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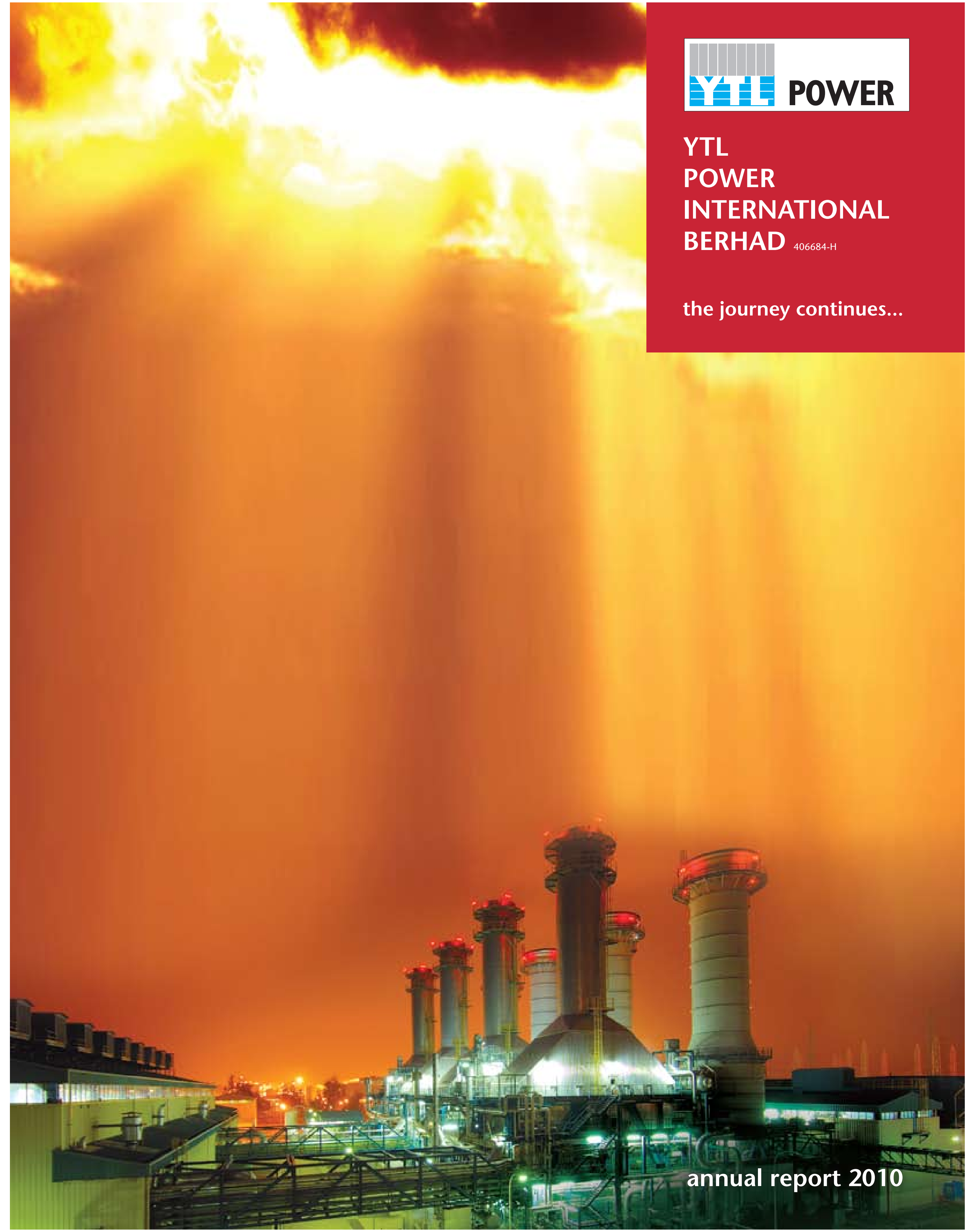
YTL POWER INTERNATIONAL BERHAD 406684-H

annual report 2010

YTL POWER INTERNATIONAL BERHAD 406684-H

the journey continues...



annual report 2010

YTL
POWER
INTERNATIONAL
BERHAD 406684-H

annual report
2010






Contents

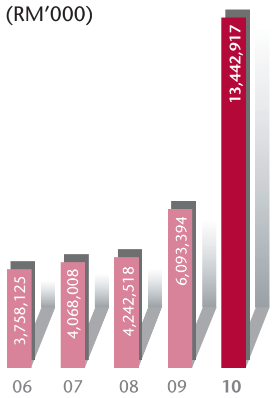
Corporate Review

Financial Statements

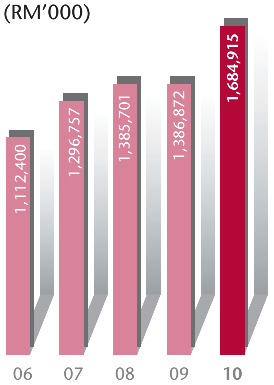
Financial Highlights

	2010	2009	2008	2007	2006
Revenue (RM'000)	**13,442,917**	6,093,394	4,242,518	4,068,008	3,758,125
Profit Before Taxation (RM'000)	**1,684,915**	1,386,872	1,385,701	1,296,757	1,112,400
Profit After Taxation (RM'000)	**1,208,712**	646,593	1,038,846	1,175,649	874,483
Profit for the Year Attributable to Equity Holders of the Company (RM'000)	**1,208,838**	646,605	1,038,846	1,175,649	874,483
Total Equity Attributable to Equity Holders of the Company (RM'000)	**7,210,066**	6,101,924	6,400,395	6,033,071	5,728,957
Earnings per Share (Sen)	**18.60**	11.35	20.00	23.53	17.89
Dividend per Share (Sen)	**13.13**	15.75	12.50	17.50	10.00
Total Assets (RM'000)	**33,918,933**	34,689,180	27,826,876	24,002,890	22,244,265
Net Assets per Share (RM)	**1.00**	1.04	1.21	1.18	1.16

Revenue
(RM'000)

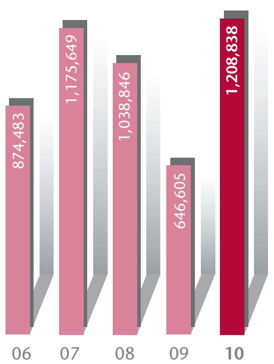


Profit Before Taxation
(RM'000)



Profit After Taxation
(RM'000)

Profit for the Year Attributable to Equity Holders of the Company
(RM'000)



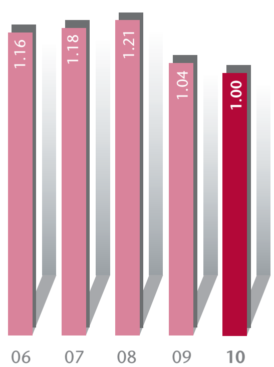
Total Equity Attributable to Equity Holders of the Company
(RM'000)

Earnings per Share
(Sen)

Dividend per Share
(Sen)

Total Assets
(RM'000)

Net Assets per Share
(RM)



Chairman's Statement

for the financial year ended 30 June 2010

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

On behalf of the Board of Directors of YTL Power International Berhad ("YTL Power" or the "Company"), I have the pleasure of presenting to you the Annual Report and the audited financial statements of the Company and its subsidiaries (the "Group") for the financial year ended 30 June 2010.

OVERVIEW

The Group's businesses registered strong performances across the board during the year under review, with growth being driven primarily by the consolidation of a full year's results from PowerSeraya Limited ("PowerSeraya") in Singapore, which YTL Power acquired in March 2009. As a result, contributions from the Group's international operations rose to 90% of consolidated revenue for the financial year ended 30 June 2010, compared to 81% last year.

Whilst the Malaysian economy experienced an overall contraction of 1.7% for the 2009 calendar year, the first half of 2010 saw a strengthening recovery with gross development product (GDP) growth of approximately 9.5%. The international economic environment continued to show signs of recovery throughout 2009 and the first half of the 2010 calendar year, although this was tempered by the euro-area sovereign debt crisis and persistent concerns globally over the health of the banking sector. In the other major economies where the Group operates, Singapore experienced a 2.0% contraction in GDP for the 2009 calendar year but rebounded sharply for the first half of 2010, with growth of 18.8%, whilst the British economy registered growth of 0.7% for the first half of 2010 after contracting 5.0% in 2009 *(source: Ministry of Finance quarterly updates; quarterly bulletins published by Bank Negara Malaysia, Monetary Authority of Singapore, Bank of England).*

YTL Communications Sdn Bhd ("YTL Comms"), a 60%-owned subsidiary, the newest addition to the Group, is developing a fourth generation ("4G") wireless network which is expected to be rolled out across Peninsula Malaysia in late 2010. Leveraging on partnerships with industry leaders such as Samsung, Clearwire, Cisco and GCT Semiconductor, YTL Comms is building the world's first converged nationwide 4G network that uses an all-IP (Internet Protocol) architecture to deliver next generation services which include mobile broadband and mobile voice.

