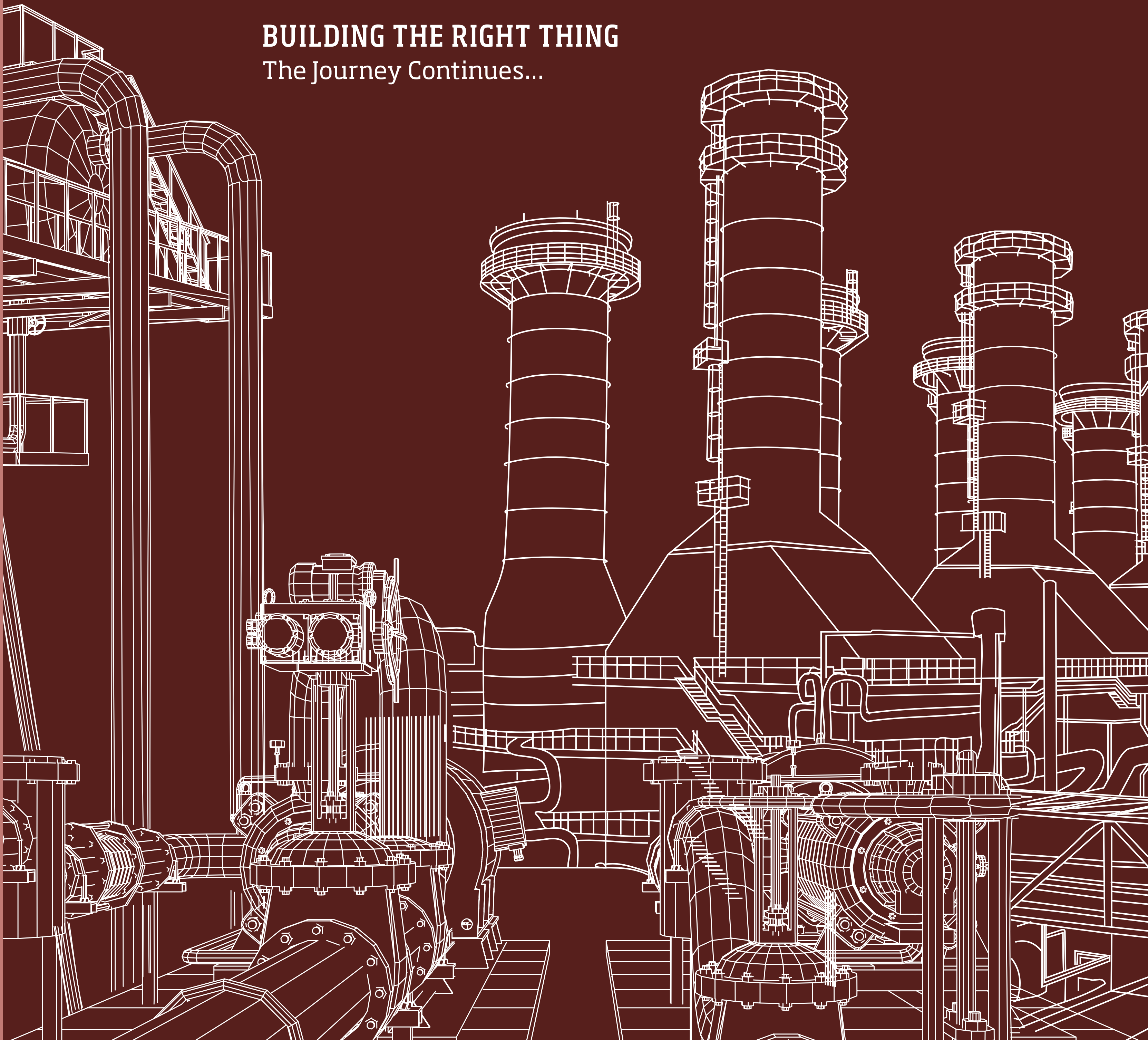
YTL Power
YTL GROUP

Annual Report **2018**

BUILDING THE RIGHT THING

The Journey Continues...



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YTL Power
YTL GROUP

YTL POWER INTERNATIONAL BERHAD
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BUILDING THE RIGHT THING

The Journey Continues...

Our work stands the test of time by turning the right opportunity into the right thing and the right thing into lasting value. YTL is about building value that is not simply lasting, but is worthy of lasting.

Tribute

TAN SRI DATO' SERI (DR) YEOH TIONG LAY
1929 - 2017

Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay built the YTL Group from a small construction company to its place as a global company today. A historical figure whose leadership helped to shape the path of Malaysia as a nation, he was a continual source of inspiration and motivation to the YTL Group. Under his stewardship over the more than 60 years since its humble beginnings, the YTL Group has grown into an integrated infrastructure developer with international operations across three continents, in countries including the United Kingdom, Singapore, Australia, Japan, Jordan, Indonesia, China, France and Thailand.

To Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay, the YTL Group was more than just divisions and companies, it was the driving force in his life and a family that he nurtured and protected. His energy was inexhaustible and his interest in company affairs unrelenting. The growth and development of the YTL Group was always rooted in his determination to build a strong, responsible and sustainable company for the benefit of his family, employees, business partners and the wider community, and this is his legacy. His work ethic was exemplary and his humility was a testimony to the great man and leader that he was.

He believed in the importance of unity and of investing in people. While the business flourished and thrived under his industrious leadership, he placed utmost importance on those who grew together with him in the company. His employees became his extended family members and he treated them as such. Even through difficult periods, he pressed on in order to secure a bright future for this extended YTL family for generations to come.

Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay was a man who led by example. The YTL Group's brand values of hard work, honesty, moral responsibility, togetherness and vitality are not mere words; they are values that he personally embodied. The example he set instilled a culture of innovation to drive the business forward whilst remaining true to the values and ethics that form the foundations of the multi-generational organisation he built.

He was renowned for his deep passion for philanthropy and served as the Chairman of YTL Foundation. His dedication to creating ladders of opportunities for children through education was legendary, as was his untiring generosity with his time, compassion and resources. On a personal level he devoted much of his time to numerous philanthropic organisations. Education was especially close to his heart as his beloved wife, Puan Sri Datin Seri Tan Kai Yong, was a teacher herself. In just one example of his commitment, he served as Chairman of the Board of Governors of his alma mater, Hin Hua High School Klang, and spearheaded its transformation into one of the best independent Chinese secondary schools in the country.

Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay passed away peacefully on 18 October 2017 at the age of 88. He is survived by his wife, Puan Sri Datin Seri Tan Kai Yong, his seven children, Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, Dato' Yeoh Soo Min, Dato' Yeoh Seok Kian, Dato' Yeoh Seok Hong, Dato' Sri Michael Yeoh Sock Siong, Dato' Yeoh Soo Keng and Dato' Mark Yeoh Seok Kah, and his 27 grandchildren and 6 great-grandchildren.

No words can fully express how deeply our beloved founder will be missed. The YTL Group remains committed to the values on which he built this organisation and will move forward to sustain the enduring legacy he left behind, and continue the remarkable journey he started. Our journey continues...

Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, *CBE, FICE*
Executive Chairman, YTL Power International Berhad

Chairman's Statement

TAN SRI DATO' (DR) FRANCIS YEOH SOCK PING, CBE, FICE
Executive Chairman

OVERVIEW

The operating performance of YTL Power International Berhad ("YTL Power") and its subsidiaries ("Group") remained relatively sound for the financial year ended 30 June 2018.

The Group recorded higher revenue of RM10.6 billion for the financial year ended 30 June 2018 compared to RM9.8 billion last year, whilst profit before taxation increased to RM940.9 million this year, compared to RM892.2 million for the same period last year. Higher revenue was due mainly to the commencement of supply from Paka Power Station in the contracted power generation segment, better performance in the water and sewerage segment and higher interest income in the investment holding activities segment. The increase in profit before taxation arose from a reduction in operating costs in the water and sewerage segment and new supply in the contracted power generation division.

YTL Power declared an interim cash dividend of 5.0 sen per ordinary share for the financial year ended 30 June 2018, representing a yield of approximately 4.1% based on the average share price for the financial year of RM1.21 per share.

The Malaysian economy registered robust gross domestic product (GDP) growth of 5.9% for the 2017 calendar year, compared to 4.2% in 2016 anchored by domestic demand, supported mainly by faster expansion in both private and public sector spending. The economy grew at a slower pace registering GDP growth of 5.4% in the first quarter and 4.5% in the second quarter of 2018. Despite showing stronger expansion in private sector spending and private consumption, growth was weighed down by the supply disruptions in the mining sector and lower agriculture production and further dampened by the lower public investment and net export growth on the demand side. Meanwhile, in other major economies where the Group operates, the United Kingdom (UK) registered growth of approximately 1.8% during 2017, with the first and second quarters of the 2018 calendar year showing an estimated growth of 0.1% and 0.4% respectively. Singapore's economy grew 3.6% in 2017, with growth of approximately 3.9% for the first half of the 2018 calendar year *(sources: Ministry of Finance Malaysia, Bank Negara Malaysia, Singapore Ministry of Trade & Industry, UK Office for National Statistics updates & reports).*

OPERATIONS IN SINGAPORE

Although the ongoing excess in generation capacity in Singapore's wholesale electricity market has yet to abate, YTL PowerSeraya Pte Limited, which undertakes the Group's merchant multi-utilities business in Singapore, continued to navigate the environment well. Despite tough operating conditions, the division experienced only a marginal decrease in its overall market share to 17.0% for the year under review compared to 17.7% last year, as it continued to benefit from its well-developed operation and maintenance regime, innovative customer service engagement efforts and high quality service offerings.

OPERATIONS IN THE UK

The Group's water and sewerage business in the UK, Wessex Water Limited ("Wessex Water"), maintained its stellar performance which has seen the division deliver solid earnings every year since its acquisition by the Group in 2002. The final parts of Wessex Water's major integrated water supply grid, which was under construction for the past several years, have now been completed and the whole system is in full operation.

The scale of the additional resilience created by the new grid was fully evident in March 2018 when the UK faced the most extreme weather seen in years from the "Beast from the East" weather system which brought heavy snowfall and freezing temperatures. Wessex Water was able to continue to provide water to all properties in its operating region even after the rapid thaw event which saw many supplies interrupted elsewhere in the country.

Wessex Water is consistently near or at the top of industry rankings carried out by Ofwat, the economic regulator for the UK water and sewerage industry, maintaining an excellent record of performance on complaints and continuously improving its customer engagement initiatives.

OPERATIONS IN MALAYSIA

In the Group's contracted power generation division in Malaysia, supply from Paka Power Station under the new power purchase agreement commenced on 1 September 2017 and will continue for 3 years 10 months to 30 June 2021, successfully reinitiating this revenue stream.

Meanwhile, the Group's mobile broadband network division continued to make good progress in growing its subscriber base, rolling out a new mobile self-care app, MyYes4G, for Android and iOS, as well as promoting its range of prepaid and postpaid data bundles which continue to offer amongst the best deals in the market.

Chairman's Statement

INTERNATIONAL PROJECTS & INVESTMENTS

Following the project achieving financial close last year, construction commenced on the 554 megawatt oil shale fired power generation project in Jordan being undertaken by Attarat Power Company PSC ("APCO"), the Group's 45%-joint venture. APCO has a 30-year power purchase agreement for the plant's entire generation capacity with National Electric Power Company (NEPCO), Jordan's state-owned power utility, with an option for the utility to extend the operating period to 40 years, and the first unit of the plant is scheduled to commence commercial operations in 2020.

The Group also continued to work towards financial close of its 80%-owned Tanjung Jati A project, a 1,320 megawatt coal-fired power project in Java, Indonesia, which has a 30-year power purchase agreement with PT PLN (Persero), the Indonesian state-owned electricity utility.

Meanwhile, the Group's existing investments, comprising a 33.5% interest in ElectraNet Pty Ltd, which owns and operates the electricity transmission grid in South Australia, and an effective interest of 20% in PT Jawa Power, the owner of a 1,220 MW coal-fired power station in Indonesia, continued to perform well.

SUSTAINABILITY

On the sustainability front, in June 2018, YTL Power was included as a component of the *FTSE4Good Bursa Malaysia Index*, which is designed to measure the performance of companies demonstrating good Environmental, Social and Governance (ESG) practices. Earning a place in the index requires a sustained commitment to responsible business practices and the Group remains committed to its ongoing efforts to continuously assess and improve on its operating structures.

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.

PROSPECTS

Although the Group continues to face operating challenges in some markets, its strategy of investing in long-term regulated assets through geographical diversification has proven effective in reducing country-specific and industry-specific risks, whilst concurrently enabling the Group to achieve synergies across its portfolio of utility businesses.

Going forward, YTL Power will continue to seek high quality opportunities to develop and expand its presence both in Malaysia and internationally, whilst ensuring its existing businesses continue to set the standard for operational efficiency, performance and technical capability in their respective industries.

TAN SRI DATO' (DR) FRANCIS YEOH SOCK PING
PSM, CBE, FICE, SIMP, DPMS, DPMP, JMN, JP

Front row, from left to right:- Ms Lim Pei Yin, Manager, Commercial, YTL Power; Mr Dominic Hua Shi Hao, Senior Manager, Commercial, YTL Power; Mr Joseph Tan Choong Min, Director of Projects, YTL Power; Mr Jason Pok, Chief Financial Officer, APCO; and Mr Quek Khai Hor, Group Technical Director, YTL PowerSeraya Pte Limited, at the awards ceremony held in London

7 FEBRUARY 2018
ATTARAT POWER COMPANY PSC AWARDED PFI 2017 MIDDLE EAST & AFRICA RESOURCE DEAL OF THE YEAR

Attarat Power Company PSC (APCO) which is 45% owned by YTL Power International Berhad (YTL Power), won the Project Finance International (PFI) 2017 Middle East and Africa Resource Deal of the Year award for APCO's oil shale fired power project in Jordan. The PFI award is considered to be the most prestigious event in the project finance industry calendar.

22 FEBRUARY 2018
SITE VISIT BY PRIME MINISTER OF JORDAN

His Excellency Mr Hani Mulki, then Prime Minister of Jordan, checked on the progress of the 554 MW power generation project in Jordan developed by Attarat Power Company PSC, which is 45% owned by YTL Power International Berhad. During his visit he mentioned that the plan represents a milestone in the Kingdom's development process and emphasised the importance of the project in preserving the security of the Kingdom's energy supply.

HE Mr Hani Mulki, then Prime Minister of the Hashemite Kingdom of Jordan, during the site visit

Management Discussion & Analysis

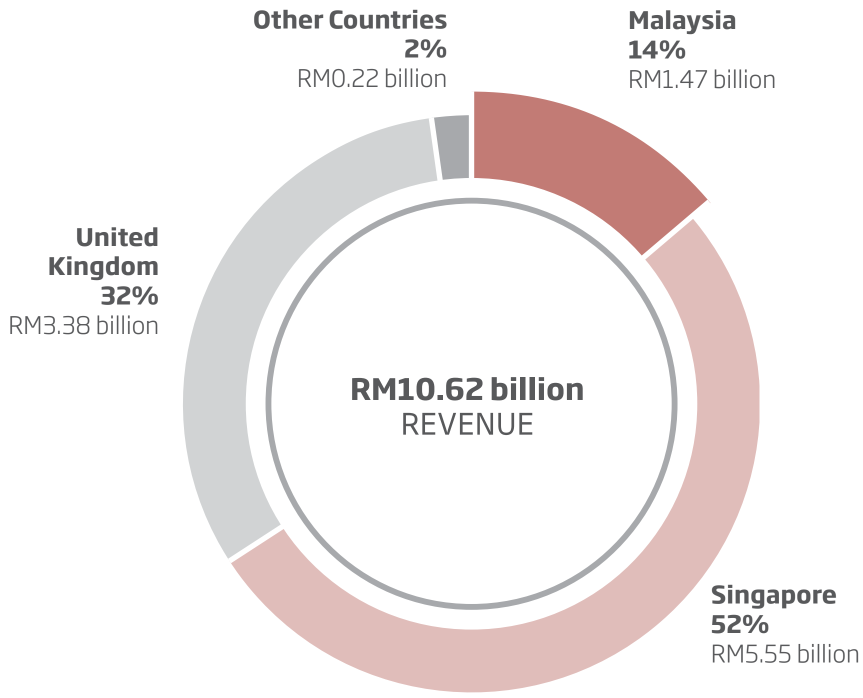
GROUP OVERVIEW

OVERVIEW

The principal activities of YTL Power International Berhad ("YTL Power" or "Company") are those of an investment holding and management company. The key reporting segments of YTL Power and its subsidiaries ("YTL Power Group") are Power Generation (Contracted), Multi Utilities Business (Merchant), Water and Sewerage, Mobile Broadband Network and Investment Holding Activities.

The YTL Power Group is an international multi-utility group active across key segments of the utilities industry, with a strong track record in developing greenfield projects as well as in acquiring operational assets through competitive auctions. The YTL Power Group currently operates in Malaysia, Singapore, the United Kingdom (UK), Indonesia and Australia, with stakes in projects under development in Jordan and Indonesia.

Revenue by Country - 2018



The YTL Power Group owns Wessex Water Limited ("Wessex Water"), a water and sewerage provider in the UK, YTL PowerSeraya Pte Limited ("YTL PowerSeraya"), which has a total licensed generation capacity of 3,100 megawatts ("MW") and multi-utility operations in Singapore, and YTL Power Generation Sdn Bhd ("YTLPG"), an independent power producer with a combined generation capacity of 1,212 MW in Malaysia.

YTL Power also has minority stakes in PT Jawa Power ("Jawa Power"), the owner of a 1,220 MW coal-fired power plant in Indonesia, and ElectraNet Pty Ltd ("ElectraNet"), which owns and operates the power transmission grid for the state of South Australia, as well as a majority stake in YTL Communications Sdn Bhd ("YTL Comms"), the operator of the YES 4G LTE platform providing high-speed mobile internet with voice services across Malaysia.

YTL Power's current projects under development comprise an 80% equity interest in PT Tanjung Jati Power Company ("Tanjung Jati Power"), an independent power producer undertaking the development of a 2 x 660 MW coal-fired power project in Indonesia, and a 45% equity interest in Attarat Power Company PSC ("APCO"), which is developing a 554 MW oil shale-fired power generation project at Attarat um Ghudran in the Hashemite Kingdom of Jordan.

OBJECTIVES & STRATEGIES

The YTL Power Group pursues the geographic diversification and expansion of its revenue base through greenfield developments and strategic acquisitions both domestically and overseas, focusing on regulated utility assets and other businesses correlated to its core competencies, with the goal of maximising stakeholder value and building and operating strong businesses that are viable and sustainable on a long-term basis.

The YTL Power Group derives the bulk of its revenue from operating various regulated utility assets under long-term concessions globally, enabling the Group to achieve stable earnings and mitigate the downside risks arising from economic uncertainties or changing operating conditions, both in Malaysia and globally.

The principal components of the YTL Power Group's strategy comprise:

- **Diversification and expansion of the Group's revenue base through both greenfield projects and strategic acquisitions overseas, particularly in the area of regulated utilities.** The YTL Power Group intends to continue to pursue its strategy of acquiring regulated assets operating under long-term concessions. The Group's existing overseas operations in this area continue to generate steady returns and its overseas acquisitions diversify income streams and enable the Group to avoid single-country and single-industry risks.

- **Growth and enhancement of the YTL Power Group's core businesses in Malaysia.** The Group intends to continue to grow its businesses by leveraging its expertise in its core competencies, particularly in the areas of power generation, water and sewerage services, merchant multi-utilities and communications.

- **Ongoing optimisation of the Group's capital structure**. The YTL Power Group intends to maintain a balanced financial structure by optimising the use of debt and equity financing and ensuring the availability of internally generated funds and external financing to capitalise on acquisition opportunities. A key component of the Group's growth strategy is its practice of funding the debt component of its acquisitions and greenfield projects largely through non-recourse financing which has ensured that the Group only invests in projects that are commercially viable on a stand-alone basis.

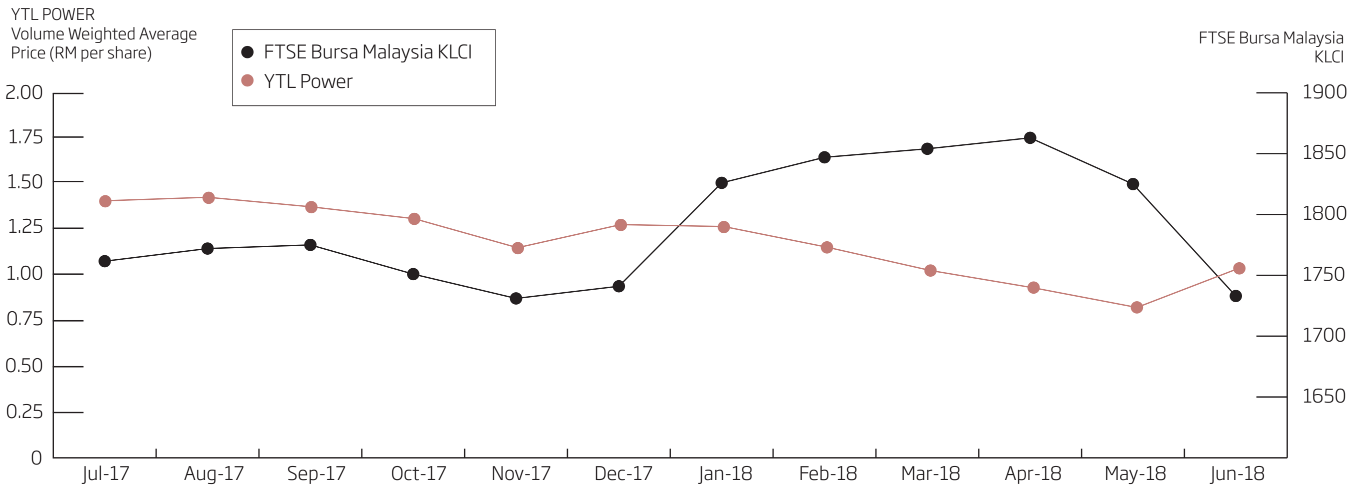
- **Enhancement of operational efficiencies to maximise returns from the Group's businesses and enhance services to its customer base.** The Group believes that its utilities assets on average operate within the highest efficiency levels of their industries and intends to further enhance operational efficiencies where possible through the application of new technologies, production techniques and information technology, to ensure the delivery of efficient, high quality services to its customer base.

PERFORMANCE INDICATORS

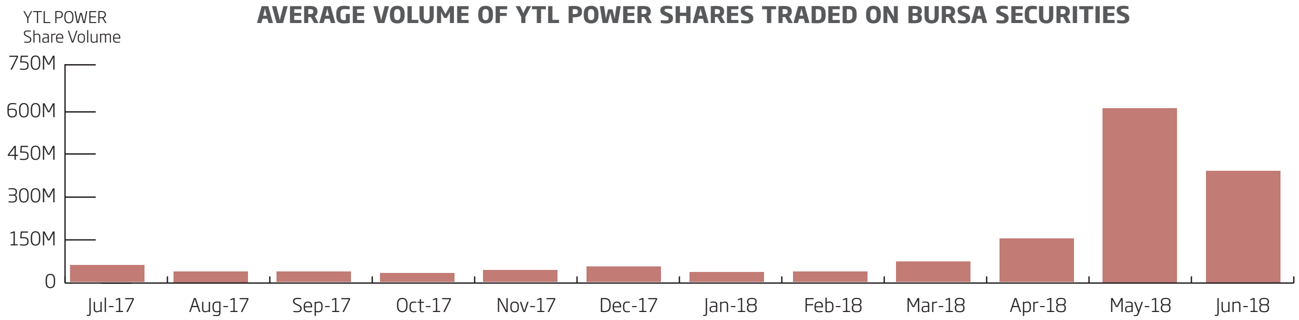
YTL Power has been listed on Bursa Securities, the Kuala Lumpur stock exchange, since 23 May 1997. YTL Power is listed on the Main Market of the exchange under the Utilities sector, with a sub-sector of Gas, Water & Multi-Utilities.

The graph below illustrates the performance of YTL Power's share price compared with the FTSE Bursa Malaysia KLCI, the key component benchmark of the Bursa Securities, during the financial year ended 30 June 2018.

PERFORMANCE OF YTL POWER'S SHARE PRICE VS FTSE BURSA MALAYSIA KLCI



AVERAGE VOLUME OF YTL POWER SHARES TRADED ON BURSA SECURITIES



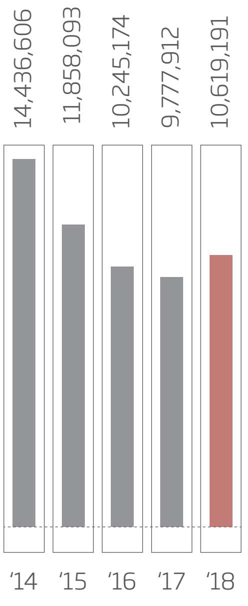
Source: Bloomberg

FINANCIAL REVIEW

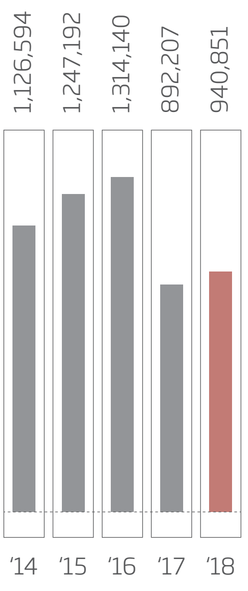
FINANCIAL HIGHLIGHTS

	2018	2017	2016	2015	2014
Revenue (RM'000)	**10,619,191**	9,777,912	10,245,174	11,858,093	14,436,606
Profit Before Taxation (RM'000)	**940,851**	892,207	1,314,140	1,247,192	1,126,594
Profit After Taxation (RM'000)	**718,390**	787,779	1,178,456	920,398	1,208,747
Profit for the Year Attributable to Owners of the Parent (RM'000)	**620,055**	693,813	1,061,850	918,812	1,202,414
Total Equity Attributable to Owners of the Parent (RM'000)	**13,013,128**	13,258,825	12,510,981	11,393,687	10,439,494
Earnings per Share (Sen)	**7.88**	8.96	14.06	13.20	18.30
Dividend per Share (Sen)	**5.00**	5.00	10.00	10.00	10.00
Total Assets (RM'000)	**46,255,942**	48,498,160	43,245,591	43,637,810	40,085,106
Net Assets per Share (RM)	**1.66**	1.71	1.62	1.62	1.54

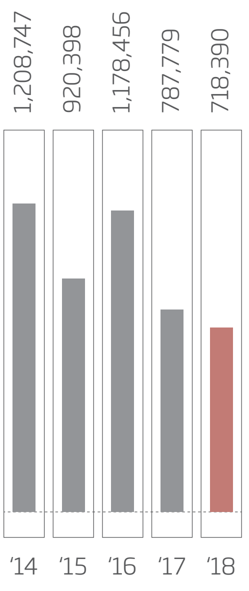
Revenue (RM'000)



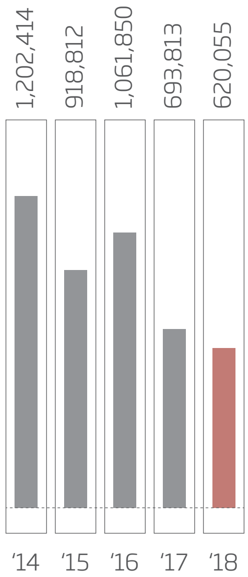
Profit Before Taxation (RM'000)



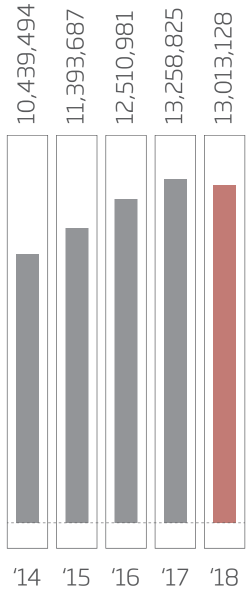
Profit After Taxation (RM'000)



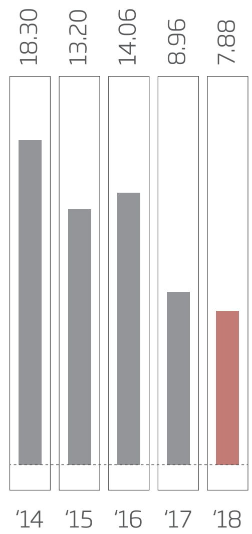
Profit for the Year Attributable to Owners of the Parent (RM'000)



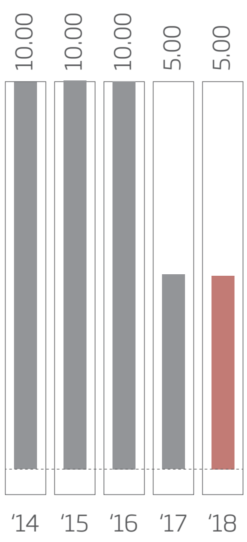
Total Equity Attributable to Owners of the Parent (RM'000)



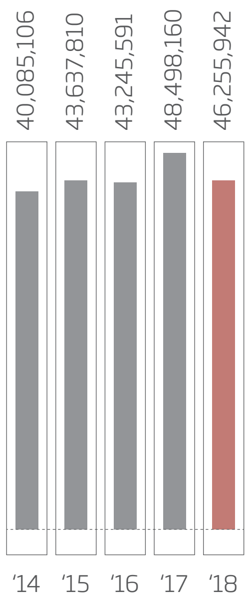
Earnings per Share (Sen)



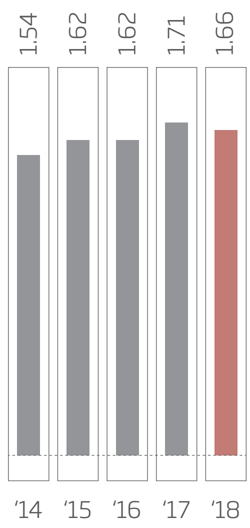
Dividend per Share (Sen)



Total Assets (RM'000)



Net Assets per Share (RM)



Management Discussion & Analysis
Financial Review

REVIEW OF FINANCIAL PERFORMANCE

GROUP FINANCIAL PERFORMANCE

The YTL Power Group recorded revenue of RM10,619.2 million for the financial year ended 30 June 2018 as compared to RM9,777.9 million for the previous financial year ended 30 June 2017. Profit before taxation for the current financial year under review was RM940.9 million, an increase of RM48.7 million or 5.5% as compared to profit before taxation of RM892.2 million recorded in the preceding year.

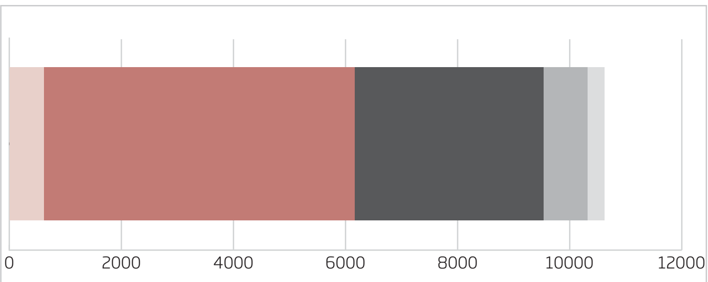
The higher profit before taxation was mainly attributable to the improved performance in the Power Generation (Contracted) segment, Water and Sewerage segment and partially offset by lower profit recorded in Multi Utilities Business (Merchant) segment and a loss recorded in the Investment Holding Activities segment.

For the financial year ended 30 June 2018, YTL Power's overseas operations accounted for approximately 86.1% of the Group's revenue, compared to 91.1% for the financial year ended 30 June 2017, whilst operations in Malaysia contributed 13.9% of the Group's revenue in the current financial year compared to 8.9% for the previous financial year.

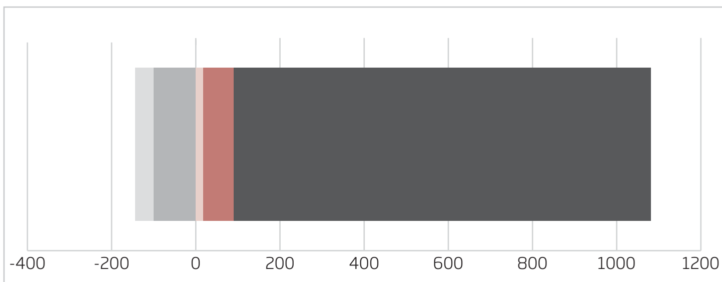
SEGMENTAL FINANCIAL PERFORMANCE

	Segment Revenue		Segment Profit/(Loss) Before Taxation	
	2018 RM million	**2017 RM million**	**2018 RM million**	**2017 RM million**
Power Generation (Contracted)	**614.5**	-	**19.0**	(102.4)
Multi Utilities Business (Merchant)	**5,553.4**	5,626.2	**71.8**	158.0
Water & Sewerage	**3,366.4**	3,116.3	**992.4**	877.1
Mobile Broadband Network	**784.4**	824.5	**(98.8)**	(97.3)
Investment Holding Activities	**300.5**	210.9	**(43.5)**	56.8
	10,619.2	9,777.9	**940.9**	892.2

Breakdown of Revenue by Segment - 2018
(RM million)

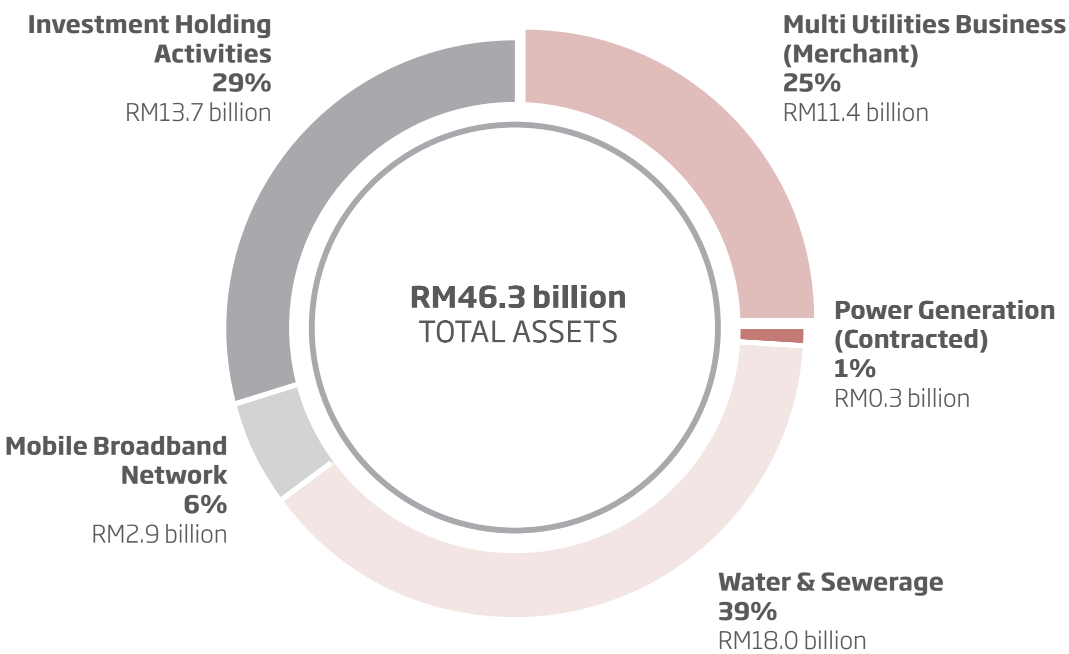


Breakdown of Profit/(Loss) Before Taxation by Segment - 2018
(RM million)



Multi Utilities Business (Merchant) Power Generation (Contracted) Water & Sewerage Mobile Broadband Network Investment Holding Activities

Breakdown of Total Assets by Segment - 2018



Power Generation (Contracted)

The Power Generation (Contracted) segment recorded revenue of RM614.5 million and a segment profit of RM19.0 million for the financial year ended 30 June 2018 compared to no revenue and a loss of RM102.4 million for the financial year ended 30 June 2017. The generation of revenue and profit before taxation this year was due to the commencement of supply from Paka Power Station from 1 September 2017 under a new power purchase agreement which is for a period 3 years and 10 months until 30 June 2021.

Multi Utilities Business (Merchant)

The Multi Utilities Business (Merchant) segment recorded lower revenue of RM5,553.4 million and a lower segment profit of RM71.8 million for the financial year ended 30 June 2018 compared to revenue of RM5,626.2 million and profit of RM158.0 million for the financial year ended 30 June 2017. The decrease in revenue was mainly due to the strengthening of the Malaysian Ringgit against the Singapore Dollar, whilst the lower profit before taxation was primarily the result of lower margins recorded for both electricity sales and oil tank leasing, coupled with higher finance costs.

Water and Sewerage

The Water and Sewerage segment recorded higher revenue of RM3,366.4 million and a higher segment profit of RM992.4 million for the financial year ended 30 June 2018 compared to revenue of RM3,116.3 million and profit of RM877.1 million for the financial year ended 30 June 2017. The higher revenue was due to the opening of the retail market for non-household customers and an increase in the price allowed by the industry regulator, whilst the increase in profit before taxation was mainly due to a reduction in operating costs.

Mobile Broadband Network

The Mobile Broadband Network segment recorded lower revenue of RM784.4 million and a segment loss of RM98.8 million for the financial year ended 30 June 2018 compared to revenue of RM824.5 million and a loss of RM97.3 million for the financial year ended 30 June 2017, resulting from the intense price competition in the telecommunication industry, coupled with the higher operating costs.

Investment Holding Activities

The Investment Holding Activities segment recorded higher revenue of RM300.5 million and a segment loss of RM43.5 million for the financial year ended 30 June 2018 compared to revenue of RM210.9 million and profit of RM56.8 million for the financial year ended 30 June 2017. The increase in revenue was mainly contributed by higher interest income. The segment loss was due to a significant increase in finance costs, fair value changes in investments and derivatives and the absence of a fair value gain arising from the additional purchases of shares in an associate recorded last year, partially offset by a higher share of profits of investments accounted for using the equity method.

DIVIDENDS

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

	RM'000
In respect of the financial year ended 30 June 2017:	
- Interim single tier dividend of 5 sen per ordinary share paid on 10 November 2017	**388,585**

On 29 August 2018, the Board of Directors declared an interim single tier dividend of 5 sen per ordinary share for the financial year ended 30 June 2018, with book closure and payment dates of 29 October 2018 and 13 November 2018, respectively. Therefore, the Board of Directors of YTL Power did not recommend a final dividend for the financial year under review.

This is the 21st consecutive year that YTL Power has declared dividends to shareholders since its listing on the Main Market of Bursa Malaysia Securities Berhad in 1997.

Distribution of Treasury Shares

During the financial year, a total of 155,424,067 treasury shares were distributed as a share dividend on 9 November 2017 to shareholders on the basis of one (1) treasury share for every fifty (50) ordinary shares held as at the book closure date of 26 October 2017.

As at 30 June 2018, the number of treasury shares held was 314,717,412 ordinary shares.

Dividend Policy

The Board of Directors of YTL Power has not adopted a set dividend policy. It is the present intention of the Directors to continue to propose the payment of cash dividends on an annual basis, subject to future earnings and the financial condition of YTL Power and other factors, including the profit and cash flow position of the YTL Power Group, restrictions imposed by law or under credit facilities on the payment of dividends by members of YTL Power Group and the availability of funds.

CAPITAL MANAGEMENT

The objectives of the Group and the Company when managing capital are to safeguard the ability of the Group and the Company to continue as a going concern in order to provide returns to 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 ratios applicable to the Group and the Company, which are not onerous and these obligations can be fulfilled. As part of its capital management, the Group rigorously monitors compliance with these covenants.

