.

(2) Deemed interests by virtue of interests held by Yeoh Tiong Lay & Sons Holdings Sdn. Bhd. pursuant to Section 6A of the Companies Act, 1965.

(3) Deemed interests by virtue of interests held by Yeoh Tiong Lay & Sons Holdings Sdn. Bhd. and YTL Corporation Berhad pursuant to Section 6A of the Companies Act, 1965.

(4) Deemed interests by virtue of interests held by Yeoh Tiong Lay & Sons Holdings Sdn. Bhd., YTL Corporation Berhad, YTL Power Services Sdn. Bhd. and Cornerstone Crest Sdn. Bhd. pursuant to Section 6A of the Companies Act, 1965.

(5) Deemed interests by virtue of interests held by Tan & Yeoh Properties Sdn. Bhd. pursuant to Section 6A of the Companies Act, 1965.

(6) Deemed interests by virtue of interests held by YTL Corporation Berhad and YTL Power International Berhad pursuant to Section 6A of the Companies Act, 1965.

Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay, by virtue of his interests in the shares of the Company, is deemed under Section 6A of the Companies Act, 1965 to have interests in the shares of the subsidiaries of the Company to the extent that the Company has interests.

Other than as disclosed above, the Directors who held office at the end of the financial year did not have interests in shares of the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than Directors' remuneration disclosed in Note 7 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he/she is a member, or with a company in which he/she has a substantial financial interest except that certain Directors received remuneration from the Company's related corporations.

Neither during nor at the end of the financial year was the Company a party to any arrangement whose object was to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other corporate body, other than the ESOS.

Directors' Report

for the financial year ended 30 June 2016

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the income statements, statement of comprehensive income and statements of financial position were made out, the Directors took reasonable steps:

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

(b) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records of the Group and the Company in the ordinary course of business had been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

(a) which would render the amounts written off for bad debts or the amount of allowance for doubtful debts in the financial statements of the Group and the Company inadequate to any substantial extent; or

(b) which would render the values attributed to current assets in the financial statements of the Group and the Company misleading; or

(c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and the Company misleading or inappropriate.

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Group and the Company to meet its obligations when they fall due.

At the date of this report, there does not exist:

(a) any charge on the assets of the Group and the Company which has arisen since the end of the financial year which secures the liability of any other person; or

(b) any contingent liability of the Group and the Company which has arisen since the end of the financial year.

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

In the opinion of the Directors:

(a) the results of the Group and Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(b) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and the Company for the financial year in which this report is made.

Directors' Report
for the financial year ended 30 June 2016

ULTIMATE HOLDING COMPANY

The Directors regard Yeoh Tiong Lay & Sons Holdings Sdn. Bhd., a company incorporated in Malaysia, as the Company's ultimate holding company.

AUDITORS

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with their resolution dated 22 September 2016.

Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE
Director

Dato' Yeoh Seok Hong
Director

Income Statements

for the financial year ended 30 June 2016

	Note	Group		Company	
		2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Revenue	5	**10,245,174**	11,858,093	**1,136,094**	9,268,411
Cost of sales		**(8,120,619)**	(9,527,011)	**–**	–
Gross profit		**2,124,555**	2,331,082	**1,136,094**	9,268,411
Other operating income		**297,644**	152,057	**34,877**	14,962
Administrative expenses		**(580,736)**	(576,563)	**(49,743)**	(43,023)
Other operating expenses		**(262,676)**	(125,537)	**(66,975)**	(4,838,497)
Finance cost		**(894,733)**	(821,439)	**(258,383)**	(207,980)
Share of profits of investments accounted for using the equity method	15	**630,086**	287,592	**–**	–
Profit before taxation	7	**1,314,140**	1,247,192	**795,870**	4,193,873
Taxation	8	**(135,684)**	(326,794)	**(744)**	(834)
Profit for the financial year		**1,178,456**	920,398	**795,126**	4,193,039
Attributable to:					
– Owners of the parent		**1,061,850**	918,812	**795,126**	4,193,039
– Non-controlling interests		**116,606**	1,586	**–**	–
		1,178,456	920,398	**795,126**	4,193,039
Earnings per share for profit attributable to the owners of the parent:					
– Basic (sen)	9	**14.06**	13.20		
– Diluted (sen)	9	**13.97**	12.78		

The accompanying notes form an integral part of the financial statements.

Statements of Comprehensive Income

for the financial year ended 30 June 2016

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Profit for the financial year		**1,178,456**	920,398	**795,126**	4,193,039
Other comprehensive (loss)/income:					
Items that will not be reclassified subsequently to income statement:					
– re-measurement of post-employment benefit obligations		**(196,820)**	(103,885)	**–**	–
Items that may be reclassified subsequently to income statement:					
– available-for-sale financial assets	24(a)	**(4,574)**	33,473	**(4,578)**	33,472
– cash flow hedges	24(a)	**57,020**	(344,103)	**–**	–
– currency translation differences		**227,761**	957,755	**–**	–
Other comprehensive income for the financial year, net of tax		**83,387**	543,240	**(4,578)**	33,472
Total comprehensive income for the financial year		**1,261,843**	1,463,638	**790,548**	4,226,511
Attributable to:					
– Owners of the parent		**1,112,433**	1,372,998	**790,548**	4,226,511
– Non-controlling interests		**149,410**	90,640	**–**	–
		1,261,843	1,463,638	**790,548**	4,226,511

The accompanying notes form an integral part of the financial statements.

Statements of Financial Position

as at 30 June 2016

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	11	**20,009,675**	21,204,672	**920**	706
Investment properties	12	**14,462**	–	**–**	–
Intangible assets	13	**8,077,220**	7,580,688	**–**	–
Investment in subsidiaries	14	**–**	–	**17,857,277**	15,926,095
Investments accounted for using the equity method	15	**2,119,011**	1,807,837	**5**	5
Investments	16	**271,359**	276,418	**266,580**	271,158
Derivative financial instruments	19	**29,865**	41,278	**–**	–
Receivables, deposits and prepayments	17	**367,909**	299,199	**–**	–
		30,889,501	31,210,092	**18,124,782**	16,197,964
Current assets					
Inventories	18	**805,902**	440,418	**–**	–
Receivables, deposits and prepayments	17	**1,723,420**	2,292,926	**3,043**	2,712
Derivative financial instruments	19	**64,547**	84,903	**–**	–
Amounts owing by immediate holding company and ultimate holding company	20	**5**	111	**–**	–
Amounts owing by subsidiaries	21	**–**	–	**1,835,298**	1,789,609
Amounts owing by fellow subsidiaries	32	**883**	1,012	**10**	–
Cash and bank balances	22	**9,761,333**	9,608,348	**524,234**	609,640
		12,356,090	12,427,718	**2,362,585**	2,401,961
TOTAL ASSETS		**43,245,591**	43,637,810	**20,487,367**	18,599,925

The accompanying notes form an integral part of the financial statements.

Statements of Financial Position

as at 30 June 2016

	Note	Group		Company	
		2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	23	**4,050,801**	3,710,825	**4,050,801**	3,710,825
Reserves		**8,460,180**	7,682,862	**9,436,902**	8,981,469
Equity attributable to owners of the parent		**12,510,981**	11,393,687	**13,487,703**	12,692,294
Non-controlling interests		**242,337**	235,008	**–**	–
TOTAL EQUITY		**12,753,318**	11,628,695	**13,487,703**	12,692,294
LIABILITIES					
Non-current liabilities					
Deferred taxation	25	**1,839,883**	2,105,425	**68**	68
Borrowings	26	**23,833,881**	23,417,355	**6,367,163**	5,509,760
Post-employment benefit obligations	27	**874,272**	743,365	**–**	–
Grants and contributions	28	**427,843**	413,485	**–**	–
Derivative financial instruments	19	**117,265**	133,296	**–**	–
Payables	29	**849,995**	672,912	**–**	–
		27,943,139	27,485,838	**6,367,231**	5,509,828
Current liabilities					
Payables and accrued expenses	30	**1,740,873**	2,072,902	**64,264**	60,171
Derivative financial instruments	19	**248,266**	304,263	**–**	–
Provision for liabilities and charges	31	**36,076**	40,617	**–**	–
Post-employment benefit obligations	27	**2,518**	2,023	**327**	275
Amounts owing to immediate holding company and ultimate holding company	20	**207**	247	**–**	4
Amounts owing to subsidiaries	21	**–**	–	**567,296**	336,844
Amounts owing to fellow subsidiaries	32	**67,679**	54,547	**483**	509
Taxation		**108,087**	138,263	**63**	–
Borrowings	26	**345,428**	1,910,415	**–**	–
		2,549,134	4,523,277	**632,433**	397,803
TOTAL LIABILITIES		**30,492,273**	32,009,115	**6,999,664**	5,907,631
TOTAL EQUITY AND LIABILITIES		**43,245,591**	43,637,810	**20,487,367**	18,599,925

The accompanying notes form an integral part of the financial statements.

Consolidated Statement of Changes in Equity

for the financial year ended 30 June 2016

		Attributable to Owners of the Parent									
Group	Note	Share Capital (Note 23) RM'000	Share Premium RM'000	Merger Reserve RM'000	Currency Translation Reserve RM'000	Other Reserves (Note 24(a)) RM'000	Treasury Shares (Note 24(b)) RM'000	Retained Earnings RM'000	Total RM'000	Non-controlling Interests RM'000	Total Equity RM'000
At 1 July 2015		3,710,825	2,287,408	(2,138,533)	220,686	25,654	(711,304)	7,998,951	11,393,687	235,008	11,628,695
Profit for the financial year		-	-	-	-	-	-	1,061,850	1,061,850	116,606	1,178,456
Other comprehensive income for the financial year		-	-	-	194,957	52,446	-	(196,820)	50,583	32,804	83,387
Total comprehensive income for the financial year		-	-	-	194,957	52,446	-	865,030	1,112,433	149,410	1,261,843
Transactions with owners											
Effects arising from changes in composition of the Group		-	-	-	-	-	-	-	-	16,464	16,464
Exercise of share options	24(a)	2,661	6,025	-	-	(1,180)	-	-	7,506	-	7,506
Exercise of warrants	23	337,315	431,764	-	-	-	-	-	769,079	-	769,079
Warrant reserve	24(a)	-	67,463	-	-	(67,463)	-	-	-	-	-
Dividends paid to non-controlling interests		-	-	-	-	-	-	-	-	(158,545)	(158,545)
Interim dividend paid for the financial year ended 30 June 2015	10	-	-	-	-	-	-	(771,722)	(771,722)	-	(771,722)
Share option lapsed	24(a)	-	-	-	-	(460)	-	460	-	-	-
Share repurchased	24(b)	-	-	-	-	-	(2)	-	(2)	-	(2)
Exchange differences	24(a)	-	-	-	19,988	(19,988)	-	-	-	-	-
At 30 June 2016		4,050,801	2,792,660	(2,138,533)	435,631	(10,991)	(711,306)	8,092,719	12,510,981	242,337	12,753,318

The accompanying notes form an integral part of the financial statements.

Consolidated Statement of Changes in Equity

for the financial year ended 30 June 2016

Group	Note	Attributable to Owners of the Parent								Non-controlling Interests RM'000	Total Equity RM'000
		Share Capital (Note 23) RM'000	Share Premium RM'000	Merger Reserve RM'000	Currency Translation Reserve RM'000	Other Reserves (Note 24(a)) RM'000	Treasury Shares (Note 24(b)) RM'000	Retained Earnings RM'000	Total RM'000		
At 1 July 2014		3,588,624	2,106,551	(2,138,533)	(661,744)	367,401	(711,301)	7,888,496	10,439,494	244,231	10,683,725
Profit for the financial year		–	–	–	–	–	–	918,812	918,812	1,586	920,398
Other comprehensive income for the financial year		–	–	–	868,701	(310,630)	–	(103,885)	454,186	89,054	543,240
Total comprehensive income for the financial year		–	–	–	868,701	(310,630)	–	814,927	1,372,998	90,640	1,463,638
Transactions with owners											
Effects arising from changes in composition of the Group		–	–	–	–	–	–	(1,063)	(1,063)	13,978	12,915
Exercise of warrants	23	122,201	156,417	–	–	–	–	–	278,618	–	278,618
Warrant reserve	24(a)	–	24,440	–	–	(24,440)	–	–	–	–	–
Dividends paid to non-controlling interests		–	–	–	–	–	–	–	–	(113,841)	(113,841)
Interim dividend paid for the financial year ended 30 June 2014	10	–	–	–	–	–	–	(703,431)	(703,431)	–	(703,431)
Share option expenses	24(a)	–	–	–	–	7,074	–	–	7,074	–	7,074
Share option lapsed	24(a)	–	–	–	–	(22)	–	22	–	–	–
Share repurchased	24(b)	–	–	–	–	–	(3)	–	(3)	–	(3)
Exchange differences	24(a)	–	–	–	13,729	(13,729)	–	–	–	–	–
At 30 June 2015		3,710,825	2,287,408	(2,138,533)	220,686	25,654	(711,304)	7,998,951	11,393,687	235,008	11,628,695

The accompanying notes form an integral part of the financial statements.

Company Statement of Changes in Equity

for the financial year ended 30 June 2016

Company	Note	Share Capital (Note 23) RM'000	Share Premium RM'000	Other Reserves (Note 24(a)) RM'000	Treasury Shares (Note 24(b)) RM'000	Retained Earnings* RM'000	Total RM'000
At 1 July 2015		**3,710,825**	**2,287,408**	**366,909**	**(711,304)**	**7,038,456**	**12,692,294**
Profit for the financial year		**–**	**–**	**–**	**–**	**795,126**	**795,126**
Other comprehensive loss for the financial year		**–**	**–**	**(4,578)**	**–**	**–**	**(4,578)**
Total comprehensive income for the financial year		**–**	**–**	**(4,578)**	**–**	**795,126**	**790,548**
Transactions with owners							
Exercise of share options	24(a)	**2,661**	**6,025**	**(1,180)**	**–**	**–**	**7,506**
Exercise of warrants	23	**337,315**	**431,764**	**–**	**–**	**–**	**769,079**
Warrant reserve	24(a)	**–**	**67,463**	**(67,463)**	**–**	**–**	**–**
Interim dividend paid for the financial year ended 30 June 2015	10	**–**	**–**	**–**	**–**	**(771,722)**	**(771,722)**
Share option lapsed	24(a)	**–**	**–**	**(460)**	**–**	**460**	**–**
Share repurchased	24(b)	**–**	**–**	**–**	**(2)**	**–**	**(2)**
At 30 June 2016		**4,050,801**	**2,792,660**	**293,228**	**(711,306)**	**7,062,320**	**13,487,703**
At 1 July 2014		3,588,624	2,106,551	350,825	(711,301)	3,548,826	8,883,525
Profit for the financial year		–	–	–	–	4,193,039	4,193,039
Other comprehensive income for the financial year		–	–	33,472	–	–	33,472
Total comprehensive income for the financial year		–	–	33,472	–	4,193,039	4,226,511
Transactions with owners							
Exercise of warrants	23	122,201	156,417	–	–	–	278,618
Warrant reserve	24(a)	–	24,440	(24,440)	–	–	–
Interim dividend paid for the financial year ended 30 June 2014	10	–	–	–	–	(703,431)	(703,431)
Share option expenses	24(a)	–	–	7,074	–	–	7,074
Share option lapsed	24(a)	–	–	(22)	–	22	–
Share repurchased	24(b)	–	–	–	(3)	–	(3)
At 30 June 2015		3,710,825	2,287,408	366,909	(711,304)	7,038,456	12,692,294

* There are no restrictions on the distribution of retained earnings.

The accompanying notes form an integral part of the financial statements.

Statements of Cash Flows

for the financial year ended 30 June 2016

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Cash flows from operating activities					
Profit for the financial year		**1,178,456**	920,398	**795,126**	4,193,039
Adjustments for:					
Allowance for impairment of inventories		**1,822**	1,474	**–**	–
Allowance for impairment of property, plant and equipment		**7**	524	**–**	–
Allowance for impairment of subsidiaries		**–**	–	**–**	4,817,533
Amortisation of deferred income		**(4,277)**	(4,142)	**–**	–
Amortisation of grants and contributions		**(17,005)**	(10,042)	**–**	–
Amortisation of intangible assets		**100,665**	71,981	**–**	–
Bad debts written-off		**13,578**	5,684	**–**	–
Depreciation of property, plant and equipment		**1,222,954**	1,379,364	**128**	126
Dividend in specie		**–**	–	**–**	(8,672,298)
Fair value changes in derivatives		**(1,402)**	(3,717)	**–**	–
Interest expense		**894,733**	821,439	**258,383**	207,980
Interest income		**(71,025)**	(26,126)	**–**	–
Net gain on disposal of property, plant and equipment		**(23,158)**	(26,690)	**–**	(16)
Property, plant and equipment written off		**16,909**	14,141	**–**	–
Provision for post-employment benefit		**73,125**	66,780	**–**	–
Provision for liabilities and charges		**–**	12,050	**–**	–
Share of profits of investments accounted for using the equity method		**(630,086)**	(287,592)	**–**	–
Share option expenses		**6**	7,171	**–**	1,539
Taxation		**135,684**	326,794	**744**	834
Unrealised gain on foreign exchange		**(26,171)**	(11,321)	**(34,789)**	(15,020)
(Write back)/Allowance for impairment of receivables (net of reversals)		**(74,866)**	68,868	**–**	–
Write back of fuel cost		**–**	(9,949)	**–**	–
		2,789,949	3,317,089	**1,019,592**	533,717
Changes in working capital:					
Inventories		**(402,517)**	51,737	**–**	–
Receivables, deposits and prepayments		**633,275**	69,573	**(350)**	2,326
Payables and accrued expenses		**(112,742)**	(167,584)	**3,304**	(1,544)
Subsidiaries		**–**	–	**(98,673)**	(124,873)
Fellow subsidiaries		**12,510**	(93,532)	**(37)**	499
Holding company		**62**	(180)	**(4)**	(3)
Cash flows from operations		**2,920,537**	3,177,103	**923,832**	410,122
Interest paid		**(848,669)**	(740,127)	**(232,311)**	(190,899)
Payment for provision and liabilities		**(9,288)**	(5,010)	**–**	–
Payment to post-employment benefit obligations		**(107,791)**	(99,251)	**–**	–
Tax paid		**(269,098)**	(450,853)	**(659)**	(1,247)
Net cash flows from operating activities		**1,685,691**	1,881,862	**690,862**	217,976

The accompanying notes form an integral part of the financial statements.

Statements of Cash Flows

for the financial year ended 30 June 2016

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Cash flows from investing activities					
Acquisition of subsidiaries		**(8,222)**	(66,523)	**–**	–
Additional investments accounted for using the equity method		**(3,097)**	(13,674)	**–**	–
Dividends received		**408,438**	290,470	**–**	–
Grants received		**59,578**	41,900	**–**	–
Interest received		**69,653**	16,237	**–**	–
Net advances to subsidiaries		**–**	–	**(1,644,530)**	(1,159,573)
Prepayment for land acquisition		**(96,990)**	–	**–**	–
Proceeds from disposal of property, plant and equipment		**26,251**	80,436	**–**	374
Purchase of intangible assets		**(72,145)**	(114,944)	**–**	–
Purchase of investment properties		**(16,418)**	–	**–**	–
Purchase of property, plant and equipment		**(1,252,015)**	(1,569,799)	**(342)**	(312)
Net cash flows used in investing activities		**(884,967)**	(1,335,897)	**(1,644,872)**	(1,159,511)
Cash flows from financing activities					
Dividend paid		**(771,722)**	(703,431)	**(771,722)**	(703,431)
Dividends paid to non-controlling interests		**(158,545)**	(113,841)	**–**	–
Proceeds from borrowings		**1,778,981**	2,855,235	**863,743**	1,728,500
Proceeds from issue of shares		**776,585**	278,618	**776,585**	278,618
Repayment of borrowings		**(2,335,716)**	(2,901,941)	**–**	–
Repurchase of own shares		**(2)**	(3)	**(2)**	(3)
Net cash flows (used in)/from financing activities		**(710,419)**	(585,363)	**868,604**	1,303,684
Net changes in cash and cash equivalents		**90,305**	(39,398)	**(85,406)**	362,149
Effects of exchange rate changes		**82,559**	671,713	**–**	–
Cash and cash equivalents:					
– At beginning of the financial year		**9,523,238**	8,890,923	**609,640**	247,491
– At end of the financial year	22	**9,696,102**	9,523,238	**524,234**	609,640

The principal non-cash transactions of property, plant and equipment are disclosed as below:

	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Finance lease	**252,736**	–	**–**	–
Interest expense paid/payable	**9,045**	14,868	**–**	–
Provision for liabilities and charges	**4,600**	–	**–**	–
Transfer from prepayments	**–**	31,823	**–**	–
Transfer of assets from customers	**158,515**	138,856	**–**	–
Other payables and accrued expenses	**(19,985)**	(28,011)	**–**	–
	404,911	157,536	**–**	–

The accompanying notes form an integral part of the financial statements.

Notes to the Financial Statements

for the financial year ended 30 June 2016

1 GENERAL INFORMATION

The principal activities of the Company are investment holding and the provision of administrative and technical support services. The principal activities of the subsidiaries are set out in Note 14 to the financial statements.

The immediate holding company is YTL Corporation Berhad and the ultimate holding company is Yeoh Tiong Lay & Sons Holdings Sdn. Bhd., both of which are incorporated in Malaysia. YTL Corporation Berhad is listed on the Main Market of Bursa Malaysia Securities Berhad.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Market of Bursa Malaysia Securities Berhad.

The address of the registered office of the Company is as follows:

11th Floor, Yeoh Tiong Lay Plaza
55, Jalan Bukit Bintang
55100 Kuala Lumpur

The address of the principal place of business of the Company is as follows:

7th Floor, Yeoh Tiong Lay Plaza
55, Jalan Bukit Bintang
55100 Kuala Lumpur

2 BASIS OF PREPARATION

The financial statements of the Group and the Company have been prepared under the historical cost convention except as disclosed in Note 3 to the financial statements.

The financial statements of the Group and the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ('MFRS'), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires the Directors to exercise their judgments in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgments are based on Directors' best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4 to the financial statements.

The financial statements are presented in Ringgit Malaysia (RM) and all values are rounded to the nearest thousand (RM'000) except as otherwise indicated.

(a) Standards and amendments to published standards that are effective for the Group's and the Company's financial year beginning on or after 1 July 2015

There are no new MFRSs and amendments to MFRSs which are effective to the Group's and the Company's financial year beginning on or after 1 July 2015.

2 BASIS OF PREPARATION (CONTINUED)

(b) Standards and amendments to published standards that are applicable to the Group and the Company but not yet effective

(i) Financial year beginning on/after 1 July 2016

- Amendment to MFRS 5, 'Non-current Assets Held for Sale and Discontinued Operations' (effective 1 January 2016) introduce specific guidance in MFRS 5 for when an entity reclassifies an asset (or disposal group) from held-for-sale to held-for-distribution to owners (or vice versa), or when held-for-distribution is discontinued.

- Amendment to MFRS 7, 'Financial Instruments: Disclosures' (effective 1 January 2016) provide additional guidance to clarify whether servicing contracts constitute continuing involvement for the purposes of applying the disclosure requirements of MFRS 7 and clarify the applicability of Disclosure–Offsetting Financial Assets and Financial Liabilities (Amendments to MFRS 7) to condensed interim financial statements.

- Amendments to MFRS 10, MFRS 12 and MFRS 128, 'Investment Entities: Applying the Consolidation Exception' (effective 1 January 2016) addresses issues that have arisen in the context of applying the consolidation exception for investment entities. The amendments also provide relief in particular circumstances, which will reduce the costs of applying the Standards, clarifying the exemption from preparing consolidated financial statements for an intermediate parent entity, a subsidiary providing services that relate to the parent's investment activities, application of the equity method by a non-investment entity investor to an investment entity investee and the disclosures required.

- Amendment to MFRS 11, 'Accounting for Acquisitions of Interests in Joint Operations' (effective 1 January 2016) clarifies that when an entity acquires interest in joint operation in which the activity of the joint operation constitutes a business as defined by MFRS 3 Business Combinations, it shall apply the relevant principles on business combinations accounting in MFRS 3 and other MFRSs, that do not conflict with MFRS 11. The amendments are applicable to both the acquisition of the initial interest in a joint operation and the acquisition of additional interest in the same joint operation. However, a previously held interest is not re-measured when the acquisition of an additional interest in the same joint operation results in retaining joint control.