YTL Power's utility operations now encompass power generation (in both merchant and contracted markets) in Malaysia, Singapore and Indonesia, power transmission Australia, the provision of water and sewerage services in the United Kingdom ("UK") and communications in Malaysia, as well as power plant operation and maintenance ("O&M") expertise and multi-utility businesses.

FINANCIAL PERFORMANCE

YTL Power registered a 120.6% increase in revenue for the financial year ended 30 June 2010 to RM13,442.9 million compared to RM6,093.4 million for the previous financial year ended 30 June 2009. Profit before taxation grew to RM1,684.9 million for the year under review, an increase of 21.5% over RM1,386.9 million last year, whilst profit for the financial year soared 86.9% to RM1,208.7 million compared to RM646.6 million for the previous financial year ended 30 June 2009.

The increase in revenue and profit before tax was due principally to the consolidation of a full year's results from PowerSeraya, as well as the recognition during the last financial year of a one-off deferred tax charge relating to Wessex Water Limited ("Wessex Water"), the Group's wholly-owned subsidiary in the UK. As reported last year, the charge was recognised following the abolition of industrial building allowances under the UK Finance Act 2008.

Operational performance remained steady for the financial year ended 30 June 2010, with the Group's utility businesses comprising the Paka and Pasir Gudang power stations in Malaysia, Wessex Water, PowerSeraya and P.T. Jawa Power ("Jawa Power") (a 35%-owned associate company in Indonesia), continuing to turn in strong performances.

DIVIDENDS

The Board of Directors of YTL Power is pleased to recommend for shareholders' approval a fourth and final single tier dividend of 1.875 sen or 3.75% per ordinary share of 50 sen each for the financial year ended 30 June 2010.

YTL Power maintained its dividend policy for the financial year ended 30 June 2010, with the declaration of three interim single tier dividends of 7.5% each or 3.75 sen per ordinary share of 50 sen each. Together with the final dividend, if approved by shareholders, YTL Power's total dividend in respect of the 2010 financial year amounts to **13.13 sen** or **26.25%** per share.

This is the 13th consecutive year that YTL Power has declared dividends to shareholders since listing on the Main Market of Bursa Malaysia Securities Berhad in 1997, and this year's dividends are 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.

Chairman's Statement

REVIEW OF OPERATIONS

Power Generation, Power Transmission & Multi-Utilities

The Group's contracted and merchant power generation, power transmission and multi-utility businesses comprise 100% stakes in YTL Power Generation Sdn Bhd ("YTLPG") in Malaysia and PowerSeraya in Singapore, as well as a 35% equity interest in Jawa Power in Indonesia and an indirect investment of 33.5% in ElectraNet Pty Ltd ("ElectraNet") in Australia.

YTLPG, Malaysia

Overall plant availability increased during the year under review with the availability of the two plants standing at 98.62% at Paka Power Station and 93.99% at Pasir Gudang Power Station. During the year, combined power production by both stations was 100.18% of the scheduled quantities. Safety was excellent with no reportable accidents occurring during the year.

Major scheduled maintenance was carried out during the year on Pasir Gudang Power Station's Gas Turbine 11 upon reaching 100,000 equivalent operating hours (EOH). Minor inspections were also done on three gas turbines at Paka Power Station during the 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 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. 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.

PowerSeraya, Singapore

Despite fluctuations and decreases in Singapore's electricity demand and ongoing volatility in the oil market, PowerSeraya maintained its market generation share of approximately 27% for the financial year under review, due to its prudent bidding, hedging and risk management strategy, enabling the company to support competitive price for customers. For the financial year ended 30 June 2010, the Group sold 13,825GWh of electricity, representing a 7.9% increase on an annualised basis over last year's sales.

PowerSeraya has a licensed capacity of 3,100 MW and owns generation assets comprising oil-fired steam turbines, gas-fired combined cycle plants and diesel-fired open cycle gas turbine plants. During the year, construction was completed on an 800MW Co-Generation Combined Cycle Power Plant ("CCCP"). This project replaces three oil-fired steam units and is expected to generate electricity and steam at higher efficiencies and reliability.

The technical conversion works for two existing combined cycle plants into co-generation units for the supply of steam to PetroChemical Corporation of Singapore were also completed in 2009. These developments have strengthened PowerSeraya's competitive position as an integrated energy company that aims to offer greater value through a bundled multi-utility package of steam, electricity and water to its customers.

PowerSeraya's chemical laboratory continues to focus on service excellence. Besides the accreditation of ISO/IEC 17025:2005 for fuel oil tests, the chemical laboratory team has also undertaken trace elements analysis of waste water and limestone and gypsum testing. The computerised maintenance management system has also been enhanced to incorporate more features to improve work efficiency and safety standards.

Meanwhile, the Group's 10,000m^3 per day desalination plant, which has the capability of producing potable water, also saw its water sampling and safety plans approved by the relevant authorities. This will enable PowerSeraya to supply of potable water to customers, enhancing its multi-utility offering.

The company has continued to strengthen its fuel portfolio by further diversifying its energy sources and mix for power generation. Focusing on the needs of an increasing number of customers who require for more complex and customised product packages, the company has continued to retain its position as market leader for the third consecutive year by commanding 29.5% of the contestable retail market, up from 29.2% last year. Correspondingly, sales volumes to this segment reached 9,570 GWh for the financial year ended 30 June 2010, an annualised increase of 9.3% over last year's volume.

Chairman's Statement

PowerSeraya's trading and fuel management arm has continued to leverage its fuel-related assets to build value. Its 25,000m^3 oil blending tanks commenced commercial operations in 2009, complementing the division's existing 860,000m^3 tank storage capacity. Moving forward, the division will continue to optimise the use of its operational assets to realise greater benefit and revenue.

Jawa Power, Indonesia

In Indonesia, Jawa Power continued to operate at optimal levels to meet Indonesia's demand for electricity. For its financial year ended 31 December 2009, Jawa Power posted another year of strong operational performance with average availability of 93.98%, well in excess of the 83% rate contracted under its power purchase agreement. The station generated 9,105 GWh of electricity compared to 8,685 GWh last year for its sole offtaker, P.T. Perusahaan Listrik Negara (Pesero) ("PLN"), which is Indonesia's national utility company. For the six months ended 30 June 2010, the plant posted an availability of 84.7%.

Jawa Power is the owner of a 1,220 MW coal-fired thermal 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 PLN under a 30-year power purchase agreement. O&M for Jawa Power continues to be carried out by P.T. YTL Jawa Timur, a wholly-owned subsidiary of YTL Power, under a 30-year agreement.

ElectraNet, Australia

In Australia, ElectraNet continued to perform well during the year under review. 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 5,700 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 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 Operations

The Group's water and sewerage operations are carried out by its 100%-owned subsidiary, Wessex Water, in the UK.

Despite the effects of the economic slowdown, Wessex Water continued to register strong results during the year under review, achieving its highest levels of quality, compliance and customer service. The company was recognised as the best water and sewerage company in England and Wales by Ofwat, the independent economic regulator of the water and sewerage industry with responsibility for setting prices and ensuring companies carry out and finance their business properly. For its regulatory year, which ended on 31 March 2010, Wessex Water achieved an Overall Performance Assessment (OPA) score of 97% of the maximum number of points, the highest-ever score in the industry since the measure was introduced. The company also maintains some of the highest standards of customer service, remaining at the top of Ofwat's independent survey of customer satisfaction with telephone service.

Wessex Water continued to improve its water and sewerage infrastructure with major extensions to its sewage treatment works in Wiveliscombe and Bridgwater to deal with increases in industrial flows and a number of projects to improve the security of water supply in Wiltshire, Dorset and Somerset, including improving trunk main transfers to reduce the number of customers dependent on single sources of supply. Wessex Water provides water services to 1.3 million customers and sewerage facilities to 2.7 million customers over an area of approximately 10,000 square kilometres in the south west of England which includes Dorset, Somerset, Bristol, most of Wiltshire and parts of Gloucestershire and Hampshire.

In November 2009, Ofwat issued its final determinations on price limits which cover the 5-year period from 2010 to 2015. Wessex Water's final determination will result in an annual increase in customers' bills of about 0.6% for the five-year period. Plans for the period include an investment plan of £1.0 billion, integrating water supply assets to improve security of supply, dealing with raw water quality and improving river flows, improving drinking water quality, achieving further reductions in risks of flooding to properties and further reducing the company's carbon footprint through increased use of renewable energy sources.