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	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Total bonds and borrowings	**27,070,948**	28,527,662	**9,872,918**	10,028,638
Less: Cash and bank balances	**(7,337,927)**	(8,946,301)	**(86,140)**	(35,165)
Net debt	**19,733,021**	19,581,361	**9,786,778**	9,993,473
Total equity	**13,124,514**	13,489,680	**12,862,881**	13,451,940
Total capital	**32,857,535**	33,071,041	**22,649,659**	23,445,413
Gearing ratio	**60%**	59%	**43%**	43%

To strengthen the capital structure of the Company, all borrowings of subsidiaries are undertaken on a non-recourse basis to the Company save and except for those borrowings guaranteed by the Company, which amounted to RM297.6 million (2017: RM4.5 million). Further details are set out in Note 26 to the Financial Statements.

SIGNIFICANT CORPORATE DEVELOPMENTS

On 16 March 2018, YTL Jawa Energy BV ("YTLJE"), an indirect wholly-owned subsidiary of the Company, entered into an agreement with Bel Air Hotel Holdings SÀRL ("SPA"), for the acquisition of 1,768,000 ordinary shares, representing the entire issued and outstanding shares in the share capital of Bel Air Den Haag Beheer BV ("Bel Air"), for cash of RM284.2 million subject to such adjustments as set out in the SPA.

The acquisition was completed on 28 June 2018. Consequent thereto, Bel Air became a subsidiary of YTLJE and an indirect subsidiary of the Company. BV Hotel Bel Air Den Haag ("BV Hotel"), a wholly-owned subsidiary of Bel Air, became an indirect subsidiary of YTLJE and the Company.

Bel Air was incorporated in Amsterdam, the Netherlands on 26 May 2011. Bel Air is the legal and beneficial owner of the Marriott The Hague, a 306-guestroom hotel located at Johan de Wittlaan 30, 2517 JR The Hague, Netherlands. Bel Air and BV Hotel are engaged in the business of operating the hotel.

SEGMENTAL REVIEW

POWER GENERATION (CONTRACTED)

SEGMENT OVERVIEW

YTLPG, a 100%-owned subsidiary of YTL Power, owns two power stations in Malaysia, which have a combined generation capacity of 1,212 MW – Paka Power Station in Terengganu with an installed capacity of 808 MW and Pasir Gudang Power Station in Johor with an installed capacity of 404 MW.

Projects under development in the Group's contracted power generation segment comprise an 80% equity interest in Tanjung Jati Power in Indonesia and a 45% equity interest in APCO in Jordan.

OPERATIONAL REVIEW

YTLPG

YTLPG was the first IPP (independent power producer) in Malaysia in 1993, operating under a 21-year power purchase agreement, which was completed on 30 September 2015. YTLPG was subsequently awarded the project for the supply of power from Paka Power Station under a short term capacity bid called by the Malaysian Energy Commission.

Supply from Paka Power Station commenced on 1 September 2017 under the new power purchase agreement ("PPA") entered into between YTLPG and Tenaga Nasional Berhad for the supply of 585 MW of capacity for a term of 3 years 10 months (an additional 12 months from the original award of 2 years 10 months) until 30 June 2021. Operation and maintenance ("O&M") of the power station is carried out by YTL Power Services Sdn Bhd, a wholly-owned subsidiary of YTL Power's parent company, YTL Corporation Berhad.

For the period from 1 September 2017 to 30 June 2018, Paka Power Station fulfilled all performance guarantees under the new PPA and produced a net generation output of 2,521 gigawatt hours ("GWh") of electricity. Performance was bolstered significantly due to implementation of technical improvements during the re-commissioning period prior to start of the new PPA. For the period under review, the station's two generating blocks, GB1 and GB2, achieved reliability factors of 99.5% and 99.9% and load factors of 82.0% and 77.0%, respectively.

TANJUNG JATI POWER

The Group has an 80% equity interest in Tanjung Jati Power, 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 Power has a 30-year power purchase agreement (commencing from the plant's commercial operation date) with PT PLN (Persero), Indonesia's state-owned electric utility company, a second amended and restated version of which was executed in March 2018. The project is currently in the development stage and progress is underway towards achieving financial close.

APCO

YTL Power owns a 45% equity interest in APCO, which is developing a 554 MW oil shale fired mine-mouth power generation project in the Hashemite Kingdom of Jordan.

APCO has signed a 30-year power purchase agreement (including construction period of 3.5 years) with the National Electric Power Company ("NEPCO"), Jordan's state-owned utility, for the entire electrical capacity and energy of the power plant, with an option for NEPCO to extend the power purchase agreement to 40 years (from the commercial operation date of the project's second unit).

The project achieved financial close in March 2017 and notice to proceed was issued to the engineering, procurement and construction contractor to commence construction. During the year under review, significant progress was made on the construction of the power plant, mine opening and ancillary infrastructure works, with the first unit of the power plant expected to commence operations in mid-2020.

The 554 MW oil shale fired power plant will, when it comes into operation, be the first power plant in Jordan to utilise its indigenous oil shale resource which will account for approximately 15% of its installed power generation capacity. This will reduce the Kingdom's import of oil products for power generation, and its development is a key milestone in the Jordanian Government's goal of furthering its energy independence.

Attarat Power is indirectly owned by YTL Power (45%), Yudean Group of China (45%) and Eesti Energia AS of Estonia (10%).

MULTI UTILITIES BUSINESS (MERCHANT)

SEGMENT OVERVIEW

YTL Power owns a 100% equity interest in YTL PowerSeraya, a Singapore-based energy company with a total licensed generation capacity of 3,100 MW, consisting of steam turbine plants, combined-cycle plants and co-generation combined-cycle plants.

Situated on Jurong Island, Singapore's oil, gas and petrochemicals hub, YTL PowerSeraya is a diversified energy company with a core business centred on the generation and retailing of electricity, in addition to operating other multi-utility businesses comprising utilities supply (steam, natural gas and water), oil storage tank leasing, and oil trading and bunkering.

OPERATIONAL REVIEW

The wholesale electricity market in Singapore continued to see intense competition due to the persistent over-supply in generation capacity. For the financial year under review, YTL PowerSeraya sold 8,476 GWh of electricity, and saw a slight dip in its total generation market share to 17.0% as compared to 17.7% for the previous financial year.

A key focus on maintaining plant reliability saw the completion on schedule of major inspection and maintenance activities on its co-generation combined cycle power plant units. Additionally, the generation units' total unplanned outage hours inclusive of forced outages have been reduced by 9.0% year-on-year due to a well-developed O&M regime with a focus on meeting sustainable reliability and efficiency targets.

With the division's emphasis on maintaining high standards in quality and environmental, health and safety practices, as well as cybersecurity, re-certifications were also successfully achieved in ISO9001, ISO14001, OHSAS18001 and ISO27001 management systems. These remain key as the company forges ahead to deliver affordable electricity to meet market demand.

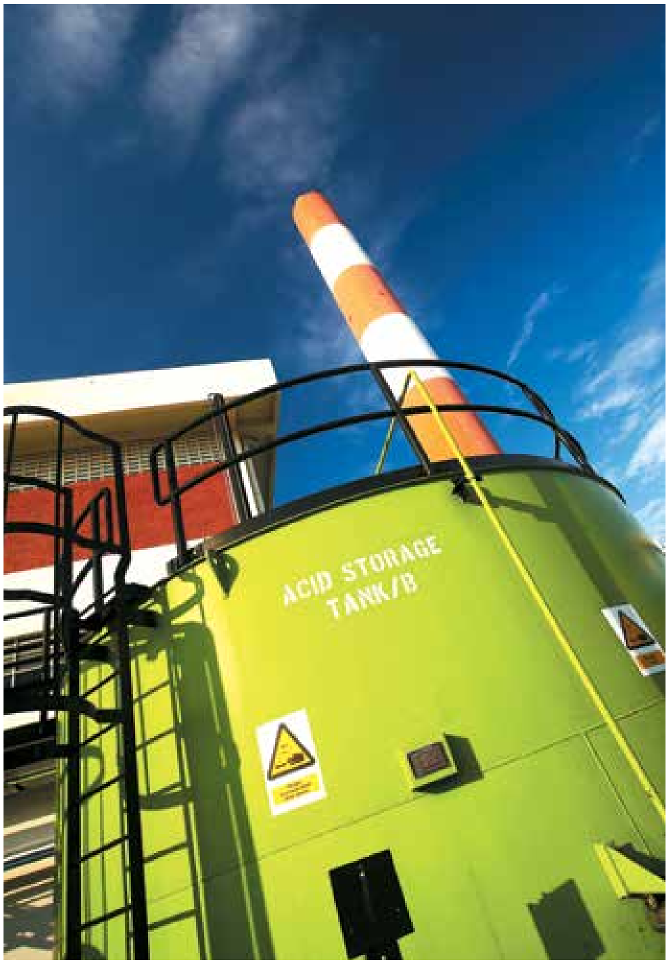
RETAIL

YTL PowerSeraya's retail arm, Seraya Energy Pte Ltd ("Seraya Energy") held a market share of 16.5% in the contestable retail electricity sector for the financial year under review, a decrease from 17.8% last year. Correspondingly, sales volume was 5,671 GWh for the financial year ended 30 June 2018. This decrease was attributed mainly to intense competition in the retail electricity market which has persisted, resulting from the increase in the number of retail licensees.

In response to the introduction of the Open Electricity Market in April 2018, Seraya Energy launched its new brand, Geneco, to serve the electricity needs of households in the Jurong precinct. The establishment of the brand, which aligns with Seraya Energy's existing retail activities, seeks to offer consumers low-cost, fuss-free electricity packages.

The retail arm's customer-centric approach extends to Geneco – besides a range of price plans to suit various consumers' household and lifestyle needs, Geneco adopted a digital approach to reach out and further engage consumers. During the financial year, marketing efforts were ramped up to support the launch of Geneco, with various activities such as roadshows to further educate consumers on the benefits of switching.

With the Open Electricity Market going into full launch by the end of the 2018 calendar year, the division has also been gearing up its headcount and workforce. With increasing competition in the power sector, competition for talent has also intensified and YTL PowerSeraya continued to develop and enhance its employee value proposition for employee attraction, motivation and retention.



TRADING & FUEL MANAGEMENT

PetroSeraya Pte Ltd ("PetroSeraya"), YTL PowerSeraya's trading and fuel management arm, managed to pull in a steady performance despite prevailing challenges in the oil industry. The division handled 13.58 million metric tonnes of fuel oil and diesel for the financial year ended 30 June 2018, a 4.7% increase compared to last year.

The number of berthings for bunkering and cargo vessels also increased to 1,319 vessels berthed at the terminal during the financial year under review, compared to 1,209 vessels last year, with an average berth utilisation rate of more than 60%. At the same time, PetroSeraya maintained a consistent pace of performance on its tank leasing activities, with all 18 storage units leased out.

The team will continue to focus on tank leasing and fuel management activities, as well as optimising its jetty and oil terminal operations to maximise the position of the Group.

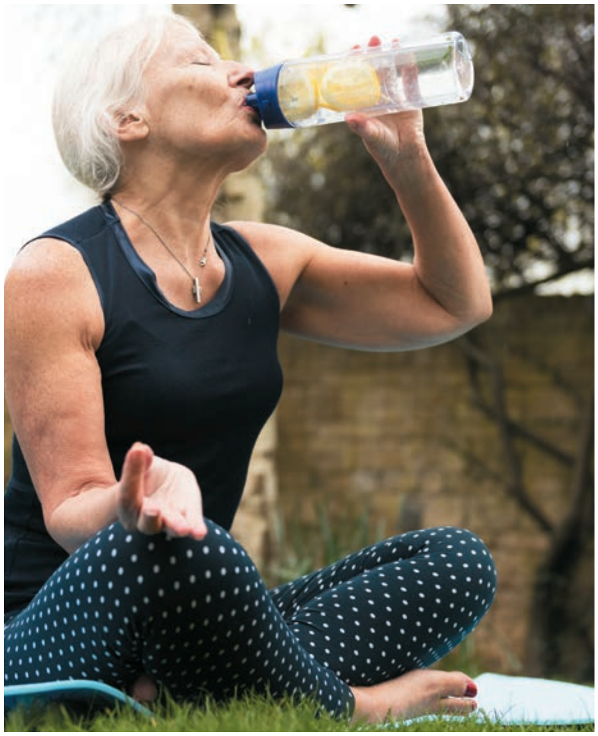
PROCESS & INNOVATION

Greater emphasis was placed on strengthening the division's in-house capabilities to gear up for the advent of the Open Electricity Market during the financial year. To support the company's move towards digitalisation to enhance the customer experience, the division looked into pushing the boundaries of technological deliverables for a consumer-based market and continued to uphold the integrity and efficiency of its network operations and infrastructure platforms.

The Group also focused on integrating cybersecurity initiatives into the utility's supply chain management and plant systems to improve its resilience and reliability. Other measures include educating and reinforcing the importance of cyber vigilance to staff, as well as managing best practice measures and exercises on cyber incident response and recovery processes.

As the age of digital transformation sets in, the Group continues to explore the benefits of cloud computing and off-shore capabilities. This move aims to improve efficiencies and hardware utilisation, as well as to gain better flexibility in storage expansion and streamline costs, in tandem with business growth.

WATER & SEWERAGE



SEGMENT OVERVIEW

In the UK, YTL Power owns a 100% equity interest in Wessex Water, a regional water and sewerage business serving 2.8 million customers across a geographic area of approximately 10,000 square kilometres in the south west of England, including Dorset, Somerset, Bristol, most of Wiltshire and parts of Gloucestershire and Hampshire.

Wessex Water is recognised by the Water Services Regulation Authority (known as Ofwat), the economic regulator for the UK water industry, as one of the most efficient water and sewerage operators in England and Wales. Wessex Water holds an appointment from the UK government under an instrument of appointment to supply clean water and treat and dispose of waste water from its operating region in the south west of England.

OPERATIONAL REVIEW

Through its desire to go the extra mile and deliver excellent service, Wessex Water was one of the only companies to keep water flowing for all customers throughout the extreme "Beast from the East" winter weather which engulfed the UK in February and March 2018, bringing sub-zero temperatures, blizzards, freezing rain and flooding.

The final parts of the division's major integrated water supply grid have now been completed and the whole system is in full operation. In March 2018, the grid proved how much additional resilience it has created, enabling the company to continue to provide water to all properties in its operating region even after the rapid thaw event which saw many supplies interrupted elsewhere in the country.

Progress is well underway on the north Bristol sewer scheme, which will improve sewerage systems in both the Frome and Trym catchments, in both cases diverting sewage flows away from Bristol city centre. The Frome scheme was delivered ahead of time in August 2018 and is expected to be in use by the end of 2018. The Trym scheme is also on track and work began on design, consultation and construction last year.

Meanwhile, the new retail market enabling business customers to choose their retailer for water services celebrated its first anniversary this year. There are now 41 retailers active in the market and 26 of these are national retailers. The water industry has concentrated on ensuring stability in the first 12 months of market opening, focusing on processes, data improvements and the standards on which retailers and wholesalers are measured.

The division continued to meet or outperform its operating targets. Its commitment to providing the highest quality drinking water to all customers resulted in overall compliance with drinking water standards of 99.96% in 2017, which was an improvement from 2016.

Wessex Water is a leading performer according to the UK Environment Agency's Annual Environmental Performance Assessment, achieving 100% compliance with abstraction licences, 100% compliance with discharge consents (sanitary standards) and 99% compliance with all numeric standards.

This year 96% of Wessex Water's bathing waters passed strict environmental standards., although two (Uphill Slipway and Burnham Jetty) were assessed as having below standard water quality, below the division's 100% target. Wessex Water also completed National Environmental Programme schemes in the year, achieving 100% performance against target to deliver the agreed schemes.

On the customer service front, Wessex Water came a very close second among all water and sewerage companies in the satisfaction survey element of Ofwat's key service incentive mechanism (SIM), and hopes to retain its top spot on the SIM overall once Ofwat reports on the 2018 results, due to its excellent record of performance on complaints.

The division's own feedback surveys show that customers continue to score Wessex Water highly on satisfaction, first-time resolution, staff conduct, and knowledge and effort. The company uses this feedback, alongside ideas from staff, to enhance its continuous improvement programme and deliver change for customers at a faster pace.

Compared with sectors outside water, Wessex Water's net promoter score compares favourably with many of the top UK household names, with its UK customer satisfaction index score showing that Wessex Water is towards the top of the utility sector and not far away from the top 50 companies across all sectors.

In September 2017, the Consumer Council for Water confirmed that Wessex Water continues to have the lowest number of complaints in the water industry, with no investigations.

The Wessex Water Partnership, the division's challenge group, oversees all its engagement and how it is used. The full partnership has met 11 times since its inception and is independently chaired by Dan Rogerson, formerly water minister in the coalition government.

Wessex Water's innovative and multi-channel engagement strategy – Your Say, Your Future – continues and this year conducted major pieces of research to obtain customers' views on the balance between service and price, bill profiles and their opinions on the future proofing of services, leakage and offerings for customers in vulnerable circumstances, as well as the acceptability of Wessex Water's draft Business Plan for 2020-2025.

The division actively supports customers to take part in water saving, undertaking more than 10,000 Home Check visits during its regulatory year to fit water saving devices and offer bespoke behavioural advice. Savings average more than 40 litres per household per day and the scheme is proving very popular with customers.

Net greenhouse gas emissions fell to 122 kilotonnes carbon dioxide equivalent for Wessex Water's 2017-2018 regulatory year, the lowest since 1999-2000 and fulfilling its performance commitment for the year. This was achieved through a combination of energy efficiency improvements, renewable energy generation and the falling carbon dioxide intensity of UK grid electricity.

During the year under review, Wessex Water's recycling and renewable energy arm, GENeco Limited, continued to export biomethane to the local gas grid from its Bristol sewage treatment works, and struck an agreement with Bristol Energy, in addition to the sale of green gas certificates to Unilever.

MOBILE BROADBAND NETWORK

YES is a converged nationwide 4G LTE network offering high-speed mobile internet with voice services. The network was launched and commenced commercial operations in November 2010. YTL Comms currently has over 4,300 base stations creating an all-4G LTE footprint reaching 85% population coverage across Peninsula Malaysia and Sabah and, in 2016, launched its nationwide 4G LTE network, offering Malaysia's first VoLTE (Voice-over-LTE) service.

SEGMENT OVERVIEW

YTL Power owns a 60% stake in YTL Comms, which owns and operates the YES nationwide 4G LTE wireless broadband platform, pursuant to an approval from the Malaysian Communications and Multimedia Commission (MCMC) to operate a 2.3 gigahertz wireless broadband network in Malaysia.

OPERATIONAL REVIEW

Since the launch of the YES network in late 2010, YTL Comms has championed the transformative power of the Internet to close the digital divide between rural and urban communities and to improve lives with innovative Internet-enabled technologies.

Following the nationwide launch of its 4G LTE network, featuring Malaysia's first VoLTE (Voice-over-LTE) service in 2016, YTL Comms' unique all-4G network caught the attention of OpenSignal, a global industry standard for analysis of on-device mobile experience from real-world smartphone users. According to OpenSignal's 'State of Mobile Networks: Malaysia' report in October 2017, the YES network was named as the provider with the fastest overall download speed and the best LTE signal availability in the country. Despite being one of the youngest telco networks in Malaysia, YES not only topped the overall download speed ahead of all other local and global providers, but was also the clear winner in providing the best 4G LTE signal availability.

In OpenSignal's 'State of Mobile Networks: Malaysia' report in April 2018, YES was once again recognised as the telco provider with the best 4G LTE signal availability in the country, with YES customers being able to connect to a 4G LTE signal 92.5% of the time, topping the rest of the local telco providers by 10%. These wins from OpenSignal not only affirm YTL Comms' 4G leadership and excellence, but also highlight its commitment as a brand that cares to provide the best 4G LTE experience possible for its customers.

Backed by its award-winning network, YTL Comms continued deliver on its aspiration to provide world-class services at affordable prices by offering exceptional value-for-money YES 4G LTE Internet plans. Throughout the year, the brand introduced a wide range of promotions including bundle plans with some of the top-tier smartphones such as the Samsung Note8, Samsung Galaxy S9/S9+, Huawei P10 and Xiaomi Redmi Note 4, mobile broadband plans with the YES Huddle XS 4G LTE, as well as home broadband plans with the YES Zoom 4G LTE. On the prepaid front, its 4G LTE Prepaid SIM Pack and 'Buy-1 Free-1 Reload' promotion offer customers 20GB for just RM30 – the lowest prepaid data price in the market.

In a move to help YES customers to manage their accounts in real-time, YES rolled out its mobile self-care app, MyYes4G, for Android devices in July 2017, and for iOS devices in April 2018. Customers can easily check their data usage and balance summary, pay monthly bills and purchase data add-ons or prepaid reloads all within the MyYes4G app. The MyYes4G app has consistently been the top-rated Malaysian telco app on both the Android and iOS platforms.

Together with it local brand ambassadors Jack Lim and Neelofa, YES continued to reach out and engage with its customers as well as the general public through various marketing campaigns. YES also maintains its long-term support for community events such as the annual Starwalk walkathons in Ipoh and Penang, as well as the cultural celebrations in Sabah, part of the Group's dedication to driving positive change at a national level.

In its drive to champion the use of Internet technology to empower Malaysian students and equip them with a culture of lifelong learning and technology know-how to succeed in the global knowledge economy, YTL Comms continued to work with various partners to digitally transform the national education landscape across Malaysia. The Group made good progress in its implementation of the 1BestariNet project, a key feature of which is the development of content provided through the Frog VLE (Virtual Learning Environment). The Frog VLE is a digital learning platform made available to more than 10,000 state schools across Malaysia by the Ministry of Education under the 1BestariNet project, and enables schools to simplify and enhance teaching and learning, communication and administration.

INVESTMENT HOLDING ACTIVITIES

SEGMENT OVERVIEW

The YTL Power Group has a 33.5% indirect investment in ElectraNet, which is the owner and operator of the South Australian electricity transmission network, and an effective interest of 20% in Jawa Power, which owns a 1,220 MW coal-fired power station in Java, Indonesia.

OPERATIONAL REVIEW

ELECTRANET

ElectraNet operates and manages the high voltage electricity transmission system throughout South Australia under a 200-year concession, providing the high capacity link that connects South Australian electricity generators to the distribution network operated by local utilities and to other major end users. Extending across approximately 200,000 square kilometres, ElectraNet's transmission network provides electricity to over 99% of South Australia's population, through approximately 5,600 circuit kilometres of transmission lines, together with 91 substations and switchyards.

ElectraNet is subject to a revenue cap set by the Australian Energy Regulator ("AER") which generally applies for a five-year regulatory period before adjustment and contains the maximum allowed revenue that ElectraNet may recover from customers through transmission network charges. It also includes the final total capital and operating forecasts the AER considers efficient, taking into account the long-term interests of customers. The current revenue cap, which became effective on 1 January 2013, was valid for a period of five and a half years and ended on 30 June 2018.

On 30 April 2018, the AER released its final determination on ElectraNet's revenue proposal for the five-year regulatory period from 1 July 2018 to 30 June 2023. In its final determination, the AER accepted ElectraNet's reduction in transmission charges, which delivers a bill reduction of AUD17 for a typical residential customer and AUD33 decrease for a typical small business customer in 2018-19.

The AER accepted ElectraNet's proposal to reduce capital expenditure by 39% and its operating expenditure by 9%. The AER also accepted small amendments to the operating expenditure proposed by ElectraNet in its revised revenue proposal which was submitted on 22 December 2017, made in response to new obligations to address system security challenges in South Australia.

ElectraNet implemented a detailed early engagement program to better understand the views and priorities of South Australia's electricity customers and this input was reflected in its plans and revenue proposal for the 2019-2023 regulatory control period.

JAWA POWER

Jawa Power's 1,220 MW power station supplies power to Indonesia's national utility company, PT PLN (Persero) ("PLN"), under a 30-year power purchase agreement. 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 88.7% for its financial year ended 31 December 2017 and 93.0% availability for the six months ended 30 June 2018. The station generated 7,645 GWh of electricity for its financial year compared to 7,603 GWh for its previous financial year, for its sole offtaker, PLN.

RISK MANAGEMENT

The overall risk management objective of the YTL Power Group is to ensure that adequate resources are available to create value for its shareholders. The Group focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance. Risk management is carried out through regular risk review analysis, internal control systems and adherence to Group's risk management policies. The Board of Directors of YTL Power regularly reviews these risks and approves the appropriate control environment frameworks.

FINANCIAL RISK MANAGEMENT

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 British Pound and the Singapore Dollar. 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.

Interest rate risk

Interest rate exposure arises from the Group's and the Company's borrowings, deposits, short-term investments and interest-bearing advances to subsidiaries of the Company. This exposure is managed through the use of fixed and floating rate debts, as well as through derivative financial instruments, where appropriate, to generate the desired interest rate profile. Borrowings issued at variable rates expose the Group's and the Company's cash flows to interest rate risk. However, this is partially offset by the interest income accruing on fixed deposits and income funds.

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.

Price risk

The Group and the Company are exposed to equity securities price risk arising from investments held which are classified on the Statement of Financial Position as available-for-sale financial assets and investments carried at fair value through profit or loss. To manage its price risk arising from investments in equity securities, the Group and the Company diversify their portfolio.

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.

The Group has contracts for the sale of electricity to the Singapore electricity pool at prices that are fixed in advance every three months and to retail customers (those meeting a minimum average monthly consumption) at prices that are either fixed in amount or in pricing formula for periods up to a number of years. The fixing of the prices under the contracts is based largely on the price of fuel oil required to generate the electricity. The Group enters into fuel oil swaps to hedge against adverse price movements of fuel oil prices. The Group typically enters into a swap to pay a fixed price and receive a variable price indexed to a benchmark fuel price index.

Exposure to price fluctuations arising from the purchase of fuel oil and natural gas are substantially managed via swaps where the price is indexed to a benchmark price index.

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 receivables. Meanwhile, the Company's exposures to credit risk arise from other receivables. For other financial assets (including short-term investment securities, fixed deposits and derivative financial instruments), the Group and the Company minimise credit risk by dealing with creditworthy counterparties.

In the Group's power generation business in Malaysia, trade receivables are solely from its offtaker, a national electricity utility company, and the counterparty risk is considered to be minimal. As for the Group's power generation business in Singapore, credit reviews are performed on all customers with established credit limits and generally 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.

Liquidity risk

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.

OPERATING RISK MANAGEMENT

Concessions and key contracts

A number of the Group's businesses and projects are reliant, in some cases to a significant extent, on concessions or other key contracts. Cancellation, expiration, termination or renegotiation of any such concession or key contract or the imposition of restrictive regulatory controls could have an adverse effect on the financial condition and results of operations of certain subsidiaries of YTL Power and accordingly the Group as a whole. However, the Group's strategy of investing in regulated assets with long-term concessions or contracts has enabled it to establish a solid track record and operating performance to date, and is a measure to mitigate the vagaries of short-term contracts or more cyclical industries. Furthermore, the Group addresses these risks by investing in assets operating in stable economies and/or established markets or sectors with strong legal protections.

Industry risk

The YTL Power Group's principal activities are subject to certain risks inherent in their respective sectors. These may include shortages of labour and raw materials, increases in the cost of labour, raw materials, equipment and electricity tariffs, changes in the general economic, business, credit and interest rate conditions, inflation, taxation and changes in the legal and environmental framework within which the industries operate. Whilst it is not possible to prevent the occurrence of these events, the Group addresses these matters by maintaining sound financial risk management policies as set out above, and high standards of preventive maintenance and cost efficiency coupled with technical and operating efficiency of its assets.

Dependence on key management

The continued success of YTL Power is, to a significant extent, dependent on the abilities and continued efforts of the Board of Directors and senior management of YTL Power. The loss of any key member of the Board or senior management personnel could affect YTL Power's ability to compete in the sectors in which it operates. The future success of YTL Power also depends on its ability to attract and retain skilled personnel for smooth business operations of the Group to continue without undue disruption. Therefore, appropriate measures are taken which include the provision of training programmes, the offering of attractive incentives such as employees' share option schemes and competitive remuneration packages, and efforts to ensure smooth succession in the management team.

Political, economic, environmental and regulatory considerations

Like all other businesses, adverse developments in political, economic and regulatory conditions (including changes in environmental legislation and regulations) in Malaysia, Singapore, the UK, Indonesia, Australia, Jordan and other overseas markets in which the Group from time to time has operations could materially and adversely affect the financial and business prospects of the Group and the markets for its products and/or services which may result in a loss or reduction in revenue to Group. Whilst it is not possible to prevent the occurrence of these events, the Group attempts to mitigate the effects of these risks through thorough due diligence assessments prior to the commitment to any project, ensuring compliance with applicable laws and regulations, as well as its strategy of maintaining the geographic diversity of its operations, and remaining vigilant in monitoring events and conducting ongoing assessments of any operational and financial impacts of such external developments.

Management Discussion & Analysis

OUTLOOK

The global economy is expected to expand at a faster pace for the remainder of the 2018 calendar year, driven primarily by private consumption and industrial activities in the advanced economies. Nevertheless, global growth still remains vulnerable to downside risks such as policy uncertainties in major economies and geopolitical risks. In Malaysia, the economy is expected to grow within the range of 5.0% to 6.0% for the full 2018 calendar year, driven primarily by domestic demand, underpinned by private sector expenditure. Private consumption growth is expected to remain sustained supported by continued growth in employment and income, lower inflation and improving economic sentiments *(sources: Ministry of Finance, Bank Negara Malaysia updates)*.

On the Malaysian front, the commencement of the new power purchase agreement for the supply from Paka Power Station has reestablished the income stream for the domestic power generation segment, and the Group's long-term experience and track record in this industry puts it in good stead to ensure the plant continues to operate at optimal efficiency.

Meanwhile, the mobile broadband business is well-positioned continue to increase its subscriber base, with the prospective rollout of the new 800MHz spectrum, which will further enhance network coverage and reach, enabling customers to enjoy better connectivity. This, coupled with increasing availability of devices for this spectrum, will facilitate the marketing of more competitive and affordable products and services to customers, and plans are also underway to expand the YES platform in Sarawak.

Whilst the electricity generation market in Singapore is expected to remain competitive, owing to capacity oversupply in the wholesale electricity market, YTL PowerSeraya has proven its ability to successfully navigate the changing operating environment. The division will continue to set high standards for operational efficiency to ensure the resilience and reliability of its infrastructure, and continuously innovate to improve service offerings and the entire customer experience. And on the retail front, Seraya Energy's Geneco brand, backed by the strength of the Group's established reputation and experience in the power generation and electricity retail industries, is ready for the full liberalisation of the electricity market, which is expected to take place in the fourth quarter of the 2018 calendar year.

In the UK, Wessex Water, as it enters the fourth year of the current 2015-2020 Asset Management Plan (AMP), remains confident of its ability to continue to deliver or outperform its regulatory targets and maintain its position as one of the most efficient water and sewerage companies in the country.

In the Group's projects under development, progress is well underway on APCO's oil shale power generation project in Jordan, with construction well on target to meet the expected completion date, and the Group will continue to work towards financial close for Tanjung Jati Power.

MANAGING SUSTAINABILITY

YTL Power International ("YTLPI" or "Company") strives to operate our businesses with a commitment to power communities in a sustainable manner. The energy that we generate and supply not only helps to improve the quality of lives that we touch, but also reduces impacts on the environment with lower carbon intensity production. To achieve this, we endeavour to produce and supply energy with minimal social and environmental impacts in order to create value for shareholders, employees and the wider community. Through our water and sewerage services company in the UK, we provide water to 1.3 million customers and treat wastewater from 2.8 million customers in the Southwest of England. We have also been able to deliver enhanced connectivity within Malaysia via the development of Malaysia's largest 4G mobile network YES 4G.

OUR COMMITMENT TO SUSTAINABILITY

A sustainable business strategy lies at the core of our four pillars because it encompasses initiatives that embed responsible practices and ethical conduct. We recognise that the planet provides limited resources, and as such the onus is on us to mitigate impacts on land, water and air through the responsible use of natural resources and sustainable operations. Our future success and reputation is shaped and measured by more than just our economic performance, it is also influenced by the social and environmental consequences of our decisions and actions for all our stakeholders.

We are proud that in 2018 YTLPI was named as one of the constituents of the FTSE4Good Bursa Malaysia (F4GBM) Index. Our commitment to sustainable business at YTLPI stems from a culture inculcated and led by the Board of Directors (the "Board"), and has become business as usual throughout the company's operations, maintenance and business strategy.

This sustainability statement provides an overview of how we operate sustainably, how we manage our strategy and the management of day-to-day business issues to address our sustainability commitments and performance – including the achievements, progress, challenges and setbacks we faced during the reporting period.

Managing Sustainability

REPORTING PERIOD AND SCOPE

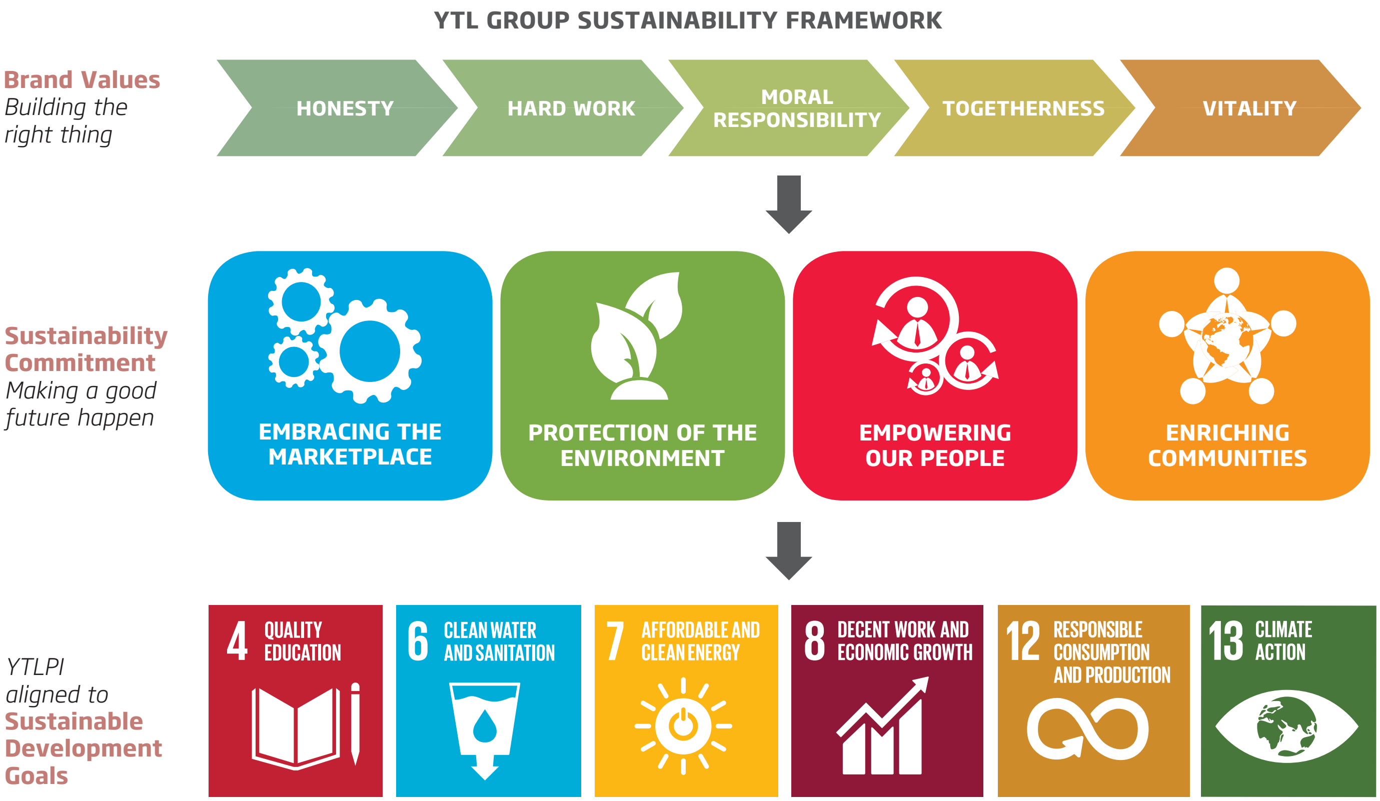
This sustainability statement covers YTLPI and its significant subsidiaries, YTL PowerSeraya Pte Limited, Wessex Water Limited and PT YTL Jawa Timur for the reporting period from 1 July 2017 to 30 June 2018, aligned with YTLPI's financial year.

YTLPI and our subsidiaries are also part of the wider network of YTL Group under the umbrella of its parent company, YTL Corporation Berhad ("YTL Corp"). The sustainability initiatives, performance and achievements of YTLPI are outlined in greater detail in the consolidated ***YTL Group Sustainability Report 2018*** which is published in conjunction with YTL Corp's Annual Report for the financial year ending 30 June 2018. The report can be downloaded at http://www.ytl.com/sustainability.asp.

Our subsidiaries and associate companies have also produced their own reports, available on their official websites listed below, which provide more information about their sustainability matters.
Wessex Water Limited – https://www.wessexwater.co.uk
YTL PowerSeraya Pte Limited – http://ytlpowerseraya.com.sg

OUR APPROACH TO SUSTAINABILITY

As YTLPI is part of YTL Group, which encompasses YTL Corp and its subsidiaries, the company has aligned and adopted YTL Group's established sustainability structure and framework of policies and guidelines, as well as ethics and code of business conduct for YTLPI where relevant and appropriate.



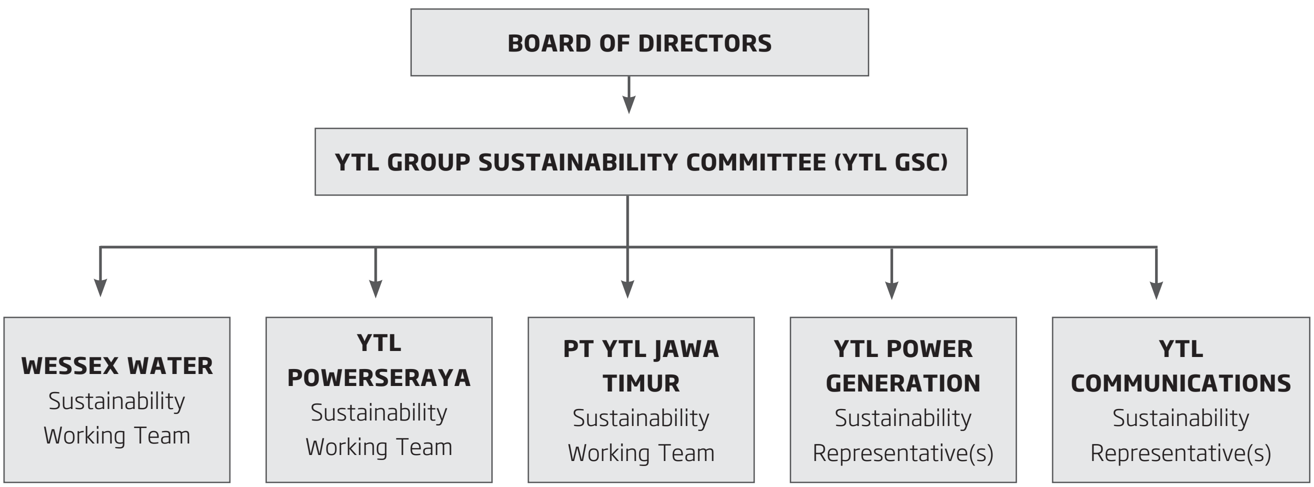
Where applicable to YTLPI, our efforts towards incorporating sustainability into the day-to-day management of YTLPI are aligned with six of the seventeen (17) United Nations Sustainable Development Goals (SDGs) and YTL Group Corporate Statements (Human Rights and Ethics, Environment, Health and Safety, and Commitment to Ethical Purchasing).

