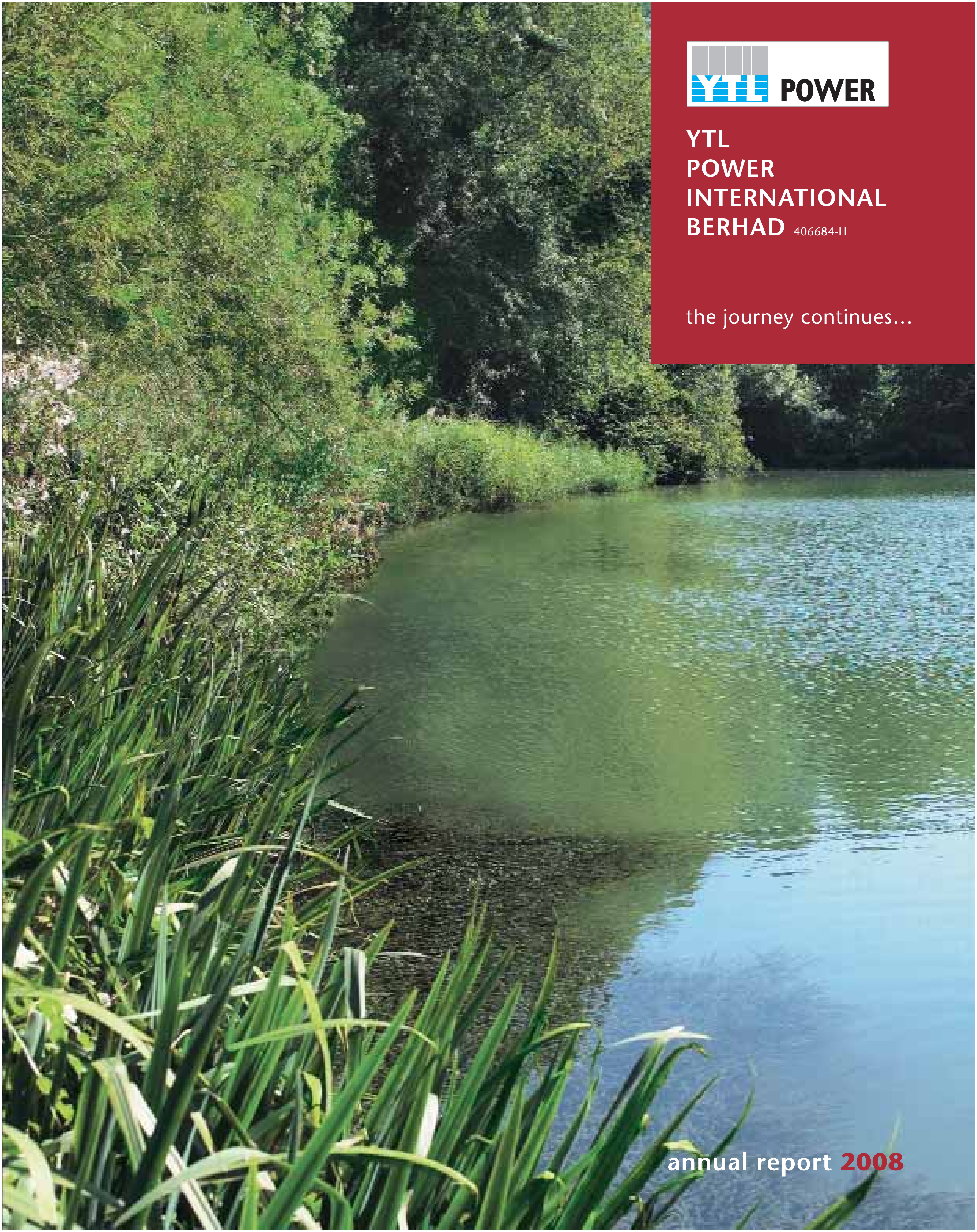


YTL POWER

# YTL POWER INTERNATIONAL BERHAD 406684-H

the journey continues...

annual report 2008

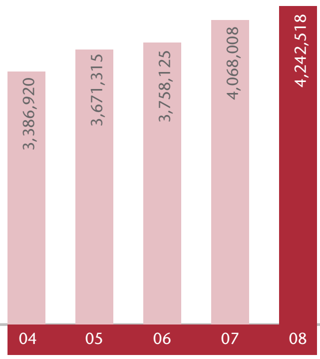
# Contents

# Financial Highlights

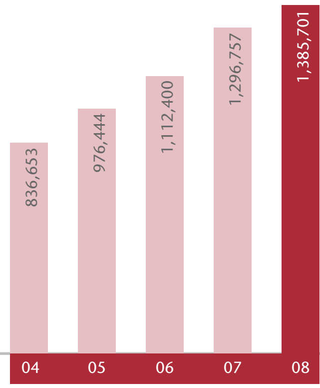


| | 2008 | 2007 | 2006 | 2005 | 2004 |
|---|---|---|---|---|---|
| Revenue (RM'000) | **4,242,518** | 4,068,008 | 3,758,125 | 3,671,315 | 3,386,920 |
| Profit Before Taxation (RM'000) | **1,385,701** | 1,296,757 | 1,112,400 | 976,444 | 836,653 |
| Profit After Taxation (RM'000) | **1,038,846** | 1,175,649 | 874,483 | 742,178 | 613,049 |
| Profit After Taxation and Minority Interest (RM'000) | **1,038,846** | 1,269,214 | 874,483 | 742,178 | 613,049 |
| Shareholders' Funds (RM'000) | **6,400,395** | 6,033,071 | 5,728,957 | 5,229,233 | 4,560,490 |
| Earnings per Share (Sen) | **20.00** | 23.53 | 17.89 | 15.84 | 13.63 |
| Dividend per Share (Sen) | **12.50** | 17.50 | 10.00 | 10.00 | 10.00 |
| Total Assets (RM'000) | **27,826,876** | 24,002,890 | 22,244,265 | 21,905,572 | 20,576,574 |
| Net Assets per Share (RM) | **1.21** | 1.18 | 1.16 | 1.08 | 1.02 |

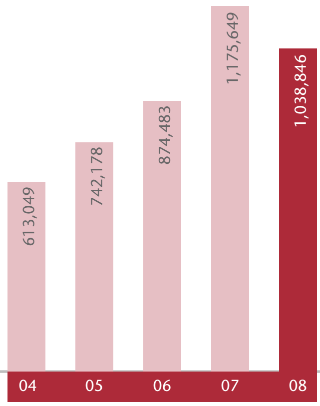
**Revenue**
**(RM'000)**



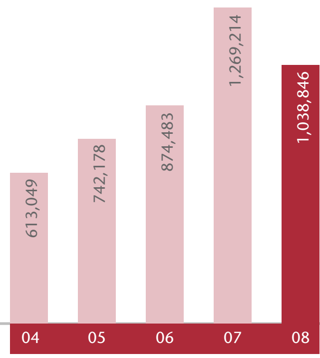

**Profit Before Taxation**
**(RM'000)**



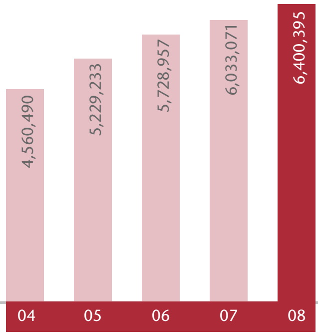

**Profit After Taxation**
**(RM'000)**



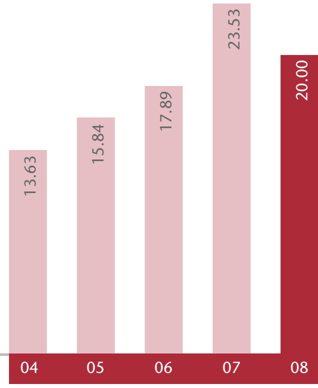

**Profit After Taxation and Minority Interest**
**(RM'000)**



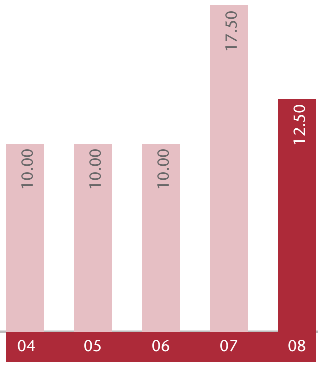
**Shareholders' Funds**
(RM'000)




**Earnings per Share**
(Sen)

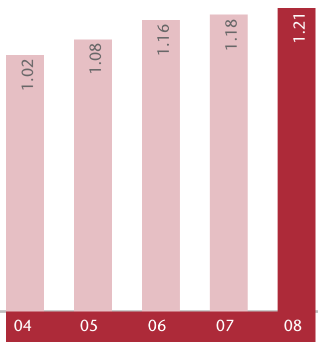



**Dividend per Share**
(Sen)




**Total Assets**
(RM'000)


**Net Assets per Share**
(RM)



On behalf of the Board of Directors of YTL Power International Berhad ("YTL Power"), I have the pleasure of presenting to you the Annual Report and audited financial statements of the Company and its subsidiaries ("Group") for the financial year ended 30 June 2008.

**TAN SRI DATO' SERI (DR) YEOH TIONG LAY**
Executive Chairman

## OVERVIEW

YTL Power achieved another year of solid financial performance, with its diversified income streams providing a strong buffer against economic turbulence. YTL Power's business model, which is centred on the ownership and management of regulated utilities operating under long-term concessions, underpins the Group's ability to continue to perform well even in times of global economic uncertainty. These businesses encompass power generation in Malaysia and Indonesia, power transmission in Australia, the provision of water and sewerage services in the United Kingdom ("UK"), and plant operations and maintenance ("O&M") in Indonesia. YTL Power's foreign operations remain the most significant contributors to the Group's earnings.

Global gross domestic product (GDP) grew by 5.0% for the 2007 calendar year, driven primarily by emerging and developing economies, but is projected to moderate to 4.1% by the end of 2008 as rising inflation and fluctuations in the prices of commodities and oil continue to take their toll. The Malaysian economy remained relatively resilient during the year under review with real GDP growing by 6.3% for the 2007 calendar year, but is projected to moderate to 5.7% by the end of 2008 as increased external uncertainties continue to dampen domestic growth (source: Economic Report 2008/2009).

The utility-driven nature of YTL Power's businesses, coupled with geographic and economic diversification into well-developed markets, continues to safeguard the Group against the more severe shifts in economic sentiment.

## FINANCIAL PERFORMANCE

The Group achieved a 4.3% growth in revenue to RM4,242.5 million for the financial year ended 30 June 2008, compared to RM4,068.0 million for the previous financial year ended 30 June 2007, whilst profit before taxation grew to RM1,385.7 million for the 2008 financial year, a 6.9% increase over RM1,296.8 million for the last financial year. These increases arose from better performance in all business segments, including Wessex Water Limited ("Wessex Water") in the UK and P.T. Jawa Power ("Jawa Power") in Indonesia. Profit for the year stood at RM1,038.8 million for the financial year ended 30 June 2008, an 11.6% decrease from RM1,175.6 million last year , due to an exceptional tax credit of RM132.9 million recognised during the last financial year, relating to the release of a deferred tax provision arising from the change in corporation tax rates in the UK.

For the year ended 30 June 2008, YTL Power's operations in Malaysia contributed 28.3% of revenue, whilst revenue contribution from overseas operations stood at 71.7%, increasing marginally compared to the previous financial year ended 30 June 2007.

## DIVIDENDS

YTL Power maintained its dividend policy for the financial year ended 30 June 2008, with the distribution of 2 tax-exempt interim dividends of 7.5% each and a share dividend distribution of 1 treasury share for every 25 existing ordinary shares of RM0.50 each held in YTL Power ("YTL Power Shares"), which was completed in January 2008. YTL Power also declared a share dividend distribution of 1 treasury share for every 40 YTL Power Shares, which was completed on 22 September 2008.

The Board of Directors of YTL Power is pleased to recommend for shareholders' approval, a Final Tax Exempt Dividend of 7.5% for the financial year ended 30 June 2008.

This dividend represents the 11th consecutive year that YTL Power has declared dividends to shareholders since listing on the Main Board of Bursa Malaysia Securities Berhad in 1997, and is well in line with the Group's policy of creating value for shareholders through a sustainable dividend policy which delivers dividend yields that are much higher than prevailing interest rates.

## SIGNIFICANT CORPORATE DEVELOPMENTS

- On 16 November 2007, YTL Power announced the proposed issue of RM2.2 billion 3% 5-year redeemable bonds ("2008/2013 Bonds") with detachable warrants ("Warrants") to be issued on the basis on 1 new Warrant for every 3 YTL Power Shares held. The Bonds were issued on 18 April 2008, whilst the offer for sale of the Warrants was completed with the listing of the 1,776,371,304 Warrants of the Company on the Main Board of Bursa Malaysia Securities Berhad on 18 June 2008.
- On 16 November 2007, the Company declared a distribution of 1 treasury share for every 25 existing YTL Power Shares held on the entitlement date of 24 December 2007. The distribution was completed on 7 January 2008.
- On 19 August 2008, YTL Power declared a distribution of 1 treasury share for every 40 existing YTL Power Shares on the entitlement date of 11 September 2008. The distribution was completed on 22 September 2008.
- Status of utilisation of proceeds raised from corporate proposals: The net proceeds received from the issue of the USD250 Million Guaranteed Exchangeable Bonds due 2010 by YTL Power Finance (Cayman) Limited, a wholly-owned subsidiary of YTL Power, and the net proceeds from the issue of the 2008/2013 Bonds are currently placed under fixed deposits pending investment in utility assets.





## REVIEW OF OPERATIONS

### Power Generation & Transmission

The Group's power generation and transmission activities encompass two power stations in Malaysia owned by YTL Power Generation Sdn Bhd ("YTLPG"), a wholly-owned subsidiary of YTL Power, a 35% stake in Jawa Power in Indonesia and an indirect investment of 33.5% in ElectraNet Pty Ltd ("ElectraNet") in Australia.

The Group's Malaysian power stations registered higher average station availability of 97.83% for the year under review, compared to 92.29% last year. Paka Power Station recorded average availability of 96.69% for the year ended 30 June 2008, compared to 96.72% last year, whilst Pasir Gudang Power Station registered average availability of 98.97% this year compared to 87.85% last year. Lower availability at Pasir Gudang Power Station last year arose from the upgrading of the stations Distributed Control System (DCS) throughout June and July 2006, overlapping the 2007 financial year.

Located in Paka, Terengganu, and Pasir Gudang, Johor, YTLPG's two combined-cycle, gas-fired power stations have a total generating capacity of 1,212 megawatts ("MW") – 808 MW at Paka Power Station and 404 MW at Pasir Gudang Power Station. YTLPG has a 21-year power purchase agreement with Tenaga Nasional Berhad, which is effective until 2015. O&M for the Paka and Pasir Gudang power stations continues to be undertaken by YTL Power Services Sdn Bhd, a wholly-owned subsidiary of YTL Power's parent company, YTL Corporation Berhad, under an 8-year O&M agreement entered into in December 2001.

In Indonesia, Jawa Power continues to operate at optimal levels to meet Indonesia's escalating demand for electricity. Jawa Power is the owner of a 1,220 MW coal-fired power station consisting of two electricity generation units with a net installed capacity of 610 MW each. The plant is located at the Paiton Power Generation Complex on Indonesia's most developed and populated island, Java, and supplies power to P.T. Perusahaan Listrik Negara ("PLN"), the Indonesian state-owned integrated utility, under a 30-year power purchase agreement.

For its financial year ended 31 December 2007, Jawa Power posted another year of strong operational performance with average availability of 89.90%, well in excess of the 83% rate contracted under its power purchase agreement. This enabled the station to generate 9,162 gigawatt hours ("GWh") of electricity compared to 9,109 GWh last year. This is a key performance target as Jawa Power receives a bonus payment from PLN for dispatch in excess of 83% of contracted availability. For the six months ended 30 June 2008, the plant posted an availability of 96.05% and had also achieved 2,025 days without lost time resulting from accidents.

O&M for Jawa Power is carried out by P.T. YTL Jawa Timur ("Jawa Timur") under a 30-year agreement. Jawa Timur is a wholly-owned subsidiary of YTL Power and is responsible for co-ordinating, supervising and controlling all operations and maintenance, as well as supplying all services, goods and material required to operate and maintain the power station.

In Australia, ElectraNet continued to perform well during the year under review, maintaining transmission line availability in excess of 99%. ElectraNet is a regulated transmission network service provider in Australia's National Electricity Market ("NEM") and owns South Australia's high voltage electricity transmission network, which transports electricity from electricity generators to receiving end-users across the state. ElectraNet's network covers approximately 200,000 square kilometres of South Australia via more than 5,500 circuit kilometres of transmission lines and 76 high voltage substations. The company also provides the important network link from South Australia to the NEM via two regulated interconnectors, one of which is owned by ElectraNet. YTL Power also has a 33.5% investment in ElectraNet Transmission Services Pty Limited, which manages ElectraNet's transmission assets.

ElectraNet is regulated by the Australian Energy Regulator (AER) which sets revenue caps based on the company's expected capital expenditure requirements for a five-year regulatory period. The current revenue cap became effective on 1 July 2008 and is valid for a period of five years until 30 June 2013.

### Water & Sewerage Services

Wessex Water maintained its position as the most efficient operating company, achieving its highest-ever score of 418 points (96%) in the year's service league tables complied by Ofwat, the UK water industry regulator. Once again, Wessex Water's compliance with drinking water standards shows that the company has been supplying water of the highest possible quality, maintaining compliance levels of 99.9%. The company also won a number of awards during the year, including a Queen's Award for Enterprise, industry publication Utility Week's customer care award and the award for best creditor of the year at the UK Citizen's Advice Bureau's Social Policy Oscars.

Wessex Water's innovative approach to delivering capital investment has enabled the company to continue to outperform its regulatory targets and share the benefits with customers by investing additional sums in improving the resilience of Wessex Water's asset network, reducing the number of customers served by single sources of supply, further reducing the risk of sewage flooding and improving support to customers who have difficulty paying their bills.

Wessex Water provides water services to 1.25 million customers and sewerage facilities to 2.6 million customers over an area of approximately 10,000 square kilometres in the south west of England and operates under a rolling 25-year licence granted by the UK Government. The company undertakes a complex set of operations, from collecting and treating raw water, and storing and transporting high quality drinking water to households and businesses all around the region, to collecting, treating and disposing of sewage safely back into the environment.

Wessex Water's regulated asset base ("RAB") increased by 8.34% to £2,114 million (RM14.06 billion, based on the average exchange rate of £1.00 : RM6.65 for the financial year ended 30 June 2008) for its regulatory year ended 31 March 2008, compared to £1,987 million (RM13.21 billion) for its previous regulatory year. As at 30 June 2008, Wessex Water's RAB had grown to £2,135 million (RM14.20 billion).

## CORPORATE SOCIAL RESPONSIBILITY

The Group believes that effective corporate responsibility can deliver benefits to its businesses and, in turn, to its shareholders, by enhancing reputation and business trust, risk management performance, relationships with regulators, staff motivation and attraction of talent, customer preference and loyalty, the goodwill of local communities and long-term shareholder value.

Social responsibility and environmental sustainability are key values of the Group and YTL Power places a high priority on acting responsibly in every aspect of its business. The Group is also part of the wider network of the YTL group of companies under the umbrella of its parent company, YTL Corporation Berhad, which has a long-standing commitment to creating successful, profitable and sustainable businesses which, in turn, benefit the surrounding community through the creation of sustained value for shareholders, secure and stable jobs for the Group's employees, support for the arts and culture in Malaysia and contributions to promote education for the benefit of future generations.

Every employee of the Group is expected to maintain the highest standards of propriety, integrity and conduct in all their business relationships and the Group is held to the same standard in its compliance with all applicable legal and regulatory requirements.

The Group's statements on corporate governance and internal control, which elaborate further on its systems and controls, can be found as a separate section in this Annual Report.

### Sustainability Developments – Power Generation & Transmission Operations

The Group's Paka and Pasir Gudang power stations in Malaysia obtained IS0 14001 (Environmental Management Systems) certification in September 2007 and completed their first round of internal audits in June 2008. Internal audits and surveillance audits are ongoing processes and provide the benefit of enabling the stations to keep up-to-date with international efficiency improvements and practices.

The Paka and Pasir Gudang power stations achieved a significant milestone during the year under review, recording their lowest-ever water consumption levels during the 2007 calendar year. Since 2001, the Group has pursued measures to reduce the amount of water utilised by the stations, including implementing an expedited process for indentifying and repairing leaking valves and stopping continuous blowdown on the heat-recovery boilers. These measures have led to large reductions in the amount of water being consumed at the two power stations and water consumption has been almost halved since these initiatives began in 2001.

Also at Paka Power Station, the 100,000 equivalent operating hours (EOH) overhauls on all 4 gas turbines were completed in March 2008, resulting in the implementation of several modifications and upgrades, one of which was the removal of secondary air flap mechanisms on the combustion chambers, a redundant device on gas turbines running only on gas fuel. The technical benefits of this removal included reductions in maintenance requirements and the complexity of the control system, but the modification also resulted in a reduction of almost 50% in the amount of NOx (a mixture of nitric oxide and nitrogen dioxide) in the gas turbine exhaust gases. NOx in the exhaust gases reacts with water vapour to turn into nitric acid, which can combine with rain to form "acid rain". The reduction in NOx emissions bodes extremely well for the plant's operations and efforts will continue to improve these advances.

Meanwhile, the Jawa Power station in Indonesia achieved ISO 14001:1996 Certification in 2001 for its Environmental Management Systems, which were then upgraded to conform to the new ISO 14001 requirements issued in 2004. Whilst the emission of carbon dioxide ($CO_2$) is inevitable for activities where there is a combustion process, Jawa Timur, the operator the Jawa Power station, has continued to pursue reductions in $CO_2$ emissions by operating the plant more efficiently.

One part of the plant that has been studied since November 2007 in an effort to reduce emissions is the Flue Gas Desulphurisation ("FGD") absorbent pump system, which is designed to reduce emissions of sulphur dioxide ($SO_2$) in flue gases by absorbing it with seawater. Various combinations of pumps and running times of the pumps were tested, with flue gas emissions continuously monitored in each operating mode to determine the combination which would yield the lowest emissions. The final result of the study was the issue of an operations guideline which limits the amount of FGD absorbent pump operation without violating the flue gas emissions standards required by law and in the station's contractual documents. Limiting the operation of absorbent pumps has also reduced $CO_2$ emissions and achieved power savings arising from the reduced operation time.

Jawa Timur recently received two prestigious safety awards from the Governor of East Java. The first was the Golden Flag Award for the Best Safety Management System (SMK3) which is given every three years for best compliance with safety practices; the station also won this award in 2004. Jawa Timur also received the Zero Accident Award, which requires a site to record no lost-time accidents either from their own personnel or contract staff for three years. The station also previously won this award in 2004. So far, the Jawa Power station has recorded more than 2,025 working days without a lost-time accident.

Jawa Power, which was awarded a Green rating by the Indonesian Ministry of Environment under its Environmental Rating Program (PROPER) for the third consecutive time during the year under review, remains the only company in the Indonesian energy sector to have received this rating. The Green rating indicates that the company has implemented effective pollution control programs and has successfully exceeded the requirements of environmental laws and regulations.

**Sustainability Developments – Water & Sewerage Operations**

During the year under review, Wessex Water received a Queen's Award for Enterprise in recognition of its approach to sustainability. Wessex Water operates under a stringent set of national and European environmental directives and regulations with a key long-term goal of becoming a sustainable water company, and its comprehensive programme to achieve this goal has ensured that all compliance rates for drinking water, sewage treatment and bathing water have not only been met but are amongst the best in the UK.

Wessex Water's ongoing sustainability targets are concentrated on controlling leakage from its network of more than 11,400 km of mains and service pipes and reducing the number of properties at risk of sewage flooding. For its regulatory year, Wessex Water's leakage rate was 72 megalitres per day ("Ml/d"), outperforming Ofwat's target of 74 Ml/d, whilst the number of properties at risk from flooding was reduced by a further 163.

Other initiatives include increasing the percentage of the company's electricity self-generated from renewable sources, including, for example, through the installation of wind turbines. At its Bristol sewage treatment works, new sludge treatment has been installed to increase biogas production which will, in turn, enable the facility to generate more renewable energy, thereby reducing the use of grid electricity and lowering the facility's methane emissions, achieving an estimated 16,000-tonne reduction in carbon dioxide emissions. Wider sustainability initiatives supported by the company include projects to advance regional catchment management and river restoration, improving waste management practices and improving soil and water analysis to reduce the risk of groundwater contamination from farming inputs.

## FUTURE PROSPECTS

YTL Power's acquisition-driven growth strategy will continue to form the cornerstone of the Group's development, with opportunities for investments and acquisitions in Asia, the Middle East and Europe under consideration, as well as private finance initiatives (PFI) in Malaysia.

The Group's determinants for investment, including stable concession periods, economic viability on a stand-alone basis, and decisive rates of returns, have ensured the fundamental strength of YTL Power's investments to date, and the Group will continue to seek opportunities to further develop its presence as a global multi-utility provider, by leveraging on its regulated asset experience in Australia and the UK, as well as its pool of operational expertise and capabilities to advance the business.

The global economic and financial environment is expected to be more challenging going forward. Global growth is expected to weaken with a more protracted slowdown in a number of the developed economies and some moderation in growth in the emerging economies. Fluctuations in food and fuel prices, geopolitical tensions and continued imbalances in economic and financial stability are expected to continue to impact global growth prospects. On the domestic front, Malaysia's GDP growth will be affected by these external developments, and rising commodity and fuel prices and costs are expected to continue to have a deflationary impact on domestic demand, as well as affecting consumer and business sentiments (sources: Economic Report 2008/2009, Bank Negara Malaysia).

The strength of the Group's financial profile is driven by a focus on stable and efficient operations, and the steady, long-term returns generated from its core utility assets. The acquisition of prime assets such as Wessex Water, and investments in ElectraNet and Jawa Power, coupled with viable new opportunities for expansion, will ensure the Group's continuing stability, and success in further reinforcing its financial strength and enhancing shareholder value.

As the Group embarks on another year and strives to deliver stronger earnings growth and returns to shareholders, the Board of Directors of YTL Power would like to thank our investors, customers, business associates and the regulatory authorities, for their continued support. As always, we thank the management and staff for their continued dedication and commitment to the Group.

**TAN SRI DATO' SERI (DR) YEOH TIONG LAY**

*PSM, SPMS, DPMS, KMN, PPN, PJK*

# Notice of Annual General Meeting



**NOTICE IS HEREBY GIVEN THAT** the Twelfth Annual General Meeting of YTL Power International Berhad will be held at Starhill 2, Level 4, JW Marriott Hotel Kuala Lumpur, 183, Jalan Bukit Bintang, 55100 Kuala Lumpur on Tuesday, the 2nd day of December, 2008 at 2.00 p.m. to transact the following business:

## AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 30 June 2008 together with the Reports of the Directors and Auditors thereon; **Resolution 1**

2. To sanction the declaration of a Final Tax Exempt Dividend of 7.5% in respect of the financial year ended 30 June 2008; **Resolution 2**

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

   (i) Dato' Yeoh Seok Kian **Resolution 3**
   (ii) Dato' Michael Yeoh Sock Siong **Resolution 4**
   (iii) Dato' Mark Yeoh Seok Kah **Resolution 5**

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

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

   (ii) "THAT Dato' (Dr) Yahya Bin Ismail, retiring pursuant to Section 129(6) of the Companies Act, 1965, be and is hereby re-appointed a Director of the Company to hold office until the next Annual General Meeting." **Resolution 7**

   (iii) "THAT Mej Jen Dato' Haron Bin Mohd Taib (B), retiring pursuant to Section 129(6) of the Companies Act, 1965, be and is hereby re-appointed a Director of the Company to hold office until the next Annual General Meeting." **Resolution 8**

5. To approve the payment of Directors' fees amounting to RM375,000 for the financial year ended 30 June 2008; **Resolution 9**

6. To re-appoint the Auditors and to authorise the Directors to fix their remuneration. **Resolution 10**

## AS SPECIAL BUSINESS

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

### ORDINARY RESOLUTION 1

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

   "THAT pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby empowered to allot and issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the issued and paid-up share capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad." **Resolution 11**

### ORDINARY RESOLUTION 2

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

(i) The maximum number of shares which may be purchased and/or held by the Company at any point of time pursuant to the Proposed Share Buy-Back shall not exceed ten per centum (10%) of the total issued and paid-up share capital of the Company for the time being quoted on Bursa Securities provided always that in the event that the Company ceases to hold all or any part of such shares as a result of, amongst others, cancellation of shares, sale of shares on the market of Bursa Securities or distribution of treasury shares to shareholders as dividend in respect of shares bought back under the previous shareholders' mandate for share buy-back which was obtained at the Annual General Meeting held on 7 December 2007, the Company shall be entitled to further purchase and/or hold such additional number of shares as shall (in aggregate with the shares then still held by the Company) not exceed ten per centum (10%) of the total issued and paid-up share capital of the Company for the time being quoted on Bursa Securities;

(ii) The maximum amount of funds to be allocated by the Company pursuant to the Proposed Share Buy-Back shall not exceed the sum of Retained Profits and the Share Premium Account of the Company based on its latest audited financial statements available up to the date of a transaction pursuant to the Proposed Share Buy-Back. As at 30 June 2008, the audited Retained Profits and Share Premium Account of the Company were RM2,504,097,583.70 and RM1,699,218,847.16 respectively; and

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

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

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

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

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

AND THAT the Directors of the Company be and are hereby authorised to take all steps as are necessary or expedient to implement or to give effect to the Proposed Share Buy-Back with full powers to amend and/or assent to any conditions, modifications, variations or amendments (if any) as may be imposed by the relevant governmental/regulatory authorities from time to time and with full power to do all such acts and things thereafter in accordance with the Companies Act, 1965, the provisions of the Company's Memorandum and Articles of Association and the Listing Requirements of Bursa Securities and all other relevant governmental/regulatory authorities." **Resolution 12**

## ORDINARY RESOLUTION 3

**9. PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE AND NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

"THAT the Company and/or its subsidiaries be and is/are hereby authorised to enter into recurrent related party transactions from time to time with Related Parties who may be a Director, a major shareholder of the Company and/or its subsidiaries or a person connected with such a Director or major shareholder, as specified in section 2.1.2 of the Circular to Shareholders dated 10 November 2008 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 shareholders' mandate in accordance with the Listing Requirements of Bursa Malaysia Securities Berhad.

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

AND THAT the Directors of the Company be authorised to complete and do such acts and things as they may consider expedient or necessary to give full effect to the shareholders' mandate." **Resolution 13**

## NOTICE OF BOOK CLOSURE

**Notice is hereby given that** the Register of Members of the Company will be closed at 5.00 p.m. on 10 December 2008 for the entitlement of the following:

Proposed Final Tax Exempt Dividend of 7.5% in respect of the financial year ended 30 June 2008 as recommended by the Directors on 19 August 2008.

A Depositor shall qualify for entitlement to the Proposed Final Dividend only in respect of:

(a) shares transferred into the Depositor's Securities Account before 4.00 p.m. on 10 December 2008 in respect of transfers; and

(b) shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

**Notice is also hereby given** that the Dividend Payment Date of the Proposed Final Tax Exempt Dividend of 7.5% in respect of the financial year ended 30 June 2008, if approved by the shareholders at the forthcoming Twelfth Annual General Meeting, shall be on 26 December 2008.

Holders of Warrants 2000/2010 and Warrants 2008/2018 are reminded to lodge with the Company's Registrar, YTL Corporation Berhad of 11th Floor, Yeoh Tiong Lay Plaza, 55 Jalan Bukit Bintang, 55100 Kuala Lumpur, their subscription forms and subscription monies for subscription of new shares by 5.00 p.m. on 27 November 2008 to qualify for the above dividend entitlement.

By Order of the Board,

**HO SAY KENG**
Company Secretary

KUALA LUMPUR
10 November 2008

**Notes:**

A member entitled to attend and vote at the meeting may appoint a proxy to vote in his stead. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. A member other than an Authorised Nominee shall not be entitled to appoint more than one proxy to attend and vote at the same meeting and where such member appoints more than one proxy to attend and vote at the same meeting, such appointment shall be invalid. The instrument appointing a proxy, in the case of an individual, shall be signed by the appointer 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. An instrument appointing a proxy shall be deposited at the Registered Office of the Company at least 48 hours before the appointed time 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 Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors as at 25 November 2008. Only a depositor whose name appears on the General Meeting Record of Depositors as at 25 November 2008 shall be entitled to attend the said meeting or appoint proxy to attend and/or vote in his stead.

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

The Company is actively pursuing business opportunities in prospective areas so as to broaden the operating base and earnings potential of the Company. Such expansion plans may require the issue of new shares not exceeding ten per centum of the Company's issued share capital. With the passing of the Resolution 11 mentioned above by the shareholders of the Company at the forthcoming Annual General Meeting, the Directors would avoid delay and cost of convening further general meetings to approve issue of such shares for such purposes.

**Resolution pertaining to the renewal of Authority to Buy-Back Shares of the Company**

For Resolution 12, further information on the Share Buy-Back is set out in the Share Buy-Back Statement dated 10 November 2008 which is despatched together with the Company's Annual Report 2008.

**Resolution pertaining to the Recurrent Related Party Transactions**

For Resolution 13, further information on the Recurrent Related Party Transactions is set out in the Circular to Shareholders dated 10 November 2008 which is despatched together with the Company's Annual Report 2008.



# Statement Accompanying Notice of Annual General Meeting

(Pursuant to Paragraph 8.28(2) of the Listing Requirements of Bursa Malaysia Securities Berhad)

## DETAILS OF INDIVIDUALS WHO ARE STANDING FOR ELECTION AS DIRECTORS

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

# Corporate Information



## BOARD OF DIRECTORS

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

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

*Deputy Managing Director*
**Dato' Yeoh Seok Kian**
DSSA
BSc (Hons) Bldg, MCIOB, FFB

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

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

**Dato' (Dr) Yahya Bin Ismail**
DPMJ, DPCM, DPMP, KMN, PPT
Bachelor of Veterinary Science

**Mej Jen Dato' Haron Bin Mohd Taib (B)**
PSAT, DPMJ, DPMT, DPMK, JMN, PMK, SMT, PIS,
PJK, PKB, psc

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

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

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

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

**Dato' Mark Yeoh Seok Kah**
DSSA
LLB (Hons)

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

## 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

## SOLICITORS

Lee, Perara & Tan
Slaughter & May

## AUDIT COMMITTEE

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

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

**Dato' (Dr) Yahya Bin Ismail**
*(Independent Non-Executive Director)*

**Dato' Yeoh Seok Hong**
*(Executive Director)*

## AUDITORS

**PricewaterhouseCoopers (AF 1146)**
Chartered Accountants

## PRINCIPAL BANKERS OF THE GROUP

Banco Bilbao Vizcaya Argentina, S.A.
Barclays Bank Plc
Bayerische Landesbank
BNP Paribas
Calyon
Cathay United Bank
CIMB Bank Berhad
Citibank Berhad
Citibank Malaysia (L) Limited
DBS Bank Ltd
DZ Bank AG Deutsche Zentral - Genossenscharftbank Frankfurt Am Main
European Investment Bank
Fortis Bank S.A./N.V.
HSBC Bank Plc
ING Bank N.V.
Mega International Commercial Bank Co Ltd
Mizuho Corporate Bank Ltd
National Australia Bank Limited
Oversea-Chinese Banking Corporation Limited
Societe Generale
Standard Chartered Bank Malaysia Berhad
Sumitomo Mitsui Banking Corporation
The Bank of East Asia Limited
The Bank of Nova Scotia Berhad
The Bank of Tokyo-Mitsubishi UFJ, Ltd
The Royal Bank of Scotland plc

## STOCK EXCHANGE LISTING

**Bursa Malaysia Securities Berhad**
Main Board (23.5.1997)

# Profile of the Board of Directors



**Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay,** Malaysian, aged 78, was appointed to the Board on 21 October 1996 and has been the Executive Chairman since 31 October 1996. His contributions are well recognised with the conferment of the title of Doctor of Engineering by Heriot-Watt University, Edinburgh and his appointment as Honorary Life President of the Master Builders Association of Malaysia in 1988. He is the co-founder and the first Chairman of the ASEAN Constructors' Federation. On 26 October 2002, Tan Sri Yeoh Tiong Lay was conferred the Honorary Doctorate in Philosophy (Business Administration) by Universiti Malaysia Sabah. He was installed as Pro-Chancellor for Universiti Malaysia Sabah on 1 July 2005. He is the past President and Lifetime member of the International Federation of Asian and Western Pacific Contractors Association. Tan Sri Yeoh Tiong Lay is currently an EXCO member of the Malaysian Crime Prevention Foundation. On 19 January 2008, Tan Sri Yeoh Tiong Lay was conferred the prestigious Order of the Rising Sun, Gold Rays with Neck Ribbon by the Emperor of Japan in recognition of his outstanding contribution towards the economic co-operation and friendship between Japan and Malaysia, including his efforts as an executive member and Vice President of the Malaysia-Japan Economic Association. He is also the Honorary Chairman of Tung Shin Hospital and is on the board of Governors for several schools. Tan Sri Yeoh Tiong Lay is also the Executive Chairman of YTL Corporation Berhad and YTL Cement Berhad, both listed on the Main Board of Bursa Malaysia Securities Berhad and a board member of other public companies such as YTL Industries Berhad, YTL Foundation, and Wessex Water Limited (a private utilities company in UK).