Wessex Water's regulated asset base ("RAB") increased moderately by 4.2% to £2,262 million (RM11.3 billion, based on the average exchange rate of £1.00 : RM5.00) for its regulatory year ended 31 March 2010, compared to £2,171 million (RM10.9 billion) for its previous regulatory year.

Communications

The Group's communications operations are carried out by YTL Comms in Malaysia. Pursuant to the approval from the Malaysian Communications and Multimedia Commission ("MCMC") to operate a 2.3 gigahertz ("GHz") wireless broadband network in Malaysia, YTL Comms is developing the world's first converged nationwide 4G network and will offer mobile Internet services designed to change the way people access the Internet and provide a platform to deliver innovations to improve the way people work, learn and play.

YTL Comms' partners include some of the most advanced global technology pioneers in their respective fields, including Cisco, Clearwire, GCT Semiconductor and Samsung, and in November 2009, YTL Comms announced the formation of a 4G Innovation Network, in cooperation with these partners.

The 4G Innovation Network in Malaysia is linked to Clearwire's Innovation Network in Silicon Valley and is designed to facilitate the free flow of ideas and information across borders, expanding the ecosystem to link Malaysian and other Asian developers directly with some of the world's most creative minds in Silicon Valley. This allows developers to incubate their ideas, with the support of world leaders in mobile Internet technology, giving consumers in Malaysia a new level of mobile Internet experience with products and services optimised for a high bandwidth, low latency 4G network.

In conjunction with the Innovation Network, the Group launched its US$1,000,000 'mYprize' Global Developer Challenge, a worldwide competition aimed at engaging developers and inventive minds to create innovative applications and devices for YTL Comms' nationwide 4G mobile Internet network. The competition is intended to propel Malaysia into a truly cutting-edge incubation centre for 4G innovation.

The Group has also entered into a Licence and Services Agreement with Sezmi Corporation of the United States that gives the Group the rights to deploy a hybrid TV service in Malaysia and throughout Asia Pacific. Hybrid TV brings together broadcast content and Internet in the same device and through its 4G network, the Group will be the first in the world to offer an all wireless hybrid TV service when the service is launched at the end of 2011. The Sezmi system is currently commercially available in the United States and is a proven front running innovator in redefining television viewing experience.

FUTURE PROSPECTS

The Malaysian economy is expected to continue to recover, with GDP projected to grow approximately 4.5% to 5.5% for the 2010 calendar year, whilst expansion in the international economy is expected to be modest arising from the ongoing deleveraging process and efforts by governments around the world to address high unemployment and improve the strength of their financial systems *(source: Ministry of Finance economic reports; Bank Negara Malaysia quarterly bulletins and annual reports).*

YTL Power will continue to focus on its core multi-utility capabilities, leveraging on its established track record in managing investments, supported by technical know-how and O&M expertise to ensure the Group's ongoing growth and development.

In Singapore, the Group sees the potential to strengthen its fuel management activities via PowerSeraya and will seek opportunities to expand this position beyond Singapore to become a global player. PowerSeraya is also primed to be a significant purchaser of re-gasified liquefied natural gas ("LNG") when the Singapore LNG terminal becomes operational in 2013.

In the UK, Wessex Water will continue to focus on delivering the outputs and efficiencies required for its next five-year regulatory period, whilst providing the highest levels of customer service and maintaining its position at the forefront of its industry.

On the communications front, the Group and its partners are committed to developing Malaysia into a leading hub for 4G excellence, with a view to encouraging investment and growth in the country through the development of new local facilities, professional resources, training, manufacturing and logistics support. This will be the catalyst for the creation of state-of-the-art infrastructure, devices, applications and content utilising 4G technology.

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

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

Corporate Events

28 OCTOBER 2009

SITE VISIT TO POWERSERAYA LIMITED BY THE BOARD OF DIRECTORS OF YTL POWER INTERNATIONAL BERHAD

From left to right: Mr Chan Chor Yook, Treasurer & Head of Department (Accounts), YTL Power International Berhad ("YTL Power"); Mr Swee Huat Chan, Senior Vice President, Trading & Fuel Management, PowerSeraya Limited ("PSL"); Mr Sam San Lim, Vice President, Retail & Regulation, PSL; Dato' Yeoh Seok Kian, Deputy Managing Director, YTL Power; Tuan Syed Abdullah bin Syed Abd. Kadir, Executive Director, YTL Power; Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng, Independent Non-Executive Director, YTL Power; Dato' (Dr) Yahya Bin Ismail, Independent Non-Executive Director, YTL Power; Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay, Executive Chairman, YTL Power; Mr John Ng, Chief Executive Officer, PSL; Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, Managing Director, YTL Power; Dato' Yeoh Soo Min, Executive Director, YTL Power; Dato' Yeoh Soo Keng, Executive Director, YTL Power; Dato' Yeoh Seok Hong, Executive Director, YTL Power; Mr Khai Hor Quek, Senior Vice President, Utilities, PSL; and Mr Boon Tong Low, Senior Vice President, Energy Markets, PSL

10 NOVEMBER 2009

LAUNCH OF 4G INNOVATION NETWORK IN MALAYSIA

The Group announced the formation of a 4G Innovation Network in Malaysia in cooperation with some of the preeminent players in technology, including Cisco, Clearwire, GCT Semiconductor and Samsung. The Innovation Network will facilitate the development of applications for high bandwidth 4G networks and expansion of this 4G ecosystem to help position Malaysia as a regional hub of technology innovation.

From left to right: Prime Minister of Malaysia, YAB Dato' Sri Najib Tun Razak; Minister of Science, Technology and Innovation, YB Datuk Seri Dr. Maximus Ongkili; and YTL Power International Berhad Managing Director, Tan Sri Dato' (Dr) Francis Yeoh Sock Ping

18 NOVEMBER 2009

ACCELERATION OF NATIONWIDE BROADBAND PLAN

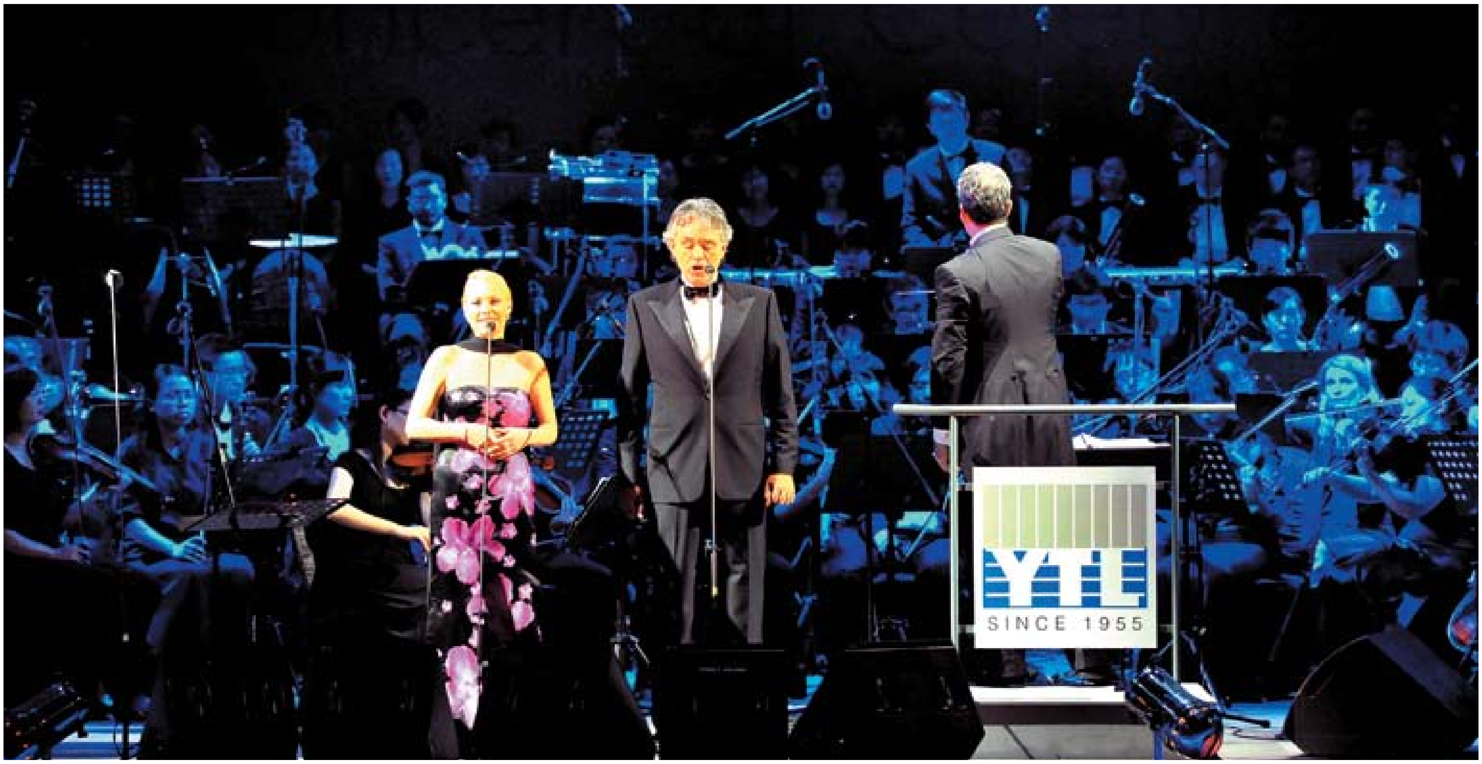
YTL Communications Sdn Bhd, a subsidiary of YTL Power International Berhad, entered into a Wholesale Ethernet Service and Master Tenancy for Infrastructure Sharing Agreement with Telekom Malaysia Berhad ("TM") to leverage on TM's telecommunications facilities and infrastructure to deliver 4G services nationwide by end-2010.