- Amendment to MFRS 101, 'Presentation of Financial Statements: Disclosure Initiative' (effective 1 January 2016) aim to improve the effectiveness of disclosures and are designed to encourage companies to apply professional judgment in determining the information to be disclosed in the financial statements.

- Amendments to MFRS 116 'Property, plant and equipment' and MFRS 138 'Intangible assets' (effective from 1 January 2016) clarify that the use of revenue-based methods to calculate the depreciation and amortisation of an item of property, plant and equipment and intangible assets are not appropriate. This is because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.

  The amendments to MFRS 138 also clarify that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption can be overcome only in the limited circumstances where the intangible asset is expressed as a measure of revenue or where it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

- Amendment to MFRS 119, 'Employee Benefits' (effective 1 January 2016) clarifies that the high quality corporate bonds used to estimate the discount rate for post-employment benefit obligations should be denominated in the same currency as the liability. The amendment also clarifies that the depth of the market for high quality corporate bonds should be assessed at a currency level.

Notes to the Financial Statements

for the financial year ended 30 June 2016

2 BASIS OF PREPARATION (CONTINUED)

(b) Standards and amendments to published standards that are applicable to the Group and the Company but not yet effective (continued)

(i) Financial year beginning on/after 1 July 2016 (continued)

- Amendment to MFRS 127, 'Separate Financial Statements: Equity Method in Separate Financial Statements' (effective 1 January 2016) allow a parent and investors to use the equity method in its separate financial statement to account for investments in subsidiaries, joint ventures and associates, in addition to the existing options.

- Amendment to MFRS 134, 'Interim Financial Reporting' (effective 1 January 2016) clarifies the meaning of disclosure of information 'elsewhere in the interim financial report' as used in MFRS 134. The amendment requires such disclosures to be given either in the interim financial statements or incorporated by cross-reference from the interim financial statements to some other statement that is available to users of the financial statements on the same terms as the interim financial statements and at the same time.

(ii) Financial year beginning on/after 1 July 2017

- Amendment to MFRS 107, 'Statement of Cash Flows: Disclosure Initiative' (effective 1 January 2017) require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including changes from cash flows and non-cash changes. The disclosure requirement could be satisfied in various ways, and one method is by providing reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities.

- Amendment to MFRS 112, 'Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses' (effective 1 January 2017) clarify that decreases in value of a debt instrument measured at fair value for which the tax base remains at its original cost give rise to a deductible temporary difference. The estimate of probable future taxable profits may include recovery of some of an entity's assets for more than their carrying amounts if sufficient evidence exists that it is probable the entity will achieve this.

  The amendment also clarify that deductible temporary differences should be compared with the entity's future taxable profits excluding tax deductions resulting from the reversal of those deductible temporary differences when an entity evaluates whether it has sufficient future taxable profits. In addition, when an entity assesses whether taxable profits will be available, it should consider tax law restrictions with regards to the utilisation of the deduction.

(iii) Financial year beginning on/after 1 July 2018

- MFRS 9 'Financial Instruments' (effective from 1 January 2018) will replace MFRS 139 'Financial Instruments: Recognition and Measurement'. The complete version of MFRS 9 was issued in November 2014.

  MFRS 9 retains but simplifies the mixed measurement model in MFRS 139 and establishes three primary measurement categories for financial assets: amortised cost, fair value through profit or loss and fair value through other comprehensive income ("OCI"). The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are always measured at fair value through profit or loss with an irrevocable option at inception to present changes in fair value in OCI (provided the instrument is not held for trading). A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest.

2 BASIS OF PREPARATION (CONTINUED)

(b) Standards and amendments to published standards that are applicable to the Group and the Company but not yet effective (continued)

(iii) Financial year beginning on/after 1 July 2018 (continued)

For liabilities, the standard retains most of the MFRS 139 requirements. These include amortised cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

MFRS 9 introduces an expected credit loss model on impairment that replaces the incurred loss impairment model used in MFRS 139. The expected credit loss model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

- MFRS 15 'Revenue from contracts with customers' (effective from 1 January 2018) deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

  Revenue is recognised when a customer obtains control of a goods or services and thus has the ability to direct the use and obtain the benefits from the goods or services. The core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

(iv) Financial year beginning on/after 1 July 2019

- MFRS 16, 'Leases' (effective 1 January 2019) replaces the existing standard on Leases, MFRS 117. MFRS 16 eliminates the distinction between finance and operating leases for lessees. All leases will be brought onto its balance sheet as recording certain leases as off-balance sheet leases will no longer be allowed except for some limited practical exemptions. In other words, for a lessee that has material operating leases, the assets and liabilities reported on its balance sheet are expected to increase substantially.

(v) Effective date is deferred

- Amendments to MFRS 10 and MFRS 128, 'Sale or Contribution of Assets between an Investor and its Associate or Joint Venture' (deferred) resolve a current inconsistency between MFRS 10 and MFRS 128. The accounting treatment depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a 'business'. Full gain or loss shall be recognised by the investor where the non-monetary assets constitute a 'business'. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor to the extent of the other investors' interests. The amendments will only apply when an investor sells or contributes assets to its associate or joint venture. They are not intended to address accounting for the sale or contribution of assets by an investor in a joint operation.

The Group and the Company have started a preliminary assessment on the effects of the above standards and amendments to published standards and the impact is still being assessed.

3 SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements.

(a) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. Cost also includes borrowing costs incurred for assets under construction. The cost of certain property, plant and equipment includes the costs of dismantling, removal and restoration, the obligation which was incurred as a consequence of installing the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Income Statement during the financial period in which they are incurred.

Where items of property, plant and equipment are transferred to the Group from customers/developers, the fair value of the assets transferred is recognised as property, plant and equipment in the Statement of Financial Position. Where the transfer is exchanged for connection to the network and no further obligation is required, the corresponding credit is revenue. Where the transfer is linked to the provision of ongoing services, the corresponding entry is deferred income as disclosed in Note 29 and released to the Income Statement over the expected useful lives of the assets.

Infrastructure assets comprise a network of system of mains and sewers, impounding and pumped raw water storage reservoirs, dams, sludge pipelines, sea outfalls and infrastructure investigations and studies. It is amortised in equal instalments over a period of one hundred and eight (108) years.

Freehold land is not depreciated as it has an infinite life. Leasehold land classified as finance lease is amortised over its lease period.

All other property, plant and equipment are depreciated on a straight line basis to write off the cost of each asset to its residual value over its estimated years of useful lives, summarised as follows:

	Years
Leasehold land	18-30
Buildings	10-50
Plant and machinery	3-30
Mains and lines	20
Office equipment	3-10
Computers	3-5
Furniture and fittings	3-10
Motor vehicles and aircraft	5-10
Telecommunications equipment	5-25

Assets under construction are stated at cost and are not depreciated. Upon completion, assets under construction are transferred to categories of property, plant and equipment depending on nature of assets. Depreciation on property, plant and equipment under construction commences when the property, plant and equipment are ready for their intended use. Depreciation of property, plant and equipment ceases at the earlier of derecognition and classification as held-for-sale.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Property, plant and equipment (continued)

At each reporting date, the Group and the Company assess whether there is any indication of impairment. If such indication exists, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amounts exceed the recoverable amounts. See accounting policy Note 3(e) to the financial statements on impairment of non-financial assets.

Residual values and useful lives of assets are reviewed, and adjusted if appropriate, at each reporting date.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognised in the Income Statement.

(b) Leases

(i) Accounting by lessee

Finance lease

Leases of property, plant and equipment where the Group assumes substantially all the benefits and risks of ownership are classified as finance leases.

The asset is treated as if they had been purchased and the corresponding capital cost is shown as an obligation. Leasing payments are treated as consisting of a capital element and finance costs, the capital element reducing the obligation to the lessor and the finance charge being charged to the Income Statement over the period of the lease in reducing amounts in a constant rate in relation to the outstanding obligation.

Operating lease

Leases of assets where significant portion of the risks and rewards of ownership is retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the Income Statement on a straight line basis over the lease period.

When an operating lease is terminated before the lease period expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the financial period is which termination takes place.

(ii) Accounting by lessor

Operating lease

Assets leased out under operating leases are included in property, plant and equipment in the Statement of Financial Position. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment. Lease income (net of any incentives given to lessees) is recognised on the straight line basis over the lease term.

Notes to the Financial Statements

for the financial year ended 30 June 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Intangible assets

(i) Intangible assets – Customer acquisition costs

Customer acquisition costs pertains to commission payment made to a dealer intermediary as consideration for signing up a new customer and the expenditures incurred in providing the customer a free or subsidised device, provided the customer signs a non-cancellable contract for a predetermined contractual period, are capitalised as intangible assets and amortised over the contractual period on a straight line basis. Customer acquisition costs are assessed at each reporting date whether there is any indication that the customer acquisition costs may be impaired. See accounting policy Note 3(e) to the financial statements on impairment of non-financial assets.

(ii) Intangible assets – Goodwill

Goodwill arises on the acquisitions of subsidiaries and it represents the excess of the cost of the acquisition over the Group's share in the fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree at the date of acquisition. If the fair value of consideration transferred, the amount of non-controlling interest and the fair value of previously held interest in the acquiree are less than the fair value of the net identifiable assets of the acquiree, the resulting gain is recognised in the profit or loss.

Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill acquired in a business combination is allocated to cash-generating units for the purpose of impairment testing and is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired. The carrying value of goodwill is compared to the recoverable amount, which is the higher of fair value less costs of disposal and value-in-use. Any impairment is recognised immediately as an expense and is not subsequently reversed. See accounting policy Note 3(e) to the financial statements on impairment of non-financial assets.

(iii) Intangible assets – Others

Other intangible assets comprise acquired contracts and rights to contracts from business combination. These are amortised over the contractual period on a straight line basis and are assessed at each reporting date whether there is any indication that the other intangible assets may be impaired. See accounting policy Note 3(e) to the financial statements on impairment of non-financial assets.

(d) Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are stated at cost less accumulated depreciation.

(e) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or as and when events or circumstances occur indicating that impairment may exist. Assets that are subject to amortisation are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

The impairment is charged to the Income Statement unless it reverses a previous revaluation in which case it is charged to the revaluation surplus. In respect of these assets, any subsequent increase in recoverable amount is recognised in the Income Statement unless it reverses impairment on a revalued asset in which case it is taken to revaluation surplus.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Subsidiaries are consolidated using the acquisition method of accounting except for subsidiaries that were consolidated prior to 1 July 2002 in accordance with Malaysian Accounting Standard 2 'Accounting for Acquisitions and Mergers', the generally accepted accounting principles prevailing at that time.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

The gain or loss on disposal of a subsidiary is the difference between net disposal proceeds and the Group's share of its net assets as of the date of disposal including the cumulative amount of any exchange differences that relate to the subsidiaries is recognised in the Income Statement.

(i) Acquisition method

Under the acquisition method of accounting, subsidiaries are fully consolidated from the date of which control is transferred to the Group and are deconsolidated from the date that control ceased. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed is recorded as goodwill. If this consideration is lower than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the gain is recognised in the Income Statement (refer to significant accounting policies Note 3 (c) (ii) on goodwill).

(ii) Merger method

Acquisition of a subsidiary, YTL Power Generation Sdn. Bhd., was accounted for using merger accounting principles.

Under the merger method of accounting, the results of subsidiaries are presented as if the merger had been effected throughout the current and previous financial years. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. On consolidation, the difference between the carrying values of the investment in the subsidiary over the nominal value of the shares acquired is taken to merger reserve.

Notes to the Financial Statements

for the financial year ended 30 June 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Subsidiaries (continued)

(ii) Merger method (continued)

On consolidation, the cost of the merger is cancelled with the values of the shares received. Any resulting credit difference is classified as equity and regarded as a non-distributable reserve. Any resulting debit difference is adjusted against any suitable reserve. Any share premium, capital redemption reserve and any other reserves which are attributable to share capital of the merged enterprises, to the extent that they have not been capitalised by a debit difference, are reclassified and presented as movement in other capital reserves.

(iii) Transactions with non-controlling interests

The Group treats transactions with non-controlling interests that do not result in loss of control as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iv) Change in control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other component of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in the Income Statement. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(g) Associates

Associates are entities in which the Group exercises significant influence, but which it does not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Significant influence is the power to participate in the financial and operating policy decisions of the associates but not control over those policies.

Investments in associates are accounted for in the consolidated financial statements by using the equity method of accounting and are initially recognised at cost. The Group's investments in associates include goodwill identified on acquisition, net of any accumulated impairment loss.

The Group's share of post-acquisition profit or loss is recognised in the Income Statement and its share of post-acquisition movements in reserves is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying value of investment. When the Group's share of losses in the associates equals or exceeds its interest in the associates, including any other unsecured obligations, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associates.

The results of associates are taken from the most recent financial statements of the associates' concerned, made up to dates not more than three months prior to the end of the financial year of the Group.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates; unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, in applying the equity method, adjustments are made to the financial statements of associates used for equity accounting purposes to ensure consistency of accounting policies with those of the Group.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Associates (continued)

When the Group losses significant influence, any retained interest in the entity is re-measured to its fair value with the change in carrying amount recognised in the Income Statement. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as a financial asset. Any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

(h) Joint arrangements

A joint arrangement is an arrangement of which there is contractually agreed sharing of control by the Group with one or more parties, where decisions about the relevant activities relating to the joint arrangement require unanimous consent of the parties sharing control. The classification of a joint arrangement as a joint operation or a joint venture depends upon the rights and obligations of the parties to the arrangement. A joint venture is a joint arrangement whereby the joint ventures have rights to the net assets of the arrangement. A joint operation is a joint arrangement whereby the joint operators have rights to the assets and obligations for the liabilities, relating to the arrangement.

Joint ventures

The Group's interest in a joint venture is accounted for in the financial statements by the equity method of accounting. Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures; unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, in applying the equity method, adjustments are made to the financial statements of joint ventures used for equity accounting purposes to ensure consistency of accounting policies with those of the Group.

(i) Investments in subsidiaries, joint arrangements and associates

Investments in subsidiaries, joint arrangements and associates are stated at cost less accumulated impairment losses if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount.

On disposal of investments in subsidiaries, joint arrangements and associates, the difference between disposal proceeds and the carrying amounts of the investments are recognised in Income Statement.

(j) Development expenditure

Development expenditure is generally expensed when incurred otherwise it is capitalised when it meets certain criteria that indicate that it is probable that the costs will give rise to future economic benefits and are amortised over the period of the projects. They are written down to their recoverable amounts when there is insufficient certainty that future economic benefit will flow to the enterprise.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis. Inventories comprise primarily of raw material, work-in-progress, fuel and spare parts. The cost of work-in-progress comprises raw materials, direct labour, other direct costs and related overheads. It excludes borrowing costs. Fuel and diesel oil held for generation of electricity are not written down below cost if the electricity generated is expected to obtain a gross margin at or above cost. Cost for this purpose includes the applicable costs required to enable the fuel and diesel oil to be used for the generation of electricity.

Inventories for oil trading are acquired with the purpose of selling in the near future and generating a profit from fluctuations in price. These are at fair value less costs to sell, with changes in fair value less costs to sell recognised in the Income Statement in the period of change.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

On initial recognition, land is included within inventories at its fair value, which is its cost to the Group. Where development is in progress, net realisable value is assessed by considering the expected future revenues and the total costs to complete the development. Such land is classified as current inventories when it is expected to be realised within the normal operating cycle.

(l) Financial assets and financial liabilities

Financial assets

(i) Classification

Financial assets are classified in the following categories: at fair value through profit or loss, loans and receivables and available-for-sale. Management determines the classification of its financial assets at initial recognition based on the nature of the asset and the purpose for which the asset was acquired.

(a) Financial Assets at Fair Value through Profit or Loss ('FVTPL')

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if it was acquired principally for the purpose of selling. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

To reduce the accounting mismatch, the fair value option is applied to investments that include embedded derivatives.

(b) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting date. These are classified as non-current assets. The Group's loans and receivables comprise non-current receivables, receivables, deposits and cash and bank balances in the Statement of Financial Position. While, the Company's loans and receivables comprise receivables, deposits and cash and bank balances in the Statement of Financial Position.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Financial assets and financial liabilities (continued)

Financial assets (continued)

(i) Classification (continued)

(b) Loans and Receivables (continued)

When loans and receivables are impaired, the carrying amount of the asset is reduced and the amount of the loss is recognised in the Income Statement.

(c) Available-for-sale Financial Assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months from the end of the reporting date.

(ii) Measurement

(a) Recognition and initial measurement

Regular purchases and sales of financial assets are recognised on the trade-date, the date on which the Group and the Company commit to purchase or sell the assets.

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss.

Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the Income Statement.

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest methods less provision for impairment, if any.

(b) Subsequent measurement – Gains and losses

Changes in the fair values of financial assets at fair value through profit or loss, including the effects of currency translation, interest and dividend income are recognised in the Income Statement in the financial period in which the changes arise.

Changes in the fair value of available-for-sale financial assets are recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses on monetary assets. The exchange differences on monetary assets are recognised in the Income Statement, whereas exchange differences on non-monetary assets are recognised in other comprehensive income as part of fair value change.

Interest and dividend income on available-for-sale financial assets are recognised separately in the Income Statement. Interest on available-for-sale debt securities calculated using the effective interest method is recognised in the Income Statement. Dividend income on available-for-sale equity instruments are recognised in the Income Statement when the Group and the Company's right to receive payments is established.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Financial assets and financial liabilities (continued)

Financial assets (continued)

(iii) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expires or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the Income Statement.

(iv) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the Statement of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy.

(v) Impairment of financial assets

The Group and the Company assess at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired.

(a) Assets carried at amortised cost

A financial asset or a group of financial assets is impaired and impairment is incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the Income Statement.

(b) Assets classified as available-for-sale

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is taken as evidence that the securities are impaired. If any such evidence exists, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss previously recognised in the Income Statement, is reversed from equity and recognised in the Income Statement. Impairment losses recognised in the Income Statement on equity instruments is not reversed through Income Statement in subsequent periods.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the Income Statement, the impairment loss is reversed through the Income Statement.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Financial assets and financial liabilities (continued)

Financial liabilities

Financial liabilities are recognised in the Statement of Financial Position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

The Group's and the Company's financial liabilities include trade payables, other payables and borrowings (see Note 3(q)). These are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability, and the difference in the respective carrying amounts is recognised in the Income Statement.

(m) Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date the derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

(a) hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or

(b) hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategies for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives designated as hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative financial instruments used for hedging purposes are disclosed in Note 19 to the financial statements. Movements on the hedging reserve in other comprehensive income are shown in Note 24(a) to the financial statements. The full fair value of a hedging derivative is classified as non-current asset or liability when the remaining maturity of the hedged item is more than 12 months, and as current asset or liability when the remaining maturity of the hedged item is less than 12 months. The fair value of a trading derivative is classified as current asset or liability.

(i) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the Income Statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The Group only applies fair value hedge accounting for hedging fixed interest risk on borrowings. The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate borrowings is recognised in the Income Statement within 'finance costs'. The gain or loss relating to the ineffective portion is recognised in the Income Statement. Changes in the fair value of the hedge fixed rate borrowings attributable to interest rate risk are recognised in the Income Statement within 'finance costs'.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to Income Statement over the period to maturity.

Notes to the Financial Statements

for the financial year ended 30 June 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Derivative financial instruments and hedging activities (continued)

(ii) Cash flows hedge

The fair value changes on the effective portion of the derivatives that are designated and qualify as cash flows hedges are recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the Income Statement.

Amounts accumulated in equity are reclassified to Income Statement in the financial periods when the hedged item affects Income Statement (for example, when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the Income Statement. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory or fixed assets), the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognised in cost of goods sold in the case of inventory or in depreciation in the case of property, plant and equipment.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the Income Statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the Income Statement.

(n) Financial guarantee

Financial guarantee contracts are contracts that require the Group and the Company to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument.

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with MFRS 137 'Provisions, Contingent Liabilities and Contingent Assets' and the amount initially recognised less cumulative amortisation, where appropriate.

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where financial guarantees in relation to loans or payables of subsidiaries are provided by the Company for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of investment in subsidiaries.

(o) Cash and cash equivalents

For the purpose of the Statement of Cash Flows, cash and cash equivalents comprise cash in hand, deposits held at call with financial institutions with original maturities of three months or less and bank overdrafts. Bank overdrafts are included within borrowings in current liabilities on the Statement of Financial Position. For the purpose of the Statement of Cash Flows, cash and cash equivalents are presented net of bank overdrafts.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Share capital

Ordinary shares and non-redeemable preference shares with discretionary dividends are classified as equity. Other shares are classified as equity and/or liability according to the economic substance of the particular instrument.

Distributions to holders of a financial instrument classified as an equity instrument are charged directly to equity. Dividends to shareholders are recognised in equity in the financial period in which they are declared.

Dividends on ordinary shares are accounted for in shareholders' equity as an appropriation of retained earnings and accrued as liability in the financial year in which the obligation to pay is established.

Purchase of own shares

Shares repurchased by the Company are held as treasury shares and are accounted for on the cost method. The amount of the consideration paid, including directly attributable costs, is recognised as cost and set off against equity. Should such shares be cancelled, reissued or disposed of, their nominal amounts will be eliminated, and the differences between their cost and nominal amounts will be taken to reserves, as appropriate. Where the treasury shares are subsequently distributed as dividends to shareholders, the cost of the treasury shares is applied as a reduction of the share premium account or the distributable retained earnings or both.

(q) Bonds and borrowings

Bonds and borrowings are initially recognised based on the proceeds received, net of transaction costs incurred. Subsequently, bonds and borrowings are stated at amortised cost using the effective interest method; any difference between proceeds (net of transaction costs) and the redemption value is recognised in the Income Statement over the term of the bonds and borrowings.

Interest relating to a financial instrument classified as a liability is reported within finance cost in the Income Statement.

Bonds and borrowings are classified as current liabilities unless the Group and the Company have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Borrowing cost incurred to finance the construction of property, plant and equipment that meets the definition of qualifying asset are capitalised as part of the cost of the assets during the period of time that is required to complete and prepare the asset for its intended use.

(r) Grants and contributions

Grants and contributions are benefits received in respect of specific qualifying expenditure, and investment tax credits and tax benefits in respect of qualifying property, plant and equipment. These are released to the Income Statement over the expected economic useful lives of the related assets.

(s) Deferred income

Deferred income represents the cash received in advance from customer and transfer of asset from customer in respect of services which are yet to be provided. Such amounts are recorded as liabilities in the Statement of Financial Position and are only recognised in the Income Statement upon the rendering of services to customers.

Notes to the Financial Statements
for the financial year ended 30 June 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Provisions

The Group and the Company recognise provisions when it has a present legal or constructive obligation arising as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. The recording of provisions requires the application of judgments about the ultimate resolution of these obligations. As a result, provisions are reviewed at each reporting date and adjusted to reflect the Group and the Company's current best estimate.

(u) Revenue recognition

(i) Sale of electricity

Revenue from sales of electricity is recognised upon performance of services based on the invoiced value of sales net of discounts allowed and also includes an estimate of the value of services provided between the last meter reading date and the financial year end.

(ii) Sale of fuel oil

Revenue from sale of fuel oil is recognised when the risks and rewards of ownership of the oil have been passed to the customers which occurs when the oil has been delivered and the collectability of the related receivable is reasonably assured.

(iii) Supply of clean water and treatment and disposal of waste water

Revenue from supply of clean water and treatment and disposal of waste water represents the amounts (excluding value added tax, where applicable) derived from the provision of goods and services to third party customers.

(iv) Broadband and telecommunications

Revenue relating to provision of broadband, telecommunications and related services are recognised net of discounts upon the transfer of risks and rewards when goods are delivered and services are performed. Revenue derived from services is deferred if the services have not been rendered at the reporting date.

Revenue from the sale of devices is recognised upon transfer of significant risks and rewards of ownership of the goods to the customer which generally coincides with delivery and acceptance of the goods sold.

(v) Sale of steam

Revenue relating to sale of steam is recognised when the steam is delivered to the customer.

(vi) Investment income

Investment income earned by the Group and the Company are recognised on the following bases:

Dividend income	–	When the shareholders' right to receive payment is established.
Interest income	–	On an effective interest basis.

(vii) Others

Other income earned by the Group and the Company are recognised on the following bases:

Management fees	–	When services are rendered and invoiced, net of service taxes.
Operation and maintenance fees	–	When services are rendered and invoiced.
Tank leasing fees	–	Tank leasing fees from operating leases are recognised on a straight line basis over the lease term.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) Employee benefits

(i) Short-term employee benefits

Wages, salaries, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the financial period in which the associated services are rendered by employees of the Group and the Company.