**Tan Sri Dato' (Dr) Francis Yeoh Sock Ping,** Malaysian, aged 54, was appointed to the Board on 18 October 1996 as an Executive Director and has been the Managing Director since then. Tan Sri Francis studied at Kingston University, UK, where he obtained a Bachelor of Science (Hons) in Civil Engineering and was conferred an Honorary Doctorate of Engineering in 2004. He became the Managing Director of YTL Corporation Berhad Group in 1988 which under his stewardship, has grown from a single listed entity into a force comprising six listed entities ie. YTL Corporation Berhad, YTL Power International Berhad, YTL Cement Berhad, YTL Land & Development Berhad, YTL e-Solutions Berhad and Starhill Real Estate Investment Trust. He is presently Managing Director of YTL Corporation Berhad, YTL Cement Berhad and YTL Land & Development Berhad, all listed on the Main Board of Bursa Malaysia Securities Berhad. Tan Sri Francis is also the Executive Chairman and Managing Director of YTL e-Solutions Berhad, which is listed on the MESDAQ Market of Bursa Malaysia Securities Berhad. Besides the listed entities in YTL Group, Tan Sri Francis also sits on the board of several public companies such as YTL Industries Berhad, YTL Foundation and the prominent private utilities companies in United Kingdom, Wessex Water Limited and Wessex Water Services Limited. He is also a director and Chief Executive Officer of Pintar Projek Sdn Bhd, the Manager of Starhill Real Estate Invesment Trust.

He is a Founder Member of the Malaysian Business Council and The Capital Markets Advisory Council. He is also a member of The Nature Conservancy Asia Pacific Council, the Asia Business Council and Trustee of the Asia Society. He is also a member of the Advisory Council of London Business School, Wharton School and INSEAD.

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

He was appointed as member of Barclays Asia-Pacific Advisory Committee 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. In 2008, he was appointed Chairman for South East Asia of the International Friends of the Louvre and he also received a prestigious professional accolade when made a Fellow of the Institute of Civil Engineers in London.

# Profile of the Board of Directors



**Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng,** Malaysian, aged 59, was appointed to the Board on 18 February 1997 as an Independent Non-Executive Director. He is also the Chairman of the Audit Committee. He obtained a Diploma in Commerce with distinction from Tunku Abdul Rahman College in 1974. In 1987, he became a graduate member of the Institute of Chartered Secretaries and Administrators, United Kingdom, and in 1981 was made a Fellow of the Chartered Association of Certified Accountants of the United Kingdom. Tan Sri Dato' Lau has been a member of the Malaysian Institute of Accountants since 1979. He was appointed to the Board of the former Lembaga Letrik Negara on 1 October 1988 and now serves on the Board of Tenaga Nasional Berhad, the successor to Lembaga Letrik Negara. On 13 April 2004, he was appointed as Treasurer General of the Malaysian Chinese Association (MCA). He is the Chairman of Star Publications (Malaysia) Berhad and a board member of Chang Ming Thien Foundation, Institute of Strategic Analysis & Policy Research, Huaren Education Foundation and UTAR Education Foundation.

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**Tan Sri Datuk Dr. Aris Bin Osman @ Othman,** Malaysian, aged 64, was appointed to the Board on 12 June 2006 as an Independent Non-Executive Director. He is also 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, 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 had 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 is presently the Chairman of Malaysia Airports Holdings Berhad and a board member of AMMB Holdings Berhad, AmInvestment Group Berhad, AmInvestment Bank Berhad and YTL Foundation. He is also the Chairman of Malaysia Design and Innovation Centre.

**Dato' Yeoh Seok Kian,** Malaysian, aged 51, was appointed to the Board on 21 October 1996 as an Executive Director. He is currently the Deputy Managing Director of the Company. He graduated from Heriot-Watt University, Edinburgh, United Kingdom in 1981 with a Bachelor of Science (Hons) Degree in Building. He attended the Advance Management Programme conducted by Wharton Business School, University of Pennsylvania in 1984. Dato' Yeoh is a Fellow of the Faculty of Building, United Kingdom as well as a Member of the Chartered Institute of Building (UK). He is the Deputy Managing Director of YTL Corporation Berhad and Executive Director of YTL Cement Berhad and YTL Land & Development Berhad, all listed on the Main Board of Bursa Malaysia Securities Berhad. Dato' Yeoh also serves on the board of several other public companies such as YTL Industries Berhad, The Kuala Lumpur Performing Arts Centre, YTL Vacation Club Berhad and private utilities company, Wessex Water Limited. He also serves on the board of Pintar Projek Sdn Bhd, the Manager of Starhill Real Estate Investment Trust.

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**Dato' (Dr) Yahya Bin Ismail,** Malaysian, aged 80, was appointed to the Board on 31 October 1996 as an Independent, Non-Executive Director. He is also a member of the Audit Committee. He was formerly with the Government and his last appointment was as Director General of the National Livestock Authority Malaysia. He was also with the Totalisator Board Malaysia from 1982 to 1990 and served as its Chairman from 1986. Dato' Yahya is a Director of YTL Corporation Berhad which is listed on the Main Board of Bursa Malaysia Securities Berhad. He also sits on the Board of Metroplex Berhad and Pintar Projek Sdn Bhd, the Manager of Starhill Real Estate Investment Trust.

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**Mej Jen Dato' Haron Bin Mohd Taib (B),** Malaysian, aged 73, was appointed to the Board on 31 October 1996 as an Independent Non-Executive Director. He was enlisted as an officer cadet at the Royal Military College in Sungei Besi, Kuala Lumpur in 1957 and was commissioned as a Second Lieutenant at Royal Military Academy Sandhurst, England in 1957. Some of his various notable appointments include Director of Manpower Planning in the Ministry of Defence in 1972, Chief of Logistic Staff in 1986 and Commander of Army Logistic Command in 1987. He has been a Director of YTL Corporation Berhad since 3 July 1990.

**Dato' Yeoh Soo Min,** Malaysian, aged 52, was appointed to the Board on 2 June 1997 as an Executive Director. She graduated with a Bachelor of Art (Hons) Degree in Accounting from University of North London in 1980. She did her Articleship at Leigh Carr and Partners, London and has gained vast experience in accounting and management. She was responsible for the setting up of the Travel 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 a Member of the Malaysian Institute of Management. She was the past President of the Women in Travel Industry. She is currently one of the Governors of International Students House, London since 1995 and is a Trustee of Yayasan Tuanku Fauziah (Queen's Foundation). She also holds directorships in YTL Corporation Berhad, a company listed on the Main Board of Bursa Malaysia Securities Berhad, YTL Industries Berhad and YTL Vacation Club Berhad.

**Dato' Yeoh Seok Hong,** Malaysian, aged 49, was appointed to the Board on 18 October 1996 as an Executive Director. He is also a member of the Audit Committee. He obtained his Bachelor of Engineering (Hons) Civil & Structural Engineering Degree from the University Bradford, United Kingdom in 1982. He is a member of the Faculty of Building, 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. He is a director of YTL Corporation Berhad, YTL Cement Berhad and YTL Land & Development Berhad, all listed on the Main Board of Bursa Malaysia Securities Berhad and YTL e-Solutions Berhad, a company listed on the MESDAQ Market of Bursa Malaysia Securities Berhad. Dato' Yeoh Seok Hong also sits on the board of YTL Industries Berhad, YTL Foundation, Wessex Water Limited and Wessex Water Services Limited.

**Dato' Michael Yeoh Sock Siong,** Malaysian, aged 48, was appointed to the Board on 21 October 1996 as an Executive Director. He graduated from the Bradford University, United Kingdom in 1983 with a Bachelor of Engineering (Hons) Civil & Structural Engineering Degree. Dato' Michael Yeoh is primarily responsible for YTL Group Manufacturing Division which activities involve cement manufacturing, ready-mixed concrete and other building material industries. He is also a director of YTL Corporation Berhad, YTL Cement Berhad, YTL Land & Development Berhad, all listed on the Main Board of Bursa Malaysia Securities Berhad and YTL e-Solutions Berhad, a company listed on the MESDAQ Market of Bursa Malaysia Securities Berhad. He is also sits on the board of other public companies such as YTL Industries Berhad, Sentul Raya Golf Club Berhad and private utilities company, Wessex Water Limited.

**Dato' Yeoh Soo Keng,** Malaysian, aged 45, 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 was 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. Dato' Yeoh Soo Keng is 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, Pahang Cement Marketing Sdn Bhd and Perak-Hanjoong Simen Sdn Bhd. She is also a director of YTL Corporation Berhad and YTL Cement Berhad, all listed on the Main Board of Bursa Malaysia Securities Berhad.

**Dato' Mark Yeoh Seok Kah,** Malaysian, aged 43, was appointed to the Board on 21 October 1996 as an Executive Director. He graduated from King's College, University of London with a LLB (Hons) and was subsequently called to the Bar at Gray's Inn, London in 1988. 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 takeovers of ElectraNet SA (Australia), Wessex Water Limited (UK) and P.T. Jawa Power (Indonesia). He also serves on the board of YTL Corporation Berhad, YTL Cement Berhad, YTL Land & Development Berhad, all listed on the Main Board of the Bursa Malaysia Securities Berhad and YTL e-Solutions Berhad, a company listed on the MESDAQ Market of Bursa Malaysia Securities Berhad. He is also a board member of YTL Vacation Club Berhad and private utilities company, Wessex Water Limited.

**Syed Abdullah Bin Syed Abd. Kadir,** Malaysian, aged 54, 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, a public listed company with subsidiaries involved in, *inter alia*, discount, money broking, unit trusts, finance and fund management operations. He also serves on the board of YTL Corporation Berhad, YTL e-Solutions Berhad, Iris Corporation Berhad, and Versatile Creative Berhad.

**Notes:**

1. **Family Relationship with Director and/or Major Shareholder**
   Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay who is a deemed major shareholder of the Company, is the father of Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, Dato' Yeoh Seok Kian, Dato' Yeoh Soo Min, Dato' Yeoh Seok Hong, Dato' 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**
   None of the Directors has been convicted of any offences in the past ten (10) years.

## DETAILS OF ATTENDANCE OF DIRECTORS AT BOARD MEETINGS

During the financial year, a total of 7 Board meetings were held and the details of attendance are as follows:

| | Attendance |
|---|---|
| Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay | 5 |
| Tan Sri Dato' (Dr) Francis Yeoh Sock Ping | 7 |
| Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng | 7 |
| Tan Sri Datuk Dr. Aris Bin Osman @ Othman | 6 |
| Dato' Yeoh Seok Kian | 5 |
| Dato' (Dr) Yahya Bin Ismail | 7 |
| Mej Jen Dato' Haron Bin Mohd Taib (B) | 6 |
| Dato' Yeoh Soo Min | 6 |
| Dato' Yeoh Seok Hong | 7 |
| Dato' Michael Yeoh Sock Siong | 6 |
| Dato' Yeoh Soo Keng | 5 |
| Dato' Mark Yeoh Seok Kah | 6 |
| Syed Abdullah Bin Syed Abd. Kadir | 7 |

# Statement of Directors' Responsibilities

The Directors are required by law to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year and of the results and cash flows of the Group and of the Company for the financial year then ended.

The Directors consider that, in preparing the financial statements for the financial year ended 30 June 2008, the Group has used appropriate accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent. The Directors also consider that all applicable approved accounting standards have been followed and 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 at any time the financial position of the Group and of the Company and which enable them to ensure that the financial statements comply with the Companies Act 1965 and MASB Approved Accounting Standards in Malaysia.

## MEMBERS

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

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

**Dato' (Dr) Yahya Bin Ismail**
*(Member/Independent Non-Executive Director)*

**Dato' Yeoh Seok Hong**
*(Member/Executive Director)*

## TERMS OF REFERENCE

### Primary Purposes

The Committee shall:

1. Provide assistance to the Board in fulfilling its fiduciary responsibilities relating to the corporate accounting and practices for YTL Power International Berhad and all its wholly and majority owned subsidiaries ("Group").

2. Improve the Group's business efficiency, the quality of the accounting function, the system of internal controls and audit function and strengthen the confidence of the public in the Group's reported results.

3. Maintain through regularly scheduled meetings, a direct line of communication between the Board and the external auditors as well as internal auditors.

4. Enhance the independence of both the external and internal auditors' function through active participation in the audit process.

5. Strengthen the role of the Independent Directors by giving them a greater depth of knowledge as to the operations of the Company and of the Group through their participation in the Committee.

6. Act upon the Board of Directors' request to investigate and report on any issues or concerns in regard to the management of the Group.

7. Review existing practices and recommend to Management to formalise an ethics code for all executives and members of the staff of the Group.

8. Create a climate of discipline and control which will reduce opportunity of fraud.

### Membership

1. The Committee shall be appointed by the Board from amongst their number and shall be composed of no fewer than three (3) members, majority of whom should be Independent Directors.

2. At least one member of the Audit Committee:

   (a) must be a member of the Malaysian Institute of Accountants; or

   (b) if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and:

      (i) he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or

      (ii) he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or

   (c) fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad ("Bursa Securities").

3. The Board must ensure that no alternate Director is appointed as a member of the Audit Committee.

4. The members of the Committee shall elect a Chairman from amongst their number who shall be an Independent Director.

**Authority**

The Committee shall in accordance with the procedure determined by the Board and at the cost of the Company:

1. have authority to investigate any matter within its terms of reference;

2. have the resources which are required to perform its duties;

3. have full and unrestricted access to any information pertaining to the Company;

4. have direct communication channels with the external auditors and person(s) carrying out the internal audit function;

5. be able to obtain independent professional or other advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary; and

6. be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

**Functions And Duties**

The Committee shall, amongst others, discharge the following functions:

1. Review the following and report the same to the Board of the Company:

    (a) with the external auditors, the audit plan;

    (b) with the external auditors, his evaluation of the quality and effectiveness of the entire accounting system, the adequacy and the integrity of the internal control system and the efficiency of the Group's operations and efforts and processes taken to reduce the Group's operational risks;

    (c) with the external auditors, the audit report;

    (d) the assistance given by the employees of the Company to the external auditors;

    (e) the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;

    (f) the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;

    (g) the quarterly results and year end financial statements, prior to the approval by the Board of Directors, focussing particularly on:

    - changes in or implementation of major accounting policy changes

    - significant and unusual events

    - the accuracy and adequacy of the disclosure of information essential to a fair and full presentation of the financial affairs of the Group

    - compliance with accounting standards, other statutory and legal requirements and the going concern assumption;

    (h) any related party transaction and conflict of interest situation that may arise within the Company/Group and any related parties outside the Group including any transaction, procedure or course of conduct that raises questions of management integrity;

    (i) any letter of resignation from the external auditors of the Company;

    (j) whether there is reason (supported by grounds) to believe that the Company's external auditors are not suitable for re-appointment; and

    (k) any significant audit findings, reservations, difficulties encountered or material weaknesses reported by the external and internal auditors.

2. Recommend the nomination of a person or persons as external auditors and the external audit fee.

3. Promptly report to Bursa Securities on any matter reported by it to the Board of the Company which has not been satisfactorily resolved resulting in a breach of Listing Requirements of Bursa Securities.

4. Carry out any other function that may be mutually agreed upon by the Committee and the Board which would be beneficial to the Company and ensure the effective discharge of the Committee's duties and responsibilities.

**Meetings**

1. To form a quorum in respect of a meeting of the Committee, the majority of members present must be Independent Directors.

2. The Committee shall meet at least five (5) times a year, although additional meetings may be called at any time at the Audit Committee Chairman's discretion. An agenda shall be sent to all members of the Committee and any other persons who may be required/invited to attend. All meetings to review the quarterly results and annual financial statements, shall be held prior to such quarterly results and annual financial statements being presented to the Board for approval.

3. Notwithstanding paragraph 2 above, upon the request of any member of the Committee, the external auditors or the internal auditors, the Chairman of the Committee shall convene a meeting of the Committee to consider any matter which should be brought to the attention of the Directors or shareholders.

4. The external auditors have the right to appear and be heard at any meeting of the Committee and shall appear before the Committee when required to do so by the Committee.

5. The Committee may invite any Board member or any member of the Senior Management or any relevant employee within the Company who the Committee thinks fit to attend its meetings to assist in resolving and clarifying matters raised in audit reports.

6. The internal auditors shall be in attendance at meetings of the Committee to present and discuss the audit reports of findings and the recommendations relating thereto and to follow up on decisions made at these meetings.

7. The Committee may establish any regulations from time to time to govern its administration.

**Retirement And Resignation**

In the event of any vacancy in the Audit Committee resulting in the non-compliance of subparagraphs 15.10(1) of the Listing Requirements of Bursa Securities, the Company must fill the vacancy within 3 months.

**Minutes**

1. The Committee shall cause minutes to be duly entered in the books provided for the purpose of all resolutions and proceedings of all meetings of the Committee. Such minutes shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting and if so signed, shall be conclusive evidence without any further proof of the facts thereon stated.

2. Minutes of each meeting shall also be distributed to all attendees at the meetings and members of the Committee.

3. Detailed minutes of the Committee's meetings will be made available to all Board members. A summary of significant matters and resolutions will be reported to the Board by the Committee.

4. The books containing the minutes of proceedings of any meeting of the Committee shall be kept by the Company at the registered office of the Company and shall be opened to the inspection of any member of the Committee and of the Board.

**Secretary**

The Secretary to the Committee shall be the Company Secretary.

## ACTIVITIES

In line with the terms of reference of the Committee, the following activities were carried out by the Committee during the financial year ended 30 June 2008 in discharging its functions:

1. Review of the external auditors' scope of work and their audit plan.

2. Reviewing with the external auditors on the results of their audit, the audit report and internal control recommendations in respect of control weaknesses noted in the course of their audit.

3. Review of audit reports presented by internal auditors on findings and recommendations and management's responses thereto and ensure that material findings are adequately addressed by management.

4. Review of the quarterly results and annual financial statements to ensure compliance with the Listing Requirements of Bursa Securities, applicable approved accounting standards and other statutory and regulatory requirements prior to recommending for approval by the Board of Directors.

5. Verifying the allocation of share options pursuant to the Employees' Share Option Scheme.

6. Review of the related party transactions entered into by the Group.

## INTERNAL AUDIT ACTIVITIES

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

1. Developing the annual internal audit plan and proposing this plan to the Audit Committee.

2. Conducting scheduled internal audit engagements, focusing primarily on the effectiveness of internal controls and recommending improvements where necessary.

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

4. Presenting audit findings to the Audit Committee for consideration.

## 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 |
| Dato' (Dr) Yahya Bin Ismail | 5 |
| Dato' Yeoh Seok Hong | 5 |

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"). In implementing its governance system and ensuring full compliance with the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements"), the Board has been guided by the measures recommended by the Malaysian Code on Corporate Governance ("Code"), which was revised on 1 October 2007.

The YTL Power Group has a long-standing commitment to corporate governance and protection of shareholder value, which has been integral to the YTL Power Group's achievements and strong financial profile to date. Good corporate governance 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.

This section of the Annual Report details the measures implemented by the YTL Power Group to strengthen its compliance with the Principles and Best Practices of Corporate Governance as set out in Parts 1 and 2 of the Code, respectively.

## BOARD STRUCTURE

YTL Power is led and managed by an experienced Board with a wide and varied range of expertise. 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 and have adopted the six primary responsibilities as listed in the Code, which facilitate the discharge of the Board's stewardship responsibilities.

The Board currently has 13 Directors, comprising 9 executive members and 4 non-executive members, all of whom are independent. This is in compliance with the Listing Requirements, which require one-third of the Board to be independent.

The positions of the Executive Chairman and the Managing Director are held by separate members of the Board. The Executive Chairman is primarily responsible for the orderly conduct and working of the Board, whilst the Managing Director oversees the day-to-day running of the business, implementation of Board policies and making of operational decisions. The Managing Director and the Executive Directors are accountable to the Board for the profitable operation 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 Company. The differing roles of Executive and Non-Executive Directors are delineated, both having fiduciary duties towards shareholders. Executive Directors have a direct responsibility for business operations whereas Non-Executive Directors have the necessary skill and experience to bring an independent judgement to bear on issues of strategy, performance and resources brought before the Board.

The Executive Directors are responsible for 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.

Together, the Directors possess the wide range of business, commercial and financial experience essential in the management and direction of a corporation with global presence. A brief description of the background of each Director is presented in the Profile of the Board of Directors in this Annual Report.

To date, the Board has not found it necessary to designate a senior independent non-executive to whom concerns may be conveyed, mainly because full deliberation of issues affecting the YTL Power Group by all members of the Board and shareholders is encouraged.

## DIRECTORS' TRAINING

Throughout the financial year under review, the Directors attended various conferences, seminars and programmes, including speaking engagements, to enhance their knowledge and expertise. In this regard, the Board will continue to evaluate and determine the training needs of its Directors on an ongoing basis.

## BOARD MEETINGS & ACCESS TO INFORMATION

Board meetings are scheduled 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 held as and when significant issues arise relating to the YTL Power Group's operations and activities. The Board met 7 times during the financial year ended 30 June 2008. Details of each Director's attendance of the Board meetings are disclosed in the Profile of the Board of Directors in this Annual Report.

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. There are matters specifically reserved for the Board's decision to ensure that the direction and control of the YTL Power Group rests firmly with the Board.

Prior to each Board meeting, all Directors receive the agenda together with a full set of Board papers containing 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. A record of the Board's deliberations of the issues discussed and conclusions reached in discharging its duties and responsibilities is captured in the minutes of each meeting, prepared by the Company Secretary.

All Directors have full access to the advice and services of the Company Secretary who 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.

## APPOINTMENT & RE-ELECTION OF DIRECTORS

The appointment of Directors is undertaken by the Board as a whole. The Managing Director recommends candidates suitable for appointment to the Board, and the final decision lies with the entire Board to ensure that the mix of experience and expertise of members of the Board is sufficient to address the issues affecting the YTL Power Group. In its deliberations, the Board is required to take into account the integrity, professionalism, skill, knowledge, expertise and experience of the proposed candidate. In accordance with the Board's procedures, deliberations and conclusions in this process reached are recorded by the Company Secretary. During the year under review, there were no new appointments to the Board.

In accordance with the Company's Articles of Association, one-third of the Directors are required to retire from office at each Annual General Meeting ("AGM") and may offer themselves for re-election. Directors who are appointed by the Board during the financial year are subject to re-election by shareholders at the next AGM held following their appointments. Directors who are over seventy years of age are required to submit themselves for re-appointment annually in accordance with Section 129 of the Companies Act 1965. The names and details of Directors seeking re-election at the forthcoming AGM are disclosed in the Notice of AGM and the Profile of the Board of Directors, respectively, in this Annual Report.

## DIRECTORS' REMUNERATION

Directors' remuneration is decided in line with the objective recommended by the Code to determine the remuneration for Directors so as to attract and retain Directors of the calibre needed to run the YTL Power Group successfully. In general, the component parts of remuneration are structured so as to link rewards to performance. Directors do not participate in decisions regarding their own remuneration packages and Directors' fees must be approved by shareholders at the AGM.

Details of the aggregate remuneration of Directors categorised into appropriate components and the range of remuneration for each Director can be found in Note 9 of the Notes to the Financial Statements in this Annual Report (for security reasons, details are not shown with reference to Directors individually).

## DIALOGUE WITH SHAREHOLDERS & INVESTORS

The YTL Power Group values dialogue with investors as a means of effective communication that enables the Board to convey information about performance, corporate strategy and other matters affecting shareholders' interests. The Board recognises the importance of timely dissemination of information to shareholders and accordingly ensures that shareholders are kept well-informed of any major developments 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.

The Managing Director and the Executive Directors meet with analysts, institutional shareholders and investors throughout the year to provide updates on strategies and new developments. Presentations based on permissible disclosures are made to explain the YTL Power Group's performance and major development programs. However, information that is price-sensitive or that may be regarded as undisclosed material information about the YTL Power Group is not disclosed in these sessions until after the prescribed announcement to Bursa Securities has been made.

The AGM is the principal forum for dialogue with shareholders. The Board provides opportunities for shareholders to raise questions pertaining to issues in the Annual Report, corporate developments in the YTL Power Group, the resolutions being proposed and the business of the YTL Power Group in general at every AGM and extraordinary general meeting of the Company. The Managing Director and Executive Directors respond to shareholders' questions during the meeting, thereby ensuring a high level of accountability, transparency and identification with the YTL Power Group's business operations, strategy and goals. Each item of special business included in the notice of the meeting is accompanied by an explanatory statement for the proposed resolution to facilitate full understanding and evaluation of issues involved.

## THE AUDIT COMMITTEE

The Company has in place an Audit Committee which comprises 3 Non-Executive Directors and 1 Executive Director. In accordance with the Code and the Listing Requirements, the Company will ensure that the Audit Committee is comprised fully of Non-Executive Directors by 31 January 2009 or any other deadline set out by Bursa Securities.

The Audit Committee holds quarterly meetings to review matters including the YTL Power Group's financial reporting, the audit plans for the year and recurrent related party transactions, as well as to deliberate the findings of the internal and external auditors.

The terms of reference of the Audit Committee were revised during the year to ensure consistency with the recent revisions to the Code and the Listing Requirements, which came into effect during the financial year under review. The Audit Committee will put in place all mechanisms necessary to ensure that these amended functions are effectively discharged, by the end of the financial year ending 30 June 2009 or any other deadline set out by Bursa Securities.

The Audit Committee met 5 times during the financial year ended 30 June 2008. Full details of the composition, complete terms of reference and the activities of the Audit Committee during the financial year are set out in the Audit Committee Report in this Annual Report.

## FINANCIAL REPORTING

The Directors are responsible for ensuring that financial statements are drawn up in accordance with the Companies Act 1965, and MASB Approved Accounting Standards. In presenting the financial statements, the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates to present a true and fair assessment of the Company's position and prospects. Quarterly financial statements were reviewed by the Audit Committee and approved by the Board prior to release to Bursa Securities and Securities Commission. The Statement by Directors made pursuant to Section 169 of the Companies Act 1965, is set out in this Annual Report.

## INTERNAL CONTROL AND INTERNAL AUDIT

Details of the YTL Power Group's system of internal control and its internal audit functions are contained in the Statement on Internal Control and the Audit Committee Report in this Annual Report.

## RELATIONSHIP WITH THE AUDITORS

The Board has established formal and professional arrangements for maintaining an appropriate relationship with the Company's auditors, Messrs PricewaterhouseCoopers. The external auditors also attend each AGM in order to address clarifications sought pertaining to the audited accounts by shareholders.

## ADDITIONAL DISCLOSURE

- **Employee Retention Policies:** YTL Power's Employees' Share Option Scheme ("ESOS") was approved by shareholders at an extraordinary general meeting in October 2001. Details of the number of ESOS options granted during the year under review can be found in the Directors' Report in the Financial Statements in this Annual Report.

  The Board believes that maintaining the calibre of its employees is vital to ensure the continued success of the YTL Power Group and the consequent increase in returns to shareholders. To these ends, the YTL Power Group has implemented various staff retention and assessment practices in addition to the ESOS, including a Thirteenth Month wage supplement, annual bonuses and biannual reviews of staff performance.

- **Share Buy-Back Programme:** Details of the Company's share buy-back exercises for the year under review have also been included in this Annual Report.

The Board is satisfied that the Company has, in all material aspects, complied with the best practices of the Code as at 30 June 2008.

This statement was approved by the Board of Directors on 16 October 2008.

During the 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, in order to better quantify its compliance with the Malaysian Code on Corporate Governance ("Code") and the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements").

The Code, which was revised on 1 October 2007, requires the Board of Directors ("Board") of a listed company to maintain a sound system of internal control to safeguard shareholders' investments and the Company's assets. Paragraph 15.27(b) of the Listing Requirements requires the Board to include in the Annual Report of the Company a statement on the status of the system of internal control.

## RESPONSIBILITIES OF THE BOARD

The Board is responsible for maintaining a sound system of internal control 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 internal control is a concerted and continuing process, designed to manage rather than eliminate the risk of failure to achieve business objectives. Accordingly, the system of 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 internal control, financial or otherwise, 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 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 which senior management operates. Responsibility levels are communicated throughout the YTL Power Group which set out, among others, authorisation levels, segregation of duties and other control procedures.

- **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. Updates of internal policies and procedures are undertaken to reflect changing risks or resolve operational deficiencies. 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 co-sourced by the YTL Corporation Berhad Group Internal Audit department ("YTLIA") and IBDC (Malaysia) Sdn Bhd ("IBDC"). Both YTLIA and IBDC report directly to the Audit Committee. A description of the activities of the internal audit function can be found in the Audit Committee Report included in this Annual Report.

  Costs amounting to approximately RM31,000.00 were incurred in relation to the internal audit function for the financial year ended 30 June 2008.

  None of the weaknesses or issues identified during the review for the financial year have 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, and incurred costs of approximately GBP234,000.00 (RM1,558,159.20, based on the average exchange rate of GBP1.00:RM6.6588 for the financial year ended 30 June 2008) during the year under review. 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.

  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 independent appraisals by YTLIA and IBDC. 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 weekly 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 Board is able to identify significant operational and financial risks of the business units concerned.

- **Treasury Meetings**: Management meetings to discuss significant financial and treasury matters and to monitor the financial standing of the YTL Power Group are conducted on a weekly basis. These meetings 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, Company Secretary, Legal Adviser and Treasurer.

- **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.

## RISK MANAGEMENT

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 YTL Power Generation Sdn Bhd and Wessex Water Limited, as well as its indirect investment of 33.5% in ElectraNet Pty Ltd and 35% equity interest in P.T. Jawa Power. These assets share common characteristics of highly predictable operating costs and revenue streams, which in turn generate stable and predictable cash flows and profits, underpinned by an established regulatory environment in their respective markets of operation.

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

Identifying, evaluating and managing the significant risks faced by the YTL Power Group is an ongoing process which is undertaken at each level of operations. During the year under review, this function was exercised through participation of Executive Directors 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.

Management is responsible 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.

The Managing Director reports to the Board on significant changes in the business and the external environment which affects significant risks. 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.

## CONCLUSION

The Board is of the view that the system of internal controls being instituted throughout the YTL Power Group is sound and effective. Reviews of all the control procedures will be continuously carried out to ensure the ongoing effectiveness and adequacy of the systems of 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 16 October 2008.

# Disclosure of Recurrent Related Party Transactions of a Revenue or Trading Nature for the financial year ended 30 June 2008

At the last Annual General Meeting of YTL Power International Berhad ("YTL Power") held on 7 December 2007, the Company had obtained a mandate from its shareholders to allow YTL Power and/or its subsidiaries ("YTL Power Group") to enter into Recurrent Related Party Transactions of a Revenue or Trading Nature ("Recurrent Transactions").

In accordance with Paragraph 10.09(1)(b) of Bursa Malaysia Securities Berhad Listing Requirements, details of the Recurrent Transactions conducted during the financial year ended 30 June 2008 pursuant to the said shareholders' mandate are as follows:

| Company in the YTL Power Group involved in the Recurrent Transactions | Related Party | Nature of Transactions | Interested Related Parties | Nature of Relationship | Value of Transactions RM'000 |
|---|---|---|---|---|---|
| YTL Power Generation Sdn Bhd | YTL Power Services Sdn Bhd[4] ("YTLPS") | Provision of operation and maintenance services by Related Party | Yeoh Tiong Lay & Sons Holdings Sdn Bhd ("YTLSH"); | Major Shareholder/ Person Connected[1] | 131,967 |
| | | | YTL Corporation Berhad ("YTL Corporation") | Major Shareholder/ Person Connected[2] | |
| | | | Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay ["Tan Sri Yeoh Tiong Lay"] | Director/Major Shareholder / Person Connected[1][2][3] | |
| | | | Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, Dato' Yeoh Seok Kian, Dato' Yeoh Soo Min, Dato' Yeoh Seok Hong, Dato' Michael Yeoh Sock Siong, Dato' Yeoh Soo Keng, and Dato' Mark Yeoh Seok Kah [collectively referred to as the "Yeoh Siblings"] | Directors[1][2][3] | |

**Notes:**

[1] YTLSH is a major shareholder of YTL Power and the Related Party. YTLSH is a person connected to the major shareholder and director, Tan Sri Yeoh Tiong Lay; and the Yeoh Siblings.

[2] YTL Corporation is a major shareholder of YTL Power and the Related Party. YTL Corporation is a person connected to the major shareholder and director, Tan Sri Yeoh Tiong Lay; and the Yeoh Siblings.

[3] Tan Sri Yeoh Tiong Lay is a major shareholder of YTLSH, YTL Corporation, YTL Power and the Related Party. Tan Sri Yeoh Tiong Lay is also a person connected with the Yeoh Siblings.

[4] YTLPS is a wholly-owned subsidiary of YTL Corporation, which in turn is a subsidiary of YTLSH.