From left to right: Mr Wing K Lee, Chief Executive Officer, YTL Communications Sdn Bhd; Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, Managing Director, YTL Power International Berhad; Dato' Zamzamzairani Mohd Isa, Chief Executive Officer, TM Group; and Mr Rafaai Samsi, Executive Vice President, Wholesale Business, TM

Corporate Events

8 MAY 2010

YTL CONCERT OF CELEBRATION 2010



On 8 May 2010, more than 12,000 people gathered at the spectacular Singapore Botanic Gardens for the YTL Concert of Celebration 2010. World-renowned Italian tenor, Andrea Bocelli, was joined by special guests – Slovenian soprano Sabina Cvilak, world-renowned flautist Andrea Griminelli and popular Australian singer Delta Goodrem, accompanied by the Singapore Philharmonic Orchestra and Philharmonic Chamber Choir, conducted by Eugene Kohn. As is tradition with the YTL Concerts of Celebration, tickets for the concert were distributed free to the public via an online balloting system. The Group also made a donation of S$850,000 to Community Chest which will go towards supporting critical social service programmes.

From left to right: Ms Jennie Chua, Chairperson of Community Chest; His Excellency Mr S.R. Nathan, President of the Republic of Singapore, Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay, Executive Chairman of YTL Power International Berhad; and Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, Managing Director of YTL Power International Berhad

From left to right: Mr Andrea Griminelli, Ms Delta Goodrem, Mr Andrea Bocelli and Ms Sabina Cvilak

The YTL Group and Andrea Bocelli joined a prestigious list of personalities who have had orchids named after them in the Singapore Botanic Gardens' prized collection. *Vanda YTL* and *Vanda Andrea Bocelli. Vanda* is a rare species of orchid with all colours of the rainbow. The orange *Vanda YTL* was specially chosen to befit the YTL Group's rich and vibrant corporate history and thanksgiving tradition.

Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay and Tan Sri Dato' (Dr) Francis Yeoh Sock Ping with Vanda YTL

Vanda Andrea Bocelli

The concert was telecast live to an audience of over 7,000 opera enthusiasts at the adjacent Palm Valley grounds of the Singapore Botanic Gardens and culminated in a spectacular fireworks display.

From left to right: Mrs Christine Tan Khoon Hiap; Mr S Dhanabalan, Chairman of Temasek Holdings Pte Ltd; Mr Andrea Primicerio, Pentagon Music Management; Tan Sri Dato' (Dr) Francis Yeoh Sock Ping; and Dato' Michelle Yeoh

From left to right: Mr Charles Ong, Senior Managing Director of Temasek Holdings Pte Ltd; Dato' Yeoh Seok Hong, Executive Director of YTL Power International Berhad; Madam Ho Ching, Executive Director & Chief Executive Officer of Temasek Holdings Pte Ltd; Datin Kathleen Chew Wai Lin, Group Legal Adviser of YTL Power International Berhad; Mrs Lee Yi Shyan and Mr Lee Yi Shyan, Minister of State, Ministry of Trade & Industry and Ministry of Manpower, Singapore; and Mr John Ng, Chief Executive Officer of PowerSeraya Limited

His Excellency President S.R. Nathan and Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay

Review of Sustainability Initiatives & Corporate Responsibility

for the financial year ended 30 June 2010

As a multi-utility provider with operations spanning Malaysia, the United Kingdom, Singapore, Indonesia and Australia, YTL Power International Berhad ("YTL Power") believes it has a responsibility to ensure that its businesses are operated sustainably, to protect and preserve the resources on which its operations depend. YTL Power and its subsidiaries (the "Group") also strive to improve the lives of the communities in which its businesses operate through educational and social programmes. Social responsibility and environmental sustainability are key values of the Group, and YTL Power places a high priority on acting responsibly in conducting its business.

In 2010, YTL Power was named 'Asia's Power Company of the Year' at the inaugural Asia Power & Electricity Awards 2010 held in Singapore, and was also nominated for the clean Energy Initiative Excellence Award. PowerSeraya Limited, the Group's wholly-owned subsidiary in Singapore, won the award for 'Most Socially Responsible Power Company of the Year'.

MALAYSIA

The Group's operations in Malaysia comprise power generation undertaken through two power stations owned by YTL Power Generation Sdn Bhd, wholly-owned subsidiary of YTL Power, and communications utilities through YTL Communications Sdn Bhd ("YTL Comms"), a 60% subsidiary.

Reducing Environmental Impacts

The Group owns two power stations in Paka, Terengganu, and Pasir Gudang, Johor, with a combined generation capacity of 1,212 megawatts ("MW"). These are natural gas-fired combined cycle plants and incorporate a range of measures to eliminate or reduce operational releases, including oil interceptors fitted to the site drainage systems and effluent treatment facilities to treat waste water prior to discharge. IS0 14001 (Environmental Management Systems ("EMS")) certification has been obtained for both power stations and mechanisms are also being implemented for the management of power plant gaseous emissions, waste effluent, discharge cooling water and industrial scheduled waste.

Modifications made to two of the Paka Power Station's gas turbines had the effect of reducing the amount of nitrogen oxide ("NOx") in the gas turbines' exhaust gases by an estimated 50%. As a result of the success of this adaptation, the same modifications are also planned for the stations' other gas turbines to reduce NOx emissions by similar levels across both power stations. In addition, all four Paka gas turbines have undergone the removal of the secondary air flap, further reducing NOx emissions. Pasir Gudang's secondary air flap was removed in July 2009 during Pasir Gudang's first major turbine overhaul after 15 years of baseload operation, leading to a 40% reduction of NOx emissions.

Cultivating an Occupational Safety & Health (OSH) Culture

The nature of operations at the Group's power stations creates the potential for various safety and health risks to employees working within the compounds. Together with YTL Power Services Sdn Bhd, a sister company of the Group and the operation and maintenance company for the Malaysian power stations, the Group has been committed to improving OSH since the stations commenced operations in 1995, implementing an OSH policy and incorporating OSH practices in operational procedures from the start.

Over the years, management has continually and regularly reviewed OSH practices and procedures for continuous improvement. OSH-related inductions and trainings are organised for employees at all functional levels, and third parties such as contractors and visitors are kept informed and supervised, if necessary. This year, all employees involved in the operation of the power stations attended a mandatory OHSAS 18001:2007 training that covered important issues associated with compliance of the OSH Act ("OSHA") in Malaysia. The training emphasised the fact that everyone, including non-technical personnel, has a role to play. In addition to training, internal audits were organised to prepare the staff for the first stage audit which was conducted in July 2010 by Moody International.

Achieving a strong OSH culture calls for a concerted effort and the Group is currently working to obtain OHSAS 18001:2007 certification, as well as implementing the Integrated Management System, which brings together the Quality Management System (QMS), EMS and Occupational Health and Safety Advisory Services (OHSAS) into one cohesive system.

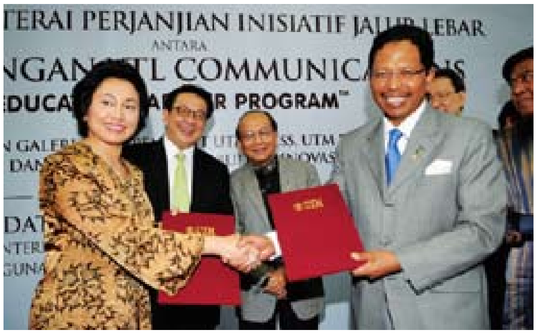
Supporting Educational Development

The YTL Power Scholarship Fund was established to offer scholarships to qualified students who are pursuing full-time foundation and degree courses at University Tenaga Nasional (UNITEN), a local university in Malaysia offering courses in engineering, information technology and accounting. During the year under review, 5 new scholarships were granted to students taking up places at the university.