(ii) Post-employment benefits

The Group and the Company have various post-employment benefit schemes in accordance with local conditions and practices in the countries in which they operate.

These benefit plans are either defined contribution or defined benefit plans.

(a) Defined contribution plan

A defined contribution plan is a pension plan under which the Group and the Company pay fixed contributions into a separate entity (a fund) on a mandatory, contractual or voluntary basis and the Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior financial periods.

The Group and Company's contributions to defined contribution plan are charged to the Income Statement in the financial period to which they relate. Once the contributions have been paid, the Group and the Company have no further payment obligations.

(b) Defined benefit plan

A defined benefit plan is a pension plan that defines an amount of pension benefit to be provided, usually as a function of one or more factors such as age, years of service or compensation.

The liability in respect of a defined benefit plan is the present value of the defined benefit obligation at the reporting date minus the fair value of plan assets, together with adjustments for actuarial gains or losses and past service cost. The Group determines the present value of the defined benefit obligation and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the financial statements do not differ materially from the amounts that would be determined at the reporting date.

The defined benefit obligation, calculated using the projected unit credit method, is determined by independent actuaries, considering the estimated future cash outflows using market yields at the reporting date of government securities which have currency and terms to maturity approximating the terms of the related liability.

Re-measurement gains and losses of post-employment benefit obligations are recognised outside the Income Statement in retained earnings and presented in the Statement of Comprehensive Income.

Past-service costs are recognised immediately in Income Statement.

(iii) Share-based compensation

The Group operates an equity-settled, share-based compensation plan for the employees of the Group. The fair value of the employee services received in exchange for the grant of the share options is recognised as an expense in the Income Statement over the vesting periods of the grant with a corresponding increase in equity.

Notes to the Financial Statements

for the financial year ended 30 June 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) Employee benefits (continued)

(iii) Share-based compensation (continued)

The total amount to be expensed over the vesting period is determined by reference to the fair value of the share options granted and the number of share options to be vested by vesting date. At each reporting date, the Group revises its estimates of the number of share options that are expected to vest. It recognises the impact of the revision of original estimates, if any, in the Income Statement, with a corresponding adjustment to equity. For options granted to subsidiaries, the expense will be recognised in the subsidiaries' financial statements over the vesting periods of the grant.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

(w) Income taxes

Current tax expense is determined according to the tax laws of each jurisdiction in which the Group operates and includes all taxes based upon the taxable profits, including withholding taxes payable by a foreign subsidiary, associated company or joint venture on distributions of retained earnings to companies in the Group.

Deferred tax is recognised in full, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at that time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences or unused tax losses can be utilised.

Deferred tax is recognised on temporary differences arising on investments in subsidiaries, associated companies and joint ventures except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

The Group's share of income taxes of joint ventures and associates are included in the Group's share of profits of investments accounted for using the equity method.

Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred tax asset is realised or deferred tax liability is settled.

(x) Foreign currencies

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The consolidated financial statements are presented in Ringgit Malaysia, which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(x) Foreign currencies (continued)

(iii) Group companies

The results and financial position of all the Group's entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each Statement of Financial Position presented are translated at the closing rate at the date of that Statement of Financial Position;
- income and expenses for each Income Statement are translated at average exchange rates; and
- all resulting exchange differences are recognised as a separate component of other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in other comprehensive income are recognised in the Income Statement as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity on or after 1 July 2011 are treated as assets and liabilities of the foreign entity and translated at the closing rate. For acquisition of foreign entities completed prior to 1 July 2011, goodwill and fair value adjustments continued to be recorded at the exchange rate at the respective date of acquisitions. This is in accordance to the adoption of MFRS 1.

(y) Contingent liabilities and contingent assets

The Group and the Company do not recognise a contingent liability but disclose its existence in the financial statements, except in a business combination.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group and the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or it cannot be measured reliably. However, contingent liabilities do not include financial guarantee contracts.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group and the Company. The Group and the Company do not recognise contingent assets but disclose their existence where inflows of economic benefits are probable, but not virtually certain.

In the acquisition of subsidiaries by the Group under a business combination, the contingent liabilities assumed are measured initially at their fair value at the acquisition date, irrespective of the extent of any non-controlling interests.

The Group recognises separately the contingent liabilities of the acquirees as part of allocating the cost of a business combination where the fair values can be measured reliably. Where the fair values cannot be measured reliably, the resulting effect will be reflected in the goodwill arising from the acquisitions.

Notes to the Financial Statements

for the financial year ended 30 June 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(z) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Director primarily responsible for the financial statements for the Group.

Transactions between segments are carried out on mutually agreed basis. The effects of such inter-segment transactions are eliminated on consolidation. The measurement basis and classification are consistent with those adopted in the previous financial year.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group and the Company make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) Impairment assessment of goodwill

The Group tests goodwill for impairment annually, in accordance with its accounting policy. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of significant judgments and estimates as set out in Note 13 to the financial statements.

(b) Estimated residual value, useful lives and capitalisation of property, plant and equipment

Estimates and judgments are involved in the decision to capitalise or expense the costs incurred on capital expenditure, determining the useful lives and the estimated residual value of property, plant and equipment. The residual value and the useful lives of property, plant and equipment are reviewed at each financial year end. The review involves significant judgments based on factors such as business plans and strategies, expected level of usage and future regulatory changes. It is possible that the future results of operations could be materially affected by changes in this estimate.

(c) Impairment assessment of property, plant and equipment and investments

Management applies its accounting policy set out in Note 3(e) to the financial statements in determining when property, plant and equipment and investments are considered as impaired.

Impairment is recognised when events and circumstances indicate that these assets may be impaired and the carrying amount of these assets exceeds the recoverable amounts. In determining the recoverable amount of these assets, certain estimates are made regarding the cash flows of these assets including meeting growth targets and sourcing contracts renewal.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

(d) Estimated pension benefits

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Group determines the appropriate discount rate at the end of each financial year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximately the terms of the related pension liability.

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in Note 27 to the financial statements.

(e) Allowance for impairment of receivables

At each reporting date, the Group and the Company assess whether there is objective evidence that receivables have been impaired. Impairment loss is calculated based on a review of the current status of existing receivables and historical collection expenses. Such provisions are adjusted periodically to reflect the actual and anticipated impairment.

(f) Assessment of lower of cost and net realisable value for fuel oil inventory

Inventories of fuel and diesel oil are held as regulatory reserve for use in the generation of electricity. These are written down to the net realisable value if the total costs of generating the electricity (include the costs of fuel and diesel oil) exceeds the selling price of the electricity generated. The subsidiary plans its generation mix, including the option of powering the steam plants on fuel oil, according to expected economic return, based on information from both external and internal sources.

Notes to the Financial Statements

for the financial year ended 30 June 2016

5 REVENUE

	Group		Company	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Sale of electricity	**5,466,029**	7,195,375	**–**	–
Sale of clean water and treatment and disposal of waste water	**3,346,634**	3,043,780	**–**	–
Sale of fuel oil	**261,004**	503,917	**–**	–
Sale of steam	**127,166**	192,397	**–**	–
Broadband and telecommunications	**702,075**	693,295	**–**	–
Investment income	**150,199**	112,885	**1,126,613**	9,244,906
Others	**192,067**	116,444	**9,481**	23,505
	10,245,174	11,858,093	**1,136,094**	9,268,411

6 SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES

Key management personnel comprise the Directors of the Group and the Company who have the authority and responsibility for planning, directing and controlling the activities of the Group or the Company. The key management compensation is disclosed below:

	Group		Company	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Key management compensation:				
– Wages, salaries and bonus	**41,437**	29,831	**18,070**	13,074
– Defined contribution plan	**4,850**	3,492	**2,131**	1,557
– Fees	**764**	770	**764**	770
– Share options expenses	**–**	3,115	**–**	1,354
– Allowances	**100**	96	**100**	96

Key management compensation comprise of the Directors' remuneration (whether executive or otherwise) as disclosed in Note 7 to the financial statements.

Whenever it exists, related party transactions also include transaction with entities that are controlled, jointly controlled or significantly influenced directly or indirectly by any key management personnel or their close family members.

6 SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

In addition to related party transactions and balances mentioned elsewhere in the financial statements, set out below are significant related party transactions and balances which were carried out on terms and conditions negotiated amongst the related parties.

	Group		Company	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Sale of goods and services:				
– Subsidiaries	**–**	–	**6,000**	20,000
– Fellow subsidiaries	**15,533**	7,199	**–**	–
Dividend income:				
– Subsidiaries	**–**	–	**1,044,784**	9,185,983
– Fellow subsidiaries	**10,404**	10,404	**10,404**	10,404
Interest income:				
– Subsidiaries – in respect of loan and advances	**–**	–	**44,059**	28,377
Other income:				
– Fellow subsidiaries	**5,246**	3,505	**3,481**	3,505
Interest expense:				
– Subsidiaries – in respect of loan and advances	**–**	–	**19,726**	–
Purchases of goods and services from fellow subsidiaries:				
– Advertising and promotion	**6,044**	7,556	**–**	–
– Hotel and accommodation	**6,187**	7,604	**1,136**	1,233
– Operating and maintenance	**67,952**	127,610	**–**	–
– Telecommunications related charges	**75,000**	75,000	**–**	–
– Commission, incentives and/or reimbursement of bundle device sold	**17,016**	18,384	**–**	–
– Building infrastructure	**1,042**	16,848	**–**	–
Expenses paid on behalf of:				
– Subsidiaries	**–**	–	**6,731**	7,803
– Fellow subsidiaries	**5,764**	196	**5,757**	–

Notes to the Financial Statements

for the financial year ended 30 June 2016

6 SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Expenses paid on behalf by:				
– Subsidiaries	**–**	–	**192,787**	70,369
– Fellow subsidiaries	**42,544**	14,654	**6,179**	2,233
– Immediate holding company and ultimate holding company	**5,296**	7,844	**2,892**	3,765
Year–end balances owing by:				
– Subsidiaries	**–**	–	**1,835,298**	1,789,609
– Fellow subsidiaries	**883**	1,012	**10**	–
– Immediate holding company and ultimate holding company	**5**	111	**–**	–
Year–end balances owing to:				
– Subsidiaries	**–**	–	**(567,296)**	(336,844)
– Fellow subsidiaries	**(67,679)**	(54,547)	**(483)**	(509)
– Immediate holding company and ultimate holding company	**(207)**	(247)	**–**	(4)

The movement in advances to subsidiaries during the financial year is as follows:

	Company	
	2016 RM'000	2015 RM'000
Advances to subsidiaries		
At 1 July	**1,648,325**	377,711
Net advances to subsidiaries	**1,644,530**	1,159,573
– Advances	**2,323,186**	1,445,567
– Repayments	**(657,503)**	(284,219)
– Payment of interests	**(21,153)**	(1,775)
Foreign currency translation	**(11,611)**	28,417
Capitalisation of intercompany balances	**(1,700,000)**	–
Net of interest income and expenses	**24,333**	28,377
Transfer of balances to loan account	**–**	54,247
At 30 June	**1,605,577**	1,648,325

7 PROFIT BEFORE TAXATION

	Group		Company	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Profit before taxation is stated after charging/(crediting):				
Allowance for impairment of inventories	**1,822**	1,474	**–**	–
Allowance for impairment of property, plant and equipment	**7**	524	**–**	–
Allowance for impairment of subsidiaries	**–**	–	**–**	4,817,533
Amortisation of deferred income	**(4,277)**	(4,142)	**–**	–
Amortisation of grants and contributions	**(17,005)**	(10,042)	**–**	–
Amortisation of intangible assets	**100,665**	71,981	**–**	–
Auditors' remuneration				
– Statutory audit fees payable/paid to PwC Malaysia:				
– current year	**630**	650	**580**	580
– Statutory audit fees payable/paid to member firms of an organisation which are separate and independent legal entities from PwC Malaysia	**648**	564	**–**	–
– Statutory audit fees payable/paid to other audit firms	**2,641**	2,267	**–**	–
– Non-audit fees payable/paid to PwC Malaysia	**249**	211	**31**	19
– Non-audit fees payable/paid to member firms of an organisation which are separate and independent legal entities from PwC Malaysia	**357**	212	**74**	–
Bad debts written-off	**13,578**	5,684	**–**	–
Depreciation of property, plant and equipment	**1,222,954**	1,379,364	**128**	126
Development expenditure	**50,472**	13,423	**50,472**	13,423
Directors' remuneration	**47,151**	37,304	**21,065**	16,851
Energy cost	**4,948,390**	6,426,908	**–**	–
Fair value changes in derivatives	**(1,402)**	(3,717)	**–**	–
Interest income	**(71,025)**	(26,126)	**–**	–
Interest expense – borrowings	**866,580**	798,047	**258,383**	207,980
Interest expense – post-employment benefit obligations	**28,153**	23,392	**–**	–
Net gain on disposal of property, plant and equipment	**(23,158)**	(26,690)	**–**	(16)
Property, plant and equipment written off	**16,909**	14,141	**–**	–
Provision for liabilities and charges	**–**	12,050	**–**	–
Realised loss/(gain) on foreign exchange	**7,757**	(6,368)	**(88)**	121
Rental of land and building	**123,630**	129,684	**360**	306
Rental of plant, equipment and machinery	**6,892**	13,067	**–**	–

Notes to the Financial Statements
for the financial year ended 30 June 2016

7 PROFIT BEFORE TAXATION (CONTINUED)

	Group		Company	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Staff costs:				
– Wages, salaries and bonus	**537,683**	488,844	**13,583**	12,354
– Defined contribution plan	**20,999**	17,735	**1,372**	1,262
– Defined benefit plan	**73,125**	66,780	**–**	–
– Share option expenses	**6**	4,056	**–**	185
Unrealised gain on foreign exchange	**(26,171)**	(11,321)	**(34,789)**	(15,020)
(Write back)/Allowance for impairment of receivables (net of reversals)	**(74,866)**	68,868	**–**	–
Write back of fuel cost	**–**	(9,949)	**–**	–

The aggregate remuneration of Directors categorised into appropriate components are as follows:

	Salaries RM'000	Fees RM'000	Bonus RM'000	Others* RM'000	Total RM'000
2016					
Group					
Executive Directors	**24,457**	**450**	**16,980**	**4,904**	**46,791**
Non-executive Directors	**–**	**314**	**–**	**46**	**360**
Company					
Executive Directors	**10,894**	**450**	**7,176**	**2,185**	**20,705**
Non-executive Directors	**–**	**314**	**–**	**46**	**360**
2015					
Group					
Executive Directors	17,552	450	12,279	6,458	36,739
Non-executive Directors	–	320	–	245	565
Company					
Executive Directors	7,876	450	5,198	2,796	16,320
Non-executive Directors	–	320	–	211	531

* Included in the remuneration of Directors of the Group and the Company are contributions to a defined contribution plan and share options expenses charged to the Income Statement amounting to RM4,849,950 and nil (2015: RM3,492,114 and RM3,114,711) and RM2,131,410 and nil (2015: RM1,557,090 and RM1,354,222), respectively.

7 PROFIT BEFORE TAXATION (CONTINUED)

The number of Directors of the Group and of the Company whose total remuneration fall within the following bands for the financial year ended 30 June 2016 is as follows:

	Group No. of Directors		Company No. of Directors	
Range of remuneration	**Executive**	**Non-executive**	**Executive**	**Non-executive**
Below RM50,000	**2**	**2**	**5**	**2**
RM50,001-RM100,000	**–**	**2**	**–**	**2**
RM100,001-RM150,000	**–**	**1**	**–**	**1**
RM950,001-RM1,000,000	**1**	**–**	**1**	**–**
RM4,500,001-RM4,550,000	**–**	**–**	**1**	**–**
RM4,600,001-RM4,650,000	**1**	**–**	**–**	**–**
RM5,000,001-RM5,050,000	**1**	**–**	**1**	**–**
RM7,750,001-RM7,800,000	**1**	**–**	**–**	**–**
RM8,500,001-RM8,550,000	**1**	**–**	**–**	**–**
RM9,800,001-RM9,850,000	**1**	**–**	**–**	**–**
RM9,950,001-RM10,000,000	**1**	**–**	**1**	**–**

8 TAXATION

Taxation charge for the financial year:

	Group		Company	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Current tax:				
– Malaysian income tax	**50,766**	179,646	**744**	838
– Foreign income tax	**200,856**	158,017	**–**	–
Deferred taxation (Note 25)	**(115,938)**	(10,869)	**–**	(4)
	135,684	326,794	**744**	834
Current tax:				
– Current year	**284,781**	336,611	**748**	839
– (Over)/Under provision in prior years	**(33,159)**	1,052	**(4)**	(1)
Deferred taxation:				
– Originating and reversal of temporary differences	**(115,938)**	(10,869)	**–**	(4)
	135,684	326,794	**744**	834

8 TAXATION (CONTINUED)

The explanation of the relationship between taxation and profit before taxation is as follows:

	Group		Company	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Numerical reconciliation between taxation and the product of accounting profit multiplied by the Malaysian tax rate				
Profit before taxation	**1,314,140**	1,247,192	**795,870**	4,193,873
Tax calculated at the Malaysian tax rate 24% (2015: 25%)	**315,394**	311,798	**191,009**	1,048,468
Tax effects of:				
– Share of profits of investments accounted for using the equity method	**(151,221)**	(71,898)	**–**	–
– Different tax rates in other countries including re-measurement of deferred tax^	**(184,162)**	(59,343)	**–**	–
– Non-deductible expenses	**150,366**	154,417	**71,557**	1,255,379
– Income not subject to tax	**(31,228)**	(55,617)	**(261,818)**	(2,303,012)
– Temporary differences not recognised*	**69,694**	46,385	**–**	–
– (Over)/Under provision in prior years in relation to current tax	**(33,159)**	1,052	**(4)**	(1)
Taxation	**135,684**	326,794	**744**	834

* A subsidiary of the Group was granted pioneer status for a period of 10 years commencing November 2010. The tax effects of temporary differences not recognised as shown below in respect of this subsidiary, is expected to be reversed during the pioneer period.

	2016 RM'000	**2015 RM'000**
– Property, plant and equipment	**139,946**	115,676
– Unutilised tax losses	**236,777**	204,318

The tax effects of temporary differences not recognised in respect of other subsidiaries are as follows:

	2016 RM'000	**2015 RM'000**
– Property, plant and equipment	**150**	37
– Unutilised tax losses	**312**	272

^ The re-measurement of deferred tax during the financial year of RM142.7 million was due to a reduction in the United Kingdom corporation tax rate from 20% to 19% (effective from 1 April 2017) and 18% (effective from 1 April 2020) were substantively enacted on 26 October 2015. These reductions will reduce the subsidiary's future current tax charge accordingly. The deferred tax liability at 30 June 2016 has been calculated based on the rate of 18% substantively enacted at the financial year ended 30 June 2016.

9 EARNINGS PER SHARE ('EPS')

(a) Basic EPS

	Group	
	2016	**2015**
Profit attributable to owners of the parent (RM'000)	**1,061,850**	918,812
Weighted average number of ordinary shares in issue ('000)	**7,554,413**	6,960,773
Basic EPS (sen)	**14.06**	13.20

Basic EPS of the Group is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary share in issue during the financial year, excluding the number of ordinary shares bought back during the financial year.

(b) Diluted EPS

	Group	
	2016	**2015**
Profit attributable to owners of the parent (RM'000)	**1,061,850**	918,812
Profit used to determine diluted EPS (RM'000)	**1,061,850**	918,812
Weighted average number of ordinary shares in issue ('000)	**7,554,413**	6,960,773
Adjustments for:		
– Conversion of Warrants ('000)	**38,609**	224,054
– ESOS ('000)	**5,410**	6,524
Weighted average number of ordinary shares for diluted earnings per share ('000)	**7,598,432**	7,191,351
Diluted EPS (sen)	**13.97**	12.78

As at 30 June 2016, the Company had 157,567,207 (2015: 832,198,087) warrants, whose terms of conversion are set out in Note 23(a) to the financial statements, still unexercised. MFRS 133 'Earnings Per Share' prescribes that warrants are dilutive when they are issued for no consideration or when they would result in the issue of ordinary shares for less than its fair value. For the diluted EPS calculation, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares.

Notes to the Financial Statements
for the financial year ended 30 June 2016

10 DIVIDENDS

	Group and Company 2016		Group and Company 2015	
	Gross dividend per share Sen	Amount of dividend RM'000	Gross dividend per share Sen	Amount of dividend RM'000
Dividend paid in respect of the financial year ended 30 June 2015: – Interim single tier dividend of 20% or 10 sen per ordinary share of 50 sen each paid on 23 October 2015	**10**	**771,722**	–	–
Dividend paid in respect of the financial year ended 30 June 2014: – Interim single tier dividend of 20% or 10 sen per ordinary share of 50 sen each paid on 14 November 2014	–	–	10	703,431
	10	**771,722**	10	703,431

On 25 August 2016, the Board of Directors declared an interim single tier dividend of 20% or 10 sen per ordinary share of 50 sen each for the financial year ended 30 June 2016. The book closure and payment dates in respect of the aforesaid dividend are 31 October 2016 and 15 November 2016, respectively.

The Board of Directors do not recommend a final dividend for the financial year ended 30 June 2016.

11 PROPERTY, PLANT AND EQUIPMENT

The details of property, plant and equipment are as follows:

Group	Land and buildings RM'000	Infra-structure assets RM'000	Plant and machinery RM'000	Mains and lines RM'000	Office equipment RM'000	Computers RM'000	Furniture and fittings RM'000	Motor vehicles and aircraft RM'000	Telecom-munications equipment RM'000	Assets under construction RM'000	Total RM'000
2016											
Cost											
At 1 July 2015	5,003,904	7,816,279	14,929,607	22,699	845,072	39,781	26,686	158,130	2,200,707	849,493	31,892,358
Exchange differences	(364,980)	(789,560)	(436,224)	-	(85,536)	1,015	(22)	(4,002)	-	(100,116)	(1,779,425)
Acquisition of subsidiary	4,794	-	-	-	-	-	-	-	-	48	4,842
Additions	42,571	268,020	329,779	-	5,335	1,331	2,185	9,214	4,638	993,853	1,656,926
Disposals	(1,500)	-	(17,611)	-	(111)	(174)	(518)	(6,165)	(272,138)	-	(298,217)
Written off	(3,997)	(9,235)	(208,977)	-	(122)	(22)	(1)	-	(3,765)	-	(226,119)
Transfer on commissioning	112,220	177,747	123,964	-	877	2,207	573	-	317,616	(735,204)	-
At 30 June 2016	4,793,012	7,463,251	14,720,538	22,699	765,515	44,138	28,903	157,177	2,247,058	1,008,074	31,250,365
Accumulated depreciation and impairment											
At 1 July 2015	1,936,972	480,976	7,374,738	22,434	353,328	31,226	10,844	29,258	404,584	43,326	10,687,686
Exchange differences	(97,597)	(53,468)	(219,635)	-	(34,135)	754	34	(1,702)	-	-	(405,749)
Charge for the financial year	122,538	67,838	840,537	265	20,144	4,728	3,199	20,219	143,486	-	1,222,954
Disposals	(856)	-	(15,420)	-	(54)	(88)	(160)	(3,777)	(34,643)	-	(54,998)
Impairment	-	-	-	-	-	4	-	-	3	-	7
Written off	(665)	-	(207,412)	-	(113)	(18)	(1)	-	(1,001)	-	(209,210)
At 30 June 2016	1,960,392	495,346	7,772,808	22,699	339,170	36,606	13,916	43,998	512,429	43,326	11,240,690
Net book value											
At 30 June 2016	2,832,620	6,967,905	6,947,730	-	426,345	7,532	14,987	113,179	1,734,629	964,748	20,009,675

Borrowing cost of RM9,044,603 (2015: RM14,867,726) at interest rate of 3.9% (2015: nil) was capitalised during the financial year 2016. The Group has revised the residual value of certain property, plant and equipment during previous financial year. The revision was accounted for as a change in accounting estimate and as a result, the depreciation charge for previous financial year was increased by RM105,336,000.