# Analysis of Share/Warrant Holdings as at 30 September 2008

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

## DISTRIBUTION OF SHAREHOLDINGS

| Size of holding | No. of Shareholders | % | No. of Shares# | %# |
|---|---|---|---|---|
| Less than 100 | 4,139 | 12.35 | 168,221 | 0.00 |
| 100 – 1,000 | 5,173 | 15.44 | 1,898,589 | 0.03 |
| 1,001 – 10,000 | 18,482 | 55.15 | 63,228,596 | 1.12 |
| 10,001 – 100,000 | 4,896 | 14.61 | 120,831,558 | 2.14 |
| 100,001 to less than 5% of issued shares | 818 | 2.44 | 1,990,654,276 | 35.22 |
| 5% and above of issued shares | 2 | 0.01 | 3,475,489,495 | 61.49 |
| Total | 33,510 | 100.00 | 5,652,270,735 | 100.00 |

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

| | Name | No. of Shares | %# |
|---|---|---|---|
| 1 | YTL Corporation Berhad | 2,872,346,929 | 50.82 |
| 2 | Employees Provident Fund Board | 603,142,566 | 10.67 |
| 3 | Yeoh Tiong Lay & Sons Holdings Sdn Bhd | 146,635,444 | 2.59 |
| 4 | YTL Corporation Berhad | 131,536,266 | 2.33 |
| 5 | Kumpulan Wang Persaraan (Diperbadankan) | 131,148,412 | 2.32 |
| 6 | Valuecap Sdn Bhd | 125,072,089 | 2.21 |
| 7 | Amanah Raya Nominees (Tempatan) Sdn Bhd - Skim Amanah Saham Bumiputera | 122,658,166 | 2.17 |
| 8 | Bara Aktif Sdn Bhd | 114,264,455 | 2.02 |
| 9 | Mayban Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Yeoh Tiong Lay & Sons Holdings Sdn Bhd (414011602106) | 110,864,000 | 1.96 |
| 10 | Mayban Nominees (Tempatan) Sdn Bhd - Mayban Investment Management Sdn Bhd for Malayan Banking Berhad (N14011200618) | 66,735,158 | 1.18 |
| 11 | Lembaga Tabung Haji | 58,173,778 | 1.03 |
| 12 | Malaysia Nominees (Tempatan) Sendirian Berhad - Great Eastern Life Assurance (Malaysia) Berhad (Par 1) | 57,855,469 | 1.02 |
| 13 | Amanah Raya Nominees (Tempatan) Sdn Bhd - Amanah Saham Wawasan 2020 | 56,160,457 | 0.99 |
| 14 | Amanah Raya Nominees (Tempatan) Sdn Bhd - Amanah Saham Didik | 38,324,550 | 0.68 |
| 15 | Citigroup Nominees (Tempatan) Sdn Bhd - Exempt An for American International Assurance Berhad | 32,499,224 | 0.57 |
| 16 | HSBC Nominees (Tempatan) Sdn Bhd - Nomura Asset Mgmt Malaysia for Employees Provident Fund | 27,148,626 | 0.48 |
| 17 | DB (Malaysia) Nominee (Asing) Sdn Bhd - Exempt An for Deutsche Bank Ag Singapore (PWM Asing) | 26,854,259 | 0.48 |
| 18 | HSBC Nominees (Asing) Sdn Bhd - KBL Euro PB for Clariden-Lux Infrastructure Fund | 22,567,709 | 0.40 |

# Analysis of Share/Warrant Holdings as at 30 September 2008

| | Name | No. of Shares | %# |
|---|---|---|---|
| 19 | Citigroup Nominees (Asing) Sdn Bhd<br>- UBS AG for Summit Master Water Equity Fund L. P. | 19,173,650 | 0.34 |
| 20 | HSBC Nominees (Asing) Sdn Bhd<br>- Pictet and CIE for Pictet Funds (Lux) – Water | 16,600,147 | 0.29 |
| 21 | Alliancegroup Nominees (Tempatan) Sdn Bhd<br>- Pheim Asset Management Sdn Bhd for Employees Provident Fund | 16,562,245 | 0.29 |
| 22 | Amanah Raya Nominees (Tempatan) Sdn Bhd<br>- Amanah Saham Malaysia | 15,986,095 | 0.28 |
| 23 | Cartaban Nominees (Asing) Sdn Bhd<br>- Nomura Trust and Banking Company Limited Tokyo for Asia Attractive Dividend Stock Fund Mother Fund | 14,702,452 | 0.26 |
| 24 | HSBC Nominees (Asing) Sdn Bhd<br>- BBH and Co Boston for Vanguard Emerging Markets Stock Index Fund | 13,682,527 | 0.24 |
| 25 | Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE | 13,552,343 | 0.24 |
| 26 | HSBC Nominees (Asing) Sdn Bhd<br>- Exempt An for JPMorgan Chase Bank, National Association (U.K.) | 11,928,119 | 0.21 |
| 27 | Permodalan Nasional Berhad | 11,714,687 | 0.21 |
| 28 | Cartaban Nominees (Asing) Sdn Bhd<br>- Investors Bank and Trust Company for Ishares, INC. | 11,630,675 | 0.21 |
| 29 | HSBC Nominees (Asing) Sdn Bhd<br>- Exempt An for JPMorgan Chase Bank, National Association (U.A.E.) | 10,904,448 | 0.19 |
| 30 | Cartaban Nominees (Asing) Sdn Bhd<br>- Government of Singapore Investment Corporation Pte Ltd for Government of Singapore (C) | 10,567,837 | 0.19 |
| | **Total** | **4,910,992,782** | **86.87** |

## SUBSTANTIAL SHAREHOLDERS (as per register of substantial shareholders)

| | No. of Shares Held | | | |
|---|---|---|---|---|
| Name | Direct | %# | Indirect | %# |
| Yeoh Tiong Lay & Sons Holdings Sdn Bhd | 274,583,842 | 4.86 | 3,011,661,893① | 53.29 |
| YTL Corporation Berhad | 3,011,307,173 | 53.28 | 354,720② | 0.01 |
| Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay | 10,096,250 | 0.18 | 3,286,245,735③ | 58.15 |
| Employees Provident Fund Board | 664,150,848 | 11.75 | – | – |

① Deemed interested by virtue of its interests in YTL Corporation Berhad & YTL Power Services Sdn Bhd pursuant to section 6A of the Companies Act, 1965

② Deemed interested by virtue of its interests in YTL Power Services Sdn Bhd pursuant to section 6A of the Companies Act, 1965

③ Deemed interested by virtue of his interests in Yeoh Tiong Lay & Sons Holdings Sdn Bhd, YTL Corporation Berhad & YTL Power Services Sdn Bhd pursuant to section 6A of the Companies Act, 1965

# Based on the issued and paid-up capital of the Company of RM2,852,963,040.00 comprising 5,705,926,080 ordinary shares after deduction of 53,655,345 treasury shares retained by the Company as per Record of Depositors.

Type of Securities : Warrants 2000/2010
Voting rights : One vote per Warrants 2000/2010 holder on a show of hands or one vote per Warrants 2000/2010 on a poll in respect of meeting of Warrants 2000/2010 holders

## DISTRIBUTION OF WARRANT 2000/2010 HOLDINGS

| Size of holding | No. of Warrant 2000/2010 Holders | % | No. of Warrants 2000/2010 | % |
|---|---|---|---|---|
| Less than 100 | 77 | 1.41 | 3,394 | 0.00 |
| 100 – 1,000 | 676 | 12.34 | 441,291 | 0.05 |
| 1,001 – 10,000 | 4,233 | 77.27 | 13,624,236 | 1.60 |
| 10,001 – 100,000 | 452 | 8.25 | 12,420,999 | 1.46 |
| 100,001 to less than 5% of issued warrants | 39 | 0.71 | 100,350,636 | 11.77 |
| 5% and above of issued warrants | 1 | 0.02 | 725,597,846 | 85.12 |
| **Total** | **5,478** | **100.00** | **852,438,402** | **100.00** |



## THIRTY LARGEST WARRANT 2000/2010 HOLDERS

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

| | Name | No. of Warrants 2000/2010 | % |
|---|---|---|---|
| 1 | YTL Corporation Berhad | 725,597,846 | 85.12 |
| 2 | Khazanah Nasional Berhad | 37,037,036 | 4.34 |
| 3 | Tenaga Nasional Berhad | 35,337,000 | 4.15 |
| 4 | Tenaga Nasional Berhad | 15,000,000 | 1.76 |
| 5 | DB (Malaysia) Nominee (Asing) Sdn Bhd<br>- Exempt An for Deutsche Bank Ag Singapore (PWM Asing) | 5,500,000 | 0.65 |
| 6 | Sim Kheng Hien | 1,278,000 | 0.15 |
| 7 | YTL Corporation Berhad | 320,200 | 0.04 |
| 8 | Pertubuhan Peladang Kebangsaan | 300,000 | 0.04 |
| 9 | Pua Kok Sang | 278,000 | 0.03 |
| 10 | Public Nominees (Tempatan) Sdn Bhd<br>- Pledged Securities A/c for Toh Dee Kong (E-JCL) | 275,700 | 0.03 |
| 11 | TA Nominees (Tempatan) Sdn Bhd<br>- Pledged Securities A/c for Oh Kim Hoe | 249,600 | 0.03 |
| 12 | Wong Kin Leong | 237,700 | 0.03 |
| 13 | Mayban Securities Nominees (Tempatan) Sdn Bhd<br>- Pledged Securities Account for Kau Peng Yap (REM 830) | 233,800 | 0.03 |
| 14 | HDM Nominees (Asing) Sdn Bhd<br>- Phillip Securities Pte Ltd for Mohsin Bin Mohamed | 230,000 | 0.03 |
| 15 | Dato' Hj Mohamed Zainal Abidin Hj Abdul Kadir | 220,000 | 0.03 |
| 16 | Law Kok Choon | 219,900 | 0.03 |
| 17 | Chong Weng Choy | 200,000 | 0.02 |
| 18 | HDM Nominees (Asing) Sdn Bhd<br>- DBS Vickers Secs (S) Pte Ltd for Chua Eng Bee | 200,000 | 0.02 |

# Analysis of Share/Warrant Holdings as at 30 September 2008

| Name | | No. of Warrants 2000/2010 | % |
|---|---|---|---|
| 19 | Lim Lee Koon | 200,000 | 0.02 |
| 20 | Fong Tuck Seng | 197,000 | 0.02 |
| 21 | HLG Nominee (Tempatan) Sdn Bhd<br>- Pledged Securities Account for Chua Eng Kiat (CCTS) | 186,900 | 0.02 |
| 22 | Lee Wah Sawmill Sdn Berhad | 182,000 | 0.02 |
| 23 | A Majid Bin Kassim | 166,000 | 0.02 |
| 24 | Izham Bin Mahmud | 165,800 | 0.02 |
| 25 | Chew Gim Hye | 165,000 | 0.02 |
| 26 | Ng Chwee Cheng | 162,000 | 0.02 |
| 27 | Kenanga Nominees (Tempatan) Sdn Bhd<br>- Pledged Securities Account for Ding Lian Cheon | 154,800 | 0.02 |
| 28 | Lee Mei Choon | 150,000 | 0.02 |
| 29 | Hsiao, Wen-Fu | 145,000 | 0.02 |
| 30 | RHB Capital Nominees (Tempatan) Sdn Bhd<br>- Pledged Securities Account for Mizan Bin Yahya (CEB) | 136,000 | 0.02 |
| | **Total** | **824,725,282** | **96.77** |

Type of Securities : Warrants 2008/2018

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

## DISTRIBUTION OF WARRANTS 2008/2018 HOLDINGS

| Size of holding | No. of Warrants 2008/2018 Holders | % | No. of Warrants 2008/2018 | % |
|---|---|---|---|---|
| Less than 100 | 162 | 0.99 | 5,403 | 0.00 |
| 100 – 1,000 | 6,452 | 39.33 | 3,548,448 | 0.24 |
| 1,001 – 10,000 | 7,477 | 45.58 | 26,395,253 | 1.75 |
| 10,001 – 100,000 | 1,949 | 11.88 | 59,847,914 | 3.97 |
| 100,001 to less than 5% of issued warrants | 363 | 2.21 | 482,795,198 | 32.04 |
| 5% and above of issued warrants | 1 | 0.01 | 934,096,562 | 62.00 |
| Total | 16,404 | 100.00 | 1,506,688,778 | 100.00 |

## THIRTY LARGEST WARRANTS 2008/2018 HOLDERS

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

| | Name | No. of Warrants 2008/2018 | % |
|---|---|---|---|
| 1 | YTL Corporation Berhad | 934,096,562 | 62.00 |
| 2 | YTL Corporation Berhad | 73,645,503 | 4.89 |
| 3 | Yeoh Tiong Lay & Sons Holdings Sdn Bhd | 47,686,323 | 3.16 |
| 4 | Bara Aktif Sdn Bhd | 37,159,172 | 2.47 |
| 5 | Mayban Nominees (Tempatan) Sdn Bhd<br>- Pledged Securities Account for Yeoh Tiong Lay & Sons Holdings Sdn Bhd (414011602106) | 36,053,333 | 2.39 |
| 6 | DB (Malaysia) Nominee (Asing) Sdn Bhd<br>- Exempt An for Deutsche Bank Ag Singapore (PWM Asing) | 35,329,592 | 2.34 |
| 7 | Lembaga Tabung Haji | 25,832,668 | 1.71 |
| 8 | Valuecap Sdn Bhd | 18,304,940 | 1.21 |
| 9 | Amanah Raya Nominees (Tempatan) Sdn Bhd<br>- Amanah Saham Wawasan 2020 | 15,068,596 | 1.00 |
| 10 | Toh Ean Hai | 11,162,400 | 0.74 |
| 11 | Dato' Yeoh Seok Hong | 6,590,260 | 0.44 |
| 12 | Tan Yu Wei | 6,249,252 | 0.41 |
| 13 | Citigroup Nominees (Asing) Sdn Bhd<br>- UBS AG for Summit Master Water Equity Fund L. P. | 6,235,333 | 0.41 |
| 14 | Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE | 4,407,266 | 0.29 |
| 15 | Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay | 3,284,000 | 0.22 |
| 16 | HSBC Nominees (Asing) Sdn Bhd<br>- Exempt An for JPMorgan Chase Bank, National Association (U.K.) | 3,254,959 | 0.22 |
| 17 | KAF Trustee Berhad<br>- KAF Fund Management Sdn Bhd for Abu Talib Bin Othman | 3,200,000 | 0.21 |
| 18 | Mayban Nominees (Tempatan) Sdn Bhd<br>- Pledged Securities Account for Sow Cheng Kow | 2,964,600 | 0.20 |

| | Name | No. of Warrants 2008/2018 | % |
|---|---|---|---|
| 19 | Mayban Nominees (Tempatan) Sdn Bhd | 2,913,777 | 0.19 |
| | - Pledged Securities Account for Yeoh Tiong Lay & Sons Holdings Sdn Bhd (414011602000) | | |
| 20 | Citigroup Nominees (Asing) Sdn Bhd | 2,817,352 | 0.19 |
| | - Exempt An for Merrill Lynch Pierce Fenner & Smith Incorporated (Foreign) | | |
| 21 | Public Nominees (Tempatan) Sdn Bhd | 2,629,400 | 0.17 |
| | - Pledged Securities A/c for Lim Ngeok Kong (E-KLC) | | |
| 22 | TM Asia Life Malaysia Bhd | 2,000,000 | 0.13 |
| | - As Beneficial Owner (PF) | | |
| 23 | Quarry Lane Sdn Bhd | 1,934,965 | 0.13 |
| 24 | YTL Corporation Berhad | 1,926,666 | 0.13 |
| 25 | DB (Malaysia) Nominee (Asing) Sdn Bhd | 1,916,800 | 0.13 |
| | - Deutsche Bank Ag Singapore for Pangolin Asia Fund | | |
| 26 | Dato' Mark Yeoh Seok Kah | 1,881,207 | 0.12 |
| 27 | Dushyanthi Perera | 1,700,000 | 0.11 |
| 28 | Ke-Zan Nominees (Asing) Sdn. Bhd. | 1,700,000 | 0.11 |
| | - Kim Eng Securities Pte. Ltd. for James Hay | | |
| 29 | MCIS Zurich Insurance Berhad | 1,668,912 | 0.11 |
| 30 | Dato' Yeoh Soo Min | 1,661,333 | 0.11 |
| | **Total** | **1,295,275,171** | **85.94** |

# Statement of Directors' Interests

in the Company and related corporations as at 30 September 2008



**THE COMPANY**
**YTL POWER INTERNATIONAL BERHAD**

| Name | Direct | % | No. of Shares Held Indirect | % | No. of Share Options |
|---|---|---|---|---|---|
| Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay | 10,096,250 | 0.18 | 3,287,494,185 (1) | 58.17 | 7,000,000 |
| Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE | 14,945,040 | 0.26 | – | – | 7,000,000 |
| Dato' Yeoh Seok Kian | 5,021,360 | 0.09 | 1,245,941 (2) | 0.02 | 3,000,000 |
| Dato' (Dr) Yahya Bin Ismail | 634,833 | 0.01 | 38,610 (2) | * | – |
| Mej Jen Dato' Haron Bin Mohd Taib (B) | – | – | 112,898 (2) | * | – |
| Dato' Yeoh Soo Min | 5,108,601 | 0.09 | 422,172 (2) | 0.01 | 3,000,000 |
| Dato' Yeoh Seok Hong | 8,648,863 | 0.15 | 2,459,947 (3) | 0.04 | 5,000,000 |
| Dato' Michael Yeoh Sock Siong | 4,601,744 | 0.08 | 919,291 (2) | 0.02 | 3,000,000 |
| Dato' Yeoh Soo Keng | 5,081,777 | 0.09 | 112,260 (2) | * | 3,000,000 |
| Dato' Mark Yeoh Seok Kah | 5,784,713 | 0.10 | 825,233 (2) | 0.01 | 3,000,000 |
| Syed Abdullah Bin Syed Abd Kadir | 2,181,203 | 0.04 | 524 (2) | * | 3,000,000 |
| Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng | 38,853 | * | – | – | – |

| Name | Direct | No. of Warrants 2000/2010 Held % | Indirect | % |
|---|---|---|---|---|
| Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay | – | – | 726,098,046 (1) | 85.18 |
| Dato' (Dr) Yahya Bin Ismail | 4,000 | * | 6,000 (2) | * |
| Dato' Yeoh Soo Min | – | – | 58,960 (2) | 0.01 |
| Dato' Michael Yeoh Sock Siong | – | – | 100,000 (2) | 0.01 |
| Dato' Yeoh Soo Keng | – | – | 21,240 (2) | * |
| Syed Abdullah Bin Syed Abd Kadir | 87,000 | 0.01 | – | – |

| Name | Direct | No. of Warrants 2008/2018 Held % | Indirect | % |
|---|---|---|---|---|
| Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay | 3,284,000 | 0.22 | 1,101,306,922 (1) | 73.09 |
| Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE | 4,860,175 | 0.32 | – | – |
| Dato' Yeoh Seok Kian | 1,632,962 | 0.11 | 450,000 (2) | 0.03 |
| Dato' (Dr) Yahya Bin Ismail | 206,450 | 0.01 | – | – |
| Mej Jen Dato' Haron Bin Mohd Taib (B) | – | – | 26,715 (2) | * |
| Dato' Yeoh Soo Min | 1,661,333 | 0.11 | 137,292 (2) | 0.01 |
| Dato' Yeoh Seok Hong | 8,861,405 | 0.59 | 799,982 (3) | 0.05 |
| Dato' Michael Yeoh Sock Siong | 1,496,502 | 0.10 | 298,956 (2) | 0.02 |
| Dato' Yeoh Soo Keng | 1,585,944 | 0.11 | 36,507 (2) | * |
| Dato' Mark Yeoh Seok Kah | 1,881,207 | 0.12 | 268,368 (2) | 0.02 |

# Statement of Directors' Interests

in the Company and related corporations as at 30 September 2008

## HOLDING COMPANY
## YTL CORPORATION BERHAD

| Name | Direct | % | No. of Shares Held Indirect | % | No. of Share Options |
|---|---|---|---|---|---|
| Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay | 8,200,894 | 0.55 | 794,932,467 (4) | 53.14 | 5,000,000 |
| Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE | 14,203,652 | 0.95 | – | – | 5,000,000 |
| Dato' Yeoh Seok Kian | 5,321,210 | 0.36 | 515,683 (2) | 0.03 | 3,500,000 |
| Dato' (Dr) Yahya Bin Ismail | 237,242 | 0.02 | 100,261 (2) | 0.01 | – |
| Dato' Yeoh Soo Min | 6,371,573 | 0.43 | 189,471 (2) | 0.01 | 3,000,000 |
| Dato' Yeoh Seok Hong | 5,036,490 | 0.34 | 3,228,126 (3) | 0.22 | 3,000,000 |
| Dato' Michael Yeoh Sock Siong | 4,577,997 | 0.31 | 2,526,451 (2) | 0.17 | 3,000,000 |
| Dato' Yeoh Soo Keng | 5,048,166 | 0.34 | 68,899 (2) | * | 3,000,000 |
| Dato' Mark Yeoh Seok Kah | 3,246,248 | 0.22 | 611,133 (2) | 0.04 | 3,000,000 |
| Syed Abdullah Bin Syed Abd Kadir | 752,611 | 0.05 | 2,937 (2) | * | 3,000,000 |
| Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng | 5,120 | * | – | – | – |

| Name | Direct | % | No. of Warrants 1999/2009 Held Indirect | % |
|---|---|---|---|---|
| Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay | 1,117,350 | 0.43 | 187,154,097 (4) | 71.20 |
| Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE | 2,285,472 | 0.87 | – | – |
| Dato' Yeoh Seok Kian | 655,866 | 0.25 | – | – |
| Dato' (Dr) Yahya Bin Ismail | 42,000 | 0.02 | 2,000 (2) | * |
| Dato' Yeoh Seok Hong | 648,372 | 0.25 | – | – |
| Dato' Michael Yeoh Sock Siong | 550,110 | 0.21 | 547,180 (2) | 0.21 |
| Dato' Yeoh Soo Keng | 654,600 | 0.25 | 14,400 (2) | 0.01 |
| Dato' Mark Yeoh Seok Kah | 271,800 | 0.10 | – | – |
| Syed Abdullah Bin Syed Abd Kadir | 600 | * | 674 (2) | * |

## ULTIMATE HOLDING COMPANY
## YEOH TIONG LAY & SONS HOLDINGS SDN BHD

| Name | Direct | % | No. of Shares Held Indirect | % |
|---|---|---|---|---|
| Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay | 8,220,004 | 20.18 | 5,000,004 (2) | 12.28 |
| Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE | 5,000,000 | 12.28 | – | – |
| Dato' Yeoh Seok Kian | 5,000,000 | 12.28 | – | – |
| Dato' Yeoh Soo Min | 1,250,000 | 3.07 | – | – |
| Dato' Yeoh Seok Hong | 5,000,000 | 12.28 | – | – |
| Dato' 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 CEMENT BERHAD**

| Name | Direct | % | No. of Shares Held Indirect | % | No. of Share Options |
|---|---|---|---|---|---|
| Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay | 1,681,634 | 0.36 | 238,607,356 (5) | 50.82 | 1,400,000 |
| Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE | 2,042,923 | 0.44 | – | – | 1,400,000 |
| Dato' Yeoh Seok Kian | 618,754 | 0.13 | 83,200 (2) | 0.02 | 350,000 |
| Dato' (Dr) Yahya Bin Ismail | 81,536 | 0.02 | – | – | – |
| Mej Jen Dato' Haron Bin Mohd Taib (B) | – | – | 44,428 (2) | 0.01 | – |
| Dato' Yeoh Soo Min | 225,634 | 0.05 | 138,357 (2) | 0.03 | – |
| Dato' Yeoh Seok Hong | 225,634 | 0.05 | 45,123 (2) | 0.01 | – |
| Dato' Michael Yeoh Sock Siong | 1,265,634 | 0.27 | 1,109,388 (2) | 0.24 | 1,000,000 |
| Dato' Yeoh Soo Keng | 938,251 | 0.20 | 90,251 (2) | 0.02 | 700,000 |
| Dato' Mark Yeoh Seok Kah | 187,200 | 0.04 | 135,200 (2) | 0.03 | – |

| Name | No. of Irredeemable Convertible Unsecured Loan Stocks 2005/2015 Held Direct | % | Indirect | % |
|---|---|---|---|---|
| Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay | 1,681,634 | 0.35 | 454,310,350 (5) | 94.16 |
| Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE | 1,727,423 | 0.36 | – | – |
| Dato' Yeoh Seok Kian | 618,754 | 0.13 | 100,000 (2) | 0.02 |
| Dato' Yeoh Soo Min | 225,634 | 0.05 | – | – |
| Dato' Yeoh Seok Hong | 225,634 | 0.05 | 45,123 (2) | 0.01 |
| Dato' Michael Yeoh Sock Siong | 1,265,634 | 0.26 | 1,109,388 (2) | 0.23 |
| Dato' Yeoh Soo Keng | 818,251 | 0.17 | – | – |
| Dato' Mark Yeoh Seok Kah | 187,200 | 0.04 | 135,200 (2) | 0.03 |

**YTL E–SOLUTIONS BERHAD**

| Name | Direct | No. of Shares Held % | Indirect | % |
|---|---|---|---|---|
| Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay | – | – | 1,002,227,600 (6) | 74.49 |
| Dato' (Dr) Yahya Bin Ismail | 527,000 | 0.04 | – | – |
| Dato' Michael Yeoh Sock Siong | – | – | 30,000 (2) | * |
| Dato' Yeoh Soo Keng | 500,000 | 0.04 | – | – |
| Syed Abdullah Bin Syed Abd Kadir | 300,000 | 0.02 | – | – |
| Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng | 150,000 | 0.01 | – | – |

**YTL LAND & DEVELOPMENT BERHAD**

| | No. of Shares Held | | | |
|---|---|---|---|---|
| Name | Direct | % | Indirect | % |
| Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay | – | – | 496,202,732 [6] | 63.46 |
| Dato' Yeoh Soo Min | – | – | 106,000 [2] | 0.01 |
| Dato' Yeoh Soo Keng | 100,000 | 0.01 | – | – |



| | No. of Irredeemable Convertible Preference Shares 2001/2011 Held | | | |
|---|---|---|---|---|
| Name | Direct | % | Indirect | % |
| Dato' Yeoh Seok Kian | 240,000 | 0.13 | – | – |
| Dato' Yeoh Soo Min | – | – | 200,000 [2] | 0.11 |

* Negligible

(1) Deemed interested by virtue of his interests in Yeoh Tiong Lay & Sons Holdings Sdn Bhd, YTL Corporation Berhad and YTL Power Services Sdn Bhd, and Shares/Warrants held by his spouse.
(2) Deemed interested by virtue of Shares/ICULS/Warrants/ICPS held by their respective spouses.
(3) Deemed interested by virtue of Shares/Warrants held by his spouse and children.
(4) Deemed interested by virtue of his interests in Yeoh Tiong Lay & Sons Holdings Sdn Bhd and Shares/Warrants held by his spouse.
(5) Deemed interested by virtue of his interests in Yeoh Tiong Lay & Sons Holdings Sdn Bhd, YTL Corporation Berhad, YTL Power International and YTL Industries Berhad, and Shares/ICULS held by his spouse.
(6) Deemed interested by virtue of his interests in Yeoh Tiong Lay & Sons Holdings Sdn Bhd and YTL Corporation Berhad.

By virtue of Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay deemed interests in the shares of the Company pursuant to section 6A of the Companies Act, 1965 through Yeoh Tiong Lay & Sons Holdings Sdn Bhd, Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay is deemed to have interests in the shares of the subsidiaries of the Company to the extent the Company has an interest.

# Schedule of Share Buy-Back for the financial year ended 30 June 2008

| Monthly Breakdown | No. of Shares Purchased And Retained As Treasury Shares | Purchase Price Per Share (RM) Lowest | Purchase Price Per Share (RM) Highest | Average Cost Per Share (RM) | Total Cost (RM) |
|---|---|---|---|---|---|
| July 2007 | 6,103,700 | 2.32 | 2.38 | 2.35389 | 14,367,435.87 |
| August 2007 | 21,954,200 | 2.11 | 2.39 | 2.31925 | 50,917,370.16 |
| September 2007 | 8,892,200 | 2.37 | 2.51 | 2.47976 | 22,050,484.39 |
| October 2007 | – | – | – | – | – |
| November 2007 | 5,190,300 | 2.48 | 2.62 | 2.53345 | 13,149,358.34 |
| December 2007 | 11,078,400 | 2.50 | 2.83 | 2.62139 | 29,040,806.63 |
| January 2008 | 30,011,000 | 2.46 | 2.70 | 2.59072 | 77,750,162.13 |
| February 2008 | 8,754,500 | 2.48 | 2.55 | 2.51717 | 22,036,522.39 |
| March 2008 | 13,723,500 | 2.35 | 2.50 | 2.44392 | 33,539,121.52 |
| April 2008 | 2,804,800 | 2.43 | 2.63 | 2.46720 | 6,919,990.35 |
| May 2008 | 28,549,400 | 2.11 | 2.66 | 2.30753 | 65,878,527.15 |
| June 2008 | 32,205,200 | 1.82 | 2.22 | 2.08609 | 67,183,025.98 |
| **Total** | **169,267,200** | | | **2.37986** | **402,832,804.91** |

During the financial year, all the shares purchased by the Company were retained as treasury shares. On 7 January 2008, a total of 204,916,239 treasury shares were distributed as share dividend to the shareholders on the basis of one (1) treasury share for every twenty-five (25) ordinary shares held on 24 December 2007. As at 30 June 2008, the number of treasury shares is 154,405,836. None of the treasury shares were resold or cancelled during the financial year.

# List of Properties as at 30 June 2008

| Location | Tenure | Land Area | Description and Existing Use | Built up Area (sq.m.) | Approximate Age of Building (years) | Lease Expiry Date | Net Book Value RM'000 | Date of Acquisition |
|---|---|---|---|---|---|---|---|---|
| Lot No. PT2467<br>HS (D) 340<br>Mukim of Kuala Paka<br>Terengganu | Leasehold | 16.187 hectare | Power plant | – | 13 | Year 2018 | 1,220,360 | 3.12.1995 |
| Lot No. PT64062<br>HS (D) 69515<br>Mukim of Plentong<br>Johor | Leasehold | 2.0577 hectare | Power plant | – | 13 | Year 2018 | 658,343 | 3.12.1995 |
| Avonmouth STW<br>Kings Weston Lane<br>Avonmouth<br>Bristol BS11 OYS | Freehold | 394,600 sq.m. | Sewerage treatment works | – | – | – | 370,753 | 21.5.2002 |
| Poole STW<br>Cabot Lane<br>Poole, Dorset<br>BH17 7BX | Freehold | 91,800 sq.m. | Sewerage treatment works | – | – | – | 234,319 | 21.5.2002 |
| Claverton Down Road<br>Bath BA2 7WW | Freehold | 27,100 sq.m. | Head Office, Operation Centre | 5,640 | 8 | – | 188,765 | 21.5.2002 |
| W-S-Mare STW<br>Accomodation Road<br>Bleadon, Weston<br>Super Mare<br>BS24 OAP | Freehold | 157,500 sq.m. | Sewerage treatment works | – | – | – | 138,198 | 21.5.2002 |
| Holdenhurst STW<br>Riverside Ave<br>Castle Lane East<br>Bournemouth<br>Dorset BH7 7ES | Freehold | 102,000 sq.m. | Sewerage treatment works | – | – | – | 83,971 | 21.5.2002 |
| Ham Lane STW,<br>Creech St. Michael<br>Taunton,<br>Somerset TA3 5NU | Freehold | 120,000 sq.m. | Sewerage treatment works | – | – | – | 71,104 | 21.5.2002 |
| Minehead STW<br>Lower Marsh<br>Dunster, Minehead<br>Somerset, TA24 6P | Freehold | 43,700 sq.m. | Sewerage treatment works | – | – | – | 63,935 | 21.5.2002 |
| Chilton Trinity STW<br>Wylds Road, Bridgwater<br>Somerset TA6 3JS | Freehold | 34,600 sq.m. | Sewerage treatment works | – | – | – | 59,703 | 21.5.2002 |

Contents

# Directors' Report for the financial year ended 30 June 2008

The Directors are pleased to submit their annual report to the members together with the audited financial statements of the Group and the Company for the financial year ended 30 June 2008.

## PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and the provision of administrative and technical support services. The principal activities of the subsidiaries are set out in Note 25 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

## FINANCIAL RESULTS

| | Group RM'000 | Company RM'000 |
|---|---|---|
| Profit attributable to equity holders of the Company for the financial year ended 30 June 2008 | 1,038,846 | 1,349,428 |

## DIVIDENDS

Dividends paid or declared by the Company since the end of the Company's previous financial year were as follows:

| | RM'000 |
|---|---|
| In respect of the financial year ended 30 June 2007: | |
| • A final dividend of 10% gross less Malaysian Income Tax of 27%, paid on 31 December 2007 | 186,895 |
| In respect of the financial year ended 30 June 2008: | |
| • First interim tax exempt dividend of 7.5% per RM0.50 ordinary share declared on 22 February 2008 and paid on 24 March 2008 | 198,278 |
| • Second interim tax exempt dividend of 7.5% per RM0.50 ordinary share declared on 22 May 2008 and paid on 24 June 2008 | 198,860 |
| | 584,033 |

The Board of Directors has recommended a final tax exempt dividend of 7.5% per RM0.50 ordinary share for the financial year ended 30 June 2008 subject to the approval by the shareholders at the forthcoming Annual General Meeting.

## 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 RM2,648,157,803 to RM2,721,320,205 following the exercise of 4,077,750 ESOS at exercise prices ranging from RM1.32 to RM1.53 per share, the exercise of 43,606,829 Warrants at exercise prices ranging from RM1.25 to RM1.39 per Warrant on the basis of one (1) new ordinary share for every one (1) Warrant exercised and the conversion of USD59,000,000 of the USD250,000,000 Zero Coupon Exchangeable Guaranteed Bonds into 98,640,226 new ordinary shares of 50 sen at an exercise price ranging from RM2.010 to RM2.277 per ordinary share. The new ordinary shares of 50 sen each rank pari passu in all respects with the existing issued shares of the Company.

The total number of unexercised Warrants as at 30 June 2008 amounted to 2,622,358,349.



## TREASURY SHARES

The shareholders of the Company, by a resolution passed in the 11th Annual General Meeting held on 7 December 2007, approved the Company's plan to repurchase its own shares. The Directors of the Company are committed to enhance the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

During the financial year, the Company repurchased 169,267,200 of its issued share capital from the open market. The average price paid for the shares repurchased was RM2.38 per share. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

On 7 January 2008, a total of 204,916,239 treasury shares amounting to RM445,446,920 were distributed as share dividend to shareholders on the basis of one (1) treasury share for every twenty-five (25) ordinary shares held on 24 December 2007.

## EMPLOYEES' SHARE OPTION SCHEME

At the Extraordinary General Meeting of the Company held on 16 October 2001, the shareholders of the Company approved an Employees' Share Option Scheme ('ESOS' or 'Scheme') for employees and Executive Directors of the Company and its subsidiaries who meet the criteria of eligibility for participation in the ESOS.

The main features of the Scheme are as follows:

(i) The ESOS shall be in force for a period of ten (10) years, effective from 30 November 2001.

(ii) The maximum number of shares which may be made available under the Scheme, shall not exceed ten per cent (10%) of the total issued and paid up share capital of the Company at the time of offering the option.

(iii) Any employee (including Executive Directors) of the Group shall be eligible to participate in the Scheme if, as at the date of offer for an option ('Offer Date') the employee:

   (a) has attained the age of eighteen (18) years;

   (b) is employed by and on payroll of a company within the Group; and

(c) 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 ESOS Committee may, at its discretion, nominate any employee (including Executive Directors) of the Group to be an eligible employee despite the eligibility criteria under clause 4.1(iii) of the bye-laws not being met, at any time and from time to time.

(iv) The price payable for shares under the Scheme shall be based on the five (5)-day weighted average market price of the underlying shares at the time the option is granted, with a discount of not more than ten per cent (10%), if deemed appropriate.

(v) Subject to Clause 14 of the bye-laws, the ESOS 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 option during such period(s) within the option period and impose any other terms and/or conditions deemed appropriate by the ESOS Committee in its sole discretion including amending/varying any terms and conditions imposed earlier. Notwithstanding the above, and subject to Clause 11 and 12 of the bye-laws, the option can only be exercised by the grantee three (3) years after the Offer Date, by notice in writing to the Company, provided however that the ESOS Committee may at its discretion or upon the request in writing by the grantee allow the option to be exercised at any earlier or other period.

(vi) The grantee shall be prohibited from disposing the ordinary shares of the Company so allotted to him for a period of twelve (12) months from the date on which the option is exercised. However, the ESOS Committee may at its discretion or upon request in writing by the grantee allow the disposal of such ordinary shares of the Company at any earlier or other period.

(vii) The person whom the option has been granted has no right to participate by virtue of the option in any share issue of any other company.

The movements during the financial year in the number of share options of the Company are set out in Note 13(c) to the financial statements.

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose in this report the name of the persons who have been granted less than 100,000 number of share options and details of their holdings.