Education Partner Programmes with Malaysian Universities

The Group is committed to supporting the Malaysian Government's National Broadband Initiative (NBI) to increase the broadband household penetration rate across the country, the aim of bridging the digital divide between the urban and rural communities, improving quality of life and supporting efforts to promote technological innovation.

On 1 July 2010, just after the end of the financial year, YTL Comms entered into a memorandum of agreement with Universiti Teknologi Malaysia ("UTM") in a joint collaboration to provide a campus-wide fourth generation ("4G") network in UTM Skudai. This landmark initiative was the first stage on an extensive programme spearheaded by YTL Comms to bring 4G converged services, offering data, voice and mobility, to all public universities in Malaysia via its Education Partner Programme ("EPP").



Puan Yasmin Mahmood, Executive Director of YTL Comms, and Prof Dr Zaini Ujang, UTM Vice-Chancellor, signing the memorandum of agreement, witnessed by Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, Managing Director of YTL Power, and YB Datuk Seri Dr Rais Yatim, Information, Communications and Culture Minister for Malaysia

Subsequently, Universiti Tunku Abdul Rahman ("UTAR"), established in 2002 under the UTAR Education Foundation, also signed a partnership with YTL Comms to jointly deploy a campus-wide 4G network at the UTAR flagship campus in Kampar, Perak, under the EPP. Similar deployments will subsequently be carried out at the remaining UTAR campuses in Petaling Jaya, Setapak and Sungai Long.

From left to right: Professor Dr Lee Sze Wei, Vice President (R & D and Commercialisation), UTAR; Ir. Professor Dato' Dr. Chuah Hean Teik, President of UTAR; Tun Dr Ling Liong Sik, Chairman of the UTAR Council; Wing K Lee, Chief Executive Officer of YTL Comms; and Jacob Yeoh, Executive Director of YTL Comms, at the launch of YTL Comms' EPP

Review of Sustainability Initiatives & Corporate Responsibility

The partnership with UTAR will empower 12,000 students in the Kampar campus, and another 7,000 students in the campuses around the Klang Valley. This venture puts Malaysian campuses on the map as being among the first worldwide to offer such ease of access to the most advanced internet technology available today. When the infrastructure is in place and running, UTAR will work closely with YTL Comms to nurture the development of internet applications in the university's technology degree courses.

Building Restoration – YTL Comms' Networks Operation Centre (NOC)

For most developers in Kuala Lumpur, the arduous but more environmentally-friendly task of building restoration and adaptive reuse is avoided in favour of demolition and reconstruction to satiate appetites for the gleaming and new, unless otherwise required by local guidelines and regulations. YTL Comms departed from this conventional mode of thinking by housing its new NOC in a railway workshop, formerly known as Sentul Works, that dates back to 1906.

The colonial brickwork structure was retained to preserve the building and the entire external facade was retained with no adulteration. The excellent quality of the original brickwork and workmanship meant that no artificial coatings were required. With the exception of the steel structure, which was fireproofed, and the roof, which needed to be replaced and insulated, the form of the building was retained in totality, including all the existing purlins and steel trusses. In addition, a 3-metre wide pipe culvert was utilised to form the entrance porch and covered drop-off area.

In its prime, Sentul Works served as a state-of-the-art workshop for the Federal Malay States Railway (FMSR) system and was one of Malaya's finest integrated engineering workshops. As dependence on the railway as a major transportation system began to decline during the late 1960s, various parts of Sentul Works became redundant and succumbed to disrepair and one of these workshops has now been creatively restored to house YTL Comms' nerve centre, comprising a data centre, laboratories and support offices for the Group's 4G services.

SINGAPORE

The Group owns a 100% stake in PowerSeraya Limited ("PowerSeraya") which operates power generation and merchant multi-utility businesses in Singapore. PowerSeraya supplies almost 30% of the Singapore's electricity needs and recognises the key role it plays in addressing the country's energy security concerns, and achieving long-term sustainable growth through a balance between economic returns, its environmental footprint and its contributions to the communities in which it operates.

In 2009, PowerSeraya was recognised for its corporate responsibility efforts and contributions towards sustainability through its double wins at the ACCA Singapore Sustainability Reporting Awards 2009, winning awards for 'Best Sustainability Report' and 'Best-First-Time Report'. In the first year of developing its Sustainability Report, PowerSeraya also became the first local company in Singapore to have achieved the highest standard in sustainability reporting with a B+ rating from Global Reporting Initiative (GRI).

Most recently, PowerSeraya was awarded the 'Most Socially Responsible Company of the Year' at the Asia Power & Electricity Awards 2010 held at Suntec City Singapore on 6 April 2010.

Building a Well-Rounded Workforce

PowerSeraya continues to enhance its safe-work standards excellence by successfully transiting from OHSAS 18001:1999 to OHSAS 18001:2007 and maintaining its works standards of ISO 9001:2000 and ISO 14001:2004. For the year under review, PowerSeraya clocked about 940,000 man-hours for staff and 1.7 million man-hours for contractors without any lost time accidents.

The company has also looked at re-employment of older workers in view of an aging workforce in Singapore and the need to tap on the experience and expertise of these older workers. In consultation with the Union of Power and Gas Employees (UPAGE), PowerSeraya drew up the Re-employment Framework and Policy for implementation from 1 April 2010. The Framework sought to recognise the contributions of its mature employees and engage them in more economically productive years beyond age 62.

Talent development of staff is also an important priority of the company to constantly meet changing job demands and external changes in the industry. Almost S$600,000 was invested during the year under review in Training and Development programmes in Competency Acquisition and in enhancing Professional and Management Skills, with the aim of cultivating a culture of continuous learning that will improve PowerSeraya's results and sustain its competitive advantage.

Through employer branding, PowerSeraya has also reached out to potential recruits by providing scholarships, internships and industrial attachments. For the year under review, four scholarships were awarded to Nanyang Technological University undergraduates. A total of 19 internships and industrial attachments were offered to undergraduates and students from local and overseas educational institutions.

- ***Contributions to UPAGE Bursary, Endowment Fund***
  In 2009, PowerSeraya donated a combined sum of S$77,000 to the UPAGE Endowment Fund and the UPAGE Bursary Awards. The UPAGE Annual Bursary Awards are awarded to the children of UPAGE members, based on their academic performance and financial needs of the family. The UPAGE Endowment Fund was set up with the support of unionised companies under its care (including PowerSeraya) to provide an additional source of funds that will help union members in the form of subsidies and benefits such as welfare grants and training and development courses. The Labour Movement had also put aside a portion of the funds for retrenched workers affected by the recession.

- ***Nithiah Nandan Book Prize***
  In 2009, book prizes worth S$1,000 each were awarded to four of PowerSeraya employees' children at the Nithiah Nandan Book Prize ceremony. Set up in year 2007, this book prize was created in honour of the late Mr Nithiah Nandan, former executive secretary of UPAGE for his support for lifelong education and dedication to serving others. The book prize recognises the exemplary performance of employees' children who have excelled in their areas of interest outside the academic field or who have made meaningful contributions to the community or the environment. As of December 2009, 7 of its employees' children have received this book prize.

- ***PowerSeraya Scholarship***
  The PowerSeraya Scholarship was set up in 2008 and each year, between 2 and 6 outstanding undergraduates from Singapore's Nanyang Technological University are selected to receive a bond-free scholarship worth S$8,000 per annum. In 2009, the company gave out four such scholarships (of which two were new ones while the other two were renewals from the previous year). The two new awardees, both second year undergraduates (one pursuing a business degree and the other an aerospace engineering degree), were also given internship opportunities at PowerSeraya.

  Scholars are chosen from students pursuing courses at the College of Engineering, College of Science and the Nanyang Business School from their second year of study. While students are selected primarily on their academic performance and curricular activities, those who have handled environmental projects or contributed significantly to the community are strongly considered for the scholarship programme.

Review of Sustainability Initiatives & Corporate Responsibility

Nurturing the Community

PowerSeraya is committed to a number of ongoing community engagement projects to enhance environmental sustainability and awareness, as well as social outreach programmes for the benefit of the wider community.