11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The details of property, plant and equipment are as follows: (continued)

Group	Land and buildings RM'000	Infra-structure assets RM'000	Plant and machinery RM'000	Mains and lines RM'000	Office equipment RM'000	Computers RM'000	Furniture and fittings RM'000	Motor vehicles and aircraft RM'000	Telecom-munications equipment RM'000	Assets under construction RM'000	Total RM'000
2015											
Cost											
At 1 July 2014	4,533,588	6,651,365	13,417,798	22,699	756,389	34,135	20,007	133,767	1,705,298	1,179,674	28,454,720
Exchange differences	329,134	640,117	1,011,334	–	67,696	1,389	292	4,039	–	56,732	2,110,733
Acquisition of subsidiary	1,840	–	–	–	41	1,151	35	8	37,498	3,626	44,199
Additions	21,080	279,195	404,553	–	33,718	1,755	3,291	109,009	4,310	870,424	1,727,335
Disposals	–	–	(14,290)	–	(2)	(129)	(150)	(88,693)	(141)	–	(103,405)
Written off	(1,513)	(8,323)	(281,333)	–	(49,416)	(30)	(17)	–	(592)	–	(341,224)
Transfer on commissioning	119,775	253,925	391,545	–	36,646	1,510	3,228	–	454,334	(1,260,963)	–
At 30 June 2015	5,003,904	7,816,279	14,929,607	22,699	845,072	39,781	26,686	158,130	2,200,707	849,493	31,892,358
Accumulated depreciation and impairment											
At 1 July 2014	1,673,704	376,159	6,310,494	21,377	336,551	25,518	8,149	47,452	288,322	43,326	9,131,052
Exchange differences	86,305	39,555	397,461	–	27,542	1,014	258	1,353	–	–	553,488
Charge for the financial year	177,410	65,262	955,936	1,057	38,489	4,478	2,451	17,735	116,546	–	1,379,364
Disposals	–	–	(12,099)	–	(1)	(128)	(11)	(37,282)	(138)	–	(49,659)
Impairment	–	–	–	–	–	364	–	–	160	–	524
Written off	(447)	–	(277,054)	–	(49,253)	(20)	(3)	–	(306)	–	(327,083)
At 30 June 2015	1,936,972	480,976	7,374,738	22,434	353,328	31,226	10,844	29,258	404,584	43,326	10,687,686
Net book value											
At 30 June 2015	3,066,932	7,335,303	7,554,869	265	491,744	8,555	15,842	128,872	1,796,123	806,167	21,204,672

Borrowing cost of RM14,867,726 (2014: RM8,456,442) arising on financing specifically entered into for the construction of property, plant and equipment was capitalised during the financial year 2015. The Group has revised the residual value of certain property, plant and equipment. The revision was accounted for as a change in accounting estimate and as a result, the depreciation charge for the financial year 2015 has increased by RM105,336,000.

11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The details of land and buildings of the Group are as follows:

Group	Leasehold land RM'000	Freehold land RM'000	Buildings RM'000	Total RM'000
2016				
Cost				
At 1 July 2015	**92,274**	**81,021**	**4,830,609**	**5,003,904**
Exchange differences	**5,187**	**(7,430)**	**(362,737)**	**(364,980)**
Acquisition of subsidiary	**–**	**4,794**	**–**	**4,794**
Additions	**–**	**809**	**41,762**	**42,571**
Disposals	**–**	**–**	**(1,500)**	**(1,500)**
Written off	**–**	**–**	**(3,997)**	**(3,997)**
Transfer on commissioning	**–**	**80**	**112,140**	**112,220**
At 30 June 2016	**97,461**	**79,274**	**4,616,277**	**4,793,012**
Accumulated depreciation				
At 1 July 2015	**36,143**	**–**	**1,900,829**	**1,936,972**
Exchange differences	**1,841**	**–**	**(99,438)**	**(97,597)**
Charge for the financial year	**5,984**	**–**	**116,554**	**122,538**
Disposals	**–**	**–**	**(856)**	**(856)**
Written off	**–**	**–**	**(665)**	**(665)**
At 30 June 2016	**43,968**	**–**	**1,916,424**	**1,960,392**
Net book value				
At 30 June 2016	**53,493**	**79,274**	**2,699,853**	**2,832,620**

Notes to the Financial Statements
for the financial year ended 30 June 2016

11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The details of land and buildings of the Group are as follows: (continued)

Group	Leasehold land RM'000	Freehold land RM'000	Buildings RM'000	Total RM'000
2015				
Cost				
At 1 July 2014	85,058	70,972	4,377,558	4,533,588
Exchange differences	7,216	6,243	315,675	329,134
Acquisition of subsidiary	–	–	1,840	1,840
Additions	–	377	20,703	21,080
Written off	–	–	(1,513)	(1,513)
Transfer on commissioning	–	3,429	116,346	119,775
At 30 June 2015	92,274	81,021	4,830,609	5,003,904
Accumulated depreciation				
At 1 July 2014	28,395	–	1,645,309	1,673,704
Exchange differences	2,405	–	83,900	86,305
Charge for the financial year	5,343	–	172,067	177,410
Written off	–	–	(447)	(447)
At 30 June 2015	36,143	–	1,900,829	1,936,972
Net book value				
At 30 June 2015	56,131	81,021	2,929,780	3,066,932

The net book value of assets of the Group held under finance lease amounted RM366,359,505 (2015: RM157,424,392). Leasehold land is short term in nature.

11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The property, plant and equipment of the Company are as follows:

Company	Office equipment RM'000	Computers RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Total RM'000
2016					
Cost					
At 1 July 2015	**38**	**350**	**20**	**1,158**	**1,566**
Additions	**8**	**33**	**–**	**301**	**342**
At 30 June 2016	**46**	**383**	**20**	**1,459**	**1,908**
Accumulated depreciation					
At 1 July 2015	**37**	**296**	**20**	**507**	**860**
Charge for the financial year	**2**	**14**	**–**	**112**	**128**
At 30 June 2016	**39**	**310**	**20**	**619**	**988**
Net book value					
At 30 June 2016	**7**	**73**	**–**	**840**	**920**
2015					
Cost					
At 1 July 2014	38	307	20	1,603	1,968
Additions	–	43	–	269	312
Disposals	–	–	–	(714)	(714)
At 30 June 2015	38	350	20	1,158	1,566
Accumulated depreciation					
At 1 July 2014	36	284	20	750	1,090
Charge for the financial year	1	12	–	113	126
Disposals	–	–	–	(356)	(356)
At 30 June 2015	37	296	20	507	860
Net book value					
At 30 June 2015	1	54	–	651	706

Notes to the Financial Statements
for the financial year ended 30 June 2016

12 INVESTMENT PROPERTIES

The details of investment properties are as follows:

	Group	
	2016 RM'000	**2015 RM'000**
At 1 July	**–**	–
Additions	**16,418**	–
Exchange differences	**(1,956)**	–
At 30 June	**14,462**	–

The market value equates to fair value at 30 June 2016 as they were acquired at market value during the financial year.

13 INTANGIBLE ASSETS

The details of intangible assets are as follows:

	Group	
	2016 RM'000	**2015 RM'000**
Customer acquisition costs	**68,570**	89,519
Goodwill on consolidation	**7,868,206**	7,450,406
Others	**140,444**	40,763
	8,077,220	7,580,688

(a) Customer acquisition costs

	Group	
	2016 RM'000	**2015 RM'000**
At 1 July	**89,519**	66,733
Additions	**72,145**	91,317
Amortisation charge for the financial year	**(93,094)**	(68,531)
At 30 June	**68,570**	89,519

13 INTANGIBLE ASSETS (CONTINUED)

(b) Goodwill on consolidation

	Group	
	2016 RM'000	**2015 RM'000**
At 1 July	**7,450,406**	6,797,337
Exchange differences	**417,800**	591,555
Acquisition of subsidiaries	**–**	61,514
At 30 June	**7,868,206**	7,450,406

(c) Others

	Group	
	2016 RM'000	**2015 RM'000**
At 1 July	**40,763**	–
Exchange differences	**(4,913)**	2,125
Acquisition of subsidiary*	**112,165**	18,461
Additions	**–**	23,627
Amortisation charge for the financial year	**(7,571)**	(3,450)
At 30 June	**140,444**	40,763

* This is in relation to acquisition of P.T. Tanjung Jati Power Company.

Impairment test for goodwill

The Group undertakes an annual test for impairment of its cash-generating units ('CGUs').

Goodwill is allocated for impairment test to the individual entity which is also the CGUs identified according to the respective companies.

The following CGUs, being the lowest level of asset for which there are separately identifiable cash flows, have carrying amounts of goodwill that are considered significant in comparison with the Group's total goodwill:

	Group	
	2016 RM'000	**2015 RM'000**
YTL PowerSeraya Pte. Limited ('Singapore')	**7,321,507**	6,899,150
Wessex Water Limited (United Kingdom ('UK'))	**440,700**	440,700
Others	**105,999**	110,556
Total goodwill	**7,868,206**	7,450,406

Notes to the Financial Statements

for the financial year ended 30 June 2016

13 INTANGIBLE ASSETS (CONTINUED)

Impairment test for goodwill (continued)

The amount of goodwill initially recognised is dependent on the allocation of the purchase price to the fair value of the identifiable assets acquired and the liabilities assumed. The determination of the fair value of the assets and liabilities is based, to a considerable extent, on management judgment.

(a) Key assumption used in the value-in-use calculations

The following assumptions have been applied in the value-in-use calculation:

	2016		2015	
	Singapore %	UK %	Singapore %	UK %
Pre-tax discount	**6.2**	**5.5**	6.0	5.2
Terminal growth rate	**2.0**	**(0.6)**	2.0	(0.5)
Revenue growth rate	**0.9**	**1.9**	1.2	2.2
Electricity margin growth rate	**2.0**	**–**	2.0	–
Electricity volume growth rate	**2.0**	**–**	2.0	–

The recoverable amounts of the CGUs are determined based on value-in-use calculations. The value-in-use calculations apply a discounted cash flow model using cash flow projections based on financial budgets and forecasts approved by management.

The discount rates used are pre-tax and reflect specific risks relating to the CGU. The discount rates applied to the cash flow projections are derived from the cost of capital plus a reasonable risk premium at the date of the assessment of the respective CGU.

For YTL PowerSeraya Pte. Limited ('Singapore'), cash flow projections used in the value-in-use calculation were based on financial budgets and forecasts approved by management covering a 7 year period, to conform with the remaining contract period of the gas supply agreements. Cash flows beyond the 7 year period were extrapolated using the estimated growth rates stated above. The growth rate did not exceed the long-term average growth rate in which the CGU operates.

The revenue growth assumption is calculated using the Compound Annual Growth Rate method and applied on the current year's sales figures and the terminal growth rates indicate the expected growth of cash flows after the forecast period of 7 years. Management determined the growth rates based on a combination of past performance, its expectation of market developments and consistency with forecasts included in industry reports.

13 INTANGIBLE ASSETS (CONTINUED)

Impairment test for goodwill (continued)

(b) Impact of possible change in key assumption

Changing the assumptions selected by management, in particular the discount rate and growth rate assumptions used in the cash flow projections, could significantly affect the Group's result. The Group's review includes the key assumptions related to sensitivity in the cash flow projections.

The circumstances where a change in key assumptions will result in the recoverable amounts of goodwill on the CGUs to equal the corresponding carrying amounts assuming no change in the other variables are as follows:

	2016		2015	
	Singapore %	UK %	Singapore %	UK %
Pre-tax discount	**8.0**	**14.4**	7.8	13.1
Terminal growth rate	**(0.5)**	**(2.5)**	(1.6)	(2.6)
Revenue growth rate	**(0.5)**	**(7.3)**	0.3	(6.1)
Electricity margin growth rate	**0.2**	**–**	(0.2)	–
Electricity volume growth rate	**(3.5)**	**–**	0.3	–

No impairment charge for the goodwill was recognised for the financial year ended 30 June 2016 (2015: Nil) as the recoverable value of the CGUs was in excess of its carrying value.

14 SUBSIDIARIES

Investment in subsidiaries

	Company	
	2016 RM'000	2015 RM'000
Unquoted shares, at cost	**22,674,810**	20,743,628
Accumulated impairment losses	**(4,817,533)**	(4,817,533)
	17,857,277	15,926,095

Notes to the Financial Statements

for the financial year ended 30 June 2016

14 SUBSIDIARIES (CONTINUED)

Investment in subsidiaries (continued)

The subsidiaries are as follows:

Name	Country of incorporation	Group's effective interest 2016 %	Group's effective interest 2015 %	Principal activities
Subsidiaries held by the Company:				
Attarat Operation and Maintenance Company B.V.^	Netherlands	**75**	75	Dormant
Sword Bidco (Holdings) Limited*	England and Wales	**100**	100	Dormant
Sword Bidco Limited*	England and Wales	**100**	100	Dormant
Sword Holdings Limited^	Cayman Islands	**100**	100	Dormant
Sword Midco Limited*	England and Wales	**100**	100	Dormant
SIPP Power Sdn. Bhd.*	Malaysia	**70**	70	Dormant
Wessex Water International Limited^	Cayman Islands	**100**	100	Dormant
Wessex Water Limited*	England and Wales	**100**	100	Water supply and waste water services
YTL Communications Sdn. Bhd.*	Malaysia	**60**	60	Provision of wired line and wireless broadband access and other related services
YTL ECOGreen Pte. Ltd.*	Singapore	**100**	100	Dormant
YTL Energy Holdings Sdn. Bhd.*	Malaysia	**100**	100	Investment holding
YTL Events Limited*	England and Wales	**100**	100	Concert promotion
YTL Homes Ltd†	England and Wales	**100**	–	Housing development
YTL Infrastructure Limited^	Cayman Islands	**100**	100	Dormant
YTL Jawa O & M Holdings Limited*	Cyprus	**100**	100	Investment holding
YTL Jawa Power Holdings Limited*	Cyprus	**100**	100	Investment holding
YTL Jordan Power Holdings Ltd*	Cyprus	**100**	–	Investment holding
YTL Jordan Services Holdings Ltd*	Cyprus	**100**	–	Investment holding
YTL Jordan Services Sdn. Bhd.†	Malaysia	**100**	–	Dormant
YTL Land and Property (UK) Ltd†	England and Wales	**100**	–	Housing development
YTL Power Australia Limited*	Cayman Islands	**100**	100	Investment holding
YTL Power Finance (Cayman) Limited^	Cayman Islands	**100**	100	Dormant
YTL Power Generation Sdn. Bhd.	Malaysia	**100**	100	Developing, constructing, completing, maintaining and operating power plants
YTL Power Holdings (Indonesia) Sdn. Bhd.*	Malaysia	**100**	–	Dormant

14 SUBSIDIARIES (CONTINUED)

Investment in subsidiaries (continued)

The subsidiaries are as follows: (continued)

Name	Country of incorporation	Group's effective interest		Principal activities
		2016 %	2015 %	
Subsidiaries held by the Company (continued):				
YTL Power International Holdings Limited^	Cayman Islands	**100**	100	Investment holding
YTL Power Investments Limited*	Cayman Islands	**100**	100	Investment holding
YTL PowerSeraya Pte. Limited**	Singapore	**100**	100	Own and operate energy facilities and services (full value chain of electricity generation including trading of physical fuels and fuel related derivative instruments, tank leasing activities and sale of by-products from the electricity generation process)
YTL Power (Thailand) Limited^	Cayman Islands	**100**	100	Dormant
YTL Power Trading (Labuan) Ltd.*	Malaysia	**100**	100	Dormant
YTL Property Holdings (UK) Limited*	England and Wales	**100**	–	Housing development
YTL Seraya Limited*	Cayman Islands	**100**	100	Investment holding
YTL SIPP Power Holdings Sdn. Bhd.*	Malaysia	**70**	70	Investment holding
YTL Utilities Holdings (S) Pte. Limited*	Singapore	**100**	100	Investment holding
YTL Utilities (S) Pte. Limited*	Singapore	**100**	100	Investment holding
YTL Utilities Limited*	Cayman Islands	**100**	100	Investment holding
YTL Utilities Finance 2 Limited*	Cayman Islands	**100**	100	Investment holding
YTL Utilities Finance 3 Limited*	Cayman Islands	**100**	100	Investment holding
YTL Utilities Finance 4 Limited^	Cayman Islands	**100**	100	Inactive
YTL Utilities Finance 5 Limited^	Cayman Islands	**100**	100	Inactive
YTL Utilities Finance 6 Limited^	Cayman Islands	**100**	100	Financial services
YTL Utilities Finance 7 Limited^	Cayman Islands	**100**	100	Inactive
YTL Utilities Finance Limited^	Cayman Islands	**100**	100	Financial services
YTL Utilities Holdings Limited*	Cayman Islands	**100**	100	Investment holding
YTL Utilities (UK) Limited*	England and Wales	**100**	100	Investment holding

Notes to the Financial Statements

for the financial year ended 30 June 2016

14 SUBSIDIARIES (CONTINUED)

Investment in subsidiaries (continued)

The subsidiaries are as follows: (continued)

Name	Country of incorporation	Group's effective interest 2016 %	Group's effective interest 2015 %	Principal activities
Subsidiaries held by Wessex Water Limited:				
Enterprise Laundry Services Limited*	England and Wales	**100**	100	Laundry services
Geneco Limited*	England and Wales	**100**	100	Waste water services
Geneco (South West) Limited*	England and Wales	**100**	100	Waste water services
SC Technology GmbH*	Switzerland	**100**	100	Waste treatment processes
SC Technology Nederlands B.V.*	Netherlands	**100**	100	Waste treatment
SC Technology Deutschland GmbH*	Germany	**100**	100	Waste treatment
Water 2 Business Limited*	England and Wales	**70**	100	Billing services
Wessex Electricity Utilities Limited*	England and Wales	**100**	100	Dormant
Wessex Engineering & Construction Services Limited*	England and Wales	**100**	100	Engineering services
Wessex Logistics Limited*	England and Wales	**100**	100	Dormant
Wessex Promotions Limited*	England and Wales	**100**	100	Dormant
Wessex Property Services Limited*	England and Wales	**100**	100	Dormant
Wessex Spring Water Limited*	England and Wales	**100**	100	Dormant
Wessex Utility Solutions Limited*	England and Wales	**100**	100	Engineering services
Wessex Water Commercial Limited*	England and Wales	**100**	100	Dormant
Wessex Water Engineering Services Limited*	England and Wales	**100**	100	Dormant
Wessex Water Enterprises Limited*	England and Wales	**100**	100	Water supply and waste water services
Wessex Water Pension Scheme Trustee Limited*	England and Wales	**100**	100	Dormant
Wessex Water Services Finance Plc.*	England and Wales	**100**	100	Issue of bonds
Wessex Water Services Limited*	England and Wales	**100**	100	Water supply and waste water services
Wessex Water Trustee Company Limited*	England and Wales	**100**	100	Dormant
YTL Engineering Limited*	England and Wales	**100**	100	Dormant
YTL Services Limited*	England and Wales	**100**	100	Dormant

14 SUBSIDIARIES (CONTINUED)

Investment in subsidiaries (continued)

The subsidiaries are as follows: (continued)

Name	Country of incorporation	Group's effective interest 2016 %	Group's effective interest 2015 %	Principal activities
Subsidiaries held by YTL Communications Sdn. Bhd.:				
Cellular Structures Sdn. Bhd.*	Malaysia	**48**	48	Inactive
Konsortium Jaringan Selangor Sdn. Bhd.*	Malaysia	**48**	48	Planning, implementation and maintenance of telecommunication towers and telecommunication related services
YTL Broadband Sdn. Bhd.*	Malaysia	**48**	48	Provision of wired line and wireless broadband access and other related services
Extiva Communications Sdn. Bhd.*	Malaysia	**60**	60	Developing and marketing VoIP telephony and other advanced network media appliances for the service provider and enterprise telephony market
YTL Communications International Ltd.^	Cayman Islands	**60**	60	Investment holding
YTL Communications (S) Pte. Ltd.*	Singapore	**60**	60	Computer systems integration activities and system integration services
YTL Digital Sdn. Bhd.*	Malaysia	**60**	60	Sales and marketing of telecommunication devices
YTL Global Networks Ltd.^	Cayman Islands	**60**	60	Dormant
Subsidiaries held by YTL Jawa O & M Holdings Limited:				
P.T. YTL Jawa Timur*	Indonesia	**100**	100	Construction management, consultancy services and power station operation services
YTL Jawa O & M Holdings B.V.*	Netherlands	**100**	100	Investment holding
YTL Jawa Power Services B.V.*	Netherlands	**100**	100	Investment holding

Notes to the Financial Statements

for the financial year ended 30 June 2016

14 SUBSIDIARIES (CONTINUED)

Investment in subsidiaries (continued)

The subsidiaries are as follows: (continued)

Name	Country of incorporation	Group's effective interest 2016 %	Group's effective interest 2015 %	Principal activities
Subsidiaries held by YTL Jawa Power Holdings Limited:				
P.T. Tanjung Jati Power Company**	Indonesia	**80**	–	Design and construction of a coal-fired power generating facility
YTL Jawa Energy B.V.*	Netherlands	**100**	100	Investment holding
YTL Jawa Power B.V.*	Netherlands	**57.1**	57.1	Investment holding
YTL Jawa Power Finance Limited*	Cayman Islands	**100**	100	Investment holding
YTL Jawa Power Holdings B.V.*	Netherlands	**57.1**	57.1	Investment holding
Subsidiaries held by YTL Power Investments Limited:				
FrogAsia Sdn. Bhd.*	Malaysia	**100**	100	License reseller focused on providing virtual learning educational platform
Frog Education Group Limited*	England and Wales	**58.2**	57.6	Investment holding
Frog Education Limited*	England and Wales	**58.2**	57.6	Sales into the education market and further development of its web environment product
Frog Education Sdn. Bhd.*	Malaysia	**58.2**	–	License reseller focused on providing virtual learning educational platform
Granite Investments (Cayman Islands) Limited ^	Cayman Islands	**100**	100	Dormant
I Education Limited Ω	England and Wales	**–**	57.6	Dormant
YTL Education (UK) Limited*	England and Wales	**100**	100	Providing advisory and management services to educational institutions in the UK and abroad
Subsidiaries held by YTL PowerSeraya Pte. Limited:				
PetroSeraya Pte. Ltd.**	Singapore	**100**	100	Oil trading and oil tank leasing
Seraya Energy and Investment Pte. Ltd.**	Singapore	**100**	100	Investment holding
Seraya Energy Pte. Ltd.**	Singapore	**100**	100	Sale of electricity

14 SUBSIDIARIES (CONTINUED)

Investment in subsidiaries (continued)

The subsidiaries are as follows: (continued)

*	*Audited by a firm other than a member firm of PricewaterhouseCoopers International Limited*
**	*Audited by a member firm of PricewaterhouseCoopers International Limited which is a separate and independent legal entity from PricewaterhouseCoopers, Malaysia*
Ω	*Dissolved during the financial year*
^	*Entities are either exempted or not statutorily required to be audited*
†	*Newly incorporated entity with first audited financial statements in 2017*

(a) Non-controlling interests in subsidiaries

The Group's subsidiaries that have material non-controlling interest ('NCI') are as follows:

Group	NCI percentage of ownership interest and voting interest	Profit allocated to NCI RM'000	Carrying amount of NCI RM'000
2016			
YTL Jawa Power Holdings B.V.	**42.9%**	**240,872**	**688,328**
YTL Communications Sdn. Bhd.	**40.0%**	**(119,277)**	**(468,702)**
		121,595	**219,626**
2015			
YTL Jawa Power Holdings B.V.	42.9%	106,103	572,300
YTL Communications Sdn. Bhd.	40.0%	(104,543)	(349,101)
		1,560	223,199

The remaining non-controlling interests of the Group are immaterial individually.

Notes to the Financial Statements

for the financial year ended 30 June 2016

14 SUBSIDIARIES (CONTINUED)

Investment in subsidiaries (continued)

(b) Summarised financial information before inter-company elimination is set out below:

	YTL Jawa Power Holdings B.V.		YTL Communications Sdn. Bhd.	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Non-current assets	**1,621,419**	1,349,529	**2,059,381**	2,192,401
Current assets	**1,652**	1,829	**269,034**	165,805
Non-current liabilities	**(16,809)**	(15,819)	**(134,871)**	(26,035)
Current liabilities	**(103)**	(123)	**(708,135)**	(2,242,929)
Net assets	**1,606,159**	1,335,416	**1,485,409**	89,242
Revenue	**–**	–	**682,039**	668,051
Profit/(Loss) for the financial year	**562,056**	247,583	**(303,022)**	(265,782)
Total comprehensive income/(loss)	**637,034**	442,872	**(303,833)**	(267,816)
Cash flow (used in)/from operating activities	**(422)**	(378)	**11,195**	76,841
Cash flow from/(used in) investing activities	**370,180**	265,678	**(99,109)**	(320,308)
Cash flow (used in)/from financing activities	**(369,952)**	(265,639)	**93,382**	269,405
Net (decrease)/increase in cash and cash equivalents	**(194)**	(339)	**5,468**	25,938
Dividends paid to NCI	**158,545**	113,841	**–**	–

(c) Acquisition of subsidiary

On 20 August 2015, YTL Jawa Energy B.V., a wholly owned subsidiary of the Group completed the acquisition of 2,000,000 ordinary shares of the nominal value of USD1 each in the capital of P.T. Tanjung Jati Power Company ("TJPC"), representing 80% of the issued and paid-up share capital of TJPC for an aggregate consideration of USD2,000,000 (RM8,258,600) in cash. The acquisition of TJPC has been accounted for as an acquisition of assets and liabilities which is represented by the identifiable assets and liabilities of TJPC and intangible asset identified at the date of acquisition.