SUSTAINABILITY GOVERNANCE

Driven by YTL Group's sustainability agenda, YTLPI's sustainability risks and opportunities are overseen and governed by the Board with support from YTLPI's Managing Director and Executive Chairman, YTL Group Sustainability Committee ("YTL GSC") and the Sustainability Working Teams from respective subsidiaries.

More information on our governance and internal control systems can be found in the ***Corporate Governance Overview Statement*** and the ***Statement on Risk Management and Internal Control*** set out separately in this Annual Report. The Annual Report and YTLPI's Corporate Governance Report 2018 can also be downloaded from our website at www.ytlpowerinternational.com, as well as the website of Bursa Malaysia at www.bursamalaysia.com.

YTL GROUP SUSTAINABILITY GOVERNANCE STRUCTURE



BOARD OF DIRECTORS

YTL Group's sustainability strategy has been approved by the Board of Directors of YTL Corp, who have also outlined the conduct of responsible business operations across our value chain. Led by the Executive Chairman, Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, YTLPI engages with the YTL GSC every six months to one year to deliberate and strategise regarding economic, environmental, governance and social issues and progress surrounding our operations in Malaysia, Singapore, the UK and Indonesia.

Managing Sustainability

YTL GROUP SUSTAINABILITY COMMITTEE

Guided by YTL Group Sustainability Framework and Corporate Statements, YTL GSC is responsible for reviewing, monitoring and providing a strategic approach in managing sustainability issues impacting our stakeholders, the environment, businesses and society at large across our value chain.

SUSTAINABILITY WORKING TEAM/REPRESENTATIVE(S)

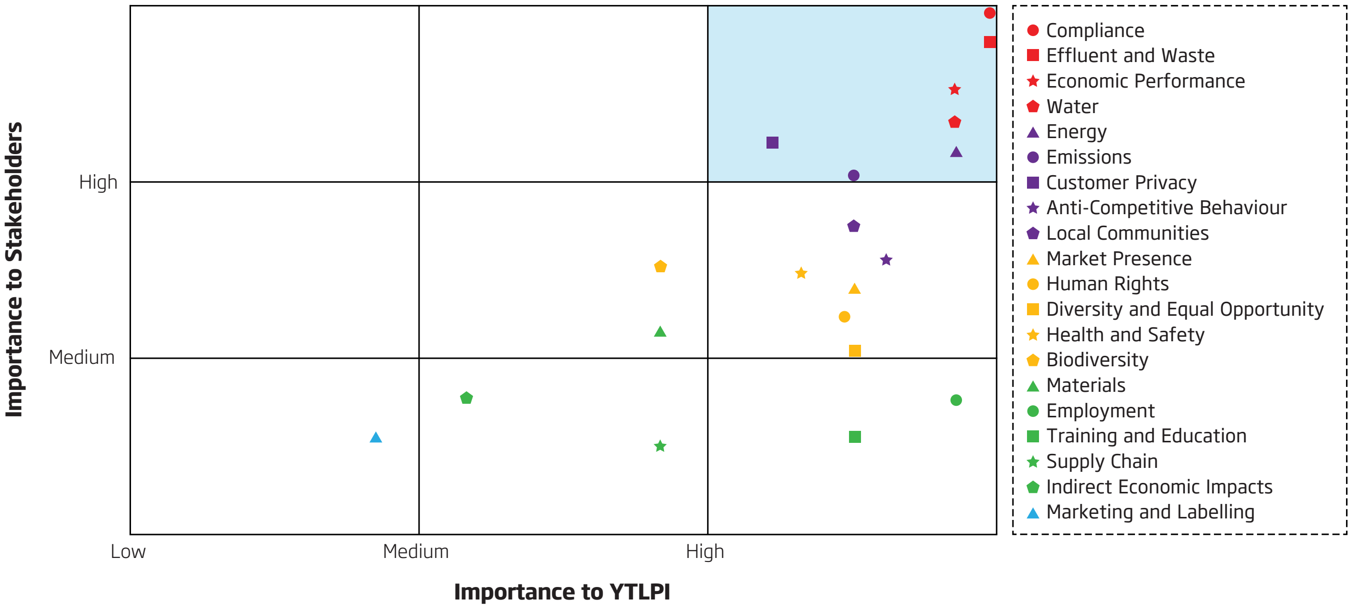
The designated representative(s) or teams spanning our operations play a significant role in aligning the sustainability agenda with business practices on the ground. Their roles include managing and monitoring sustainability issues and performance.

MATERIALITY

Determining materiality helps to identify and prioritise which issues to focus our collective efforts on. Through various engagement channels, we seek to understand the views of our stakeholders, to communicate effectively with them and to respond to their concerns. Stakeholders are groups, individuals, organisations and resources that may be significantly impacted by the business and those with a vested interest in our operations. As a publicly listed entity, YTLPI's key stakeholders are our employees, customers, suppliers, shareholders, investors, regulators, the environment and the communities where we operate.

The sustainability team works with the relevant business units to identify and review material issues that are most relevant and significant to our stakeholders. Priorities are ranked based on the potential impacts of issues affecting business continuity and development. The final list of material issues were reviewed and approved by the Board, and the following issues were found to be most material to YTLPI:

YTL POWER INTERNATIONAL MATERIALITY MATRIX



MOVING FORWARD

We will continue to look for ways to strengthen and broaden our commitment to all aspects of sustainability. In the process we regularly review the progress we have made, constantly improving our policies, systems, performance, and work to protect the environment and enrich the lives of communities where we operate.

Notice of
Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Twenty-Second Annual General Meeting of YTL Power International Berhad ("the Company") will be held at Mayang Sari Grand Ballroom, Lower Level 3, JW Marriott Hotel Kuala Lumpur, 183, Jalan Bukit Bintang, 55100 Kuala Lumpur on Wednesday, the 12th day of December, 2018 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 2018 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 Constitution:-
   - (i) Dato' Yeoh Seok Kian — **Resolution 1**
   - (ii) Dato' Yeoh Soo Min — **Resolution 2**
   - (iii) Dato' Yeoh Seok Hong — **Resolution 3**
   - (iv) Dato' Yeoh Soo Keng — **Resolution 4**

3. To approve the payment of Directors' fees amounting to RM724,932 for the financial year ended 30 June 2018. — **Resolution 5**

4. To approve the payment of meeting attendance allowance of RM1,000 per meeting for each Non-Executive Director for the period from January 2019 to December 2019. — **Resolution 6**

5. To re-appoint the Auditors and to authorise the Directors to fix their remuneration. — **Resolution 7**

AS SPECIAL BUSINESS

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

ORDINARY RESOLUTIONS:-

6. **CONTINUING IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTORS**

   "THAT 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 twelve years, to continue to serve as an Independent Non-Executive Director of the Company." — **Resolution 8**

7. **PROPOSED AUTHORITY TO ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT, 2016**

   "THAT pursuant to Sections 75 and 76 of the Companies Act, 2016, 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 total number of issued shares 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 9**

8. **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, 2016, the provisions of the Company's Constitution 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 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 number of issued shares 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 12 December 2017, 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 number of issued shares 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 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; 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 dividends 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; and/or

(d) transfer the shares, or any of the shares for the purposes of or under an employees' shares scheme; and/or

(e) transfer the shares, or any of the shares as purchase consideration; and/or

(f) deal with the shares in any other manner as may be permitted by the applicable laws and/or regulations in force from time to time;

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, 2016, the provisions of the Company's Constitution and the Main LR and all other relevant governmental/regulatory authorities." **Resolution 10**

9. **PROPOSED RENEWAL OF SHAREHOLDER MANDATE FOR EXISTING RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("RRPT") AND PROPOSED NEW SHAREHOLDER MANDATE FOR ADDITIONAL RRPT**

"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 31 October 2018 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 340(2) of the Companies Act, 2016 (the "Act") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) 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 11**

By Order of the Board,

HO SAY KENG
Company Secretary

Kuala Lumpur
31 October 2018

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. 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 not less than 48 hours before the time appointed for holding the meeting. 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 Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors as at 5 December 2018. Only a depositor whose name appears on the General Meeting Record of Depositors as at 5 December 2018 shall be entitled to attend the said meeting or appoint proxy to attend and/or vote in his stead.

Explanatory Notes to Ordinary Business -

Note A

This Agenda item is meant for discussion only as under the provisions of Section 340(1)(a) of the Companies Act, 2016, the audited financial statements do not require formal approval of shareholders and hence, the matter will not be put forward for voting.

Payment of Directors' Benefits

In accordance with the requirements of Section 230(1) of the Companies Act, 2016, approval of the members is sought for the payment of meeting attendance allowance (a benefit) to the Non-Executive Directors of the Company. If Resolution 6 is passed, the meeting attendance allowance will be payable for such period at the quantum specified.

Explanatory Notes to Special Business -

Resolution on the Continuing in Office as Independent Non-Executive Director

In line with Recommendation 4.2 of the Malaysian Code on Corporate Governance 2017, Resolution 8 is to enable Tan Sri Datuk Dr. Aris Bin Osman @ Othman to continue serving as Independent Director 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 resolution for his continuing in office as Independent Director are set out under the Nominating Committee Statement in the Company's Annual Report 2018. The shareholders' approval for Resolution 8 will be sought on a single-tier voting process.

Resolution pursuant to Sections 75 and 76 of the Companies Act, 2016

Resolution 9 is a renewal of the general authority given to the Directors of the Company to allot and issue shares as approved by the shareholders at the Twenty-First Annual General Meeting ("AGM") held on 12 December 2018 ("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 this AGM.

Resolution 9, if passed, will enable the Directors to allot and issue ordinary shares at any time up to an amount not exceeding ten per centum (10%) of the total number of issued shares of the Company for the time being without convening a general meeting which will be both time and cost consuming. This 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 10, further information on the Share Buy-Back is set out in Part A of the Statement/Circular dated 31 October 2018 which is despatched together with the Company's Annual Report 2018.

Resolution pertaining to the Recurrent Related Party Transactions

For Resolution 11, further information on the Recurrent Related Party Transactions is set out in Part B of the Statement/Circular dated 31 October 2018 which is despatched together with the Company's Annual Report 2018.

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 Twenty-Second 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 Sections 75 and 76 of the Companies Act, 2016 are set out in the Explanatory Notes to Special Business of the Notice of Twenty-Second Annual General Meeting.

Corporate Information

BOARD OF DIRECTORS

EXECUTIVE CHAIRMAN

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

MANAGING DIRECTOR

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

DIRECTORS

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

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

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

Dato' Sri Michael Yeoh Sock Siong
DIMP, SSAP
BEng (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

Faiz Bin Ishak
(Chairman and Independent Non-Executive Director)

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

NOMINATING COMMITTEE

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

Faiz Bin Ishak
(Independent Non-Executive Director)

AUDITORS

PricewaterhouseCoopers PLT
(LLP0014401 - LCA & 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' (DR) FRANCIS YEOH SOCK PING

Malaysian, male, aged 64, was appointed to the Board on 18 October 1996 as an Executive Director and has been the Managing Director of the Company till 29 June 2018 when he was redesignated as Executive Chairman. 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 was the Managing Director of YTL Corporation Berhad and YTL Land & Development Berhad which are listed on the Main Market of Bursa Malaysia Securities Berhad until 29 June 2018 when he was redesignated as Executive Chairman of these companies. 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 is the Executive Chairman of YTL Cement Berhad and director of YTL Industries 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 is the first non-Italian board member of the historic Rome Opera House and helped fund its restoration to keep it from closing. 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. In 2017, he was honoured with the Kuala Lumpur Mayor's Award for Outstanding Contribution at the Kuala Lumpur Mayor Tourism Awards. This was in recognition of his efforts in the transformation of Kuala Lumpur into one of the top shopping and tourist destinations in the world. He was named CEO of the Year at the Asian Power Awards in 2017. The Japanese Government bestowed upon him the Order of the Rising Sun, Gold Rays with Rosette, in 2018.

DATO' YEOH SEOK KIAN

Malaysian, male, aged 61, was appointed to the Board on 21 October 1996 as an Executive Director. He graduated from Heriot-Watt University, Edinburgh, United Kingdom in 1981 with a Bachelor of Science (Hons) Degree in Building and was conferred an Honorary Degree of Doctor of the University in 2017. 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 served 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 until 29 June 2018 when he was redesignated as Managing Director of these companies. Dato' Yeoh also sits on the boards of other public companies 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 DATUK DR. ARIS BIN OSMAN @ OTHMAN

Malaysian, male, aged 74, 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' YEOH SOO MIN

Malaysian, female, aged 62, has been on the Board as an Executive Director since 2 June 1997. She graduated with a Bachelor of Art (Hons) Degree in Accounting. She did her Articleship at Leigh Carr and Partners, London and 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, Life Member of the Women's Institute of Management, Malaysia, and member of the Advisory Council for Action Learning, Asia School of Business. She is currently Honorary Fellow of the Governors of International Students House, London, and Sir Thomas Pope, Trinity College, University of Oxford, UK, and member of the Vice-Chancellor's Circle of University of Oxford, UK. She is also a Trustee of Yayasan Tuanku Fauziah and IJN Foundation. She also holds directorships in YTL Corporation Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad and YTL Industries Berhad.

Profile of the Board of Directors

DATO' YEOH SEOK HONG

Malaysian, male, aged 59, was appointed to the Board on 18 October 1996 as an Executive Director. Dato' was redesignated to the position of Managing Director on 29 June 2018. 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 58, 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 Managing Director of YTL Cement Berhad. He also sits on the boards of other public companies such as YTL e-Solutions Berhad, YTL Industries Berhad, and a private utilities corporation, YTL PowerSeraya Pte Limited in Singapore.

DATO' YEOH SOO KENG

Malaysian, female, aged 55, 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 53, 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 64, 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

Malaysian, male, aged 60, 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' (Dr) Francis Yeoh Sock Ping	5
Dato' Yeoh Seok Kian	4
Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng *(resigned on 1 October 2018)*	4
Tan Sri Datuk Dr. Aris Bin Osman @ Othman	5
Dato' Yusli Bin Mohamed Yusoff *(resigned on 6 September 2018)*	5
Dato' Yeoh Soo Min	5
Dato' Yeoh Seok Hong	4
Dato' Sri Michael Yeoh Sock Siong	4
Dato' Yeoh Soo Keng	5
Dato' Mark Yeoh Seok Kah	4
Syed Abdullah Bin Syed Abd. Kadir	5
Faiz Bin Ishak	5

Notes:

1. **Family Relationship with Director and/or Major Shareholder**
The late 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 73, 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 Merchants' Academy secondary school. He recently chaired 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 62, was appointed to the board of directors of YTL PowerSeraya Pte Limited on 16 October 2013.

He was also appointed the Chief Executive Officer of the YTL PowerSeraya Pte Limited 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 Limited 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 51, 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 32 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, 2016 ("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 financial position of the Group and of the Company as at the end of the financial year and of the financial performance 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 2018, 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)
(Resigned on 1 October 2018)

Faiz Bin Ishak
(Chairman/Independent Non-Executive Director)
(Redesignation to Chairman on 1 October 2018)

Tan Sri Datuk Dr. Aris Bin Osman @ Othman
(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 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	5

SUMMARY OF WORK CARRIED OUT DURING FINANCIAL YEAR

The Audit Committee carried out the following work during the financial year ended 30 June 2018 in the discharge of its functions and duties:-

1. OVERSEEING FINANCIAL REPORTING

(a) Reviewed the following quarterly financial results and annual financial statements ("Financial Reports") prior to their recommendation to the Board of Directors for approval:-

- Quarterly financial results for the fourth quarter of financial year ended 30 June 2017, and the annual audited financial statements for the financial year ended 30 June 2017 at the Audit Committee meetings held on 24 August 2017 and 21 September 2017, respectively;

- First, second and third quarters of the quarterly results for the financial year ended 30 June 2018 at the Audit Committee meetings held on 22 November 2017, 23 February 2018 and 24 May 2018, respectively.

(b) At the Audit Committee meetings, the Treasurer cum Departmental Head (Accounts) presented the Financial Reports wherein the following matters were reviewed and confirmed, with clarifications and/or additional information provided wherever required by the Managing Director primarily in charge of the financial management of the Company:

- Appropriate accounting policies had been adopted and applied consistently, and other statutory and regulatory requirements had been complied with;

- The Company has adequate resources to continue in operation for the foreseeable future and that there are no material uncertainties that could lead to significant doubt as to the Group's ability to continue as a going concern;

- Significant judgements made by management in respect of matters such as impairment assessment on goodwill, investment, property, plant and equipment and trade receivables, capitalisation policy of infrastructure assets in property, plant equipment, post-employment benefit obligations, revenue recognition from accrued income and the underlying assumptions and/or estimates used were reasonable and appropriate in accordance with the requirements of the Malaysian Financial Reporting Standards ("MFRS");

- Adequate processes and controls were in place for effective and efficient financial reporting and disclosures under the MFRS and Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("Main LR");

- The Financial Reports were fairly presented in conformity with the relevant accounting standards in all material aspects.

2. EXTERNAL AUDIT

(a) Reviewed with the external auditors, PricewaterhouseCoopers PLT ("PwC"):-

- their status report, and final report on the audit of the financial statements for financial year ended 30 June 2017 setting out their comments and conclusions on the significant audit and accounting matters highlighted and adequacy of disclosures in the financial statements. The review also covered the report on the IT General Controls review conducted on YTL Communications Sdn Bhd 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 2018 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;

(b) Reviewed the audit fees proposed by PwC together with management and recommended the fees agreed with PwC to the Board of Directors for approval.

(c) Had discussions with PwC two times, namely on 24 August 2017 and 24 May 2018, without the presence of management, to apprise on matters in regard to the audit and financial statements. The Audit Committee also enquired about the assistance and co-operation given by management to PwC.

(d) Reviewed the profiles of the audit engagement team from PwC Malaysia, specialised audit support (taxation, advisory, and IT risk assurance), and component auditors from PwC Singapore, Australia and Indonesia to assess their qualifications, expertise, resources, and independence, as well as the effectiveness of the audit process. PwC also provided written confirmation of their independence in all of the reports presented to the Audit Committee. The Audit Committee also reviewed on a regular basis, the nature and extent of the non-audit services provided by PwC and was satisfied with the suitability, performance, independence and objectivity of PwC.

3. INTERNAL AUDIT

(a) Reviewed with the internal auditors the internal audit reports (including follow-up review reports), the audit 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 2018. 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. Also received reports from the risk management committee of 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 2019 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 sufficient resources together with the right calibre of personnel to perform effectively and that the head of internal audit has adequate authority to discharge his functions objectively and independently.

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 221 of the Companies Act, 2016. 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 2017 circular to shareholders in relation to the renewal of shareholder mandate for RRPT and new shareholder mandate for additional RRPT, prior to its recommendation to the Board of Directors for approval.

5. EMPLOYEES SHARE OPTION SCHEME ("ESOS")

(a) Reviewed the verification of share options allocation to the eligible employees approved by the options committee in May 2018 and concurred that the allocation under the ESOS complied with the criteria set out in the By-Laws of the ESOS.

6. AMENDMENTS TO TERMS OF REFERENCE ("TOR") OF THE AUDIT COMMITTEE

(a) Reviewed the proposed amendments to its TOR to include enhancements to its oversight role as introduced by the changes to the Main LR and practices recommended in the Malaysian Code of Corporate Governance 2017 ("MCCG 2017"), prior to approval of the Board of Directors.

7. 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 2017 Annual Report.

8. NEW FINANCIAL REPORTING STANDARD

(a) Reviewed with management its overview of the changes introduced by MFRS 9 and the potential impact of its adoption on the Group.

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 MCCG 2017, 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 for presentation to the Audit Committee, 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 RM1,264,504 were incurred in relation to the internal audit function for the financial year ended 30 June 2018.

Nominating Committee Statement

for the financial year ended 30 June 2018

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)*
- Encik Faiz Bin Ishak
  (appointed on 1 October 2018)
- Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng
  (resigned on 1 October 2018)
- Dato' Yusli Bin Mohamed Yusoff
  (resigned on 6 September 2018)

The NC met twice during financial year ended 30 June 2018.

ACTIVITIES OF THE NC FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

(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, experience 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 a number of factors including but not limited to 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 Directors proposed for re-election

In accordance with Article 84 of the Company's Constitution ("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.

In June 2018, based on the results of the assessment undertaken for the financial year, the NC resolved to recommend to the Board that Dato' Yeoh Seok Kian, Dato' Yeoh Soo Min, Dato' Yeoh Seok Hong and Dato' Yeoh Soo Keng who are due to retire pursuant to Article 84 at the Twenty-Second Annual General of the Company ("AGM"), stand for re-election.

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

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

As part of the annual assessment of Directors, an assessment of independence was conducted on the INED. In addition to the criteria for independence prescribed in the Bursa Malaysia Securities Berhad Main Market Listing Requirements and Practice Note 13, the INED were assessed on their ability and commitment to continue to bring independent and objective judgment to board deliberations.

The Board is of the view that there are significant advantages to be gained from the INED who have served on the Board for more than 12 years as they possess greater insights and knowledge of the businesses, operations and growth strategies of the YTL Power Group. Furthermore, the ability of a director to serve effectively as an independent director is very much a function of his caliber, qualification, experience and personal qualities, particularly of his integrity and objectivity in discharging his responsibilities in good faith in the best interest of the Company and his duty to vigilantly safeguard the interests of the shareholders of the Company.

The Board, save for Tan Sri Datuk Dr. Aris Bin Osman @ Othman, who had abstained from deliberation on the matter, is satisfied with the skills, contributions and independent judgment that he brings to the Board. For these reasons, the Board, save for Tan Sri Datuk Dr. Aris Bin Osman @ Othman, recommends and supports the resolution for his continuing in office as Independent Non-Executive Director of the Company which will be tabled for shareholders' approval to be sought via the single-tier voting process at the forthcoming AGM.

(b) Annual assessment

In May 2018, the annual assessment of the effectiveness of the Board as a whole, the Board Committees and individual Directors was carried out with the objectives of assessing whether the Board and the Board Committees, as well as the Directors have effectively performed its/their roles and fulfilled its/their responsibilities, and devoted sufficient time commitment to the Company's affairs; and to recommend areas for improvement. The assessment exercise was facilitated by the Company Secretary and took the form of completion of questionnaires/evaluation forms.

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 fit and properness, contribution and performance, calibre, character/personality and time commitment and whether they have shown the will and ability to deliberate constructively, ask the right questions and confidence to stand up for a point of view.

Results of the assessment were summarised and discussed at the NC meeting held in June 2018 and reported to the Board by the Chairman of the NC. No evident weakness or shortcoming was identified which require mitigating measure. The Board and the Board Committees continue to operate effectively and that the performance of the Directors and the time commitment in discharging their duties as Directors of the Company for the year ended 30 June 2018 were satisfactory. These results form the basis of the NC's recommendations to the Board for the re-election of Directors at the AGM.

(c) Succession in the Boardroom

In June 2018, the NC deliberated on the succession in the boardroom following the demise of the late Founder of YTL group, Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay. The NC evaluated candidates best matched to the roles required and recommended the re-designations of Tan Sri Dato' (Dr) Francis Yeoh Sock Ping to the role of Executive Chairman from Managing Director previously, Dato' Yeoh Seok Hong to Managing Director from Executive Director previously, and Dato' Yeoh Seok Kian to Executive Director from Deputy Managing Director previously.

(d) Review of the NC Statement for financial year ended 30 June 2017

The NC Statement was reviewed by the NC prior to its recommendation to the Board for approval for inclusion in 2017 Annual Report.

(e) Review of the Evaluation Criteria in the Assessment Forms

The NC reviewed and revised the evaluation criteria in the assessment forms to ensure consistency with the requirements of the Malaysian Code on Corporate Governance 2017.

Nominating Committee Statement

for the financial year ended 30 June 2018

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 25% of the Company's Executive Directors are women and they make up 20% 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, Constitution, 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 2018, the following three in-house training programmes were organised for the Directors:

- YTL Leadership Conference 2017;
- Malaysian Code of Corporate Governance 2017;
- Companies Act 2016.

All the Directors have undergone training programmes during the financial year ended 30 June 2018. 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/ Legal**	
• Current issues in Corporate Governance (ICLIF) (14 August 2017 & 15 August 2017)	Dato' Yusli Bin Mohamed Yusoff ("Dato' Yusli")
• Advocacy Session on Corporate Disclosure for Directors and Principal Officers of Listed Issuers: Corporate Disclosure Framework & Directors Disclosure Obligations under Listing Requirements (3 October 2017)	Dato' Yusli

Seminars/Conferences/Training	Attended by
• Bursa Malaysia Case Study Workshop for Independent Directors – "Rethinking – Independent Directors: A New Frontier" (9 November 2017)	Tan Sri Datuk Dr. Aris Bin Osman @ Othman ("Tan Sri Aris")
• Risk Management Awareness (11 December 2017)	Tan Sri Lau Yin Ping @ Lau Yen Beng ("Tan Sri Lau YP")
• 7th Annual National Conference 2018 – 'New in Procurement Governance?' (MICG) (8 March 2018)	Dato' Yusli
• Malaysian Code of Corporate Governance 2017 (19 March 2018)	Tan Sri Dato' (Dr) Francis Yeoh Sock Ping ("Tan Sri Francis Yeoh") Dato' Yeoh Seok Kian ("Dato' YS Kian") Dato' Yusli Dato' Yeoh Soo Min ("Dato' Soo Min") Dato' Yeoh Soo Keng ("Dato' Soo Keng") Dato' Mark Yeoh Seok Kah ("Dato' Mark Yeoh") Tuan Syed Abdullah Bin Syed Abd. Kadir ("Syed Abdullah") Encik Faiz Bin Ishak ("Faiz Ishak")
• Audit Committee Institute (ACI) Breakfast Roundtable 2018 – KPMG Report on Non-Executive Directors' Remuneration 2017 (19 March 2018)	Tan Sri Aris
• Companies Act 2016 (18 June 2018)	Tan Sri Francis Yeoh Dato' YS Kian Dato' Soo Min Dato' Mark Yeoh Syed Abdullah
➢ **Trade/Economic Development, Sustainability**	
• Bursa Malaysia CG Breakfast Series: Board excellence – "How to engage and enthuse beyond compliance and sustainability" (17 July 2017)	Tan Sri Lau YP Tan Sri Aris
• SPAD Land Public Transport Symposium 2017 "Reimaging Transportation: Sustainable Mobility" (23 October 2017)	Syed Abdullah
• Investment roundtable luncheon hosted by H.E. Rod Smith and The Hon Niall Mark Blair, Minister for Primary Industries, Regional Water and Trade and Industry, NSW, Australia (1 November 2017)	Dato' Soo Min
• Bioeconomy Day 2018 (11 January 2018)	Tan Sri Lau YP
• National Supply Chain Conference on Rail Projects & Career Fair 2018 (11 April 2018)	Tan Sri Lau YP

Nominating Committee Statement

for the financial year ended 30 June 2018

Seminars/Conferences/Training	Attended by
➢ **Leadership, Corporate Social Responsibility, and Business Management**	
• Bursa Malaysia CG Breakfast Series: Thought Leadership Session for Directors – Leading in a Volatile, Uncertain, Complex, Ambiguous (VUCA) World (13 October 2017)	Tan Sri Aris Dato’ YS Kian Syed Abdullah Faiz Ishak
• Audit Committee Leadership Track: Effective Oversight of Internal Audit Functions – Are Boards in Sync with Regulatory Expectations? (IIAM) (9 October 2017)	Dato’ Yusli
• YTL Leadership Conference 2017 (6 November 2017)	Tan Sri Francis Yeoh Tan Sri Lau YP Tan Sri Aris Dato’ YS Kian Dato’ Soo Min Dato’ Yeoh Seok Hong Dato’ Sri Michael Yeoh Sock Siong Dato’ Soo Keng Dato’ Mark Yeoh Syed Abdullah Faiz Ishak
• Bursa Malaysia CG Breakfast Series for Directors – Leading Change @ The Brain (5 December 2017)	Tan Sri Lau YP Dato’ Yusli
• Women in Leadership Forum with the Governor-General of New Zealand, H.E. the Rt. Hon. Dame Patsy Reddy and a Roundtable Discussion with women leaders in Malaysia (8 December 2017)	Dato’ Soo Min
• Sweden-Southeast Asia Business Summit (6 February 2018 & 7 February 2018)	Dato’ Soo Min
• International Women’s Day 2018 luncheon organised by the Australian High Commission – “Press for Progress” (8 March 2018)	Dato’ Soo Min
• Leaps of Knowledge 2018: Level Up! Raising the Bar Together (7 April 2018)	Dato’ Soo Min Dato’ Soo Keng
• YTL Foundation & UBS Wealth: An Evening Dialogue on Social Impact Investing – Investing for a Better Tomorrow (18 April 2018)	Dato’ Soo Min
• Alpha Leadership Conference 2018 (7 May 2018 & 8 May 2018)	Dato’ Soo Min

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 stakeholder 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 practices set out in the Malaysian Code on Corporate Governance ("Code") issued by the Securities Commission Malaysia.

The new Code was issued in April 2017 and required companies to report their application of the practices in the new Code for financial years ending on or after 31 December 2017, making this the Company's first report prepared with reference to its compliance with the new Code. In November 2017, Bursa Securities issued amendments to the Listing Requirements which, amongst others, replaced the previous narrative statement on corporate governance with the requirement for an overview of the application of the principles of the Code and set out the prescribed format for the Corporate Governance Report ("CG Report") required to be issued in conjunction with the annual report.

Therefore, an overview of the Board's implementation of the practices set out in the Code during the financial year ended 30 June 2018 is detailed in this statement, together with targeted timeframes for measures expected to be implemented in the near future, where applicable, and the Company's CG Report for the financial year ended 30 June 2018 is available at the Company's website at www.ytlpowerinternational.com and has been released via the website of Bursa Securities at www.bursamalaysia.com in conjunction with the Annual Report.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

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:

- Reviewing and adopting strategic plans for the YTL Power Group to ensure long-term, sustainable value creation for the benefit of its stakeholders;
- Overseeing the conduct of the YTL Power Group's business operations and financial performance, including the economic, environmental and social impacts of its operations;
- Identifying and understanding the principal risks affecting the YTL Power Group's businesses in order to determine the appropriate risk appetite within which management is expected to operate;
- Maintaining a sound risk management and internal control framework, supported by appropriate mitigation measures;
- Succession planning; and
- Overseeing the development and implementation of shareholder communications policies.

The Board is led by the Chairman who is responsible for instilling good corporate governance practices, leadership and effectiveness of the Board.

Corporate Governance Overview Statement
for the financial year ended 30 June 2018

Following the passing away of the YTL Power Group's founder and Executive Chairman, Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay, in October 2017, the Nominating Committee undertook an assessment of the needs of the Board in appointing a new chairman. In June 2018, the Board approved the re-designations of Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, who was re-designated as the Executive Chairman, from Managing Director previously, and Dato' Yeoh Seok Hong, who was re-designated as the Managing Director, from Executive Director previously.

There is a balance of power, authority and accountability between the Executive Chairman and the Managing Director with a clear division of responsibility between the running of the Board and the Company's business respectively. The positions of Executive Chairman and Managing Director are separate and clearly defined, and are held by different members of the Board.

The Chairman is responsible for leadership of the Board in ensuring the effectiveness of all aspects of its role, and is primarily responsible for leading the Board in setting the values and standards of the Company, the orderly and effective conduct of the meetings of the Board and shareholders, maintaining a relationship of trust with and between the Executive and Non-Executive Directors, ensuring the provision of accurate, timely and clear information to Directors, facilitating the effective contribution of Non-Executive Directors and ensuring that constructive relations are maintained between Executive and Non-Executive Directors.

The Managing Director is responsible for, amongst others, overseeing the day-to-day running of the business, implementation of Board policies and strategies and making of operational decisions, serving as the conduit between the Board and the Management in ensuring the success of the Company's governance and management functions, ensuring effective communication with shareholders and relevant stakeholders, providing strong leadership, i.e., effectively communicating a vision, management philosophy and business strategy to employees, and keeping the Board informed of salient aspects and issues concerning the Group's operations.

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 judgment 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.

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 *Sustainability Statement* in this Annual Report.

BOARD MEETINGS AND PROCEDURES

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 2018.

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. At least one week 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.

The minutes of the Board and/or Board Committee meetings are circulated and confirmed at the next meeting. Once confirmed, the minutes of the Board Committee meetings are subsequently presented to the Board for notation.

COMPANY SECRETARY

The Board is supported by a professionally qualified and competent Company Secretary. The Company Secretary, Ms Ho Say Keng, 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 235(2)(a) of the Companies Act 2016.

The Company Secretary 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.

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. The Company Secretary also carried out an ongoing review of existing practices in comparison with the new measures introduced in the Code.

BOARD CHARTER

The Board's functions are governed and regulated by its Charter, the Constitution 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*. The Board Charter clearly sets out the role and responsibilities of the Board, Board committees, Directors and Management and the issues and decisions reserved for the Board. The Board Charter is reviewed and updated periodically when necessary.

BUSINESS CONDUCT AND ETHICS

The Directors 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. YTL Power has an established track record for good governance and ethical conduct and is also guided by the corporate culture of its parent company, YTL Corporation Berhad ("YTL Corp"). YTL Corp is in the process of updating and formalising the code of conduct for all employees of its group of companies in a consolidated employee handbook, which also sets out a whistleblowing policy and procedures.

COMPOSITION OF THE BOARD

As at the end of the financial year under review, the Board consisted of 12 Directors, comprising 8 executive members and 4 independent non-executive members. The Independent Directors comprised 33.3% of the Board, providing an effective check and balance in the functioning of the Board, and in compliance with the Listing Requirements, which require one-third of the Board to be independent.

After the end of the financial year under review, there were two resignations from the Board, Dato' Yusli Bin Mohamed Yusoff and Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng. As a result, the Company is not currently in compliance with the provisions of the Listing Requirements that require one-third of the Board to be independent, but will ensure that it has filled the vacancies on the Board and complied with this provision within 3 months of the relevant dates as prescribed under paragraph 15.02(3) of the Listing Requirements.

The Directors are cognisant of the recommendation in the Code for the Board to comprise a majority of independent directors, and will assess the composition and size of the Board on an ongoing basis to ensure the needs of the Company are met. The Board is of the view that the current Independent Non-Executive Directors have the experience and business acumen necessary to carry sufficient weight in the Board's decisions, and act in the best interests of the shareholders.

There is currently one Independent Non-Executive Director, Tan Sri Datuk Dr Aris Bin Osman @ Othman, who has served on the Board for a period exceeding the nine-year term limit recommended in the Code. In accordance with current practice, approval through a vote of all shareholders via the single-tier voting process will continue to be sought at the forthcoming twenty-second Annual General Meeting ("AGM") of YTL Power for Tan Sri Datuk Dr Aris Bin Osman @ Othman to continue to serve as an Independent Non-Executive Director. Further information on the review and assessment process can be found in the *Nominating Committee Statement*, whilst details of the resolution, together with the rationale for approval sought, can be found in the *Notice of Annual General Meeting* in this Annual Report.

In accordance with the Company's Constitution, 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.

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.

BOARD AND SENIOR MANAGEMENT APPOINTMENTS

The Nominating Committee is chaired by an Independent Non-Executive Director and is responsible for assessing suitable candidates for appointment to the Board for approval, taking into account the required mix of skills, diversity, experience and expertise of members of the Board before submitting its recommendation to the Board for decision. Nevertheless, in identifying future candidates, the Board will also endeavour to utilise independent sources including external human resources consultants and specialised databases, as appropriate.

Meanwhile, members of senior management are selected based on relevant industry experience, with due regard for diversity in skills, experience, age, background and gender, and are appointed by the Executive Chairman and/or the Managing Director following recommendation by the Executive Director in charge of the relevant division.

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. As at 30 June 2018, there were two female directors on the Board comprising 16.7% of the Board and, therefore, the Board has not met the target of 30% women directors set out in the Code. However, the Directors understand the importance of having a diverse Board to leverage on varying perspectives, experience and expertise required to achieve effective stewardship and management. The Board intends to continue its current approach to support 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 YTL Power Group.

EVALUATION OF THE BOARD

Annual evaluation of the Board as a whole, Board Committees and the individual Directors is carried out by the Nominating Committee. The evaluation carried out during the financial year under review involved an annual assessment of the effectiveness of each individual Director and the Board as a whole with the objectives of assessing whether the Board and the Directors had effectively performed its/their roles and fulfilled its/their responsibilities, and devoted sufficient time commitment to the Company's affairs, in addition to recommending areas for improvement.

The assessment exercise was facilitated by the Company Secretary and took the form of completion of questionnaires/ evaluation forms comprising a Board and Nominating Committee Effectiveness Evaluation Form, Individual Director Performance Evaluation Form, Independent Directors' Evaluation Form, Audit Committee Effectiveness Evaluation Form and Audit Committee Members Evaluation Form. As recommended in the Code, the Board will endeavour to utilise independent experts to facilitate the evaluation process, as and when appropriate. 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.

REMUNERATION

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.

The Board does not currently have a separate committee to perform this function but will target to establish a remuneration committee within the next two years.

Details of the Directors' remuneration categorised into appropriate components can be found in *Note 6* in the *Notes to the Financial Statements* in this Annual Report. Meanwhile, as regards the remuneration of the YTL Power Group's senior management team, the Board is of the view that the disclosure of these details would not be in the best interests of YTL Power Group due to confidentiality and the competitive nature of the industries in which the YTL Power Group operates, as well as for business and personal security reasons.

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.

Presently, each Board member is required to assess (via the annual assessment process) whether he/she devotes the necessary time and energy to fulfilling his/her commitments to the Company. The Board recognises that an individual's capacity for work varies depending on various factors that weigh very much on his/her own assessment. Hence, having rigid protocols in place before any new directorships may be accepted is not practical. Each Board member is also expected to inform the Board whenever he/she is appointed as an officer of a corporation.

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.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

INTEGRITY IN FINANCIAL REPORTING

The Directors are responsible for ensuring that financial statements are drawn up in accordance with the Listing Requirements, Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The *Statement of Directors' Responsibilities* made pursuant to Section 248-249 of the Companies Act 2016 is set out in this Annual Report.

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

AUDIT COMMITTEE

The Company has in place an Audit Committee which comprises solely Independent Non-Executive Directors, in compliance with the Listing Requirements and the Code. The members of the Audit Committee possess a wide range of necessary skills to discharge their duties, and are financially literate and able to understand matters under the purview of the Audit Committee including the financial reporting process. The members of the Audit Committee also intend to continue to undertake professional development by attending training to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

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 2018. 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, PricewaterhouseCoopers PLT ("PwC Malaysia"). The external auditors also attend each AGM in order to address clarifications sought pertaining to the audited financial statements by shareholders.

During the financial year under review, the Terms of Reference of the Audit Committee were updated to include the establishment of policies to assess the suitability, objectivity and independence of external auditors. It is intended that these policies, which will also include a requirement that a former key audit partner must observe a cooling-off period of two years before being appointed as a member of the Audit Committee, will be implemented within the next one year.

Details of the audit and non-audit fees paid/payable to PwC Malaysia and its affiliates for the financial year ended 30 June 2018 are as follows:-

	Company RM'000	Group RM'000
Statutory audit fees paid/payable to:-		
- PwC Malaysia	**617**	**677**
- Affiliates of PwC Malaysia*	**-**	**810**
Total	**617**	**1,487**
Non-audit fees paid/payable to:-		
- PwC Malaysia	**29**	**88**
- Affiliates of PwC Malaysia*	**-**	**1,182**
Total	**29**	**1,270**

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

The non-audit fees incurred related mainly to advisory services on matters including investment structures, pension schemes, general data protection regulation procedures, filing of tax returns, other general tax services and a regulatory audit in the jurisdictions in which the Group operates.