- ***SHARE Programme***
  PowerSeraya subscribes to the SHARE (Social Help and Assistance Raised by Employees) programme, where employees donate to the Community Chest on a monthly basis through a deduction from their salary. Its support for the SHARE programme saw PowerSeraya being awarded the Silver SHARE award in 2009. The Community Chest is a fund-raising arm of the National Council of Social Service with a purpose to ensure that every person within the society has the opportunity to live a life of dignity to his or her fullest potential.

- ***Energy Learning Hub***
  Greenridge Secondary School's Energy Learning Hub, which is sponsored by PowerSeraya, was launched on 14 August 2009. The event was graced by Guest-of-Honour Dr. Teo Ho Pin, Mayor of the North West District and Member of Parliament for Bukit Panjang. With an investment of S$170,000, the launch of the Hub marks a significant milestone for PowerSeraya in promoting environmental stewardship to not only students within the school, but also those from 10 other schools in the same school cluster, as well as to the wider community. As of December 2009, close to 1,100 students, teachers and parents had visited the Hub since its launch.

  The Hub highlights the relationship between energy, the environment and climate change. Its point of differentiation lies with its main focus on energy – bringing students through a learning journey on energy sources, energy production and the importance of sustainability. It seeks to raise awareness on how decisions made today can influence the future of energy, in the hope that it will inspire students to be responsible energy users and play a role in mitigating the effects of climate change.

- ***Celebrating Family Day with Metta Welfare***
  As part of the company's efforts to reach out to the socially disadvantaged, PowerSeraya invited the Metta Welfare Association for the first time to be part of its bi-annual Family Day celebrations held at Gardenasia. Five staff members volunteered to host the 27 members and their families from Metta Activity Centre, which runs programmes for intellectually-disabled people to help them develop daily living skills.

Community Engagement to Promote Environmental Sustainability

PowerSeraya's integrated energy strategy aligned with its sustainability objectives has served the company well. The recent actualisation of this strategy was the modification of its existing natural-gas fired combined cycle power plants to produce steam besides electricity. This move supports one of the goals under the Sustainability Development Blueprint of Singapore to achieve resource efficiency.

From its original intent of producing electricity which is the sole product from the combined cycle power plants, PowerSeraya has been able to harness waste heat from the electricity generation process to produce steam. Its desalination plant has also given the company the capability to produce water for its own industrial applications and use. Essentially, the production of steam through the modification of its combined cycle power plants to co-generation units has been a more cost-effective and less carbon-intensive solution compared to a standalone investment solely to produce steam.

The company also supported in a number of events during the year, aimed at raising public awareness of the importance of environmental sustainability.

- ***Clean and Green Singapore 2009***
  PowerSeraya has been a sponsor of the Clean and Green Singapore event – the country's largest environmental event organised annually by the National Environment Agency (NEA) – for two consecutive years now. The launch of the event on 31 October 2009, which was graced by Singapore's Prime Minister Mr Lee Hsien Loong, saw the company sponsoring an energy conservation themed game booth and environmentally-friendly notebooks as giveaways which were manufactured from sustainable forest sources endorsed by the Forest Stewardship Council.

  PowerSeraya also participated in the Schools' Carnival by sponsoring a booth for its adopted school Greenridge Secondary School to showcase their environmental initiatives. The Schools' Carnival is one of the significant events organised under the umbrella of Clean and Green Singapore, which is aimed at raising environmental awareness among school children.

- ***NEA-Mediacorp Run***
  Formerly known as the Semakau CEO Run, PowerSeraya has been supporting this annual event since its inception three years ago. In 2009, PowerSeraya's donation to this fund-raising run supported the works of environmental NGOs as well as social services charities, namely the Singapore Environment Council, the Singapore Institute of International Affairs Haze Programme, the Restroom Association of Singapore, HCA Hospice Care, NTUC U Care Fund and the Rainbow Centre - Yishun Park School.

The Bio-Bug developed by Wessex Water's subsidiary, GENeco

- ***Collaboration with Nokia on 'Recycle a Phone, Adopt a Tree Programme'***
  For the first time, PowerSeraya collaborated with Nokia to bring the 'Recycle a Phone, Adopt a Tree' programme to the wider community within the vicinity of its head office at HarbourFront Towers. Done in partnership with its landlord Mapletree, this two-month campaign (held from mid-August until the end of October 2009) helped raise awareness on the environmental benefits of phone recycling.

  A booth was set up for a week at the busy shopping belt of HarbourFront Shopping Centre to educate the general public on the process of phone recycling and how it can help save the earth. Under this campaign, Nokia will plant a tree in Indonesia for every phone recycled. A total of 353 mobile phones and related accessories were collected for recycling after the campaign ended. With this campaign, used mobile phones sent for recycling not only help prevent any environmental hazards caused by the improper disposal of mobile phones but also help to reduce carbon dioxide emissions through carbon sinks created from trees planted by Nokia.

- ***International Coastal Cleanup***
  On 19 November 2009, a total of 25 volunteers from PowerSeraya, Singapore Polytechnic Environmental Club and Carlson Hotels joined forces to participate in the annual International Coastal Cleanup ("ICC"). Held on the third week of September every year, the ICC is the world's largest volunteering effort which sees about 400,000 volunteers participating in this worldwide activity to 'clean' the ocean each year of everyday litter.

  This is the second year that PowerSeraya has collaborated with the Singapore Polytechnic Environmental Club and a first with Carlson Hotels. The clean-up operations, conducted along a 300-metre beach stretch along the East Coast Park, resulted in 21 kilograms of debris items collected. Every debris item collected was recorded on a data sheet by the volunteers. Each year, the data is collated by the Raffles Museum of Biodiversity Research for Singapore and sent to the Ocean Conservancy for compilation at an international level and subsequently submitted to the United Nations Environment Programme.

UNITED KINGDOM

The group owns a 100% stake in Wessex Water Limited ("Wessex Water"), a water and sewerage provider in the United Kingdom ("UK"). Wessex Water operates over an area of about 10,000 square kilometres in the south of England, providing water to 1.3 million customers and taking away sewerage from 2.7 million customers daily.

Wessex Water is committed to becoming a sustainable water company and has experienced first-hand some of the business reasons for putting sustainability principles into practice. These include the services to society and the environment that make up its operating license, the growth of environmental taxation, the interest that employees have in being part of a business that takes sustainability issues seriously, the accountability demanded by all its stakeholders, and the priorities of ethical investors when the company was listed. Wessex Water considers sustainable development to be a set of activities that help society move towards sustainability.

In 2008, Wessex Water became the first water company to receive the Queen's Award for Enterprise in the 'Sustainable Development' category. This was in recognition of their approach to working in ways that were environmentally, socially, and economically responsible as well as their partnership work with stakeholders. As the result of its work in maintaining and continually improving on an excellent standard of customer service, Wessex Water also received the 'Best Customer Service' and 'Best Creditor' awards from the Citizens Advice Bureau in 2009-10.

Wessex Water made history in 2009-10 as the first water and sewerage company to go two consecutive years without a single category 1 or 2 pollution incident, which are defined as events having a persistent, extensive, major impact on the environment (category 1) or causing significant damage to the aquatic ecosystem (category 2). Other environmental achievements for Wessex Water this year included increasing its renewable energy production to 15% of total demand, being conferred the Green Apple Environment Award for the its Biodiversity Partners Programme covering the last four years, and achieving ISO 14001 accreditation for environmental management within its engineering and construction services division.

Review of Sustainability Initiatives & Corporate Responsibility

Carbon Management

With the advancement of technology and the development of reliable processes, great improvements have been made in the water quality of coastal and inland waters, as well as drinking water standards. However, these processes are often energy and chemical intensive. Wessex Water has long recognised that significantly reducing its carbon footprint is essential, and has set itself the ambitious long-term goal of becoming carbon neutral and keeping its emissions on track with the UK Climate Change Act's required emissions cut of 80% by 2050. To achieve this, an ongoing carbon management strategy has been implemented, based on the hierarchy of emissions avoidance, energy efficiency and renewables. This combines specific carbon-cutting initiatives with a number of management measures to ensure carbon management is built into decision-making and operational activity.

- ***Energy efficiency and renewable energy***
  In 2009-10, the company continued to reduce its emissions through a number of energy efficiency projects and increased focus on optimising its renewable energy production. An energy efficiency database containing around 200 live projects was set up, with the majority of projects focused on sewage treatment, the biggest consumer of energy. Measures implemented included extending ammonia control to 10 sites, implementing a thorough review of the operation of biological aerated filter plants and conducting an advanced process control project at the company's second largest sewage treatment works ("STW").

- ***Renewable energy generation***
  Over the last year, Wessex Water's investment in advanced digestion and its increased focus on the optimisation of digesters and biogas production has had great benefits for its renewable energy production. This was helped in part by the company's creation of GENeco Limited, a distinct entity to operate its Bristol STW and Berry Hill sludge treatment centre. Bristol STW has gone beyond being self-sufficient for electricity to being a net exporter to the national grid.