Details of grantees granted 100,000 or more share options during the financial year are as follows:

| **Name of option holders** | **Number of share options** |
|---|---|
| Andrew Colin Hepburn | 200,000 |
| David John Jones | 200,000 |
| Gareth Huw Davies | 200,000 |
| Georgina Clare Williams | 200,000 |
| Jon Neil Weeks | 200,000 |
| Keith Vivian James Collins | 200,000 |
| Lynne Elaine Elford | 200,000 |
| Mark Andrew Lloyds | 200,000 |
| Nigel Maw | 200,000 |

## DIRECTORS

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

Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE
Tan Sri Datuk (Dr) Aris Bin Osman @ Othman
Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng
Dato' Yeoh Seok Kian
Dato' (Dr) Yahya Bin Ismail
Mej. Jen. Dato' Haron Bin Mohd Taib (B)
Dato' Yeoh Soo Min
Dato' Yeoh Seok Hong
Dato' Michael Yeoh Sock Siong
Dato' Yeoh Soo Keng
Dato' Mark Yeoh Seok Kah
Syed Abdullah Bin Syed Abd. Kadir

## DIRECTORS' INTERESTS IN SHARES

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

| | Number of ordinary shares of RM0.50 each in the Company | | | |
|---|---|---|---|---|
| | At 1 July 2007 | Acquired | Disposed | At 30 June 2008 |
| **Direct interest** | | | | |
| Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay | 8,945,040 | 904,960 | – | **9,850,000** |
| Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE | 13,109,251 | 1,471,278 | – | **14,580,529** |
| Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng | 27,009 | 1,421 | – | **28,430** |
| Dato' Yeoh Seok Kian | 4,369,367 | 529,521 | – | **4,898,888** |
| Dato' (Dr) Yahya Bin Ismail | 576,999 | 42,352 | – | **619,351** |
| Dato' Yeoh Soo Min | 4,383,875 | 600,126 | – | **4,984,001** |
| Dato' Yeoh Seok Hong | 6,540,529 | 597,387 | – | **7,137,916** |
| Dato' Michael Yeoh Sock Siong | 4,023,374 | 466,133 | – | **4,489,507** |
| Dato' Yeoh Soo Keng | 4,251,239 | 506,593 | – | **4,757,832** |
| Dato' Mark Yeoh Seok Kah | 5,218,469 | 425,154 | – | **5,643,623** |
| Syed Abdullah Bin Syed Abd. Kadir | 2,045,990 | 82,013 | – | **2,128,003** |
| **Deemed interest** | | | | |
| Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay | 3,124,769,222 (1)(2) | 182,433,298 | (100,003,116) | **3,207,199,404** (1)(2) |
| Dato' Yeoh Seok Kian | 1,050,436 (1) | 165,117 | – | **1,215,553** (1) |
| Dato' (Dr) Yahya Bin Ismail | 32,240 (1) | 5,429 | – | **37,669** (1) |
| Mej. Jen. Dato' Haron Bin Mohd Taib (B) | 105,909 (1) | 4,236 | – | **110,145** (1) |
| Dato' Yeoh Soo Min | 383,890 (1) | 27,986 | – | **411,876** (1) |
| Dato' Yeoh Seok Hong | 2,100,362 (1) | 299,587 | – | **2,399,949** (1) |
| Dato' Michael Yeoh Sock Siong | 700,424 (1) | 196,446 | – | **896,870** (1) |
| Dato' Yeoh Soo Keng | 100,894 (1) | 8,628 | – | **109,522** (1) |
| Dato' Mark Yeoh Seok Kah | 734,966 (1) | 70,140 | – | **805,106** (1) |
| Syed Abdullah Bin Syed Abd. Kadir | 305 (1) | 207 | – | **512** (1) |

| | Number of Warrants in the Company | | | |
|---|---|---|---|---|
| | At 1 July 2007 | Acquired | Exercised/ Disposed | At 30 June 2008 |
| **Direct interest** | | | | |
| Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay | | | | |
| - Warrants 2008/2018 | – | 3,284,000 | – | **3,284,000** |
| Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE | | | | |
| - Warrants 2008/2018 | – | 4,860,175 | – | **4,860,175** |
| Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng | | | | |
| - Warrants 2008/2018 | – | 9,476 | – | **9,476** |
| Dato' (Dr) Yahya Bin Ismail | | | | |
| - Warrants 2000/2010 | 136,000 | – | (132,000) | **4,000** |
| - Warrants 2008/2018 | – | 206,450 | – | **206,450** |
| Dato' Yeoh Seok Kian | | | | |
| - Warrants 2008/2018 | – | 1,632,962 | – | **1,632,962** |
| Dato' Yeoh Soo Min | | | | |
| - Warrants 2008/2018 | – | 1,661,333 | – | **1,661,333** |
| Dato' Yeoh Seok Hong | | | | |
| - Warrants 2008/2018 | – | 8,861,405 | – | **8,861,405** |
| Dato' Michael Yeoh Sock Siong | | | | |
| - Warrants 2008/2018 | – | 1,496,502 | – | **1,496,502** |
| Dato' Yeoh Soo Keng | | | | |
| - Warrants 2008/2018 | – | 1,585,944 | – | **1,585,944** |
| Dato' Mark Yeoh Seok Kah | | | | |
| - Warrants 2008/2018 | – | 1,881,207 | – | **1,881,207** |
| Syed Abdullah Bin Syed Abd. Kadir | | | | |
| - Warrants 2000/2010 | 87,000 | – | – | **87,000** |

| | Number of Warrants in the Company | | | |
|---|---|---|---|---|
| | At 1 July 2007 | Acquired | Exercised/ Disposed | At 30 June 2008 |
| **Deemed interest** | | | | |
| Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay | | | | |
| - Warrants 2000/2010 | 726,210,046 [(3)] | – | – | **726,210,046** [(3)] |
| - Warrants 2008/2018 | – | 1,101,306,922 | – | **1,101,306,922** [(1)(2)] |
| Dato' Yeoh Seok Kian | | | | |
| - Warrants 2000/2010 | 86,000 [(1)] | – | (86,000) | – |
| - Warrants 2008/2018 | – | 450,000 | – | **450,000** [(1)] |
| Dato' (Dr) Yahya Bin Ismail | | | | |
| - Warrants 2000/2010 | 6,000 [(1)] | – | – | **6,000** [(1)] |
| Mej. Jen. Dato' Haron Bin Mohd Taib (B) | | | | |
| - Warrants 2000/2010 | 24,000 [(1)] | – | – | **24,000** [(1)] |
| - Warrants 2008/2018 | – | 36,715 | – | **36,715** [(1)] |
| Dato' Yeoh Soo Min | | | | |
| - Warrants 2000/2010 | 58,960 [(1)] | – | – | **58,960** [(1)] |
| - Warrants 2008/2018 | – | 137,292 | – | **137,292** [(1)] |
| Dato' Yeoh Seok Hong | | | | |
| - Warrants 2008/2018 | – | 799,982 | – | **799,982** [(1)] |
| Dato' Michael Yeoh Sock Siong | | | | |
| - Warrants 2000/2010 | 100,000 [(1)] | – | – | **100,000** [(1)] |
| - Warrants 2008/2018 | – | 298,956 | – | **298,956** [(1)] |
| Dato' Yeoh Soo Keng | | | | |
| - Warrants 2000/2010 | 21,240 [(1)] | – | – | **21,240** [(1)] |
| - Warrants 2008/2018 | – | 36,507 | – | **36,507** [(1)] |
| Dato' Mark Yeoh Seok Kah | | | | |
| - Warrants 2008/2018 | – | 268,368 | – | **268,368** [(1)] |

| | Number of share options of RM0.50 each in the Company | | | |
|---|---|---|---|---|
| | At 1 July 2007 | Granted | Exercised | At 30 June 2008 |
| Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay | 7,000,000 | – | – | **7,000,000** |
| Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE | 7,000,000 | – | – | **7,000,000** |
| Dato' Yeoh Seok Kian | 3,000,000 | – | – | **3,000,000** |
| Dato' Yeoh Soo Min | 3,000,000 | – | – | **3,000,000** |
| Dato' Yeoh Seok Hong | 5,000,000 | – | – | **5,000,000** |
| Dato' Michael Yeoh Sock Siong | 3,000,000 | – | – | **3,000,000** |
| Dato' Yeoh Soo Keng | 3,000,000 | – | – | **3,000,000** |
| Dato' Mark Yeoh Seok Kah | 3,000,000 | – | – | **3,000,000** |
| Syed Abdullah Bin Syed Abd Kadir | 3,000,000 | – | – | **3,000,000** |

**HOLDING COMPANY**
**YTL CORPORATION BERHAD**

| | Number of ordinary shares of RM0.50 each | | | |
|---|---|---|---|---|
| | At 1 July 2007 | Acquired | Disposed | At 30 June 2008 |
| **Direct interest** | | | | |
| Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay | 8,200,894 | – | – | **8,200,894** |
| Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE | 14,203,652 | – | – | **14,203,652** |
| Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng | 5,120 | – | – | **5,120** |
| Dato' Yeoh Seok Kian | 5,321,210 | – | – | **5,321,210** |
| Dato' (Dr) Yahya Bin Ismail | 221,618 | 15,624 | – | **237,242** |
| Dato' Yeoh Soo Min | 6,371,573 | – | – | **6,371,573** |
| Dato' Yeoh Seok Hong | 5,036,490 | – | – | **5,036,490** |
| Dato' Michael Yeoh Sock Siong | 4,577,997 | – | – | **4,577,997** |
| Dato' Yeoh Soo Keng | 5,048,166 | – | – | **5,048,166** |
| Dato' Mark Yeoh Seok Kah | 3,246,248 | – | – | **3,246,248** |
| Syed Abdullah Bin Syed Abd. Kadir | 752,611 | – | – | **752,611** |
| **Deemed interest** | | | | |
| Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay | 794,890,767 (1)(4) | 41,700 | – | **794,932,467** (1)(4) |
| Dato' Yeoh Seok Kian | 510,683 (1) | – | – | **510,683** (1) |
| Dato' (Dr) Yahya Bin Ismail | 92,149 (1) | 8,112 | – | **100,261** (1) |
| Dato' Yeoh Soo Min | 189,471 (1) | – | – | **189,471** (1) |
| Dato' Yeoh Seok Hong | 3,228,126 (1) | – | – | **3,228,126** (1) |
| Dato' Michael Yeoh Sock Siong | 2,526,451 (1) | – | – | **2,526,451** (1) |
| Dato' Yeoh Soo Keng | 68,899 (1) | – | – | **68,899** (1) |
| Dato' Mark Yeoh Seok Kah | 611,133 (1) | – | – | **611,133** (1) |
| Syed Abdullah Bin Syed Abd. Kadir | 2,937 (1) | – | – | **2,937** (1) |

**HOLDING COMPANY**
**YTL CORPORATION BERHAD**

| | Number of Warrants 1999/2009 | | | |
|---|---|---|---|---|
| | At 1 July 2007 | Acquired | Exercised/ Disposed | At 30 June 2008 |
| **Direct interest** | | | | |
| Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay | 1,117,350 | – | – | **1,117,350** |
| Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE | 2,285,472 | – | – | **2,285,472** |
| Dato' Yeoh Seok Kian | 655,866 | – | – | **655,866** |
| Dato' (Dr) Yahya Bin Ismail | 40,950 | 1,050 | | **42,000** |
| Dato' Yeoh Seok Hong | 648,372 | – | – | **648,372** |
| Dato' Michael Yeoh Sock Siong | 550,110 | – | – | **550,110** |
| Dato' Yeoh Soo Keng | 654,600 | – | – | **654,600** |
| Dato' Mark Yeoh Seok Kah | 271,800 | – | – | **271,800** |
| Syed Abdullah Bin Syed Abd. Kadir | 600 | – | – | **600** |
| **Deemed interest** | | | | |
| Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay | 187,068,897 (1)(4) | 85,200 | – | **187,154,097** (1)(4) |
| Dato' (Dr) Yahya Bin Ismail | 2,000 (1) | – | – | **2,000** (1) |
| Dato' Michael Yeoh Sock Siong | 547,180 (1) | – | – | **547,180** (1) |
| Dato' Yeoh Soo Keng | 14,400 (1) | – | – | **14,400** (1) |
| Syed Abdullah Bin Syed Abd. Kadir | 674 (1) | – | – | **674** (1) |

## HOLDING COMPANY
## YTL CORPORATION BERHAD

| | Number of share options of RM0.50 each | | | |
|---|---|---|---|---|
| | At 1 July 2007 | Granted | Exercised | At 30 June 2008 |
| **Direct interest** | | | | |
| Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay | 5,000,000 | – | – | **5,000,000** |
| Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE | 5,000,000 | – | – | **5,000,000** |
| Dato' Yeoh Seok Kian | 3,500,000 | – | – | **3,500,000** |
| Dato' Yeoh Soo Min | 3,000,000 | – | – | **3,000,000** |
| Dato' Yeoh Seok Hong | 3,000,000 | – | – | **3,000,000** |
| Dato' Michael Yeoh Sock Siong | 3,000,000 | – | – | **3,000,000** |
| Dato' Yeoh Soo Keng | 3,000,000 | – | – | **3,000,000** |
| Dato' Mark Yeoh Seok Kah | 3,000,000 | – | – | **3,000,000** |
| Syed Abdullah Bin Syed Abd Kadir | 3,000,000 | – | – | **3,000,000** |

## ULTIMATE HOLDING COMPANY
## YEOH TIONG LAY & SONS HOLDINGS SDN BHD

| | Number of ordinary shares of RM0.50 each | | | |
|---|---|---|---|---|
| | At 1 July 2007 | Acquired | Disposed | At 30 June 2008 |
| **Direct interest** | | | | |
| Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay | 8,220,004 | – | – | **8,220,004** |
| Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE | 5,000,000 | – | – | **5,000,000** |
| Dato' Yeoh Seok Kian | 5,000,000 | – | – | **5,000,000** |
| Dato' Yeoh Soo Min | 1,250,000 | – | – | **1,250,000** |
| Dato' Yeoh Seok Hong | 5,000,000 | – | – | **5,000,000** |
| Dato' Michael Yeoh Sock Siong | 5,000,000 | – | – | **5,000,000** |
| Dato' Yeoh Soo Keng | 1,250,000 | – | – | **1,250,000** |
| Dato' Mark Yeoh Seok Kah | 5,000,000 | – | – | **5,000,000** |
| **Deemed interest** | | | | |
| Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay | 5,000,004 (1) | – | – | **5,000,004** (1) |

**RELATED COMPANY**
**YTL CEMENT BERHAD**

| | Number of ordinary shares of RM0.50 each | | | |
|---|---|---|---|---|
| | At 1 July 2007 | Acquired | Disposed | At 30 June 2008 |
| **Direct interest** | | | | |
| Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay | 1,681,634 | – | – | **1,681,634** |
| Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE | 2,042,923 | – | – | **2,042,923** |
| Dato' Yeoh Seok Kian | 618,754 | – | – | **618,754** |
| Dato' (Dr) Yahya Bin Ismail | 45,136 | 36,400 | – | **81,536** |
| Dato' Yeoh Soo Min | 225,634 | – | – | **225,634** |
| Dato' Yeoh Seok Hong | 225,634 | – | – | **225,634** |
| Dato' Michael Yeoh Sock Siong | 1,265,634 | – | – | **1,265,634** |
| Dato' Yeoh Soo Keng | 918,251 | – | – | **918,251** |
| Dato' Mark Yeoh Seok Kah | 187,200 | – | – | **187,200** |
| **Deemed interest** | | | | |
| Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay | 238,755,090 (1)(5) | 77,900 | – | **238,832,990** (1)(5) |
| Dato' Yeoh Seok Kian | 83,200 (1) | – | – | **83,200** (1) |
| Mej. Jen. Dato' Haron Bin Mohd Taib (B) | 44,428 (1) | – | – | **44,428** (1) |
| Dato' Yeoh Soo Min | 138,357 (1) | – | – | **138,357** (1) |
| Dato' Yeoh Seok Hong | 45,123 (1) | – | – | **45,123** (1) |
| Dato' Michael Yeoh Sock Siong | 1,109,388 (1) | – | – | **1,109,388** (1) |
| Dato' Yeoh Soo Keng | 90,251 (1) | – | – | **90,251** (1) |
| Dato' Mark Yeoh Seok Kah | 135,200 (1) | | | **135,200** (1) |

**RELATED COMPANY**
**YTL CEMENT BERHAD**

| | Number of Irredeemable Convertible Unsecured Loan Stocks 2005/2015 | | | |
|---|---|---|---|---|
| | At 1 July 2007 | Acquired | Converted/ Disposed | At 30 June 2008 |
| **Direct interest** | | | | |
| Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay | 1,681,634 | – | – | **1,681,634** |
| Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE | 1,727,423 | – | – | **1,727,423** |
| Dato' Yeoh Seok Kian | 618,754 | – | – | **618,754** |
| Dato' Yeoh Soo Min | 225,634 | – | – | **225,634** |
| Dato' Yeoh Seok Hong | 225,634 | – | – | **225,634** |
| Dato' Michael Yeoh Sock Siong | 1,265,634 | – | – | **1,265,634** |
| Dato' Yeoh Soo Keng | 818,251 | – | – | **818,251** |
| Dato' Mark Yeoh Seok Kah | 187,200 | – | – | **187,200** |
| **Deemed interest** | | | | |
| Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay | 451,415,984 (1)(5) | 3,120,000 | – | **454, 535,984** (1)(5) |
| Dato' Yeoh Seok Kian | 100,000 (1) | – | – | **100,000** (1) |
| Dato' Yeoh Seok Hong | 45,123 (1) | – | – | **45,123** (1) |
| Dato' Michael Yeoh Sock Siong | 1,109,388 (1) | – | – | **1,109,388** (1) |
| Dato' Mark Yeoh Seok Kah | 135,200 (1) | – | – | **135,200** (1) |

**RELATED COMPANY**
**YTL CEMENT BERHAD**

| | Number of share options of RM0.50 each | | | |
|---|---|---|---|---|
| | At 1 July 2007 | Granted | Exercised | At 30 June 2008 |
| **Direct interest** | | | | |
| Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay | 1,400,000 | – | – | **1,400,000** |
| Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE | 1,400,000 | – | – | **1,400,000** |
| Dato' Yeoh Seok Kian | 350,000 | – | – | **350,000** |
| Dato' Michael Yeoh Sock Siong | 1,000,000 | – | – | **1,000,000** |
| Dato' Yeoh Soo Keng | 700,000 | – | – | **700,000** |

**RELATED COMPANY**
**YTL E–SOLUTIONS BERHAD**

| | Number of ordinary shares of RM0.10 each | | | |
|---|---|---|---|---|
| | At 1 July 2007 | Acquired | Disposed | At 30 June 2008 |
| **Direct interest** | | | | |
| Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng | 150,000 | – | – | **150,000** |
| Dato' (Dr) Yahya Bin Ismail | 292,000 | 235,000 | – | **527,000** |
| Syed Abdullah Bin Syed Abd Kadir | 300,000 | – | – | **300,000** |
| **Deemed interest** | | | | |
| Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay | 1,000,520,500 (6) | 1,707,100 | – | **1,002,227,600** (6) |
| Dato' Michael Yeoh Sock Siong | – | 30,000 | – | **30,000** (1) |

**RELATED COMPANY**
**YTL LAND & DEVELOPMENT BERHAD**

| | Number of ordinary shares of RM0.50 each | | | |
|---|---|---|---|---|
| | At 1 July 2007 | Acquired | Disposed | At 30 June 2008 |
| **Deemed interest** | | | | |
| Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay | 217,964,800 (6) | 277,497,032 | – | **495,461,832** (6) |
| Dato' Yeoh Soo Min | 106,000 (1) | – | – | **106,000** (1) |

## RELATED COMPANY
## YTL LAND & DEVELOPMENT BERHAD

| | Number of Irredeemable Convertible Preference shares 2001/2011 of RM0.50 each | | | |
|---|---|---|---|---|
| | At 1 July 2007 | Acquired | Converted/ Disposed | At 30 June 2008 |
| **Direct interest** | | | | |
| Dato' Yeoh Seok Kian | 240,000 | – | – | **240,000** |
| **Deemed interest** | | | | |
| Dato' Yeoh Soo Min | 200,000 [1] | – | – | **200,000** [1] |

## RELATED COMPANY
## SYARIKAT PELANCONGAN SERI ANDALAN (M) SDN BHD

| | Number of ordinary shares of RM1.00 each | | | |
|---|---|---|---|---|
| | At 1 July 2007 | Acquired | Disposed | At 30 June 2008 |
| **Direct interest** | | | | |
| Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay | 1 | – | – | **1** |
| Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE | 1 | – | – | **1** |

## RELATED COMPANY
## *INFOSCREEN NETWORKS PLC

| | Number of ordinary shares of £0.01 each | | | |
|---|---|---|---|---|
| | At 1 July 2007 | Acquired | Disposed | At 30 June 2008 |
| **Direct interest** | | | | |
| Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE | 100 | – | – | **100** |

## RELATED COMPANY
## *YTL CORPORATION (UK) PLC

| | Number of ordinary shares of £0.25 each | | | |
|---|---|---|---|---|
| | At 1 July 2007 | Acquired | Disposed | At 30 June 2008 |
| **Direct interest** | | | | |
| Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE | 1 | – | – | **1** |

**RELATED COMPANY**
**#YTL CONSTRUCTION (S) PTE LTD**

| | Number of ordinary shares | | | |
|---|---|---|---|---|
| | At 1 July 2007 | Acquired | Disposed | At 30 June 2008 |
| **Direct interest** | | | | |
| Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay | 1 | – | – | 1 |
| Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE | 2 | – | – | 2 |

**RELATED COMPANY**
**+YTL CONSTRUCTION (THAILAND) PTE LTD**

| | Number of ordinary shares of THB100 each | | | |
|---|---|---|---|---|
| | At 1 July 2007 | Acquired | Disposed | At 30 June 2008 |
| **Direct interest** | | | | |
| 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' Michael Yeoh Sock Siong | – | 1 | – | 1 |
| Dato' Mark Yeoh Seok Kah | – | 1 | – | 1 |

* Incorporated in United Kingdom
\# Incorporated in Singapore
\+ Incorporated in Thailand and became a related company on 26 November 2007

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

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

(3) Deemed interests by virtue of his interests in YTL Corporation Berhad and YTL Power Services Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.

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

(5) Deemed interests by virtue of his interests in Yeoh Tiong Lay & Sons Holdings Sdn Bhd, YTL Corporation Berhad, YTL Industries Berhad and YTL Power International Berhad pursuant to Section 6A of the Companies Act, 1965.

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

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

### DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than Directors' remuneration disclosed in Note 9 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except that certain directors received remuneration from the Company's related corporations.

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



### STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the Income Statements and Balance Sheets were made out, the Directors took reasonable steps:

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

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

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

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

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

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

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

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

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

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

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

In the opinion of the Directors:

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

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

## ULTIMATE HOLDING COMPANY

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

## AUDITORS

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

Signed on behalf of the Board of Directors in accordance with their resolution dated 16 October 2008

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

**Dato' Yeoh Seok Hong**
Director

# Income Statements for the financial year ended 30 June 2008



| | Note | Group 2008 RM'000 | Group 2007 RM'000 Restated | Company 2008 RM'000 | Company 2007 RM'000 Restated |
|---|---|---|---|---|---|
| Revenue | 6 | **4,242,518** | 4,068,008 | **1,517,140** | 682,663 |
| Cost of sales | | **(2,171,057)** | (2,016,493) | – | – |
| Gross profit | | **2,071,461** | 2,051,515 | **1,517,140** | 682,663 |
| Other operating income | | **174,262** | 215,471 | **34,228** | 124,933 |
| Administrative expenses | | **(185,540)** | (176,568) | **(27,897)** | (26,878) |
| Other operating expenses | | **(88,546)** | (239,111) | **(27,201)** | (33,868) |
| Finance costs | 8 | **(795,825)** | (739,684) | **(97,187)** | (59,044) |
| Share of results of associated companies | 28 | **209,889** | 185,134 | – | – |
| **Profit before taxation** | 9 | **1,385,701** | 1,296,757 | **1,399,083** | 687,806 |
| Taxation | 10 | **(346,855)** | (121,108) | **(49,655)** | (110,443) |
| **Profit for the year** | | **1,038,846** | 1,175,649 | **1,349,428** | 577,363 |
| **Attributable to:** | | | | | |
| - Equity holders of the Company | | **1,038,846** | 1,175,649 | **1,349,428** | 577,363 |
| **Earnings per share for profit attributable to the equity holders of the Company:** | | | | | |
| - Basic (sen) | 11 | **20.00** | 23.53 | | |
| - Diluted (sen) | 11 | **15.67** | 22.09 | | |
| Dividend per ordinary share (sen) | | | | | |
| - RM0.50 each | 12 | **12.50** | 17.50 | | |

The notes set out on pages 65 to 137 form an integral part of these financial statements.

# Balance Sheet as at 30 June 2008

| | Note | Group 2008 RM'000 | Group 2007 RM'000 Restated | Company 2008 RM'000 | Company 2007 RM'000 |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| **Non-current assets** | | | | | |
| Property, plant and equipment | 21 | **15,089,793** | 14,882,278 | **253** | 340 |
| Prepaid lease payment | 22 | **3,171** | 3,473 | **–** | – |
| Intangible assets | 23 | **441,333** | 441,333 | **–** | – |
| Subsidiaries | 25 | **–** | – | **6,252,323** | 6,252,323 |
| Associated companies | 28 | **929,872** | 863,140 | **5** | 5 |
| Investments | 29 | **711,626** | 668,284 | **96,341** | 90,867 |
| | | **17,175,795** | 16,858,508 | **6,348,922** | 6,343,535 |
| **Current assets** | | | | | |
| Inventories | 30 | **152,666** | 160,850 | **–** | – |
| Receivables, deposits and prepayments | 31 | **1,028,783** | 909,200 | **43,767** | 37,218 |
| Amounts owing by subsidiaries | 27 | **–** | – | **759,570** | 83,346 |
| Short term investments | 33 | **45,872** | 44,507 | **45,872** | 44,507 |
| Fixed deposits | 34 | **9,360,251** | 6,010,357 | **3,668,530** | 776,029 |
| Cash and bank balances | 35 | **63,509** | 19,468 | **4,507** | 1,767 |
| | | **10,651,081** | 7,144,382 | **4,522,246** | 942,867 |
| **TOTAL ASSETS** | | **27,826,876** | 24,002,890 | **10,871,168** | 7,286,402 |
| **EQUITY AND LIABILITIES** | | | | | |
| **Capital and reserves** | | | | | |
| Share capital | 13 | **2,721,320** | 2,648,158 | **2,721,320** | 2,648,158 |
| Reserves | 14 | **3,679,075** | 3,384,913 | **4,023,287** | 3,282,186 |
| **TOTAL EQUITY** | | **6,400,395** | 6,033,071 | **6,744,607** | 5,930,344 |
| **LIABILITIES** | | | | | |
| **Non-current liabilities** | | | | | |
| Deferred taxation | 15 | **2,199,393** | 2,308,389 | **30** | 20 |
| Bonds | 16 | **9,649,749** | 9,255,414 | **2,038,729** | – |
| Borrowings | 17 | **3,878,551** | 3,766,565 | **553,891** | 585,029 |
| Post-employment benefit obligations | 18 | **315,352** | 382,853 | **–** | – |
| Deferred income | 19 | **133,917** | 147,363 | **–** | – |
| Payables | 20 | **10,614** | 12,308 | **–** | – |
| | | **16,187,576** | 15,872,892 | **2,592,650** | 585,049 |
| **Current liabilities** | | | | | |
| Payables and accrued expenses | 36 | **1,006,284** | 898,954 | **23,046** | 2,817 |
| Provision for liabilities and charges | 37 | **20,546** | 28,023 | **–** | – |
| Post-employment benefit obligations | 18 | **441** | 338 | **–** | – |
| Amount owing to immediate and penultimate holding company | 38 | **25** | 372 | **–** | 69 |
| Amounts owing to subsidiaries | 27 | **–** | – | **10,670** | 17,765 |
| Amounts owing to related companies | 32 | **57,219** | 86,964 | **124** | 285 |
| Provision for taxation | | **123,142** | 49,263 | **–** | – |
| Bonds | 16 | **2,014,182** | 125,000 | **–** | – |
| Borrowings | 17 | **2,017,066** | 908,013 | **1,500,071** | 750,073 |
| | | **5,238,905** | 2,096,927 | **1,533,911** | 771,009 |
| **TOTAL LIABILITIES** | | **21,426,481** | 17,969,819 | **4,126,561** | 1,356,058 |
| **TOTAL EQUITY AND LIABILITIES** | | **27,826,876** | 24,002,890 | **10,871,168** | 7,286,402 |

The notes set out on pages 65 to 137 form an integral part of these financial statements.

# Consolidated Statement of Changes in Equity

for the financial year ended 30 June 2008

| | | Attributable to equity holders of the Company | | | | | |
|---|---|---|---|---|---|---|---|
| Group | Note | Share capital (Note 13) RM'000 | Share premium (Note 14) RM'000 | Merger and other reserves (Note 14a) RM'000 | Treasury shares (Note 14b) RM'000 | Retained earnings (Note 14c) RM'000 | Total equity RM'000 |
| At 1 July 2007 | | | | | | | |
| - As previously reported | | 2,648,158 | 1,944,120 | (2,089,013) | (402,763) | 4,026,641 | 6,127,143 |
| - Prior year adjustment | | – | – | (507) | – | (93,565) | (94,072) |
| At 1 July 2007 - Restated | | 2,648,158 | 1,944,120 | (2,089,520) | (402,763) | 3,933,076 | 6,033,071 |
| Loss not recognised in the Income Statement: | | | | | | | |
| - Exchange differences | | – | – | (124,394) | – | – | (124,394) |
| Profit for the year | | – | – | – | – | 1,038,846 | 1,038,846 |
| Exercise of share warrants | | 21,803 | 37,586 | – | – | – | 59,389 |
| Exercise of share options | | 2,039 | 3,498 | – | – | – | 5,537 |
| Conversion of bonds | | 49,320 | 159,462 | – | – | – | 208,782 |
| Dividends paid for the year ended 30 June 2007 | 12 | – | – | – | – | (186,895) | (186,895) |
| Dividends paid for the year ended 30 June 2008 | 12 | – | – | – | – | (397,138) | (397,138) |
| Shares repurchased | 14(b) | – | – | – | (402,833) | – | (402,833) |
| Share dividend distributed on 7 January 2008 | 14(b) | – | (445,447) | – | 445,447 | – | – |
| Equity component of exchangeable bond | 14(a) | – | – | (11,963) | – | – | (11,963) |
| Statutory reserves transfer from retained earnings | 14(a) | – | – | 9,996 | – | (9,996) | – |
| Share options granted | 14(a) | – | – | 1,204 | – | – | 1,204 |
| Warrant reserve | 14(a) | – | – | 176,789 | – | – | 176,789 |
| At 30 June 2008 | | **2,721,320** | **1,699,219** | **(2,037,888)** | **(360,149)** | **4,377,893** | **6,400,395** |

The notes set out on pages 65 to 137 form an integral part of these financial statements.

| Group | Note | Share capital (Note 13) RM'000 | Share premium (Note 14) RM'000 | Merger and other reserves (Note 14a) RM'000 | Treasury shares (Note 14b) RM'000 | Retained earnings (Note 14c) RM'000 | Total equity RM'000 |
|---|---|---|---|---|---|---|---|
| | | Attributable to equity holders of the Company | | | | | |
| At 1 July 2006 | | 2,581,535 | 2,211,392 | (2,116,310) | (469,568) | 3,521,908 | 5,728,957 |
| Gains not recognised in the Income Statement: | | | | | | | |
| - Exchange differences | | | | | | | |
| - As previously reported | | – | – | 8,308 | – | – | 8,308 |
| - Prior year adjustment | 43(c) | – | – | (507) | – | – | (507) |
| - As restated | | – | – | 7,801 | – | – | 7,801 |
| Profit for the year | | | | | | | |
| - As previously reported | | – | – | – | – | 1,269,214 | 1,269,214 |
| - Prior year adjustment | 43(c) | – | – | – | – | (93,565) | (93,565) |
| - As restated | | – | – | – | – | 1,175,649 | 1,175,649 |
| Exercise of share warrants | | 58,205 | 108,090 | – | – | – | 166,295 |
| Exercise of share options | | 2,911 | 5,605 | – | – | – | 8,516 |
| Conversion of bonds | | 5,507 | 19,572 | – | – | – | 25,079 |
| Dividends paid for the year ended 30 June 2006 | 12 | – | – | – | – | (363,933) | (363,933) |
| Dividends paid for the year ended 30 June 2007 | 12 | – | – | – | – | (382,755) | (382,755) |
| Shares repurchased | 14(b) | – | – | – | (333,734) | – | (333,734) |
| Share dividend distributed on 9 February 2007 | 14(b) | – | (400,539) | – | 400,539 | – | – |
| Equity component of exchangeable bond | 14(a) | – | – | (930) | – | – | (930) |
| Statutory reserves transfer from retained earnings | 14(a) | – | – | 17,793 | – | (17,793) | – |
| Share options granted | 14(a) | – | – | 2,126 | – | – | 2,126 |
| At 30 June 2007 | | 2,648,158 | 1,944,120 | (2,089,520) | (402,763) | 3,933,076 | 6,033,071 |

The notes set out on pages 65 to 137 form an integral part of these financial statements.

# Statements of Changes in Equity for the financial year ended 30 June 2008



| Company | Note | Share capital (Note 13) RM'000 | Non-distributable Share premium (Note 14) RM'000 | Non-distributable Other reserves (Note 14a) RM'000 | Distributable Treasury shares (Note 14b) RM'000 | Distributable Retained earnings (Note 14c) RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|---|
| At 1 July 2007 | | **2,648,158** | **1,944,120** | **2,126** | **(402,763)** | **1,738,703** | **5,930,344** |
| Profit for the year | | **–** | **–** | **–** | **–** | **1,349,428** | **1,349,428** |
| Exercise of share warrants | | **21,803** | **37,586** | **–** | **–** | **–** | **59,389** |
| Exercise of share options | | **2,039** | **3,498** | **–** | **–** | **–** | **5,537** |
| Conversion of bonds | | **49,320** | **159,462** | **–** | **–** | **–** | **208,782** |
| Dividends paid for the year ended 30 June 2007 | 12 | **–** | **–** | **–** | **–** | **(186,895)** | **(186,895)** |
| Dividends paid for the year ended 30 June 2008 | 12 | **–** | **–** | **–** | **–** | **(397,138)** | **(397,138)** |
| Shares repurchased | 14(b) | **–** | **–** | **–** | **(402,833)** | **–** | **(402,833)** |
| Share dividend distributed on 7 January 2008 | 14(b) | **–** | **(445,447)** | **–** | **445,447** | **–** | **–** |
| Share options granted | 14(a) | **–** | **–** | **1,204** | **–** | **–** | **1,204** |
| Warrant reserve | 14(a) | **–** | **–** | **176,789** | **–** | **–** | **176,789** |
| At 30 June 2008 | | **2,721,320** | **1,699,219** | **180,119** | **(360,149)** | **2,504,098** | **6,744,607** |
| At 1 July 2006 | | 2,581,535 | 2,211,392 | – | (469,568) | 1,908,028 | 6,231,387 |
| Profit for the year | | – | – | – | – | 577,363 | 577,363 |
| Exercise of share warrants | | 58,205 | 108,090 | – | – | – | 166,295 |
| Exercise of share options | | 2,911 | 5,605 | – | – | – | 8,516 |
| Conversion of bonds | | 5,507 | 19,572 | – | – | – | 25,079 |
| Dividends paid for the year ended 30 June 2006 | 12 | – | – | – | – | (363,933) | (363,933) |
| Dividends paid for the year ended 30 June 2007 | 12 | – | – | – | – | (382,755) | (382,755) |
| Shares repurchased | 14(b) | – | – | – | (333,734) | – | (333,734) |
| Share dividend distributed on 9 February 2007 | 14(b) | – | (400,539) | – | 400,539 | – | – |
| Share options granted | 14(a) | – | – | 2,126 | – | – | 2,126 |
| At 30 June 2007 | | 2,648,158 | 1,944,120 | 2,126 | (402,763) | 1,738,703 | 5,930,344 |

The notes set out on pages 65 to 137 form an integral part of these financial statements.