RISK MANAGEMENT & INTERNAL CONTROL

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, and that these controls are designed to provide reasonable, but not absolute, assurance against the risk of occurrence of material errors, fraud or losses.

Details of the YTL Power Group's system of risk management and internal control are contained in the *Statement on Risk Management & Internal Control* and the *Audit Committee Report* as set out in this Annual Report.

INTERNAL AUDIT

YTL Power's internal audit function is carried out by the Internal Audit department within the YTL Corp Group ("YTLIA"), which reports directly to the Audit Committee. The Head of YTLIA, Mr Choong Hon Chow, is a member of the Malaysian Institute of Accountants and a fellow member of the Association of Chartered Certified Accountants (ACCA) UK. He started his career with the external audit division of a large public accounting firm before moving on to the internal audit profession in public listed companies and gained valuable and extensive internal audit experiences covering many areas of diversified commercial businesses and activities. He has a total of 35 years of internal and external audit experience.

YTLIA comprises 8 full-time personnel. The personnel of YTLIA are free from any relationships or conflicts of interest which could impair their objectivity and independence.

The internal audit function adopts the framework based on the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors.

The activities of the internal audit function during the year under review included:-

- Developing the annual internal audit plan and proposing this plan to the Board;
- Conducting scheduled internal audit engagements, focusing primarily on the effectiveness of internal controls and recommending improvements where necessary;
- Conducting follow-up reviews to assess if appropriate action has been taken to address issues highlighted in audit reports; and
- Presenting audit findings to the Board for consideration.

Further details of the YTL Power Group's 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.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

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 Corp 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 Executive Chairman, 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.

CONDUCT OF GENERAL MEETING

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 28 days prior to the AGM in accordance with the Code, which also meets the criteria of the Listing Requirements and Companies Act 2016, which require the Notice of AGM to be sent 21 days prior to the AGM. This provides shareholders with sufficient time to review the YTL Power Group's financial and operational performance for the financial year and to fully evaluate new resolutions being proposed to make informed voting decisions at the AGM.

The Executive Chairman, 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. The Directors are mindful of the recommendation under the Code that all directors must attend general meetings and fully appreciate the need for their attendance at all such meetings.

Extraordinary general meetings are held as and when required to seek shareholders' approval. The Executive Chairman, Managing Director and Executive Directors take the opportunity to fully explain the rationale for proposals put forth for approval and the implications of such proposals for the Company and to reply to shareholders' questions.

Voting in absentia is not applied as general meetings are always held at easily accessible locations, in the centre of Kuala Lumpur. Shareholders who are unable to attend the meetings can appoint a proxy to vote on their behalf.

Where applicable, 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. All resolutions are put to vote by electronic poll voting and an independent scrutineer is appointed to verify poll results. The results of the electronic poll voting are announced in a timely manner, usually within half an hour of the voting process to enable sufficient time for the results to be tabulated and verified by the independent scrutineer.

The rights of shareholders, including the right to demand for a poll, are found in the Constitution of the Company. At the 21st AGM of the Company, held on 12 December 2017, the resolutions put forth for shareholders' approval were voted on by way of a poll.

This statement and the CG Report were approved by the Board of Directors on 27 September 2018.

Statement on Risk Management & Internal Control

for the financial year ended 30 June 2018

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 practices of the Malaysian Code on Corporate Governance ("Code"). The new Code was issued in April 2017 and required companies to report their application of the practices in the new Code for financial years ending on or after 31 December 2017, making this the Company's first report prepared with reference to its compliance with the new 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.

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*, whilst additional details about the personnel and resources of YTLIA are contained in the *Corporate Governance Overview 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.

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.

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, P.T. Jawa Power and Attarat Power Company. 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 risk management is contained in the *Management Discussion & Analysis* 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.

REVIEW BY EXTERNAL AUDITORS

As required under Paragraph 15.23 of the Listing Requirements, the external auditors, PricewaterhouseCoopers PLT, 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 27 September 2018.

Disclosure of Recurrent Related Party Transactions of A Revenue or Trading Nature

for the financial year ended 30 June 2018

At the last Annual General Meeting of YTL Power International Berhad ("YTL Power") held on 12 December 2017, the Company had obtained a mandate from its shareholders to allow YTL Power and/or its subsidiaries ("YTL Power Group") to enter into related party transactions which are recurrent, of a revenue or trading nature and which are necessary for the day-to-day operations of YTL Power or its subsidiaries ("Recurrent Related Party Transactions").

In accordance with Paragraph 10.09(2)(b) of Bursa Malaysia Securities Berhad Main Market Listing Requirements ("Main LR"), details of the Recurrent Related Party Transactions conducted during the financial year ended 30 June 2018 pursuant to the said shareholder mandate are as follows:-

Companies in the YTL Power Group involved in the Recurrent Related Party Transactions	Related Party	Nature of Transactions	Interested Related Parties	Nature of Relationship	Value of Transactions RM'000
YTL Communications Sdn Bhd ("YTLC"); YTL Digital Sdn Bhd ("YTLD")	Persons Connected[(b)] with Major Shareholder of Subsidiaries[(2)]	Provision of telecommunications and/or broadband services, equipment and/or related services to Related Party; Provision of field operations, maintenance services for base stations, microwave equipment and hubs and/or any other ancillary equipment and areas for network facilities and network services by Related Party; Procurement of construction and related services, and building infrastructure/equipment from Related Party.	Dato' Hj Mohamed Zainal Abidin Bin Hj Abdul Kadir ("Dato' Md Zainal Abidin")[(1)]	Major Shareholder[(a)]	167,098

Notes:-

(a) Major Shareholder - As defined in Paragraph 1.01 of the Main LR and for purpose of this disclosure, includes the definition set out in Chapter 10 of the Main LR.

(b) Person(s) Connected - As defined in Paragraph 1.01 of the Main LR.

(1) Dato' Md Zainal Abidin is a Major Shareholder of YTLC and its subsidiary, YTLD.

(2) 'Persons Connected with Major Shareholder of Subsidiaries' refer to the companies in which Dato' Md Zainal Abidin is also a Major Shareholder and/or Director.

Analysis of Shareholdings

as at 21 September 2018

Class of shares : Ordinary Shares

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	5,700	13.82	197,340	0.00
100 - 1,000	4,083	9.90	1,670,570	0.02
1,001 - 10,000	21,615	52.42	78,593,115	1.03
10,001 - 100,000	8,571	20.78	230,467,522	3.00
100,001 to less than 5% of issued shares	1,265	3.07	2,311,577,060	30.12
5% and above of issued shares	5	0.01	5,052,797,419	65.83
Total	**41,239**	**100.00**	**7,675,303,026**	**100.00**

Excluding 482,905,712 shares bought back and retained by the Company as treasury shares.

THIRTY LARGEST SHAREHOLDERS

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

	Name	No. of Shares	%
1	YTL Corporation Berhad	3,168,929,699	41.29
2	YTL Corporation Berhad	565,849,050	7.37
3	Cornerstone Crest Sdn Bhd	494,999,998	6.45
4	Yeoh Tiong Lay & Sons Holdings Sdn Bhd	435,697,049	5.68
5	Amanahraya Trustees Berhad - Amanah Saham Bumiputera	387,321,623	5.05
6	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board	372,259,120	4.85
7	RHB Capital Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Yeoh Tiong Lay & Sons Holdings Sdn Bhd	289,680,000	3.77
8	Dato' Yeoh Seok Hong	80,637,821	1.05
9	Amanahraya Trustees Berhad - Amanah Saham Wawasan 2020	59,991,696	0.78
10	Amanahraya Trustees Berhad - Amanah Saham Malaysia	58,854,000	0.77
11	HSBC Nominees (Asing) Sdn Bhd - TNTC for The Highclere International Investors Emerging Markets Smid Fund	55,504,528	0.72
12	Orchestral Harmony Limited	51,480,324	0.67
13	HSBC Nominees (Asing) Sdn Bhd - JPMCB NA for Vanguard Emerging Markets Stock Index Fund	50,684,333	0.66
14	Lembaga Tabung Haji	49,017,630	0.64

Analysis of Shareholdings
as at 21 September 2018

	Name	No. of Shares	%
15	Amanahraya Trustees Berhad - AS 1Malaysia	47,707,174	0.62
16	Valuecap Sdn Bhd	46,097,402	0.60
17	HSBC Nominees (Asing) Sdn Bhd - JPMCB NA for Vanguard Total International Stock Index Fund	44,946,227	0.59
18	Kumpulan Wang Persaraan (Diperbadankan)	38,563,889	0.50
19	Water City Limited	34,862,634	0.45
20	Tien Shia International Limited	34,281,902	0.45
21	Steeloak International Limited	33,674,968	0.44
22	Jamaican Gold Limited	31,949,936	0.42
23	Windchime Developments Limited	26,770,614	0.35
24	Velvet Properties Limited	25,245,231	0.33
25	Maybank Nominees (Tempatan) Sdn Bhd - Maybank Asset Management Sdn Bhd for Malayan Banking Berhad (N14011200618)	23,310,965	0.30
26	Dato' Yeoh Seok Hong	22,307,398	0.29
27	Amanahraya Trustees Berhad - Amanah Saham Didik	20,564,732	0.27
28	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board (Affin-Hwg)	17,495,173	0.23
29	Dato' Yeoh Soo Min	17,199,678	0.22
30	Citigroup Nominees (Asing) Sdn Bhd - Goldman Sachs International	16,135,915	0.21
	Total	**6,602,020,709**	**86.02**

SUBSTANTIAL SHAREHOLDERS
(as per register of substantial shareholders)

	No. of Shares Held			
Name	**Direct**	**%**	**Indirect**	**%**
Yeoh Tiong Lay & Sons Holdings Sdn Bhd	755,671,605	9.85	4,237,794,666[(1)]	55.21
YTL Corporation Berhad	3,742,729,828	48.76	495,064,838[(2)]	6.45
The Estate of Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	22,031,247	0.29	4,993,466,271[(3)]	65.06
Cornerstone Crest Sdn Bhd	494,999,998	6.45	-	-
Employees Provident Fund Board	388,254,293	5.06	-	-

(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 8 of the Companies Act, 2016.*

(2) *Deemed interests by virtue of interests held by YTL Power Services Sdn Bhd and Cornerstone Crest Sdn Bhd pursuant to Section 8 of the Companies Act, 2016.*

(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 8 of the Companies Act, 2016.*

Statement of Directors' Interests

in the Company and Related Corporations as at 21 September 2018

THE COMPANY

YTL POWER INTERNATIONAL BERHAD

	No. of Shares Held			
Name	**Direct**	**%**	**Indirect**	**%**
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	20,013,596	0.26	90,780(1)	*
Tan Sri Datuk Dr. Aris bin Osman @ Othman	–	–	107,701(1)	*
Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng	41,610	*	–	–
Dato' Yeoh Seok Kian	10,612,987	0.14	9,409,578(1)	0.12
Dato' Yeoh Soo Min	17,199,678	0.22	3,829,577(1)(2)	0.05
Dato' Yeoh Seok Hong	102,945,219	1.34	5,115,520(1)	0.07
Dato' Sri Michael Yeoh Sock Siong	14,336,235	0.19	2,711,213(1)	0.04
Dato' Yeoh Soo Keng	15,939,576	0.21	185,818(1)	*
Dato' Mark Yeoh Seok Kah	9,575,718	0.12	1,443,626(1)	0.02
Syed Abdullah bin Syed Abd. Kadir	2,429,425	0.03	561(1)	*

	No. of Share Options	
Name	**Direct**	**Indirect**
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	17,000,000	–
Tan Sri Datuk Dr. Aris bin Osman @ Othman	1,000,000	–
Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng	1,000,000	–
Dato' Yeoh Seok Kian	15,000,000	–
Dato' Yeoh Soo Min	13,000,000	–
Dato' Yeoh Seok Hong	10,000,000	4,500,000(1)
Dato' Sri Michael Yeoh Sock Siong	15,000,000	–
Dato' Yeoh Soo Keng	13,000,000	–
Dato' Mark Yeoh Seok Kah	15,000,000	–
Syed Abdullah bin Syed Abd. Kadir	4,000,000	–

HOLDING COMPANY

YTL CORPORATION BERHAD

	No. of Shares Held			
Name	**Direct**	**%**	**Indirect**	**%**
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	142,661,239	1.35	–	–
Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng	79,407	*	–	–
Dato' Yeoh Seok Kian	56,591,526	0.54	13,447,566(1)	0.13
Dato' Yeoh Soo Min	52,833,890	0.50	1,914,408(1)(2)	0.02
Dato' Yeoh Seok Hong	52,425,780	0.50	24,020,752(1)	0.23
Dato' Sri Michael Yeoh Sock Siong	54,725,584	0.52	20,367,143(1)	0.19
Dato' Yeoh Soo Keng	56,164,966	0.53	773,378(1)	0.01
Dato' Mark Yeoh Seok Kah	20,482,775	0.19	4,085,708(1)	0.04
Syed Abdullah bin Syed Abd. Kadir	9,592,215	0.09	20,034(1)	*

Statement of Directors' Interests

in the Company and Related Corporations as at 21 September 2018

Name	No. of Share Options	
	Direct	Indirect
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	17,000,000	12,000,000[1]
Tan Sri Datuk Dr. Aris bin Osman @ Othman	–	50,000[1]
Dato' Yeoh Seok Kian	15,000,000	6,000,000[1]
Dato' Yeoh Soo Min	15,000,000	2,000,000[1]
Dato' Yeoh Seok Hong	15,000,000	12,000,000[1]
Dato' Sri Michael Yeoh Sock Siong	15,000,000	–
Dato' Yeoh Soo Keng	15,000,000	–
Dato' Mark Yeoh Seok Kah	15,000,000	–
Syed Abdullah bin Syed Abd. Kadir	2,000,000	–

ULTIMATE HOLDING COMPANY

YEOH TIONG LAY & SONS HOLDINGS SDN BHD

Name	No. of Shares Held			
	Direct	%	Indirect	%
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	–	–

RELATED CORPORATIONS

YTL LAND & DEVELOPMENT BERHAD

Name	No. of Shares Held			
	Direct	%	Indirect	%
Dato' Yeoh Seok Kian	61,538	0.01	–	–
Dato' Yeoh Soo Min	–	–	625,582[2]	0.08
Dato' Yeoh Soo Keng	100,000	0.01	–	–

Name	No. of Irredeemable Convertible Unsecured Loan Stocks 2011/2021 Held			
	Direct	%	Indirect	%
Dato' Yeoh Seok Kian	37,000	*	–	–
Dato' Yeoh Soo Keng	60,000	0.01	–	–

SYARIKAT PELANCONGAN SERI ANDALAN (M) SDN BHD

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

YTL CORPORATION (UK) PLC

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

YTL CONSTRUCTION (THAILAND) LIMITED

	No. of Shares Held	
Name	**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

	No. of Shares Held	
Name	**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 59(11)(c) of the Companies Act, 2016.

(2) Deemed interests by virtue of interests held by Tan & Yeoh Properties Sdn Bhd pursuant to Section 8 of the Companies Act, 2016.

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 2018

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 2018 RM'000	Date of Acquisition
Avonmouth STW, Kings Weston Lane, Avonmouth, Bristol BS11 OYS	Freehold	394,600	Sewerage treatment works	-	-	-	402,159	21.5.2002
W-S-Mare STW, Accomodation Road, Bleadon, Weston Super Mare, BS24 OAP	Freehold	157,500	Sewerage treatment works	-	-	-	219,433	21.5.2002
Poole STW, Cabot Lane, Poole, Dorset, BH17 7BX	Freehold	91,800	Sewerage treatment works	-	-	-	182,615	21.5.2002
Operations Centre, Claverton Down Road, Claverton Down, Bath BA2 7WW	Freehold	27,100	Head Office	5,640	16	-	136,766	21.5.2002
Maundown Water Treatment Works, Maundown, Wiveliscombe, Taunton, TA4 2UN	Freehold	68,500	Water treatment works	-	-	-	123,622	21.5.2002
Ham Lane STW, Creech St. Michael, Taunton, Somerset TA3 5NU	Freehold	120,000	Sewerage treatment works	-	-	-	117,473	21.5.2002
Trowbridge STW, Bardford Road, Trowbridge, West Wilts, BA14 9 AX	Freehold	60,000	Sewerage treatment works	-	-	-	116,032	21.5.2002
Sutton Bingham WTW, Sutton Bingham, Yeovil, South Somerset, BA22 9QL	Freehold	21,000	Water treatment works	-	-	-	94,758	21.5.2002
Sturminster Marshall, Green Lane, Sturminster Marshall, Wimborne, Dorset, BH21 4AJ	Freehold	16,043	Water treatment works	-	-	-	75,221	21.5.2002
Holdenhurst STW, Riverside Ave, Castle Lane East, Bournemouth, Dorset BH7 7ES	Freehold	102,000	Sewerage treatment works	-	-	-	65,428	21.5.2002

FINANCIAL STATEMENTS

Directors' Report

for the financial year ended 30 June 2018

The Directors have pleasure in submitting their annual report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2018.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and the provision of administrative and technical support services. The principal activities and information of the subsidiaries are set out in Note 13 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	Company
	RM'000	**RM'000**
Profit/(Loss) for the financial year	**718,390**	**(118,723)**
Attributable to:		
- Owners of the parent	**620,055**	**(118,723)**
- Non-controlling interests	**98,335**	**-**
	718,390	**(118,723)**

DIVIDENDS

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

	RM'000
In respect of the financial year ended 30 June 2017:	
- Interim single tier dividend of 5 sen per ordinary share paid on 10 November 2017	**388,585**

In addition, a total of 155,424,067 treasury shares were distributed as a share dividend on 9 November 2017 to shareholders on the basis of one (1) treasury share for every fifty (50) ordinary shares held as at 26 October 2017.

On 29 August 2018, the Board of Directors declared an interim single tier dividend of 5 sen per ordinary share for the financial year ended 30 June 2018. The book closure and payment dates in respect of the aforesaid dividend are 29 October 2018 and 13 November 2018, respectively.

The Board of Directors do not recommend a final dividend for the financial year ended 30 June 2018.

RESERVES AND PROVISIONS

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

SHARE CAPITAL

The issued and fully paid up share capital of the Company was increased from 8,143,041,422 ordinary shares to 8,158,208,738 ordinary shares. The increase in the issued and fully paid up share capital of the Company arose from the exercise of Warrants 2008/2018 ("Warrants") of the Company, details of which are disclosed in Note 23(a) to the financial statements. The new ordinary shares rank pari passu in all respects with the existing issued shares of the Company.

A total of 100,959,784 Warrants that remain unexercised as at 11 June 2018, lapsed and ceased to be valid for any purpose. Pursuant to that, warrant reserve in relation to the unexercised Warrants was transferred to retained earnings.

TREASURY SHARES

The shareholders of the Company, by way of a resolution passed in the 21st Annual General Meeting held on 12 December 2017, 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 ("ESOS") for employees and Directors of the Company and its subsidiaries 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 30.6.2018**
Key management personnel	**13.94%***	**8.23%***

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

EMPLOYEES' SHARE OPTION SCHEME (CONT'D.)

The Company has granted options to employees under the ESOS on 14 March 2018, details of which are set out in Note 23(b) to the financial statements.

Details of options granted to Non-Executive Directors of the Company are as follows:

	Number of share options over ordinary shares in the Company			
Name of Directors	**At 1 July 2017**	**Granted**	**Exercised**	**At 30 June 2018**
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 financial year until the date of this report are as follows:

The late Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay *(Demised on 18 October 2017)*
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 *(Resigned on 6 September 2018)*
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

DIRECTORS OF SUBSIDIARIES

The following is a list of directors of the subsidiaries (excluding Directors who are also Directors of the Company) in office during the financial year until the date of this Report:

Achmad Amri Aswono Putro
Alan Derek Morgan
Andrew Fraser Pymer
Armandus Martijn Lustig *(Appointed on 15 April 2018)*
Chan Swee Huat
Cheah Poh Weng *(Appointed on 28 June 2018)*
Charlotte Tamsyn Maher
Dato' Daing A Malek bin Daing A Rahaman
Datin Kathleen Chew Wai Lin
David Huw Davies
David Martin Barclay
Eoon Whai San
Francis William Sweeting
Gareth John Davies
Gunther Axel Reinder Warris
Hee Kang Yow
Intertrust (Netherlands) B.V.
James Andrew Rider
Jason Mills *(Appointed on 15 May 2018)*
Jeremy Robert Bryan
Kenta Kawano *(Appointed on 9 January 2018)*
Lee Chak Hui
Lee Liam Chye
Luke Martin de Vial
Mark Timothy Watts
Martin Franz Rudolf Metzger
Michael Moriarty
Mittelmeer Directors Limited
Mohammed Habedat Saddiq
Norhamidi bin Abdul Rahman
Pieter Oosthoek *(Resigned on 15 April 2018)*
Richard John Keys
Ryota Kobayashi *(Resigned on 9 January 2018)*
Stephen Charles Harle Smith *(Resigned on 2 January 2018)*
Tan Choong Min
Yeoh Keong Junn
Yeoh Keong Yeow
Yeoh Pei Lou

Ahmad Janwal
Ali Reza Tabassi
Ang Meng Hee
Chan Chor Yook
Colin Frank Skellett
Christopher Antony Chambers *(Resigned on 11 June 2018)*
Dato' Anuar bin Ahmed
Dato' Ikhwan Salim bin Dato' Hj Sujak
David Alan Knaggs
David John Elliott
Dominic Hua Shi Hao *(Appointed on 8 June 2018)*
Fiona Clare Reynolds
Gareth Alan King
Gillian Elizabeth Camm
Gunter Galster
Insinyur Gafur Sulistyo Umar
Ionics Directors Limited
Jammula Bala Venkateswara Rao
Jeremy John Lavis
Julian Okoye *(Resigned on 31 October 2017)*
Lee Anthony Derrick *(Appointed on 17 August 2018)*
Lee Wing Kui
Lord Stewart Ross Sutherland *(Demised on 29 January 2018)*
Mark John Nicholson
Marilyn Elizabeth Smith
Martin John Bushnell
Michael Luke Wilkinson
Mohamad Suhaimi bin Mohamad Tahir *(Appointed on 3 July 2018)*
Nigel Lynn Evans *(Resigned on 2 January 2018)*
Pearly Chooi Gim Poussier *(Appointed on 28 June 2018)*
Raja Shahreen bin Raja Othman *(Appointed on 3 July 2018)*
Richard John Talbott (Resigned on 24 April 2018)
Sarah Elizabeth Johnson
Steven John Holt
Yeoh Keong Hann
Yeoh Keong Yeen *(Appointed on 11 June 2018)*
Yeoh Keong Yuan
Yutaka Hayashi

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016, 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 in the Company			
	At 1 July 2017	Acquired	Disposed	At 30 June 2018
Direct interests				
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	14,719,213	5,294,383	-	**20,013,596**
Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng	40,795	815	-	**41,610**
Dato' Yeoh Seok Kian	10,404,890	208,097	-	**10,612,987**
Dato' Yeoh Soo Min	16,862,430	337,248	-	**17,199,678**
Dato' Yeoh Seok Hong	45,845,216	57,100,003	-	**102,945,219**
Dato' Sri Michael Yeoh Sock Siong	14,055,133	281,102	-	**14,336,235**
Dato' Yeoh Soo Keng	13,666,251	2,273,325	-	**15,939,576**
Dato' Mark Yeoh Seok Kah	9,387,959	187,759	-	**9,575,718**
Syed Abdullah bin Syed Abd. Kadir	2,381,613	47,632	-	**2,429,245**
Deemed interests				
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	89,000(1)	1,780	-	**90,780(1)**
Tan Sri Datuk Dr. Aris bin Osman @ Othman	105,590(1)	2,111	-	**107,701(1)**
Dato' Yeoh Seok Kian	4,421,155(1)	4,988,423	-	**9,409,578(1)**
Dato' Yeoh Soo Min	3,754,488(1)(2)	75,089	-	**3,829,577(1)(2)**
Dato' Yeoh Seok Hong	5,015,218(1)	102,302	(2,000)	**5,115,520(1)**
Dato' Sri Michael Yeoh Sock Siong	2,658,052(1)	53,161	-	**2,711,213(1)**
Dato' Yeoh Soo Keng	182,175(1)	3,643	-	**185,818(1)**
Dato' Mark Yeoh Seok Kah	1,415,320(1)	28,306	-	**1,443,626(1)**
Syed Abdullah bin Syed Abd. Kadir	550(1)	11	-	**561(1)**

	Number of Warrants 2008/2018 in the Company			
	At 1 July 2017	Acquired	Exercised/ Disposed	At 30 June 2018
Direct interest				
Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng	2,100	-	(2,100)	**-**
Deemed interests				
Dato' Yeoh Soo Min	2,000(1)	-	(2,000)	**-**
Dato' Yeoh Soo Keng	87,054(1)	-	(87,054)	**-**

DIRECTORS' INTERESTS (CONT'D.)

	Number of share options over ordinary shares in the Company			
	At 1 July 2017	**Granted**	**Exercised**	**At 30 June 2018**
Direct interests				
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	7,000,000	10,000,000	-	**17,000,000**
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	10,000,000	-	**15,000,000**
Dato' Yeoh Soo Min	3,000,000	10,000,000	-	**13,000,000**
Dato' Yeoh Seok Hong	-	10,000,000	-	**10,000,000**
Dato' Sri Michael Yeoh Sock Siong	5,000,000	10,000,000	-	**15,000,000**
Dato' Yeoh Soo Keng	3,000,000	10,000,000	-	**13,000,000**
Dato' Mark Yeoh Seok Kah	5,000,000	10,000,000	-	**15,000,000**
Syed Abdullah bin Syed Abd. Kadir	3,000,000	1,000,000	-	**4,000,000**
Deemed interest				
Dato' Yeoh Seok Hong	500,000[1]	4,000,000	-	**4,500,000**[1]

	Number of ordinary shares			
Immediate Holding Company YTL Corporation Berhad	**At 1 July 2017**	**Acquired**	**Disposed**	**At 30 June 2018**
Direct interests				
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	133,001,216	9,660,023	-	**142,661,239**
Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng	77,850	1,557	-	**79,407**
Dato' Yeoh Seok Kian	55,481,889	1,109,637	-	**56,591,526**
Dato' Yeoh Soo Min	51,797,932	1,035,958	-	**52,833,890**
Dato' Yeoh Seok Hong	44,535,079	7,890,701	-	**52,425,780**
Dato' Sri Michael Yeoh Sock Siong	53,652,534	1,073,050	-	**54,725,584**
Dato' Yeoh Soo Keng	54,083,300	2,081,666	-	**56,164,966**
Dato' Mark Yeoh Seok Kah	20,081,152	401,623	-	**20,482,775**
Syed Abdullah bin Syed Abd. Kadir	9,404,133	188,082	-	**9,592,215**
Deemed interests				
Dato' Yeoh Seok Kian	11,419,183[1]	2,028,383	-	**13,447,566**[1]
Dato' Yeoh Soo Min	1,876,871[1][2]	37,537	-	**1,914,408**[1][2]
Dato' Yeoh Seok Hong	23,549,759[1]	720,993	(250,000)	**24,020,752**[1]
Dato' Sri Michael Yeoh Sock Siong	19,967,788[1]	399,355	-	**20,367,143**[1]
Dato' Yeoh Soo Keng	758,214[1]	15,164	-	**773,378**[1]
Dato' Mark Yeoh Seok Kah	4,005,597[1]	80,111	-	**4,085,708**[1]
Syed Abdullah bin Syed Abd. Kadir	19,642[1]	392	-	**20,034**[1]

DIRECTORS' INTERESTS (CONT'D.)

	Number of share options over ordinary shares			
Immediate Holding Company YTL Corporation Berhad	**At 1 July 2017**	**Granted**	**Exercised**	**At 30 June 2018**
Direct interests				
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	7,000,000	10,000,000	–	**17,000,000**
Dato' Yeoh Seok Kian	5,000,000	10,000,000	–	**15,000,000**
Dato' Yeoh Soo Min	5,000,000	10,000,000	–	**15,000,000**
Dato' Yeoh Seok Hong	5,000,000	10,000,000	–	**15,000,000**
Dato' Sri Michael Yeoh Sock Siong	5,000,000	10,000,000	–	**15,000,000**
Dato' Yeoh Soo Keng	5,000,000	10,000,000	–	**15,000,000**
Dato' Mark Yeoh Seok Kah	5,000,000	10,000,000	–	**15,000,000**
Syed Abdullah bin Syed Abd. Kadir	1,000,000	1,000,000	–	**2,000,000**
Deemed interests				
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	2,000,000(1)	10,000,000	–	**12,000,000(1)**
Tan Sri Datuk Dr. Aris bin Osman @ Othman	–	50,000	–	**50,000(1)**
Dato' Yeoh Seok Kian	–	6,000,000	–	**6,000,000(1)**
Dato' Yeoh Soo Min	–	2,000,000	–	**2,000,000(1)**
Dato' Yeoh Seok Hong	3,000,000(1)	9,000,000	–	**12,000,000(1)**

	Number of ordinary shares			
Ultimate Holding Company Yeoh Tiong Lay & Sons Holdings Sdn. Bhd.	**At 1 July 2017**	**Acquired**	**Disposed**	**At 30 June 2018**
Direct interests				
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**

DIRECTORS' INTERESTS (CONT'D.)

	Number of ordinary shares			
Related Company **YTL Land & Development Berhad**	**At** **1 July 2017**	**Acquired**	**Disposed**	**At** **30 June 2018**
Direct interests				
Dato' Yeoh Seok Kian	61,538	-	-	**61,538**
Dato' Yeoh Soo Keng	100,000	-	-	**100,000**
Deemed interest				
Dato' Yeoh Soo Min	625,582 [(2)]	-	-	**625,582**[(2)]

	Number of Irredeemable Convertible Unsecured Loan Stocks 2011/2021			
Related Company **YTL Land & Development Berhad**	**At** **1 July 2017**	**Acquired**	**Converted/** **Disposed**	**At** **30 June 2018**
Direct interests				
Dato' Yeoh Seok Kian	37,000	-	-	**37,000**
Dato' Yeoh Soo Keng	60,000	-	-	**60,000**

	Number of ordinary shares			
Related Company **Syarikat Pelancongan Seri Andalan (M) Sdn. Bhd.**	**At** **1 July 2017**	**Acquired**	**Disposed**	**At** **30 June 2018**
Direct interest				
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	1	-	-	**1**

	Number of ordinary shares of £0.25 each			
Related Corporation *** YTL Corporation (UK) Plc.**	**At** **1 July 2017**	**Acquired**	**Disposed**	**At** **30 June 2018**
Direct interest				
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	1	-	-	**1**

DIRECTORS' INTERESTS (CONT'D.)

Related Corporation † YTL Construction (Thailand) Limited	Number of ordinary shares of THB100 each At 1 July 2017	Acquired	Disposed	At 30 June 2018
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 2017	Acquired	Disposed	At 30 June 2018
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.*
(1) *Deemed interests by virtue of interests held by spouse and/or children pursuant to Section 59(11)(c) of the Companies Act 2016.*
(2) *Deemed interests by virtue of interests held by Tan & Yeoh Properties Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.*

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.

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

A Directors' and Officers' liability insurance against any legal liability incurred by the Directors and Officers in the discharge of their duties while holding office for the Group and the Company is maintained on a group basis under YTL Corporation Berhad, the immediate holding company of YTL Power International Berhad. The Directors and Officers shall not be indemnified by such insurance for any negligence, fraud, intentional breach of law or breach of trust proven against them.

There were no indemnity given to or insurance affected for the auditors of the Company in breach of Section 289 of the Companies Act 2016.

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 6 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 the Director is a member, or with a company in which the Director 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 arrangements 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 body corporate, other than the ESOS.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the financial statements of the Group and of the Company were prepared, 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 be realised in the ordinary course of business including the values of current assets as shown in the accounting records of the Group and of the Company had been written down to an amount which the current assets 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 the allowance for doubtful debts in the financial statements of the Group and of 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 of the Company misleading; or

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

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

(a) any charge on the assets of the Group and of 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 of the Company which has arisen since the end of the financial year.

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 of the Company to meet their obligations when they fall due.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS (CONT'D.)

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 of the Group and of the Company which would render any amount stated in the respective financial statements misleading.

In the opinion of the Directors:

(a) the results of the operations of the Group and of the Company 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 of the Company for the financial year in which this report is made.

HOLDING COMPANIES

The Directors regard YTL Corporation Berhad and Yeoh Tiong Lay & Sons Holdings Sdn. Bhd., companies incorporated in Malaysia, as the immediate holding company and ultimate holding company respectively.

AUDITORS

The auditors, PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), have expressed their willingness to accept re-appointment as auditors.

PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146) was registered on 2 January 2018 and with effect from that date, PricewaterhouseCoopers (AF 1146), a conventional partnership was converted to a limited liability partnership.

Details of auditors' remuneration are set out in Note 6 to the financial statements.

This report was approved by the Board of Directors on 27 September 2018.

Signed on behalf of the Board of Directors:

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

Dato' Yeoh Seok Hong
Director

Statement by Directors

Pursuant to Section 251(2) of the Companies Act 2016

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, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 103 to 228 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2018 and financial performance of the Group and of the Company for the financial year ended 30 June 2018 in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 27 September 2018.

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

Dato' Yeoh Seok Hong
Director

Statutory Declaration

Pursuant to Section 251(1) of the Companies Act 2016

I, Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE, 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 103 to 228 are, to the best of my knowledge and belief, 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.

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

Subscribed and solemnly declared by the abovenamed Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE at Kuala Lumpur on 27 September 2018.

Before me:

Tan Seok Kett
Commissioner for Oaths

Independent **Auditors' Report**

to the members of YTL Power International Berhad
(Incorporated in Malaysia) (Company No. 406684-H)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OUR OPINION

In our opinion, the financial statements of YTL Power International Berhad ("the Company") and its subsidiaries ("the Group") give a true and fair view of the financial position of the Group and of the Company as at 30 June 2018, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

WHAT WE HAVE AUDITED

We have audited the financial statements of the Group and of the Company, which comprise the statements of financial position as at 30 June 2018 of the Group and of the Company, and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 103 to 228.

BASIS FOR OPINION

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENCE AND OTHER ETHICAL RESPONSIBILITIES

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

OUR AUDIT APPROACH

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements of the Group and the Company. In particular, we considered where the Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group and of the Company, the accounting processes and controls, and the industry in which the Group and the Company operate.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How our audit addressed the key audit matters
Impairment review of goodwill *Refer to Note 2(d)(ii) - significant accounting policies, Note 3(a) - critical accounting estimates and judgements, and Note 12(a) - intangible assets* The Group recorded goodwill of RM7,890.0 million as at 30 June 2018, primarily allocated to the multi utilities business segment in Singapore and water and sewerage segment in the United Kingdom. The goodwill for these segments comprises 97.7% of total goodwill. The recoverable amounts of the cash generating units ("CGU") are determined based on value-in-use ("VIU") calculation. Based on the annual impairment test performed, the Directors concluded that no impairment is required for goodwill. The key assumptions and sensitivities are disclosed in Note 12(a)(i) & 12(a)(ii) to the financial statements. We focused on this area as the estimation of the recoverable amounts is inherently uncertain and requires significant judgement on the future cash flows, terminal growth rate and the discount rate applied to the projected cash flows.	We performed the following audit procedures: • Agreed the VIU cash flows of each CGU to the financial budgets approved by the Directors; • Discussed with management the key assumptions used in the respective VIU cash flows and compared the revenue growth rate for United Kingdom, and EBITDA growth rate for Singapore to the historical performance of the respective CGUs; • Checked the reasonableness of the discount rates and terminal growth rates with the assistance of our valuation expert by benchmarking to the respective industries; and • Checked the sensitivity analysis performed by management over discount rates, terminal growth rates, revenue growth rate and EBITDA growth rate, used in deriving the respective VIU cash flows. Based on the procedures performed, no material exceptions were noted.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)

KEY AUDIT MATTERS (CONT'D.)

Key audit matters	How our audit addressed the key audit matters
Capitalisation policy on infrastructure assets of the water and sewerage segment *Refer to Note 2(b) – significant accounting policies, Note 3(b) – critical accounting estimates and judgements, and Note 10 – property, plant and equipment ("PPE")*	
As at 30 June 2018, the net book value of the infrastructure assets of the water and sewerage segment of RM7,566.4 million comprised capital expenditure incurred by the segment to meet the development and regulatory requirement of the business, employee and overhead costs that are directly attributable to the construction of the asset. There is a significant judgement involved in determining whether costs incurred, specifically employee and overhead costs meet the relevant criteria for capitalisation in accordance with MFRS 116, Property, Plant and Equipment ("MFRS 116").	We performed the following audit procedures: • Tested the operating effectiveness of the controls over authorisation of selected projects' infrastructure assets and identification of capital expenditures attributable to the infrastructure assets; • Understood the nature of costs incurred in relation to employee and overhead costs through discussion with management and checked whether the costs incurred met the capitalisation criteria in accordance with MFRS 116; and • Compared the level of employee and overhead costs capitalised against prior year balances and current year budget information to identify material changes in the nature or quantum of costs capitalised, with any significant variances discussed and corroborated with management. Based on the procedures performed, no material exceptions were noted.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)

KEY AUDIT MATTERS (CONT'D.)

Key audit matters	How our audit addressed the key audit matters
Impairment assessment on trade receivables of the Group's water and sewerage segment *Refer to Note 2(m)(v) - significant accounting policies, Note 3(e) - critical accounting estimates and judgements and Note 17 - receivables, deposits and prepayments*	
Trade receivables of the water and sewerage segment of RM444.4 million is net of impairment charges of RM234.4 million as at 30 June 2018. As this segment operates in the United Kingdom ("UK"), there is a statutory requirement to continue to provide water to all customers who have defaulted in payment. Therefore, the Group has estimated the impairment of trade receivables on a portfolio basis for the year based on the historical cash collection trends and economic trends, which are subjective in nature. We focused on this area given the use of significant estimates and judgement in determining the appropriate level of impairment for trade receivables.	We performed the following audit procedures: • Tested the controls over assessment of impairment of trade receivables and the operating effectiveness of the key IT systems used for generating billings and cash collection data used for the impairment assessment; • Obtained the historical cash collection trends of each ageing bracket of the trade receivables and payment methods and compared against the percentage of impairment used by management against each ageing bracket and payment methods; and • Compared the level of impairment applied against similar companies within the industry in the UK. Based on the procedures performed, no material exceptions were noted.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)

KEY AUDIT MATTERS (CONT'D.)

Key audit matters	How our audit addressed the key audit matters
Assumptions used in determining the present value of the funded defined benefit obligations of the water and sewerage segment *Refer to Note 2(w)(ii) – significant accounting policies, Note 3(d) – critical accounting estimates and judgements, and Note 27(b) – post-employment benefit obligations*	
The water and sewerage segment of the Group recorded RM671.6 million of post-employment benefit obligations as at 30 June 2018, net of fair value of planned assets. The present value of the funded defined benefit obligations depends on a number of assumptions determined on an actuarial basis. The key assumptions are disclosed in Note 27(b) to the financial statements. We focused to this area due to the key assumptions used in determining the present value of the funded defined benefit obligations and any changes in these assumptions will materially impact the carrying amounts of the post-employment benefit obligations.	We performed the following audit procedures: • Understand and assess the scope of work by the external actuary engaged by the management; • Assessed the competencies, objectivity and capabilities of the external actuary; • Obtained the external actuarial report and understood the key assumptions used in determining the present value of the funded defined benefit obligations; • Compared the key assumptions used by the actuary on discount rate, expected rate of increase in pension payment, and price inflation against external market data and similar schemes with assistance of our actuary specialist; • Compared the expected rate of salary increases used by the actuary against historical trend; and • Checked the disclosures in respect of the sensitivity of the carrying amounts of the post-employment benefit obligations to changes in key assumptions, performed by the actuary. Based on the procedures performed, no material exceptions were noted.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)

KEY AUDIT MATTERS (CONT'D.)