  Outside the regulated business, Wessex Water has continued its work on possible investments in food waste digestion in Bristol, a planned wind turbine installation at Bristol STW, which could generate an estimated total of 20 gigawatt hours (GWh) each year from four proposed turbines, and investigating other smaller projects (eg. hydro and other sites suitable for medium or large wind energy generation).

- ***Biogas car launch***
  This year, the UK's first biogas-powered car, a Volkswagen Beetle developed by GENeco Limited, a subsidiary of Wessex Water, has taken to the streets in what has been hailed as a breakthrough in the drive to encourage sustainable power. The car, termed the 'Bio-Bug', runs on methane gas generated during the sewage treatment process. Waste from just 70 homes is enough to power the Bio-Bug for a year, based on an annual mileage of 10,000 miles.

  To develop the Bio-Bug, GENeco imported specialist equipment to treat gas generated at its STW plant in Avonmouth to power the Beetle in a way that would not affect its performance, through a process called biogas upgrading. During the process, carbon dioxide will be separated from the biogas using special equipment. The successful development of the Bio-Bug proves that biomethane from sewage sludge can be used as an alternative fuel for vehicles.

  Wessex Water is currently conducting tests with the Bio-Bug and if the testing proves successful, the company is looking to convert more of its vehicles to run on biogas. If all the biogas produced at Avonmouth were converted to run cars, it would prevent the emission of around 19,000 tonnes of carbon dioxide.

Enhancing Biodiversity

As part of its wider commitment to improve environmental quality, Wessex Water undertakes programmes to conserve and, where possible, enhance biodiversity in its landholdings. The company does this by focusing on conservation management and by checking and monitoring engineering works to avoid damaging the environment during new developments.

Wessex Water now has 49 sites where specialist conservation management has been introduced. Each site has a specific management plan, detailing the special wildlife interest and relevant management measures, which can range from simple grass cutting arrangements to special access measures to prevent disturbing bat roosts or cutting down non-native trees to restore open heathland on its reservoirs.

- ***Partners Programme***
  As part of its Biodivesity Action Plan, Wessex Water funds conservation work outside its landholding to benefit wildlife across the region through its Partners Programme. In the recently-completed Phase 3 of the 2006-10 programme, seven projects were funded by the company. The success of these projects garnered the company a Green Apple Environmental Award. The Partners Programme provides benefits to all parties involved, including learning best practices, sharing data and information and helping to meet the European Union Water Framework Directive's long-term goals of good water quality and ecological status.

- ***Community environmental projects***
  Wessex Water's community-based projects throughout the past year focused on promoting water efficiency through educating the community, as well as supporting environmental projects. In a new initiative launched this year, free 'WaterSave' packs designed to regulate shower flow to a lower rate were distributed to household customers while an award was offered to building developers if they designed new homes with water efficiency in mind. Additionally, over 7,500 'WaterWatch' packs, a resource targeted towards students to promote water saving at home, were distributed to students in an effort supported by teachers.

  Annual road shows and public talks were also held throughout towns in the region, with water conservation being the key message. In the summer, Wessex Water opened the doors to its STWs to raise awareness and educate the local community about what the company does.

  More than £13,000 was donated through Wessex Water's Watermark award scheme, enabling various groups and individuals to carry out 33 environmental and conservation projects. The company's staff has also contributed to many environmental charities in the region by raising money through the Community PlusFund, which matches the amount of sponsorship raised.

INDONESIA

YTL Power has a 35% equity interest in PT Jawa Power ("Jawa Power") which owns a 1,220 MW coal-fired power station in Indonesia and the Group also owns 100% of the plant's operation and maintenance company, PT YTL Jawa Timur ("Jawa Timur").

The Jawa Power station, which has been certified to the ISO 14001 standard, maintained a Green Rating under the Indonesian Ministry of Environment's Environmental Rating Programme for the fourth consecutive year. The Green Rating indicates that the company has implemented effective pollution control programs and has successfully exceeded the requirements of environmental laws and regulations.

Assessing Environmental Impacts

Jawa Power has implemented several programs in its operations to increase efficiency and reduce its overall carbon footprint, using the 'reduce, reuse and recycle' approach.

- ***Water and Energy Conservation***
  The station has developed an implementation plan to recycle all used plant water, which could reduce up to 1,050 cubic metres per day (equivalent to a 40% reduction) of plant water usage, and decrease waste water discharge from 730 to 450 cubic metres per day. Service water is used extensively in the plant for coal dust suppression system, plant cleaning, ash lagoon maintenance, and equipment cooling systems, among others.

  The marked reduction in the plant's fuel consumption has been one of Jawa Timur's key accomplishments. The plant's fuel consumption has been reduced to its current levels of only 25% of 2002 levels when the plant first commenced operations, and has been achieved mainly through improvements in the operating regime. Fuel oil is consumed during start-ups, shutdown and occasionally during normal operations when additional boiler firing support is needed. The improved operating regime has meant fewer trips, shutdowns and start-ups resulting in the significant decrease in fuel oil consumption.

  Power consumption of the Flue Gas Desulphurisation (FGD) plant has also been reduced while maintaining sulphur dioxide (SO_2) emissions well below the regulated limit. After implementation, the total power consumption for the FGD plant decreased approximately 800 to 1,000 megawatt-hours (MWh) per month. FGD is the technology used to remove SO_2, a gas which causes acid rain and the emission of which is stringently regulated, from the exhaust flue gases of fossil fuel power plants.

- ***Monitoring atmospheric emissions***
  Atmospheric emissions from Jawa Power's plant come from two 220-metre chimneys, and comprise mainly of CO_2, SO_2, nitrogen oxide and fine particles. The plant has consistently maintained generation efficiency figures which equal less carbon emissions per MWh of electricity generated. Efficiency figures have continued to improve despite the aging of the power station, maintained by implementing good operation and maintenance practices, periodic performance tests, efficiency monitoring and thorough work improvement teams to explore any initiative for efficiency improvement.

- ***Waste management***
  The plant continues to recycle most of its fly ash, one of the by-products of the coal-burning process, by sending it to cement plants for use in the manufacture of cement and other construction materials. Efforts have also been made to recycle other hazardous waste (called 'specific waste'), such as wastewater treatment plant sludge, used oil and used batteries, resulting in 89% of specific waste being recycled in 2009. Other specific waste that cannot be recycled, such as chemical laboratory waste, contaminated waste, fluorescent lighting and machine-made mineral fibres, are disposed of by an approved government disposal company.

Review of Sustainability Initiatives & Corporate Responsibility

Community Development Initiatives

Community development programmes carried out by Jawa Timur and Jawa Power for local communities in East Java, Indonesia, focus on education improvement, income generation, health and environmental improvement.

- ***Education quality improvement***
  The companies support ongoing education quality improvement programmes at two schools in the surrounding district of the plant, SMA Tunas Luhur and SMP Bhakti Pertiwi, which are full-day, junior and senior high schools, respectively. During the year under review, the companies held the YTL-Jawa Power Mathematics Olympiad 2010, which attracted participants from 650 elementary schools in the Probolinggo regency. The winners were sent to the Java Mathematics Olympiad, and ranked 3rd and 4th in the competition.

- ***Income generation***
  The programme focuses on assisting local cooperatives in developing small businesses, providing vocational skills training for the local community and providing assistance and guidance to small/micro businesses in licensing and banking matters. The cooperatives have become a successful model for community participation in a self-help scheme to improve welfare. Among the activities carried out this year was a workshop on fish farming, which attracted much local community interest and has led to several families currently running their own cat fish farms.

- ***Health and environment improvement***
  Health and environment improvement activities are focused on intensifying the role of the Integrated Waste Management unit in Bhinor village, developing a mini biogas unit, beach reforestation and participating in the improvement of community health facilities. Under guidance by Jawa Power and Jawa Timur, Bhinor's Integrated Waste Management unit has commenced its commercial phase, and has been regularly producing compost, which is sold to consumers, used in nurseries, and used for planting organic rice. Jawa Power also contributes to raising environmental awareness among the younger generation through the 'Adiwiyata' program in SMP Bhakti Pertiwi.