(d) Impairment test for investment in a subsidiary

The following are the key assumptions applied in the value-in-use calculation for impairment assessments of a subsidiary:

Discount rate	12.3%
Terminal multiple	13.7x
Compounded average growth rate	13.53%

The circumstances where a change in key assumptions will result in the recoverable amounts of investment in subsidiary to equal the corresponding carrying amounts assuming no change in the other variables are as follows:

Discount rate	12.9%
Terminal multiple	12.6x
Compounded average growth rate	13.30%

The carrying value of the subsidiary is RM2.1 billion. No impairment charge for the cost of investment in the subsidiary was recognised as the recoverable value was in excess of its carrying value.

15 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

(a) Joint Ventures

	Group	
	2016 RM'000	2015 RM'000
Unquoted shares, at cost	**500**	500
Group's share of post-acquisition reserves	**7,045**	5,073
Group's share of net assets	**7,545**	5,573

The joint venture companies are as follows:

Name	Country of incorporation	Group's effective interest		Principal activities
		2016 %	2015 %	
Attarat Mining Company B.V.	Netherlands	**50.0**	50.0	Dormant
Bristol Wessex Billing Services Limited	England and Wales	**50.0**	50.0	Billing services
Xchanging Malaysia Sdn. Bhd.	Malaysia	**50.0**	50.0	Mobile internet and cloud-based technology solutions

The Group's share of results of joint ventures is as follows:

	Group	
	2016 RM'000	2015 RM'000
Profit from continuing operations/Total comprehensive income	**1,972**	1,669

(b) Investment in associates

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Unquoted shares, at cost	**1,024,914**	971,776	**5**	5
Group's share of post-acquisition reserves	**1,110,490**	854,426	**–**	–
Accumulated impairment losses	**(23,938)**	(23,938)	**–**	–
Group's share of net assets	**2,111,466**	1,802,264	**5**	5

15 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)

(b) Investment in associates (continued)

The associates are as follows:

Name	Country of incorporation	Group's effective interest 2016 %	Group's effective interest 2015 %	Principal activities
Attarat Power Holding Company B.V.	Netherlands	**30.0**	30.0	Dormant
P.T. Jawa Power	Indonesia	**20.0***	20.0*	Operating a coal-fired thermal power station
Enefit Jordan B.V.	Netherlands	**30.0**	30.0	Investment holding
ElectraNet Pty. Ltd.	Australia	**33.5**	33.5	Principal electricity transmission
Jimah Power Generation Sdn. Bhd.	Malaysia	**49.0**	49.0	Dormant

* The subgroup's direct interest in P.T. Jawa Power is 35%.

The summarised financial information of material associates adjusted for any differences in accounting policies between the Group and the associates and reconciliation to the carrying amount of the Group's interest in the associates are as follows:

(i) Summarised financial information:

	P.T. Jawa Power		ElectraNet Pty. Ltd.	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Non-current assets	**4,479,138**	4,301,267	**8,614,699**	7,996,270
Current assets	**953,602**	996,416	**346,529**	125,273
Non-current liabilities	**(536,661)**	(1,243,842)	**(6,298,997)**	(5,498,498)
Current liabilities	**(263,454)**	(198,044)	**(1,378,942)**	(1,432,083)
Net assets	**4,632,625**	3,855,797	**1,283,289**	1,190,962
Profit for the financial year	**1,607,299**	709,069	**195,698**	112,683
Other comprehensive loss	**–**	–	**(23,293)**	(43)
Total comprehensive income	**1,607,299**	709,069	**172,405**	112,640
Included in the total comprehensive income is:				
Revenue	**2,201,108**	2,045,001	**1,088,556**	979,455
Other information:				
Dividends received from associate	**370,180**	265,678	**38,259**	24,792

15 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)

(b) Investment in associates (continued)

The summarised financial information of material associates adjusted for any differences in accounting polices between the Group and the associates and reconciliation to the carrying amount of the Group's interest in the associates are as follows: (continued)

(ii) Reconciliation of net assets to carrying amount:

	P.T. Jawa Power		ElectraNet Pty. Ltd.		Total	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Opening net assets, 1 July	**3,855,797**	3,318,785	**1,190,962**	1,198,530	**5,046,759**	4,517,315
Profit for the financial year	**1,607,299**	709,069	**195,698**	112,683	**1,802,997**	821,752
Other comprehensive loss	**–**	–	**(23,293)**	(43)	**(23,293)**	(43)
Foreign exchange differences	**227,185**	587,023	**34,127**	(46,202)	**261,312**	540,821
Dividend paid	**(1,057,656)**	(759,080)	**(114,205)**	(74,006)	**(1,171,861)**	(833,086)
Closing net assets, 30 June	**4,632,625**	3,855,797	**1,283,289**	1,190,962	**5,915,914**	5,046,759
Interest in associates	**35.0%**	35.0%	**33.5%**	33.5%		
Carrying amount	**1,621,419**	1,349,529	**429,902**	398,972	**2,051,321**	1,748,501

The individually immaterial associate's carrying amount is RM60.2 million (2015: RM53.8 million) and the Group's share of profits, total comprehensive income is RM3.3 million (2015: RM7.2 million).

16 INVESTMENTS

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Available-for-sale financial assets	**271,359**	276,418	**266,580**	271,158

The investments are in relation to the following:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Equity investments (quoted in Malaysia)	**51,591**	51,146	**51,591**	51,146
Equity investments (quoted outside Malaysia)	**26**	25	**–**	–
Equity investments (unquoted outside Malaysia)	**4,703**	5,185	**–**	–
Equity investments (unquoted in Malaysia)	**215,039**	220,062	**214,989**	220,012
	271,359	276,418	**266,580**	271,158

A loss arising from the changes in fair value of available-for-sale financial assets during the financial year of RM4.6 million (2015: gain of RM33.5 million) and a loss of RM4.6 million (2015: gain of RM33.5 million) was recognised as other comprehensive income in the Statement of Comprehensive Income of the Group and the Company, respectively.

Notes to the Financial Statements

for the financial year ended 30 June 2016

17 RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Non-current				
Prepayments	**129,820**	22,878	**–**	–
Receivables from associate#	**236,769**	274,902	**–**	–
Deposits	**1,320**	984	**–**	–
Accrued income	**–**	435	**–**	–
	367,909	299,199	**–**	–
Current				
Trade receivables	**813,962**	1,064,448	**–**	–
Less: Allowance for impairment of trade receivables	**(248,962)**	(266,011)	**–**	–
Total trade receivables (net)	**565,000**	798,437	**–**	–
Other receivables**	**234,845**	160,513	**1,271**	1,328
Accrued income	**664,875**	853,004	**–**	–
Amount recoverable from supplier*	**–**	303,976	**–**	–
Deposits	**28,285**	27,639	**663**	663
Interest receivable	**8,066**	5,571	**1,109**	721
Prepayments	**222,349**	143,786	**–**	–
	1,723,420	2,292,926	**3,043**	2,712

Receivables from associate comprise of three loan notes to an associate. The notes have been issued by an associate in accordance to a loan note facility agreement. These receivables will mature in October 2030. Contingent interests are receivable on loan notes to the extent that there is sufficient available cash. In the event that cash is insufficient, interest will be accrued.

* A subsidiary of the Group had entered into the Agreement for the Sale and Purchase of Dry Gas ('Agreement') on 15 March 1993. Under this agreement, the price of gas to be supplied was calculated by reference to a market price-related formula. However, since 1 May 1997, the Government of Malaysia fixed the price of gas and accordingly, the market price-related formula applicable under the Agreement was not used by the gas supplier. The gas supplier unilaterally withdrew a discount provided for under the market price-related formula and as a consequence, a dispute arose over whether the discount was, in the circumstances, applicable under the Agreement.

The subsidiary commenced arbitration against the gas supplier for recovery of sums over-invoiced by the gas supplier in respect of the discount. A Notice of Arbitration was issued on 31 March 2014 and evidential hearings were completed on 6 March 2015.

On 16 July 2015, an award was issued in favour of the subsidiary for recovery of the amounts in dispute. The matter has been fully settled by the recovery of the aforesaid amount in December 2015.

17 RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONTINUED)

** During the previous financial year, a foreign subsidiary of the Group has recognised other receivables, arising from liquidity damages for early termination of three electricity retail contracts based on the enforceable rights stipulated in the respective contracts. The amount recognised is based on legal advice and the judgment of management.

Legal proceedings are currently on-going to recover the monies owed from the two customers. Additional information is disclosed in Note 37 to the financial statements.

Credit terms of trade receivables are average at 30 days (2015: 30 days). The Group's historical experience in collecting trade receivables falls largely within this period. On this basis, the Directors believe that no additional credit risk beyond the amounts provided for collection losses is inherent in the Group's trade receivables.

The ageing analysis of the Group's and Company's receivables (excluding prepayments) is as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Neither past due nor impaired	**1,281,943**	1,595,279	**3,043**	2,712
1 to 90 days past due not impaired	**178,449**	236,559	**–**	–
91 to 120 days past due not impaired	**21,721**	35,690	**–**	–
More than 120 days past due not impaired	**257,047**	557,933	**–**	–
Total past due not impaired	**457,217**	830,182	**–**	–
	1,739,160	2,425,461	**3,043**	2,712

Balances past due but not impaired are related to a number of customers which management has assessed that there is no recent history of default.

The credit quality of receivables that are neither past due nor impaired can be assessed by reference to external credit ratings (where available) as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
With credit ratings (Moody's/RAM):				
– AAA	**–**	146,755	**–**	–
– P1	**8,037**	2,087	**1,109**	721
Without external credit ratings	**1,273,906**	1,446,437	**1,934**	1,991
	1,281,943	1,595,279	**3,043**	2,712

Notes to the Financial Statements
for the financial year ended 30 June 2016

17 RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONTINUED)

Receivables without external rating reflect the economic prosperity of the commercial and domestic counterparties across their respective region. These receivables are generally due from counterparties with good payment history.

Receivables amounting to RM66.4 million (2015: RM94.2 million) are secured by financial guarantees given by banks and RM13.0 million (2015: RM14.3 million) are secured by cash collateral.

Movements on the Group's allowance for impairment of receivables are as follows:

	Group Trade receivables		Group Other receivables	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
At 1 July	**266,011**	216,869	**149,664**	149,390
Exchange differences	**(25,767)**	21,585	**16**	17
Written off during the financial year as uncollectible	**(65,907)**	(41,054)	**–**	–
Allowance for/(Write back of) impairment of receivables (net of reversals)	**74,625**	68,611	**(149,491)**	257
At 30 June	**248,962**	266,011	**189**	149,664

The impaired receivables are from counterparties in financial difficulties. These receivables are not secured by collateral or credit enhancements.

The fair value of receivables approximates their carrying amounts.

18 INVENTORIES

Inventories comprise:

	Group	
	2016 RM'000	2015 RM'000
At cost		
Finished goods	**22,695**	31,340
Spare parts	**133,367**	124,672
Raw materials	**16,928**	20,750
Work in progress	**42,299**	46,845
Development land*	**365,281**	–
Fuel	**225,332**	216,811
	805,902	440,418

The cost of inventories recognised as expense and included in 'cost of sales' amounted to RM410 million (2015: RM723 million).

* Development land relates to the acquisition of land at Filton Airfield, Bristol which was acquired by a subsidiary of the Group during the financial year.

19 DERIVATIVE FINANCIAL INSTRUMENTS

The Group's derivative financial instruments are analysed as follows:

Group	Contract/ Notional amount RM'000	Fair value	
		Assets RM'000	Liabilities RM'000
2016			
Cash flows hedges:			
– Fuel oil swaps	**1,397,561**	**45,016**	**324,867**
– Currency forwards	**1,633,967**	**36,868**	**26,545**
Fair value through profit or loss:			
– Fuel oil swaps	**84,839**	**12,517**	**14,105**
– Currency forwards	**3,549**	**11**	**14**
		94,412	**365,531**
Current portion		**64,547**	**248,266**
Non-current portion		**29,865**	**117,265**
		94,412	**365,531**

19 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

The Group's derivative financial instruments are analysed as follows: (continued)

Group	Contract/ Notional amount RM'000	Fair value	
		Assets RM'000	Liabilities RM'000
2015			
Cash flows hedges:			
– Fuel oil swaps	1,868,333	17,558	(414,194)
– Currency forwards	2,038,440	102,329	(5,547)
Fair value through profit or loss:			
– Fuel oil swaps	256,141	4,904	(16,977)
– Currency forwards	168,403	1,390	(841)
		126,181	(437,559)
Current portion		84,903	(304,263)
Non-current portion		41,278	(133,296)
		126,181	(437,559)

The changes in fair value that arose from fair value through profit or loss during the financial year that was recognised in the Income Statement amounted to a gain of RM1.4 million (2015: gain of RM3.7 million).

Financial period when the cash flows on cash flow hedges are expected to occur or affect the Income Statement:

(a) Fuel oil swaps

Fuel oil swaps are entered into to hedge highly probable forecast fuel purchases that are expected to occur at various dates within 39 months (2015: 41 months) from financial year end. The fuel oil swaps have maturity dates that match the expected occurrence of these transactions. Gains and losses recognised in the hedging reserve prior to the occurrence of these transactions are transferred to the inventory of fuels upon acquisition or cost of sales upon consumption of natural gas. The gains and losses relating to fuel oil inventory are subsequently recognised in the Income Statement upon consumption of the underlying fuels.

The fair values of fuel oil swaps are determined using the quoted market prices for similar instruments.

(b) Currency forwards

Currency forwards are entered into to hedge highly probable forecast transactions denominated in foreign currency expected to occur at various dates within 44 months (2015: 43 months) from financial year end. The currency forwards have maturity dates that match the expected occurrence of these transactions.

Gains and losses relating to highly probable forecast fuel payments are recognised in the hedging reserve prior to the occurrence of these transactions and are transferred to the inventory of fuels upon acquisition or cost of sales upon consumption of natural gas. The gains and losses relating to fuel oil inventory are subsequently transferred to Income Statement upon consumption of the underlying fuels.

19 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

(b) Currency forwards (continued)

For those currency forwards used to hedge highly probable forecast foreign currency payments of purchases of property, plant and equipment, the gains and losses are included in the cost of the assets and recognised in the Income Statement over their estimated useful lives as part of depreciation expense.

For those currency forwards used to hedge highly probable forecast foreign currency transactions for maintenance contracts, the gains and losses are included in payments and recognised in the Income Statement over the period of the contracts.

The fair values of forward currency contracts are determined using actively quoted forward currency rates.

20 AMOUNTS OWING BY/(TO) IMMEDIATE HOLDING COMPANY AND ULTIMATE HOLDING COMPANY

The amounts owing by/(to) the immediate holding company and ultimate holding company relate to expenses paid on behalf of/by the Group and the Company. The outstanding amounts are unsecured, repayable on demand and are interest-free.

21 AMOUNTS OWING BY/(TO) SUBSIDIARIES

The amounts payable within 12 months are in respect of advances and operational expense payments made by a subsidiary on behalf of the Company.

The amounts owing by/(to) subsidiaries within 12 months are interest free, unsecured, and repayable on demand except for advances of RM1,605,577,391 (2015: RM1,648,325,489) which bear interest rates ranging from 1.10% to 4.51% (2015: 1.39% to 4.51%). The remaining amounts receivable within 12 months are in respect of operational expense payments which made on behalf of subsidiaries.

As at 30 June 2016, Company has given corporate guarantees of RM54,959,393 (2015: RM162,538,210) to financial institutions for trade related financing facilities utilised by its subsidiaries.

22 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the Statements of Cash Flows comprise the following:

		Group		Company	
	Note	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Deposits with licensed banks		**9,296,705**	9,358,025	**523,054**	608,991
Cash and bank		**464,628**	250,323	**1,180**	649
Cash and bank balances		**9,761,333**	9,608,348	**524,234**	609,640
Bank overdrafts	26(a)	**(65,231)**	(85,110)	**–**	–
Cash and cash equivalents		**9,696,102**	9,523,238	**524,234**	609,640

22 CASH AND CASH EQUIVALENTS (CONTINUED)

The range of interest rates of deposits that was effective as at the reporting date is as follows:

	Group		Company	
	2016 %	**2015 %**	**2016 %**	**2015 %**
Deposits with licensed banks	**0.01 – 3.95**	0.01 – 3.95	**3.30 – 3.95**	3.25 – 3.95

Deposits of the Group and the Company have maturity ranging from 1 day to 90 days (2015: 1 day to 90 days).

Bank balances are deposits held at call with banks.

The Group and the Company seek to invest cash and cash equivalents safely and profitably with creditworthy local and offshore licensed banks. The local and offshore licensed banks have a credit rating of P1 as rated by RAM Rating Services Bhd. and Moody's Investors Service, Inc., respectively.

23 SHARE CAPITAL

	Group and Company	
	2016 RM'000	**2015 RM'000**
Authorised:		
At the beginning and end of the financial year:		
– 22,730,000,000 ordinary shares of RM0.50 each	**11,365,000**	11,365,000
Issued and fully paid:		
At the beginning of the financial year:		
– 7,421,649,435 (2015: 7,177,247,247) ordinary shares of RM0.50 each	**3,710,825**	3,588,624
Exercise of share options:		
– 5,321,000 (2015: Nil) ordinary shares of RM0.50 each	**2,661**	–
Exercise of warrants:		
– 674,630,880 (2015: 244,402,188) ordinary shares of RM0.50 each	**337,315**	122,201
At the end of the financial year:		
– 8,101,601,315 (2015: 7,421,649,435) ordinary shares of RM0.50 each	**4,050,801**	3,710,825

The issued and fully paid up share capital of the Company was increased from RM3,710,824,718 to RM4,050,800,658 following the exercise of 5,321,000 ESOS at exercise prices ranging from RM1.41 to RM1.65 per share, and the exercise of 674,630,880 Warrants at an exercise price of RM1.14 per Warrant on the basis of one (1) new ordinary share for one (1) Warrant. The new ordinary shares of 50 sen each rank pari passu in all respects with the existing issued shares of the Company.

Of the total 8,101,601,315 (2015: 7,421,649,435) issued and fully paid ordinary shares at 30 June 2016, the Company holds 384,265,679 (2015: 384,264,579) shares as treasury shares. As at 30 June 2016, the number of ordinary shares in issue and fully paid after offsetting treasury shares are 7,717,335,636 (2015: 7,037,384,856).

23 SHARE CAPITAL (CONTINUED)

(a) Warrants 2008/2018

On 18 April 2008, the Company issued 1,776,371,304 detachable warrants ('Warrant') to its registered shareholders.

The Warrants were constituted under a Deed Poll dated 5 May 2008 and each Warrant entitles its registered shareholder to subscribe for one (1) new ordinary share of RM0.50 each in the Company at the exercise price of RM1.25 payable in cash. The exercise price is subject to adjustments in accordance with the basis set out in the deed poll.

Effective from 22 September 2008, the exercise price of Warrant was adjusted from RM1.25 to RM1.21 pursuant to the share dividend of one (1) treasury share for every forty (40) existing ordinary shares of 50 sen each.

Further to the announcement on 20 February 2014 in relation to the share dividend of one (1) treasury share for every twenty (20) existing ordinary shares of RM0.50 each held in YTL Power, the exercise price of Warrant was adjusted from RM1.21 to RM1.14.

The Warrants may be exercised at any time commencing on the date of issue of Warrants on 12 June 2008 but not later than 11 June 2018. Any Warrants which have not been exercised at date of maturity will lapse and cease to be valid for any purpose.

The total numbers of Warrants that remain unexercised are as follows:

	Group and Company	
	2016 '000	**2015 '000**
At 1 July	**832,198**	1,076,600
Exercise of Warrants	**(674,631)**	(244,402)
At 30 June	**157,567**	832,198

(b) Employees' Share Option Scheme 2011 ("ESOS")

On 1 April 2011, the Company implemented a new share issuance scheme known as the Employees' Share Option Scheme which was approved by the shareholders of the Company at an Extraordinary General Meeting held on 30 November 2010. The ESOS is valid for a period of ten (10) years and is for employees and Directors of the Company and/or its subsidiaries who meet the criteria of eligibility for participation as set out in the by-laws of the ESOS ("By-Laws"). The salient terms of the ESOS are as follows:

(i) The maximum number of shares to be allotted and issued pursuant to the exercise of the options which may be granted under the ESOS shall not exceed fifteen per cent (15%) of the total issued and paid-up share capital of the Company at the point of time throughout the duration of the ESOS.

23 SHARE CAPITAL (CONTINUED)

(b) Employees' Share Option Scheme 2011 ("ESOS") (continued)

(ii) Any employee (including the Directors) of the Group shall be eligible to participate in the ESOS if, as at the date of offer of an option ('Offer Date'), the person:

(a) has attained the age of eighteen (18) years;

(b) is a Director or an employee employed by and on payroll of a company within the Group; and

(c) in the case of employees, has been in the employment of the Group for a period of at least one (1) year of continuous service prior to and up to the Offer Date, including service during the probation period, and is confirmed in service. The Options Committee (as defined in the By-Laws) may, at its discretion, nominate any employee (including Directors) of the Group to be an eligible employee despite the eligibility criteria under Clause 3.1(iii) of the By-Laws not being met, at any time and from time to time.

(iii) The subscription price for shares under the ESOS shall be determined by the Board of Directors of the Company upon recommendation of the Options Committee and shall be fixed based on the higher of the following:

(a) the weighted average market price of shares, as quoted on Bursa Securities, for the five (5) market days immediately preceding the Offer Date (as defined in the By-Laws) of the options with a discount of not more than ten per cent (10%), if deemed appropriate, or such lower or higher limit in accordance with any prevailing guidelines issued by Bursa Malaysia Securities Berhad, or any other relevant authorities as amended from time to time; or

(b) the par value of the shares (or such other par value as may be permitted by the provision of the Companies Act, 1965).

(iv) Subject to By-Law 13, the Options Committee may, at any time and from time to time, before or after an option is granted, limit the exercise of the option to a maximum number of new ordinary shares of the Company and/or such percentage of the total ordinary shares of the Company comprised in the options during such financial period(s) within the option period and impose any other terms and/or conditions deemed appropriate by the Options Committee in its sole discretion including amending/varying any terms and conditions imposed earlier. Notwithstanding the above, and subject to By-Laws 10 and 11, the options can only be exercised by the grantee no earlier than three (3) years after the Offer Date or such other period as may be determined by the Options Committee at its absolute discretion, by notice in writing to the Options Committee, provided however that the Options Committee may at its discretion or upon the request in writing by the grantee allow the options to be exercised at any earlier or other period.

(v) A grantee shall be prohibited from disposing of the new ordinary shares of the Company allotted and issued to him for a period of one (1) year from the date on which the option is exercised or such other period as may be determined by the Options Committee at its absolute discretion.

(vi) The person to whom the option has been granted has no right to participate by virtue of the option in any share of any other company.

23 SHARE CAPITAL (CONTINUED)

(b) Employees' Share Option Scheme 2011 ("ESOS") (continued)

The movement during the financial year in the number of share option of the Company is as follows:

Grant date	Expiry date	Exercise price RM/share	Number of share options				
			At start of the financial year '000	Granted '000	Exercised '000	Lapsed '000	At end of the financial year '000
01.06.2012	31.03.2021	1.41	88,182	–	(5,301)	(1,200)	81,681
01.06.2012	31.03.2021	1.65	39,041	–	(20)	(985)	38,036
			127,223	**–**	**(5,321)**	**(2,185)**	**119,717**

The fair value of options granted in which MFRS 2 applies, were determined using the Trinomial Valuation model.