Key audit matters	How our audit addressed the key audit matters
Metered income accrual	
Refer to Note 2(m) and Note 2(v)(iii) – significant accounting policies, Note 3(f) – critical accounting estimates and judgements, Note 4 – Revenue and Note 17 – receivables, deposits and prepayments	
The Group has recorded a metered income accrual of RM525.8 million relating to revenue from the provision of water services to customers on water meters that had not been read at the year-end date. Revenue recognition in respect of the accrued income is particularly judgemental. It arises in relation to the unbilled income accrual from metered water services. This income accrual requires an estimation of the amount of unbilled charges at the period end. It is calculated using system generated information based on previous customer volume usage. Given the range of factors underlying the estimate, there is a risk that the metered income accrual and revenue could be misstated.	We performed the following audit procedures: • Obtained an understanding of the process for the supply of measured services, meter reading and related billing; • Tested the key controls linked to system generated information and around the estimation process for measured revenue; • Compared the accrued income to bills raised post year end and compared management's history of estimating the accrued income balance to bills raised in the subsequent year to assess the accuracy of accrual income balance; and • Recomputed the accrued income based on customers' historical usage data. Based on the procedures performed, no material exceptions were noted.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)

KEY AUDIT MATTERS (CONT'D.)

Key audit matters	How our audit addressed the key audit matters
Impairment assessment of property, plant and equipment and investment in the subsidiary of the Group *Refer to Note 2(b) – significant accounting policies, Note 3(c) – critical accounting estimates and judgements, Note 10 – PPE and Note 13(d) – investment in subsidiaries*	
a) Impairment assessment of property, plant and equipment ("PPE") The Group has PPE related to its mobile broadband network segment with aggregate carrying values of RM2,386.4 million as at 30 June 2018. The Group performed an impairment assessment on the carrying values of the PPE due to the losses recorded by the segment which is an impairment indicator. The impairment assessment was performed by management using VIU cash flows which requires significant judgement as the timing and quantum of the cash flows is dependent on the achievement of the next five years' business plans and financial budgets which are dependent on the use of key assumptions comprising its growth targets, and sourcing contract renewals. Based on the annual impairment test performed, the Directors concluded that no impairment of PPE is required.	a) Impairment assessment of PPE We performed the following audit procedures: • Agreed the VIU cash flows of the CGU to the financial budgets approved by the Directors; • Checked the assumptions used, in particular average revenue growth rate and useful life of the assets and benchmarked against the comparable companies within the industry; • Discussed with management the rationale applied on the assumption of sourcing contract renewals by considering the Company's historical experience; • Assessed reasonableness of the discount rate which reflects the specific risk relating to the PPE based on inputs that are publicly available; and • Checked sensitivity analysis performed by management on the discount rate used in deriving the VIU.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)

KEY AUDIT MATTERS (CONT'D.)

<table>
<tr><th>Key audit matters</th><th>How our audit addressed the key audit matters</th></tr>
<tr><td>Impairment assessment of property, plant and equipment and investment in the subsidiary of the Group (cont'd.)

b) Impairment assessment on cost of investment in the separate financial statements of the Company

The cost of investment of the mobile broadband network segment of the Group in the separate financial statement of the Company as at 30 June 2018 amounted to RM2,933.3 million.

Given the impairment indicator as described above, the Group has performed an impairment assessment and estimated the recoverable amount based on VIU cash flows and the Directors have concluded that no impairment on the cost of investment is required.

We focused on (a) and (b) above as the estimation of the recoverable amounts is inherently uncertain and requires significant judgement on the future cash flows, terminal growth rate and the discount rate applied to the calculation of the VIU.</td><td>b) Impairment assessment on cost of investment in the separate financial statements of the Company

In addition to the procedures performed on the cash flows from the underlying PPE of the subsidiary as described above, we have performed the following audit procedures:
• Checked that the VIU cash flows of the underlying PPE had been adjusted for financing and tax cash flows;
• Assessed the reasonableness of the discount rate which reflects the specific risk relating to the investment in the subsidiary based on inputs that are publicly available with the assistance of our valuation expert;
• Checked the reasonableness of the terminal growth rate with the assistance of our valuation expert by benchmarking to industry reports; and
• Checked sensitivity analysis performed by management on terminal growth rate and discount rate used in deriving the VIU.

Based on the procedures performed in (a) and (b) above, no material exceptions were noted.</td></tr>
</table>

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON

The Directors of the Company are responsible for the other information. The other information comprises Chairman's Statement, Management Discussion & Analysis, Managing Sustainability, Corporate Information, Statement of Directors' Responsibilities, Audit Committee Report, Corporate Governance Overview Statement, Statement on Risk Management & Internal Control, Disclosure of Recurrent Related Party Transactions of a Revenue or Trading Nature, Analysis of Shareholdings, and Statement of Directors' Interests, which we obtained prior to the date of this auditors' report, and other sections in 2018 Annual Report, which is expected to be made available to us after that date. Other information does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

The Directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) Obtain an understanding of internal control relevant to the audit 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 Group's and the Company's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

(d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 13 to the financial statements.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

IRVIN GEORGE LUIS MENEZES
02932/06/2020 J
Chartered Accountant

Kuala Lumpur
27 September 2018

Income Statements

for the financial year ended 30 June 2018

		Group		Company	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Revenue	4	**10,619,191**	9,777,912	**386,664**	1,517,591
Cost of sales		**(8,313,480)**	(7,775,206)	**-**	-
Gross profit		**2,305,711**	2,002,706	**386,664**	1,517,591
Other operating income		**41,187**	102,893	**47,033**	46
Administrative expenses		**(549,266)**	(546,296)	**(74,264)**	(47,721)
Other operating expenses		**(183,982)**	(168,743)	**(34,088)**	(505,616)
Finance cost		**(1,077,502)**	(846,420)	**(443,406)**	(292,291)
Share of profits of investments accounted for using the equity method	14	**404,703**	348,067	**-**	-
Profit/(Loss) before taxation	6	**940,851**	892,207	**(118,061)**	672,009
Taxation	7	**(222,461)**	(104,428)	**(662)**	(714)
Profit/(Loss) for the financial year		**718,390**	787,779	**(118,723)**	671,295
Attributable to:					
- Owners of the parent		**620,055**	693,813	**(118,723)**	671,295
- Non-controlling interests		**98,335**	93,966	**-**	-
		718,390	787,779	**(118,723)**	671,295
Earnings per share for profit attributable to the owners of the parent:					
- Basic (sen)	8	**7.88**	8.96		
- Diluted (sen)	8	**7.88**	8.92		

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

Statements of Comprehensive Income

for the financial year ended 30 June 2018

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Profit/(Loss) for the financial year		**718,390**	787,779	**(118,723)**	671,295
Other comprehensive income/(loss):					
Items that will not be reclassified subsequently to income statement:					
- re-measurement of post-employment benefit obligations		**150,319**	(162,639)	**-**	-
- subsidiaries		**148,624**	(170,438)	**-**	-
- associates and joint ventures		**1,695**	7,799	**-**	-
Items that may be reclassified subsequently to income statement:					
- available-for-sale financial assets	24(a)	**(14,558)**	21,564	**(14,556)**	21,567
- cash flow hedges	24(a)	**313,345**	250,504	**-**	-
- subsidiaries		**303,984**	239,841	**-**	-
- associates and joint ventures		**9,361**	10,663	**-**	-
- currency translation differences		**(891,967)**	720,506	**-**	-
- subsidiaries		**(739,741)**	564,917	**-**	-
- associates and joint ventures		**(152,226)**	155,589	**-**	-
Other comprehensive (loss)/income for the financial year, net of tax		**(442,861)**	829,935	**(14,556)**	21,567
Total comprehensive income/(loss) for the financial year		**275,529**	1,617,714	**(133,279)**	692,862
Attributable to:					
- Owners of the parent		**221,330**	1,476,469	**(133,279)**	692,862
- Non-controlling interests		**54,199**	141,245	**-**	-
		275,529	1,617,714	**(133,279)**	692,862

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

Statements of Financial Position

as at 30 June 2018

		Group		Company	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Assets					
Non-current assets					
Property, plant and equipment	10	**21,227,246**	21,334,981	**1,826**	1,141
Investment properties	11	**452,112**	432,935	**-**	-
Project development costs	16	**196,891**	166,841	**-**	-
Intangible assets	12	**8,040,576**	8,392,717	**-**	-
Investment in subsidiaries	13	**-**	-	**18,236,290**	18,163,777
Investments accounted for using the equity method	14	**2,137,331**	2,245,363	**-**	-
Investments	15	**1,063,418**	822,780	**273,286**	287,842
Derivative financial instruments	19	**44,049**	13,502	**-**	-
Receivables, deposits and prepayments	17	**949,497**	968,737	**-**	-
		34,111,120	34,377,856	**18,511,402**	18,452,760
Current assets					
Inventories	18	**430,004**	448,947	**-**	-
Investments	15	**1,883,669**	2,503,011	**1,883,669**	2,503,011
Receivables, deposits and prepayments	17	**2,279,699**	2,152,242	**1,830**	1,823
Derivative financial instruments	19	**197,681**	51,859	**-**	-
Amounts owing by immediate holding company and ultimate holding company	20	**5**	2	**-**	-
Amounts owing by subsidiaries	21	**-**	-	**2,795,966**	3,000,607
Amounts owing by fellow subsidiaries	32	**15,837**	17,942	**-**	-
Cash and bank balances	22	**7,337,927**	8,946,301	**86,140**	35,165
		12,144,822	14,120,304	**4,767,605**	5,540,606
Total assets		**46,255,942**	48,498,160	**23,279,007**	23,993,366

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

Statements of Financial Position

as at 30 June 2018

		Group		Company	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Equity and liabilities					
Capital and reserves					
Share capital	23	**7,038,587**	7,019,847	**7,038,587**	7,019,847
Reserves		**5,974,541**	6,238,978	**5,824,294**	6,432,093
Equity attributable to owners of the parent		**13,013,128**	13,258,825	**12,862,881**	13,451,940
Non-controlling interests		**111,386**	230,855	**-**	-
Total equity		**13,124,514**	13,489,680	**12,862,881**	13,451,940
Liabilities					
Non-current liabilities					
Deferred taxation	25	**1,788,657**	1,761,764	**97**	63
Borrowings	26	**23,780,022**	23,807,374	**7,673,617**	10,028,514
Post-employment benefit obligations	27	**685,509**	1,115,512	**-**	-
Grants and contributions	28	**548,493**	547,775	**-**	-
Derivative financial instruments	19	**21,077**	24,437	**18,579**	-
Payables	29	**811,875**	862,118	**-**	-
		27,635,633	28,118,980	**7,692,293**	10,028,577
Current liabilities					
Payables and accrued expenses	30	**2,005,422**	1,843,211	**87,498**	81,934
Derivative financial instruments	19	**19,229**	121,980	**-**	-
Provision for liabilities and charges	31	**35,382**	35,035	**-**	-
Post-employment benefit obligations	27	**1,637**	3,007	**645**	681
Amounts owing to immediate holding company and ultimate holding company	20	**134**	87	**-**	-
Amounts owing to subsidiaries	21	**-**	-	**436,194**	429,553
Amounts owing to fellow subsidiaries	32	**29,272**	36,332	**124**	373
Taxation		**113,793**	129,560	**71**	184
Borrowings	26	**3,290,926**	4,720,288	**2,199,301**	124
		5,495,795	6,889,500	**2,723,833**	512,849
Total liabilities		**33,131,428**	35,008,480	**10,416,126**	10,541,426
Total equity and liabilities		**46,255,942**	48,498,160	**23,279,007**	23,993,366

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

Statements of Changes in Equity

for the financial year ended 30 June 2018

Group	Note	Share Capital	Merger Reserve	Currency Translation Reserve	Other Reserves	Treasury Shares	Retained Earnings	Total	Non-controlling Interests	Total Equity
		← Attributable to Owners of the Parent →								
		RM'000 (Note 23)	RM'000	RM'000	RM'000 (Note 24(a))	RM'000 (Note 24(b))	RM'000	RM'000	RM'000	RM'000
At 1 July 2017		7,019,847	(2,138,533)	1,123,402	149,269	(711,308)	7,816,148	13,258,825	230,855	13,489,680
Profit for the financial year		-	-	-	-	-	620,055	620,055	98,335	718,390
Other comprehensive (loss)/income for the financial year		-	-	(847,831)	298,787	-	150,319	(398,725)	(44,136)	(442,861)
Total comprehensive (loss)/income for the financial year		-	-	(847,831)	298,787	-	770,374	221,330	54,199	275,529
Transactions with owners										
Effects arising from changes in composition of the Group		-	-	(363)	-	-	(1,842)	(2,205)	(25,641)	(27,846)
Exercise of warrants	23	17,224	-	-	-	-	-	17,224	-	17,224
Warrant reserve	24(a)	1,516	-	-	(1,516)	-	-	-	-	-
Expiry of warrants	24(a)	-	-	-	(10,099)	-	10,099	-	-	-
Dividends paid to non-controlling interests		-	-	-	-	-	-	-	(148,027)	(148,027)
Dividend paid	9	-	-	-	-	-	(388,585)	(388,585)	-	(388,585)
Share dividend	9	-	-	-	-	287,705	(287,705)	-	-	-
Share option expenses	24(a)	-	-	-	1,612	-	-	1,612	-	1,612
Share option lapsed	24(a)	-	-	-	(701)	-	701	-	-	-
Share repurchased	24(b)	-	-	-	-	(86,031)	-	(86,031)	-	(86,031)
Share of reserve of a joint venture	24(a)	-	-	-	(9,042)	-	-	(9,042)	-	(9,042)
Exchange differences	24(a)	-	-	838	(838)	-	-	-	-	-
At 30 June 2018		7,038,587	(2,138,533)	276,046	427,472	(509,634)	7,919,190	13,013,128	111,386	13,124,514

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

Statements of Changes in Equity

for the financial year ended 30 June 2018

Group	Note	Attributable to Owners of the Parent								Non-controlling Interests	Total Equity
		Share Capital	Share Premium	Merger Reserve	Currency Translation Reserve	Other Reserves	Treasury Shares	Retained Earnings	Total		
		RM'000 (Note 23)	RM'000	RM'000	RM'000	RM'000 (Note 24(a))	RM'000 (Note 24(b))	RM'000	RM'000	RM'000	RM'000
At 1 July 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
Profit for the financial year		-	-	-	-	-	-	693,813	693,813	93,966	787,779
Other comprehensive income/(loss) for the financial year		-	-	-	673,227	272,068	-	(162,639)	782,656	47,279	829,935
Total comprehensive income for the financial year		-	-	-	673,227	272,068	-	531,174	1,476,469	141,245	1,617,714
Transactions with owners											
Exercise of warrants	23	20,762	26,480	-	-	-	-	-	47,242	-	47,242
Warrant reserve	24(a)	7	4,137	-	-	(4,144)	-	-	-	-	-
Dividends paid to non-controlling interests		-	-	-	-	-	-	-	-	(152,727)	(152,727)
Dividend paid	9	-	-	-	-	-	-	(775,865)	(775,865)	-	(775,865)
Share option lapsed	24(a)	-	-	-	-	(320)	-	320	-	-	-
Share repurchased	24(b)	-	-	-	-	-	(2)	-	(2)	-	(2)
Redemption of preference shares by a subsidiary	24(a)	-	-	-	-	32,200	-	(32,200)	-	-	-
Transition to no-par value regime**	23	2,948,277	(2,823,277)	-	-	(125,000)	-	-	-	-	-
Exchange differences	24(a)	-	-	-	14,544	(14,544)	-	-	-	-	-
At 30 June 2017		7,019,847	-	(2,138,533)	1,123,402	149,269	(711,308)	7,816,148	13,258,825	230,855	13,489,680

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

Company	Note	Share Capital RM'000 (Note 23)	Other Reserves RM'000 (Note 24(a))	Treasury Shares RM'000 (Note 24(b))	Retained Earnings* RM'000	Total RM'000
At 1 July 2017		7,019,847	185,331	(711,308)	6,958,070	13,451,940
Loss for the financial year		-	-	-	(118,723)	(118,723)
Other comprehensive loss for the financial year		-	(14,556)	-	-	(14,556)
Total comprehensive loss for the financial year		-	(14,556)	-	(118,723)	(133,279)
Transactions with owners						
Exercise of warrants	23	17,224	-	-	-	17,224
Warrant reserve	24(a)	1,516	(1,516)	-	-	-
Expiry of warrants	24(a)	-	(10,099)	-	10,099	-
Dividend paid	9	-	-	-	(388,585)	(388,585)
Share dividend	9	-	-	287,705	(287,705)	-
Share option expenses	24(a)	-	1,612	-	-	1,612
Share option lapsed	24(a)	-	(701)	-	701	-
Share repurchased	24(b)	-	-	(86,031)	-	(86,031)
At 30 June 2018		7,038,587	160,071	(509,634)	6,173,857	12,862,881

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

Statements of Changes in Equity

for the financial year ended 30 June 2018

Company	Note	Share Capital RM'000 (Note 23)	Share Premium RM'000	Other Reserves RM'000 (Note 24(a))	Treasury Shares RM'000 (Note 24(b))	Retained Earnings* RM'000	Total RM'000
At 1 July 2016		4,050,801	2,792,660	293,228	(711,306)	7,062,320	13,487,703
Profit for the financial year		-	-	-	-	671,295	671,295
Other comprehensive income for the financial year		-	-	21,567	-	-	21,567
Total comprehensive income for the financial year		-	-	21,567	-	671,295	692,862
Transactions with owners							
Exercise of warrants	23	20,762	26,480	-	-	-	47,242
Warrant reserve	24(a)	7	4,137	(4,144)	-	-	-
Dividend paid	9	-	-	-	-	(775,865)	(775,865)
Share option lapsed	24(a)	-	-	(320)	-	320	-
Share repurchased	24(b)	-	-	-	(2)	-	(2)
Transition to no-par value regime**	23	2,948,277	(2,823,277)	(125,000)	-	-	-
At 30 June 2017		7,019,847	-	185,331	(711,308)	6,958,070	13,451,940

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

** Effective from 31 January 2017, the new Companies Act 2016 ("Act") abolished the concept of authorised share capital and par value of share capital. Consequently, the credit balance of the share premium and capital redemption reserve account became part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use this amount for purposes as set out in Section 618(3) and Section 618(4) of the Act. There is no impact on the number of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

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

Statements of Cash Flows

for the financial year ended 30 June 2018

	Note	Group		Company	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Cash flows from operating activities					
Profit/(Loss) for the financial year		**718,390**	787,779	**(118,723)**	671,295
Adjustments for:					
Allowance for impairment of associates		**428**	31,393	**-**	-
Allowance for impairment of inventories		**120**	1,638	**-**	-
Allowance for impairment of investments		**50**	305	**-**	305
Allowance for impairment of property, plant and equipment		**-**	4,914	**-**	-
Allowance for impairment of receivables (net of reversals)		**68,722**	76,337	**-**	-
Amortisation of deferred income		**(9,678)**	(8,846)	**-**	-
Amortisation of grants and contributions		**(20,100)**	(14,774)	**-**	-
Amortisation of intangible assets		**47,897**	86,628	**-**	-
Bad debts written off		**4,301**	7,607	**-**	-
Depreciation of property, plant and equipment		**1,113,191**	1,074,714	**247**	165
Dividend in specie		**-**	-	**-**	(525,210)
Fair value loss/(gain) on derivatives		**18,747**	(3)	**18,747**	-
Fair value loss/(gain) on investments		**29,410**	(264)	**(2,028)**	371
Interest expense		**1,077,502**	846,420	**443,406**	292,291
Interest income		**(8,408)**	(22,193)	**-**	-
Net loss/(gain) on disposal of property, plant and equipment		**1,395**	(10,882)	**-**	(5)
Net gain on disposal of investments		**(4)**	(441)	**(4)**	(41)
Property, plant and equipment written off		**20,203**	19,683	**-**	-
Provision for liabilities and charges		**1,981**	-	**-**	-
Share of profits of investments accounted for using the equity method		**(404,703)**	(348,067)	**-**	-
Share option expenses		**1,612**	-	**1,192**	-
Taxation		**222,461**	104,428	**662**	714
Unrealised loss/(gain) on foreign exchange		**6,397**	(1,177)	**(803)**	6,146
(Write back of)/Allowance for impairment of subsidiaries		**-**	-	**(45,000)**	472,500
(Write back of)/Provision for post-employment benefit		**(124,496)**	71,990	**-**	-
Write off of investments accounted for using the equity method		**-**	5	**-**	5
		2,765,418	2,707,194	**297,696**	918,536

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

Statements of Cash Flows

for the financial year ended 30 June 2018

		Group		Company	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Changes in working capital:					
Inventories		**(1,966)**	7,637	**-**	-
Receivables, deposits and prepayments		**(420,835)**	(515,577)	**(73,666)**	(11,910)
Payables and accrued expenses		**183,409**	19,874	**3,897**	(327)
Subsidiaries		**-**	-	**(222,180)**	(12,618)
Fellow subsidiaries		**(5,690)**	(48,062)	**(249)**	(100)
Holding company		**49**	(125)	**-**	-
Cash flows from operations		**2,520,385**	2,170,941	**5,498**	893,581
Interest paid		**(915,427)**	(784,694)	**(415,403)**	(266,377)
Payment for provision and liabilities		**(1,622)**	(1,053)	**-**	-
Payment to post-employment benefit obligations		**(108,103)**	(89,208)	**-**	-
Tax paid		**(190,340)**	(204,104)	**(740)**	(598)
Net cash flows from/(used in) operating activities		**1,304,893**	1,091,882	**(410,645)**	626,606
Cash flows from investing activities					
Acquisition of subsidiaries, net of cash acquired	13(c)	**(91,156)**	2,726	**-**	-
Additional investments accounted for using the equity method		**(428)**	(9,847)	**-**	-
Development expenditure incurred on investment properties		**(43,463)**	(38,196)	**-**	-
Dividends received		**392,694**	398,108	**-**	-
Grants received		**50,593**	54,570	**-**	-
Interest received		**8,478**	23,681	**-**	-
Maturities/(Placements) of income funds	15(b)	**385,045**	(3,014,105)	**695,000**	(2,490,250)
Net repayment/(advances) to subsidiaries		**-**	-	**225,079**	(1,481,972)
Prepayment for land acquisition		**(22,540)**	(39,586)	**-**	-
Proceeds from disposal of investments		**4**	1,207	**4**	41
Proceeds from disposal of property, plant and equipment		**9,320**	15,971	**-**	177
Purchase of intangible assets		**(21,705)**	(54,445)	**-**	-
Purchase of property, plant and equipment		**(1,733,593)**	(1,567,452)	**(932)**	(171)
Shareholder loans	17	**(69,683)**	(686,251)	**-**	-
Net cash flows (used in)/from investing activities		**(1,136,434)**	(4,913,619)	**919,151**	(3,972,175)

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

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Cash flows from financing activities					
Additional investment in subsidiaries		**(27,838)**	-	**-**	-
Dividend paid		**(388,585)**	(775,865)	**(388,585)**	(775,865)
Dividends paid to non-controlling interests		**(148,027)**	(152,727)	**-**	-
Proceeds from borrowings		**6,355,725**	3,846,055	**-**	3,614,375
Upfront fees on borrowings		**-**	(31,218)	**-**	(29,240)
Proceeds from issue of shares		**17,224**	47,242	**17,224**	47,242
Repayment of borrowings		**(6,870,711)**	(281,121)	**(139)**	(10)
Repurchase of own shares		**(86,031)**	(2)	**(86,031)**	(2)
Repayment of loans owing to former shareholder	13(c)(i)	**(192,996)**	-	**-**	-
Net cash flows (used in)/from financing activities		**(1,341,239)**	2,652,364	**(457,531)**	2,856,500
Net changes in cash and cash equivalents		**(1,172,780)**	(1,169,373)	**50,975**	(489,069)
Effects of exchange rate changes		**(465,162)**	416,304	**-**	-
Cash and cash equivalents:					
- At beginning of the financial year		**8,943,033**	9,696,102	**35,165**	524,234
- At end of the financial year	22	**7,305,091**	8,943,033	**86,140**	35,165
The principal non-cash transactions of property, plant and equipment are disclosed as below:					
Finance lease		**484**	2,718	**-**	387
Interest expense paid/payable		**13,803**	9,098	**-**	-
Transfer from prepayments		**-**	63,056	**-**	-
Other payables and accrued expenses		**31,391**	27,574	**-**	-
		45,678	102,446	**-**	387

Reconciliation of liabilities arising from financing activities:

	Group 2018 RM'000	Company 2018 RM'000
Borrowings		
At 1 July 2017	**28,527,662**	**10,028,638**
Changes from financing cash flow		
Proceeds from borrowings	**6,355,725**	**-**
Repayment of borrowings	**(6,870,711)**	**(139)**
Other changes of borrowings		
Amortisation of issuance cost/Unwinding of premium	**133,114**	**9,510**
Bank overdrafts	**30,815**	**-**
Finance leases	**484**	**-**
Foreign exchange movement	**(1,106,141)**	**(165,091)**
At 30 June 2018	**27,070,948**	**9,872,918**

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

Notes to the Financial Statements
for the financial year ended 30 June 2018

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 13 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. 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) Basis of preparation

The financial statements of the Group and the Company have been prepared under the historical cost convention (unless stated otherwise in the significant accounting policies below).

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 2016 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 judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3 to the financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(a) Basis of preparation (cont'd.)

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

(i) Standards and amendments to published standards that are effective and applicable for the Group's and the Company's financial year beginning on or after 1 July 2017 are as follows:

	Effective for financial periods beginning on or after
Amendments to MFRS 107 'Statement of Cash Flows – Disclosure Initiative'	1 January 2017
Amendments to MFRS 112 'Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses'	1 January 2017
Annual Improvements to MFRSs 2014-2016 Cycle: MFRS 12 'Disclosures of Interests in Other Entities'	1 January 2017

The adoption of the Amendments to MFRS 107 has required additional disclosure of changes in liabilities arising from financing activities. Other than that, the adoption of the above applicable amendments to published standards has not given rise to any material impact on the financial statements of the Group and the Company.

(ii) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Company but not yet effective

a) *Financial year beginning on/after 1 July 2018*

- Amendments to MFRS 2 'Share-based Payment' (effective from 1 January 2018) provide specific guidance on how to account for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments, share-based payment transactions with a net settlement feature for withholding tax obligations and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.
- MFRS 9 'Financial Instruments' (effective from 1 January 2018) will replace MFRS 139 'Financial Instruments: Recognition and Measurement'.

  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 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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(a) Basis of preparation (cont'd.)

(ii) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Company but not yet effective (cont'd.)

a) Financial year beginning on/after 1 July 2018 (cont'd.)

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 OCI rather than in 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.

The Group and the Company have reviewed its financial assets and liabilities and is expecting the following impact from the adoption of the new standard on 1 July 2018:

(i) The new hedge accounting rules will align the accounting for hedging instruments more closely with the Group's risk management practices. As a general rule, more hedge relationships might be eligible for hedge accounting, as the standard introduces a more principles-based approach. The Group has confirmed that its current hedge relationships will qualify as continuing hedges upon the adoption of MFRS 9.

(ii) On the ECL impact, the Group and the Company is carrying out internal verification of the calculations performed based on MFRS 9 requirements and expects reliable quantitative effects to be available upon completion of the verification process.

(iii) The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's and the Company's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

The Group will apply the new requirements retrospectively from 1 July 2018, with the practical expedients permitted under the standard. Comparatives for financial year ended 30 June 2018 will not be restated. MFRS 9 is to be applied retrospectively but comparatives are not required to be restated.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(a) Basis of preparation (cont'd.)

(ii) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Company but not yet effective (cont'd.)

a) Financial year beginning on/after 1 July 2018 (cont'd.)

- MFRS 15 'Revenue from contracts with customers' (effective from 1 January 2018) replaces MFRS 118 'Revenue' and MFRS 111 'Construction contracts' and related interpretations.

  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. Revenue is recognised when a customer obtains control of goods or services, i.e. when the customer has the ability to direct the use of and obtain the benefits from the goods or services.

  A new five-step process is applied before revenue can be recognised:

  (i) Identify contracts with customers;

  (ii) Identify the separate performance obligations;

  (iii) Determine the transaction price of the contract;

  (iv) Allocate the transaction price to each of the separate performance obligations; and

  (v) Recognise the revenue as each performance obligation is satisfied.

  The Group and the Company have assessed the effects of applying the new standard on the Group's financial statements and have identified the following areas that will be affected:

  (i) Accounting for sale of device as part of bundled telecommunication service package

  MFRS 15 requires devices which the Group promises to transfer as part of a bundled package with mobile telecommunication services to be considered distinct and thus accounted for as a separate performance obligation.

  As a result, total consideration received from such a package will be allocated to the service and device based on relative stand-alone selling prices. This will result in an allocation and early recognition of a portion of telecommunication service revenue as device revenue, an earlier recognition of device subsidy expenses which is currently capitalised as intangible asset and subsequently, a reduction in service revenue throughout the contract period. The recognition of higher device revenue upfront would also result in recognition of what is known as a contract asset (a receivable arising from the customer contract that has not yet legally come into existence) in the statement of financial position.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(a) Basis of preparation (cont'd.)

(ii) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Company but not yet effective (cont'd.)

a) Financial year beginning on/after 1 July 2018 (cont'd.)

(ii) Incremental costs of obtaining a contract

Under MFRS 15, the Group will capitalise sales commissions and device costs (for those device which is bundled with fixed line telecommunication service and not distinct performance obligation) as costs of obtaining a contract with a customer when they are incremental and expected to be recovered. These costs will then be amortised consistently with the transfer of the good or service to the customer.

(iii) Presentation of contract assets and contract liabilities in the statements of financial position

MFRS 15 requires separate presentation of contract assets and contract liabilities in the statements of financial position.

The Group intends to adopt the standard using the full retrospective approach, requiring the restatement of comparative period presented in the financial statements.

Currently, the Group is carrying out internal verification of the calculations performed based on MFRS 15 requirements and expects reliable quantitative effects to be available upon completion of the verification process.

- Amendments to MFRS 128 'Investment in Associates and Joint Ventures' (effective from 1 January 2018) clarify that an entity, which is a venture capital organisation, or a mutual fund, unit trust or similar entities, has an investment-by-investment choice to measure its investments in associates and joint ventures at fair value in accordance with the standard.

- Amendments to MFRS 140 'Investment Property: Classification on 'Change in Use' – Assets transferred to, or from, Investment Properties' (effective from 1 January 2018) clarify that to transfer to, or from investment properties there must be a change in use. A change in use would involve an assessment of whether a property meets, or has ceased to meet, the definition of investment property. The change must be supported by evidence that the change in use has occurred and a change in management's intention in isolation is not sufficient to support a transfer of property. The amendments also clarify the same principle applies to assets under construction.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(a) Basis of preparation (cont'd.)

(ii) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Company but not yet effective (cont'd.)

a) Financial year beginning on/after 1 July 2018 (cont'd.)

- IC Interpretation 22 'Foreign Currency Transactions and Advance Consideration' (effective from 1 January 2018) applies when an entity recognises a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. MFRS 121 requires an entity to use the exchange rate at the 'date of the transaction' to record foreign currency transactions. IC Interpretation 22 provides guidance how to determine 'the date of transaction' when a single payment/receipt is made, as well as for situations where multiple payments/receipts are made. The date of transaction is the date when the payment or receipt of advance consideration gives rise to the non-monetary asset or non-monetary liability when the entity is no longer exposed to foreign exchange risk. If there are multiple payments or receipts in advance, the entity should determine the date of the transaction for each payment or receipt. An entity has the option to apply IC Interpretation 22 retrospectively or prospectively.

b) Financial year beginning on/after 1 July 2019

- Amendments to MFRS 3, 'Business Combinations' (effective from 1 January 2019) clarify that when a party obtains control of a business that is a joint operation, the acquirer should account the transaction as a business combination achieved in stages. Accordingly it should remeasure its previously held interest in the joint operation (rights to the assets and obligations for the liabilities) at fair value on the acquisition date.
- Amendments to MFRS 9 'Prepayment Features with Negative Compensation' (effective 1 January 2019) allow companies to measure some prepayable financial assets with negative compensation at amortised cost. Negative compensation arises where the contractual terms permit the borrower to prepay the instrument before its contractual maturity, but the prepayment amount could be less than the unpaid amounts of principal and interest. To qualify for amortised cost measurement, the negative compensation must be reasonable compensation for early termination of the contract, and the asset must be held within a 'held to collect' business model. The amendments will be applied retrospectively.
- Amendments to MFRS 11 'Joint Arrangements' (effective from 1 January 2019) clarify that when a party obtains joint control of a business that is a joint operation, the party should not remeasure its previously held interest in the joint operation.
- MFRS 16 'Leases' (effective from 1 January 2019) supersedes MFRS 117 'Leases' and the related interpretations. Under MFRS 16, a lease is a contract (or part of a contract) that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. MFRS 16 eliminates the classification of leases by the lessee as either finance leases or operating leases. MFRS 16 requires a lessee to recognise a "right-of-use" of the underlying asset and a lease liability reflecting future lease payments for most leases. The right-of-use asset is depreciated in accordance with the principle in MFRS 116 'Property, Plant and Equipment' and the lease liability is accreted over time with interest expense recognised in the income statement. For lessors, MFRS 16 retains most of the requirements in MFRS 117. Lessors continue to classify all leases as either operating leases or finance leases and account for them differently.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(a) Basis of preparation (cont'd.)

(ii) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Company but not yet effective (cont'd.)

b) Financial year beginning on/after 1 July 2019 (cont'd.)

- Amendments to MFRS 112 'Income Taxes' (effective from 1 January 2019) clarify that where income tax consequences of dividends on financial instruments classified as equity is recognised (either in profit or loss, other comprehensive income or equity) depends on where the past transactions that generated distributable profits were recognised. Accordingly, the tax consequences are recognised in profit or loss when an entity determines payments on such instruments are distribution of profits (that is, dividends). Tax on dividend should not be recognised in equity merely on the basis that it is related to a distribution to owners.

- Amendments to MFRS 119 'Plan Amendment, Curtailment or Settlement' (effective 1 January 2019) requires an entity to use the updated actuarial assumptions from remeasurement of its net defined benefit liability or asset arising from plan amendment, curtailment or settlement, to determine current service cost and net interest for the remaining period after the change to the plan. The amendments will be applied prospectively.

- Amendments to MFRS 123 'Borrowing Costs' (effective from 1 January 2019) clarify that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

- Amendments to MFRS 128 'Long-term Interests in Associates and Joint Ventures' (effective from 1 January 2019) clarify that an entity should apply MFRS 9 'Financial Instruments' (including the impairment requirements) to long-term interests in an associate or joint venture, which are in substance form part of the entity's net investment, for which settlement is neither planned nor likely to occur in the foreseeable future. In addition, such long-term interest are subject to loss allocation and impairment requirements in MFRS 128. The amendments shall be applied retrospectively.

- IC Interpretation 23 'Uncertainty over Income Tax Treatments' (effective from 1 January 2019) provides guidance on how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. If an entity concludes that it is not probable that the tax treatment will be accepted by the tax authority, the effect of the tax uncertainty should be included in the period when such determination is made. An entity shall measure the effect of uncertainty using the method which best predicts the resolution of the uncertainty. IC Interpretation 23 will be applied retrospectively.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(a) Basis of preparation (cont'd.)

(ii) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Company but not yet effective (cont'd.)

c) *Financial year beginning on/after 1 July 2020*

- Amendments to References to the Conceptual Framework in MFRS Standards
    - Amendments to MFRS 2 'Share-Based Payment' (effective from 1 January 2020)
    - Amendments to MFRS 3 'Business Combinations' (effective from 1 January 2020)
    - Amendments to MFRS 101 'Presentation of Financial Statements' (effective from 1 January 2020)
    - Amendments to MFRS 108 'Accounting Policies, Changes in Accounting Estimates and Errors' (effective from 1 January 2020)
    - Amendments to MFRS 134 'Interim Financial Reporting' (effective from 1 January 2020)
    - Amendments to MFRS 137 'Provisions, Contingent Liabilities and Contingent Assets' (effective from 1 January 2020)
    - Amendments to MFRS 138 'Intangible Assets' (effective from 1 January 2020)
    - Amendments to IC Interpretation 12 'Service Concession Arrangements' (effective from 1 January 2020)
    - Amendments to IC Interpretation 19 'Extinguishing Financial Liabilities with Equity Instruments' (effective from 1 January 2020)
    - Amendments to IC Interpretation 22 'Foreign Currency Transactions and Advance Consideration' (effective from 1 January 2020)
    - Amendments to IC Interpretation 132 'Intangible Assets-Web Site Costs' (effective from 1 January 2020)

d) *Effective date yet to be determined by Malaysian Accounting Standards Board*

- Amendments to MFRS 10 and MFRS 128, 'Sale or Contribution of Assets between an Investor and its Associate or Joint Venture' 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, amendments to published standards and IC Interpretations and the impact is still being assessed, except for those have been updated above.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(b) 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 useful lives, summarised as follows:

	Years
Leasehold land	18-30
Buildings	10-50
Plant and machinery	3-30
Mains and lines	20
Equipment, 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(b) Property, plant and equipment (cont'd.)

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 2(f) 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.

(c) Leases

(i) Accounting by lessee

Finance leases

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

Finance leases are capitalised at the inception of the leases at the lower of the present value of the minimum lease payments and the fair value of the leased assets. The corresponding rental obligations, net of finance charges, are included in borrowings.

Each lease payment is allocated between the reduction of the liability and finance charges so as to achieve a periodic constant rate of interest on the remaining balance of the liability. Finance charges are recognised in the Income Statement.

Operating leases

Leases of assets where a significant portion of the risks and rewards of ownership are 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 has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the financial period in which termination takes place.

(ii) Accounting by lessor

Operating leases

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(d) Intangible assets

(i) Contract rights

Contract rights 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 contract rights may be impaired. See accounting policy Note 2(f) to the financial statements on impairment of non-financial assets.

(ii) Goodwill

Goodwill arises on the acquisitions of subsidiaries and it represents the excess of the cost of the acquisition over the Group's share of 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 Income Statement.

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 2(f) to the financial statements on impairment of non-financial assets.

(iii) Other intangible assets

Other intangible assets comprise customer acquisition costs and customer lists. 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. Other intangible assets 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 2(f) to the financial statements on impairment of non-financial assets.

(e) 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 and impairment losses.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(f) 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 an impairment may exist. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss 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 an impairment are reviewed for possible reversal of the impairment at each reporting date.

The impairment loss is charged to the Income Statement unless it reverses a previous revaluation in which case it is charged to the revaluation surplus. Impairment losses on goodwill are not reversed. In respect of other assets, any subsequent increase in recoverable amount is recognised in the Income Statement unless it reverses impairment loss on a revalued asset in which case it is taken to revaluation surplus.

(g) 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 unless the transaction provides evidence of an impairment of the transferred asset. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(g) Subsidiaries (cont'd.)