# Cash Flow Statements for the financial year ended 30 June 2008



| | Group 2008 RM'000 | Group 2007 RM'000 Restated | Company 2008 RM'000 | Company 2007 RM'000 |
|---|---|---|---|---|
| **Cash flows from operating activities** | | | | |
| Profit for the year | **1,038,846** | 1,175,649 | 1,349,428 | 577,363 |
| Adjustments for: | | | | |
| (Written back) / allowance for doubtful debts | **(24,478)** | 155,547 | – | – |
| Amortisation of grant | **(5,997)** | (6,240) | – | – |
| Amortisation of prepaid lease payment | **302** | 302 | – | – |
| Depreciation of property, plant and equipment | **599,335** | 588,203 | **87** | 87 |
| Development expenditure written off | – | 634 | – | 634 |
| Dividend income | **(39,109)** | (39,984) | **(1,417,162)** | (618,766) |
| Gain on disposal of investments | **(468)** | (88,941) | **(461)** | (88,941) |
| Gain on disposal of property, plant and equipment | **(2,188)** | (8,440) | **(10)** | – |
| Interest expense | **795,825** | 739,684 | **97,187** | 59,044 |
| Interest income | **(397,837)** | (302,013) | **(72,724)** | (36,592) |
| Provision for retirement benefits | **41,584** | 43,045 | – | – |
| Share of results of associated companies | **(209,889)** | (185,134) | – | – |
| Share options expenses | **1,196** | 2,119 | **559** | 950 |
| Property, plant and equipment written off | **14,343** | 181 | – | – |
| Taxation | **346,855** | 121,108 | **49,655** | 110,443 |
| Unrealised gain on foreign exchange | **(34,993)** | (36,020) | **(33,756)** | (36,015) |
| | **2,123,327** | 2,159,700 | **(27,197)** | (31,793) |
| Changes in working capital: | | | | |
| Inventories | **6,332** | (6,658) | – | – |
| Receivables, deposits and prepayments | **(100,111)** | 51,858 | **1,965** | 33,098 |
| Payables and accrued expenses | **78,122** | 16,876 | **43,337** | 1,346 |
| Immediate holding company | **(356)** | (6,268) | **(69)** | 69 |
| Subsidiaries | – | – | **7,777** | 9,556 |
| Related companies | **(36,360)** | 15,839 | **(165)** | 241 |
| Cash generated from operations | **2,070,954** | 2,231,347 | **25,648** | 12,517 |
| Interest paid | **(666,189)** | (626,224) | **(77,988)** | (58,591) |
| Payment to retirement benefits schemes | **(84,349)** | (88,615) | – | – |
| Tax paid | **(268,351)** | (209,426) | – | (553) |
| Net cash flow from/(used in) operating activities | **1,052,065** | 1,307,082 | **(52,340)** | (46,627) |

The notes set out on pages 65 to 137 form an integral part of these financial statements.

# Cash Flow Statements for the financial year ended 30 June 2008

| | Note | Group 2008 RM'000 | Group 2007 RM'000 Restated | Company 2008 RM'000 | Company 2007 RM'000 |
|---|---|---|---|---|---|
| **Cash flows from investing activities** | | | | | |
| Advances to a subsidiary | | – | – | **(537,100)** | (131,100) |
| Development expenditure incurred | | **(24,738)** | (30,123) | **(24,738)** | (30,123) |
| Dividends received | | **117,914** | 93,323 | **1,365,913** | 506,488 |
| Grants received in respect of infrastructure assets | | **46,855** | 48,012 | – | – |
| Interest received | | **397,673** | 277,099 | **61,719** | 38,077 |
| Proceeds from disposal of investments | | **4,317** | 279,232 | **581** | 275,236 |
| Proceeds from disposal of property, plant and equipment | | **3,644** | 32,419 | **10** | – |
| Purchase of investments | | **(7,289)** | (1,051) | **(5,594)** | – |
| Purchase of property, plant and equipment | | **(1,645,563)** | (1,097,598) | – | (59) |
| Repayment by subsidiaries | | – | – | **60,880** | 84,320 |
| Net cash flow (used in)/from investing activities | | **(1,107,187)** | (398,687) | **921,671** | 742,839 |
| **Cash flows from financing activities** | | | | | |
| Dividends paid | | **(584,033)** | (746,688) | **(584,033)** | (746,688) |
| Finance lease creditors paid | | **(35,555)** | (11,749) | – | – |
| Proceeds from borrowings | | **2,320,774** | 1,682,011 | **1,500,000** | 750,000 |
| Proceeds from issue of bonds | | **3,023,096** | 2,063,940 | **2,021,140** | – |
| Proceeds from issue of shares | | **64,078** | 174,811 | **64,078** | 174,811 |
| Proceeds from issue of warrants | | **177,637** | – | **177,637** | – |
| Repayment of bonds | | **(125,000)** | (875,000) | – | (750,000) |
| Repayment of term loan and borrowings | | **(850,484)** | (1,519,639) | **(750,079)** | (69) |
| Repurchase of own shares | | **(402,833)** | (333,734) | **(402,833)** | (333,734) |
| Net cash flow from/(used in) financing activities | | **3,587,680** | 433,952 | **2,025,910** | (905,680) |
| **Net changes in cash and cash equivalents** | | **3,532,558** | 1,342,347 | **2,895,241** | (209,468) |
| Effects of exchange rate changes | | **(169,865)** | (5,346) | – | – |
| **Cash and cash equivalents** | | | | | |
| **- at beginning of the year** | | **6,013,224** | 4,676,223 | **777,796** | 987,264 |
| **- at end of the year** | 35 | **9,375,917** | 6,013,224 | **3,673,037** | 777,796 |

The notes set out on pages 65 to 137 form an integral part of these financial statements.

## 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 25 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.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Board 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. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities expose it to a variety of financial risks, including foreign currency exchange risk, interest risk, market risk, credit risk, liquidity and cash flow risk. The Group's overall financial risk management objective is to ensure that the Group creates value for its shareholders. The Group focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. Financial risk management is carried out through risk reviews, internal control systems and adherence to Group financial risk management policies. The Board regularly reviews these risks and approves the treasury, which covers the management of these risks.

### (a) Foreign currency exchange risk

The Group's exposure to currency risk as a result of foreign currency transactions is limited because its subsidiaries trade and obtain borrowings predominantly in their respective functional currency. 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.

### (b) Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Interest rate exposure arises from the Group's borrowings, deposits and short term investment, and is managed through the use of fixed and floating rate debts and derivative financial instruments. Derivative financial instruments are used, where appropriate, to generate the desired interest rate profile.

**(c) Market risk**

The Group operates substantially under a business regime of contractual sales or price regulation in its business segments of Power Generation and Water and Sewerage. The Group considers its market risk to be minimal as the tariff rates applicable to these business segments are either protected by agreement or set by industry regulators. For key product purchases, the Group establishes floating and fixed priced levels that the Group considers acceptable and enters physical supply or derivative agreements, where necessary to achieve these levels. The Group does not face significant exposure to risk from changes in debt and equity prices.

**(d) Credit risk**

Credit risk is the potential financial loss resulting from the failure of a counter party to settle their obligations to the Group. Credit risk of the Group arises mainly from trade receivables, fixed deposits, short term investments and interest rate swaps.

The Group seeks to invest cash assets safely and profitably with creditworthy institutions. All derivative financial instruments are executed with creditworthy counter parties with a view to limit the credit risk exposure of the Group.

In the Group's Power Generation business, trade receivables are solely from its off taker, a national electricity utility company and the counter party risk is considered to be minimal. As 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 the Water and Disposal of Waste Water businesses is limited due to its large customer base.

The Group considers the risk of material loss in the event of non-performance by a financial counter party to be unlikely.

**(e) Liquidity and cash flow risk**

Prudent liquidity risk management implies maintaining sufficient 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 aims at maintaining flexibility by keeping committed credit lines available.

## 3. BASIS OF PREPARATION

The financial statements of the Group and the Company have been prepared under the historical cost convention except as disclosed in Note 4 to the financial statements.

The financial statements of the Group and the Company have been prepared in accordance with Financial Reporting Standards ("FRS"), the Malaysian Accounting Standards Board ("MASB") Approved Accounting Standards in Malaysia for Entities Other than Private Entities and the Companies Act, 1965. During the year, the Group and the Company had adopted new and revised FRSs which are mandatory for the year beginning on or after 1 July 2007 as described in (a) below.

The preparation of financial statements in conformity with Financial Reporting Standards, the MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities and the Companies Act 1965 requires the use of certain critical accounting estimates and judgements 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 required the Directors to exercise their judgements in the process of applying the Company's accounting policies. Although these estimates and judgements are based on 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 5.

**(a) Standards, amendments to published standards and interpretations that are effective**

The new accounting standards, amendments to published standards and IC Interpretations to the existing standards effective for the Group and the Company's financial year beginning on 1 July 2007 are as follows:

- FRS 107 Cash Flow Statements
- FRS 112 Income Taxes
- FRS 117 Leases
- FRS 118 Revenue
- Amendments to FRS 119 Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures
- FRS 120 Accounting for Government Grants and Disclosure of Government Assistance
- FRS 124 Related Party Disclosures
- FRS 126 Accounting and Reporting by Retirement Benefit Plans
- FRS 134 Interim Financial Reporting
- FRS 137 Provisions, Contingent Liabilities and Contingent Assets
- IC Interpretation 1 Changes in Existing Decommissioning, Restoration & Similar Liabilities
- IC Interpretation 8 Scope of FRS 2

All changes in accounting policies have been made in accordance with the transition provisions in the respective standards, amendments to published standards and interpretations. All standards, amendments and interpretations adopted by the Group and Company require retrospective application.

The adoption of the above FRSs does not have significant financial impact on the Group and Company other than the effects of FRS 124 and FRS 117. Please refer to Note 7 and Note 43(d) for the respective impact.

**(b) Standards, amendments to published standards and interpretations that are not yet effective and have not been early adopted**

The new standards, amendments to published standards and IC Interpretations which are effective for accounting periods beginning on or after 1 July 2008, which the Group and the Company have not early adopted, are as follows:

- FRS 139 Financial Instruments: Recognition and Measurement (effective date yet to be determined by Malaysian Accounting Standards Board). This new standard establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. Hedge accounting is permitted only under strict circumstances. The Group will apply this standard when effective.

**(c) Standards, amendments to published standards and interpretations to existing standards that are effective but are not relevant or material for the Group's operation**

- FRS 6 Exploration for and Evaluation of Mineral Resources
- IC Interpretation 2 Members' Shares in Co-operative Entities & Similar Instruments
- IC Interpretation 5 Rights to Interests arising from Decommissioning, Restoration & Environmental Rehabilitation Funds
- IC Interpretation 6 Liabilities arising from Participating in a Specific Market – Waste Electrical & Electronic Equipment
- IC Interpretation 7 Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies

## 4. 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) Subsidiaries

Subsidiaries are those corporations, partnerships or other entities in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are consolidated using the purchase method of accounting except for certain business combinations which were accounted for using the merger method as follows:

- 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

The Group has taken advantage of the exemption provided by FRS 3 to apply this Standard prospectively. Accordingly, business combinations entered prior to the respective effective dates have not been restated to comply with this Standard.

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

#### (i) Purchase method

Under the purchase method of accounting, subsidiaries are fully consolidated from the date of which control is transferred to the Group and are de-consolidated from the date that control ceased. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

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 minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the subsidiaries identifiable net assets acquired is reflected as goodwill. Goodwill is retained in the Consolidated Balance Sheet at cost. Where an indication of impairment exists, the carrying amount of the net asset is assessed and written down immediately to its recoverable amount.

The excess of the fair value of the Group's share of the subsidiaries' identifiable net assets over the cost of acquisition at the date of acquisition is recognised directly in the Income Statement.

Minority interest represents that portion of the profit and loss and net assets of a subsidiary attributable to equity interests that are not owned, directly or indirectly through subsidiaries, by the parent. It is a measured at the minorities' share of the fair value of the subsidiaries' identifiable assets and liabilities at the acquisition date and the minorities' share of changes in the subsidiaries' equity since that date. Separate disclosure is made for minority interest.

**(ii) Merger method**

Acquisition of a subsidiary, YTL Power Generation Sdn Bhd, is 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 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 value 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.



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

**(iii) Transactions with minority interests**

The Group applies a policy of treating transactions with minority interests as transactions with equity owners of the Group. For purchases from minority interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is deducted from equity. Gains or losses on disposals to minority interests are also recorded in equity. For disposals to minority interests, differences between any proceeds received and the relevant share of minority interests are also recorded in equity.

**(b) Joint ventures**

**(i) Jointly controlled entities**

Jointly controlled entities are corporations, partnerships or other entities over which there is contractually agreed sharing of control by the Group with one or more parties where the strategic financial and operating decisions relating to the entities require unanimous consent of the parties sharing control. The Group's interests in jointly controlled entities are accounted for in the consolidated financial statements by the equity method of accounting.

Equity accounting involves recognising in the Income Statement the Group's share of the results of jointly controlled entities for the financial year. The Group's investments in jointly controlled entities are carried in the Balance Sheet at an amount that reflects its share of the net assets of the jointly controlled entities and includes goodwill on acquisition.

Unrealised gains on transactions between the Group and its jointly controlled entities are eliminated to the extent of the Group's interest in the jointly controlled entities; unrealised losses are also eliminated unless the transaction provides evidence on impairment of the asset transferred. Where necessary, adjustments have been made to the financial statements of jointly controlled entities to ensure consistency of accounting policies with those of the Group.

**(ii) Jointly controlled operations**

When a group company is party to a joint arrangement, that company accounts directly for its part of income and expenditure, assets, liabilities and cash flows. Such arrangements are reported in the consolidated financial statements on the same basis.

**(c) Associated companies**

Associated companies are companies 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 associated companies but not control over those policies.

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

The Group's share of post-acquisition profits or losses is recognised in the Income Statement and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying value of investment. When the Group's share of losses in the associated company equals or exceeds its interest in the associated company, 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 associated company.

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

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

**(d) 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. 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 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.

Infrastructure assets are amortised in equal installments over a period of one hundred and ten (110) years. All other property, plant and equipment are depreciated on a straight line basis to write off the cost of each asset to its residual value over its estimated years of useful lives, summarised as follows:

| | Years |
|---|---|
| Buildings | 10 - 40 |
| Plant and machinery | 5 - 25 |
| Mains and lines | 20 |
| Office equipment | 5 - 10 |
| Computers | 5 |
| Furniture and fittings | 10 |
| Motor vehicles and aircraft | 5 - 10 |
| Gas turbine major overhaul cost | 4 |

Depreciation on assets under construction commences when the assets are ready for their intended use.

Where an indication of impairment exists for the assets, the carrying amounts of the assets are assessed and written down immediately to their recoverable amounts.

Residual values and useful lives of asset are reviewed, and adjusted if appropriate, at each Balance Sheet date.

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

**(e) Leased assets**

Where assets are financed by leasing arrangements which transfer substantially all the risks and rewards of ownership of an asset to the lessee (finance leases), the assets is treated as if they had been purchased and the corresponding capital cost is shown as an obligation to the lessor. Leasing payments are treated as consisting of a capital element and finance costs, the capital element reducing the obligation to the lessor and the finance charge being written off to the Income Statement over the period of the lease in reducing amounts in a constant rate in relation to the outstanding obligations. When assets are leased out under an operating lease, the asset is included in the Balance Sheet based on the nature of the asset. Lease income is recognised over the term of the lease on a straight line basis. The assets are depreciated in accordance with the relevant accounting policy for property, plant and equipment.

Leases of assets were significant portion of the risks and rewards of ownership 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 the straight line basis over the lease period.

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

Upfront payments on leasehold land are classified as prepaid lease payments and amortised on a straight line basis over the remaining lease period.

**(f) Development expenditure**

Development expenditure incurred 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.

**(g) Intangible assets - Goodwill**

Goodwill arises on the acquisitions of subsidiaries and it represents the excess of the cost of the acquisition over the Group's interest in the fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree at the date of acquisition.

Goodwill is measured at cost less any accumulated impairment losses. When the excess is negative (negative goodwill), it is recognised immediately 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 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. See accounting policy Note 4(i) on impairment of assets.

**(h) Investments**

Investments in subsidiaries, jointly controlled entities and associated companies are stated at cost less accumulated impairment losses. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount.

Investments in other non-current investments are shown at cost and an allowance for diminution in value is made where, in the opinion of the Directors, there is a decline other than temporary in the value of such investments. Where there has been a decline other than temporary in the value of an investment, such a decline is recognised as an expense in the period in which the decline is identified.

Short term investments are carried at the lower of cost and market value, determined on an aggregate portfolio basis by category of investment. Cost is derived on the weighted average basis. Market value is calculated by reference to stock exchange quoted selling prices at the close of business on the Balance Sheet date. Increases or decreases in the carrying amount of short term investments are credited or charged to the Income Statement.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is charged or credited to the Income Statement.

**(i) Impairment of 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 losses 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 to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there is separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

The impairment 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 an impairment loss on a revalued asset in which case it is taken to revaluation surplus.

**(j) Grants and contributions**

Grants and contributions in respect of specific expenditure on non-infrastructure fixed assets are treated as deferred income and recognised in the Income Statement over the expected useful economic lives of the related assets. Grants and contributions relating to infrastructure assets have been deducted from the cost of those assets.

**(k) Provisions**

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

**(l) Restructuring provision**

Restructuring provision mainly comprises employee termination payments, and is recognised in the year in which the Group becomes legally or constructively committed to the payment. Future operating costs are not provided for. Employee termination benefits are recognised only either after an agreement is in place with the appropriate employee representatives specifying the terms of redundancy and the number of employees affected, or after individual employees have been advised of the specific terms. Costs related to the on-going activities of the Group are not provided in advance. Any property, plant and equipment that are no longer required for their original use are transferred to current assets and carried at the lower of its carrying amount and estimated net realisable value.

**(m) 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 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 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 Balance Sheet presented are translated at the closing rate at the date of that Balance Sheet;
- 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 equity.

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

Goodwill and fair value adjustments arising on the acquisition of a foreign entity on or after 1 July 2006 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 2006, goodwill and fair value adjustments continued to be recorded at the exchange rate at the respective date of acquisitions.

**(n) 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 items held for operation and maintenance purposes. The cost of work in progress comprises raw materials, direct labour, other direct costs and related overheads. It excludes borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and applicable variable selling expenses.

**(o) Revenue recognition**

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 year end. 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. The Group has chosen not to recognise as turnover the bills raised for customers who have a record of two years non payment. Other revenues earned by the Group are recognised on the following bases:

| | |
|---|---|
| Dividend income | - when the shareholders' right to receive payment is established. |
| Interest income | - on an effective yield basis. |
| Management fees | - when services are rendered and invoiced, net of service taxes. |
| Operation and maintenance fees | - when services are rendered and invoiced. |

**(p) Income taxes**

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

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

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

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

The Group's share of income taxes of jointly controlled entities and associated companies are included in the Group's share of results of jointly controlled entities and associated companies.

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

**(q) Trade and other receivables**

Trade and other receivables are carried at original invoiced amounts less an estimate made for doubtful debts based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

**(r) Dividends to shareholders of the Company**

Dividends on ordinary shares are recognised as a liability in the period in which they are declared.



**(s) Employee benefits**

**(i) Short term employee benefits**

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

**(ii) Post-employment benefits**

The Group has various post-employment benefit schemes in accordance with local conditions and practices in the countries in which it operates. These benefit plans are either defined contribution or defined benefit plans.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity (a fund) 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 periods. 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.

**(iii) Defined contribution plan**

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

**(iv) Defined benefit plan**

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

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

Plan assets in excess of the defined benefit obligation are subject to the asset limitation specified in FRS 119.

Actuarial gains and losses arise from experience adjustments and changes in actuarial assumptions. The amount of net actuarial gains and losses recognised in the Income Statement is determined by the corridor method in accordance with FRS 119 and is charged or credited to income over the average remaining service lives of the related employees participating in the defined benefit plan.

(v) **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 Balance Sheet date, the Group revises its estimates of the number of share options that are expected to vest. It recognises the impact of the revision of original estimates, if any, in the Income Statement, with a corresponding adjustment to equity. For options granted to subsidiaries, the expense will be recognised in the subsidiaries' financial statements over the vesting periods of the grant.

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

(t) **Bonds and borrowings**

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

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

(u) **Financial instruments**

Financial instruments carried on the Balance Sheet include cash and bank balances, investments, receivables, payables, borrowings and share capital. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item, where applicable.

The Group is also a party to financial instruments that comprise interest rate swap agreements. These instruments are not recognised in the financial statements on inception except that amounts paid on inception are recognised as prepaid interest and amortised as a component of interest expense over the period of the contract.

(i) **Interest rate swap contracts**

Any differential to be paid or received on an interest rate swap contract is recognised as a component of interest income or expense over the period of the contract. Gains and losses on early termination of interest rate swaps or on repayment of the borrowings are taken to the Income Statement.

(ii) **Fair value estimation for disclosure purposes**

The fair value of publicly traded derivatives and securities is based on quoted market prices at the Balance Sheet date.

The fair value of interest rate swaps is calculated at the present value of the estimated future cash flows.

In assessing the fair value of non-traded derivatives and financial instruments, the Group uses a variety of methods and makes assumptions that are based on market conditions existing at each Balance Sheet date. Quoted market prices or dealer quotes for the specific or similar instruments are used for long term debt. Other techniques, such as estimated discounted value of future cash flows, are used to determine fair value for the remaining financial instruments. In particular, the fair value of financial liabilities is estimated by discounting the future contractual cash flows at the current market interest rate available to the Group for similar instruments.

The face values of financial assets (less any estimated credit adjustments) and financial liabilities with a maturity period of less than one year are assumed to approximate their fair values.

**(v) Segment reporting**



Segment reporting is presented for enhanced assessment of the Group's risks and returns. Business segments provide products or services that are subject to risks and returns that are different from those of other business segments. Geographical segments provide products or services within a particular economic environment that is subject to risks and returns that are different from those components operating in other economic environments.

Segment revenue, expense, assets and liabilities are those amounts resulting from the operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment. Segment revenue, expense, assets and segment liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between group enterprises within a single segment.

**(w) Cash and cash equivalents**

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

**(x) 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.

The portion of a convertible bond representing the value of the conversion option at the time of issue is included in equity. The value of the conversion option is not changed in subsequent periods. Upon conversion of the bond to equity shares, the amount credited to share capital and share premium is the aggregate of the amounts classified within liability and equity at the time of conversion. No gain or loss is recognised. If the bond is redeemed, the conversion option is transferred to retained earnings.

Distributions to holders of a financial instrument classified as an equity instrument are charged directly to equity.

*Purchase of own shares*

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

## 5. 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 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 test on 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 estimates as set out in Note 23 to the financial statements.

### (b) Estimated useful lives of property, plant and equipment

The residual value and the useful life of the assets are reviewed at each financial year end. The review is based on factors such as business plans and strategies, expected level of usage and future regulatory changes.

### (c) Allowance for doubtful debts

The Group assesses at each Balance Sheet date whether there is objective evidence that trade receivables have been impaired. Impairment loss is calculated based on a review of the current status of existing receivables and historical collections experience. Such provisions are adjusted periodically to reflect the actual and anticipated impairment.

### (d) Taxation

#### (i) Income taxes

The Group is subject to income tax in several jurisdictions. Judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for tax matters based on estimates of whether additional taxes will be due. If the final outcome of these tax matters result in a difference in the amounts initially recognised, such differences will impact the income tax and/or deferred tax provisions in the period in which such determination is made.

#### (ii) Deferred tax assets

Deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which temporary differences can be utilised. This involves judgement regarding future financial performance of a particular entity in which the deferred tax asset has been recognised.

### (e) Share based payments

Equity-settled share based payments are measured at fair value at the grant date. The Group revises the estimated number of performance shares that participants are expected to receive based on non-market vesting conditions at each Balance Sheet date. The assumption of the valuation model used to determine fair value is set out in Note 13(c).

### (f) Contingent liabilities

Determination of the treatment of contingent liabilities is based on management's view of the expected outcome of the contingencies after consulting legal counsel for litigation cases and experts internal and external to the Group for matters in the ordinary course of business. Please refer to Note 40 to the financial statements for details.

## 6. REVENUE

| | Group 2008 RM'000 | Group 2007 RM'000 | Company 2008 RM'000 | Company 2007 RM'000 |
|---|---|---|---|---|
| Sale of electricity | **1,125,897** | 1,127,569 | – | – |
| Sale of water, treatment and disposal of waste water | **2,785,882** | 2,649,101 | – | – |
| Interest income | **261,564** | 219,854 | **72,724** | 36,592 |
| Dividends: | | | | |
| - unquoted investment in subsidiary company | – | – | **1,410,765** | 612,375 |
| - unquoted investment outside Malaysia | **32,420** | 33,438 | – | – |
| - quoted investments in Malaysia | **6,397** | 6,391 | **6,397** | 6,391 |
| Management fees | **4,994** | 5,036 | **25,000** | 25,000 |
| Royalty income | – | – | **2,254** | 2,305 |
| Operation and maintenance fees | **25,364** | 26,619 | – | – |
| | **4,242,518** | 4,068,008 | **1,517,140** | 682,663 |

## 7. SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES

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

| | Group 2008 RM'000 | Group 2007 RM'000 | Company 2008 RM'000 | Company 2007 RM'000 |
|---|---|---|---|---|
| **Key management compensation** | | | | |
| - Wages, salaries and bonus | **10,580** | 10,015 | **5,250** | 5,100 |
| - Defined contribution plan | **1,270** | 1,202 | **630** | 612 |
| - Fees | **165** | 165 | **165** | 165 |
| - Share options expenses | **804** | 1,497 | **331** | 616 |
| Included in key management compensation is the Directors' remuneration (whether executive or otherwise) as disclosed in note 9 to the financial statements | | | | |

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

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 as terms and conditions negotiated amongst the related parties.

| | Group | | Company | |
|---|---|---|---|---|
| | 2008 RM'000 | 2007 RM'000 | 2008 RM'000 | 2007 RM'000 |
| **Sale of goods and services** | | | | |
| - Subsidiaries | – | – | **27,254** | 27,305 |
| **Dividend income** | | | | |
| - Subsidiaries | – | – | **1,410,765** | 612,375 |
| - Related companies | **4,897** | 4,950 | **4,897** | 4,950 |
| **Interest income** | | | | |
| - Subsidiaries | – | – | **4,625** | 1,276 |
| - Related companies | **1,082** | 3,737 | **1,082** | 3,737 |
| **Purchases of goods and services** | | | | |
| - Hotel and accommodation | **2,957** | 3,265 | – | – |
| - Operating and maintenance agreement | **131,967** | 85,151 | – | – |
| - Travelling fares and motor vehicle maintenance | **6,000** | 5,648 | **2,974** | 3,109 |
| **Expenses paid on behalf of** | | | | |
| - Subsidiaries | – | – | **31,430** | 32,821 |
| **Expenses paid on behalf by** | | | | |
| - Subsidiaries | – | – | **2,275** | 25,246 |
| - Immediate holding company | **3,610** | 2,899 | – | – |
| - Related companies | **6,109** | 6,401 | **5,764** | 6,010 |
| **Year–end balances arising from:** | | | | |
| - Purchases of goods/services | **57,219** | 86,964 | **124** | 285 |
| - Redemption of bonds on behalf | – | – | **222,273** | 11,825 |
| - Payment made on behalf | – | – | **10,906** | 24,499 |

The payables to related parties arise mainly from purchase transactions and are due 30 to 90 days after the date of purchase. The payables bear no interest.

| | Company | |
|---|---|---|
| | 2008 | 2007 |
| | RM'000 | RM'000 |
| **Loans and advances to subsidiaries** | | |
| At 1 July | **47,022** | – |
| Advances during the year | **537,100** | 131,100 |
| Repayments during the year | **(60,880)** | (84,320) |
| Interest charged | **3,712** | 1,276 |
| Payment of interest | **(563)** | (1,034) |
| At 30 June | **526,391** | 47,022 |



## 8. FINANCE COSTS

| | Group | | Company | |
|---|---|---|---|---|
| | 2008 | 2007 | 2008 | 2007 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Interest on borrowings | **795,825** | 739,684 | **97,187** | 59,044 |

## 9. PROFIT BEFORE TAXATION

| | Group | | Company | |
|---|---|---|---|---|
| | 2008 RM'000 | 2007 RM'000 | 2008 RM'000 | 2007 RM'000 |
| **Profit before taxation is stated after charging/(crediting):** | | | | |
| (Written back) / allowance for doubtful debts | **(24,478)** | 155,547 | – | – |
| Amortisation of grant | **5,997** | 6,240 | – | – |
| Amortisation of prepaid lease payment | **302** | 302 | – | – |
| Auditors' remuneration | | | | |
| - statutory audit fees paid to PricewaterhouseCoopers | **218** | 409 | **139** | 214 |
| - under provision in prior year | – | 12 | – | 12 |
| - statutory audit fees paid to other audit firms | **1,509** | 1,336 | – | – |
| Depreciation of property, plant and equipment | **599,335** | 588,203 | **87** | 87 |
| Development expenditure | **24,738** | 30,757 | **24,738** | 30,757 |
| Directors' remuneration | **13,974** | 14,081 | **7,532** | 7,696 |
| Dividends from quoted investments in Malaysia | **(292)** | (155) | – | – |
| Gain on disposal of investments | **(468)** | (88,941) | **(461)** | (88,941) |
| Gain on disposal of property, plant and equipment | **(2,188)** | (8,440) | **(10)** | – |
| Interest income | **(136,273)** | (82,159) | | |
| Realised loss on foreign exchange | **62** | 292 | – | 24 |
| Rental of land and building | **1,945** | 2,349 | – | – |
| Rental of plant and machinery | **10,656** | 11,468 | – | – |
| Staff costs | | | | |
| - wages, salaries and bonus | **298,158** | 263,936 | **5,669** | 4,780 |
| - defined contribution plan | **1,435** | 1,616 | **620** | 510 |
| - defined benefit plan | **41,584** | 43,045 | – | – |
| - share options expenses | **321** | 490 | **157** | 201 |
| Unrealised gain on foreign exchange | **(34,993)** | (36,020) | **(33,756)** | (36,015) |
| Property, plant and equipment written off | **14,343** | 181 | – | – |

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

**Year ended 30 June 2008**

| | Salaries RM'000 | Fees RM'000 | Bonus RM'000 | Others* RM'000 | Total RM'000 |
|---|---|---|---|---|---|
| **Group** | | | | | |
| Executive Directors | 6,565 | 185 | 4,700 | 2,292 | 13,742 |
| Non-Executive Directors | – | 190 | – | 42 | 232 |
| **Company** | | | | | |
| Executive Directors | 3,835 | 185 | 2,100 | 1,180 | 7,300 |
| Non-Executive Directors | – | 190 | – | 42 | 232 |

**Year ended 30 June 2007**

| | Salaries RM'000 | Fees RM'000 | Bonus RM'000 | Others* RM'000 | Total RM'000 |
|---|---|---|---|---|---|
| **Group** | | | | | |
| Executive Directors | 6,385 | 185 | 4,315 | 2,969 | 13,854 |
| Non-Executive Directors | – | 190 | – | 37 | 227 |
| **Company** | | | | | |
| Executive Directors | 3,795 | 185 | 1,990 | 1,499 | 7,469 |
| Non-Executive Directors | – | 190 | – | 37 | 227 |

The number of Directors of the Group and of the Company whose total remuneration fall within the following bands for the year ended 30 June 2008 are as follows:

| | Group No. of Directors | | Company No. of Directors | |
|---|---|---|---|---|
| **Range of remuneration** | **Executive** | **Non-Executive** | **Executive** | **Non-Executive** |
| Below RM50,000 | – | 3 | 3 | 3 |
| RM50,001 – RM100,000 | 1 | – | 1 | – |
| RM100,001 – RM150,000 | – | 1 | 1 | 1 |
| RM150,001 – RM200,000 | 1 | – | – | – |
| RM900,001 – RM950,000 | 1 | – | 1 | – |
| RM1,200,001 – RM1,250,000 | 1 | – | – | – |
| RM1,450,001 – RM1,500,000 | – | – | 1 | – |
| RM1,500,001 – RM1,550,000 | 1 | – | – | – |
| RM2,100,001 – RM2,150,000 | 1 | – | – | – |
| RM2,200,001 – RM2,250,000 | – | – | 1 | – |
| RM2,250,001 – RM2,300,000 | 1 | – | – | – |
| RM2,450,001 – RM2,500,000 | – | – | 1 | – |
| RM2,500,001 – RM2,550,000 | 1 | – | – | – |
| RM2,850,001 – RM2,900,000 | 1 | – | – | – |

** Included in the remuneration of Directors of the Group and Company are contributions to a defined contribution plan and share options expenses charged to the Consolidated Income Statement amounting to RM1,372,350 and RM732,750 (2007: RM1,304,550 and RM714,750) and RM874,940 and RM402,000 (2007: RM1,628,978 and RM748,449) respectively.

## 10. TAXATION

Taxation charge for the year:

| | Group | | Company | |
|---|---|---|---|---|
| | 2008 RM'000 | 2007 RM'000 Restated | 2008 RM'000 | 2007 RM'000 |
| **Current tax** | | | | |
| - Malaysian income tax | **126,536** | 125,184 | **49,645** | 110,076 |
| - Foreign income tax | **218,331** | 63,450 | **–** | 347 |
| Deferred tax (Note 15) | **1,988** | (67,526) | **10** | 20 |
| | **346,855** | 121,108 | **49,655** | 110,443 |
| **Current tax** | | | | |
| Current year | **346,530** | 217,545 | **49,420** | 110,291 |
| (Over)/under provision in prior years | **(1,663)** | (28,911) | **225** | 132 |
| **Deferred tax** | | | | |
| Originating and reversal of temporary differences | **14,798** | 89,794 | **10** | 20 |
| Under/(Over) provision in prior years | **2,817** | (24,423) | **–** | – |
| Change in tax rates | **(15,627)** | (132,897) | **–** | – |
| | **346,855** | 121,108 | **49,655** | 110,443 |

The explanation of the relationship between tax expense and profit from ordinary activities before tax is as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2008 RM'000 | 2007 RM'000 Restated | 2008 RM'000 | 2007 RM'000 |
| **Numerical reconciliation between tax expense and the product of accounting profit multiplied by the Malaysian tax rate** | | | | |
| Profit before tax | **1,385,701** | 1,296,757 | **1,399,083** | 687,806 |
| Tax calculated at the Malaysian tax rate 26% (2007: 27%) | **360,282** | 350,124 | **363,761** | 185,708 |
| Share of results of associated companies | **(56,351)** | (46,345) | **–** | – |
| Different tax rates in other countries | **37,444** | 21,502 | **–** | – |
| Non-deductible expenses | **31,065** | 12,343 | **3,635** | 3,846 |
| Income not subject to tax | **(11,112)** | (30,285) | **(317,966)** | (79,243) |
| Under/(Over) provision in prior years | **1,154** | (53,334) | **225** | 132 |
| Change in tax rates | **(15,627)** | (132,897) | **–** | – |
| Tax expenses | **346,855** | 121,108 | **49,655** | 110,443 |

## 11. EARNINGS PER SHARE ('EPS')

### (a) Basic EPS

| | Group | |
|---|---|---|
| | 2008 | 2007 Restated |
| Profit attributable to ordinary equity holders of the Company (RM'000) | **1,038,846** | 1,175,649 |
| Weighted average number of ordinary shares in issue ('000) | **5,194,159** | 4,996,468 |
| Basic EPS (sen) | **20.00** | 23.53 |

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

### (b) Diluted EPS

| | Group | |
|---|---|---|
| | 2008 RM'000 | 2007 RM'000 Restated |
| Profit attributable to equity holders of the Company | **1,038,846** | 1,175,649 |
| Profit used to determine diluted EPS | **1,062,506** | 1,175,649 |
| Weighted average number of ordinary shares in issue ('000) | **5,194,159** | 4,996,468 |
| Adjustments for: | | |
| - conversion of Warrants | **1,217,384** | 308,717 |
| - ESOS | **22,299** | 18,008 |
| - Bonds | **348,617** | – |
| Weighted average number of ordinary shares for diluted earnings per share ('000) | **6,782,459** | 5,323,193 |
| Diluted EPS (sen) | **15.67** | 22.09 |

As at 30 June 2008, the Company had 2,622,358,349 (2007: 889,593,874) Warrants, whose terms of conversion are set out in Note 13, still unexercised. FRS 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.

## 12. DIVIDENDS

**Group and Company**

| | 2008 | | 2007 | |
|---|---|---|---|---|
| | Gross dividend per share Sen | Amount of dividend RM'000 | Gross dividend per share Sen | Amount of dividend RM'000 |
| Dividends paid in respect of the year ended 30 June 2006: | | | | |
| - Final dividend, net of tax of 27% | – | – | 10.00 | 363,933 |
| Dividends paid in respect of the year ended 30 June 2007: | | | | |
| - First interim tax exempted dividend paid on 18 April 2007 | – | – | 3.75 | 191,256 |
| - Second interim tax exempted dividend paid on 25 June 2007 | – | – | 3.75 | 191,499 |
| Dividends paid in respect of the year ended 30 June 2007: | | | | |
| - Final dividend, net of tax of 27% | **5.00** | **186,895** | – | – |
| Dividends paid in respect of the year ended 30 June 2008: | | | | |
| - First interim tax exempted dividend paid on 24 March 2008 | **3.75** | **198,278** | – | – |
| - Second interim tax exempted dividend paid on 24 June 2008 | **3.75** | **198,860** | – | – |
| | **12.50** | **584,033** | 17.50 | 746,688 |

The Board of directors has recommend a final tax exempt dividend of 7.5% per RM0.50 ordinary share for the financial year ended 30 June 2008 subject to the approval by the shareholders at the forthcoming Annual General Meeting. These financial statements do not reflect this final dividend which will be accrued as a liability in the year ending 30 June 2009 when approved by shareholders.