Value of employee services received for issue of share options:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Share option expenses	–	7,074	–	7,074
Allocation to subsidiaries	–	–	–	(5,538)
Total share option expenses	–	7,074	–	1,536

The principal valuation assumptions used in respect of the Group's employee's share option scheme were as follows:

Weighted average share price at date of grant (per share)	RM1.63
Expected volatility	21.21%
Expected dividend yield	5.56%
Expected option life	3 years
Risk-free interest rate per annum (based on Malaysian securities bonds)	3.14%

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome.

The options granted to employee were vested on 1st June 2015.

Notes to the Financial Statements
for the financial year ended 30 June 2016

24 RESERVES

(a) Other reserves (Group)

	Capital redemption reserve[(1)] RM'000	Capital reserve RM'000	Available-for-sale reserve RM'000	Hedging reserve RM'000	Statutory reserve[(2)] RM'000	Share option reserve RM'000	Warrant reserve RM'000	Total other reserves RM'000
At 1 July 2015	**145,000**	**1,083**	**132,807**	**(394,683)**	**32,324**	**25,901**	**83,222**	**25,654**
Exchange differences	**–**	**68**	**(3)**	**(22,077)**	**2,024**	**–**	**–**	**(19,988)**
Fair value loss	**–**	**–**	**(4,574)**	**(581,335)**	**–**	**–**	**–**	**(585,909)**
Reclassification	**–**	**–**	**–**	**638,355**	**–**	**–**	**–**	**638,355**
Exercise of share options	**–**	**–**	**–**	**–**	**–**	**(1,180)**	**–**	**(1,180)**
Share option lapsed	**–**	**–**	**–**	**–**	**–**	**(460)**	**–**	**(460)**
Conversion of warrants	**–**	**–**	**–**	**–**	**–**	**–**	**(67,463)**	**(67,463)**
At 30 June 2016	**145,000**	**1,151**	**128,230**	**(359,740)**	**34,348**	**24,261**	**15,759**	**(10,991)**
At 1 July 2014	145,000	918	99,332	(31,774)	27,414	18,849	107,662	367,401
Exchange differences	–	165	2	(18,806)	4,910	–	–	(13,729)
Fair value gain/(loss)	–	–	33,473	(595,788)	–	–	–	(562,315)
Reclassification	–	–	–	251,685	–	–	–	251,685
Share option expenses	–	–	–	–	–	7,074	–	7,074
Share option lapsed	–	–	–	–	–	(22)	–	(22)
Conversion of warrants	–	–	–	–	–	–	(24,440)	(24,440)
At 30 June 2015	145,000	1,083	132,807	(394,683)	32,324	25,901	83,222	25,654

24 RESERVES (CONTINUED)

(a) Other reserves (Company)

	Available-for-sale reserve RM'000	Share option reserve RM'000	Warrant reserve RM'000	Capital redemption reserve[1] RM'000	Total other reserves RM'000
At 1 July 2015	**132,786**	**25,901**	**83,222**	**125,000**	**366,909**
Fair value loss	**(4,578)**	**–**	**–**	**–**	**(4,578)**
Exercise of share options	**–**	**(1,180)**	**–**	**–**	**(1,180)**
Share option lapsed	**–**	**(460)**	**–**	**–**	**(460)**
Conversion of warrants	**–**	**–**	**(67,463)**	**–**	**(67,463)**
At 30 June 2016	**128,208**	**24,261**	**15,759**	**125,000**	**293,228**
At 1 July 2014	99,314	18,849	107,662	125,000	350,825
Fair value gain	33,472	–	–	–	33,472
Share option expenses	–	7,074	–	–	7,074
Share option lapsed	–	(22)	–	–	(22)
Conversion of warrants	–	–	(24,440)	–	(24,440)
At 30 June 2015	132,786	25,901	83,222	125,000	366,909

Note:
(1) Capital redemption reserve has been set up for purposes of redemption of preference shares in a subsidiary and cancellation of treasury shares.
(2) This represents reserves which need to be set aside pursuant to local statutory requirement of foreign associates.

(b) Treasury shares

The shareholders of the Company, by a resolution passed in the 19th Annual General Meeting held on 24 November 2015, approved the Company's plan to repurchase its own shares. The Directors of the Company are committed to enhance the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

During the financial year, the Company repurchased 1,100 (2015: 2,000) of its issued share capital from the open market. The average price paid for the shares repurchased was RM1.55 per share (2015: RM1.58 per share). The repurchase transactions were financed by internally generated funds. The repurchased shares are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

Notes to the Financial Statements
for the financial year ended 30 June 2016

25 DEFERRED TAXATION

The following amounts, determined after appropriate offsetting, are shown in the Statements of Financial Position:

	Group		Company	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Deferred tax liabilities, net	**1,839,883**	2,105,425	**68**	68

The gross movement on the deferred income tax account is as follows:

	Group		Company	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Deferred tax liabilities	**1,839,883**	2,105,425	**68**	68
At 1 July	**2,105,425**	1,958,946	**68**	72
Exchange differences	**(107,614)**	174,784	**–**	–
Acquisition of subsidiary	**–**	10,137	**–**	–
Credited to Income Statement	**(115,938)**	(10,869)	**–**	(4)
– Property, plant and equipment	**(131,338)**	(9,511)	**–**	(4)
– Retirement benefits	**16,241**	(1,690)	**–**	–
– Provision	**(141)**	1,001	**–**	–
– Others	**(700)**	(669)	**–**	–
Credited to Other Comprehensive Income*	**(41,990)**	(27,573)	**–**	–
At 30 June	**1,839,883**	2,105,425	**68**	68

* This is in relation to re-measurement of post-employment benefit obligations.

25 DEFERRED TAXATION (CONTINUED)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority.

	Group		Company	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Subject to income tax				
Deferred tax assets before offsetting:				
– Retirement benefits	**158,271**	147,619	**–**	–
– Provision	**5,180**	4,756	**–**	–
– Others	**637**	872	**–**	–
	164,088	153,247	**–**	–
Offsetting	**(164,088)**	(153,247)	**–**	–
Deferred tax assets after offsetting	**–**	–	**–**	–
Deferred tax liabilities before offsetting:				
– Property, plant and equipment	**1,984,881**	2,239,966	**68**	68
– Others	**19,090**	18,706	**–**	–
	2,003,971	2,258,672	**68**	68
Offsetting	**(164,088)**	(153,247)	**–**	–
Deferred tax liabilities after offsetting	**1,839,883**	2,105,425	**68**	68

Notes to the Financial Statements

for the financial year ended 30 June 2016

26 BORROWINGS

		Group		Company	
	Note	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Current					
Bank overdrafts	26(a),22	**65,231**	85,110	–	–
Committed bank loans	26(c)	–	5,065	–	–
Finance lease	26(d)	**126,617**	46,807	–	–
Revolving credit	26(e)	**4,500**	900,000	–	–
Term loans	26(f)	**149,080**	789,011	–	–
Trade facilities and others	26(g)	–	84,422	–	–
		345,428	1,910,415	–	–
Non-current					
Bonds	26(b)	**13,240,957**	14,061,070	**4,758,163**	4,752,660
Finance lease	26(d)	**163,921**	87,504	–	–
Revolving credit	26(e)	**2,079,357**	1,955,471	–	–
Term loans	26(f)	**8,349,646**	7,313,310	**1,609,000**	757,100
		23,833,881	23,417,355	**6,367,163**	5,509,760
Total					
Bank overdrafts	26(a),22	**65,231**	85,110	–	–
Bonds	26(b)	**13,240,957**	14,061,070	**4,758,163**	4,752,660
Committed bank loans	26(c)	–	5,065	–	–
Finance lease	26(d)	**290,538**	134,311	–	–
Revolving credit	26(e)	**2,083,857**	2,855,471	–	–
Term loans	26(f)	**8,498,726**	8,102,321	**1,609,000**	757,100
Trade facilities and others	26(g)	–	84,422	–	–
		24,179,309	25,327,770	**6,367,163**	5,509,760

All borrowings of the subsidiaries are unsecured and on a non-recourse basis to the Company save and except for borrowings totalling RM4,500,000 (2015: RM1,656,153,625), for which the Company has provided corporate guarantees to the financial institutions.

26 BORROWINGS (CONTINUED)

The weighted average effective interest rate of the borrowings of the Group and the Company as at reporting date is as follows:

	Group		Company	
	2016 %	2015 %	2016 %	2015 %
Bank overdrafts	**1.50**	1.50	**–**	–
Bonds	**4.19**	4.34	**4.52**	4.52
Committed bank loans	**–**	1.05	**–**	–
Finance lease	**1.43**	1.46	**–**	–
Revolving credit	**1.88**	2.58	**–**	–
Term loans	**1.70**	1.69	**1.71**	1.39
Trade facilities and others	**–**	2.03	**–**	–

The financial periods in which the borrowings of the Group attain maturity are as follows:

Group	Not later than 1 year RM'000	Later than 1 year but not later than 5 years RM'000	Later than 5 years RM'000	Total RM'000
At 30 June 2016				
Bank overdrafts	**65,231**	**–**	**–**	**65,231**
Bonds	**–**	**2,188,163**	**11,052,794**	**13,240,957**
Finance lease	**126,617**	**163,921**	**–**	**290,538**
Revolving credit	**4,500**	**2,079,357**	**–**	**2,083,857**
Term loans	**149,080**	**6,867,121**	**1,482,525**	**8,498,726**
	345,428	**11,298,562**	**12,535,319**	**24,179,309**
At 30 June 2015				
Bank overdrafts	85,110	–	–	85,110
Bonds	–	2,182,660	11,878,410	14,061,070
Committed bank loans	5,065	–	–	5,065
Finance lease	46,807	87,504	–	134,311
Revolving credit	900,000	1,955,471	–	2,855,471
Term loans	789,011	5,973,952	1,339,358	8,102,321
Trade facilities and others	84,422	–	–	84,422
	1,910,415	10,199,587	13,217,768	25,327,770

26 BORROWINGS (CONTINUED)

The financial periods in which the borrowings of the Company attain maturity are as follows:

Company	Not later than 1 year RM'000	Later than 1 year but not later than 5 years RM'000	Later than 5 years RM'000	Total RM'000
At 30 June 2016				
Bonds	**–**	**2,188,163**	**2,570,000**	**4,758,163**
Term loans	**–**	**1,609,000**	**–**	**1,609,000**
	–	**3,797,163**	**2,570,000**	**6,367,163**
At 30 June 2015				
Bonds	–	2,182,660	2,570,000	4,752,660
Term loan	–	757,100	–	757,100
	–	2,939,760	2,570,000	5,509,760

The carrying amounts of borrowings of the Group and the Company at the reporting date approximated their fair values except for the bonds.

The fair value of the bonds of the Group and the Company as at the reporting date is as set out below:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Medium Term Notes	**4,799,511**	4,792,128	**4,799,511**	4,792,128
3.52% Retail Price Index Guaranteed Bonds	**291,122**	302,463	**–**	–
5.75% Guaranteed Unsecured Bonds	**2,668,006**	2,599,306	**–**	–
5.375% Guaranteed Unsecured Bonds	**1,398,749**	1,405,313	**–**	–
1.75% Index Linked Guaranteed Bonds	**1,409,517**	1,402,249	**–**	–
1.369% and 1.374% Index Linked Guaranteed Bonds	**1,286,352**	1,462,953	**–**	–
1.489%, 1.495% and 1.499% Index Linked Guaranteed Bonds	**1,296,905**	1,490,517	**–**	–
2.186% Index Linked Guaranteed Bonds	**382,357**	400,232	**–**	–
4% Guaranteed Unsecured Bonds	**1,807,980**	1,903,316	**–**	–
	15,340,499	15,758,477	**4,799,511**	4,792,128

The fair values are within Level 1 of the fair value hierarchy.

26 BORROWINGS (CONTINUED)

(a) Bank overdrafts

Bank overdrafts of RM65,231,100 (GBP12,100,000) (2015: RM85,110,026 (GBP14,297,718)) are unsecured borrowings of Wessex Water Services Limited, Wessex Water Limited and SC Technology Nederlands B.V.. The overdrafts are repayable in full on demand. All bank overdrafts bear interest rate of 1.5% (2015: 1.5%) per annum.

(b) Bonds

(i) Medium Term Notes ('MTN')

The MTN of the Company were issued pursuant to a Medium Term Notes programme of up to RM5,000,000,000 constituted by a Trust Deed and MTN Agreement, both dated 11 August 2011.

The Company had drawn down RM700,000,000 and RM300,000,000 of MTN bearing interest payable semi-annually in previous financial year. The facility bears interest rates ranging from 4.35% to 4.95% (2015: 4.35% to 4.95%) per annum.

(ii) 3.52% Retail Price Index Guaranteed Bonds ('RPIG Bonds')

The RPIG Bonds of Wessex Water Services Finance Plc. bear interest semi-annually on 30 January and 30 July at an interest rate of 3.52% initially, indexed up by the inflation rate every year. The effective interest rate as at 30 June 2016 is 4.57% (2015: 5.50%) per annum. The RPIG Bonds will be redeemed in full by Issuer on 30 July 2023 at their indexed value together with all accrued interest.

(iii) 5.75% Guaranteed Unsecured Bonds

On 15 October 2003, Wessex Water Services Finance Plc. ('Issuer'), a subsidiary of the Group, issued GBP350,000,000 nominal value 5.75% Guaranteed Unsecured Bonds due 2033 ('5.75% GU Bonds') unconditionally and irrevocably guaranteed by Wessex Water Services Limited, a subsidiary of the Group. The 5.75% GU Bonds are constituted under a Trust Deed dated 15 October 2003. The nominal value of 5.75% GU Bonds issued amounted to GBP350,000,000 and as at 30 June 2016 GBP346,917,275 (2015: GBP346,689,488) remained outstanding, net of amortised fees and discount. The net proceeds of the 5.75% GU Bonds were used for refinancing of existing financial indebtedness and for general corporate purposes.

The Bonds bear interest at 5.75% per annum, payable annually on 14 October of each year. The bonds will be redeemed in full by the Issuer on 14 October 2033 at their nominal value together with all accrued interest.

(iv) 5.375% Guaranteed Unsecured Bonds

On 10 March 2005, Wessex Water Services Finance Plc. ('Issuer'), a subsidiary of the Group, issued GBP200,000,000 nominal value 5.375% Guaranteed Unsecured Bonds due 2028 ('5.375% GU Bonds') unconditionally and irrevocably guaranteed by Wessex Water Services Limited ('Guarantor'), a subsidiary of the Group. The 5.375% GU Bonds are constituted under a Trust Deed dated 10 March 2005.

The nominal value of 5.375% GU Bonds issued amounted to GBP200,000,000, of which GBP198,750,971 (2015: GBP198,677,077) remained outstanding as at 30 June 2016, net of amortised fees and discount. The net proceeds of the bonds were used for refinancing of existing financial indebtedness and for general corporate purposes.

The Bonds bear interest at 5.375% per annum, payable annually on 10 March of each year. The bonds will be redeemed in full by the Issuer on 10 March 2028 at their nominal value together with all accrued interest.

Notes to the Financial Statements

for the financial year ended 30 June 2016

26 BORROWINGS (CONTINUED)

(b) Bonds (continued)

(v) 1.75% Index Linked Guaranteed Bonds

On 31 July 2006, Wessex Water Services Finance Plc. ('Issuer') issued two (2) tranches of GBP75,000,000 nominal value 1.75% Index Linked Guaranteed Bonds ('ILG Bonds 1') unconditionally and irrevocably guaranteed by Wessex Water Services Limited ('Guarantor'). The ILG Bonds 1 was each constituted under a Trust Deed dated 31 July 2006 and is unsecured.

The ILG Bonds 1 bear interest semi-annually on 31 January and 31 July at an interest rate of 1.75% initially, indexed up by the inflation rate every year. The effective interest rate as at 30 June 2016 is 2.80% (2015: 3.73%) per annum. The bonds will be redeemed in full by the Issuer on 31 July 2046 for one tranche, and 31 July 2051 for the other tranche at their indexed value together with all accrued interest.

(vi) 1.369% and 1.374% Index Linked Guaranteed Bonds

On 31 January 2007, Wessex Water Services Finance Plc. ('Issuer') issued GBP75,000,000 nominal value 1.369% Index Linked Guaranteed Bonds and GBP75,000,000 nominal value 1.374% Index Linked Guaranteed Bonds, both due 2057 ('ILG Bonds 2') unconditionally and irrevocably guaranteed by Wessex Water Services Limited ('Guarantor'). The ILG Bonds 2 were each constituted under a Trust Deed dated 31 January 2007 and are unsecured.

The ILG Bonds 2 bear interest semi-annually on 31 January and 31 July at an interest rate of 1.369% and 1.374% initially, indexed up by the inflation rate every year. The effective interest rate as at 30 June 2016 is 2.42% (2015: 3.35%) per annum. The bonds will be redeemed in full by the Issuer on 31 July 2057 at their indexed value together with all accrued interest.

(vii) 1.489%, 1.495% and 1.499% Index Linked Guaranteed Bonds

On 28 September 2007, Wessex Water Services Finance Plc. ('Issuer') issued GBP50,000,000 nominal value 1.489% Index Linked Guaranteed Bonds, GBP50,000,000 nominal value 1.495% Index Linked Guaranteed Bonds and GBP50,000,000 nominal value 1.499% Index Linked Guaranteed Bonds, all due 2058 ('ILG Bonds 3') unconditionally and irrevocably guaranteed by Wessex Water Services Limited ('Guarantor'). The ILG Bonds 3 were each constituted under a Trust Deed dated 28 September 2007 and are unsecured.

The ILG Bonds 3 bear interest semi-annually on 29 November and 29 May at an interest rate of 1.489%, 1.495% and 1.499% initially, indexed up by the inflation rate every year. The effective interest rate as at 30 June 2016 is 2.54% (2015: 2.39%) per annum. The ILG Bonds will be redeemed in full by the Issuer on 29 November 2058 at their indexed value together with all accrued interest.

(viii) 2.186% Index Linked Guaranteed Bonds

On 7 September 2009, Wessex Water Services Finance Plc. ('Issuer') issued GBP50,000,000 nominal value 2.186% Index Linked Guaranteed Bonds due 2039 ('ILG Bonds 4') unconditionally and irrevocably guaranteed by Wessex Water Services Limited ('Guarantor'). The ILG Bonds 4 were constituted under a Trust Deed dated 7 September 2009 and are unsecured.

The ILG Bonds 4 bear interest semi-annually on 1 December and 1 June at an interest rate of 2.186% initially, indexed up by the inflation rate every half year. The effective interest rate as at 30 June 2016 is 2.76% (2015: 1.99%) per annum. The ILG Bonds will be redeemed in full by the Issuer on 1 June 2039 at their indexed value together with all accrued interest.

26 BORROWINGS (CONTINUED)

(b) Bonds (continued)

(ix) 4% Guaranteed Unsecured Bonds

On 24 January 2012, Wessex Water Services Finance Plc. ('Issuer'), a subsidiary of the Group, issued GBP200,000,000 nominal value 4.00% Guaranteed Unsecured Bonds due 2021 ('4% GU Bonds') unconditionally and irrevocably guaranteed by Wessex Water Services Limited ('Guarantor'), a subsidiary of the Group. The 4% GU Bonds are constituted under a Trust Deed dated 24 January 2012. The nominal value of 4% GU Bonds issued amounted to GBP200,000,000, of which GBP198,602,052 (2015: GBP198,335,776) remained outstanding as at 30 June 2016, net of amortised fees and discount. The net proceeds of the 4% GU Bonds were used for refinancing of existing financial indebtedness and for general corporate purposes.

On 30 August 2012, Wessex Water Services Finance Plc. ('Issuer'), a subsidiary of the Group, issued GBP100,000,000 nominal value 4.00% Guaranteed Unsecured Bonds due 2021 ('4% GU Bonds') unconditionally and irrevocably guaranteed by Wessex Water Services Limited ('Guarantor'), a subsidiary of the Group. The 4% GU Bonds are constituted under a Trust Deed dated 30 August 2012. The nominal value of 4% GU Bonds issued amounted to GBP100,000,000 of which GBP104,830,259 (2015: GBP105,765,148) remained outstanding as at 30 June 2016, net of amortised fees and discount. The net proceeds of the 4% GU Bonds were used for refinancing of existing financial indebtedness and for general corporate purposes.

The Bonds bear interest at 4.00% per annum, payable annually on 24 September of each year. The bonds will be redeemed in full by the Issuer on 24 September 2021 at their nominal value together with all accrued interest.

The 4% GU Bonds GBP100,000,000 due 24 September 2021 were consolidated to form a single series with the 4% GU Bonds GBP200,000,000 which was issued on 24 January 2012.

(c) Committed bank loans

Committed bank loans amounted to RM5,065,050 (EUR1,200,000) of previous financial year are direct obligation of Wessex Water Limited and bear interest rates ranging from 0.84% to 1.25% per annum has been repaid in full during the financial year.

(d) Finance lease

The Group's finance lease of RM290,537,575 (2015: RM134,310,672) is repayable in instalments until 30 June 2019. The finance lease bears interest rates ranging from 0.92% to 3.85% (2015: 1.40% to 3.85%) per annum.

	Group	
	2016 RM'000	**2015 RM'000**
Minimum finance lease payments:		
– Not later than 1 year	**134,153**	52,027
– Later than 1 year but not later than 5 years	**169,210**	93,155
Future finance charges on finance lease	**(12,825)**	(10,871)
Present value of finance lease	**290,538**	134,311

Notes to the Financial Statements
for the financial year ended 30 June 2016

26 BORROWINGS (CONTINUED)

(e) Revolving credit

(i) Revolving credit denominated in Ringgit Malaysia

RM900,000,000 Revolving Credit
Revolving credit facilities of RM900,000,000 of previous financial year was obtained by YTL Communications Sdn. Bhd., a subsidiary of the Group which is guaranteed by the Company. The borrowings bear interest rates ranging from 3.99% to 4.19% (2015: 3.74% to 4.22%) per annum and are renewable on monthly basis. The revolving credit has been repaid in full on 29 April 2016.

RM4,500,000 Revolving Credit
Revolving credit facilities of RM4,500,000 was obtained by Konsortium Jaringan Selangor Sdn. Bhd., a subsidiary of the Group which is joint guaranteed by the Company. The borrowings bear interest rates ranging from 4.22% to 4.26% per annum and are renewable on monthly basis.

(ii) Revolving credit denominated in SG Dollar

SGD700,000,000 Revolving Credit
Revolving credit facilities of RM2,079,356,683 (SGD697,396,258) (2015: RM1,955,471,075 (SGD695,996,254)) is unsecured loan of YTL PowerSeraya Pte. Limited. The borrowing bears interest rates ranging from 1.72% to 2.72% (2015: 1.24% to 2.01%) per annum and is repayable in full on 14 September 2017.

(f) Term loans

(i) Term loans denominated in Great Britain Pounds

GBP75,000,000 Unsecured Term Loan
The term loans of RM404,325,000 (GBP75,000,000) (2015: RM446,452,500 (GBP75,000,000)) are unsecured loans of Wessex Water Services Limited and are guaranteed by Wessex Water Limited. The loans bear interest rates ranging from 1.16% to 1.23% (2015: 1.09% to 1.19%) per annum and are repayable on 22 July 2021.

GBP140,000,000 Unsecured Term Loan
The term loans of RM754,740,000 (GBP140,000,000) (2015: RM833,378,000 (GBP140,000,000)) are unsecured loans of Wessex Water Services Limited and are guaranteed by Wessex Water Limited. The loans bear interest rates ranging from 0.85% to 0.87% (2015: 0.84% to 0.85%) per annum and are repayable in full on 15 December 2018.

GBP200,000,000 Unsecured Term Loan
The term loans of RM1,078,200,000 (GBP200,000,000) (2015: RM892,905,000 (GBP150,000,000)) are unsecured loans of Wessex Water Services Limited and are guaranteed by Wessex Water Limited. The first loan of GBP50,000,000 was withdrawn on 30 January 2015 bears an interest rate of 2.16% (2015: 2.16%) per annum, the second loan of GBP50,000,000 was withdrawn on 9 March 2015 bears an interest rate of LIBOR plus 0.45% (2015: LIBOR plus 0.45%) per annum, the third loan of GBP50,000,000 was withdrawn on 9 April 2015 bears an interest rate of 1.99% (2015: 1.99%) per annum, and the fourth loan of GBP50,000,000 was withdrawn on 25 May 2016 bears an interest rate of LIBOR plus 0.76%. All the loans are repayable in full between 30 January and 25 May 2025.