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

(i) Acquisition method

Under the acquisition method of accounting, subsidiaries are fully consolidated from the date on which control is transferred to the Group and are deconsolidated from the date that control ceases. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. 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 identifiable net assets.

The excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the fair value of 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 2(d)(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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(g) Subsidiaries (cont'd.)

(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.

(h) 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 the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, 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 associate.

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 the associates to ensure consistency of accounting policies with those of the Group.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(h) Associates (cont'd.)

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.

(i) 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 the joint ventures to ensure consistency of accounting policies with those of the Group.

(j) 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 the Income Statement.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(k) 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.

(l) 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.

(m) 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 sold within 12 months; otherwise, they are classified as non-current assets.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(m) Financial assets and financial liabilities (cont'd.)

Financial assets (cont'd.)

(i) Classification (cont'd.)

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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(m) Financial assets and financial liabilities (cont'd.)

Financial assets (cont'd.)

(ii) Measurement (cont'd.)

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.

(iii) Derecognition

A financial asset is derecognised when, and only when the contractual rights to receive 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(m) Financial assets and financial liabilities (cont'd.)

Financial assets (cont'd.)

(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 losses are 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.

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.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the reversal of the previously recognised impairment 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(m) Financial assets and financial liabilities (cont'd.)

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 2(r)). 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 recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Income Statement.

(n) 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 shareholders' equity are shown in Note 24(a) to the financial statements. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months, and as a 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 a current asset or liability.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(n) Derivative financial instruments and hedging activities (cont'd.)

(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.

(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.

(o) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(o) Financial guarantee (cont'd.)

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.

(p) Cash and cash equivalents

For the purpose of the Statement of Cash Flows, cash and cash equivalents comprise cash on hand, cash at bank and deposits held at call with financial institutions with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdrafts are included within borrowings in current liabilities on the Statement of Financial Position.

(q) 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 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

Where the Company purchases its own shares, the consideration paid, including any directly attributable incremental costs, net of tax, is deducted from equity attributable to the owners of the Company as treasury shares until the shares are cancelled, reissued.

Should such shares be cancelled, the costs of the treasury shares are applied in the reduction of the profits otherwise available for distribution as dividends. Should such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related tax effects, is included in equity attributable to the owners of the Company.

Where the treasury shares are subsequently distributed as dividends to shareholders, the costs of the treasury shares on the original purchase are applied in the reduction of the funds otherwise available for distribution as dividends.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(r) Bonds and borrowings

Bonds and borrowings are initially recognised at fair value, 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.

(s) 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.

(t) 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.

(u) 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 of the amount can be made. The recording of provisions requires the application of judgements 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(v) 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 fuel oil have been passed to the customers which occurs when the fuel 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(v) Revenue recognition (cont'd.)

(vii) Others

Other revenue 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.
Rental income	– Rental income from operating leases (net of any incentives given to the lessees) is recognised on the straight line basis over the lease term.

(w) 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 has various post-employment benefit schemes in accordance with local conditions and practices in the industries in which it operates.

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 will have 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's and the Company's contributions to defined contribution plan are charged to the Income Statement in the financial period to which they relate.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(w) Employee benefits (cont'd.)

(ii) Post-employment benefits (cont'd.)

b) Defined benefit plan (cont'd.)

The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using 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 approximating to the terms of the related pension obligation.

Re-measurement gains and losses of post-employment benefit obligations are recognised in Other Comprehensive Income.

Past-service costs are recognised immediately in the 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.

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 when the options are exercised.

(x) 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 the 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(x) Income taxes (cont'd.)

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.

(y) 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.

(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 off or sold, exchange differences that were recorded in shareholders' equity are recognised in the Income Statement as part of the gain or loss on disposal.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(y) Foreign currencies (cont'd.)

(iii) Group companies (cont'd.)

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.

(z) 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.

(aa) 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 of 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.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements 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 judgements and estimates as set out in Note 12 to the financial statements.

(b) Capitalisation policy of infrastructure assets in property, plant and equipment

The infrastructure assets of the water and sewerage segment comprised cost incurred to meet the development and regulatory requirement of the business and this includes employee and overhead costs that are directly attributable to the construction of the asset.

Estimates and judgements are involved in determining whether cost incurred, specifically employee and overhead costs, meet the relevant criteria for capitalisation of property, plant and equipment.

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

Management applies its accounting policy set out in Note 2(f) to the financial statements in determining when property, plant and equipment and investment are considered as impaired.

Impairment is recognised when events and circumstances indicate that these assets or investment may be impaired and the carrying amount of these assets or investment exceeds the recoverable amounts. In determining the recoverable amount of these assets, certain estimates and judgements are made regarding the cash flows of these assets and investment including meeting revenue growth targets and sourcing contracts renewal as disclosed in Note 13(d).

(d) Assumptions used in determining the post-employment benefit obligations

The present value of the post-employment benefit 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 are disclosed in Note 27 to the financial statements. Any changes in these assumptions will impact the carrying amount of post-employment benefit obligations.

(e) Assessment on allowance for impairment of trade receivables of water and sewerage segment

At each reporting date, the Group assess whether there is objective evidence that trade receivables of the Group have been impaired. Impairment loss is calculated based on historical cash collection trends and economic trends, which are subjective in nature. Such provisions are adjusted periodically to reflect the actual and anticipated impairment.

(f) Revenue recognition from accrued income

The unbilled income accrual from metered water services of the water and sewerage segment requires an estimation of the amount of unbilled charges at the period end. This is calculated using system generated information based on previous customer volume usage.

4. REVENUE

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Sale of electricity	**5,790,502**	5,077,637	**-**	-
Sale of clean water and treatment and disposal of waste water	**3,357,722**	3,109,571	**-**	-
Sale of fuel oil	**6,020**	278,790	**-**	-
Sale of steam	**190,120**	150,864	**-**	-
Broadband and telecommunications	**784,406**	824,530	**-**	-
Investment income	**199,238**	141,623	**383,288**	1,514,017
Others	**291,183**	194,897	**3,376**	3,574
	10,619,191	9,777,912	**386,664**	1,517,591

5. SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES

Key management personnel comprise the Directors and Senior Management 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	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Key management compensation:				
- Wages, salaries and bonus	**51,406**	52,097	**38,898**	18,070
- Defined contribution plan	**4,662**	4,879	**4,634**	2,131
- Fees	**725**	760	**725**	760
- Share options expenses	**930**	-	**930**	-
- Other emoluments*	**253**	337	**50**	102
- Estimated money value of benefits in kind	**832**	768	**374**	300

* *Other emoluments include socso, meeting allowances, etc.*

Key management compensation includes the Directors' remuneration (whether executive or otherwise) as disclosed in Note 6 to the financial statements.

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

5. SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES (CONT'D.)

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. Fellow subsidiaries are subsidiaries of immediate holding company and ultimate holding company of the Company.

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Sale of goods and services:				
- Fellow subsidiaries	**16,250**	15,778	**-**	-
Dividend income:				
- Subsidiaries	**-**	-	**212,453**	1,409,780
- Fellow subsidiaries	**7,023**	10,404	**7,023**	10,404
Interest income:				
- Subsidiaries - in respect of loan and advances	**-**	-	**85,688**	71,149
Other income:				
- Fellow subsidiaries	**3,376**	3,675	**3,376**	3,574
Interest expense:				
- Subsidiaries - in respect of loan and advances	**-**	-	**16,860**	6,104
Purchases of goods and services from fellow subsidiaries:				
- Advertising and promotion	**2,334**	6,128	**-**	-
- Building infrastructure	**2,913**	1,134	**-**	-
- Hotel and accommodation	**5,288**	6,521	**1,908**	1,736
- Operating and maintenance	**41,420**	84,253	**-**	-
- Telecommunications related charges	**75,488**	75,492	**-**	-
Purchases of goods and services from joint venture companies:				
- Information technology consultancy and related services	**32,995**	41,737	**-**	-
Purchases of goods and services from subsidiary of associated company of immediate holding company:				
- Commission, incentives and/or reimbursement of bundle device sold	**5,325**	10,413	**-**	-

5. SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES (CONT'D.)

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Expenses paid on behalf of:				
- Subsidiaries	**-**	-	**4,590**	2,640
- Fellow subsidiaries	**473**	2	**253**	-
- Immediate holding company and ultimate holding company	**-**	1,819	**-**	975
Expenses paid on behalf by:				
- Subsidiaries	**-**	-	**74,781**	262,580
- Fellow subsidiaries	**2,702**	7,570	**841**	1,427
- Immediate holding company and ultimate holding company	**5,261**	4,654	**683**	619
Year-end balances owing by:				
- Subsidiaries	**-**	-	**2,795,966**	3,000,607
- Fellow subsidiaries	**15,837**	17,942	**-**	-
Year-end balances owing to:				
- Subsidiaries	**-**	-	**(436,194)**	(429,553)
- Fellow subsidiaries	**(29,272)**	(36,332)	**(124)**	(373)

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

	Company	
	2018 RM'000	2017 RM'000
Advances to subsidiaries		
At 1 July	**2,421,465**	1,605,577
Net (repayment from)/advances to subsidiaries		
- Advances	**173,675**	1,661,820
- Repayment of principals	**(318,627)**	(140,887)
- Payment of interests	**(80,127)**	(38,961)
	(225,079)	1,481,972
Foreign currency translation	**(165,348)**	68,871
Capitalisation of intercompany balances	**-**	(800,000)
Net of interest income and expenses	**68,828**	65,045
At 30 June	**2,099,866**	2,421,465

6. PROFIT/(LOSS) BEFORE TAXATION

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Profit/(Loss) before taxation is stated after charging/(crediting):				
Allowance for impairment of associates	428	31,393	-	-
Allowance for impairment of inventories	120	1,638	-	-
Allowance for impairment of investments	50	305	-	305
Allowance for impairment of property, plant and equipment	-	4,914	-	-
Allowance for impairment of receivables (net of reversals)	68,722	76,337	-	-
Amortisation of deferred income	(9,678)	(8,846)	-	-
Amortisation of grants and contributions	(20,100)	(14,774)	-	-
Amortisation of intangible assets	47,897	86,628	-	-
Auditors' remuneration				
- Statutory audit fees payable/paid to PwC Malaysia - current financial year	677	670	617	620
- Statutory audit fees payable/paid to member firms of an organisation which are separate and independent legal entities from PwC Malaysia	810	815	-	-
- Statutory audit fees payable/paid to other audit firms	2,600	2,714	-	-
- Non-audit fees payable/paid to PwC Malaysia	88	99	29	23
- Non-audit fees payable/paid to member firms of an organisation which are separate and independent legal entities from PwC Malaysia	1,182	321	-	-
Bad debts written off	4,301	7,607	-	-
Cash flow hedges, reclassified from hedging reserve to cost of sales	(86,838)	97,703	-	-
Depreciation of property, plant and equipment	1,113,191	1,074,714	247	165
Development expenditure	1,779	16,712	1,779	16,712
Directors' remuneration	45,965	47,179	45,237	21,063
Dividend in specie	-	-	-	(525,210)
Energy cost	5,522,534	4,824,716	-	-
Fair value loss/(gain) on derivatives	18,747	(3)	18,747	-
Fair value loss/(gain) on investments	29,410	(264)	(2,028)	371
Interest income	(8,408)	(22,193)	-	-
Interest expense - borrowings	1,049,515	820,799	443,406	292,291
Interest expense - post-employment benefit obligations	27,987	25,621	-	-
Net loss/(gain) on disposal of property, plant and equipment	1,395	(10,882)	-	(5)
Net gain on disposal of investments	(4)	(441)	(4)	(41)
Property, plant and equipment written off	20,203	19,683	-	-
Provision for liabilities and charges	1,981	-	-	-
Realised (gain)/loss on foreign exchange	(3,668)	(1,952)	1,764	35

6. PROFIT/(LOSS) BEFORE TAXATION (CONT'D.)

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Rental of land and building	**146,616**	132,865	**360**	360
Rental of plant, equipment and machinery	**4,663**	7,206	**-**	-
Staff costs:				
- Wages, salaries and bonus	**600,857**	564,846	**18,176**	15,017
- Defined contribution plan	**45,292**	27,681	**1,828**	1,541
- Defined benefit plan - net pension (credit)/cost	**(124,496)**	71,990	**-**	-
- Share option expenses	**682**	-	**262**	-
Unrealised loss/(gain) on foreign exchange	**6,397**	(1,177)	**(803)**	6,146
(Write back of)/Allowance for impairment of subsidiaries	**-**	-	**(45,000)**	472,500
Write off of investments accounted for using the equity method	**-**	5	**-**	5

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

	Salaries	Fees	Bonus	Others*	Total
2018	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Group					
Executive Directors	**22,646**	**415**	**16,980**	**6,048**	**46,089**
Non-executive Directors	**-**	**310**	**-**	**43**	**353**
Company					
Executive Directors	**21,918**	**415**	**16,980**	**5,945**	**45,258**
Non-executive Directors	**-**	**310**	**-**	**43**	**353**
2017					
Group					
Executive Directors	24,484	450	16,980	5,315	47,229
Non-executive Directors	-	310	-	45	355
Company					
Executive Directors	10,894	450	7,176	2,488	21,008
Non-executive Directors	-	310	-	45	355

* Others include defined contribution plan, estimated money value of benefits in kind, meeting allowances and etc. Estimated money value of benefits in kind of the Group and the Company amounted to RM477,242 and RM373,993 (2017: RM405,354 and RM299,971), respectively.

6. PROFIT/(LOSS) BEFORE TAXATION (CONT'D.)

Details of the total remuneration of each Director of the Company received from YTL Power International Berhad Group of Companies, categorised into appropriate components for the financial year ended 30 June 2018, are as follows:

2018 Group	Salaries	Fees	Bonus	Defined contribution plan	Share option expenses	Others*	Estimated money value of benefits in kind	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Executive Directors								
The late Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	-	15	-	-	-	-	27	42
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	4,824	50	3,618	1,013	131	1	176	9,813
Dato' Yeoh Seok Kian	2,412	50	1,809	507	131	1	64	4,974
Dato' Yeoh Soo Min	3,756	50	2,817	789	131	1	59	7,603
Dato' Yeoh Seok Hong	4,948	50	3,438	963	131	1	34	9,565
Dato' Sri Michael Yeoh Sock Siong	-	50	-	-	131	-	-	181
Dato' Yeoh Soo Keng	3,630	50	3,630	871	131	1	28	8,341
Dato' Mark Yeoh Seok Kah	2,428	50	1,548	433	131	1	13	4,604
Syed Abdullah bin Syed Abd. Kadir	648	50	120	58	13	1	76	966
Non-Executive Directors								
Tan Sri Datuk Dr. Aris bin Osman @ Othman	-	120	-	-	-	13	-	133
Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng	-	70	-	-	-	11	-	81
Dato' Yusli bin Mohamed Yusoff	-	60	-	-	-	8	-	68
Faiz bin Ishak	-	60	-	-	-	11	-	71
	22,646	725	16,980	4,634	930	50	477	46,442

6. PROFIT/(LOSS) BEFORE TAXATION (CONT'D.)

2018 Company	Salaries	Fees	Bonus	Defined contribution plan	Share option expenses	Others*	Estimated money value of benefits in kind	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Executive Directors								
The late Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	-	15	-	-	-	-	3	18
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	4,824	50	3,618	1,013	131	1	176	9,813
Dato' Yeoh Seok Kian	2,412	50	1,809	507	131	1	64	4,974
Dato' Yeoh Soo Min	3,756	50	2,817	789	131	1	27	7,571
Dato' Yeoh Seok Hong	4,584	50	3,438	963	131	1	1	9,168
Dato' Sri Michael Yeoh Sock Siong	-	50	-	-	131	-	-	181
Dato' Yeoh Soo Keng	3,630	50	3,630	871	131	1	27	8,340
Dato' Mark Yeoh Seok Kah	2,064	50	1,548	433	131	1	-	4,227
Syed Abdullah bin Syed Abd. Kadir	648	50	120	58	13	1	76	966
Non-Executive Directors								
Tan Sri Datuk Dr. Aris bin Osman @ Othman	-	120	-	-	-	13	-	133
Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng	-	70	-	-	-	11	-	81
Dato' Yusli bin Mohamed Yusoff	-	60	-	-	-	8	-	68
Faiz bin Ishak	-	60	-	-	-	11	-	71
	21,918	725	16,980	4,634	930	50	374	45,611

* Others include socso, meeting allowances, etc.

7. TAXATION

Taxation charge for the financial year:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Current tax:				
- Malaysian income tax	**2,022**	1,256	**628**	719
- Foreign income tax	**185,295**	226,513	**-**	-
Deferred taxation (Note 25)	**35,144**	(123,341)	**34**	(5)
	222,461	104,428	**662**	714
Current tax:				
- Current year	**206,231**	233,058	**708**	798
- Over provision in prior years	**(18,914)**	(5,289)	**(80)**	(79)
Deferred taxation:				
- Originating and reversal of temporary differences	**35,144**	(123,341)	**34**	(5)
	222,461	104,428	**662**	714

7. TAXATION (CONT'D.)

The explanation of the relationship between taxation and profit/(loss) before taxation is as follows:

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Numerical reconciliation between taxation and the product of accounting profit multiplied by the Malaysian tax rate				
Profit/(Loss) before taxation	**940,851**	892,207	**(118,061)**	672,009
Taxation calculated at the Malaysian tax rate of 24% (2017: 24%)	**225,804**	214,130	**(28,335)**	161,282
Tax effects of:				
- Share of profits of investments accounted for using the equity method	**(97,129)**	(83,536)	**-**	-
- Different tax rates in other countries including re-measurement of deferred tax^	**(45,796)**	(113,222)	**-**	-
- Non-deductible expenses	**195,879**	81,280	**110,867**	183,626
- Income not subject to tax	**(50,395)**	(29,518)	**(81,790)**	(344,115)
- Temporary differences not recognised*	**13,012**	40,583	**-**	-
- Over provision in prior years in relation to current tax	**(18,914)**	(5,289)	**(80)**	(79)
Taxation	**222,461**	104,428	**662**	714

^ The re-measurement of deferred tax in previous financial year of RM75.5 million was due to a reduction in the United Kingdom ("UK") corporation tax rate from 18% to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016. The deferred tax liability at 30 June 2017 has been calculated based on the rate of 17% substantively enacted at the financial year ended 30 June 2017. No further changes in the UK corporation tax rate were announced or substantively enacted in the year to 30 June 2018.

7. TAXATION (CONT'D.)

* 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.

	2018 RM'000	2017 RM'000
- Property, plant and equipment	**177,704**	165,766
- Unutilised tax losses	**224,924**	224,924

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

	2018 RM'000	2017 RM'000
- Property, plant and equipment	**10,563**	10,584
- Unutilised tax losses	**1,174**	79
- Others	**4,464**	4,464

8. EARNINGS PER SHARE ("EPS")

(a) Basic EPS

	Group	
	2018 RM'000	2017 RM'000
Profit attributable to owners of the parent (RM'000)	**620,055**	693,813
Weighted average number of ordinary shares in issue ('000)	**7,866,004**	7,747,678
Basic EPS (sen)	**7.88**	8.96

Basic EPS of the Group is calculated by dividing the net profit attributable to owners of the parent by the weighted average number of ordinary shares in issue during the financial year, excluding the number of ordinary shares purchased by the Company and held as treasury shares.

8. EARNINGS PER SHARE ("EPS") (CONT'D.)

(b) Diluted EPS

	Group	
	2018 RM'000	**2017 RM'000**
Profit attributable to owners of the parent (RM'000)	**620,055**	693,813
Profit used to determine diluted EPS (RM'000)	**620,055**	693,813
Weighted average number of ordinary shares in issue ('000)	**7,866,004**	7,747,678
Adjustments for:		
- Conversion of Warrants ('000)	**-**	27,871
- ESOS ('000)	**1,259**	4,841
Weighted average number of ordinary shares for diluted earnings per share ('000)	**7,867,263**	7,780,390
Diluted EPS (sen)	**7.88**	8.92

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. The Company had 116,127,100 unexercised warrants as at 30 June 2017, whose terms of conversion are set out in Note 23(a) to the financial statements. A total of 100,959,784 Warrants that remain unexercised as at 11 June 2018, lapsed and ceased to be valid for any purpose.

9. DIVIDENDS

	Group and Company 2018		Group and Company 2017	
	Gross dividend per share	Amount of dividend	Gross dividend per share	Amount of dividend
	Sen	RM'000	Sen	RM'000
Dividend paid in respect of the financial year ended 30 June 2017:				
- Interim single tier dividend of 5 sen per ordinary share paid on 10 November 2017	**5**	**388,585**	-	-
Dividend paid in respect of the financial year ended 30 June 2016:				
- Interim single tier dividend of 10 sen per ordinary share paid on 15 November 2016	**-**	**-**	10	775,865
	5	**388,585**	10	775,865

A total of 155,424,067 treasury shares were distributed as a share dividend on 9 November 2017 to shareholders on the basis of one (1) treasury share for every fifty (50) ordinary shares held as at 26 October 2017.

On 29 August 2018, the Board of Directors declared an interim single tier dividend of 5 sen per ordinary share for the financial year ended 30 June 2018. The book closure and payment dates in respect of the aforesaid dividend are 29 October 2018 and 13 November 2018, respectively.

The Board of Directors do not recommend a final dividend for the financial year ended 30 June 2018.

Notes to the Financial Statements
for the financial year ended 30 June 2018

10. PROPERTY, PLANT AND EQUIPMENT

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

Group	Land and buildings	Infrastructure assets	Plant and machinery	Mains and lines	Equipment, furniture and fittings	Motor vehicles and aircraft	Telecom-munications equipment	Assets under construction	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2018									
Cost									
At 1 July 2017	4,959,053	8,042,470	15,468,386	22,699	891,882	158,801	2,670,795	1,612,518	33,826,604
Exchange differences	(209,821)	(443,203)	(687,114)	-	(44,227)	(2,301)	-	(82,814)	(1,469,480)
Acquisition of a subsidiary*	250,323	-	1,839	-	16,247	-	-	-	268,409
Additions	20,101	92,600	232,520	-	15,204	2,241	7,669	1,408,936	1,779,271
Disposals	(2)	-	(11,738)	-	(288)	(10,218)	(5)	-	(22,251)
Written off	(7,652)	(10,207)	(129,351)	-	(1,688)	(143)	(13,219)	(43,326)	(205,586)
Transfer on commissioning	17,561	497,172	331,180	-	10,058	5,505	130,432	(991,908)	-
At 30 June 2018	5,029,563	8,178,832	15,205,722	22,699	887,188	153,885	2,795,672	1,903,406	34,176,967
Accumulated depreciation and impairment									
At 1 July 2017	2,094,975	577,287	8,606,395	22,699	426,351	55,304	665,286	43,326	12,491,623
Exchange differences	(64,897)	(32,730)	(338,326)	-	(21,116)	(1,105)	-	-	(458,174)
Charge for the financial year	95,086	67,889	723,923	-	25,853	18,761	181,679	-	1,113,191
Disposals	-	-	(3,734)	-	(286)	(7,493)	-	-	(11,513)
Reversals of impairment	-	-	-	-	(370)	(23)	(11,533)	(43,326)	(55,252)
Written off	(3,854)	-	(123,825)	-	(1,296)	(143)	(1,036)	-	(130,154)
At 30 June 2018	2,121,310	612,446	8,864,433	22,699	429,136	65,301	834,396	-	12,949,721
Net book value									
At 30 June 2018	2,908,253	7,566,386	6,341,289	-	458,052	88,584	1,961,276	1,903,406	21,227,246

* This is in relation to the acquisition of Bel Air Den Haag Beheer B.V. ("Bel Air") as disclosed in Note 13(c)(i).

Borrowing cost of RM13,803,447 (2017: RM9,098,220) at an interest rate of 4.1% (2017: 4.3%) was capitalised during the financial year 2018.

10. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

The details of property, plant and equipment are as follows: (cont'd.)

Group	Land and buildings	Infra-structure assets	Plant and machinery	Mains and lines	Equipment, furniture and fittings	Motor vehicles and aircraft	Telecom-munications equipment	Assets under construction	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2017									
Cost									
At 1 July 2016	4,793,012	7,463,251	14,720,538	22,699	838,556	157,177	2,247,058	1,008,074	31,250,365
Exchange differences	143,355	283,170	492,541	-	29,020	1,722	-	44,537	994,345
Acquisition of a subsidiary*	1,438	60,931	94	-	216	-	-	-	62,679
Additions	18,285	207,262	322,461	-	16,254	12,353	8,671	1,084,612	1,669,898
Disposals	(17)	-	(12,723)	-	(182)	(12,451)	(10)	-	(25,383)
Written off	(1,781)	(8,308)	(114,239)	-	(793)	-	(179)	-	(125,300)
Transfer on commissioning	4,761	36,164	59,714	-	8,811	-	415,255	(524,705)	-
At 30 June 2017	4,959,053	8,042,470	15,468,386	22,699	891,882	158,801	2,670,795	1,612,518	33,826,604
Accumulated depreciation and impairment									
At 1 July 2016	1,960,392	495,346	7,772,808	22,699	389,692	43,998	512,429	43,326	11,240,690
Exchange differences	41,651	18,876	222,637	-	13,224	828	-	-	297,216
Charge for the financial year	93,398	63,065	721,844	-	23,959	19,441	153,007	-	1,074,714
Disposals	(3)	-	(11,135)	-	(165)	(8,986)	(5)	-	(20,294)
Impairment	-	-	4,889	-	-	23	2	-	4,914
Written off	(463)	-	(104,648)	-	(359)	-	(147)	-	(105,617)
At 30 June 2017	2,094,975	577,287	8,606,395	22,699	426,351	55,304	665,286	43,326	12,491,623
Net book value									
At 30 June 2017	2,864,078	7,465,183	6,861,991	-	465,531	103,497	2,005,509	1,569,192	21,334,981

* This is in relation to the acquisition of Albion Water Limited ("Albion") in 2017 as disclosed in Note 13(c)(ii) .

Borrowing cost of RM9,098,220 (2016: RM9,044,603) at an interest rate of 4.3% (2016: 3.9%) was capitalised during the financial year 2017.

10. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

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

Group	Leasehold land	Freehold land	Buildings	Total
2018	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Cost				
At 1 July 2017	**101,586**	**85,967**	**4,771,500**	**4,959,053**
Exchange differences	**(4,809)**	**(4,838)**	**(200,174)**	**(209,821)**
Acquisition of a subsidiary	**-**	**35,228**	**215,095**	**250,323**
Additions	**-**	**15,719**	**4,382**	**20,101**
Disposals	**-**	**-**	**(2)**	**(2)**
Written off	**-**	**-**	**(7,652)**	**(7,652)**
Transfer on commissioning	**-**	**467**	**17,094**	**17,561**
At 30 June 2018	**96,777**	**132,543**	**4,800,243**	**5,029,563**
Accumulated depreciation				
At 1 July 2017	**51,945**	**-**	**2,043,030**	**2,094,975**
Exchange differences	**(2,443)**	**-**	**(62,454)**	**(64,897)**
Charge for the financial year	**6,116**	**-**	**88,970**	**95,086**
Written off	**-**	**-**	**(3,854)**	**(3,854)**
At 30 June 2018	**55,618**	**-**	**2,065,692**	**2,121,310**
Net book value				
At 30 June 2018	**41,159**	**132,543**	**2,734,551**	**2,908,253**
2017				
Cost				
At 1 July 2016	97,461	79,274	4,616,277	4,793,012
Exchange differences	4,125	3,110	136,120	143,355
Acquisition of a subsidiary	-	-	1,438	1,438
Additions	-	3,548	14,737	18,285
Disposals	-	-	(17)	(17)
Written off	-	-	(1,781)	(1,781)
Transfer on commissioning	-	35	4,726	4,761
At 30 June 2017	101,586	85,967	4,771,500	4,959,053
Accumulated depreciation				
At 1 July 2016	43,968	-	1,916,424	1,960,392
Exchange differences	1,776	-	39,875	41,651
Charge for the financial year	6,201	-	87,197	93,398
Disposals	-	-	(3)	(3)
Written off	-	-	(463)	(463)
At 30 June 2017	51,945	-	2,043,030	2,094,975
Net book value				
At 30 June 2017	49,641	85,967	2,728,470	2,864,078

The net book value of assets of the Group held under finance lease amounted RM273,214,918 (2017: RM287,151,457). Leasehold land is short term in nature.

10. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

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

Company	Equipment, furniture and fittings	Motor vehicles	Total
2018	**RM'000**	**RM'000**	**RM'000**
Cost			
At 1 July 2017	**466**	**1,585**	**2,051**
Additions	**35**	**897**	**932**
At 30 June 2018	**501**	**2,482**	**2,983**
Accumulated depreciation			
At 1 July 2017	**391**	**519**	**910**
Charge for the financial year	**28**	**219**	**247**
At 30 June 2018	**419**	**738**	**1,157**
Net book value			
At 30 June 2018	**82**	**1,744**	**1,826**
2017			
Cost			
At 1 July 2016	449	1,459	1,908
Additions	17	541	558
Disposals	–	(415)	(415)
At 30 June 2017	466	1,585	2,051
Accumulated depreciation			
At 1 July 2016	369	619	988
Charge for the financial year	22	143	165
Disposals	–	(243)	(243)
At 30 June 2017	391	519	910
Net book value			
At 30 June 2017	75	1,066	1,141

The net book value of assets of the Company held under finance lease amounted RM375,856 (2017: RM381,406).

11. INVESTMENT PROPERTIES

The details of investment properties are as follows:

	Group	
	2018 RM'000	**2017 RM'000**
At 1 July	**432,935**	14,462
Exchange differences	**(24,286)**	10,910
Additions	**43,463**	38,196
Reclassification from inventories#	**-**	369,367
At 30 June	**452,112**	432,935

\# During previous financial year, the development land at Filton Airfield shown as inventories in 2016 was transferred to investment properties. This follows an internal restructuring into two companies, the asset owner and the development company. Due to the length of time of the development and the use of land between residential, commercial and public usage the asset owner will hold the assets as an investor and look to derive income from letting of the site. During the project, parcels of land will be released to the development company and be recorded in that company as either investment property or held for development, depending on the actual plan for each parcel of land.

The Group has considered and assessed that the cost approximates fair value at 30 June 2018.

12. INTANGIBLE ASSETS

The details of intangible assets are as follows:

Group	**Contract rights**	**Goodwill on consolidation**	**Others**	**Total**
2018	**RM'000**	**RM'000**	**RM'000**	**RM'000**
At 1 July 2017	**129,335**	**8,207,701**	**55,681**	**8,392,717**
Exchange differences	**(7,598)**	**(392,335)**	**(618)**	**(400,551)**
Acquisition of a subsidiary*	**-**	**74,602**	**-**	**74,602**
Additions	**4,618**	**-**	**17,087**	**21,705**
Amortisation charge for the financial year	**(6,251)**	**-**	**(41,646)**	**(47,897)**
At 30 June 2018	**120,104**	**7,889,968**	**30,504**	**8,040,576**

* The provisional goodwill is in relation to the acquisition of Bel Air Den Haag Beheer B.V. ("Bel Air") as disclosed in Note 13(c)(i).

12. INTANGIBLE ASSETS (CONT'D.)

The details of intangible assets are as follows: (cont'd.)

Group	Contract rights	Goodwill on consolidation	Others	Total
2017	**RM'000**	**RM'000**	**RM'000**	**RM'000**
At 1 July 2016	126,920	7,868,206	82,094	8,077,220
Exchange differences	7,894	338,250	291	346,435
Acquisition of a subsidiary	-	1,245	-	1,245
Additions	233	-	54,212	54,445
Amortisation charge for the financial year	(5,712)	-	(80,916)	(86,628)
At 30 June 2017	129,335	8,207,701	55,681	8,392,717

(a) 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	
	2018 RM'000	**2017 RM'000**
Multi utilities business segment ("Singapore")	**7,265,766**	7,657,428
Water and sewerage segment (United Kingdom ("UK"))	**440,700**	440,700
Others	**183,502**	109,573
Total goodwill	**7,889,968**	8,207,701

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 judgement.

12. INTANGIBLE ASSETS (CONT'D.)

(a) Impairment test for goodwill (cont'd.)

(i) Key assumptions used in the value-in-use calculations

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

	2018		2017	
	Singapore %	UK %	Singapore %	UK %
Pre-tax discount	**5.9**	**4.4**	5.8	4.4
Terminal growth rate	**2.0**	**0.1**	2.0	0.1
Revenue growth rate	**-**	**2.7**	-	2.6
Earnings before interest, tax, depreciation and amortisation ("EBITDA") growth rate	**8.5**	**-**	1.9	-

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 multi utilities business segment ("Singapore"), cash flow projections used in the value-in-use calculation were based on approved financial budgets and forecasts covering a five-year period. Cash flows beyond the five-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 terminal growth rate indicates the expected growth of cash flows after the forecast period of five years.

The EBITDA growth rate is calculated using the Compound Annual Growth Rate method and applied on the projected first year's EBITDA over the forecast period. Management determined the current year's EBITDA growth rate assumption based on the changes in the vesting contract regime as published in the "Review of the Vesting Contract Regime Final Determination Paper" published by the Energy Market Authority of Singapore on 30 September 2016.

For water and sewerage segment, cash flow projections used in the value-in-use calculation were based on approved financial budgets and forecasts covering a two year period, to conform the final determinations approved by OFWAT, the economic regulator of the water sector in England and Wales.

12. INTANGIBLE ASSETS (CONT'D.)

(a) Impairment test for goodwill (cont'd.)

(ii) Impact of possible change in key assumptions

Changing the assumptions selected by management 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:

	2018		2017	
	Singapore %	**UK %**	**Singapore %**	**UK %**
Pre-tax discount	**7.3**	**21.0**	7.5	16.8
Terminal growth rate	**0.2**	**(1.2)**	(0.3)	(1.5)
Revenue growth rate	**-**	**(37.2)**	-	(10.9)
EBITDA growth rate	**1.8**	**-**	(5.1)	-

No impairment charge for the goodwill was recognised for the financial year ended 30 June 2018 (2017: Nil) as the recoverable value of the CGUs was in excess of its carrying value.

13. INVESTMENT IN SUBSIDIARIES

	Company	
	2018 RM'000	**2017 RM'000**
Unquoted shares, at cost	**23,481,323**	23,453,810
Accumulated impairment losses	**(5,245,033)**	(5,290,033)
	18,236,290	18,163,777

13. INVESTMENT IN SUBSIDIARIES (CONT'D.)

Details of the subsidiaries are as follows:

Name	Country of incorporation	Group's effective interest 2018 %	Group's effective interest 2017 %	Principal activities
Subsidiaries held by the Company:				
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
YTL Communications Sdn. Bhd.*	Malaysia	**60**	60	Provision of wired line and wireless broadband access and other related services
YTL Energy Holdings Sdn. Bhd.*	Malaysia	**100**	100	Investment holding
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 & financing activities
YTL Jordan Power Holdings Limited*	Cyprus	**100**	100	Investment holding & financing activities
YTL Jordan Services Holdings Limited*	Cyprus	**100**	100	Investment holding
YTL Jordan Services Sdn. Bhd.*	Malaysia	**100**	100	Dormant
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 Sdn. Bhd.*	Malaysia	**100**	100	Dormant
YTL Power International Holdings Limited^	Cayman Islands	**100**	100	Investment holding
YTL Power Investments Limited*	Cayman Islands	**100**	100	Investment holding

13. INVESTMENT IN SUBSIDIARIES (CONT'D.)

Name	Country of incorporation	Group's effective interest 2018 %	Group's effective interest 2017 %	Principal activities
Subsidiaries held by the Company: (cont'd.)				
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 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
YTL Water (Singapore) Pte. Ltd.*	Singapore	**100**	100	Invest, develop, construct, operate and to maintain water utilities assets

13. INVESTMENT IN SUBSIDIARIES (CONT'D.)

Name	Country of incorporation	Group's effective interest		Principal activities
		2018 %	2017 %	
Subsidiaries held by YTL Utilities (UK) Limited:				
Wessex Water Limited*	England and Wales	**100**	100	Water supply and waste water services
YTL Events Limited*	England and Wales	**100**	100	Concert promotion
YTL Land and Property (UK) Ltd*	England and Wales	**100**	100	Housing development
Subsidiaries held by YTL Land and Property (UK) Ltd:				
YTL Developments (UK) Limited*	England and Wales	**100**	100	Housing development
YTL Homes Ltd*	England and Wales	**100**	100	Dormant
YTL Places Limited*	England and Wales	**100**	100	Dormant
YTL Property Holdings (UK) Limited*	England and Wales	**100**	100	Housing development
Subsidiaries held by Wessex Water Limited:				
Albion Water Limited*	England and Wales	**51**	51	Water and sewerage inset appointments
Enterprise Laundry Services Limited*	England and Wales	**100**	100	Laundry services
Flipper Limited*	England and Wales	**65**	100	Energy switching for domestic customers
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 Nederland B.V.*	Netherlands	**100**	100	Waste treatment
SC Technology Deutschland GmbH*	Germany	**100**	100	Waste treatment
Water 2 Business Limited*	England and Wales	**70**	70	Billing services
Wessex Concierge Limited*	England and Wales	**100**	100	Holding company
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

13. INVESTMENT IN SUBSIDIARIES (CONT'D.)

Name	Country of incorporation	Group's effective interest 2018 %	Group's effective interest 2017 %	Principal activities
Subsidiaries held by Wessex Water Limited: (cont'd.)				
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
Subsidiaries held by YTL Communications Sdn. Bhd.:				
Cellular Structures Sdn. Bhd.*	Malaysia	**60**	48	Inactive
Extiva Communications Sdn. Bhd.*	Malaysia	**60**	60	Inactive
KJS Alunan Sdn. Bhd.†	Malaysia	**60**	-	Investment holding
Konsortium Jaringan Selangor Sdn. Bhd.*	Malaysia	**60**	48	Planning, implementation and maintenance of telecommunication towers and telecommunication related services
Yakin Telesel Sdn. Bhd.†	Malaysia	**60**	-	Planning, development, implementation and management of telecommunications infrastructure and information communication technologies services

13. INVESTMENT IN SUBSIDIARIES (CONT'D.)

Name	Country of incorporation	Group's effective interest 2018 %	Group's effective interest 2017 %	Principal activities
Subsidiaries held by YTL Communications Sdn. Bhd.: (cont'd.)				
YesLinc Sdn. Bhd.†	Malaysia	**60**	-	Providing solution & services relating to Internet of Things (IoT) initiative
YTL Broadband Sdn. Bhd.*	Malaysia	**48**	48	Provision of wired line and wireless broadband access and other related services
YTL Communications International Limited^	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	Retail and marketing of telecommunication devices
YTL Global Networks Limited^	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
Subsidiaries held by YTL Jawa Power Holdings Limited:				
Bel Air Den Haag Beheer B.V.*	Netherlands	**100**	-	Hotel business
P.T. Tanjung Jati Power Company**	Indonesia	**80**	80	Design and construction of a coal-fired power generating facility
YTL Jawa Energy B.V.*	Netherlands	**100**	100	Investment holding and financing activities
YTL Jawa Power B.V.*	Netherlands	**57.1**	57.1	Investment holding

13. INVESTMENT IN SUBSIDIARIES (CONT'D.)

Name	Country of incorporation	Group's effective interest 2018 %	Group's effective interest 2017 %	Principal activities
Subsidiaries held by YTL Jawa Power Holdings Limited: (cont'd.)				
YTL Jawa Power Finance Limited*	Cayman Islands	**100**	100	Financial services
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	**68.3**	58.2	Investment holding
Frog Education Limited*	England and Wales	**68.3**	58.2	Sales into the education market and further development of the web environment product
Frog Education Sdn. Bhd.*	Malaysia	**68.3**	58.2	License reseller focused on providing virtual learning educational platform
Granite Investments (Cayman Islands) Limited^	Cayman Islands	**100**	100	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

* *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*
^ *Entities are either exempted or not statutorily required to be audited*
† *First audited financial statements in 2019*

13. INVESTMENT IN SUBSIDIARIES (CONT'D.)

(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	Carrying amount of NCI
		RM'000	RM'000
2018			
YTL Jawa Power Holdings B.V.	**42.9%**	**136,695**	**671,756**
YTL Communications Sdn. Bhd.	**40.0%**	**(39,012)**	**(580,520)**
		97,683	**91,236**
2017			
YTL Jawa Power Holdings B.V.	42.9%	143,143	726,196
YTL Communications Sdn. Bhd.	40.0%	(48,918)	(519,192)
		94,225	207,004

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

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

	YTL Jawa Power Holdings B.V.		YTL Communications Sdn. Bhd.	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Non-current assets	**1,583,414**	1,711,189	**2,482,969**	2,403,956
Current assets	**1,143**	1,623	**282,956**	414,025
Non-current liabilities	**(16,876)**	(17,944)	**(47,799)**	(48,781)
Current liabilities	**(191)**	(347)	**(681,503)**	(613,042)
Net assets	**1,567,490**	1,694,521	**2,036,623**	2,156,158
Revenue	**-**	-	**775,298**	807,229
Profit/(Loss) for the financial year	**318,968**	334,014	**(101,652)**	(126,822)
Total comprehensive income/(loss)	**222,324**	438,213	**(99,934)**	(128,251)

13. INVESTMENT IN SUBSIDIARIES (CONT'D.)

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

	YTL Jawa Power Holdings B.V.		YTL Communications Sdn. Bhd.	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Cash flow (used in)/from operating activities	**(888)**	(281)	**335,278**	(31,013)
Cash flow from/(used in) investing activities	**346,296**	354,353	**(285,178)**	(482,842)
Cash flow (used in)/from financing activities	**(345,409)**	(354,043)	**(41,323)**	519,252
Net (decrease)/increase in cash and cash equivalents	**(1)**	29	**8,777**	5,397
Dividends paid to NCI	**148,027**	151,727	**-**	1,000

(c) Acquisition of subsidiaries

(i) Acquisition of Bel Air Den Haag Beheer B.V. ("Bel Air")

On 28 June 2018, YTL Jawa Energy B.V. ("YTLJE"), an indirect wholly-owned subsidiary of the Group acquired the entire issued and outstanding shares of Bel Air.