## 13. SHARE CAPITAL

| | Group and Company 2008 RM'000 | 2007 RM'000 |
|---|---|---|
| **Authorised:** | | |
| At beginning and end of the year<br>- 22,730,000 ordinary shares of RM0.50 each | **11,365,000** | 11,365,000 |
| **Issued and fully paid:** | | |
| At beginning of the year<br>- 5,296,315,606 (2007: 5,163,070,590) ordinary shares of RM0.50 each | **2,648,158** | 2,581,535 |
| Exercise of share options<br>- 4,077,750 (2007: 5,821,000) ordinary shares of RM0.50 each | **2,039** | 2,911 |
| Exercise of share Warrants<br>- 43,606,829 (2007: 116,409,526) ordinary shares of RM0.50 each | **21,803** | 58,205 |
| Conversion of bonds<br>- 98,640,226 (2007: 11,014,490) ordinary shares of RM0.50 each | **49,320** | 5,507 |
| At end of the year<br>- 5,442,640,411 (2007: 5,296,315,606) ordinary shares of RM0.50 each | **2,721,320** | 2,648,158 |

The issued and fully paid up share capital of the Company was increased from RM2,648,157,803 to RM2,721,320,205 following the exercise of 4,077,750 ESOS at exercise prices ranging from RM1.32 to RM1.53 per share, the exercise of 43,606,829 Warrants at exercise prices ranging from RM1.25 to RM1.39 per Warrant on the basis of one (1) new ordinary share for every one (1) Warrant exercised and the conversion of USD59,000,000 of the USD250,000,000 Zero Coupon Exchangeable Guaranteed Bonds into 98,640,226 new ordinary shares of 50 sen each at an exercise price ranging from RM2.010 to RM2.277 per ordinary share. The new ordinary shares of 50 sen each rank pari passu in all respects with the existing issued shares of the Company.

Of the total 5,442,640,411 (2007: 5,296,315,606) issued and fully paid ordinary shares at 30 June 2008, the Company holds 154,405,836 (2007: 190,054,876) shares as treasury shares. As at 30 June 2008, the number of ordinary shares in issue and fully paid after offsetting treasury shares are 5,288,234,575 (2007: 5,106,260,731).

**(a) Warrants 2000/2010**

The Company had on 11 January 2000 issued RM750,000,000 nominal value of seven-year 7% Redeemable Non-Guaranteed Unsecured Bonds ('the Bond') 2000/2007 with 572,166,338 detachable Warrants ('Warrants'). The nominal value of the Bond were redeemed on 11 January 2007.

The Warrants were constituted under a deed poll dated 13 March 2000 and each Warrant entitles its registered holder to subscribe for one (1) new ordinary share of RM1.00 each in the Company at the initial exercise price of RM2.75 payable in cash. This initial exercise price of the Warrants will be increased annually by four (4) sen from the first anniversary to the ninth anniversary of the date of issue. The initial exercise price is also subject to adjustments in accordance with the basis set out in the deed poll.

Each Warrant entitles its registered holder to subscribe for one (1) new ordinary share of 50 sen each in the Company at the revised exercise price of RM1.39 payable in cash.

Effective from 24 December 2007, the exercise price of Warrant was adjusted from RM1.39 to RM1.33 pursuant to the share dividend of one (1) treasury share for every twenty-five (25) existing ordinary shares of 50 sen each.

On 10 January 2008, the exercise price was increased from RM1.33 to RM1.35 pursuant to the deed poll. The exercise price of the Warrants will be increased annually by two (2) sen from thereon until to the ninth anniversary of the date of issue.

The exercise price of Warrant was further adjusted from RM1.35 to RM1.20 pursuant to the offer for sale of provisional rights to the allotment of warrant 2008/2018 to the existing shareholders on a renounceable rights basis of one (1) warrant for every three (3) existing ordinary shares of 50 sen each.

The Warrants may be exercised at any time or before 8 January 2010. Any Warrants which have not been exercised at date of maturity will lapse and cease to be valid for any purpose.

The new ordinary shares allotted and issued upon exercise of the Warrants shall be fully paid and rank pari passu with the then existing ordinary shares of the Company. The Warrant holder will not have any voting rights in any general meeting of the Company unless the Warrants are exercised into new ordinary shares and registered prior to the date of the general meeting of the Company.

**(b) Warrants 2008/2018**

As indicated in Note 16(k) to the financial statements, the Company had on 18 April 2008 issued RM2,200,000,000 nominal value of five-year 3% Redeemable Bonds 2008/2013 with 1,776,371,304 detachable Warrants ('Warrants').

The Warrants were constituted under a Deed Poll dated 5 May 2008 and each Warrant entitles its registered holder to subscribe for one (1) new ordinary share of RM0.50 each in the Company at the exercise price of RM1.25 payable in cash. The exercise price is subject to adjustments in accordance with the basis set out in the deed poll.

The Warrants may be exercised at any time commencing on the date of issue of Warrants on 12 June 2008 but not later than 11 June 2018. Any Warrants which have not been exercised at date of maturity will lapse and cease to be valid for any purpose.

The total number of Warrants that remain unexercised are as follows:

| | Group and Company '000 |
|---|---|
| At 1 July 2006 | 1,006,003 |
| Exercise of Warrants | (116,409) |
| At 30 June 2007 | 889,594 |
| At 1 July 2007 | **889,594** |
| Warrants issued during the year | **1,776,371** |
| Exercise of Warrants | **(43,607)** |
| At 30 June 2008 | **2,622,358** |

**(c) Employees' Share Option Scheme**

The Company implemented an Employees' Share Option Scheme ('ESOS') which came into effect on 30 November 2001 for a period of ten (10) years. The ESOS is governed by the bye-laws which were approved by the shareholders on 16 October 2001.

(i) The maximum number of shares, which may be made available under the Scheme, shall not exceed ten per cent (10%) of the total issued and paid up share capital of the Company at the time of offering the option.

(ii) Any employee (including Executive Directors) of the Group shall be eligible to participate in the Scheme if, as at the date of offer for an option ('Offer Date') the employee:

(a) has attained the age of eighteen (18) years;
(b) is employed by and on payroll of a company within the Group; and
(c) 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 ESOS Committee may, at its discretion, nominate any employee (including Executive Directors) of the Group to be an eligible employee despite the eligibility criteria under Clause 4.1(iii) of the bye-laws not being met, at any time and from time to time.

(iii) The price payable for shares under the Scheme shall be based on the five (5)-day weighted average market price of the underlying shares at the time the option is granted, with a discount of not more than ten per cent (10%), if deemed appropriate.

(iv) Subject to Clause 14, the ESOS 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 option during such period(s) within the option period and impose any other terms and/or conditions deemed appropriate by the ESOS Committee in its sole discretion including amending/varying any terms and conditions imposed earlier. Notwithstanding the above, and subject to Clause 11 and 12, the option can only be exercised by the grantee three (3) years after the Offer Date, by notice in writing to the Company, provided however that the ESOS Committee may at its discretion or upon the request in writing by the grantee allow the option to be exercised at any earlier or other period.

(v) The grantee shall be prohibited from disposing the ordinary shares of the Company so allotted to him for a period of twelve (12) months from the date on which the option is exercised. However, the ESOS Committee may at its discretion or upon request in writing by the grantee allow the disposal of such ordinary shares of the Company at any earlier or other period.

(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.

The movements during the year in the number of share options of the Company are as follows:

| | | | Number of share options | | | | |
|---|---|---|---|---|---|---|---|
| Grant date | Expiry date | Exercise Price RM/share | At start of financial year '000 | Granted '000 | Exercised '000 | Lapsed '000 | At end of financial year '000 |
| **Year ended 30 June 2008** | | | | | | | |
| *16.10.2002 | 29.11.2011 | 1.14 | 20 | – | – | – | 20 |
| *13.12.2002 | 29.11.2011 | 1.32 | 16,343 | – | (2,964) | (200) | 13,179 |
| *26.12.2002 | 29.11.2011 | 1.39 | 5,070 | – | (572) | – | 4,498 |
| *12.12.2003 | 29.11.2011 | 1.53 | 2,361 | – | (542) | – | 1,819 |
| *12.12.2003 | 29.11.2011 | 1.70 | 1,518 | – | – | – | 1,518 |
| 16.05.2005 | 29.11.2011 | 1.82 | 4,100 | – | – | (200) | 3,900 |
| 16.05.2005 | 29.11.2011 | 2.02 | 4,850 | – | – | (336) | 4,514 |
| 01.08.2005 | 29.11.2011 | 1.90 | 41,883 | – | – | (11) | 41,872 |
| 07.08.2006 | 29.11.2011 | 1.74 | 900 | – | – | – | 900 |
| 07.08.2006 | 29.11.2011 | 1.93 | 5,486 | – | – | (170) | 5,316 |
| 07.08.2006 | 29.11.2011 | 1.74 | 5,107 | – | – | (421) | 4,686 |
| 20.08.2007 | 29.11.2011 | 2.04 | – | 900 | – | – | 900 |
| 20.08.2007 | 29.11.2011 | 2.27 | – | 3,734 | – | (238) | 3,496 |
| 16.01.2008 | 29.11.2011 | 2.39 | – | 99 | – | (25) | 74 |
| 26.06.2008 | 29.11.2011 | 1.80 | – | 90 | – | – | 90 |
| | | | 87,638 | 4,823 | (4,078) | (1,601) | 86,782 |

| | | | Number of share options | | | | |
|---|---|---|---|---|---|---|---|
| Grant date | Expiry date | Exercise Price RM/share | At start of financial year '000 | Granted '000 | Exercised '000 | Lapsed '000 | At end of financial year '000 |
| **Year ended 30 June 2007** | | | | | | | |
| *16.10.2002 | 29.11.2011 | 1.14 | 20 | – | – | – | 20 |
| *13.12.2002 | 29.11.2011 | 1.32 | 19,795 | – | (3,052) | (400) | 16,343 |
| *26.12.2002 | 29.11.2011 | 1.39 | 5,540 | – | (470) | – | 5,070 |
| *12.12.2003 | 29.11.2011 | 1.53 | 3,000 | – | (439) | (200) | 2,361 |
| *12.12.2003 | 29.11.2011 | 1.70 | 3,412 | – | (1,860) | (34) | 1,518 |
| 16.05.2005 | 29.11.2011 | 1.82 | 4,100 | – | – | – | 4,100 |
| 16.05.2005 | 29.11.2011 | 2.02 | 5,122 | – | – | (272) | 4,850 |
| 01.08.2005 | 29.11.2011 | 1.90 | 41,920 | – | – | (37) | 41,883 |
| 07.08.2006 | 29.11.2011 | 1.74 | – | 1,200 | – | (300) | 900 |
| 07.08.2006 | 29.11.2011 | 1.93 | – | 10,244 | – | (4,758) | 5,486 |
| 07.08.2006 | 29.11.2011 | 1.74 | – | 5,735 | – | (628) | 5,107 |
| | | | 82,909 | 17,179 | (5,821) | (6,629) | 87,638 |

| | 2008 RM'000 | 2007 RM'000 |
|---|---|---|
| Number of share options vested at Balance Sheet date | **29,448** | 25,312 |

* FRS 2 not applicable for these transactions

The fair value of options granted in which FRS 2 applies, were determined using the Trinomial Valuation model. The significant inputs in the model are as follows:

| | 2008 | 2007 |
|---|---|---|
| **Group** | | |
| **Valuation assumptions:** | | |
| Weighted average share price at date of grant (per share) | **RM1.92 – 2.59** | RM1.92 – 2.11 |
| Expected volatility | **3.50%** | 3.50% |
| Expected dividend yield | **5.50% – 7.80%** | 5.50% – 5.80% |
| Expected option life | **3 – 5 years** | 3 – 5 years |
| Risk-free interest rate per annum (based on Malaysian securities bonds) | **2.91% – 4.10%** | 2.91% – 4.10% |

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome.

Value of employee services received for issue of share options:

| | Group | | Company | |
|---|---|---|---|---|
| | 2008 RM'000 | 2007 RM'000 | 2008 RM'000 | 2007 RM'000 |
| Share options granted | **1,204** | 2,126 | **1,204** | 2,126 |
| Allocation to subsidiaries | **–** | – | **(637)** | (1,169) |
| Allocation to related company | **(8)** | (7) | **(8)** | (7) |
| Total share options expenses | **1,196** | 2,119 | **559** | 950 |

## 14. RESERVES

| | Group | | Company | |
|---|---|---|---|---|
| | 2008 RM'000 | 2007 RM'000 | 2008 RM'000 | 2007 RM'000 |
| Share premium | **1,699,219** | 1,944,120 | **1,699,219** | 1,944,120 |
| Merger and other reserves | **(2,037,888)** | (2,089,520) | **180,119** | 2,126 |
| Treasury shares | **(360,149)** | (402,763) | **(360,149)** | (402,763) |
| Retained earnings | **4,377,893** | 3,933,076 | **2,504,098** | 1,738,703 |
| | **3,679,075** | 3,384,913 | **4,023,287** | 3,282,186 |

**(a) Merger and other reserves**

| | Group | | Company | |
|---|---|---|---|---|
| | 2008 | 2007 | 2008 | 2007 |
| | RM'000 | RM'000 Restated | RM'000 | RM'000 |
| **Non-distributable** | | | | |
| Capital redemption reserve | **20,000** | 20,000 | – | – |
| Capital reserve | **1,635** | 1,730 | – | – |
| Equity component of Exchangeable Bond (Note 16(g)) | **22,338** | 34,301 | – | – |
| Exchange difference reserve | **(172,259)** | (50,342) | – | – |
| Merger reserve | **(2,138,533)** | (2,138,533) | – | – |
| Share of an associated company's statutory reserves transferred from retained earnings | **48,812** | 41,198 | – | – |
| Share options reserve | **3,330** | 2,126 | **3,330** | 2,126 |
| Warrant reserve | **176,789** | – | **176,789** | – |
| | **(2,037,888)** | (2,089,520) | **180,119** | 2,126 |

The movement in each category of reserves are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2008 | 2007 | 2008 | 2007 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| **Capital redemption reserve*** | | | | |
| At 1 July/30 June | **20,000** | 20,000 | – | – |

* Capital redemption reserve has been set up for purposes of redemption of preference shares in a subsidiary

| | Group | | Company | |
|---|---|---|---|---|
| | 2008 | 2007 | 2008 | 2007 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| **Capital reserve** | | | | |
| At 1 July | **1,730** | 1,840 | – | – |
| Exchange differences | **(95)** | (110) | – | – |
| At 30 June | **1,635** | 1,730 | – | – |
| **Equity component of Exchangeable Bond** | | | | |
| At 1 July | **34,301** | 35,231 | – | – |
| Conversion of bonds during the year | **(11,963)** | (930) | – | – |
| At 30 June | **22,338** | 34,301 | – | – |

| | Group | | Company | |
|---|---|---|---|---|
| | 2008 | 2007 | 2008 | 2007 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| | | Restated | | |
| **Exchange difference reserve** | | | | |
| At 1 July | **(50,342)** | (60,286) | – | – |
| Exchange differences | **(121,917)** | 9,944 | – | – |
| At 30 June | **(172,259)** | (50,342) | – | – |
| **Merger reserve** | | | | |
| At 1 July/30 June | **(2,138,533)** | (2,138,533) | – | – |
| **Share of associated company's statutory reserves transferred from retained earnings** | | | | |
| At 1 July | **41,198** | 25,438 | – | – |
| Share of statutory reserves | **9,996** | 17,793 | – | – |
| Exchange differences | **(2,382)** | (2,033) | – | – |
| At 30 June | **48,812** | 41,198 | – | – |
| **Share options reserve** | | | | |
| At 1 July | **2,126** | – | **2,126** | – |
| Share options granted | **1,204** | 2,126 | **1,204** | 2,126 |
| At 30 June | **3,330** | 2,126 | **3,330** | 2,126 |
| **Warrant reserve** | | | | |
| At 1 July | – | – | – | – |
| Warrant reserve arising from issuance of Warrant during the year | **177,637** | – | **177,637** | – |
| Conversion of Warrant during the year | **(848)** | – | **(848)** | – |
| At 30 June | **176,789** | – | **176,789** | – |

**(b) Treasury shares**

The shareholders of the Company, by a resolution passed in the 11th Annual General Meeting held on 7 December 2007, approved the Company's plan to repurchase its own shares. The Directors of the Company are committed to enhance the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

During the year, the Company repurchased 169,267,200 (2007: 149,543,500) of its issued share capital from the open market. The average price paid for the shares repurchased was RM2.38 per share (2007: RM2.23 per share). The repurchase transactions were financed by internally generated funds.The repurchased shares are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

On 7 January 2008, a total of 204,916,239 treasury shares amounting to RM445,446,920 were distributed as share dividend to shareholders on the basis of one (1) treasury share for every twenty-five (25) ordinary shares held on 24 December 2007.

**(c) Retained earnings**

Subject to agreement by the Inland Revenue Board, the Company has sufficient tax credit under Section 108 of the Income Tax Act, 1967 and tax exempt income to frank the payment of net dividends amounting to approximately RM979,709,732 (2007: RM696,137,281) out of its retained earnings at 30 June 2008 without incurring additional tax liabilities. The extent of the retained earnings not covered at that date amounted to approximately RM1,534,000,000 (2007: RM1,058,000,000).

## 15. DEFERRED TAXATION



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. The following amounts, determined after appropriate offsetting, are shown in the Balance Sheet:

| | Group | | Company | |
|---|---|---|---|---|
| | 2008 RM'000 | 2007 RM'000 Restated | 2008 RM'000 | 2007 RM'000 |
| Deferred tax liabilities | **2,199,393** | 2,308,389 | **30** | 20 |
| At 1 July | **2,308,389** | 2,327,501 | **20** | – |
| Charged/(Credited) to Income Statement | **1,988** | (67,526) | **10** | 20 |
| Exchange differences | **(110,984)** | 48,414 | – | – |
| At 30 June | **2,199,393** | 2,308,389 | **30** | 20 |

| | Group | | Company | |
|---|---|---|---|---|
| | 2008 RM'000 | 2007 RM'000 Restated | 2008 RM'000 | 2007 RM'000 |
| **Subject to income tax** | | | | |
| Deferred tax assets before offsetting: | | | | |
| - Retirement benefits | **86,402** | 105,153 | – | – |
| - Others | **5,656** | 4,994 | – | – |
| | **92,058** | 110,147 | – | – |
| Offsetting | **(92,058)** | (110,147) | – | – |
| | – | – | – | – |
| Deferred tax liabilities before offsetting: | | | | |
| - Property, plant and equipment | **2,273,250** | 2,398,373 | **30** | 20 |
| - Others | **18,201** | 20,163 | – | – |
| | **2,291,451** | 2,418,536 | **30** | 20 |
| Offsetting | **(92,058)** | (110,147) | – | – |
| | **2,199,393** | 2,308,389 | **30** | 20 |

A number of changes to the United Kingdom Corporation tax system were enacted in the July 2008 Finance Act. The changes include the gradual phasing-out of Industrial Buildings Allowances over four (4) years (by 2011) as follows:

- 3% for 2008/2009;
- 2% for 2009/2010;
- 1% for 2010/11; and
- nil from April 2011.

When calculating deferred tax under FRS on industrial buildings, the tax base may significantly reduce as future tax deductions may be much lower depending on the intention of management and residual value of the industrial buildings. This may increase deferred tax liabilities.

The Directors of a subsidiary are currently in the process of obtaining further clarity on the interpretations and financial implications of the Act. Pending the above, the Directors of the Company are unable to estimate the potential impact on the financial statements of the Group in 2009 at this juncture.

## 16. BONDS

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | 2008 | 2007 | 2008 | 2007 |
| | Note | RM'000 | RM'000 | RM'000 | RM'000 |
| **Current** | | | | | |
| Fixed Rate Bonds | 16(a) | **62,500** | 125,000 | – | – |
| 5.875% Guaranteed Unsecured Bonds | 16(b) | **1,300,542** | – | – | – |
| Guaranteed Variable Coupon Bonds due 2009 | 16(c) | **651,140** | – | – | – |
| | | **2,014,182** | 125,000 | – | – |
| **Non–current** | | | | | |
| Fixed Rate Bonds | 16(a) | – | 62,500 | – | – |
| 5.875% Guaranteed Unsecured Bonds | 16(b) | – | 1,379,113 | – | – |
| Guaranteed Variable Coupon Bonds due 2009 | 16(c) | – | 691,710 | – | – |
| 3.52% Retail Price Index Guaranteed Bonds | 16(d) | **383,864** | 392,372 | – | – |
| 5.75% Guaranteed Unsecured Bonds | 16(e) | **2,249,524** | 2,388,445 | – | – |
| 5.375% Guaranteed Unsecured Bonds | 16(f) | **1,288,570** | 1,368,118 | – | – |
| Zero Coupon Exchangeable Guaranteed Bonds Due 2010 | 16(g) | **644,036** | 864,530 | – | – |
| 1.75% Index Linked Guaranteed Bonds | 16(h) | **1,032,625** | 1,054,313 | – | – |
| 1.369% and 1.374% Index Linked Guaranteed Bonds | 16(i) | **1,032,625** | 1,054,313 | – | – |
| 1.489%, 1.495% and 1.499% Index Linked Guaranteed Bonds | 16(j) | **979,776** | – | – | – |
| 3.00% Redeemable Bonds | 16(k) | **2,038,729** | – | **2,038,729** | – |
| | | **9,649,749** | 9,255,414 | **2,038,729** | – |

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | 2008 | 2007 | 2008 | 2007 |
| | Note | RM'000 | RM'000 | RM'000 | RM'000 |
| **Total** | | | | | |
| Fixed Rate Bonds | 16(a) | **62,500** | 187,500 | – | – |
| 5.875% Guaranteed Unsecured Bonds | 16(b) | **1,300,542** | 1,379,113 | – | – |
| Guaranteed Variable Coupon Bonds Due 2009 | 16(c) | **651,140** | 691,710 | – | – |
| 3.52% Retail Price Index Guaranteed Bonds | 16(d) | **383,864** | 392,372 | – | – |
| 5.75% Guaranteed Unsecured Bonds | 16(e) | **2,249,524** | 2,388,445 | – | – |
| 5.375% Guaranteed Unsecured Bonds | 16(f) | **1,288,570** | 1,368,118 | – | – |
| Zero Coupon Exchangeable Guaranteed Bonds Due 2010 | 16(g) | **644,036** | 864,530 | – | – |
| 1.75% Index Linked Guaranteed Bonds | 16(h) | **1,032,625** | 1,054,313 | – | – |
| 1.369% and 1.374% Index Linked Guaranteed Bonds | 16(i) | **1,032,625** | 1,054,313 | – | – |
| 1.489%, 1.495% and 1.499% Index Linked Guaranteed Bonds | 16(j) | **979,776** | – | – | – |
| 3.00% Redeemable Bonds | 16(k) | **2,038,729** | – | **2,038,729** | – |
| | | **11,663,931** | 9,380,414 | **2,038,729** | – |

All bonds of subsidiaries are on a non-recourse basis to the Company save and except for RM644,036,574 (USD197,164,113) Guaranteed Exchangeable Bonds Due 2010.

The weighted average effective interest rate of the Group and the Company as at the Balance Sheet is as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2008 | 2007 | 2008 | 2007 |
| | % | % | % | % |
| **Weighted average effective interest rate** | | | | |
| Fixed Rate Bonds | – | 10.000 | – | – |
| 5.875% Guaranteed Unsecured Bonds | **5.875** | 5.875 | – | – |
| Guaranteed Variable Coupon Bonds Due 2009 | **5.875** | 5.875 | – | – |
| 3.52% Retail Price Index Guaranteed Bonds | **7.599** | 7.390 | – | – |
| 5.75% Guaranteed Unsecured Bonds | **5.750** | 5.750 | – | – |
| 5.375% Guaranteed Unsecured Bonds | **5.375** | 5.375 | – | – |
| Zero Coupon Exchangeable Guaranteed Bonds Due 2010 | **3.375** | 3.375 | – | – |
| 1.75% Index Linked Guaranteed Bonds | **5.788** | 5.620 | – | – |
| 1.369% and 1.374% Index Linked Guaranteed Bonds | **5.338** | 5.240 | – | – |
| 1.489%, 1.495% and 1.499% Index Linked Guaranteed Bonds | **2.793** | – | – | – |
| 3.00% Redeemable Bonds | **4.850** | – | **4.850** | – |

The fair value of the Bonds of the Group and the Company as at the Balance Sheet date is as set out below:

| | Group | | Company | |
|---|---|---|---|---|
| | **Fair value 2008 RM'000** | **Fair value 2007 RM'000** | **Fair value 2008 RM'000** | **Fair value 2007 RM'000** |
| Fixed Rate Bonds | **64,370** | 198,576 | – | – |
| 5.875% Guaranteed Unsecured Bonds | **1,288,619** | 1,366,653 | – | – |
| Guaranteed Variable Coupon Bonds Due 2009 | **651,140** | 691,710 | – | – |
| 3.52% Retail Price Index Guaranteed Bonds | **431,934** | 445,624 | – | – |
| 5.75% Guaranteed Unsecured Bonds | **2,110,618** | 2,419,775 | – | – |
| 5.375% Guaranteed Unsecured Bonds | **1,135,771** | 1,304,676 | – | – |
| Zero Coupon Exchangeable Guaranteed Bonds Due 2010 | **721,022** | 882,811 | – | – |
| 1.75% Index Linked Guaranteed Bonds | **1,244,173** | 1,024,704 | – | – |
| 1.369% and 1.374% Index Linked Guaranteed Bonds | **1,161,943** | 982,424 | – | – |
| 1.489%, 1.495% and 1.499% Index Linked Guaranteed Bonds | **1,157,779** | – | – | – |
| 3.00% Redeemable Bonds | **2,124,259** | – | **2,124,259** | – |
| | **12,091,628** | 9,316,953 | **2,124,259** | – |

The period in which the bonds of the Group and the Company attain maturity are as follows:

| | **Not later than 1 year RM'000** | **Later than 1 year but not later than 5 years RM'000** | **Later than 5 years RM'000** | **Total RM'000** |
|---|---|---|---|---|
| **At 30 June 2008** | | | | |
| Fixed Rate Bonds | **62,500** | – | – | **62,500** |
| 5.875% Guaranteed Unsecured Bonds | **1,300,542** | – | – | **1,300,542** |
| Guaranteed Variable Coupon Bonds Due 2009 | **651,140** | – | – | **651,140** |
| 3.52% Retail Price Index Guaranteed Bonds | – | – | **383,864** | **383,864** |
| 5.75% Guaranteed Unsecured Bonds | – | – | **2,249,524** | **2,249,524** |
| 5.375% Guaranteed Unsecured Bonds | – | – | **1,288,570** | **1,288,570** |
| Zero Coupon Exchangeable Guaranteed Bonds Due 2010 | – | **644,036** | – | **644,036** |
| 1.75% Index Linked Guaranteed Bonds | – | – | **1,032,625** | **1,032,625** |
| 1.369% and 1.374% Index Linked Guaranteed Bonds | – | – | **1,032,625** | **1,032,625** |
| 1.489%, 1.495% and 1.499% Index Linked Guaranteed Bonds | – | – | **979,776** | **979,776** |
| 3.00% Redeemable bonds | – | **2,038,729** | – | **2,038,729** |
| | **2,014,182** | **2,682,765** | **6,966,984** | **11,663,931** |

| | Not later than 1 year RM'000 | Later than 1 year but not later than 5 years RM'000 | Later than 5 years RM'000 | Total RM'000 |
|---|---|---|---|---|
| **At 30 June 2007** | | | | |
| Fixed Rate Bonds | 125,000 | 62,500 | – | 187,500 |
| 5.875% Guaranteed Unsecured Bonds | – | 1,379,113 | – | 1,379,113 |
| Guaranteed Variable Coupon Bonds Due 2009 | – | 691,710 | – | 691,710 |
| 3.52% Retail Price Index Guaranteed Bonds | – | – | 392,372 | 392,372 |
| 5.75% Guaranteed Unsecured Bonds | – | – | 2,388,445 | 2,388,445 |
| 5.375% Guaranteed Unsecured Bonds | – | – | 1,368,118 | 1,368,118 |
| Zero Coupon Exchangeable Guaranteed Bonds Due 2010 | – | 864,530 | – | 864,530 |
| 1.75% Index Linked Guaranteed Bonds | – | – | 1,054,313 | 1,054,313 |
| 1.369% and 1.374% Index Linked Guaranteed Bonds | – | – | 1,054,313 | 1,054,313 |
| | 125,000 | 2,997,853 | 6,257,561 | 9,380,414 |

**(a) Fixed Rate Bonds**

The Fixed Rate Bonds were issued pursuant to a Subscription Agreement dated 30 October 1993 and bear interest at a rate of 10% per annum. The principal amount of the bonds issued under the subscription agreement was RM1,500,000,000.

The Fixed Rate Bonds are secured by fixed and floating charges over all assets of a subsidiary YTL Power Generation Sdn Bhd, both present and future. The Fixed Rate Bonds are repayable in half-yearly equal instalments commenced from the year 1999.

**(b) 5.875% Guaranteed Unsecured Bonds**

On 30 March 1999, Wessex Water Services Finance Plc ('Issuer'), a subsidiary of the Group, issued GBP300,000,000 nominal value of 5.875% Guaranteed Unsecured Bonds due 2009 ('GU Bonds') unconditionally and irrevocably guaranteed by Wessex Water Services Limited ('Guarantor'), a subsidiary of the Group. The GU Bonds are constituted under a Trust Deed dated 30 March 1999. The nominal value of GU Bonds issued amounted to GBP300,000,000 and GBP199,733,019 (2007: GBP199,377,273) remained outstanding as at 30 June 2008, net of amortised fees and discount. The net proceeds of the GU Bonds were used for refinancing existing financial indebtedness and for general corporate purposes.

The principal features of the GU Bonds are as follows:

(i) The GU Bonds bear interest at 5.875% per annum, payable annually on 30 March of each year.

(ii) Unless previously redeemed, repurchased, cancelled or otherwise satisfied by the Issuer, the bonds will be redeemed in full by the Issuer on 30 March 2009 at their nominal value together with all accrued interest on the surrender of the GU Bonds.

(iii) The Issuer may, at any time, purchase the GU Bonds in any manner and at any price. If purchases are made by tender, tenders must be available to all bondholders alike. All GU Bonds purchased by the Issuer will forthwith be cancelled.

(iv) The Issuer, by giving the appropriate notice and in accordance with the conditions laid out in the offering circular, may purchase the GU Bonds if there is a change in tax legislation or if it wishes to do so at a price determined by an agreed formula.

(v) The bondholders may put the GU Bonds to the Issuer if:

- Wessex Water Services Limited loses its Appointment;

- the Issuer ceases to be a subsidiary of Wessex Water Services Limited; or

- a Restructuring Event occurs which results in the GU Bonds being downgraded below investment grade. 'Appointment' refers to the Instrument of Appointment dated 1 September 1989 under Section 11 of the Water Act 1989 (now Section 6 of the Water Industry Act, 1991) appointing the Guarantor as a water undertaker and sewerage undertaker for the areas described therein. 'Restructuring Event' refers to either:

  - any material rights, benefits or obligations of Wessex Water Services Limited under the Appointment or any material terms of the Appointment are modified; or

  - any legislation is enacted removing, reducing or qualifying the duties or powers of the Secretary of State for the Environment and/or the Director General of Water Services.



**(c) Guaranteed Variable Coupon Bonds Due 2009**

On 30 March 2001, GBP100,000,000 nominal value of the GU Bonds were redeemed by the issue of GBP100,000,000 Guaranteed Variable Coupon Bonds ('GVC Bonds') due 2009 by Wessex Water Services Finance Plc unconditionally and irrevocably guaranteed by Wessex Water Services Limited.

The nominal value of GVC Bonds issued remained outstanding as at 30 June 2008 (2007: GBP100,000,000). Interest payable on the GVC Bonds is calculated by reference to ratings assigned to the bonds. The GVC Bonds are unsecured and the interest rate since issuance of the Bonds was 5.875% payable semi-annually in arrears on 30 September and 30 March of each year. Other features of the GVC Bonds remain similar to that of the GU Bonds mentioned previously.

**(d) 3.52% Retail Price Index Guaranteed Bonds**

On 10 December 2001, Wessex Water Services Finance Plc ('Issuer') issued GBP50,000,000 nominal value of 3.52% Guaranteed Retail Price Index with Zero Floor Bonds due 2023 ('RPIG Bonds') unconditionally and irrevocably guaranteed by Wessex Water Services Limited ('Guarantor'). The RPIG Bonds were constituted under a Trust Deed dated 10 December 2001 and are unsecured.

The principal features of the RPIG Bonds are as follows:

(i) The RPIG Bonds 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 2008 is 7.80% (2007: 7.39%).

(ii) Unless previously redeemed, repurchased, cancelled or otherwise satisfied by the Issuer, the RPIG Bonds will be redeemed in full by the Issuer on 30 July 2023 at their indexed value together with all accrued interest on the surrender of the Bonds.

(iii) The Issuer may, at any time, purchase the RPIG Bonds in any manner and at any price. If purchases are made by tender, tenders must be available to all bondholders alike. All RPIG Bonds purchased by the Issuer will forthwith be cancelled.

(iv) The Issuer, by giving the appropriate notice and in accordance with the conditions laid out in the offering circular, may purchase the RPIG Bonds if there is a change in tax legislation or if it wishes to do so at a price determined by an agreed formula.

(v) The bondholders may put the RPIG Bonds to the Issuer if:

- Wessex Water Services Limited loses its Appointment;

- the Issuer ceases to be a subsidiary of Wessex Water Services Limited; or

- a Restructuring Event occurs which results in the RPIG Bonds being downgraded below investment grade. 'Appointment' refers to the Instrument of Appointment dated 1 September 1989 under Section 11 of the Water Act 1989 (now Section 6 of the Water Industry Act, 1991) appointing the Guarantor as a water undertaker and sewerage undertaker for the areas described therein. 'Restructuring Event' refers to either:

  - any material rights, benefits or obligations of Wessex Water Services Limited under the Appointment or any material terms of the Appointment are modified; or

  - any legislation is enacted removing, reducing or qualifying the duties or powers of the Secretary of State for the Environment and/or the Director General of Water Services.

The nominal value of RPIG Bonds issued of GBP50,000,000 remained outstanding as at 30 June 2008, net of amortised fees and discount. The net proceeds of the RPIG Bonds were used to fund the capital investment programme of Wessex Water Services Limited.

**(e) 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 of 5.75% Guaranteed Unsecured Bonds due 2033 ('GU Bonds') unconditionally and irrevocably guaranteed by Wessex Water Services Limited ('Guarantor'), a subsidiary of the Group. The GU Bonds are constituted under a Trust Deed dated 15 October 2003. The nominal value of GU Bonds issued amounted to GBP350,000,000 and GBP345,474,622 (2007: GBP345,295,672) remained outstanding as at 30 June 2008, net of amortised fees and discount. The net proceeds of the GU Bonds were used for refinancing of existing financial indebtedness and for general corporate purposes.

The principal features of the GU Bonds are as follows:

(i) The bonds bear interest at 5.75% per annum, payable annually on 14 October of each year.

(ii) Unless previously redeemed, repurchased, cancelled or otherwise satisfied by the Issuer, the bonds will be redeemed in full by the Issuer on 14 October 2033 at their nominal value together with all accrued interest on the surrender of the GU Bonds.

(iii) The Issuer may, at any time, purchase the GU Bonds in any manner and at any price. If purchases are made by tender, tenders must be available to all bondholders alike. All GU Bonds purchased by the Issuer will forthwith be cancelled.