26 BORROWINGS (CONTINUED)

(f) Term loans (continued)

(ii) Term loans denominated in US Dollar

USD200,000,000 Unsecured Term Loan
Term loan of RM756,153,625 (USD199,750,000) of previous financial year was drawn by a subsidiary of the Group which was unsecured and guaranteed by the Company. The loan bears interest rates ranging from 1.33% to 1.36% (2015: 1.30% to 1.84%) per annum. The term loan was fully repaid on 17 December 2015.

USD200,000,000 Unsecured Term Loan
Term loan of RM804,500,000 (USD200,000,000) (2015: RM757,100,000 (USD200,000,000)) was drawn by the Company on 28 May 2015 and repayable on 28 May 2020. The loan bears an interest rate of 1.39% (2015: 1.39%) per annum up to 31 May 2016 and LIBOR plus 1.35% subsequently for every half year. The effective interest rate as at 30 June 2016 is 2.33% (2015: 1.39%) per annum.

USD200,000,000 Unsecured Term Loan
Term loan of RM804,500,000 (USD200,000,000) was drawn by the Company on 17 December 2015 and repayable on 17 December 2020. The loan bears an interest rate of 1.10% per annum up to 19 December 2016 and LIBOR plus 1.20% subsequently for every half year.

(iii) Term loans denominated in Ringgit Malaysia

Term loan of RM6,644,270 of previous financial year is secured loan of Konsortium Jaringan Selangor Sdn. Bhd., bears an annual interest rate of 1.75% above the Bank's Base Financing Rate (BFR) on the utilised amount was fully repaid on 13 November 2015.

(iv) Term loans denominated in SG Dollar

SGD760,000,000 Unsecured Term Loan
Term loan of RM2,257,587,246 (SGD757,173,077) (2015: RM2,123,082,874 (SGD755,653,073)) is unsecured loan of YTL PowerSeraya Pte. Limited. The borrowing bears interest rates ranging from 1.72% to 2.72% (2015: 1.24% to 2.01%) per annum and is repayable in full on 14 September 2017.

SGD760,000,000 Unsecured Term Loan
Term loan of RM2,245,794,109 (SGD753,217,772) (2015: RM2,111,848,067 (SGD751,654,352)) is unsecured loan of YTL PowerSeraya Pte. Limited. The borrowing bears interest rates ranging from 1.82% to 2.82% (2015: 1.34% to 2.11%) per annum and is repayable in full on 14 September 2019.

SGD62,200,000 Unsecured Term Loan
Term loans of RM174,757,120 (SGD62,200,000) of previous financial year are unsecured loans of YTL PowerSeraya Pte. Limited and bear interest rates ranging from 1.19% to 1.96% per annum were fully repaid during the financial year.

SGD50,000,000 Unsecured Term Loan
Term loans of RM149,080,000 (SGD50,000,000) are unsecured loan of YTL PowerSeraya Pte. Limited. The borrowings bear interest rates ranging from 1.02% to 1.10% per annum and SGD30,000,000 is repayable on 18 July 2016 and SGD20,000,000 is repayable on 29 July 2016.

26 BORROWINGS (CONTINUED)

(g) Trade facilities and others

(i) Trade loans denominated in US Dollar

Trade loan facilities of RM56,344,991 (USD14,884,425) of previous financial year was obtained by YTL Communications Sdn. Bhd., a subsidiary of the Group and bear interest rates ranging from 1.00% to 1.12% (2015: 1.00% to 1.10%) per annum was fully repaid on 22 January 2016.

(ii) Trade loans denominated in Ringgit Malaysia

Trade loans of RM28,076,774 of previous financial year was obtained by YTL Communications Sdn. Bhd., a subsidiary of the Group and bear interest rates ranging from 3.67% to 3.98% (2015: 3.94% to 4.15%) per annum was fully repaid on 23 September 2015.

27 POST-EMPLOYMENT BENEFIT OBLIGATIONS

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Defined contribution plan – Current				
Malaysia	**2,518**	2,023	**327**	275
Defined benefit plan – Non-current				
Overseas				
– United Kingdom	**861,832**	734,028	**–**	–
– Indonesia	**12,440**	9,337	**–**	–
	874,272	743,365	**–**	–

(a) Defined contribution plan

Group companies incorporated in Malaysia contribute to the national defined contribution plan. Once the contributions have been paid, the Group has no further payment obligations.

(b) Defined benefit plan – United Kingdom

A subsidiary of the Group operates final salary defined benefit plans for its employees in the United Kingdom, the assets of which are held in separate trustee-administered funds. The latest actuarial valuation of the plan was undertaken by a qualified actuary as at 30 September 2013. This valuation was updated as at 30 June 2016 using revised assumptions.

(i) Profile of the scheme

The defined benefit obligations include benefits for current employees, former employees and current pensioners. Broadly, about 38% of the liabilities are attributable to current employees, 16% to former employees and 46% to current pensioners. The scheme duration is an indicator of the weighted-average time until benefit payments are made. For the scheme as a whole, the duration is around 18 years reflecting the approximate split of the defined benefit obligation between current employees (duration of 25 years), deferred members (duration of 25 years) and current pensioners (duration of 12 years).

27 POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONTINUED)

(b) Defined benefit plan – United Kingdom (continued)

(ii) Funding requirements

UK legislation requires that pension schemes are funded prudently. The last funding valuation report, 30 September 2013 showed a deficit of GBP94.6 million (RM510.0 million). The subsidiary is paying deficit contributions of:

- GBP8.6 million (RM46.4 million) by 31 March 2014 and 31 March 2015;
- GBP7.6 million (RM41.0 million) by each 31 March, from 31 March 2016 to 31 March 2020 inclusive;
- GBP10.2 million (RM55.0 million) by each 31 March, from 31 March 2021 to 31 March 2024 inclusive;

which, along with investment returns from return-seeking assets, is expected to make good this shortfall by 31 March 2024.

The next funding valuation is due no later than 30 September 2016 at which progress towards full-funding will be reviewed.

The subsidiary also pays contributions of 18.2% of pensionable salaries in respect of current accrual and non-investment related expenses, with active members paying a further 7.3% of pensionable salaries on average. A contribution of GBP7.6 million (RM41.0 million) is expected to be paid by the subsidiary during the year ending on 30 June 2017.

(iii) Risks associated with the scheme

Asset volatility – The liabilities are calculated using a discount rate set with reference to corporate bond yields; if assets underperform this yield, this will create a deficit. The scheme holds a significant proportion of growth assets (equities, diversified growth fund and global absolute return fund) which, though expected to outperform corporate bonds in the long-term, create volatility and risk in the short-term. The allocation to growth assets is monitored to ensure it remains appropriate given the scheme's long term objectives.

Changes in bond yields – A decrease in corporate bond yields will increase the value placed on the scheme's liabilities for accounting purposes, although this will be partially offset by an increase in the value of the scheme's bond holdings.

Inflation risk – The majority of the scheme's benefit obligations are linked to inflation and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect against extreme inflation). The majority of the assets are either unaffected by or only loosely correlated with inflation, meaning that an increase in inflation will also increase the deficit.

Life expectancy – The majority of the scheme's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the liabilities.

The trustees insure certain benefits payable on death before retirement.

A contingent liability exists in relation to the equalisation of Guaranteed Minimum Pension ("GMP"). The UK Government intends to implement legislation which could result in an increase in the value of GMP for males. This would increase the defined benefit obligation of the plan. At this stage, it is not possible to quantify the impact of this change.

Notes to the Financial Statements
for the financial year ended 30 June 2016

27 POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONTINUED)

(b) Defined benefit plan – United Kingdom (continued)

The movements during the financial year in the amounts recognised in the Statement of Financial Position are as follows:

	2016 RM'000	2015 RM'000
At 1 July	**734,028**	546,654
Exchange differences	**(95,921)**	60,502
Pension cost	**99,484**	88,792
Contributions and benefits paid	**(107,103)**	(99,008)
Re-measurement loss	**231,344**	137,088
At 30 June	**861,832**	734,028

The amounts recognised in the Statement of Financial Position are analysed as follows:

	2016 RM'000	2015 RM'000
Present value of funded obligations	**3,795,075**	3,806,216
Fair value of plan assets	**(2,933,243)**	(3,072,188)
Liability in the Statement of Financial Position	**861,832**	734,028

Changes in present value of defined benefit obligations are as follows:

	2016 RM'000	2015 RM'000
At 1 July	**3,806,216**	3,105,038
Exchange differences	**(406,231)**	312,378
Interest cost	**147,497**	134,912
Current service cost	**66,435**	55,064
Contributions by scheme participants	**1,224**	1,088
Past service cost	**612**	6,528
Net benefits paid	**(125,464)**	(109,624)
Re-measurement (gain)/loss:		
– Actuarial gain arising from demographic assumptions	**(47,738)**	–
– Actuarial loss arising from financial assumptions	**391,693**	338,368
– Actuarial gain arising from experience adjustments	**(39,169)**	(37,536)
Present value of defined benefit obligations, at 30 June	**3,795,075**	3,806,216

27 POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONTINUED)

(b) Defined benefit plan – United Kingdom (continued)

Changes in fair value of plan assets are as follows:

	2016 RM'000	2015 RM'000
At 1 July	**3,072,188**	2,558,384
Exchange differences	**(310,310)**	251,876
Interest income	**119,344**	111,520
Contributions by employer	**107,103**	99,008
Contributions by scheme participants	**1,224**	1,088
Net benefits paid	**(125,464)**	(109,624)
Administration expenses	**(4,284)**	(3,808)
Re-measurement gain:		
– Return on plan assets excluding interest income	**73,442**	163,744
Fair value of plan assets, at 30 June	**2,933,243**	3,072,188

The pension cost recognised is analysed as follows:

	2016 RM'000	2015 RM'000
Interest cost	**28,153**	23,392
Current service cost	**66,435**	55,064
Past service cost	**612**	6,528
Administration expenses	**4,284**	3,808
Total charge to Income Statement	**99,484**	88,792

The charge to Income Statement was included in the following line items:

	2016 RM'000	2015 RM'000
Cost of sales	**53,498**	49,050
Administrative expenses	**17,833**	16,350
Interest cost	**28,153**	23,392
Total charge to Income Statement	**99,484**	88,792

Notes to the Financial Statements

for the financial year ended 30 June 2016

27 POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONTINUED)

(b) Defined benefit plan – United Kingdom (continued)

The principal actuarial assumptions used in respect of the Group's defined benefit plan were as follows:

	2016 %	2015 %
Discount rate	**2.90**	3.80
Expected rate of increase in pension payment	**1.80 – 2.70**	2.20 – 3.10
Expected rate of salary increases	**1.60 – 3.30**	0.75 – 3.70
Price inflation – RPI	**2.80**	3.20
Price inflation – CPI	**1.80**	2.20

The mortality assumptions are based upon the recent actual mortality experience of scheme members, and allow for expected future improvements in mortality rates. The assumptions are that a member currently aged 60 will live, on average, for a further 27.0 years (2015: 27.2 years) if they are male, and for a further 29.3 years (2015: 29.5 years) if they are female. For a member who retires in 2036 at age 60 the assumptions are that they will live, on average, for a further 28.4 years (2015: 28.8 years) after retirement if they are male, and a further 30.9 years (2015: 31.1 years) after retirement if they are female.

The mortality table adopted is based upon 95% of standard tables S1P(M/F)A adjusted to allow for individual years of birth. Future improvements are assumed to be in line with the CMI 2015 core projection, with a long term improvement rate of 1.0% p.a. for all members.

Sensitivity analysis:

The key assumptions used for MFRS 119 are: discount rate, inflation and mortality. If different assumptions are used, this could have a material effect on the results disclosed. The sensitivity of the results to these assumptions are set out below. For the purposes of these sensitivities it has been assumed that the change in the discount rate and inflation has no impact on the value of scheme assets.

A reduction in the discount rate of 0.1% from 2.9% to 2.8% would increase the scheme liabilities by RM71.2 million from RM3,795.1 million to RM3,866.3 million, increasing the scheme deficit to RM933.0 million. An increase in the inflation assumption of 0.1% (from 1.8% to 1.9% for CPI and 2.8% to 2.9% for RPI) would increase the scheme liabilities by RM61.5 million from RM3,795.1 million to RM3,856.6 million, increasing the scheme deficit to RM923.3 million. An increase in life expectancy of 1 year would increase the scheme liabilities by RM135.5 million from RM3,795.1 million to RM3,930.6 million, increasing the scheme deficit to RM997.3 million.

27 POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONTINUED)

(b) Defined benefit plan – United Kingdom (continued)

The plan assets are comprised as follows:

	2016		2015	
	RM'000	%	RM'000	%
Equity instrument	**1,357,992**	**46.3**	1,554,845	50.6
Debt instrument	**1,415,138**	**48.2**	1,355,429	44.1
Property	**155,261**	**5.3**	160,723	5.2
Others	**4,852**	**0.2**	1,191	0.1
	2,933,243	**100.0**	3,072,188	100.0

	2016 RM'000	2015 RM'000
Actual return on plan assets	**192,786**	275,264

(c) Defined benefit plan – Indonesia

Summary of obligations relating to employee benefits due under prevailing law and regulations as well as under the Indonesia subsidiary's regulations are as presented below:

	2016 RM'000	2015 RM'000
Obligation relating to post-employment benefits	**10,072**	7,351
Obligation relating to other long-term employee benefits	**2,368**	1,986
	12,440	9,337

A subsidiary of the Group has a defined contribution pension fund program for its permanent national employees in Indonesia. The subsidiary's contribution is 6% of employee basic salary, while the employees' contribution ranges from 3% to 14%.

The contributions made to the defined contribution plan are acceptable for funding the post-employment benefits under the labour regulations.

The obligation for post-employment and other long-term employee benefits were recognised with reference to actuarial report prepared by an independent actuary. The latest actuarial report was dated 30 June 2016.

Notes to the Financial Statements

for the financial year ended 30 June 2016

27 POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONTINUED)

(c) Defined benefit plan – Indonesia (continued)

(i) Post-employment benefit obligations

The movements during the financial year in the amounts recognised in the Statement of Financial Position are as follows:

	2016 RM'000	2015 RM'000
At 1 July	**7,351**	5,598
Exchange differences	**422**	354
Pension cost	**1,222**	924
Contributions and benefits paid	**(373)**	(148)
Re-measurement loss	**1,450**	623
At 30 June	**10,072**	7,351

The obligations relating to post-employment benefits recognised in the Statement of Financial Position are as follows:

	2016 RM'000	2015 RM'000
Present value of obligations	**10,072**	7,351

Changes in present value of defined benefit obligations are as follows:

	2016 RM'000	2015 RM'000
At 1 July	**7,351**	5,598
Exchange differences	**422**	354
Interest cost	**621**	482
Current service cost	**601**	463
Past services cost	**–**	(21)
Net benefits paid	**(373)**	(148)
Re-measurement loss:		
– Actuarial loss arising from financial assumptions	**1,253**	–
– Actuarial loss arising from experience adjustments	**197**	623
Present value of defined benefit obligations, at 30 June	**10,072**	7,351

27 POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONTINUED)

(c) Defined benefit plan – Indonesia (continued)

(i) Post-employment benefit obligations (continued)

The pension cost recognised can be analysed as follows:

	2016 RM'000	2015 RM'000
Interest cost	**621**	482
Current service cost	**601**	463
Past service cost	**–**	(21)
Total charge to Income Statement	**1,222**	924

(ii) Other long-term employee benefit obligations

The obligations relating to other long-term employee benefits (i.e. long leave service benefits) recognised in the Statement of Financial Position are as follows:

	2016 RM'000	2015 RM'000
Present value of obligations	**2,368**	1,986

The movements during the financial year in the amounts recognised in the Statement of Financial Position are as follows:

	2016 RM'000	2015 RM'000
At 1 July	**1,986**	1,528
Exchange differences	**125**	97
Pension cost	**572**	456
Contributions and benefits paid	**(315)**	(95)
At 30 June	**2,368**	1,986

Notes to the Financial Statements
for the financial year ended 30 June 2016

27 POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONTINUED)

(c) Defined benefit plan – Indonesia (continued)

(ii) Other long-term employee benefit obligations (continued)

Changes in present value of defined benefit obligations are as follows:

	2016 RM'000	2015 RM'000
At 1 July	**1,986**	1,528
Exchange differences	**125**	97
Current service cost	**572**	456
Net benefits paid	**(315)**	(95)
At 30 June	**2,368**	1,986

The amounts relating to other long-term employee benefit obligations recognised in the Income Statement are as follows:

	2016 RM'000	2015 RM'000
Current service cost	**572**	456

The charge above was included in the cost of sales.

The principal actuarial assumptions used in respect of the Group's defined benefit plan were as follows:

	2016 %	2015 %
Discount rate	**7.8**	8.0
Future salary increases	**9.0**	8.0

Sensitivity analysis:

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligations by the amounts shown below:

	RM'000 Increase	RM'000 Decrease
Discount rate (1% movement)	**984.1**	**876.0**
Future salary increase rate (1% movement)	**1,244.5**	**1,127.8**

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumption shown.

28 GRANTS AND CONTRIBUTIONS

	Group	
	2016 RM'000	2015 RM'000
At 1 July	**413,485**	347,207
Exchange differences	**(28,215)**	34,420
Received during the financial year	**59,578**	41,900
Amortisation	**(17,005)**	(10,042)
At 30 June	**427,843**	413,485

This balance represents government grant in foreign subsidiaries in respect of specific qualifying expenditure on infrastructure assets, non-infrastructure assets and a cogeneration plant.

29 PAYABLES (NON-CURRENT)

	Group	
	2016 RM'000	2015 RM'000
Deposits	**26,190**	37,275
Deferred income	**710,798**	635,637
Payables to non-controlling interest	**113,007**	–
	849,995	672,912

Non-current payables comprise of deposits collected from retail customers in relation to the provision of electricity and deposits received from developers of housing development in relation to the provision of water and sewerage infrastructure. The deferred income is in relation to assets transferred from customers and services which are yet to be provided. The fair value of payables approximates their carrying values.

Notes to the Financial Statements

for the financial year ended 30 June 2016

30 PAYABLES AND ACCRUED EXPENSES (CURRENT)

	Group		Company	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Trade payables	**437,412**	657,097	**–**	–
Duties and taxes payable	**16,859**	22,083	**–**	115
Accrued expenses	**589,389**	745,154	**1,230**	1,230
Receipts in advance	**234,711**	264,494	**–**	–
Other payables	**319,458**	259,560	**63,034**	58,826
Deposits	**94,846**	76,247	**–**	–
Deferred income	**48,198**	48,267	**–**	–
	1,740,873	2,072,902	**64,264**	60,171

Credit terms of trade payables granted to the Group range from 30 to 60 days (2015: 30 to 60 days).

31 PROVISION FOR LIABILITIES AND CHARGES

	Group	
	2016 RM'000	**2015 RM'000**
At 1 July	**40,617**	27,264
Exchange differences	**147**	865
Acquisition of subsidiary	**–**	5,448
Charge during the financial year	**4,600**	12,050
Payment	**(9,288)**	(5,010)
At 30 June	**36,076**	40,617

The provision for liabilities and charges relate to scaling down of operations, environmental liabilities and asset retirement obligation.

32 AMOUNTS OWING BY/(TO) FELLOW SUBSIDIARIES

The amounts owing by/(to) fellow subsidiaries are unsecured, interest-free and repayable on demand. The amounts owing by/(to) fellow subsidiaries principally relate to operational expenses and expenses paid on behalf by/of the Group and the Company.

33 FINANCIAL RISK MANAGEMENT

The Group's and the Company's activities expose it to a variety of financial risks, including market risk (comprising of foreign currency exchange risk, interest rate risk and price risk), credit risk, liquidity risk and capital risk. The Group's and the Company's overall financial risk management objective is to ensure that adequate resources are available to create value for its shareholders. The Group and the Company focus on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group and the Company. Financial risk management is carried out through regular risk review analysis, internal control systems and adherence to Group and the Company financial risk management policies. The Board regularly reviews these risks and approves the appropriate control environment frameworks.

(a) Market risk

(i) Foreign currency exchange risk

Foreign currency exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to risks arising from various currency exposures primarily with respect to the Great Britain Pounds and Singapore Dollars. The Group has investments in foreign operations whose net assets are exposed to foreign currency translation risk. Such exposures are mitigated through borrowings denominated in the respective functional currencies.

Where necessary, the Group enters into forward foreign currency exchange contracts to limit its exposure on foreign currency receivables and payables and on cash flows generated from anticipated transactions denominated in foreign currencies.

The following table illustrates the effects on the Group's net assets resulting from currency fluctuations (on the basis all other variables remain constant).

	Increase/(Decrease) in Net assets	
Group	**2016 RM'000**	**2015 RM'000**
5% changes on GBP exchange rate	**170,059**	192,464
5% changes on SGD exchange rate	**432,916**	351,626

There is no significant exposure to foreign currency exchange risk at the Company level.

(ii) Interest rate risk

Interest rate exposure arises from the Group's and the Company's borrowings, deposits, short-term investments, and the interest-bearing advances to subsidiaries of the Company. It is managed through the use of fixed and floating rate debts. Besides, the Group uses the derivative financial instruments, where appropriate, to generate the desired interest rate profile.

Borrowings issued at variable rates expose the Group to cash flows interest rate risk. However, it is partially offset by the interest income accruing on fixed deposits.

33 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the reporting date, were:

	Group		Company	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Fixed rate instruments				
Financial assets	**337,101**	343,770	**–**	–
Financial liabilities	**13,467,302**	14,188,622	**4,758,163**	4,752,660
Variable rate instruments				
Financial assets	**9,296,705**	9,358,025	**2,370,224**	2,257,316
Financial liabilities	**10,712,007**	11,139,148	**2,154,842**	757,100

At the reporting date, if annual interest rates had been 50 basis points higher/lower respectively, with all other variables in particular foreign exchange rates and tax rates being held constant, the Group's and Company's profit after tax will be lower/higher by RM53.6 million (2015: RM55.7 million) and RM10.8 million (2015: RM3.8 million), respectively as a result of increase/decrease in interest expense on these variable rate borrowings.

The excess funds of the Group and the Company are invested in bank deposits and other short-term instruments. The Group and the Company manage their liquidity risks by placing such excess funds on short-term maturities to match its cash flow needs. If interest deposit rates increased/decreased by 10 basis points, interest income for the Group and the Company for the financial year would increase/decrease by RM9.3 million (2015: RM9.4 million) and RM2.4 million (2015: RM2.3 million), respectively.

(iii) Price risk

Investments

The Group and the Company are exposed to equity securities price risk arising from investments held which classified on the Statement of Financial Position as available-for-sale financial assets. To manage its price risk arising from investments in equity securities, the Group and the Company diversify their portfolio.

The Group's and the Company's investments are measured at fair value. The impact of an increase/decrease on the fair value to the Group's and Company's net assets is approximately RM0.5 million (2015: RM3.4 million) and RM0.5 million (2015: RM3.4 million), respectively. This analysis is based on a 10% increase or decrease in the fair value of these investments as at the reporting date, with all other variables remaining constant.

Fuel commodity price risk

The Group hedges its fuel commodity price risk by the use of derivative instruments against fluctuations in fuel oil prices which affect the cost of fuel.

Exposure to price fluctuations arising from the purchase of fuel is managed via fuel oil swaps where the price of fuel is indexed to a benchmark fuel price index, for example 180 CST fuel oil. As at 30 June 2016, if the forward fuel oil price curve increased/decreased by 10% (2015: 10%), the profit before taxation would be lower/higher by RM0.4 million (2015: RM0.7 million) for the Group.

33 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk

Credit risk is the potential financial loss resulting from the failure of a counter party to settle their obligations to the Group and the Company.

The Group's exposures to credit risk arise primarily from trade and other receivable. For other financial assets (including short-term investment securities, fixed deposits and derivative financial instruments), the Group minimises credit risk by dealing with creditworthy counterparties.

The Company's exposures to credit risk arise from other receivable. For other financial assets (including short-term investment securities and fixed deposits), the Company minimises credit risk by dealing with creditworthy counterparties.

In the Group's power generation business in Singapore, credit reviews are performed on all customers with established credit limits and supported by collateral in the form of guarantees. For the Group's water and sewerage business, the credit risk of receivables is mitigated through strict collection procedures. In addition, the Directors are of the view that credit risk arising from these businesses is limited due to the large customer base.

Transactions involving derivative financial instruments are allowed only with counterparties that are of high credit quality. As such, management does not expect any counterparties to fail to meet their obligations. The Group considers the risk of material loss in the event of non-performance by a financial counter party to be unlikely.