Details of the consideration transferred and goodwill recognised are as follows:

	RM'000
Cash consideration	**287,432**
Repayment of loans owing to former shareholder	**(192,996)**
Purchase consideration excluding transaction costs	**94,436**
Fair value of net assets acquired	**(19,834)**
Provisional goodwill	**74,602**

The provisionally determined fair values of the assets and liabilities as at the date of acquisition are as follows:

	Fair value RM'000
Property, plant and equipment	**268,409**
Receivables, deposits and prepayments	**4,616**
Cash and cash equivalents	**7,036**
Payables and accrued expenses	**(11,484)**
Loans payable	**(192,996)**
Deferred taxation	**(55,747)**
Identifiable net assets acquired	**19,834**

13. INVESTMENT IN SUBSIDIARIES (CONT'D.)

(c) Acquisition of subsidiaries (cont'd.)

(i) Acquisition of Bel Air Den Haag Beheer B.V. ("Bel Air") (cont'd.)

Details of cash flow arising from the acquisition are as follows:

	RM'000
Purchase consideration excluding transaction costs	**94,436**
Transaction cost incurred	**3,756**
Less: cash and cash equivalents acquired	**(7,036)**
Final purchase consideration including transaction costs	**91,156**
Repayment of loans owing to former shareholder	**192,996**
Net cash outflow on acquisition	**284,152**

At the time the financial statements were authorised for issue, the Group had not yet completed the accounting for the acquisition of Bel Air.

(ii) Acquisition of Albion Water Limited ("Albion")

On 1 December 2016, Wessex Water Limited, an indirect wholly-owned subsidiary of the Group acquired fifty-one (51) B-ordinary shares of the nominal value of GBP0.01, representing 51% of the issued share capital of Albion for GBP227,505 (RM1,240,199) in cash. Arising from this acquisition, RM62.7 million of property, plant and equipment and RM60.7 million of grants and contributions were recognised during previous financial year.

(d) Impairment assessment for investment in a subsidiary

The following are the key assumptions applied in the value-in-use calculation for impairment assessment of a subsidiary in the mobile broadband network segment:

	2018	2017
Discount rate	**10.8%**	11.7%
Terminal multiple	**16.3x**	14.6x
Average revenue growth rate	**13.14%**	16.91%

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:

	2018	2017
Discount rate	**12.3%**	12.6%
Terminal multiple	**14.5x**	13.5x
Average revenue growth rate	**12.83%**	16.73%

The subsidiary is expected to renew its key contract in financial year 2020 at the same value.

The carrying value of the subsidiary is RM2.9 billion (2017: RM2.9 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.

13. INVESTMENT IN SUBSIDIARIES (CONT'D.)

(e) Redemption of preference shares by a subsidiary

During the previous financial year, YTL Power Generation Sdn. Bhd. ("YTLPG"), a wholly owned subsidiary of the Company redeemed 21,000,000 preference shares of 20 sen each at a redemption value of RM26.01 per share.

As a result, a gain on redemption of RM525,210,000 was recognised by the Company and impairment charge of RM472,500,000 was made for the cost of investment in the subsidiary as the carrying value was in excess of its recoverable value.

(f) Capitalisation of advances to a subsidiary

During the previous financial year, the Company has subscribed an additional 800 million Redeemable Cumulative Convertible Preference Shares in YTL Communications Sdn. Bhd. at a price of RM1.00 per share.

14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

(a) Investment in joint ventures

	Group	
	2018 RM'000	**2017 RM'000**
Unquoted shares, at cost	**59,315**	63,036
Group's share of post-acquisition reserves	**43,278**	(33,241)
Group's share of net assets	**102,593**	29,795

Details of the joint venture companies are as follows:

Name	Country of incorporation	Group's effective interest		Principal activities
		2018 %	**2017 %**	
Attarat Mining Company B.V.	Netherlands	**45.0**	45.0	Mining & supply of oil shale
Attarat Operation and Maintenance Company B.V.	Netherlands	**45.0**	45.0	Operation & maintenance of Power Plant
Attarat Power Holding Company B.V.	Netherlands	**45.0**	45.0	Investment holding and financing activities
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

14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONT'D.)

(a) Investment in joint ventures (cont'd.)

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

(i) Summarised financial information:

	Attarat Mining Company B.V.	
	2018 RM'000	**2017 RM'000**
Non-current assets	**2,481**	576
Current assets	**262,396**	163,773
Current liabilities	**(123,353)**	(108,087)
Net assets	**141,524**	56,262
Profit for the financial year/Total comprehensive income	**89,411**	34,764
Included in the total comprehensive income is:		
Revenue	**440,500**	139,002

(ii) Reconciliation of net assets to carrying amount:

	Attarat Mining Company B.V.	
	2018 RM'000	**2017 RM'000**
Opening net assets, 1 July	**56,262**	-
Increase in equity	**-**	21,453
Profit for the financial year	**89,411**	34,764
Foreign exchange differences	**(4,149)**	45
Closing net assets, 30 June	**141,524**	56,262
Interest in joint ventures	**45.0%**	45.0%
Carrying amount	**63,686**	25,318

The individually immaterial joint ventures' carrying amount is RM38.9 million (2017: RM4.5 million), Group's share of loss is RM1.0 million (2017: RM55.9 million) and the Group's share of total comprehensive income is RM13.3 million (2017: total comprehensive loss is RM55.9 million).

14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONT'D.)

(b) Investment in associates

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Unquoted shares, at cost	**1,002,302**	1,078,148	**-**	5
Group's share of post-acquisition reserves	**1,092,121**	1,200,436	**-**	-
Accumulated impairment losses	**(59,685)**	(63,011)	**-**	-
Written off	**-**	(5)	**-**	(5)
Group's share of net assets	**2,034,738**	2,215,568	**-**	-

Details of the associates are as follows:

Name	**Country of incorporation**	**Group's effective interest**		**Principal activities**
		2018 %	**2017 %**	
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

* *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.	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Non-current assets	**4,469,905**	4,771,909	**9,149,064**	9,420,263
Current assets	**1,001,835**	1,104,305	**118,787**	262,224
Non-current liabilities	**(682,917)**	(629,163)	**(5,693,887)**	(7,175,835)
Current liabilities	**(264,784)**	(357,939)	**(2,226,729)**	(1,001,043)
Net assets	**4,524,039**	4,889,112	**1,347,235**	1,505,609

14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONT'D.)

(b) Investment in associates (cont'd.)

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: (cont'd.)

(i) Summarised financial information: (cont'd.)

	P.T. Jawa Power		ElectraNet Pty. Ltd.	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Profit for the financial year	**914,584**	956,287	**135,361**	160,060
Other comprehensive (loss)/income	**-**	-	**(7,675)**	55,109
Total comprehensive income	**914,584**	956,287	**127,686**	215,169
Included in the total comprehensive income is:				
Revenue	**2,449,104**	2,431,873	**1,184,836**	1,221,851
Other information:				
Dividends received from associate	**346,296**	354,353	**46,398**	43,755

(ii) Reconciliation of net assets to carrying amount:

	P.T. Jawa Power		ElectraNet Pty. Ltd.		Total	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Opening net assets, 1 July	**4,889,112**	4,632,625	**1,505,609**	1,283,289	**6,394,721**	5,915,914
Profit for the financial year	**914,584**	956,287	**135,361**	160,060	**1,049,945**	1,116,347
Other comprehensive (loss)/income	**-**	-	**(7,675)**	55,109	**(7,675)**	55,109
Foreign exchange differences	**(290,240)**	312,637	**(147,560)**	137,764	**(437,800)**	450,401
Dividend paid	**(989,417)**	(1,012,437)	**(138,500)**	(130,613)	**(1,127,917)**	(1,143,050)
Closing net assets, 30 June	**4,524,039**	4,889,112	**1,347,235**	1,505,609	**5,871,274**	6,394,721
Interest in associates	**35.0%**	35.0%	**33.5%**	33.5%		
Carrying amount	**1,583,414**	1,711,189	**451,324**	504,379	**2,034,738**	2,215,568

15. INVESTMENTS

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Non-current				
Available-for-sale financial assets	**273,351**	287,963	**273,286**	287,842
Financial assets at fair value through profit or loss	**790,067**	534,817	**-**	-
	1,063,418	822,780	**273,286**	287,842
Current				
Financial assets at fair value through profit or loss	**1,883,669**	2,503,011	**1,883,669**	2,503,011

(a) Available-for-sale financial assets

The investments are in relation to the following:

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Equity investments				
Quoted in Malaysia	**56,102**	56,492	**56,102**	56,492
Quoted outside Malaysia	**21**	24	**-**	-
Unquoted outside Malaysia	**44**	47	**-**	-
Unquoted in Malaysia	**217,184**	231,400	**217,184**	231,350
	273,351	287,963	**273,286**	287,842
Fair value (loss)/gain recognised in other comprehensive income during the financial year	**(14,558)**	21,259	**(14,556)**	21,262

15. INVESTMENTS (CONT'D.)

(b) Financial assets at fair value through profit or loss

The investments are in relation to the following:

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Income funds*				
Quoted in Malaysia	**1,883,669**	2,503,011	**1,883,669**	2,503,011
Quoted outside Malaysia	**786,234**	530,771	**-**	-
Equity investment				
Unquoted outside Malaysia	**3,833**	4,046	**-**	-
	2,673,736	3,037,828	**1,883,669**	2,503,011
Fair value (loss)/gain recognised in the income statement during the financial year	**(29,410)**	264	**2,028**	(371)

* Financial assets at fair value through profit or loss consist of investment in income funds placed with licensed financial institutions. The income funds in Malaysia are highly liquid and readily convertible to cash.

16. PROJECT DEVELOPMENT COSTS

The details of project development costs are as follows:

	Group	
	2018 RM'000	**2017 RM'000**
At 1 July	**166,841**	101,857
Exchange differences	**(10,288)**	6,920
Additions	**40,338**	58,064
At 30 June	**196,891**	166,841

Project development costs consist of land acquisition costs, capitalised interest, professional fees and related costs. The land acquisition costs relating to the construction of the power plant by P.T. Tanjung Jati Power Company under a 30-year power purchase agreement with PT PLN (Persero), Indonesia's state-owned electric utility company, a second amended and restated version of which was executed in March 2018. The project is currently in the development stage and progress is underway towards achieving financial close.

17. RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Non-current				
Prepayments	**3,840**	22,493	**-**	-
Receivables from associate#	**229,358**	258,066	**-**	-
Deposits	**1,311**	1,383	**-**	-
Shareholder loansΩ	**714,988**	686,795	**-**	-
	949,497	968,737	**-**	-
Current				
Trade receivables	**1,108,484**	934,027	**-**	-
Less: Allowance for impairment of trade receivables	**(239,354)**	(235,623)	**-**	-
Total trade receivables (net)	**869,130**	698,404	**-**	-
Other receivables*	**196,515**	250,708	**1,142**	1,148
Accrued income	**948,349**	979,093	**-**	-
Deposits	**47,386**	29,698	**663**	663
Interest receivable	**5,475**	2,580	**25**	12
Prepayments	**212,844**	191,759	**-**	-
	2,279,699	2,152,242	**1,830**	1,823

Receivables from associate comprise 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. The interest rate of the loan notes is average at 13.25% per annum.

Ω Shareholder loans are advances to Attarat Power Holding Company B.V. who wholly own Attarat Power Company ("APCO"). APCO is developing a 554 megawatt oil shale fired power generation project in the Hashemite Kingdom of Jordan. APCO has signed a 30-year power purchase agreement (including construction period of 3.5 years) with the National Electric Power Company ("NEPCO"), Jordan's state-owned utility, for the entire electrical capacity and energy of the power plant, with an option for NEPCO to extend the power purchase agreement to 40 years (from the commercial operation date of the project's second unit). Construction has commenced on the project, with operations scheduled to commence mid-2020. The shareholder loans and accrued interest are repayable on demand. The interest rate of the shareholder loans is at 15.00% per annum.

* A foreign subsidiary of the Group has recognised other receivables, arising from liquidated 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 judgement of management. The trial has completed and the matter is now awaiting court's decision. Additional information is disclosed in Note 37 to the financial statements.

17. RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONT'D.)

Credit terms of trade receivables average at 30 days (2017: 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	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Neither past due nor impaired	**2,469,508**	2,272,704	**1,830**	1,823
1 to 90 days past due not impaired	**225,131**	328,669	**-**	-
91 to 120 days past due not impaired	**11,550**	21,143	**-**	-
More than 120 days past due not impaired	**306,323**	284,211	**-**	-
Total past due not impaired	**543,004**	634,023	**-**	-
	3,012,512	2,906,727	**1,830**	1,823

Balances past due but not impaired relate to a number of customers with 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	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
With credit ratings (Moody's/RAM):				
- P1	**119,472**	2,580	**25**	12
Without external credit ratings	**2,350,036**	2,270,124	**1,805**	1,811
	2,469,508	2,272,704	**1,830**	1,823

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

Receivables amounting to RM43.0 million (2017: RM35.7 million) are secured by financial guarantees given by banks and RM25.2 million (2017: RM17.0 million) are secured by cash collateral.

17. RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONT'D.)

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

	Group		Group	
	Trade receivables		Other receivables	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
At 1 July	**235,623**	248,962	**134**	189
Exchange differences	**(12,562)**	8,274	**(5)**	8
Written off during the financial year as uncollectible	**(52,483)**	(98,013)	**-**	-
Allowance for/(Write back of) impairment of receivables (net of reversals)	**68,776**	76,400	**(54)**	(63)
At 30 June	**239,354**	235,623	**75**	134

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

The fair value of receivables approximate their carrying amounts.

18. INVENTORIES

Inventories comprise:

	Group	
	2018 RM'000	**2017 RM'000**
Finished goods	**20,198**	20,899
Spare parts	**144,658**	147,589
Raw materials	**16,417**	17,707
Work in progress	**34,056**	39,334
Fuel	**214,675**	223,418
	430,004	448,947

The cost of inventories recognised as expense and included in 'cost of sales' amounted to RM61 million (2017: RM403 million).

19. DERIVATIVE FINANCIAL INSTRUMENTS

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

Group	Contract/ Notional amount	Fair value	
		Assets	Liabilities
2018	**RM'000**	**RM'000**	**RM'000**
Cash flows hedges:			
- Fuel oil swaps	**1,617,924**	**219,059**	**9,836**
- Currency forwards	**1,093,246**	**20,869**	**8,355**
Fair value through profit or loss:			
- Fuel oil swaps	**1,180**	**-**	**240**
- Currency forwards	**61,110**	**1,802**	**3,296**
- Currency options contracts*	**1,615,400**	**-**	**18,579**
		241,730	**40,306**
Current portion		**197,681**	**19,229**
Non-current portion		**44,049**	**21,077**
		241,730	**40,306**
Group			
2017			
Cash flows hedges:			
- Fuel oil swaps	1,253,820	43,558	114,185
- Currency forwards	1,345,530	20,801	20,400
Fair value through profit or loss:			
- Fuel oil swaps	89,991	-	9,382
- Currency forwards	156,465	1,002	2,450
		65,361	146,417
Current portion		51,859	121,980
Non-current portion		13,502	24,437
		65,361	146,417
Company			
2018			
Fair value through profit or loss:			
- Currency options contracts*	**1,615,400**	**-**	**18,579**
Non-current portion		**-**	**18,579**

* During the financial year, the Company entered into currency options contracts to enjoy interest rate reduction in related borrowings with an acceptable risk profile. The fair value is determined using the spot rate, interest rate, basis curve and volatility of the related currencies and time to maturity of the contracts.

19. DERIVATIVE FINANCIAL INSTRUMENTS (CONT'D.)

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 37 months (2017: 33 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 fuel 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 fuel.

The fair value of fuel oil swaps is determined using a benchmark fuel price index at the reporting date.

(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 43 months (2017: 36 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 fuel 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 fuel.

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 value of forward currency contracts is determined using quoted forward currency rates at the reporting date.

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 by/of 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 RM2,099,865,811 (2017: RM2,421,465,146) which bear interests at rates ranging from 2.43% to 4.51% (2017: 1.10% to 4.51%). The remaining amounts receivable within 12 months are in respect of operational expense payments which were made on behalf of subsidiaries.

As at 30 June 2018, the Company has given corporate guarantees of RM102,850,391 (2017: RM44,822,435) 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	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Deposits with licensed banks		**6,906,612**	8,439,314	**85,007**	34,384
Cash and bank		**431,315**	506,987	**1,133**	781
Cash and bank balances		**7,337,927**	8,946,301	**86,140**	35,165
Bank overdrafts	26(a)	**(32,836)**	(3,268)	**-**	-
Cash and cash equivalents		**7,305,091**	8,943,033	**86,140**	35,165

The range of interest rates of deposits that was effective as at the reporting date is as follows:

	Group		Company	
	2018 %	2017 %	2018 %	2017 %
Deposits with licensed banks	**0.06 - 4.00**	0.10 - 4.00	**3.10 - 3.30**	3.10 - 3.15

Deposits of the Group and the Company have maturity ranging from 1 day to 90 days (2017: 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	
	2018 RM'000	**2017 RM'000**
Issued and fully paid:		
At the beginning of the financial year: - 8,143,041,422 ordinary shares with no-par value (2017: 8,101,601,315 ordinary shares of RM0.50 each)	**7,019,847**	4,050,801
Exercise of warrants before 31 January 2017: - 41,374,498 ordinary shares of RM0.50 each	**-**	20,687
Transition to no-par value regime*	**-**	2,948,277
Exercise of warrants on/after 31 January 2017: - 15,167,316 (2017: 65,609) ordinary shares	**17,224**	75
Warrant reserve	**1,516**	7
At the end of the financial year: - 8,158,208,738 (2017: 8,143,041,422) ordinary shares with no-par value	**7,038,587**	7,019,847

The issued and fully paid up share capital of the Company was increased from 8,143,041,422 ordinary shares to 8,158,208,738 following the exercise of 12,927,750 Warrants at an exercise price of RM1.14 per Warrant and 2,239,566 Warrants at an exercise price of RM1.11 per Warrant on the basis of one (1) new ordinary share for one (1) Warrant. The new ordinary shares rank pari passu in all respects with the existing issued shares of the Company.

As at 30 June 2018, the Company holds 314,717,412 (2017: 384,266,779) shares as treasury shares. The number of ordinary shares in issue and fully paid after offsetting treasury shares are 7,843,491,326 (2017: 7,758,774,643).

* Effective from 31 January 2017, the new Companies Act 2016 ("Act") abolished the concept of authorised share capital and par value of share capital. Consequently, the credit balance of the share premium of RM2,823,277,087 and capital redemption reserve account of RM125,000,000 became part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use this amount for purposes as set out in Section 618(3) and Section 618(4) of the Act. There is no impact on the number of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

23. SHARE CAPITAL (CONT'D.)

(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 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.

Pursuant 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 held in YTL Power, the exercise price of Warrant was adjusted from RM1.21 to RM1.14.

The exercise price of Warrant was further adjusted on 9 November 2018 from RM1.14 to RM1.11, pursuant to the share dividend of one (1) treasury share for every fifty (50) existing ordinary shares.

The Warrants was exercisable at any time commencing on the date of issue of Warrants on 12 June 2008 but not later than 11 June 2018. Therefore, the unexercised Warrants as at 11 June 2018, lapsed and ceased to be valid for any purpose.

The movement in the number of Warrants is as follows:

	Group and Company	
	2018 '000	**2017 '000**
At 1 July	**116,127**	157,567
Exercise of Warrants	**(15,167)**	(41,440)
Unexercised upon expiry	**(100,960)**	-
At 30 June	**-**	116,127

(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 (CONT'D.)

(b) Employees' Share Option Scheme 2011 ("ESOS") (cont'd.)

(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 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.

(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 (CONT'D.)

(b) Employees' Share Option Scheme 2011 ("ESOS") (cont'd.)

The movement during the financial year in the number of share options of the Company is as follows:

			Number of share options				
Grant date	**Expiry date**	**Exercise price RM/share**	**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	1.38*	80,681	-	-	(2,548)	78,133
01.06.2012	31.03.2021	1.65	37,434	-	-	(835)	36,599
14.03.2018	14.03.2021	0.97	-	131,855	-	(8,427)	123,428
			118,115	**131,855**	**-**	**(11,810)**	**238,160**

* The exercise price adjusted to RM1.41.

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	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Share option expenses	**1,612**	-	**1,612**	-
Allocation to subsidiaries	**-**	-	**(420)**	-
Total share option expenses	**1,612**	-	**1,192**	-

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)	RM1.06 - RM1.63
Expected volatility	20.62% - 21.21%
Expected dividend yield	5.56% - 6.20%
Expected option life	3 years
Risk-free interest rate per annum (based on Malaysian securities bonds)	3.14% - 3.40%

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 on 1 June 2012 vested on 1 June 2015, while the options granted to employee on 14 March 2018 will vest on 14 March 2021.

24. RESERVES

(a) Other reserves

Group	Capital redemption reserve[1]	Capital reserve	Available-for-sale reserve	Hedging reserve	Statutory reserve[2]	Share option reserve	Warrant reserve	Total other reserves
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 July 2017	**52,200**	**1,229**	**149,795**	**(126,177)**	**36,666**	**23,941**	**11,615**	**149,269**
Exchange differences	**-**	**7**	**(1)**	**1,337**	**(2,181)**	**-**	**-**	**(838)**
Conversion of warrants	**-**	**-**	**-**	**-**	**-**	**-**	**(1,516)**	**(1,516)**
Expiry of warrants [3]	**-**	**-**	**-**	**-**	**-**	**-**	**(10,099)**	**(10,099)**
Fair value (loss)/gain	**-**	**-**	**(14,558)**	**400,183**	**-**	**-**	**-**	**385,625**
Reclassification to Income Statement	**-**	**-**	**-**	**(86,838)**	**-**	**-**	**-**	**(86,838)**
Share option expenses	**-**	**-**	**-**	**-**	**-**	**1,612**	**-**	**1,612**
Share option lapsed	**-**	**-**	**-**	**-**	**-**	**(701)**	**-**	**(701)**
Share of reserve of a joint venture	**-**	**(9,042)**	**-**	**-**	**-**	**-**	**-**	**(9,042)**
At 30 June 2018	**52,200**	**(7,806)**	**135,236**	**188,505**	**34,485**	**24,852**	**-**	**427,472**
At 1 July 2016	145,000	1,151	128,230	(359,740)	34,348	24,261	15,759	(10,991)
Exchange differences	-	78	1	(16,941)	2,318	-	-	(14,544)
Conversion of warrants	-	-	-	-	-	-	(4,144)	(4,144)
Fair value gain	-	-	21,259	152,801	-	-	-	174,060
Reclassification to Income Statement	-	-	305	97,703	-	-	-	98,008
Share option lapsed	-	-	-	-	-	(320)	-	(320)
Redemption of preference shares by a subsidiary	32,200	-	-	-	-	-	-	32,200
Transition to no-par value regime[1]	(125,000)	-	-	-	-	-	-	(125,000)
At 30 June 2017	52,200	1,229	149,795	(126,177)	36,666	23,941	11,615	149,269

24. RESERVES (CONT'D.)

(a) Other reserves (cont'd.)

Company	Available-for-sale reserve	Share option reserve	Warrant reserve	Capital redemption reserve[1]	Total other reserves
	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 July 2017	**149,775**	**23,941**	**11,615**	**-**	**185,331**
Conversion of warrants	**-**	**-**	**(1,516)**	**-**	**(1,516)**
Expiry of warrants[3]	**-**	**-**	**(10,099)**	**-**	**(10,099)**
Fair value loss	**(14,556)**	**-**	**-**	**-**	**(14,556)**
Share option expenses	**-**	**1,612**	**-**	**-**	**1,612**
Share option lapsed	**-**	**(701)**	**-**	**-**	**(701)**
At 30 June 2018	**135,219**	**24,852**	**-**	**-**	**160,071**
At 1 July 2016	128,208	24,261	15,759	125,000	293,228
Conversion of warrants	-	-	(4,144)	-	(4,144)
Fair value gain	21,262	-	-	-	21,262
Reclassification to Income Statement	305	-	-	-	305
Share option lapsed	-	(320)	-	-	(320)
Transition to no-par value regime[1]	-	-	-	(125,000)	(125,000)
At 30 June 2017	149,775	23,941	11,615	-	185,331

Note:

[1] Capital redemption reserve has been set up for purposes of redemption of preference shares in a subsidiary and cancellation of treasury shares. Effective from 31 January 2017, the new Companies Act 2016 ("Act") abolished the concept of authorised share capital and par value of share capital. Consequently, the credit balance of the share premium and capital redemption reserve account became part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use this amount for purposes as set out in Section 618(3) and Section 618(4) of the Act. There is no impact on the number of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition. The remaining balance relates to non-distributable Capital redemption reserve of a subsidiary.

[2] This represents reserves which need to be set aside pursuant to local statutory requirement of foreign associates.

[3] Transfer of warrant reserve to retained earnings upon expiry.

(b) Treasury shares

The shareholders of the Company, by way of a resolution passed in the 21st Annual General Meeting held on 12 December 2017, 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.

24. RESERVES (CONT'D.)

(b) Treasury shares (cont'd.)

During the financial year, the Company repurchased 85,874,700 (2017: 1,100) of its issued share capital from the open market. The average price paid for the shares repurchased was RM1.00 per share (2017: RM1.57 per share). The repurchase transactions were financed by internally generated funds. The repurchased shares are being held as treasury shares in accordance with Section 127(6) of the Companies Act 2016.

A total of 155,424,067 treasury shares were distributed as a share dividend on 9 November 2017 to shareholders on the basis of one (1) treasury share for every fifty (50) ordinary shares held as at 26 October 2017.

25. DEFERRED TAXATION

The following amounts, determined after appropriate offsetting, are shown in the Statements of Financial Position:

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Deferred tax liabilities, net	**1,788,657**	1,761,764	**97**	63

The gross movement on the deferred income tax account is as follows:

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
At 1 July	**1,761,764**	1,839,883	**63**	68
Exchange differences	**(94,516)**	69,798	**-**	-
Acquisition of a subsidiary#	**55,747**	-	**-**	-
Charged/(Credited) to Income Statement				
- Property, plant and equipment	**(3,061)**	(106,737)	**34**	(5)
- Retirement benefits	**33,480**	(331)	**-**	-
- Provision	**(484)**	93	**-**	-
- Tax losses	**2,217**	(14,994)	**-**	-
- Others	**2,992**	(1,372)	**-**	-
	35,144	(123,341)	**34**	(5)
Charged/(Credited) to Other Comprehensive Income*	**30,518**	(24,576)	**-**	-
At 30 June	**1,788,657**	1,761,764	**97**	63

* This is in relation to re-measurement of post-employment benefit obligations.
\# This is in relation to the acquisition of Bel Air Den Haag Beheer B.V. ("Bel Air") as disclosed in Note 13(c)(i).

25. DEFERRED TAXATION (CONT'D.)

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	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Subject to income tax				
Deferred tax assets before offsetting:				
- Retirement benefits	**116,542**	189,663	**-**	-
- Provision	**5,031**	4,589	**-**	-
- Tax losses	**12,777**	14,994	**-**	-
- Others	**709**	817	**-**	-
	135,059	210,063	**-**	-
Offsetting	**(135,059)**	(210,063)	**-**	-
Deferred tax assets after offsetting	**-**	-	**-**	-
Deferred tax liabilities before offsetting:				
- Property, plant and equipment	**1,901,680**	1,952,230	**97**	63
- Others	**22,036**	19,597	**-**	-
	1,923,716	1,971,827	**97**	63
Offsetting	**(135,059)**	(210,063)	**-**	-
Deferred tax liabilities after offsetting	**1,788,657**	1,761,764	**97**	63

26. BORROWINGS

		Group		Company	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Current					
Bank overdrafts	26(a), 22	**32,836**	3,268	**-**	-
Bonds	26(b)	**2,199,171**	-	**2,199,171**	-
Committed bank loans	26(c)	**52,538**	46,094	**-**	-
Finance lease	26(d)	**75,427**	116,838	**130**	124
Revolving credit	26(e)	**189,500**	2,185,809	**-**	-
Term loans	26(f)	**741,454**	2,368,279	**-**	-
		3,290,926	4,720,288	**2,199,301**	124
Non-current					
Bonds	26(b)	**13,573,593**	16,117,185	**5,061,146**	7,254,038
Committed bank loans	26(c)	**2,648**	-	**-**	-
Finance lease	26(d)	**42,634**	51,051	**125**	255
Revolving credit	26(e)	**201,781**	188,946	**-**	-
Term loans	26(f)	**9,959,366**	7,450,192	**2,612,346**	2,774,221
		23,780,022	23,807,374	**7,673,617**	10,028,514
Total					
Bank overdrafts	26(a), 22	**32,836**	3,268	**-**	-
Bonds	26(b)	**15,772,764**	16,117,185	**7,260,317**	7,254,038
Committed bank loans	26(c)	**55,186**	46,094	**-**	-
Finance lease	26(d)	**118,061**	167,889	**255**	379
Revolving credit	26(e)	**391,281**	2,374,755	**-**	-
Term loans	26(f)	**10,700,820**	9,818,471	**2,612,346**	2,774,221
		27,070,948	28,527,662	**9,872,918**	10,028,638

All borrowings of the subsidiaries are unsecured and on a non-recourse basis to the Company save and except for borrowings totalling RM297,567,957 (2017: RM4,500,000), for which the Company has provided corporate guarantees to the financial institutions.

26. BORROWINGS (CONT'D.)

The weighted average effective interest rate of the borrowings of the Group and the Company as at reporting date is as follows:

	Group		Company	
	2018 %	2017 %	2018 %	2017 %
Bank overdrafts	**1.50**	1.25	**-**	-
Bonds	**4.95**	4.67	**4.70**	4.70
Committed bank loans	**2.18**	2.04	**-**	-
Finance lease	**1.54**	1.44	**2.45**	2.45
Revolving credit	**2.72**	1.73	**-**	-
Term loans	**2.63**	1.88	**3.45**	2.53

The financial periods in which the borrowings of the Group attain maturity are as follows:

Group	Not later than 1 year	Later than 1 year but not later than 5 years	Later than 5 years	Total
	RM'000	RM'000	RM'000	RM'000
At 30 June 2018				
Bank overdrafts	**32,836**	**-**	**-**	**32,836**
Bonds	**2,199,171**	**3,369,926**	**10,203,667**	**15,772,764**
Committed bank loans	**52,538**	**2,648**	**-**	**55,186**
Finance lease	**75,427**	**42,634**	**-**	**118,061**
Revolving credit	**189,500**	**201,781**	**-**	**391,281**
Term loans	**741,454**	**8,900,146**	**1,059,220**	**10,700,820**
	3,290,926	**12,517,135**	**11,262,887**	**27,070,948**
At 30 June 2017				
Bank overdrafts	3,268	-	-	3,268
Bonds	-	2,963,667	13,153,518	16,117,185
Committed bank loans	46,094	-	-	46,094
Finance lease	116,838	51,051	-	167,889
Revolving credit	2,185,809	188,946	-	2,374,755
Term loans	2,368,279	5,912,914	1,537,278	9,818,471
	4,720,288	9,116,578	14,690,796	28,527,662

26. BORROWINGS (CONT'D.)

The financial periods in which the borrowings of the Company attain maturity are as follows:

Company	Not later than 1 year	Later than 1 year but not later than 5 years	Later than 5 years	Total
	RM'000	**RM'000**	**RM'000**	**RM'000**
At 30 June 2018				
Bonds	**2,199,171**	**1,770,000**	**3,291,146**	**7,260,317**
Finance lease	**130**	**125**	**-**	**255**
Term loans	**-**	**2,612,346**	**-**	**2,612,346**
	2,199,301	**4,382,471**	**3,291,146**	**9,872,918**
At 30 June 2017				
Bonds	-	2,963,667	4,290,371	7,254,038
Finance lease	124	255	-	379
Term loans	-	2,774,221	-	2,774,221
	124	5,738,143	4,290,371	10,028,638

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	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Medium Term Notes	**7,267,982**	7,315,941	**7,267,982**	7,315,941
3.52% Retail Price Index Guaranteed Bonds	**313,436**	548,537	**-**	-
5.75% Guaranteed Unsecured Bonds	**2,538,182**	2,810,758	**-**	-
5.375% Guaranteed Unsecured Bonds	**1,313,751**	1,455,438	**-**	-
1.75% Index Linked Guaranteed Bonds	**1,668,760**	1,742,405	**-**	-
1.369% and 1.374% Index Linked Guaranteed Bonds	**1,753,143**	1,850,380	**-**	-
1.489%, 1.495% and 1.499% Index Linked Guaranteed Bonds	**1,746,270**	1,843,126	**-**	-
2.186% Index Linked Guaranteed Bonds	**398,759**	409,754	**-**	-
4% Guaranteed Unsecured Bonds	**1,708,469**	1,866,534	**-**	-
	18,708,752	19,842,873	**7,267,982**	7,315,941

The fair values are within Level 1 of the fair value hierarchy.

26. BORROWINGS (CONT'D.)

(a) Bank overdrafts

Bank overdrafts of RM32,835,820 (GBP6,200,000) (2017: RM3,268,386 (GBP584,674)) are unsecured borrowings of Wessex Water Services Limited, Wessex Water Limited and SC Technology Nederland B.V.. The overdrafts are repayable in full on demand. All bank overdrafts bear interest rate of 1.50% (2017: 1.25%) 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 facility bears interest rates ranging from 4.35% to 4.95% (2017: 4.35% to 4.95%) per annum.

(ii) Islamic Medium Term Notes ("Sukuk Murabahah")

The Islamic MTN of the Company were issued pursuant to Islamic Medium Term Notes facility of up to RM2,500,000,000 in nominal value under the Shariah principle of Murabahah (via Tawarruq Arrangement) which constituted by a Trust Deed and Facility Agency Agreement, both dated 20 April 2017. The facility bears a profit rate of 5.05% (2017: 5.05%) per annum.

(iii) 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 2018 is 7.40% (2017: 5.71%) 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.

(iv) 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 2018 GBP347,274,542 (2017: GBP347,095,909) 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.

26. BORROWINGS (CONT'D.)

(b) Bonds (cont'd.)

(v) 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 GBP198,964,188 (2017: GBP198,857,580) remained outstanding as at 30 June 2018, 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.

(vi) 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 2018 is 5.63% (2017: 3.94%) 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.

(vii) 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 2018 is 5.25% (2017: 3.56%) 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.

26. BORROWINGS (CONT'D.)

(b) Bonds (cont'd.)

(viii) 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 2018 is 4.83% (2017: 4.63%) 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.

(ix) 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 2018 is 3.35% (2017: 3.85%) 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.

(x) 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 GBP199,134,603 (2017: GBP198,868,328) remained outstanding as at 30 June 2018, 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 GBP102,960,481 (2017: GBP103,895,370) remained outstanding as at 30 June 2018, 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.

26. BORROWINGS (CONT'D.)

(b) Bonds (cont'd.)

(x) 4% Guaranteed Unsecured Bonds (cont'd.)

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 RM55,185,701 (GBP10,420,064) (2017: RM46,094,366 (GBP8,245,714)) was drawn down by a subsidiary of the Group and is repayable in full on 28 February 2020. The borrowing is an unsecured loan and bears interest rates ranging from 2.00% to 2.36% (2017: 2.02% to 2.05%) per annum.

(d) Finance lease

The Group's and Company's finance lease is repayable in instalments until 27 February 2022 and 9 May 2020, respectively. The Group's finance lease bears interest rates ranging from 0.98% to 2.47% (2017: 0.92% to 2.47%) per annum and the Company's finance lease bears interest rate at 2.45% (2017: 2.45%) per annum.

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Minimum finance lease payments:				
- Not later than 1 year	**78,433**	121,199	**139**	139
- Later than 1 year but not later than 5 years	**44,103**	52,264	**128**	265
Future finance charges on finance lease	**(4,475)**	(5,574)	**(12)**	(25)
Present value of finance lease	**118,061**	167,889	**255**	379

(e) Revolving credit

(i) Revolving credit denominated in Ringgit Malaysia

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 4.03% to 4.28% (2017: 3.98% to 4.03%) per annum and are renewable on a monthly basis.

RM185,000,000 Revolving Credit

Revolving credit facilities of RM185,000,000 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 4.17% to 4.40% per annum and are renewable on a monthly basis.

26. BORROWINGS (CONT'D.)

(e) Revolving credit (cont'd.)

(ii) Revolving credit denominated in Singapore Dollar

SGD700,000,000 Revolving Credit

Revolving credit facilities of RM2,181,309,168 (SGD699,496,270) of previous financial year is an unsecured loan of YTL PowerSeraya Pte. Limited and bears interest rates ranging from 1.78% to 1.87% (2017: 1.31% to 1.80%) per annum were fully repaid during the financial year.

(iii) Revolving credit denominated in Great British Pounds

GBP14,500,000 Revolving Credit

Revolving credit facilities of RM76,793,450 (GBP14,500,000) (2017: RM81,056,450 (GBP14,500,000)) is an unsecured loan of Wessex Water Limited. The borrowing bears interest rates ranging from 1.07% to 1.27% (2017: 1.09% to 1.13%) per annum and is repayable in full on 1 September 2021.