(iv) The Issuer, by giving the appropriate notice and in accordance with the conditions laid out in the offering circular, may purchase the GU Bonds if there is a change in tax legislation or if it wishes to do so at a price determined by an agreed formula.

(v) The bondholders may put the GU Bonds to the Issuer if:

- Wessex Water Services Limited loses its Appointment;
- the Issuer ceases to be a subsidiary of Wessex Water Services Limited; or
- a Restructuring Event occurs which results in the GU Bonds being downgraded below investment grade. 'Appointment' refers to the Instrument of Appointment dated 1 September 1989 under Section 11 of the Water Act 1989 (now Section 6 of the Water Industry Act, 1991) appointing the Guarantor as a water undertaker and sewerage undertaker for the areas described therein. 'Restructuring Event' refers to either:
  - any material rights, benefits or obligations of Wessex Water Services Limited under the Appointment or any material terms of the Appointment are modified;
  - any legislation is enacted removing, reducing or qualifying the duties or powers of the Secretary of State for the Environment and/or the Director General of Water Services.



**(f) 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 ('GU Bonds') unconditionally and irrevocably guaranteed by Wessex Water Services Limited ('Guarantor'), a subsidiary of the Group. The GU Bonds are constituted under a Trust Deed dated 10 March 2005. The nominal value of GU Bonds issued amounted to GBP200,000,000, of which GBP197,894,478 (2007: GBP197,787,870) remained outstanding as at 30 June 2008, net of amortised fees and discount. The net proceeds of the GU Bonds were used for refinancing of existing financial indebtedness and for general corporate purposes.

The principal features of the GU Bonds are as follows:

(i) The bonds bear interest at 5.375% per annum, payable on 10 March of each year.

(ii) Unless previously redeemed, repurchased, cancelled or otherwise satisfied by the Issuer, the bonds will be redeemed in full by the Issuer on 10 March 2028 at their nominal value together with accrued interest on the surrender of the GU Bonds.

(iii) The Issuer may, at any time, purchase the GU Bonds in any manner and at any price. If purchases are made by tender, tenders must be available to all bondholders alike. All GU Bonds purchased by the Issuer will forthwith be cancelled.

(iv) The Issuer, by giving the appropriate notice and in accordance with the conditions laid out in the offering circular, may purchase the GU Bonds if there is a change in tax legislation or if it wishes to do so at a price determined by an agreed formula.

(v) The bondholders may put the GU Bonds to the Issuer if:

- Wessex Water Services Limited loses its Appointment;

- the Issuer ceases to be a subsidiary of Wessex Water Services Limited; or

- a Restructuring Event occurs which results in the GU Bonds being downgraded below investment grade. 'Appointment' refers to the Instrument of Appointment dated 1 September 1989 under Section 11 of the Water Act 1989 (now Section 6 of the Water Industry Act, 1991) appointing the Guarantor as a water undertaker and sewerage undertaker for the areas described therein. 'Restructuring Event' refers to either:

  - any material rights, benefits or obligations of Wessex Water Services Limited under the Appointment or any material terms of the Appointment are modified;

  - any legislation is enacted removing, reducing or qualifying the duties or powers of the Secretary of State for the Environment and/or the Director General of Water Services.

**(g) Zero Coupon Exchangeable Guaranteed Bonds Due 2010**

On 9 May 2005, YTL Power Finance (Cayman) Limited issued USD250 million nominal value five (5)-year Exchangeable Guaranteed Bonds at 100% nominal value which were listed on the Singapore Exchange Securities Trading Limited on 10 May 2005 ('The Bonds'). Each Bond entitles its registered holder to exchange for fully paid ordinary shares ('Shares') of the Company, YTL Power International Berhad, with a par value of RM0.50 each at an initial exchange price of RM2.277 per share at a fixed exchange rate of USD1.00 = RM3.80. The initial exchange price is also subject to adjustments in accordance with the terms and conditions of the Bonds as set out in the Trust Deed dated 9 May 2005. The exchange price has been revised to RM2.01 per ordinary share with effect from 13 May 2008.

The net proceeds from the issue of the Bonds will be used by the Company to finance its offshore investments and projects and/or for the potential repayment of foreign currency borrowing.

The principal features of the Bonds which matures on 9 May 2010 are as follows:

(i) The Bonds carry no coupon, have a maturity yield of 3.375% and have a put option at 110.56% on 9 May 2008. However, no put options were received by the Company on 9 May 2008.

(ii) The Bonds constitute direct, unsubordinated, unconditional and (subject to the negative pledge) unsecured obligations of YTL Power Finance (Cayman) Limited shall at all times rank pari passu and without any preference or priority among themselves.

(iii) The Bonds will be unconditionally and irrevocably guaranteed by the Company.

(iv) Final redemption

Unless previously purchased and cancelled, redeemed or exchanged, the Bonds will be redeemed on 9 May 2010 at 118.22% of their principal amount.

(v) Mandatory exchange option of YTL Power Finance (Cayman) Limited or the Company

On or at any time after 23 May 2008 but not less than 21 days prior to the Maturity Date, either YTL Power Finance (Cayman) Limited or the Company may, in respect of all (but not some) of the outstanding Bonds exercise an option to mandatorily exchange the Bonds for Shares, provided that the volume weighted average price of the Shares into which each USD100,000 principal amount of Bonds can be exchanged for each of 20 consecutive trading days ending on a date no earlier than five trading days prior to the date of notice of mandatory exchange was at least 120% of the early redemption amount of such USD100,000 principal amount Bonds. YTL Power Finance (Cayman) Limited or the Company, as the case may be, has the option to settle the mandatory exchange in full or in part by the payment of cash.

(vi) Redemption at the option of YTL Power Finance (Cayman) Limited

YTL Power Finance (Cayman) Limited may redeem the Bonds, in whole but not in part, at their early redemption amount if less than 10% of the aggregate principal amount of the Bonds originally issued is still outstanding.

(vii) Redemption by bondholders upon delisting of the shares of the Company or a change of control

Upon the shares ceasing to be listed on Bursa Malaysia Securities Berhad or upon a change of control of the Company, the Bonds may be redeemed at the option of bondholders at their early redemption amount at the relevant redemption date.

The nominal value of the 5-year Exchangeable Guaranteed Bonds amounted to USD250,000,000 and USD184,400,000 (2007: USD243,400,000) remained outstanding as at 30 June 2008, net of amortised fees and discount.

**(h) 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 of 1.75% Index Linked Guaranteed Bonds ('ILG Bonds') unconditionally and irrevocably guaranteed by Wessex Water Services Limited ('Guarantor'). The ILG Bonds were each constituted under a Trust Deed dated 31 July 2006 and are unsecured.

The principal features of the ILG Bonds are as follows:

(i) The ILG Bonds 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 2008 is 6.03% (2007: 5.62%).

(ii) Unless previously redeemed, repurchased, cancelled or otherwise satisfied by the Issuer, the ILG 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 on the surrender of the Bonds.

(iii) The Issuer may, at any time, purchase the ILG Bonds in any manner and at any price. If purchases are made by tender, tenders must be available to all bondholders alike. All ILG Bonds purchased by the Issuer will forthwith be cancelled.

(iv) The Issuer, by giving the appropriate notice and in accordance with the conditions laid out in the offering circular, may purchase the ILG Bonds if there is a change in tax legislation or if it wishes to do so at a price determined by an agreed formula.

(v) The bondholders may put the ILG Bonds to the Issuer if:

- Wessex Water Services Limited loses its Appointment;
- the Issuer ceases to be a subsidiary of Wessex Water Services Limited; or
- a Restructuring Event occurs which results in the ILG Bonds being downgraded below investment grade. 'Appointment' refers to the Instrument of Appointment dated 1 September 1989 under Section 11 of the Water Act 1989 (now Section 6 of the Water Industry Act, 1991) appointing the Guarantor as a water undertaker and sewerage undertaker for the areas described therein. 'Restructuring Event' refers to either:

    - any material rights, benefits or obligations of Wessex Water Services Limited under the Appointment or any material terms of the Appointment are modified; or
    - any legislation is enacted removing, reducing or qualifying the duties or powers of the Secretary of State for the Environment and/or the Director General of Water Services.

The nominal value of ILG Bonds issued of GBP150,000,000 remained outstanding as at 30 June 2008, net of amortised fees and discount. The net proceeds of the ILG Bonds were used to fund the capital investment programme of Wessex Water Services Limited.

**(i) 1.369% and 1.374% Index Linked Guaranteed Bonds**

On 31 January 2007, Wessex Water Services Finance Plc ('Issuer') issued GBP 75,000,000 nominal value of 1.369% Index Linked Guaranteed Bonds and GBP 75,000,000 nominal value of 1.374% Index Linked Guaranteed Bonds, both due 2057 ('ILG Bonds') unconditionally and irrevocably guaranteed by Wessex Water Services Limited ('Guarantor'). The ILG Bonds were each constituted under a Trust Deed dated 31 January 2007 and are unsecured.

The principal features of the ILG Bonds are as follows:

(i) The ILG Bonds 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 2008 is 5.65% (2007: 5.24%).

(ii) Unless previously redeemed, repurchased, cancelled or otherwise satisfied by the Issuer, the ILG Bonds will be redeemed in full by the Issuer on 31 July 2057 at their indexed value together with all accrued interest on the surrender of the Bonds.

(iii) The Issuer may, at any time, purchase the ILG Bonds in any manner and at any price. If purchases are made by tender, tenders must be available to all bondholders alike. All ILG Bonds purchased by the Issuer will forthwith be cancelled.

(iv) The Issuer, by giving the appropriate notice and in accordance with the conditions laid out in the offering circular, may purchase the ILG Bonds if there is a change in tax legislation or if it wishes to do so at a price determined by an agreed formula.

(v) The bondholders may put the ILG Bonds to the Issuer if:

- Wessex Water Services Limited loses its Appointment;
- the Issuer ceases to be a subsidiary of Wessex Water Services Limited; or
- a Restructuring Event occurs which results in the ILG Bonds being downgraded below investment grade. 'Appointment' refers to the Instrument of Appointment dated 1 September 1989 under Section 11 of the Water Act 1989 (now Section 6 of the Water Industry Act, 1991) appointing the Guarantor as a water undertaker and sewerage undertaker for the areas described therein. 'Restructuring Event' refers to either:
  - any material rights, benefits or obligations of Wessex Water Services Limited under the Appointment or any material terms of the Appointment are modified; or
  - any legislation is enacted removing, reducing or qualifying the duties or powers of the Secretary of State for the Environment and/or the Director General of Water Services.

The nominal value of ILG Bonds issued of GBP150,000,000 remained outstanding as at 30 June 2008, net of amortised fees and discount. The net proceeds of the ILG Bonds were used to fund the capital investment programme of Wessex Water Services Limited.

**(j) 1.489%, 1.495% and 1.499% Index Linked Guaranteed Bonds**

On 28 September 2007, Wessex Water Services Finance Plc ('Issuer') issued GBP 50,000,000 nominal value of 1.489% Index Linked Guaranteed Bonds, GBP 50,000,000 nominal value of 1.495% Index Linked Guaranteed Bonds and GBP 50,000,000 nominal value of 1.499% Index Linked Guaranteed Bonds, all due 2058 ('ILG Bonds') unconditionally and irrevocably guaranteed by Wessex Water Services Limited ('Guarantor'). The ILG Bonds were each constituted under a Trust Deed dated 28 September 2007 and are unsecured.

The principal features of the ILG Bonds are as follows:

(i) The ILG Bonds 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 2008 is 5.26%.

(ii) Unless previously redeemed, repurchased, cancelled or otherwise satisfied by the Issuer, the ILG Bonds will be redeemed in full by the Issuer on 29 November 2058 at their indexed value together with all accrued interest on the surrender of the Bonds.

(iii) The Issuer may, at any time, purchase the ILG Bonds in any manner and at any price. If purchases are made by tender, tenders must be available to all bondholders alike. All ILG Bonds purchased by the Issuer will forthwith be cancelled.

(iv) The Issuer, by giving the appropriate notice and in accordance with the conditions laid out in the offering circular, may purchase the ILG Bonds if there is a change in tax legislation or if it wishes to do so at a price determined by an agreed formula.

(v) The bondholders may put the ILG Bonds to the Issuer if:

- Wessex Water Services Limited loses its Appointment;
- the Issuer ceases to be a subsidiary of Wessex Water Services Limited; or
- a Restructuring Event occurs which results in the ILG Bonds being downgraded below investment grade. 'Appointment' refers to the Instrument of Appointment dated 1 September 1989 under Section 11 of the Water Act 1989 (now Section 6 of the Water Industry Act, 1991) appointing the Guarantor as a water undertaker and sewerage undertaker for the areas described therein. 'Restructuring Event' refers to either:

- any material rights, benefits or obligations of Wessex Water Services Limited under the Appointment or any material terms of the Appointment are modified; or
- any legislation is enacted removing, reducing or qualifying the duties or powers of the Secretary of State for the Environment and/or the Director General of Water Services.

The nominal value of ILG Bonds issued of GBP150,000,000 remained outstanding as at 30 June 2008, net of amortised fees and discount. The net proceeds of the ILG Bonds were used to fund the capital investment programme of Wessex Water Services Limited.

**(k) 3% Redeemable Bonds**

During the year, the Company issued RM2,200,000,000 nominal value of five year 3.0% Redeemable Bonds 2008/2013 (Bonds) with 1,776,371,304 detachable Warrants. The Bonds were constituted under a Trust Deed dated 10 April 2008. The details of the Warrants are set out in Note 13.

The principal features of the Bonds are as follows:

(a) The Bonds are issued at discount (91.87%) of the nominal value.

(b) The Bonds bear interest at 3.0% per annum, payable semi-annually on 18 October and 18 April of each financial year.

(c) The Bonds are redeemable on 18 April 2013 ('Maturity Date') at one hundred percent (100%) of its nominal value.

(d) Unless previously redeemed, repurchased, cancelled or otherwise satisfied by the Company, the Bonds will be redeemed in full by the Company on the Maturity Date at one hundred percent (100%) of its nominal value together with all accrued interest.

## 17. BORROWINGS

| | Note | Group 2008 RM'000 | Group 2007 RM'000 | Company 2008 RM'000 | Company 2007 RM'000 |
|---|---|---|---|---|---|
| **Current** | | | | | |
| Committed bank loans | 17(b) | **37,720** | 4,001 | – | – |
| Finance lease | 17(c) | **31,348** | 36,934 | – | – |
| Bank overdrafts | 17(d), 35 | **47,843** | 16,601 | – | – |
| Medium Term Notes | 17(e) | **1,900,000** | 100,000 | **1,500,000** | – |
| Hire purchase liabilities | 17(f) | **155** | 477 | **71** | 73 |
| Commercial papers | 17(g) | – | 750,000 | – | 750,000 |
| | | **2,017,066** | 908,013 | **1,500,071** | 750,073 |
| **Non–current** | | | | | |
| Term loans | 17(a) | **2,452,805** | 1,944,859 | **553,891** | 584,958 |
| Committed bank loans | 17(b) | **34,342** | 66,291 | – | – |
| Finance lease | 17(c) | **491,851** | 555,797 | – | – |
| Medium Term Notes | 17(e) | **899,553** | 1,199,463 | – | – |
| Hire purchase liabilities | 17(f) | – | 155 | – | 71 |
| | | **3,878,551** | 3,766,565 | **553,891** | 585,029 |
| **Total** | | **5,895,617** | 4,674,578 | **2,053,962** | 1,335,102 |
| Term loans | 17(a) | **2,452,805** | 1,944,859 | **553,891** | 584,958 |
| Committed bank loans | 17(b) | **72,062** | 70,292 | – | – |
| Finance lease | 17(c) | **523,199** | 592,731 | – | – |
| Bank overdrafts | 17(d), 35 | **47,843** | 16,601 | – | – |
| Medium Term Notes | 17(e) | **2,799,553** | 1,299,463 | **1,500,000** | – |
| Hire purchase liabilities | 17(f) | **155** | 632 | **71** | 144 |
| Commercial papers | 17(g) | – | 750,000 | – | 750,000 |
| | | **5,895,617** | 4,674,578 | **2,053,962** | 1,335,102 |

All borrowings of the subsidiaries are on a non-recourse basis to the Company save and except for RM618,773,095 (USD189,430,000) term loan due on 29 January 2011.

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

| | Group | | Company | |
|---|---|---|---|---|
| | 2008 | 2007 | 2008 | 2007 |
| | % | % | % | % |
| **Weighted average effective interest rate** | | | | |
| Revolving credit | – | 5.40 | – | – |
| Term loans | **6.36** | 5.30 | **4.60** | 5.75 |
| Committed bank loans | **5.01** | 4.00 | – | – |
| Finance lease | **5.54** | 4.90 | – | – |
| Bank overdrafts | **5.45** | 6.04 | – | – |
| Medium Term Notes | **3.31** | 3.79 | **2.60** | – |
| Commercial Papers | **3.57** | 3.57 | **3.57** | 3.57 |

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

| | Not later than 1 year RM'000 | Later than 1 year but not later than 5 years RM'000 | Later than 5 years RM'000 | Total RM'000 |
|---|---|---|---|---|
| **At 30 June 2008** | | | | |
| Term loans | **–** | **1,801,665** | **651,140** | **2,452,805** |
| Committed bank loans | **37,720** | **23,187** | **11,155** | **72,062** |
| Finance lease | **31,348** | **156,145** | **335,706** | **523,199** |
| Bank overdrafts | **47,843** | **–** | **–** | **47,843** |
| Medium Term Notes | **1,900,000** | **300,000** | **599,553** | **2,799,553** |
| Hire purchase liabilities | **155** | **–** | **–** | **155** |
| | **2,017,066** | **2,280,997** | **1,597,554** | **5,895,617** |
| **At 30 June 2007** | | | | |
| Term loans | – | 1,253,149 | 691,710 | 1,944,859 |
| Committed bank loans | 4,001 | 66,291 | – | 70,292 |
| Finance lease | 36,934 | 147,765 | 408,032 | 592,731 |
| Bank overdrafts | 16,601 | – | – | 16,601 |
| Medium Term Notes | 100,000 | 300,000 | 899,463 | 1,299,463 |
| Hire purchase liabilities | 477 | 155 | – | 632 |
| Commercial papers | 750,000 | – | – | 750,000 |
| | 908,013 | 1,767,360 | 1,999,205 | 4,674,578 |

The carrying amounts of borrowings of the Group and the Company at the Balance Sheet date approximated their fair values.

**(a) Term loans**

(i) Term loans denominated in Great Britain Pounds

The term loans of RM1,280,141,240 (GBP196,600,000) (2007: RM1,359,901,860 (GBP196,600,000)) are unsecured loans of Wessex Water Services Limited and are guaranteed by Wessex Water Limited. The loans bear interest rates of LIBOR plus 0.15% for GBP 21,600,000 loan only, and LIBOR plus a different variable margin for each of the GBP75,000,000 and GBP100,000,000 loans respectively.

(ii) Term loans denominated in US Dollar

The Company had drawn down an unsecured term loan of USD170,000,000 which bears an interest rate of LIBOR plus 0.2650% margin and is repayable in full on 29 January 2010.

(iii) Term loan of USD190,000,000 is unsecured and is guaranteed by the Company. The loan is repayable in full on 29 January 2011. The loan bears an interest rate of LIBOR plus 0.265% margin.

**(b) Committed bank loans**

Committed bank loans amounted to RM72,061,410 (EUR13,961,197) (2007: RM70,291,570 (EUR15,068,842)). Of this balance RM38,769,415 (EUR7,511,197) (2007: RM39,038,105 (EUR8,368,842)) is guaranteed by Wessex Water Limited and bears an interest rate of EURIBOR plus 0.60% and varies depending on the credit rating of Wessex Water Limited. The remaining balance of RM33,291,995 (EUR6,450,000) (2007: RM31,253,465 (EUR6,700,000) is a direct obligation of Wessex Water Limited and bears an interest rate of EURIBOR plus 0.375%.

**(c) Finance lease**

The finance lease as at 30 June 2008 is an unsecured obligation of Wessex Water Services Limited. The principal amount of RM523,198,966 (GBP80,351,225) (2007: RM592,731,513 (GBP85,690,754)) is repayable in instalments until 30 June 2019. The finance lease bears an interest rate of LIBOR minus 0.48% derived from the annual lease rental payable.

| | 2008<br>RM'000 | 2007<br>RM'000 |
|---|---|---|
| Minimum finance lease payments | | |
| – Not later than 1 year | **54,520** | 66,250 |
| - Later than 1 year but not later than 5 years | **246,738** | 249,629 |
| - Later than 5 years | **392,632** | 487,494 |
| Future finance charges on finance lease | **(170,691)** | (210,642) |
| Present value of finance lease | **523,199** | 592,731 |

**(d) Bank overdrafts**

Bank overdrafts of RM47,843,397 (GBP7,347,636) (2007: RM16,601,042 (GBP2,400,000)) are unsecured loans of Wessex Water Services Limited, Wessex Water Limited and SC Technology Nederland B.V. The overdrafts are repayable in full on demand. All the bank overdrafts bear interest of Base Rate plus 1%.

**(e) Medium Term Notes ('MTN')**

The MTN of the Company were issued pursuant to a Commercial Paper and/or Medium Term Notes issuance programme of up to RM2.0 billion ('CP/MTN Programme') constituted by a Trust Deed and CP/MTN Programme Agreement, both dated 24 May 2008.

During the year, the Company issued RM1,500,000,000 MTN which bears interest rates ranging from 3.841% per annum to 3.965% per annum.

The nominal value of RM1,300,000,000 unsecured MTN of a subsidiary ranging between one (1) year to eleven (11) years were issued pursuant to a Facility Agreement dated 16 July 2003. Interest is payable semi-annually. The facility bears interest rates ranging from 3.93% per annum to 4.55% per annum (2007: 3.80% per annum to 4.55% per annum).

A principal amount of RM100,000,000 of the subsidiary was repaid during the year.

During the year, the subsidiary issued an additional unsecured Medium Term Notes at a nominal value of RM100,000,000 for a period of one (1) year which bears an interest rate of 3.955% per annum. Interest is payable semi-annually.

**(f) Hire purchase liabilities**

Hire purchase liabilities were obtained by the Company and one of its subsidiary during the year.

| | 2008<br>RM'000 | 2007<br>RM'000 |
|---|---|---|
| Minimum hire purchase payments | | |
| - not later than 1 year | **157** | 496 |
| - later than 1 year but not later than 5 years | – | 158 |
| | **157** | 654 |
| Future finance charges on hire purchase liabilities | **(2)** | (22) |
| Present value of hire purchase liabilities | **155** | 632 |
| Present value of hire purchase liabilities | | |
| - not later than 1 year (current) | **155** | 477 |
| - later than 1 year but not later than 5 years (non-current) | – | 155 |
| Present value of hire purchase liabilities | **155** | 632 |

**(g) Commercial Papers ('CP')**

The Commercial Papers of the Company were issued pursuant to a Commercial Paper and/or Medium Term Notes issuance programme of up to RM2.0 billion ('CP/MTN Programme') constituted by a Trust Deed and CP/MTN Programme Agreement, both dated 24 May 2007.

The first issuance under the CP/MTN Programme was made on 8 June 2007 with the issue of RM750,000,000 nominal value of Commercial Paper at a discount of 3.57% per annum with tenure of one (1) month.

During the year, the Company has replaced the CP with a one (1) year MTN.

## 18. POST-EMPLOYMENT BENEFIT OBLIGATIONS

| | Group | |
|---|---|---|
| | **2008** | **2007** |
| | **RM'000** | **RM'000** |
| **Defined contribution plan - Current** | | |
| Malaysia | **441** | 338 |
| **Defined benefit plan – Non-current** | | |
| Overseas | | |
| - United Kingdom | **311,762** | 379,791 |
| - Indonesia | **3,590** | 3,062 |
| | **315,352** | 382,853 |

**(a) Defined contribution plan**

Group companies incorporated in Malaysia contribute to the Employees Provident Fund, the national defined contribution plan. Once the contributions have been paid, the Group has no further payment obligations.

**(b) Defined benefit plan - United Kingdom**

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 at 31 December 2007. This valuation was updated as at 30 June 2008 using revised assumptions.

The movements during the year in the amounts recognised in the Consolidated Balance Sheet are as follows:

| | **2008** | **2007** |
|---|---|---|
| | **RM'000** | **RM'000** |
| At 1 July | **379,791** | 404,011 |
| Pension cost | **37,287** | 53,120 |
| Contributions and benefits paid | **(84,076)** | (88,061) |
| Exchange differences | **(21,240)** | 10,721 |
| At 30 June | **311,762** | 379,791 |

The amounts recognised in the Consolidated Balance Sheet may be analysed as follows:

| | **2008** | **2007** |
|---|---|---|
| | **RM'000** | **RM'000** |
| Present value of funded obligations | **2,342,016** | 2,320,038 |
| Fair value of plan assets | **(1,921,514)** | (2,003,192) |
| Status of funded plan | **420,502** | 316,846 |
| Unrecognised actuarial (loss)/gain | **(108,740)** | 62,945 |
| Liability in the Balance Sheet | **311,762** | 379,791 |

The pension cost recognised be analysed as follows:

| | 2008 RM'000 | 2007 RM'000 |
|---|---|---|
| Current service cost | **46,611** | 47,471 |
| Interest cost | **128,515** | 119,021 |
| Expected return on plan assets | **(143,164)** | (119,709) |
| Past service cost | **5,325** | 6,337 |
| Total | **37,287** | 53,120 |
| Actual return on plan assets | **(85,647)** | 224,238 |

| | 2008 RM'000 | 2007 RM'000 |
|---|---|---|
| The charge to the Income Statement was included in the following line items: | | |
| - cost of sales | **27,527** | 11,359 |
| - administrative expenses | **12,984** | 30,643 |
| - interest income | **(14,650)** | (688) |
| Total charge to Income Statement | **25,861** | 41,314 |
| Capitalised spread across property, plant and equipment | **11,426** | 11,806 |
| | **37,287** | 53,120 |

The principal actuarial assumptions used in respect of the Group's defined benefit plan were as follows:

| | 2008 % | 2007 % |
|---|---|---|
| Discount rate | **6.70** | 5.80 |
| Expected rate of increase in pension payment | **2.50 – 3.90** | 2.30 – 3.10 |
| Expected rate of salary increases | **5.40** | 4.10 |
| Price inflation | **3.90** | 3.10 |

**(c) Defined benefit plan – Indonesia**

Summary of obligations relating to employee benefits due under prevailing law and regulations as well as under the Indonesia subsidiary's regulations are as presented below:

| | 2008 RM'000 | 2007 RM'000 |
|---|---|---|
| Obligation relating to post-employment benefits | **2,473** | 1,926 |
| Obligation relating to other long term employee benefits | **1,117** | 1,136 |
| Total | **3,590** | 3,062 |

The Group has a defined contribution pension fund program for its permanent national employees. The Group's contribution is 6% of employee basic salary, while the employees' contribution range from 3% to 14%.

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 2008.

**i) Post-employment benefits obligation**

The obligations relating to post-employment benefits recognised in the Consolidated Balance Sheet are as follows:

| | **2008 RM'000** | **2007 RM'000** |
|---|---|---|
| Present value of obligations | **3,057** | 3,418 |
| Unrecognised actuarial loss | **(98)** | (570) |
| Unrecognised past service cost | **(486)** | (922) |
| Liability in the Balance Sheet | **2,473** | 1,926 |

The movements during the year in the amounts recognised in the Consolidated Balance Sheet are as follows:

| | **2008 RM'000** | **2007 RM'000** |
|---|---|---|
| At beginning of the year | **1,926** | 1,497 |
| Pension cost | **918** | 943 |
| Contributions and benefits paid | **(196)** | (483) |
| Exchange differences | **(175)** | (31) |
| At the end of the year | **2,473** | 1,926 |

The pension cost recognised be analysed as follows:

| | **2008 RM'000** | **2007 RM'000** |
|---|---|---|
| Current service cost | **501** | 564 |
| Interest cost | **325** | 339 |
| Past service cost | **92** | 40 |
| Total | **918** | 943 |

**(ii) Other long term employee benefits obligation**

The obligations relating to other long term employee benefits (i.e. long leave service benefits) recognised in the Consolidated Balance Sheet are as follows:

| | 2008 RM'000 | 2007 RM'000 |
|---|---|---|
| Present value of obligations | **1,117** | 1,136 |

The movements during the year in the amounts recognised in the Consolidated Balance Sheet are as follows:

| | 2008 RM'000 | 2007 RM'000 |
|---|---|---|
| At beginning of the year | **1,136** | 1,136 |
| Pension cost | **155** | 100 |
| Contributions and benefits paid | **(77)** | (71) |
| Exchange differences | **(97)** | (29) |
| At the end of the year | **1,117** | 1,136 |

The amounts relating to other long term employee benefits obligation recognised in the Consolidated Income Statement are as follows:

| | 2008 RM'000 | 2007 RM'000 |
|---|---|---|
| Current service cost | **55** | 80 |
| Interest cost | **100** | 20 |
| Total | **155** | 100 |

All of the charges above were included in the cost of revenue.

The principal actuarial assumptions used are as follows:

| | 2008 % | 2007 % |
|---|---|---|
| Discount rate | **13.5** | 9.5 |
| Expected rate of return on plan assets | **8.0** | 8.0 |
| Expected rate of salary increase | **9.0** | 8.0 |

## 19. DEFERRED INCOME

| | 2008<br>RM'000 | 2007<br>RM'000 |
|---|---|---|
| At 1 July | **147,363** | 147,203 |
| Exchange differences | **(8,535)** | 3,955 |
| Received during the year | **1,086** | 2,445 |
| Amortisation | **(5,997)** | (6,240) |
| At 30 June | **133,917** | 147,363 |



Deferred income represents government grants in a subsidiary in respect of specific expenditure on non-infrastructure assets.

## 20. PAYABLES

| | 2008<br>RM'000 | 2007<br>RM'000 |
|---|---|---|
| At 1 July | **12,308** | 16,133 |
| Exchange differences | **(700)** | 413 |
| Refunded during the year | **(994)** | (4,238) |
| At 30 June | **10,614** | 12,308 |

Payables comprise deposits received from developers of housing development in relation to the provision of water and sewerage infrastructure.

## 21. PROPERTY, PLANT AND EQUIPMENT

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

| | Land and buildings RM'000 | Infrastructure assets RM'000 | Plant and machinery RM'000 |
|---|---|---|---|
| **Group** | | | |
| **2008** | | | |
| **Cost** | | | |
| At 1 July 2007 | 4,596,222 | 5,489,405 | 7,013,045 |
| Exchange differences | (219,552) | (327,317) | (264,770) |
| Additions | 52,503 | 250,818 | 379,339 |
| Disposals | – | – | (6,895) |
| Written off | (4,621) | – | (87,104) |
| **Transfer on commissioning** | 44,894 | 37,899 | 127,399 |
| Grants and contribution | – | (46,855) | – |
| At 30 June 2008 | 4,469,446 | 5,403,950 | 7,161,014 |
| **Accumulated depreciation** | | | |
| At 1 July 2007 | 786,979 | 47,865 | 2,305,556 |
| Charge for the year | 116,413 | 48,796 | 402,647 |
| Exchange differences | (25,275) | (3,888) | (74,696) |
| Disposals | – | – | (6,304) |
| Written off | (1,752) | – | (75,805) |
| At 30 June 2008 | 876,365 | 92,773 | 2,551,398 |
| **Net book value** | | | |
| At 30 June 2008 | 3,593,081 | 5,311,177 | 4,609,616 |

| Mains and lines RM'000 | Office equipment RM'000 | Computers RM'000 | Furniture and fittings RM'000 | Motor vehicles and aircraft RM'000 | Assets under construction RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|
| 22,699 | 390,054 | 10,527 | 794 | 61,613 | 666,789 | 18,251,148 |
| - | (24,057) | (11) | - | (1,333) | (53,718) | (890,758) |
| - | 37,943 | 254 | 314 | 7,648 | 916,744 | 1,645,563 |
| – | – | (5) | – | (4,648) | – | (11,548) |
| – | (5) | – | – | (228) | – | (91,958) |
| – | 46,594 | – | – | – | (256,786) | – |
| – | – | – | – | – | – | (46,855) |
| 22,699 | 450,529 | 10,765 | 1,108 | 63,052 | 1,273,029 | 18,855,592 |
| 14,187 | 181,432 | 9,802 | 713 | 22,336 | – | 3,368,870 |
| 1,135 | 22,378 | 261 | 39 | 7,666 | – | 599,335 |
| – | (10,472) | (9) | – | (359) | – | (114,699) |
| – | – | (2) | – | (3,786) | – | (10,092) |
| – | (5) | – | – | (53) | – | (77,615) |
| 15,322 | 193,333 | 10,052 | 752 | 25,804 | – | 3,765,799 |
| 7,377 | 257,196 | 713 | 356 | 37,248 | 1,273,029 | 15,089,793 |

| | Land and buildings RM'000 Restated | Infrastructure assets RM'000 | Plant and machinery RM'000 |
|---|---|---|---|
| **Group** | | | |
| **2007** | | | |
| **Cost** | | | |
| At 1 July 2006 | 4,379,211 | 5,018,347 | 6,421,571 |
| Exchange differences | 94,952 | 137,342 | 105,427 |
| Additions | 40,221 | 226,153 | 357,598 |
| Disposals | (20,466) | – | (87,734) |
| Transfer on commissioning | 102,304 | 157,045 | 216,183 |
| Grants and contribution | – | (49,482) | – |
| At 30 June 2007 | 4,596,222 | 5,489,405 | 7,013,045 |
| **Accumulated depreciation** | | | |
| At 1 July 2006 | 676,489 | – | 1,962,611 |
| Charge for the year | 110,025 | 47,607 | 394,764 |
| Exchange differences | 8,825 | 258 | 25,892 |
| Disposals | (8,360) | – | (77,711) |
| At 30 June 2007 | 786,979 | 47,865 | 2,305,556 |
| **Net book value** | | | |
| At 30 June 2007 | 3,809,243 | 5,441,540 | 4,707,489 |

| Mains and lines RM'000 | Office equipment RM'000 | Computers RM'000 | Furniture and fittings RM'000 | Motor vehicles and aircraft RM'000 | Assets under construction RM'000 | Total RM'000 Restated |
|---|---|---|---|---|---|---|
| 22,699 | 354,875 | 10,253 | 782 | 62,349 | 686,723 | 16,956,810 |
| – | 9,401 | (12) | – | 512 | 18,336 | 365,958 |
| – | 25,674 | 158 | 12 | 5,773 | 442,009 | 1,097,598 |
| – | (4,511) | (4) | – | (7,021) | – | (119,736) |
| – | 4,615 | 132 | – | – | (480,279) | – |
| – | – | – | – | – | – | (49,482) |
| 22,699 | 390,054 | 10,527 | 794 | 61,613 | 666,789 | 18,251,148 |
| 13,052 | 155,503 | 9,467 | 678 | 19,361 | – | 2,837,161 |
| 1,135 | 26,302 | 346 | 35 | 7,989 | – | 588,203 |
| – | 4,017 | (7) | – | 96 | – | 39,081 |
| – | (4,390) | (4) | – | (5,110) | – | (95,575) |
| 14,187 | 181,432 | 9,802 | 713 | 22,336 | – | 3,368,870 |
| 8,512 | 208,622 | 725 | 81 | 39,277 | 666,789 | 14,882,278 |

Land and buildings of the Group are as follows:

| Group | Freehold Land RM'000 | Buildings RM'000 | Total RM'000 |
|---|---|---|---|
| **Cost** | | | |
| At 1 July 2007 | **70,408** | **4,525,814** | **4,596,222** |
| Exchange differences | **(4,166)** | **(215,386)** | **(219,552)** |
| Additions | **1,649** | **50,854** | **52,503** |
| Written off | **–** | **(4,621)** | **(4,621)** |
| Transfer on commissioning | **–** | **44,894** | **44,894** |
| At 30 June 2008 | **67,891** | **4,401,555** | **4,469,446** |
| **Accumulated depreciation** | | | |
| At 1 July 2007 | **–** | **786,979** | **786,979** |
| Charge for the year | **–** | **116,413** | **116,413** |
| Exchange differences | **–** | **(25,275)** | **(25,275)** |
| Written off | **–** | **(1,752)** | **(1,752)** |
| At 30 June 2008 | **–** | **876,365** | **876,365** |
| **Net book value** | | | |
| At 30 June 2008 | **67,891** | **3,525,190** | **3,593,081** |

| Group | Freehold Land RM'000 | Buildings RM'000 | Total RM'000 Restated |
|---|---|---|---|
| **Cost** | | | |
| At 1 July 2006 | 68,068 | 4,311,143 | 4,379,211 |
| Exchange differences | 1,841 | 93,111 | 94,952 |
| Additions | 2,421 | 37,800 | 40,221 |
| Disposals | (1,922) | (18,544) | (20,466) |
| Transfer on commissioning | – | 102,304 | 102,304 |
| At 30 June 2007 | 70,408 | 4,525,814 | 4,596,222 |
| **Accumulated depreciation** | | | |
| At 1 July 2006 | – | 676,489 | 676,489 |
| Charge for the year | – | 110,025 | 110,025 |
| Exchange differences | – | 8,825 | 8,825 |
| Disposals | – | (8,360) | (8,360) |
| At 30 June 2007 | – | 786,979 | 786,979 |
| **Net book value** | | | |
| At 30 June 2007 | 70,408 | 3,738,835 | 3,809,243 |

| Company | Office equipment RM'000 | Computers RM'000 | Furniture and fittings RM'000 | Motor Vehicles RM'000 | Assets under construction RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|
| **2008** | | | | | | |
| **Cost** | | | | | | |
| At 1 July 2007 | **35** | **216** | **20** | **1,208** | **–** | **1,479** |
| Additions | **–** | **–** | **–** | **–** | **–** | **–** |
| Disposals | **–** | **–** | **–** | **(291)** | **–** | **(291)** |
| At 30 June 2008 | **35** | **216** | **20** | **917** | **–** | **1,188** |
| **Accumulated depreciation** | | | | | | |
| At 1 July 2007 | **35** | **63** | **20** | **1,021** | **–** | **1,139** |
| Charge for the year | **–** | **38** | **–** | **49** | **–** | **87** |
| Disposals | **–** | **–** | **–** | **(291)** | **–** | **(291)** |
| At 30 June 2008 | **35** | **101** | **20** | **779** | **–** | **935** |
| **Net book value** | | | | | | |
| At 30 June 2008 | **–** | **115** | **–** | **138** | **–** | **253** |
| **2007** | | | | | | |
| **Cost** | | | | | | |
| At 1 July 2006 | 35 | 25 | 20 | 1,208 | 132 | 1,420 |
| Additions | – | – | – | – | 59 | 59 |
| Transfer | – | 191 | – | – | (191) | – |
| At 30 June 2007 | 35 | 216 | 20 | 1,208 | – | 1,479 |
| **Accumulated depreciation** | | | | | | |
| At 1 July 2006 | 35 | 25 | 20 | 972 | – | 1,052 |
| Charge for the year | – | 38 | – | 49 | – | 87 |
| At 30 June 2007 | 35 | 63 | 20 | 1,021 | – | 1,139 |
| **Net book value** | | | | | | |
| At 30 June 2007 | – | 153 | – | 187 | – | 340 |

The property, plant and equipment of a subsidiary have been pledged as security for its bonds by way of fixed and floating charges as follows:

| | Group 2008 RM'000 | Group 2007 RM'000 |
|---|---|---|
| **Net book values of assets pledged as security for bonds [Note 16(a)]** | | |
| - Prepaid lease payment | **3,171** | 3,473 |
| - Buildings | **473,160** | 497,973 |
| - Plant and machinery | **1,469,401** | 1,521,073 |
| - Mains and lines | **7,378** | 8,513 |
| - Office equipment | **411** | 487 |
| - Computers | **564** | 520 |
| - Furniture and fittings | **356** | 81 |
| - Motor vehicles and aircraft | **21,654** | 22,333 |
| | **1,976,095** | 2,054,453 |

The net book value of assets of the Group held under finance leases amounted to RM461,007,120 (2007: RM534,263,233). During the year, no motor vehicle was acquired by means of hire purchase by the Company and its subsidiary. The net book value of motor vehicles under hire purchases at the Balance Sheet date was RM866,726 (2007: RM1,598,231).