At the reporting date, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the Statement of Financial Position, except for trade receivables on electricity sales and physical fuel transactions where collaterals of RM79.4 million (2015: RM108.5 million) are held in the form of security deposits from customers and banker's guarantees.

Intercompany balances

The Company provides unsecured advances to subsidiaries and where necessary makes payments for expenses on behalf of its subsidiaries. The Company monitors the results of the subsidiaries regularly. As at 30 June 2016, the maximum exposure to credit risk is represented by their carrying amounts in the Statement of Financial Position.

Management has taken reasonable steps to ensure that intercompany receivables are stated at the realisable values. As at 30 June 2016, there was no indication that the advances extended to the subsidiaries are not recoverable.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient bank deposits and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Group and the Company aim at maintaining flexibility by keeping committed credit lines available.

Notes to the Financial Statements

for the financial year ended 30 June 2016

33 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (continued)

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the reporting date based on undiscounted contractual payments:

	Less than 1 year RM'000	Between 1 and 5 years RM'000	Over 5 years RM'000	Total RM'000
Group				
2016				
Non-derivative financial liabilities				
Bonds and borrowings	**1,099,670**	**13,534,435**	**19,317,177**	**33,951,282**
Trade and other payables including group entities	**1,274,804**	**139,197**	**–**	**1,414,001**
Derivative financial liabilities				
Gross – Fuel oil swaps	**230,234**	**108,738**	**–**	**338,972**
Gross – Currency forwards	**18,032**	**8,527**	**–**	**26,559**
	2,622,740	**13,790,897**	**19,317,177**	**35,730,814**
2015				
Non-derivative financial liabilities				
Bonds and borrowings	2,644,132	12,866,426	22,197,379	37,707,937
Trade and other payables including group entities	1,542,453	37,275	–	1,579,728
Derivative financial liabilities				
Gross – Fuel oil swaps	300,959	130,212	–	431,171
Gross – Currency forwards	3,304	3,084	–	6,388
	4,490,848	13,036,997	22,197,379	39,725,224
Company				
2016				
Non-derivative financial liabilities				
Bonds and borrowings	**247,640**	**4,549,673**	**2,842,295**	**7,639,608**
Trade and other payables including intercompanies	**573,579**	**–**	**–**	**573,579**
Financial guarantee contracts	**219,960**	**–**	**–**	**219,960**
	1,041,179	**4,549,673**	**2,842,295**	**8,433,147**
2015				
Non-derivative financial liabilities				
Bonds and borrowings	226,023	3,849,636	2,842,295	6,917,954
Trade and other payables including intercompanies	340,021	–	–	340,021
Financial guarantee contracts	1,819,638	–	–	1,819,638
	2,385,682	3,849,636	2,842,295	9,077,613

33 FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Capital risk

The Group and the Company's objectives when managing capital are to safeguard the Group and the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

There are external debt covenants such as gearing ratio applicable to the Group and the Company which are not onerous and the obligation can be fulfilled. As part of its capital management, the Group monitors that these covenants have been complied with. In addition, consistent with others in the industry, the Group and the Company monitor capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the Statement of Financial Position) less cash and bank balances. Total capital is calculated as 'equity' as shown in the Statement of Financial Position plus net debt.

	Group		Company	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Total bonds and borrowings (Note 26)	**24,179,309**	25,327,770	**6,367,163**	5,509,760
Less: Cash and bank balances	**(9,761,333)**	(9,608,348)	**(524,234)**	(609,640)
Net debt	**14,417,976**	15,719,422	**5,842,929**	4,900,120
Total equity	**12,753,318**	11,628,695	**13,487,703**	12,692,294
Total capital	**27,171,294**	27,348,117	**19,330,632**	17,592,414
Gearing ratio	**53%**	57%	**30%**	28%

To strengthen the capital structure of the Company, all borrowings of subsidiaries are on a non-recourse basis to the Company save and except for those borrowings guaranteed by the Company as set out in Note 26 to the financial statements.

Notes to the Financial Statements

for the financial year ended 30 June 2016

33 FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Fair value measurement

The Group and the Company measure fair value using the following fair value hierarchy that reflects the significance of the input used in making the measurements:

(a) Level 1 – quoted price (unadjusted) in active market for identical assets or liabilities;

(b) Level 2 – inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (that is, as prices) or indirectly (that is, derived from prices); and

(c) Level 3 – inputs for the assets or liabilities that are not based on observable market data (that is, unobservable inputs).

The financial assets included in the Level 3 of the fair value hierarchy for which its valuation is based on actual performance of the investee entity. The Group and the Company had used valuation model in projecting expected share price of the investment by using share price of companies in similar industry and adjusted for marketability factor.

Although the Group and the Company believe that estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value. For fair value measurement in Level 3, if the discount rate used in the marketability factor is to differ by 10% from management's estimates, the carrying amount of available-for-sale financial assets would be approximately RM21.5 million (2015: RM22.0 million) lower or higher.

33 FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Fair value measurement (continued)

The following table presents the Group's assets and liabilities that are measured at fair value as at the reporting date:

Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2016				
Assets				
Financial assets at fair value through profit or loss:				
– Trading derivatives	–	**12,528**	–	**12,528**
Available-for-sale	**51,617**	**4,753**	**214,989**	**271,359**
Derivatives used for hedging	–	**81,884**	–	**81,884**
Total assets	**51,617**	**99,165**	**214,989**	**365,771**
Liabilities				
Financial liabilities at fair value through profit or loss:				
– Trading derivatives	–	**14,119**	–	**14,119**
Derivatives used for hedging	–	**351,412**	–	**351,412**
Total liabilities	–	**365,531**	–	**365,531**
2015				
Assets				
Financial assets at fair value through profit or loss:				
– Trading derivatives	–	6,294	–	6,294
Available-for-sale	51,171	5,235	220,012	276,418
Derivatives used for hedging	–	119,887	–	119,887
Total assets	51,171	131,416	220,012	402,599
Liabilities				
Financial liabilities at fair value through profit or loss:				
– Trading derivatives	–	17,818	–	17,818
Derivatives used for hedging	–	419,741	–	419,741
Total liabilities	–	437,559	–	437,559

Notes to the Financial Statements

for the financial year ended 30 June 2016

33 FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Fair value measurement (continued)

The following table presents the Company's assets that are measured at fair value as at the reporting date:

Company	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2016				
Assets				
Available-for-sale	**51,591**	**–**	**214,989**	**266,580**
2015				
Assets				
Available-for-sale	51,146	–	220,012	271,158

34 FINANCIAL INSTRUMENTS BY CATEGORY

The table below provides an analysis of the Group's financial instruments categorised as follows:

Group	Loans and receivables RM'000	Assets at fair value through profit or loss RM'000	Derivatives used for hedging RM'000	Available-for-sale RM'000	Total RM'000
2016					
Assets as per Statement of Financial Position					
Available-for-sale financial assets	**–**	**–**	**–**	**271,359**	**271,359**
Derivative financial instruments	**–**	**12,528**	**81,884**	**–**	**94,412**
Trade and other receivables including group entities[1]	**1,733,335**	**–**	**–**	**–**	**1,733,335**
Cash and bank balances	**9,761,333**	**–**	**–**	**–**	**9,761,333**
	11,494,668	**12,528**	**81,884**	**271,359**	**11,860,439**

34 FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

The table below provides an analysis of the Group's financial instruments categorised as follows: (continued)

Group	Loans and receivables RM'000	Assets at fair value through profit or loss RM'000	Derivatives used for hedging RM'000	Available-for-sale RM'000	Total RM'000
2015					
Assets as per Statement of Financial Position					
Available-for-sale financial assets	–	–	–	276,418	276,418
Derivative financial instruments	–	6,294	119,887	–	126,181
Trade and other receivables including group entities[1]	2,426,045	–	–	–	2,426,045
Cash and bank balances	9,608,348	–	–	–	9,608,348
	12,034,393	6,294	119,887	276,418	12,436,992

Group	Liabilities at fair value through profit or loss RM'000	Derivatives used for hedging RM'000	Other financial liabilities at amortised cost RM'000	Total RM'000
2016				
Liabilities as per Statement of Financial Position				
Bonds and borrowings excluding finance lease liabilities	**–**	**–**	**23,888,771**	**23,888,771**
Derivative financial instruments	**14,119**	**351,412**	**–**	**365,531**
Trade and other payables including group entities[2]	**–**	**–**	**1,648,188**	**1,648,188**
	14,119	**351,412**	**25,536,959**	**25,902,490**
2015				
Liabilities as per Statement of Financial Position				
Bonds and borrowings excluding finance lease liabilities	–	–	25,193,459	25,193,459
Derivative financial instruments	17,818	419,741	–	437,559
Trade and other payables including group entities[2]	–	–	1,830,127	1,830,127
	17,818	419,741	27,023,586	27,461,145

Notes to the Financial Statements
for the financial year ended 30 June 2016

34 FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

The table below provides an analysis of the Company's financial instruments categorised as follows:

Company	Loans and receivables RM'000	Available-for-sale RM'000	Total RM'000
2016			
Assets as per Statement of Financial Position			
Available-for-sale financial assets	**–**	**266,580**	**266,580**
Trade and other receivables including intercompanies[1]	**1,838,351**	**–**	**1,838,351**
Cash and bank balances	**524,234**	**–**	**524,234**
	2,362,585	**266,580**	**2,629,165**
2015			
Assets as per Statement of Financial Position			
Available-for-sale financial assets	–	271,158	271,158
Trade and other receivables including intercompanies[1]	1,792,298	–	1,792,298
Cash and bank balances	609,640	–	609,640
	2,401,938	271,158	2,673,096

Company	Liabilities at fair value through profit or loss RM'000	Other financial liabilities at amortised cost RM'000	Total RM'000
2016			
Liabilities as per Statement of Financial Position			
Bonds and borrowings	**–**	**6,367,163**	**6,367,163**
Trade and other payables including intercompanies[2]	**–**	**632,043**	**632,043**
	–	**6,999,206**	**6,999,206**

34 FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

The table below provides an analysis of the Company's financial instruments categorised as follows: (continued)

Company	Liabilities at fair value through profit or loss RM'000	Other financial liabilities at amortised cost RM'000	Total RM'000
2015			
Liabilities as per Statement of Financial Position			
Bonds and borrowings	–	5,509,760	5,509,760
Trade and other payables including intercompanies[2]	–	397,413	397,413
	–	5,907,173	5,907,173

[1] *Prepayments and tax recoverable are excluded from the trade and other receivables balance, as this analysis is required only for financial instruments.*

[2] *Statutory liabilities, deferred income and receipts in advance are excluded from the trade and other payables balance, as this analysis is required only for financial instruments.*

35 COMMITMENTS

(a) Capital commitments

	Group	
	2016 RM'000	2015 RM'000
Contracted, but not provided for	**1,559,838**	1,998,033
Authorised, but not contracted for	**699,277**	384,544

The above commitments mainly comprise purchase of property, plant and equipment.

35 COMMITMENTS (CONTINUED)

(b) Operating lease arrangements

(i) The Group as lessee

The future minimum lease payments under non-cancellable operating leases contracted for as at the reporting date but not recognised as liabilities are analysed as follows:

	Group	
	2016 RM'000	**2015 RM'000**
Lease rental on sublease of office space:		
– Not later than 1 year	**112,961**	91,120
– Later than 1 year but not later than 5 years	**326,156**	236,007
– Later than 5 years	**154,743**	106,864

(ii) The Group as lessor

The future minimum lease payments receivable under non-cancellable operating leases contracted for as at the reporting date but not recognised as receivables are analysed as follows:

	Group	
	2016 RM'000	**2015 RM'000**
Lease rental income:		
– Not later than 1 year	**54,316**	53,409

In addition, the payments receivables under the PPA which are classified as operating lease are as follows:

	Group	
	2016 RM'000	**2015 RM'000**
Not later than 1 year	**–**	67,175

The future minimum lease receivables are an estimate as they include minimum lease payments and other elements.

36 SEGMENTAL INFORMATION

The Group has five reportable segments as described below:

(i) Power generation (Contracted)
(ii) Multi utilities business (Merchant)
(iii) Water and sewerage
(iv) Mobile broadband network
(v) Investment holding activities

Management monitors the operating results of operating segments separately for the purpose of making decisions about resources to be allocated and of assessing performance.

	Power generation (Contracted) RM'000	Multi utilities business (Merchant)#1 RM'000	Water and sewerage RM'000	Mobile broadband network RM'000	Investment holding activities RM'000	Group RM'000
At 30 June 2016						
Revenue						
Total revenue	290,116	5,686,818	3,350,811	703,598	309,994	10,341,337
Inter segment elimination	–	–	–	(1,523)	(94,640)	(96,163)
External revenue	290,116	5,686,818	3,350,811	702,075	215,354	10,245,174
Results						
Share of profits of investments accounted for using the equity method	–	–	–	1,972	628,114	630,086
Interest income	64,074	1,018	4,933	941	59	71,025
Finance cost	–	172,184	455,978	21,631	244,940	894,733
Segment profit/(loss)	166,793	93,664	963,635	(277,039)	367,087	1,314,140
Other segment items						
Capital expenditures	53,800	21,281	1,297,182	283,660	1,003	1,656,926
Depreciation and amortisation	138,417	315,591	594,530	250,154	3,645	1,302,337
(Write back)/Impairment	(149,390)	1,715	71,377	3,261	–	(73,037)
Segment assets						
Investments accounted for using the equity method	–	–	1	7,544	2,111,466	2,119,011
Other segment assets	766,383	11,770,129	17,264,351	2,395,414	8,930,303	41,126,580
	766,383	11,770,129	17,264,352	2,402,958	11,041,769	43,245,591
Segment liabilities						
Borrowings	–	6,731,818	10,849,485	230,843	6,367,163	24,179,309
Other segment liabilities	87,997	1,508,889	4,143,655	354,301	218,122	6,312,964
	87,997	8,240,707	14,993,140	585,144	6,585,285	30,492,273

Notes to the Financial Statements

for the financial year ended 30 June 2016

36 SEGMENTAL INFORMATION (CONTINUED)

	Power generation (Contracted) RM'000	Multi utilities business (Merchant)#1 RM'000	Water and sewerage RM'000	Mobile broadband network RM'000	Investment holding activities RM'000	Group RM'000
At 30 June 2015						
Revenue						
Total revenue	1,071,396	6,880,924	3,043,780	694,420	266,044	11,956,564
Inter segment elimination	–	–	–	(1,125)	(97,346)	(98,471)
External revenue	1,071,396	6,880,924	3,043,780	693,295	168,698	11,858,093
Results						
Share of profits of investments accounted for using the equity method	–	–	–	1,669	285,923	287,592
Interest income	19,598	3,650	2,301	572	5	26,126
Finance cost	433	126,575	422,235	39,881	232,315	821,439
Segment profit/(loss)	189,769	304,856	925,099	(239,426)	66,894	1,247,192
Other segment items						
Capital expenditures	95,991	331,730	1,131,770	167,532	312	1,727,335
Depreciation and amortisation	441,930	270,713	526,604	197,481	433	1,437,161
Impairment	–	1,069	64,926	4,871	–	70,866
Segment assets						
Investments accounted for using the equity method	–	–	1	5,572	1,802,264	1,807,837
Other segment assets	1,076,132	11,363,401	17,750,436	2,442,323	9,197,681	41,829,973
	1,076,132	11,363,401	17,750,437	2,447,895	10,999,945	43,637,810
Segment liabilities						
Borrowings	–	6,365,159	11,669,146	1,027,552	6,265,913	25,327,770
Other segment liabilities	145,090	1,802,116	4,231,459	409,999	92,681	6,681,345
	145,090	8,167,275	15,900,605	1,437,551	6,358,594	32,009,115

#1 *This segment encompasses a large portion of the value chain involved in the generation of electricity. This includes the generation and sale of electricity to both wholesale and retail markets, as well as oil trading and oil tanking leasing.*

36 SEGMENTAL INFORMATION (CONTINUED)

Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue		Non-current assets	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Malaysia	**1,011,896**	1,772,421	**2,232,909**	2,453,912
Singapore	**5,686,818**	6,880,924	**10,396,782**	10,076,758
United Kingdom	**3,373,274**	3,070,916	**15,378,050**	16,266,301
Other countries	**173,186**	133,832	**223,436**	11,267
	10,245,174	11,858,093	**28,231,177**	28,808,238

Non-current assets information presented above consist of the following items as presented in the Statement of Financial Position.

	Non-current assets	
	2016 RM'000	**2015 RM'000**
Property, plant and equipment	**20,009,675**	21,204,672
Investment properties	**14,462**	–
Intangible assets	**8,077,220**	7,580,688
Prepayments	**129,820**	22,878
	28,231,177	28,808,238

Major customers

The following is the major customer with revenue equal or more than 10 per cent of Group's revenue:

	Revenue		
	2016 RM'000	**2015 RM'000**	**Segment**
– Energy Market Company	**2,564,496**	3,409,331	Multi utilities business (Merchant)

Notes to the Financial Statements

for the financial year ended 30 June 2016

37 MATERIAL LITIGATION

During the previous financial year, a foreign subsidiary of the Group commenced proceedings in court against two customers to recover monies due to the subsidiary under contract, following termination of their electricity retail contracts. The customers have filed their defence and counterclaims, and the matter is now awaiting trial.

Based on legal advice sought by the board, the subsidiary has strong prospects of succeeding in its claim and the customers are highly unlikely to succeed in their counterclaims. Thus, no provision has been made for potential losses that may arise from the counterclaims.

38 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 22 September 2016.

39 SUPPLEMENTARY INFORMATION DISCLOSED PURSUANT TO BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENT

The following analysis of realised and unrealised retained earnings/(accumulated losses) at the legal entity level is prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirement, as issued by the Malaysian Institute of Accountants whilst the disclosure at the Group and the Company are based on the prescribed format by the Bursa Malaysia Securities Berhad.

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Retained earnings/(Accumulated losses) of the Company and its subsidiaries:				
– Realised	**7,020,127**	7,305,489	**7,027,599**	7,023,504
– Unrealised	**(283,475)**	(407,146)	**34,721**	14,952
	6,736,652	6,898,343	**7,062,320**	7,038,456
Retained earnings/(Accumulated losses) from investments accounted for using the equity method:				
– Realised	**942,330**	1,031,525	**–**	–
– Unrealised	**66,134**	(238,467)	**–**	–
	1,008,464	793,058	**–**	–
Add: Consolidation adjustments	**347,603**	307,550	**–**	–
Total retained earnings	**8,092,719**	7,998,951	**7,062,320**	7,038,456

The disclosure of realised and unrealised profits/(losses) above is solely for compliance with the directive issued by the Bursa Malaysia Securities Berhad and should not be used for any other purpose.

Statement by Directors

pursuant to Section 169(15) of the Companies Act, 1965

We, Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE and Dato' Yeoh Seok Hong, two of the Directors of YTL Power International Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 65 to 172 are drawn up so as to give a true and fair view of the state of affairs of the Group and the Company as at 30 June 2016 and of the results and the cash flows of the Group and the Company for the financial year ended on that date in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia.

The information set out in Note 39 to the financial statements have been prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board of Directors in accordance with their resolution dated 22 September 2016.

Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE
Director

Dato' Yeoh Seok Hong
Director

Statutory Declaration

pursuant to Section 169(16) of the Companies Act, 1965

I, Dato' Yeoh Seok Hong, the Director primarily responsible for the financial management of YTL Power International Berhad, do solemnly and sincerely declare that the financial statements set out on pages 65 to 172 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Dato' Yeoh Seok Hong
Director

Subscribed and solemnly declared by the above named Dato' Yeoh Seok Hong at Kuala Lumpur on 22 September 2016, before me.

Commissioner for Oaths

Independent Auditors' Report

to the members of YTL Power International Berhad
(Incorporated in Malaysia)
(Company No. 406684 H)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of YTL Power International Berhad on pages 65 to 172 which comprise the statements of financial position as at 30 June 2016 of the Group and of the Company, and the statements of income, comprehensive income, changes in equity and cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on Notes 1 to 38.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 30 June 2016 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 14 to the financial statements.

(c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Independent Auditors' Report

to the members of YTL Power International Berhad
(Incorporated in Malaysia)
(Company No. 406684 H)

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 39 on page 172 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS
(No. AF: 1146)
Chartered Accountants

SOO KWAI FONG
(No. 3144/07/17 (J))
Chartered Accountant

Kuala Lumpur
22 September 2016

Notes

Form of Proxy

I/We *(full name as per NRIC/company name in block letters)* ______________________________

____

NRIC/Company No. *(New)* ______________________________ *(Old)* ______________________________

CDS Account No. *(for nominee companies only)* ______________________________

of *(full address)* ______________________________

____

being a member of **YTL Power International Berhad** hereby appoint *(full name as per NRIC in block letters)*

____

NRIC No. *(New)* ______________________________ *(Old)* ______________________________

of *(full address)* ______________________________

____

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the 20th Annual General Meeting of the Company to be held at Majestic Ballroom, Level 2, The Majestic Hotel Kuala Lumpur, 5, Jalan Sultan Hishamuddin, 50000 Kuala Lumpur on Tuesday, 22 November 2016 at 10.00 a.m. and at any adjournment thereof.

My/Our proxy is to vote as indicated below:-

NO.	RESOLUTIONS	FOR	AGAINST
1.	Re-election of Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng		
2.	Re-election of Dato' Yeoh Seok Kian		
3.	Re-election of Dato' Yeoh Seok Hong		
4.	Re-election of Syed Abdullah Bin Syed Abd. Kadir		
5.	Re-election of Faiz Bin Ishak		
6.	Re-appointment of Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay		
7.	Re-appointment of Tan Sri Datuk Dr Aris Bin Osman @ Othman		
8.	Approval of the payment of Directors' fees		
9.	Re-appointment of Messrs PricewaterhouseCoopers as Company Auditors		
10.	Approval for Tan Sri Datuk Dr Aris Bin Osman @ Othman to continue in office as Independent Non-Executive Director		
11.	Approval for Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng to continue in office as Independent Non-Executive Director		
12.	Authorisation for Directors to Allot and Issue Shares		
13.	Proposed Renewal of Share Buy-Back Authority		
14.	Proposed Renewal of Shareholder Mandate for Existing Recurrent Related Party Transactions and Proposed New Shareholder Mandate for Additional Recurrent Related Party Transactions of a Revenue or Trading Nature		

Number of shares held

Signed this ______________ day of ______________ 2016

Signature ______________________________

Fold this flap for sealing

Notes:-

1. *A member entitled to attend and vote at the meeting may appoint a proxy to vote in his stead. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. A member other than an Authorised Nominee shall not be entitled to appoint more than one proxy to attend and vote at the same meeting and where such member appoints more than one proxy to attend and vote at the same meeting, such appointment shall be invalid. Where a member of the Company is an Exempt Authorised Nominee as defined under the Securities Industry (Central Depositories) Act, 1991, which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.*
2. *This original form of proxy and the Power of Attorney or other authority (if any) under which it is signed or notarily certified copy thereof must be lodged at the office of the appointed share registrar for the Annual General Meeting, Tricor Investor & Issuing House Services Sdn Bhd, at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, before 10.45 a.m. on 21 November 2016. Facsimile transmission of such documents will not be accepted.*
3. *In the case of a corporation, this form of proxy should be executed under its Common Seal or under the hand of some officer of the corporation duly authorised in writing on its behalf.*
4. *Unless voting instructions are indicated in the spaces provided above, the proxy may vote as he thinks fit.*
5. *For the purpose of determining a member who shall be entitled to attend the Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd, in accordance with Article 60(2) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors as at 15 November 2016. Only a depositor whose name appears on the General Meeting Record of Depositors as at 15 November 2016 shall be entitled to attend the said meeting or appoint proxy to attend and/or vote in his stead.*

Then fold here

AFFIX
STAMP

Tricor Investor & Issuing House Services Sdn Bhd
Share Registrar for YTL Power International Berhad's 20th AGM
Unit 32-01, Level 32, Tower A, Vertical Business Suite
Avenue 3, Bangsar South, No. 8, Jalan Kerinchi
59200 Kuala Lumpur

First fold here

YTL POWER
INTERNATIONAL BERHAD 406684-H

11th Floor
Yeoh Tiong Lay Plaza
55 Jalan Bukit Bintang
55100 Kuala Lumpur
Malaysia

Tel • 603 2117 0088
603 2142 6633
Fax • 603 2141 2703

www.ytlpowerinternational.com
www.ytlcommunity.com