GBP23,600,000 Revolving Credit

Revolving credit facilities of RM124,987,960 (GBP23,600,000) (2017: RM107,888,930 (GBP19,300,000)) is an unsecured loan of Wessex Water Limited. The borrowing bears interest rates ranging from 1.17% to 1.61% (2017: 1.17% to 1.20%) per annum and is repayable in full on 24 March 2020.

(f) Term loans

(i) Term loans denominated in Great British Pounds

GBP75,000,000 Unsecured Term Loan

The term loans of RM397,207,500 (GBP75,000,000) (2017: RM419,257,500 (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 0.90% to 1.05% (2017: 1.00% to 1.21%) per annum and are repayable in full on 22 July 2021.

GBP140,000,000 Unsecured Term Loan

The term loans of RM741,454,000 (GBP140,000,000) (2017: RM782,614,000 (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 0.57% to 0.91% (2017: 0.57% to 0.85%) per annum and are repayable in full on 15 December 2018.

GBP200,000,000 Unsecured Term Loan

The term loans of RM1,059,220,000 (GBP200,000,000) (2017: RM1,118,020,000 (GBP200,000,000)) are unsecured loans of Wessex Water Services Limited and are guaranteed by Wessex Water Limited. The first loan of GBP50,000,000 was drawn down on 30 January 2015 bears an interest rate of 2.16% (2017: 2.16%) per annum, the second loan of GBP50,000,000 was drawn down on 9 March 2015 bears interest rates ranging from 0.95% to 1.15% (2017: 0.95% to 1.19%) per annum, the third loan of GBP50,000,000 was drawn down on 9 April 2015 bears an interest rate of 1.99% (2017: 1.99%) per annum, and the fourth loan of GBP50,000,000 was drawn down on 25 May 2016 bears interest rates ranging from 1.21% to 1.49% (2017: 1.21% to 1.50%) per annum. All the loans are repayable in full between 30 January and 25 May 2025.

26. BORROWINGS (CONT'D.)

(f) Term loans (cont'd.)

(ii) Term loans denominated in US Dollar

USD200,000,000 Unsecured Term Loan

The term loan of RM807,700,000 (USD200,000,000) (2017: RM858,800,000 (USD200,000,000)) was drawn down by the Company on 28 May 2015 and repayable on 28 May 2020. The borrowing bears interest rates ranging from 2.77% to 3.63% (2017: 2.33% to 2.77%) per annum.

USD200,000,000 Unsecured Term Loan

The term loan of RM807,700,000 (USD200,000,000) (2017: RM858,800,000 (USD200,000,000)) was drawn down by the Company on 17 December 2015 and repayable on 17 December 2020. The borrowing bears interest rates ranging from 2.63% to 3.45% (2017: 1.10% to 2.63%) per annum.

USD250,000,000 Unsecured Term Loan

The term loan of RM1,009,625,000 (USD250,000,000) (2017: RM1,073,500,000 (USD250,000,000)) was drawn down by the Company on 31 March 2017 of which RM996,946,206 (USD246,860,519) (2017: RM1,056,620,973 (USD246,069,160)) remained outstanding as at 30 June 2018, net of amortised fees. The borrowing bears interest rates ranging from 2.43% to 3.29% (2017: 2.18% to 2.24%) per annum and is repayable on 31 March 2022.

(iii) Term loans denominated in Singapore Dollar

SGD760,000,000 Unsecured Term Loan

The term loan of RM2,368,278,513 (SGD759,453,089) of previous financial year is an unsecured loan of YTL PowerSeraya Pte. Limited and bears interest rates ranging from 1.78% to 1.87% (2017: 1.31% to 1.80%) per annum were fully repaid during the financial year.

SGD760,000,000 Unsecured Term Loan

The term loan of RM2,356,079,678 (SGD755,541,200) of previous financial year is an unsecured loan of YTL PowerSeraya Pte. Limited and bears interest rates ranging from 1.88% to 1.97% (2017: 1.41% to 1.90%) per annum were fully repaid during the financial year.

SGD1,995,000,000 Unsecured Term Loan

The term loan of RM5,890,592,790 (SGD1,990,804,958) was drawn down by YTL PowerSeraya Pte. Limited during the financial year and is repayable in full on 12 September 2022. The borrowing is an unsecured loan and bears interest rates ranging from 2.27% to 2.79%.

27. POST-EMPLOYMENT BENEFIT OBLIGATIONS

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Defined contribution plan - Current				
Malaysia	**1,637**	3,007	**645**	681
Defined benefit plan - Non-current				
Overseas				
- United Kingdom	**671,629**	1,099,962	**-**	-
- Indonesia	**13,880**	15,550	**-**	-
	685,509	1,115,512	**-**	-

(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 2016. This valuation has been adjusted to the reporting date as at 30 June 2018 taking account of experience over the period since 30 September 2016, changes in market conditions, and differences in the financial and demographic assumptions by the qualified actuary.

(i) Profile of the scheme

The defined benefit obligations include benefits for current employees, former employees and current pensioners. Broadly, about 34% of the liabilities are attributable to current employees, 17% to former employees and 49% 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 20 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 15 years).

(ii) Funding requirements

UK legislation requires that pension schemes are funded prudently. The last funding valuation report, 30 September 2016 showed a deficit of GBP160.9 million (RM852.1 million). The subsidiary is paying deficit contributions of:

- GBP7.60 million (RM40.25 million) by 31 March 2017;
- GBP11.00 million (RM58.26 million) by 31 March 2018;
- GBP11.38 million (RM60.27 million) by 31 March 2019;
- GBP11.77 million (RM62.34 million) by 31 March 2020;

27. POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONT'D.)

(b) Defined benefit plan - United Kingdom (cont'd.)

(ii) Funding requirements (cont'd.)

- GBP12.04 million (RM63.77 million) by 31 March 2021;
- GBP12.32 million (RM65.25 million) by 31 March 2022;
- GBP12.60 million (RM66.73 million) by 31 March 2023;
- GBP12.90 million (RM68.32 million) by 31 March 2024;
- GBP13.19 million (RM69.86 million) by 31 March 2025;
- GBP13.50 million (RM71.50 million) by 31 March 2026;

which, along with investment returns from return-seeking assets, is expected to make good this shortfall by 31 March 2026.

The next funding valuation is due no later than 30 September 2019 at which progress towards full-funding will be reviewed.

The subsidiary also pays contributions of 21.7% of pensionable salaries from 1 April 2018 (18.2% prior to this date) 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 GBP11.38 million (RM60.27 million) is expected to be paid by the subsidiary during the year ending on 30 June 2019.

(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.

27. POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONT'D.)

(b) Defined benefit plan - United Kingdom (cont'd.)

(iii) Risks associated with the scheme (cont'd.)

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 some categories of member. This would increase the defined benefit obligation of the plan. At this stage, it is not possible to quantify the impact of this change.

The movements during the financial year in the amounts recognised in the Statement of Financial Position are as follows:

	2018	**2017**
	RM'000	**RM'000**
At 1 July	**1,099,962**	861,832
Exchange differences	**(44,454)**	36,951
Pension (credit)/cost	**(98,524)**	95,423
Contributions and benefits paid	**(107,008)**	(88,311)
Re-measurement (gain)/loss	**(178,347)**	194,067
At 30 June	**671,629**	1,099,962

The amounts recognised in the Statement of Financial Position are analysed as follows:

	2018	**2017**
	RM'000	**RM'000**
Present value of funded obligations	**3,922,374**	4,416,568
Fair value of plan assets	**(3,250,745)**	(3,316,606)
Liability in the Statement of Financial Position	**671,629**	1,099,962

27. POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONT'D.)

(b) Defined benefit plan - United Kingdom (cont'd.)

Changes in present value of defined benefit obligations are as follows:

	2018	2017
	RM'000	RM'000
At 1 July	**4,416,568**	3,795,075
Exchange differences	**(222,810)**	152,110
Interest cost	**113,593**	111,752
Current service cost	**67,202**	65,441
Contributions by scheme participants	**1,098**	1,090
Past service cost	**(197,006)**	545
Net benefits paid	**(130,056)**	(131,921)
Re-measurement (gain)/loss:		
- Actuarial gain arising from demographic assumptions	**-**	(35,433)
- Actuarial (gain)/loss arising from financial assumptions	**(162,982)**	548,946
- Actuarial loss/(gain) arising from experience adjustments	**36,767**	(91,037)
Present value of defined benefit obligations, at 30 June	**3,922,374**	4,416,568

Changes in fair value of plan assets are as follows:

	2018	2017
	RM'000	RM'000
At 1 July	**3,316,606**	2,933,243
Exchange differences	**(178,356)**	115,159
Interest income	**85,606**	86,131
Contributions by employer	**107,008**	88,311
Contributions by scheme participants	**1,098**	1,090
Net benefits paid	**(130,056)**	(131,921)
Administration expenses	**(3,293)**	(3,816)
Re-measurement gain:		
- Return on plan assets excluding interest income	**52,132**	228,409
Fair value of plan assets, at 30 June	**3,250,745**	3,316,606

27. POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONT'D.)

(b) Defined benefit plan - United Kingdom (cont'd.)

The pension cost recognised is analysed as follows:

	2018	2017
	RM'000	RM'000
Interest cost	**27,987**	25,621
Current service cost	**67,202**	65,441
Past service (credit)/cost*	**(197,006)**	545
Administration expenses	**3,293**	3,816
Total (credited)/charged to Income Statement	**(98,524)**	95,423

* Following the latest actuarial valuation of the pension scheme, a consultation was held with members to discuss the future funding of the scheme. As part of that consultation, the subsidiary, trustees and members agreed that the measurement of inflation for future pension increases would change. From 2020 pension increases for active members will be measured using Consumer Price Index (CPI) rather than Retail Price Index (RPI) which is currently used. The impact of that change is RM180.5 million (GBP32.9 million), a reduction in the MFRS119 measurement of retirement benefit obligations, which has been shown in the Income Statement as a reduction in staff costs within cost of sales. A further change to the scheme in relation to death in service benefits payable to dependents of members has come into effect this year. The effect of this change is an additional RM16.5 million (GBP3.0 million) reduction, making RM197.0 million (GBP35.9 million) in total. The RM197.0 million (GBP35.9 million) reduction in expenses generated a RM33.5 million (GBP6.1 million) deferred tax charge, a net exceptional credit of RM163.5 million (GBP29.8 million).

The charge to Income Statement was included in the following line items:

	2018	2017
	RM'000	RM'000
Cost of sales	**(94,883)**	52,351
Administrative expenses	**(31,628)**	17,451
Interest cost	**27,987**	25,621
Total (credited)/charged to Income Statement	**(98,524)**	95,423

27. POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONT'D.)

(b) Defined benefit plan - United Kingdom (cont'd.)

The principal assumptions used in the actuarial calculations were as follows:

	2018	2017
	%	%
Discount rate	**2.80**	2.60
Expected rate of increase in pension payment	**2.20-3.10**	2.20-3.10
Expected rate of salary increases	**1.80-3.20**	3.20-3.70
Price inflation - RPI	**3.20**	3.20
Price inflation - CPI	**2.20**	2.20

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.

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 27.1 years (2017: 27.0 years) if they are male, and for a further 29.2 years (2017: 29.1 years) if they are female. For a member who retires in 2038 at age 60 the assumptions are that they will live, on average, for a further 28.3 years (2017: 28.2 years) after retirement if they are male, and a further 30.4 years (2017: 30.4 years) after retirement if they are female.

The mortality table adopted is based upon 95% of standard tables S2P(M/F)A adjusted to allow for individual years of birth. Future improvements are assumed to be in line with the CMI 2016 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.

27. POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONT'D.)

(b) Defined benefit plan - United Kingdom (cont'd.)

Sensitivity analysis: (cont'd.)

Key assumptions	Scheme liabilities			Scheme deficit	
	Increase by RM'000	Increase from RM'000	Increase to RM'000	Increase from RM'000	Increase to RM'000
A reduction in the discount rate of 0.1% (from 2.8% to 2.7%)	74,675	3,922,374	3,997,049	671,629	746,304
An increase in the inflation of 0.1% (from 2.2% to 2.3% for CPI and 3.2% to 3.3% for RPI)	72,027	3,922,374	3,994,401	671,629	743,656
An increase in life expectancy of 1 year	140,876	3,922,374	4,063,250	671,629	812,505

The plan assets are comprised as follows:

	2018		2017	
	RM'000	%	RM'000	%
Equity instrument	**1,347,856**	**41.5**	1,457,898	44.0
Debt instrument	**1,626,432**	**50.0**	1,518,271	45.8
Property	**205,489**	**6.3**	200,126	6.0
Others	**70,968**	**2.2**	140,311	4.2
	3,250,745	**100.0**	3,316,606	100.0

	2018 RM'000	2017 RM'000
Actual return on plan assets	**137,738**	314,540

(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 presented as below:

	2018 RM'000	2017 RM'000
Obligation relating to post-employment benefits	**11,916**	13,251
Obligation relating to other long-term employee benefits	**1,964**	2,299
	13,880	15,550

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%.

27. POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONT'D.)

(c) Defined benefit plan - Indonesia (cont'd.)

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 2018.

(i) Post-employment benefit obligations

The movements during the financial year in the amounts recognised in the Statement of Financial Position are as follows:

	2018	2017
	RM'000	RM'000
At 1 July	**13,251**	10,072
Exchange differences	**(1,530)**	709
Pension cost	**1,656**	1,632
Contributions and benefits paid	**(666)**	(106)
Re-measurement (gain)/loss	**(795)**	944
At 30 June	**11,916**	13,251

The obligations relating to post-employment benefits recognised in the Statement of Financial Position are as follows:

	2018	2017
	RM'000	RM'000
Present value of obligations	**11,916**	13,251

Changes in present value of defined benefit obligations are as follows:

	2018	2017
	RM'000	RM'000
At 1 July	**13,251**	10,072
Exchange differences	**(1,530)**	709
Interest cost	**823**	828
Current service cost	**833**	804
Net benefits paid	**(666)**	(106)
Re-measurement loss:		
- Actuarial (gain)/loss arising from financial assumptions	**(1,098)**	746
- Actuarial loss arising from experience adjustments	**303**	198
Present value of defined benefit obligations, at 30 June	**11,916**	13,251

27. POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONT'D.)

(c) Defined benefit plan - Indonesia (cont'd.)

(i) Post-employment benefit obligations (cont'd.)

The pension cost recognised can be analysed as follows:

	2018 RM'000	2017 RM'000
Interest cost	**823**	828
Current service cost	**833**	804
Total charge to Income Statement	**1,656**	1,632

(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:

	2018 RM'000	2017 RM'000
Present value of obligations	**1,964**	2,299

The movements during the financial year in the amounts recognised in the Statement of Financial Position are as follows:

	2018 RM'000	2017 RM'000
At 1 July	**2,299**	2,368
Exchange differences	**(265)**	166
Pension cost	**359**	556
Contributions and benefits paid	**(429)**	(791)
At 30 June	**1,964**	2,299

Changes in present value of defined benefit obligations are as follows:

	2018 RM'000	2017 RM'000
At 1 July	**2,299**	2,368
Exchange differences	**(265)**	166
Current service cost	**359**	556
Net benefits paid	**(429)**	(791)
At 30 June	**1,964**	2,299

27. POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONT'D.)

(c) Defined benefit plan - Indonesia (cont'd.)

(ii) Other long-term employee benefit obligations (cont'd.)

The amounts relating to other long-term employee benefit obligations recognised in the Income Statement are as follows:

	2018	2017
	RM'000	RM'000
Current service cost	**359**	556

The charge above was included in the cost of sales.

The principal assumptions used in the actuarial calculations were as follows:

	2018	2017
	%	%
Discount rate	**8.0**	7.0
Future salary increase rate	**9.0**	9.0

Sensitivity analysis:

Reasonably possible changes to the key assumptions, would have affected the defined benefit obligations at the reporting date by the following amounts:

	Increase	Decrease
	RM'000	RM'000
Discount rate (1% movement)	907	1,011
Future salary increase rate (1% movement)	1,316	1,202

This analysis provides an approximation of the sensitivity of the assumption shown, but does not take account of the variability in the timing of distribution of benefit payments expected under the plan.

28. GRANTS AND CONTRIBUTIONS

	Group	
	2018 RM'000	**2017 RM'000**
At 1 July	**547,775**	427,843
Exchange differences	**(29,775)**	19,404
Acquisition of a subsidiary*	**-**	60,732
Received during the financial year	**50,593**	54,570
Amortisation	**(20,100)**	(14,774)
At 30 June	**548,493**	547,775

* This is in relation to the acquisition of Albion Water Limited ("Albion") in 2017 as disclosed in Note 13(c)(ii).

Grants and contributions represents government grant in foreign subsidiaries in respect of specific qualifying expenditure on infrastructure assets and a cogeneration plant.

29. PAYABLES (NON-CURRENT)

	Group	
	2018 RM'000	**2017 RM'000**
Deposits	**22,223**	28,244
Deferred Income	**676,195**	713,239
Payables to non-controlling interest	**113,457**	120,635
	811,875	862,118

Deposits comprise amount 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 of the water and sewerage segment which are yet to be provided. The fair value of payables approximates their carrying values.

30. PAYABLES AND ACCRUED EXPENSES (CURRENT)

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Trade payables	**664,112**	539,169	**-**	-
Duties and taxes payable	**17,375**	15,491	**-**	2
Accrued expenses	**645,306**	605,284	**1,222**	1,260
Receipts in advance	**295,095**	228,185	**-**	-
Other payables	**281,488**	313,597	**86,276**	80,672
Deposits	**72,061**	71,476	**-**	-
Deferred income	**29,985**	70,009	**-**	-
	2,005,422	1,843,211	**87,498**	81,934

Credit terms of trade payables granted to the Group range from 30 to 60 days (2017: 30 to 60 days).

31. PROVISION FOR LIABILITIES AND CHARGES

	Group	
	2018 RM'000	**2017 RM'000**
At 1 July	**35,035**	36,076
Exchange differences	**(12)**	12
Charge during the financial year	**1,981**	-
Payment	**(1,622)**	(1,053)
	35,382	35,035

The provision for liabilities and charges relate to scaling down of operations 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 British Pounds ("GBP") and Singapore Dollars ("SGD"). 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.

There is no significant exposure to foreign currency exchange risk for the Group and the Company.

(ii) Interest rate risk

Interest rate exposure arises from the Group's and the Company's borrowings, deposits, short-term investments and interest-bearing advances to subsidiaries of the Company. This exposure is managed through the use of fixed and floating rate debts, as well as through derivative financial instruments, where appropriate, to generate the desired interest rate profile.

Borrowings issued at variable rates expose the Group's and the Company's cash flows to interest rate risk. However, this is partially offset by the interest income accruing on fixed deposits and income funds.

33. FINANCIAL RISK MANAGEMENT (CONT'D.)

(a) Market risk (cont'd.)

(ii) Interest rate risk (cont'd.)

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	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Fixed rate instruments				
Financial assets	**246,022**	962,404	**-**	-
Financial liabilities	**15,883,062**	16,246,398	**7,260,571**	7,254,417
Variable rate instruments				
Financial assets	**9,576,515**	11,473,096	**4,722,426**	5,568,418
Financial liabilities	**11,187,886**	12,281,264	**3,047,806**	3,161,421

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 the Company's profit after tax will be lower/higher by RM55.9 million (2017: RM61.4 million) and RM15.2 million (2017: RM15.8 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 RM9.6 million (2017: RM11.5 million) and RM4.7 million (2017: RM5.6 million), respectively.

(iii) Price risk

Investments

The Group and the Company are exposed to equity securities price risk arising from investments held which are classified on the Statement of Financial Position as available-for-sale financial assets and investments carried at fair value through profit or loss. 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 Group's and Company's exposure to the fluctuation of fair value is immaterial.

33. FINANCIAL RISK MANAGEMENT (CONT'D.)

(a) Market risk (cont'd.)

(iii) Price risk (cont'd.)

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.

The Group has contracts for the sale of electricity to the Singapore electricity pool at prices that are fixed in advance every three months and to retail customers (those meeting a minimum average monthly consumption) at prices that are either fixed in amount or in pricing formula for periods up to a number of years. The fixing of the prices under the contracts is based largely on the price of fuel oil required to generate the electricity. The Group enters into fuel oil swaps to hedge against adverse price movements of fuel oil prices. The Group typically enters into a swap to pay a fixed price and receive a variable price indexed to a benchmark fuel price index.

Exposure to price fluctuations arising from the purchase of fuel oil and natural gas are substantially managed via swaps where the price is indexed to a benchmark price index, for example 180 CST fuel oil and Dated Brent. The Group's exposure to the fluctuation of forward price curve is immaterial.

(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 receivables. Meanwhile, the Company's exposures to credit risk arise from other receivables. For other financial assets (including short-term investment securities, fixed deposits and derivative financial instruments), the Group and the Company minimise credit risk by dealing with creditworthy counterparties.

In the Group's power generation business in Malaysia, trade receivables are solely from its off taker, a national electricity utility company and the counterparty risk is considered to be minimal. As for the Group's power generation business in Singapore, credit reviews are performed on all customers with established credit limits and generally 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 RM68.2 million (2017: RM52.7 million) are held in the form of security deposits from customers and banker's guarantees.

33. FINANCIAL RISK MANAGEMENT (CONT'D.)

(b) Credit risk (cont'd.)

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 2018, 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 2018, there was no indication that the advances extended to the subsidiaries are not recoverable.

(c) Liquidity risk

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.

The table below summarises the maturity profile of the Group's financial liabilities as at the reporting date based on undiscounted contractual payments:

Group	Less than 1 year	Between 1 and 5 years	Over 5 years	Total
2018	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Non-derivative financial liabilities				
Bonds and borrowings	**4,432,254**	**15,407,939**	**27,227,698**	**47,067,891**
Trade and other payables	**1,442,251**	**135,680**	**-**	**1,577,931**
Derivative financial liabilities				
Gross - Fuel oil swaps	**10,076**	**-**	**-**	**10,076**
Gross - Currency forwards	**9,153**	**2,498**	**-**	**11,651**
Gross - Currency options contracts	**-**	**18,579**	**-**	**18,579**
	5,893,734	**15,564,696**	**27,227,698**	**48,686,128**
2017				
Non-derivative financial liabilities				
Bonds and borrowings	5,558,698	13,911,460	24,505,275	43,975,433
Trade and other payables	1,306,140	148,879	-	1,455,019
Derivative financial liabilities				
Gross - Fuel oil swaps	105,966	17,601	-	123,567
Gross - Currency forwards	16,014	6,836	-	22,850
	6,986,818	14,084,776	24,505,275	45,576,869

33. FINANCIAL RISK MANAGEMENT (CONT'D.)

(c) Liquidity risk (cont'd.)

The table below summarises the maturity profile of the Company's financial liabilities as at the reporting date based on undiscounted contractual payments:

Company	Less than 1 year	Between 1 and 5 years	Over 5 years	Total
2018	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Non-derivative financial liabilities				
Bonds and borrowings	**2,584,969**	**5,501,199**	**3,880,842**	**11,967,010**
Trade and other payables	**444,152**	**-**	**-**	**444,152**
Financial guarantee contracts	**687,285**	**-**	**-**	**687,285**
Derivative financial liabilities				
Gross - Currency options contracts	**-**	**18,579**	**-**	**18,579**
	3,716,406	**5,519,778**	**3,880,842**	**13,117,026**
2017				
Non-derivative financial liabilities				
Bonds and borrowings	413,150	6,981,794	5,090,668	12,485,612
Trade and other payables	433,509	-	-	433,509
Financial guarantee contracts	309,874	-	-	309,874
	1,156,533	6,981,794	5,090,668	13,228,995

(d) Capital risk

The objectives of the Group and the Company when managing capital are to safeguard the ability of the Group and the Company to continue as a going concern in order to provide returns to 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 these obligations can be fulfilled. As part of its capital management, the Group rigorously monitors compliance with these covenants. 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.

33. FINANCIAL RISK MANAGEMENT (CONT'D.)

(d) Capital risk (cont'd.)

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Total bonds and borrowings (Note 26)	**27,070,948**	28,527,662	**9,872,918**	10,028,638
Less: Cash and bank balances	**(7,337,927)**	(8,946,301)	**(86,140)**	(35,165)
Net debt	**19,733,021**	19,581,361	**9,786,778**	9,993,473
Total equity	**13,124,514**	13,489,680	**12,862,881**	13,451,940
Total capital	**32,857,535**	33,071,041	**22,649,659**	23,445,413
Gearing ratio	**60%**	59%	**43%**	43%

To strengthen the capital structure of the Company, all borrowings of subsidiaries are undertaken 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.

(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 RM39.5 million (2017: RM42.1 million) lower or higher.

33. FINANCIAL RISK MANAGEMENT (CONT'D.)

(e) Fair value measurement (cont'd.)

The following table presents the Group's assets and liabilities that are measured at fair value as at the reporting date:

Group	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
2018				
Assets				
Financial assets at fair value through profit or loss:				
- Trading derivatives	**-**	**1,802**	**-**	**1,802**
- Income funds	**-**	**2,669,903**	**-**	**2,669,903**
- Equity investments	**-**	**3,833**	**-**	**3,833**
Available-for-sale financial assets	**56,123**	**44**	**217,184**	**273,351**
Derivatives used for hedging	**-**	**239,928**	**-**	**239,928**
Total assets	**56,123**	**2,915,510**	**217,184**	**3,188,817**
Liabilities				
Financial liabilities at fair value through profit or loss:				
- Currency options contracts	**18,579**	**-**	**-**	**18,579**
- Trading derivatives	**-**	**3,536**	**-**	**3,536**
Derivatives used for hedging	**-**	**18,191**	**-**	**18,191**
Total liabilities	**18,579**	**21,727**	**-**	**40,306**
2017				
Assets				
Financial assets at fair value through profit or loss:				
- Trading derivatives	-	1,002	-	1,002
- Income funds	-	3,033,782	-	3,033,782
- Equity investments	-	4,046	-	4,046
Available-for-sale financial assets	56,516	97	231,350	287,963
Derivatives used for hedging	-	64,359	-	64,359
Total assets	56,516	3,103,286	231,350	3,391,152
Liabilities				
Financial liabilities at fair value through profit or loss:				
- Trading derivatives	-	11,832	-	11,832
Derivatives used for hedging	-	134,585	-	134,585
Total liabilities	-	146,417	-	146,417

33. FINANCIAL RISK MANAGEMENT (CONT'D.)

(e) Fair value measurement (cont'd.)

The following table presents the Company's assets and liabilities that are measured at fair value as at the reporting date:

Company	Level 1	Level 2	Level 3	Total
	RM'000	**RM'000**	**RM'000**	**RM'000**
2018				
Assets				
Financial assets at fair value through profit or loss:				
- Income funds	**-**	**1,883,669**	**-**	**1,883,669**
Available-for-sale financial assets	**56,102**	**-**	**217,184**	**273,286**
Total assets	**56,102**	**1,883,669**	**217,184**	**2,156,955**
Liabilities				
Financial liabilities at fair value through profit or loss:				
- Currency options contracts	**18,579**	**-**	**-**	**18,579**
2017				
Assets				
Financial assets at fair value through profit or loss:				
- Income funds	-	2,503,011	-	2,503,011
Available-for-sale financial assets	56,492	-	231,350	287,842
Total assets	56,492	2,503,011	231,350	2,790,853

34. FINANCIAL INSTRUMENTS BY CATEGORY

The table below provides an analysis of the Group's financial instruments category:

Group	Loans and receivables	Assets at fair value through profit or loss	Derivatives used for hedging	Available-for-sale	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
2018					
Assets as per Statement of Financial Position					
Assets at fair value through profit or loss	**-**	**2,673,736**	**-**	**-**	**2,673,736**
Available-for-sale financial assets	**-**	**-**	**-**	**273,351**	**273,351**
Derivative financial instruments	**-**	**1,802**	**239,928**	**-**	**241,730**
Trade and other receivables[1]	**3,021,405**	**-**	**-**	**-**	**3,021,405**
Cash and bank balances	**7,337,927**	**-**	**-**	**-**	**7,337,927**
	10,359,332	**2,675,538**	**239,928**	**273,351**	**13,548,149**
2017					
Assets as per Statement of Financial Position					
Assets at fair value through profit or loss	-	3,037,828	-	-	3,037,828
Available-for-sale financial assets	-	-	-	287,963	287,963
Derivative financial instruments	-	1,002	64,359	-	65,361
Trade and other receivables[1]	2,911,844	-	-	-	2,911,844
Cash and bank balances	8,946,301	-	-	-	8,946,301
	11,858,145	3,038,830	64,359	287,963	15,249,297

34. FINANCIAL INSTRUMENTS BY CATEGORY (CONT'D.)

The table below provides an analysis of the Group's financial instruments category: (cont'd.)

Group	Liabilities at fair value through profit or loss	Derivatives used for hedging	Other financial liabilities at amortised cost	Total
	RM'000	**RM'000**	**RM'000**	**RM'000**
2018				
Liabilities as per Statement of Financial Position				
Bonds and borrowings excluding finance lease liabilities	**-**	**-**	**26,952,887**	**26,952,887**
Derivative financial instruments	**22,115**	**18,191**	**-**	**40,306**
Trade and other payables[2]	**-**	**-**	**1,828,053**	**1,828,053**
	22,115	**18,191**	**28,780,940**	**28,821,246**
2017				
Liabilities as per Statement of Financial Position				
Bonds and borrowings excluding finance lease liabilities	-	-	28,359,773	28,359,773
Derivative financial instruments	11,832	134,585	-	146,417
Trade and other payables[2]	-	-	1,714,824	1,714,824
	11,832	134,585	30,074,597	30,221,014

34. FINANCIAL INSTRUMENTS BY CATEGORY (CONT'D.)

The table below provides an analysis of the Company's financial instruments category:

Company	Loans and receivables	Assets at fair value through profit or loss	Available-for-sale	Total
	RM'000	**RM'000**	**RM'000**	**RM'000**
2018				
Assets as per Statement of Financial Position				
Assets at fair value through profit or loss	**-**	**1,883,669**	**-**	**1,883,669**
Available-for-sale financial assets	**-**	**-**	**273,286**	**273,286**
Trade and other receivables[1]	**2,797,796**	**-**	**-**	**2,797,796**
Cash and bank balances	**86,140**	**-**	**-**	**86,140**
	2,883,936	**1,883,669**	**273,286**	**5,040,891**
2017				
Assets as per Statement of Financial Position				
Assets at fair value through profit or loss	-	2,503,011	-	2,503,011
Available-for-sale financial assets	-	-	287,842	287,842
Trade and other receivables[1]	3,002,430	-	-	3,002,430
Cash and bank balances	35,165	-	-	35,165
	3,037,595	2,503,011	287,842	5,828,448

34. FINANCIAL INSTRUMENTS BY CATEGORY (CONT'D.)

The table below provides an analysis of the Company's financial instruments category: (cont'd.)

Company	Liabilities at fair value through profit or loss	Other financial liabilities at amortised cost	Total
	RM'000	RM'000	RM'000
2018			
Liabilities as per Statement of Financial Position			
Bonds and borrowings excluding finance lease liabilities	**-**	**9,872,663**	**9,872,663**
Derivative financial instruments	**18,579**	**-**	**18,579**
Trade and other payables[2]	**-**	**523,816**	**523,816**
	18,579	**10,396,479**	**10,415,058**
2017			
Liabilities as per Statement of Financial Position			
Bonds and borrowings excluding finance lease liabilities	-	10,028,259	10,028,259
Trade and other payables[2]	-	511,858	511,858
	-	10,540,117	10,540,117

[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 AND NON-CANCELLABLE OPERATING LEASE ARRANGEMENTS

(a) Capital commitments

	Group	
	2018 RM'000	2017 RM'000
Contracted, but not provided for	**1,139,633**	1,348,456
Authorised, but not contracted for	**647,493**	847,928

The above commitments comprise purchase of property, plant and equipment.

35. COMMITMENTS AND NON-CANCELLABLE OPERATING LEASE ARRANGEMENTS (CONT'D.)

(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	
	2018 RM'000	**2017 RM'000**
Lease rental on sublease of office space:		
- Not later than 1 year	**123,863**	128,938
- Later than 1 year but not later than 5 years	**324,063**	394,939
- Later than 5 years	**105,412**	154,825

(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	
	2018 RM'000	**2017 RM'000**
Lease rental income:		
- Not later than 1 year	**17,038**	44,757
- Later than 1 year but not later than 5 years	**1,031**	9

In addition, payments receivable under the PPA which are classified as operating lease are as follows:

	Group	
	2018 RM'000	**2017 RM'000**
Not later than 1 year	**60,747**	39,801
Later than 1 year but not later than 5 years	**117,936**	163,275

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

36. SEGMENTAL INFORMATION (CONT'D.)

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)	Multi utilities business (Merchant)#	Water and sewerage	Mobile broadband network	Investment holding activities	Group
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 30 June 2018						
Revenue						
Total revenue	614,486	5,553,440	3,366,369	791,606	361,270	10,687,171
Inter-segment elimination	-	-	-	(7,198)	(60,782)	(67,980)
External revenue	614,486	5,553,440	3,366,369	784,408	300,488	10,619,191
Results						
Share of profits of investments accounted for using the equity method	-	-	-	1,867	402,836	404,703
Interest income	1,647	1,696	2,134	2,801	130	8,408
Finance cost	48	163,793	478,464	8,651	426,546	1,077,502
Segment profit/(loss)	18,962	71,846	992,423	(98,820)	(43,560)	940,851
Other segment items						
Capital expenditures	167	103,366	1,384,024	290,110	1,604	1,779,271
Depreciation and amortisation	19,453	318,874	559,558	228,922	4,503	1,131,310
(Write back)/Impairment	-	(73)	66,316	2,649	428	69,320
Segment assets						
Investments accounted for using the equity method	-	-	1	11,723	2,125,607	2,137,331
Other segment assets	286,686	11,398,336	18,022,598	2,843,306	11,567,685	44,118,611
	286,686	11,398,336	18,022,599	2,855,029	13,693,292	46,255,942
Segment liabilities						
Borrowings	824	5,890,593	11,007,892	298,721	9,872,918	27,070,948
Other segment liabilities	82,773	1,160,901	4,150,340	327,351	339,115	6,060,480
	83,597	7,051,494	15,158,232	626,072	10,212,033	33,131,428

36. SEGMENTAL INFORMATION (CONT'D.)

	Power generation (Contracted)	Multi utilities business (Merchant)#	Water and sewerage	Mobile broadband network	Investment holding activities	Group
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 30 June 2017						
Revenue						
Total revenue	-	5,626,175	3,116,323	830,214	291,284	9,863,996
Inter-segment elimination	-	-	-	(5,684)	(80,400)	(86,084)
External revenue	-	5,626,175	3,116,323	824,530	210,884	9,777,912
Results						
Share of profits of investments accounted for using the equity method	-	-	-	2,312	345,755	348,067
Interest income	13,515	2,759	4,465	1,154	300	22,193
Finance cost	17	133,814	420,768	5,634	286,187	846,420
Segment (loss)/profit	(102,382)	157,982	877,134	(97,322)	56,795	892,207
Other segment items						
Capital expenditures	1,276	66,838	1,060,435	540,173	1,176	1,669,898
Depreciation and amortisation	21,420	326,552	546,723	238,490	4,537	1,137,722
Impairment	4,889	1,638	64,845	11,517	31,698	114,587
Segment assets						
Investments accounted for using the equity method	-	-	1	9,856	2,235,506	2,245,363
Other segment assets	239,765	12,308,190	18,498,185	2,887,409	12,319,248	46,252,797
	239,765	12,308,190	18,498,186	2,897,265	14,554,754	48,498,160
Segment liabilities						
Borrowings	1,273	6,905,667	11,460,024	132,060	10,028,638	28,527,662
Other segment liabilities	9,813	1,336,070	4,569,093	316,738	249,104	6,480,818
	11,086	8,241,737	16,029,117	448,798	10,277,742	35,008,480

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 (CONT'D.)

GEOGRAPHICAL INFORMATION

Revenue and non-current assets information based on geographical location of customers and assets respectively are as follows:

	Revenue		Non-current assets	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Malaysia	**1,471,124**	869,984	**2,597,028**	2,544,839
Singapore	**5,553,440**	5,626,175	**9,815,735**	10,598,934
United Kingdom	**3,383,485**	3,140,114	**16,857,855**	16,918,629
Other countries	**211,142**	141,639	**650,047**	287,565
	10,619,191	9,777,912	**29,920,665**	30,349,967

Non-current assets information presented above consist of the following items as presented in the Statement of Financial Position.

	Non-current assets	
	2018 RM'000	**2017 RM'000**
Property, plant and equipment	**21,227,246**	21,334,981
Investment properties	**452,112**	432,935
Project development costs	**196,891**	166,841
Intangible assets	**8,040,576**	8,392,717
Prepayments	**3,840**	22,493
	29,920,665	30,349,967

Major customers

The following is the major customer with revenue equal or more than 10 per cent of Group's revenue:

	Revenue		
	2018 RM'000	**2017 RM'000**	**Segment**
- Energy Market Company	**2,883,229**	2,652,274	Multi utilities business (Merchant)

37. MATERIAL LITIGATION

In 2015, a foreign subsidiary of the Group commenced proceedings in court against two customers to recover monies due to the subsidiary, following their termination of three electricity retail contracts. The customers have filed their defence and counterclaims. The trial has completed and the matter is now awaiting court's decision.

Based on the legal advice sought by the board, the subsidiary has strong prospects of succeeding in their claims 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 27 September 2018.

Form of Proxy

YTL Power
YTL GROUP

I/We *(full name as per NRIC/company name in block letters)* ____

____

NRIC/Company No. *(New)* ______________________ *(Old)* ______________________

CDS Account No. *(for nominee companies only)* ______________________ Telephone No. ______________________

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 22nd Annual General Meeting of the Company to be held at Mayang Sari Grand Ballroom, Lower Level 3, JW Marriott Hotel Kuala Lumpur, 183, Jalan Bukit Bintang, 55100 Kuala Lumpur on Wednesday, 12 December 2018 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 Dato' Yeoh Seok Kian		
2.	Re-election of Dato' Yeoh Soo Min		
3.	Re-election of Dato' Yeoh Seok Hong		
4.	Re-election of Dato' Yeoh Soo Keng		
5.	Approval of the payment of Directors' fees		
6.	Approval of the payment of meeting attendance allowance to Non-Executive Directors		
7.	Re-appointment of Messrs. PricewaterhouseCoopers as Company Auditors		
8.	Approval for Tan Sri Datuk Dr. Aris Bin Osman @ Othman to continue in office as Independent Non-Executive Director		
9.	Authorisation for Directors to Allot and Issue Shares		
10.	Proposed Renewal of Share Buy-Back Authority		
11.	Proposed Renewal of Shareholder Mandate for Existing Recurrent Related Party Transactions of a Revenue or Trading Nature ("RRPT") and Proposed New Shareholder Mandate for Additional RRPT		

Number of shares held

Signed this ______________ day of ______________________ 2018 Signature ______________________

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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. 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 notarially 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 not less than 48 hours before the time appointed for holding the meeting. 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 Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors as at 5 December 2018. Only a depositor whose name appears on the General Meeting Record of Depositors as at 5 December 2018 shall be entitled to attend the said meeting or appoint proxy to attend and/or vote in his stead.*

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AFFIX
STAMP

Tricor Investor & Issuing House Services Sdn Bhd
Share Registrar for YTL Power International Berhad's 22nd AGM
Unit 32-01, Level 32, Tower A, Vertical Business Suite
Avenue 3, Bangsar South, No. 8, Jalan Kerinchi
59200 Kuala Lumpur

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