## 22. PREPAID LEASE PAYMENT

| | Group 2008 RM'000 | Group 2007 RM'000 |
|---|---|---|
| **Cost** | | |
| At 1 July | **7,549** | 7,549 |
| Additions | **–** | – |
| At 30 June | **7,549** | 7,549 |
| **Accumulated Amortisation** | | |
| At 1 July | **4,076** | 3,774 |
| Amortisation | **302** | 302 |
| At 30 June | **4,378** | 4,076 |
| **Carrying Amount** | **3,171** | 3,473 |

The prepaid lease payments comprise upfront payments for short term leasehold land which were previously classified under property, plant and equipment.

## 23. INTANGIBLE ASSETS

| | Group 2008 RM'000 | 2007 RM'000 |
|---|---|---|
| **Goodwill on consolidation:** | | |
| At 1 July/30 June | **441,333** | 441,333 |

Goodwill is allocated for impairment test to the individual entity which is also the cash-generating units (CGUs) identified according to the respective companies.



Goodwill only arises in business combinations. 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.

### (a) Key assumption used in the value-in-use calculation

The following assumption has been applied in the value-in-use calculation.

| | % |
|---|---|
| Pre-tax discount | 5.4 |

The recoverable amount of the CGUs is determined based on value-in-use calculation. The value-in-use calculations apply a discounted cash flow model using cash flow projections based on financial budgets and forecasts approved by management covering a five (5) years period.

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.

### (b) Impact of possible change in key assumption

Changing the assumptions selected by management, in particular the discount rate and growth rate assumptions used in the cash flow projections, could significantly affect the Group's result. The Group's review includes the key assumptions related to sensitivity in the cash flow projections. Based on the sensitivity analysis performed, we have concluded that no reasonably possible changes in the base case assumptions would cause the carrying amount of the CGUs to exceed their recoverable amount.

If pre-tax discount rate of 7.27% was applied to the cash flow projections of the CGUs, the recoverable amount of goodwill on the CGUs will be equal to the carrying value, assuming the other variables remain unchanged.

No impairment loss was required for the year ended 30 June 2008 for the goodwill assessed as their recoverable values were in excess of their carrying values.

## 24. DEVELOPMENT EXPENDITURE

| | Group and Company 2008 RM'000 | Group and Company 2007 RM'000 |
|---|---|---|
| At 1 July | – | 634 |
| Written off during the year | – | (634) |
| At 30 June | – | – |

Development expenditure principally comprises expenditure directly attributable to an investment project where it is reasonably anticipated that the costs will be recovered through future commercial activity.

## 25. SUBSIDIARIES

| | Company 2008 RM'000 | Company 2007 RM'000 |
|---|---|---|
| Unquoted shares, at cost: | | |
| Ordinary shares | **5,774,860** | 5,774,860 |
| Preference shares | **477,463** | 477,463 |
| | **6,252,323** | 6,252,323 |

The subsidiaries are as follows:

| Name of company | Country of incorporation | Group's effective interest 2008 % | Group's effective interest 2007 % | Principal activities |
|---|---|---|---|---|
| YTL Power Generation Sdn Bhd | Malaysia | **100** | 100 | Developing, constructing, completing, maintaining and operating power plants |
| YTL Power International Holdings Limited * | Cayman Islands | **100** | 100 | Investment holding |
| YTL Power Australia Limited * | Cayman Islands | **100** | 100 | Investment holding |
| YTL Power Finance (Cayman) Limited* | Cayman Islands | **100** | 100 | Investment holding |
| YTL-CPI Power Limited ** | Hong Kong | **51** | 51 | Dormant |
| YTL Utilities Limited * | Cayman Islands | **100** | 100 | Investment holding |
| YTL Utilities Finance Limited * | Cayman Islands | **100** | 100 | Investment holding |

| Name of company | Country of incorporation | Group's effective interest 2008 % | Group's effective interest 2007 % | Principal activities |
|---|---|---|---|---|
| YTL Utilities Finance 2 Limited * | Cayman Islands | **100** | 100 | Investment holding |
| YTL Utilities Finance 3 Limited * | Cayman Islands | **100** | 100 | Investment holding |
| YTL Utilities Holdings Limited * | Cayman Islands | **100** | 100 | Investment holding |
| Wessex Water International Limited * | Cayman Islands | **100** | 100 | Investment holding |
| YTL Utilities (UK) Limited * | England and Wales | **100** | 100 | Investment holding |
| YTL Events Limited * | England and Wales | **100** | 100 | Providing public entertainment, events and public relations services |
| Wessex Water Limited * | England and Wales | **100** | 100 | Investment holding |
| Wessex Water Services Limited *# | England and Wales | **100** | 100 | Water supply and waste water services |
| SC Technology GmbH *# | Switzerland | **100** | 100 | Waste treatment processes |
| SC Technology Nederland B.V. # | Netherlands | **100** | 100 | Waste treatment processes |
| SC Technology Deutschland GmbH *# | Germany | **100** | 100 | Waste treatment processes |
| S.A. SC Technology France *# | France | **100** | 100 | Waste treatment processes |
| SC Technology Denmark ApS *# | Denmark | **100** | 100 | Waste treatment processes |
| Wessex Water Services Finance Plc *# | England and Wales | **100** | 100 | Issue of bonds |
| Wessex Water Enterprises Limited *# | England and Wales | **100** | 100 | Water supply and waste water services |
| Wessex Water Commercial Limited *# | England and Wales | **100** | 100 | Dormant |
| Wessex Property Services Limited *# | England and Wales | **100** | 100 | Dormant |
| Wessex Water Trustee Company Limited *# | England and Wales | **100** | 100 | Dormant |
| Wessex Water Engineering Services Limited *# | England and Wales | **100** | 100 | Dormant |
| YTL Services Limited *# | England and Wales | **100** | 100 | Dormant |
| Wessex Spring Water Limited *# | England and Wales | **100** | 100 | Dormant |
| Wessex Logistics Limited *# | England and Wales | **100** | 100 | Dormant |

| Name of company | Country of incorporation | Group's effective interest 2008 % | Group's effective interest 2007 % | Principal activities |
|---|---|---|---|---|
| YTL Engineering Limited *# | England and Wales | **100** | 100 | Dormant |
| Wessex Water Pension Scheme Trustee Limited *# | England and Wales | **100** | 100 | Dormant |
| Wessex Engineering & Construction Services Limited *# | England and Wales | **100** | 100 | Engineering and Construction Services |
| Wessex Promotions Limited *# | England and Wales | **100** | 100 | Entertainment promotion |
| YTL Jawa Power Holdings Limited* | Cyprus | **100** | 100 | Investment holding |
| YTL Jawa Power Holdings B.V. * ^ | Netherlands | **100** | 100 | Investment holding |
| YTL Jawa Power Finance Limited * ^ | Cayman Island | **100** | 100 | Investment holding |
| YTL Jawa Power B.V. * ^ | Netherlands | **100** | 100 | Investment holding |
| YTL Jawa O & M Holdings Limited * | Cyprus | **100** | 100 | Investment holding |
| YTL Jawa O & M Holdings B.V.* ° | Netherlands | **100** | 100 | Investment holding |
| YTL Jawa Power Services B.V. * ° | Netherlands | **100** | 100 | Investment holding |
| P.T. YTL Jawa Timur * ° | Indonesia | **100** | 100 | Construction management, consultancy services and power station operation services |

* Audited by a firm other than 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

\# Subsidiaries of Wessex Water Limited

° Subsidiaries of YTL Jawa O & M Holdings Limited

^ Subsidiaries of YTL Jawa Power Holdings Limited

In compliance with the licence requirement, additional financial information to that contained in its statutory accounts have been prepared by Wessex Water Services Limited for its water and waste water business in accordance with guidance issued by the Director General of Water Services in the United Kingdom. These accounts measure profitability on the basis of real financial capital maintenance in the context of assets which are valued at the current cost value to the business. Specifically modern equivalent asset values arising from the latest periodic review are incorporated into the regulatory financial statements. Assets acquired and in operational use are valued at the replacement cost of their operating capability. Therefore, the property, plant and equipment value as at 31 March 2008 as disclosed in the current cost Balance Sheet of Wessex Water Services Limited was RM72,479 million (£11,131million) [2007: RM73,493 million (£10,625 million)].

## 26. JOINT VENTURES

The joint venture mentioned below is held by a subsidiary, Wessex Water Limited.

### (a) Jointly controlled operations

The Group has a 50% interest in a joint arrangement, Bristol Wessex Billing Services Limited, which was incorporated in England and Wales. On 28 June 2001, Wessex Water Limited and Wessex Water Services Limited entered into a joint arrangement with a third party, under which the billing and customer services of both groups were transferred to Bristol Wessex Billing Services Limited.

The Group's share of the assets, liabilities and expenses of the jointly controlled operations has been accounted for in the book of the relevant subsidiary as follows:

| | Group | |
|---|---|---|
| | **2008** | **2007** |
| | **RM'000** | **RM'000** |
| Non-current assets | **2,604** | – |
| Current assets | **7,163** | 8,951 |
| Current liabilities | **(9,767)** | (8,951) |
| Net assets/(liabilities) | **–** | – |
| Expenses | **63,259** | 61,230 |

## 27. AMOUNTS OWING BY/(TO) SUBSIDIARIES

The amounts owing by/(to) subsidiaries within 12 months are unsecured and interest free. The amounts receivable within 12 months are in respect of interests receivable on advances and operational expense payments made on behalf of a subsidiary.

The amounts payable within 12 months are in respect of advances and operational expense payments made by subsidiaries on behalf of the Company.

## 28. ASSOCIATED COMPANIES

| | Group 2008 RM'000 | Group 2007 RM'000 | Company 2008 RM'000 | Company 2007 RM'000 |
|---|---|---|---|---|
| Unquoted shares, at cost | **577,743** | 610,994 | **5** | 5 |
| Group's share of post-acquisition reserves | **352,129** | 252,146 | **–** | – |
| Group's share of net assets | **929,872** | 863,140 | **5** | 5 |

**(a) The Group's share of revenue and profit of associated companies are as follows:**

| | Group 2008 RM'000 | Group 2007 RM'000 |
|---|---|---|
| Revenue | **803,882** | 764,619 |
| Profit after taxation | **209,889** | 185,134 |

**(b) The Group's share of the assets and liabilities of the associated companies are as follows:**

| | Group 2008 RM'000 | Group 2007 RM'000 |
|---|---|---|
| Non-current assets | **1,476,004** | 1,625,723 |
| Current assets | **523,859** | 500,180 |
| Current liabilities | **(122,389)** | (110,936) |
| Non-current liabilities | **(947,602)** | (1,151,827) |
| Net assets | **929,872** | 863,140 |

**(c) The associated companies are as follows:**

| Name of company | Country of incorporation | Group's effective interest 2008 % | Group's effective interest 2007 % | Principal activities |
|---|---|---|---|---|
| Jimah Power Generation Sdn Bhd | Malaysia | **49.0** | 49.0 | Developing, constructing, completing, maintaining and operating power plants. The company has not commenced operations |
| Teknologi Tenaga Perlis (Overseas) Consortium Sdn Bhd | Malaysia | **30.0** | 30.0 | Dormant |
| ElectraNet Transmission Services Pty Ltd | Australia | **33.5** | 33.5 | Principal electricity transmission network service provider |
| P.T. Jawa Power | Indonesia | **35.0** | 35.0 | To construct, commission and operate a coal-fired thermal power station |

## 29. INVESTMENTS

| | Group 2008 RM'000 | Group 2007 RM'000 | Company 2008 RM'000 | Company 2007 RM'000 |
|---|---|---|---|---|
| At cost: | | | | |
| Shares quoted in Malaysia | **103,036** | 97,562 | **96,341** | 90,867 |
| Shares in unquoted corporations - preference shares | **594,934** | 554,162 | – | – |
| Shares quoted outside Malaysia | **5** | 7 | – | – |
| Unquoted loan notes outside Malaysia | **13,651** | 16,553 | – | – |
| | **711,626** | 668,284 | 96,341 | 90,867 |
| At market value: | | | | |
| Shares quoted in Malaysia | **136,492** | 181,172 | **127,261** | 169,145 |
| Shares quoted outside Malaysia | **15** | 34 | – | – |
| | **136,507** | 181,206 | **127,261** | 169,145 |

Included here is an investment in 29,111,181 units of Irredeemable Convertible Unsecured Loan Stocks ('ICULS') of RM1.00 each in a related company, YTL Cement Berhad.

These are ten (10) years ICULS issued on 10 November 2005. These ICULS bear a step-up coupon rate ranging from 4% to 6% per annum until its maturity date. The interest is payable semi-annually. The conversion price of the ICULS is fixed at a step down basis, in the first four (4) years, the conversion price is at RM2.72 for one (1) ordinary shares in YTL Cement Berhad, after which it is at RM2.04 in the next three (3) years and at RM1.82 for the remaining three (3) years.

## 30. INVENTORIES

Inventories comprise:

| | Group 2008 RM'000 | Group 2007 RM'000 |
|---|---|---|
| Spare parts | **121,198** | 130,103 |
| Raw materials | **13,327** | 9,439 |
| Work in progress | **18,141** | 21,308 |
| | **152,666** | 160,850 |

## 31. RECEIVABLES, DEPOSITS AND PREPAYMENTS

| | Group | | Company | |
|---|---|---|---|---|
| | 2008 RM'000 | 2007 RM'000 | 2008 RM'000 | 2007 RM'000 |
| Trade receivables | **733,886** | 714,451 | – | – |
| Less: Allowance for doubtful debts | **(248,739)** | (279,941) | – | – |
| | **485,147** | 434,510 | – | – |
| Other receivables | **100,493** | 85,970 | **36,407** | 36,273 |
| Accrued income | **325,296** | 250,236 | – | – |
| Fixed deposit interest receivable | **23,706** | 31,913 | **7,333** | 931 |
| Deposits | **208** | 389 | **5** | 5 |
| Amount receivable from a related company | **6,542** | 52 | **22** | 9 |
| Prepayments | **87,391** | 106,130 | – | – |
| | **1,028,783** | 909,200 | **43,767** | 37,218 |

Credit terms of trade receivables range averages at 30 days (2007: 30 days).

The Group has no significant concentration of credit risk other than that related to its power generation business whereby it supplies to a single customer and acquires gas supply from a single supplier, both of which are credit worthy entities. As at 30 June 2008, 33% (2007: 26%) of receivables was due from a customer in relation to the sale of electricity.

## 32. AMOUNTS OWING TO RELATED COMPANIES

The amounts owing to related companies are unsecured, interest free and have no fixed terms of repayment. The amounts owing to related companies principally relate to operation and maintenance expenses of power plant of a subsidiary and expenses paid on behalf of the Company.

## 33. SHORT TERM INVESTMENTS

| | Group and Company | |
|---|---|---|
| | 2008 RM'000 | 2007 RM'000 |
| Unquoted debt securities of corporations in Malaysia | | |
| At cost | **45,872** | 44,507 |

Short term investments comprise commercial papers which would mature within the next year or are renewable on a monthly basis.

## 34. FIXED DEPOSITS

| | Group | | Company | |
|---|---|---|---|---|
| | 2008 | 2007 | 2008 | 2007 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Deposits with licensed banks | **9,360,251** | 6,010,357 | **3,668,530** | 776,029 |

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

| | Group | | Company | |
|---|---|---|---|---|
| | 2008 | 2007 | 2008 | 200 |
| | % | % | % | % |
| Deposits with licensed banks | **1.40 - 7.01** | 2.74 - 5.50 | **3.47 - 3.54** | 3.47 - 3.50 |

Deposits of the Group and the Company have an average maturity of 30 days (2007: 30 days). Bank balances are deposits held at call with banks.

## 35. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the Cash Flow Statements of the Group and the Company comprise the following:

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | 2008 | 2007 | 2008 | 2007 |
| | Note | RM'000 | RM'000 | RM'000 | RM'000 |
| Fixed deposits | 34 | **9,360,251** | 6,010,357 | **3,668,530** | 776,029 |
| Cash and bank balances | | **63,509** | 19,468 | **4,507** | 1,767 |
| Bank overdrafts | 17(d) | **(47,843)** | (16,601) | – | – |
| | | **9,375,917** | 6,013,224 | **3,673,037** | 777,796 |

## 36. PAYABLES AND ACCRUED EXPENSES

| | Group | | Company | |
|---|---|---|---|---|
| | 2008 | 2007 | 2008 | 2007 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Trade payables | **126,353** | 62,745 | – | – |
| Duties and taxes payable | **15,844** | 16,753 | – | – |
| Accrued expenses | **620,881** | 566,038 | **10,018** | 364 |
| Receipts in advance | **229,234** | 225,288 | **7,215** | – |
| Other payables | **13,972** | 28,130 | **5,813** | 2,453 |
| | **1,006,284** | 898,954 | **23,046** | 2,817 |

Credit terms of trade payables granted to the Group range from 30 to 60 days (2007: 30 to 60 days).

## 37. PROVISION FOR LIABILITIES AND CHARGES

| | Group 2008 RM'000 | Group 2007 RM'000 |
|---|---|---|
| At 1 July | **28,023** | 37,171 |
| Exchange differences | **(1,512)** | 949 |
| Credited to Income Statement | **(7)** | – |
| Payment | **(5,958)** | (10,097) |
| At 30 June | **20,546** | 28,023 |

The provision for liabilities and charges relate to the scaling down of operations of certain subsidiaries of the Group.

## 38. AMOUNT OWING TO IMMEDIATE AND PENULTIMATE HOLDING COMPANY

The amount owing to the immediate and penultimate holding company relates to expenses paid on the Group's behalf and is unsecured, has no fixed terms of repayment and is interest free.

## 39. COMMITMENTS

| | Group 2008 RM'000 | Group 2007 RM'000 |
|---|---|---|
| Contracted, but not provided for | **904,936** | 1,119,275 |
| Authorised, not contracted for | **101,207** | 497,485 |

The above commitments comprise purchase of spare parts and property, plant and equipment.

## 40. CONTINGENT LIABILITIES – UNSECURED

A subsidiary has provided performance guarantees on behalf of its subsidiary in respect of tender for contracts. The maximum liability as at 30 June 2008 amounted to RM1,832,380 (2007: RM8,427,512).

There also exists a joint and several shareholders' contingent support with Siemens Financial Services to invest up to a further equity which amounted to RM38,087,390 (2007: RM40,279,470) in PT Jawa Power, an associated company of the Group.

As at 30 June 2008, the Company has given the following guarantees:

(i) The USD250,000,000 (RM950,000,000) Zero Coupon Guaranteed Exchangeable Bonds due 2010 issued on 9 May 2005 are guaranteed irrevocably by the Company, of which USD184,400,000 is still out-standing.

(ii) A term loan of USD190,000,000 guaranteed by the Company. The loan is repayable in full on 29 January 2011.

## 41. SEGMENTAL INFORMATION

The Group is organised into three main business segments:

- Investment holding
- Power generation
- Sales of water and disposal of waste water

### (a) Primary reporting business segments

| | Investment holding RM'000 | Power generation RM'000 | Sales of water and disposal of waste water RM'000 | Group RM'000 |
|---|---|---|---|---|
| **Year ended 30 June 2008** | | | | |
| **Operating Revenue** | | | | |
| Total operating revenue | 891,125 | 1,164,918 | 2,867,574 | 4,923,617 |
| Inter-segment* | (585,750) | (13,657) | (81,692) | (681,099) |
| External operating revenue | 305,375 | 1,151,261 | 2,785,882 | 4,242,518 |
| **Results** | | | | |
| Segment result (external) | 60,536 | 482,620 | 1,428,481 | 1,971,637 |
| Finance costs | | | | (795,825) |
| Share of results of associated companies | 642 | 209,247 | – | 209,889 |
| Profit from ordinary activities before tax | | | | 1,385,701 |
| Tax | | | | (346,855) |
| Profit from ordinary activities after tax | | | | 1,038,846 |
| **At 30 June 2008** | | | | |
| **Other information** | | | | |
| Segment assets | 8,657,740 | 3,172,604 | 15,996,532 | 27,826,876 |
| Segment liabilities | 28,488 | 577,887 | 3,260,558 | 3,866,933 |
| Unallocated liabilities | | | | 17,559,548 |
| Total liabilities | | | | 21,426,481 |
| Capital expenditure | – | 61,757 | 1,583,806 | 1,645,563 |
| Depreciation and amortisation | 157 | 140,239 | 459,241 | 599,637 |

| | Investment holding RM'000 | Power generation RM'000 | Sales of water and disposal of waste water RM'000 | Group RM'000 Restated |
|---|---|---|---|---|
| **Year ended 30 June 2007** | | | | |
| Operating Revenue | | | | |
| Total operating revenue | 701,248 | 1,170,194 | 2,680,507 | 4,551,949 |
| Inter-segment* | (437,781) | (14,754) | (31,406) | (483,941) |
| External operating revenue | 263,467 | 1,155,440 | 2,649,101 | 4,068,008 |
| **Results** | | | | |
| Segment result (external) | 106,691 | 368,300 | 1,376,316 | 1,851,307 |
| Finance costs | | | | (739,684) |
| Share of results of associated companies | 562 | 184,572 | – | 185,134 |
| Profit from ordinary activities before tax | | | | 1,296,757 |
| Tax | | | | (121,108) |
| Profit from ordinary activities after tax | | | | 1,175,649 |
| **At 30 June 2007** | | | | |
| **Other information** | | | | |
| Segment assets | 4,714,068 | 3,467,801 | 15,821,021 | 24,002,890 |
| Segment liabilities | 8,601 | 615,986 | 3,290,241 | 3,914,828 |
| Unallocated liabilities | | | | 14,054,991 |
| Total liabilities | | | | 17,969,819 |
| Capital expenditure | 59 | 59,841 | 1,037,698 | 1,097,598 |
| Depreciation and amortisation | 142 | 121,764 | 466,599 | 588,505 |

* Inter-segment operating revenue has been eliminated at the respective segment operating revenue. The inter-segment operating revenue was entered into in the normal course of business and at prices available to third parties or at negotiated terms.

**(b) Secondary reporting format – geographical segments**

Although the Group's business segments are managed on a worldwide basis, they operate in two main geographical areas:

- Malaysia - power generation activity
- United Kingdom - sale of water and disposal of waste water activities

| | Sales | | Total assets | | Capital expenditure | |
|---|---|---|---|---|---|---|
| | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Malaysia | **1,200,393** | 1,169,275 | **6,476,796** | 3,480,615 | **61,673** | 59,892 |
| United Kingdom | **2,785,882** | 2,649,101 | **15,996,532** | 15,821,021 | **1,583,806** | 1,037,698 |
| Other countries | **256,243** | 249,632 | **5,353,548** | 4,701,254 | **84** | 8 |
| | **4,242,518** | 4,068,008 | **27,826,876** | 24,002,890 | **1,645,563** | 1,097,598 |



## 42. FINANCIAL INSTRUMENTS

**Interest rate swaps**

Under the interest rate swaps, the Group and the Company agree with other parties to exchange, the differences between interest amounts calculated by reference to the agreed notional principal amounts and payment terms.

There was no outstanding interest rate swap contracts as at 30 June 2008.

## 43. CHANGES IN ACCOUNTING POLICIES

The following describes the impact of the new accounting standards, amendments to the published standards and IC interpretations adopted by the Group for year beginning on 1 July 2007 as listed in Note 3 and 4 of the Basis of Preparation and Significant Accounting Policies on the Financial Statements and a prior year adjustment.

**(a) Irrelevant or immaterial effect on financial statements**

The adoption of FRS 6, amendments to FRS 119 and FRS 124 did not result in significant changes to the Group's accounting policies. In summary:

- FRS 6 and FRS 119 is not relevant or material to the Group's operations.

- FRS 124 has no material financial impact on the Group's accounting policies. This standard affects the identification of related parties and other similar related party disclosures. This standard requires the disclosure of related party transactions and outstanding balances with other entities in a group. Intra-group related party transactions and outstanding balances are eliminated in the preparation of consolidated financial statements of the Group.

**(b) Reclassification of prior year comparatives**

Prior to 1 July 2007, leased assets were classified as property, plant and equipment and were stated at cost less accumulated depreciation and impairment loss.

FRS 117 requires that leased assets to be classified as operating or finance leases in the same way as leases of other assets.

Consequent to the changes in accounting policies arising from the adoption of FRS 117, the Group has reclassified upfront payments of leased assets as prepaid lease payments. These payments are amortised on a straight line basis over the remaining lease period.

The Group has applied the new accounting policy with respect to leased assets retrospectively. Consequently, certain comparatives within the Consolidated Balance Sheet as at 30 June 2007, Consolidated Income Statement for the year ended 30 June 2007 and Consolidated Cash Flow Statement for the year ended 30 June 2007 have been restated as set out in sub-note (d) below.

Certain comparative figures as at 30 June 2007 have been reclassified to reflect a more appropriate cost classification.

**(c) Prior year adjustment**

During the previous year ended 30 June 2007, a subsidiary incorporated in the United Kingdom adjusted its deferred taxation liability following amendments introduced in the United Kingdom Finance Act 2007 relating to Industrial Building Allowance incentives. Following clarity received during the current year ended 30 June 2008 on the application of these changes, it has been concluded that the deferred taxation provision is required under FRS. This adjustment has been applied retrospectively as set out in sub-note (d) below.

**(d) Effects of changes in accounting policies and prior year adjustment**

The effects of changes in accounting policies and prior year adjustment as described in sub-note (b) and (c) above are illustrated below:

| | As previously reported RM'000 | Effect of change in accounting policy FRS 117 RM'000 | Reclassification RM'000 | Prior year adjustment RM'000 | As restated RM'000 |
|---|---|---|---|---|---|
| **The Group** | | | | | |
| **Income Statement for the year ended 30 June 2007** | | | | | |
| Cost of sales | 2,013,519 | – | 2,974 | – | 2,016,493 |
| Administrative expenses | 172,961 | – | 3,607 | – | 176,568 |
| Other existing expenses | 245,692 | – | (6,581) | – | 239,111 |
| Taxation | (27,543) | – | – | (93,565) | (121,108) |
| Profit for the year | 1,269,214 | – | – | (93,565) | 1,175,649 |
| Basic EPS (sen) | 25.40 | – | – | (1.87) | 23.53 |
| Diluted EPS (sen) | 23.84 | – | – | (1.75) | 22.09 |
| **Balance Sheet as at 30 June 2007** | | | | | |
| Property, plant and equipment | 14,885,751 | (3,473) | – | – | 14,882,278 |
| Prepaid lease payment | – | 3,473 | – | – | 3,473 |
| Deferred taxation | 2,214,317 | – | – | 94,072 | 2,308,389 |
| Retained earnings | 4,026,641 | – | – | (93,565) | 3,933,076 |
| Exchange difference reserve | (49,835) | – | – | (507) | (50,342) |
| **The Company** | | | | | |
| **Income Statement for the year ended 30 June 2007** | | | | | |
| Administrative expenses | 26,791 | – | 87 | – | 26,878 |
| Other operating expenses | 33,955 | – | (87) | – | 33,868 |

## 44. APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 16 October 2008.

# Statements by Directors pursuant to Section 169(15) of the Companies Act, 1965

We, Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE, and Dato' Yeoh Seok Hong, two of the Directors of YTL Power International Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 58 to 137 are drawn up so as to give a true and fair view of the state of affairs of the Group and the Company as at 30 June 2008 and of the results and the cash flows of the Group and the Company for the financial year ended on that date in accordance with Financial Reporting Standards, MASB approved accounting standards in Malaysia for Entities Other than Private Entities and the provisions of the Companies Act, 1965.

Signed on behalf of the Board of Directors in accordance with their resolution dated 16 October 2008.



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

**Dato' Yeoh Seok Hong**
Director

# Statutory Declaration pursuant to Section 169(16) of the Companies Act, 1965

I, Dato' Yeoh Seok Hong, the Director primarily responsible for the financial management of YTL Power International Berhad, do solemnly and sincerely declare that the financial statements set out on pages 58 to 137 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

**Dato' Yeoh Seok Hong**
Director

Subscribed and solemnly declared by the abovenamed Dato' Yeoh Seok Hong at Kuala Lumpur on 16 October 2008, before me.

**Soh Ah Kau, AMN**
Commissioner for Oaths

**Report on the Financial Statements**

We have audited the financial statements of YTL Power International Berhad, which comprise the Balance Sheets as at 30 June 2008 of the Group and of the Company, and the Income Statements, Statements of Changes in Equity and Cash Flow Statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 58 to 137.

**Directors' Responsibility for the Financial Statements**

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities and the Companies Act 1965. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements 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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

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

**Opinion**

In our opinion, the financial statements have been properly drawn up in accordance with MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities and the Companies Act 1965 so as to give a true and fair view of the financial position of the Group and of the Company as of 30 June 2008 and of their financial performance and cash flows for the year then ended.

**Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in note 25 to the financial statements.

(c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(d) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

**Other Matters**

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

**PricewaterhouseCoopers**
(AF: 1146)
Chartered Accountants

**Dato' Ahmad Johan Bin Mohammad Raslan**
(1867/09/10 (J))
Chartered Accountant

Kuala Lumpur
16 October 2008

# Notes

# Notes

# Form of Proxy

I/We (full name as per NRIC/company name in block capitals)

NRIC/Company No. (new and old NRIC Nos.)

CDS Account No. (for nominee companies only)

of (full address)

being a member of **YTL Power International Berhad** hereby appoint (full name as per NRIC in block capitals)

NRIC No. (new and old NRIC Nos.)

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 12th Annual General Meeting of the Company to be held at Starhill 2, Level 4, JW Marriott Hotel Kuala Lumpur, 183, Jalan Bukit Bintang, 55100 Kuala Lumpur on Tuesday, 2 December 2008 at 2.00 p.m. and at any adjournment thereof.

My/Our proxy is to vote as indicated below:

| NO. | RESOLUTIONS | FOR | AGAINST |
|---|---|---|---|
| 1. | Receipt of Reports and Audited Financial Statements | | |
| 2. | Declaration of Final Tax Exempt Dividend | | |
| 3. | Re-election of Dato' Yeoh Seok Kian | | |
| 4. | Re-election of Dato' Michael Yeoh Sock Siong | | |
| 5. | Re-election of Dato' Mark Yeoh Seok Kah | | |
| 6. | Re-appointment of Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay | | |
| 7. | Re-appointment of Dato' (Dr) Yahya Bin Ismail | | |
| 8. | Re-appointment of Mej Jen Dato' Haron Bin Mohd Taib (B) | | |
| 9. | Approval of the payment of Directors' fees | | |
| 10. | Re-appointment of Messrs. PricewaterhouseCoopers as Company Auditors | | |
| 11. | Authorisation for Directors to Allot and Issue Shares | | |
| 12. | Proposed Renewal of Share Buy-Back Authority | | |
| 13. | Proposed Renewal of Shareholders' Mandate and New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature | | |

Dated this day of 2008

Signature of shareholder

No. of shares held

**Notes:**

1. A member entitled to attend and vote at the meeting may appoint a proxy to vote in his stead. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. A member other than an Authorised Nominee shall not be entitled to appoint more than one proxy to attend and vote at the same meeting and where such member appoints more than one proxy to attend and vote at the same meeting, such appointment shall be invalid.

2. This form of proxy and the Power of Attorney or other authority (if any) under which it is signed or notarily certified copy thereof must be lodged at the Registered Office, 11th Floor, Yeoh Tiong Lay Plaza, 55 Jalan Bukit Bintang, 55100 Kuala Lumpur not less than 48 hours before the time appointed for the Meeting.

3. In the case of a corporation, this form of proxy should be executed under its Common Seal or under the hand of some officer of the corporation duly authorised in writing on its behalf.

4. Unless voting instructions are indicated in the spaces provided above, the proxy may vote as he thinks fit.

5. For the purpose of determining a member who shall be entitled to attend the Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd, in accordance with Article 60(2) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors as at 25 November 2008. Only a depositor whose name appears on the General Meeting Record of Depositors as at 25 November 2008 shall be entitled to attend the said meeting or appoint proxy to attend and/or vote in his stead.

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The Company Secretary

**YTL POWER INTERNATIONAL BERHAD**
11th Floor
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