- ***Community care***
  Early this year, a flood hit the villages of Banyuanget and Lubawang, causing great property loss and damage to over 800 houses and a number of public buildings. Jawa Power stepped in to deliver assistance for victims of the flood and help them rebuild their lives.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Fourteenth Annual General Meeting of YTL Power International Berhad ("YTL Power" or "the Company") will be held at Starhill 2, Level 4, JW Marriott Hotel Kuala Lumpur, 183, Jalan Bukit Bintang, 55100 Kuala Lumpur on Tuesday, the 30th day of November, 2010 at 2.30 p.m. to transact the following business:-

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 30 June 2010 together with the Reports of the Directors and Auditors thereon; **Resolution 1**

2. To sanction the declaration of a Final Single Tier Dividend of 3.75% or 1.875 sen per ordinary share of 50 sen each in respect of the financial year ended 30 June 2010; **Resolution 2**

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

   i) Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng **Resolution 3**
   ii) Dato' Yeoh Seok Hong **Resolution 4**
   iii) Syed Abdullah Bin Syed Abd. Kadir **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 RM620,000 for the financial year ended 30 June 2010; **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 Ordinary Resolutions:-

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**

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 Main Market Listing Requirements ("Main LR") 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

Notice of Annual General Meeting

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 1 December 2009, 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 2010, the audited Retained Profits and Share Premium Account of the Company were RM1,389,538,000 and RM2,942,666,000 respectively; and

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

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

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

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

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

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

9. PROPOSED RENEWAL OF SHAREHOLDER MANDATE AND NEW SHAREHOLDER 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 (a) & (b) of the Circular to Shareholders dated 8 November 2010 subject to the following:-

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

ii) disclosure is made in the annual report of the aggregate value of transactions conducted during the financial year pursuant to the shareholder mandate in accordance with the Main Market 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 shareholder 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 8 December 2010 for the entitlement of the following:-

Proposed Final Single Tier Dividend of 3.75% or 1.875 sen per ordinary share of 50 sen each in respect of the financial year ended 30 June 2010 as recommended by the Directors on 19 August 2010.

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 8 December 2010 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 Single Tier Dividend of 3.75% or 1.875 sen per ordinary share of 50 sen each in respect of the financial year ended 30 June 2010, if approved by the shareholders at the forthcoming Fourteenth Annual General Meeting, shall be on 23 December 2010.

Holders of 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 25 November 2010 to qualify for the above dividend entitlement.

By Order of the Board,

HO SAY KENG
Company Secretary

KUALA LUMPUR
8 November 2010

Notice of Annual General Meeting

Notes:-

A member entitled to attend and vote at the meeting may appoint a proxy to vote in his stead. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. A member other than an Authorised Nominee shall not be entitled to appoint more than one proxy to attend and vote at the same meeting and where such member appoints more than one proxy to attend and vote at the same meeting, such appointment shall be invalid. 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 23 November 2010. Only a depositor whose name appears on the General Meeting Record of Depositors as at 23 November 2010 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

Resolution 11 is a renewal of the general authority given to the Directors of the Company to allot and issue shares ("S132D Mandate") as approved by the shareholders at the Thirteenth Annual General Meeting held on 1 December 2009.

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 and this authority will allow the Directors to decide expeditiously if it considers it to be in the best interest of the Company. This will eliminate delay and cost in convening general meeting to approve such issuance of shares.

Resolution 11, if passed, will give the Directors the authority to allot and issue ordinary shares from unissued share capital of the Company up to an amount not exceeding ten per centum (10%) of the Company's issued share capital for the time being.

As at the date of this Notice, the Company has not issued any new shares pursuant to S132D Mandate approved at the Thirteenth Annual General Meeting which will lapse at the conclusion of the Fourteenth Annual General Meeting to be held on 30 November 2010.

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 8 November 2010 which is despatched together with the Company's Annual Report 2010.

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 8 November 2010 which is despatched together with the Company's Annual Report 2010.

Statement Accompanying Notice of Annual General Meeting

(Pursuant to Paragraph 8.27(2) of the Main Market 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 Fourteenth 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' Sri Michael Yeoh Sock Siong
DIMP, SSAP
BE (Hons) Civil & Structural Engineering, FFB

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

Dato' Mark Yeoh Seok Kah
DSSA
LLB (Hons)

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

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)

AUDITORS

PricewaterhouseCoopers (AF 1146)
Chartered Accountants

PRINCIPAL BANKERS OF THE GROUP

AmBank (M) Berhad
Banco Bilbao Vizcaya Argentina, S.A.
Bank of America, N.A.
Bank of Taiwan
Barclays Bank Plc
Bayerische Landesbank
BNP Paribas
CIMB Bank Berhad
Citibank Berhad
Citibank Malaysia (L) Limited
Credit Agricole Corporate and Investment Bank
DBS Bank Ltd
DZ Bank AG
European Investment Bank
HSBC Bank Plc
ING Bank N.V.
KfW Bankengruppe
Malayan Banking Berhad
Mizuho Corporate Bank Ltd
National Australia Bank Limited
Natixis
Oversea-Chinese Banking Corporation Limited
Standard Chartered Bank Malaysia Berhad
Sumitomo Mitsui Banking Corporation
The Bank of East Asia Limited
The Bank of Tokyo-Mitsubishi UFJ, Ltd
The Royal Bank of Scotland Plc
United Overseas Bank Limited

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
Main Market (23.5.1997)

Profile of the Board of Directors

TAN SRI DATO' SERI (DR) YEOH TIONG LAY

Malaysian, aged 80, 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. On 20 August 2009, Tan Sri Yeoh Tiong Lay was accorded with Lifetime Achievement Award in the Asia Pacific Entrepreneurship Awards 2009 (APEA 2009) in recognition of his outstanding entrepreneurial achievements and contribution towards the development of the nation. He is also the Honorary Chairman of Tung Shin Hospital and is on the board of Governors for several schools. Tan Sri Yeoh Tiong Lay is also the Executive Chairman of YTL Corporation Berhad and YTL Cement Berhad, both listed on the Main Market 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 56, 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 Market 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 ACE Market of Bursa Malaysia Securities Berhad, and YTL Starhill Global REIT Management Limited, which is the Manager for Starhill Global REIT, a vehicle listed on the Main Board of the Singapore Exchange Securities Trading Limited (SGX-ST). 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. He was named one of Asia's Top Executives in 2008 by Asiamoney.

TAN SRI DATO' LAU YIN PIN @ LAU YEN BENG

Malaysian, aged 61, 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 served on the Board of Tenaga Nasional Berhad, the successor to Lembaga Letrik Negara until 15 September 2010. Currently, he is a Board member of Media Chinese International Limited.

TAN SRI DATUK DR. ARIS BIN OSMAN @ OTHMAN

Malaysian, aged 66, 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 Bank Berhad and YTL Foundation.

DATO' YEOH SEOK KIAN

Malaysian, aged 53, 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 Market 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 and private utilities company, Wessex Water Limited, as well as YTL Starhill Global REIT Management Limited, which is the Manager for Starhill Global REIT, a vehicle listed on the Main Board of the Singapore Exchange Securities Trading Limited (SGX-ST). He is also an Executive Director of Pintar Projek Sdn Bhd, the Manager of Starhill Real Estate Investment Trust.

DATO' (DR) YAHYA BIN ISMAIL

Malaysian, aged 82, 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 Market 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.

MEJ JEN DATO' HARON BIN MOHD TAIB (B)

Malaysian, aged 75, 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 1954 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.

Profile of the Board of Directors

DATO' YEOH SOO MIN

Malaysian, aged 54, 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 a Fellow of the Governors of International Students House, London and is a Trustee of Yayasan Tuanku Fauziah. She also holds directorships in YTL Corporation Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad, YTL Industries Berhad and YTL Vacation Club Berhad.

DATO' YEOH SEOK HONG

Malaysian, aged 51, was appointed to the Board on 18 October 1996 as an Executive Director. He obtained his Bachelor of Engineering (Hons) Civil & Structural Engineering Degree from the University 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 Market of Bursa Malaysia Securities Berhad. Dato' Yeoh Seok Hong also sits on the board of YTL Industries Berhad, YTL Foundation, Wessex Water Limited, Wessex Water Services Limited and PowerSeraya Limited.

DATO' SRI MICHAEL YEOH SOCK SIONG

Malaysian, aged 50, was appointed to the Board on 21 October 1996 as an Executive Director. He graduated from Bradford University, United Kingdom in 1983 with a Bachelor of Engineering (Hons) Civil & Structural Engineering Degree. Dato' Sri Michael Yeoh is primarily responsible for YTL Group Manufacturing Division which activities involve cement manufacturing and other building material industries. He is also a director of YTL Corporation Berhad, YTL Cement Berhad, YTL Land & Development Berhad, all listed on the Main Market of Bursa Malaysia Securities Berhad and YTL e-Solutions Berhad, a company listed on the ACE Market of Bursa Malaysia Securities Berhad. He 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 47, 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 Market of Bursa Malaysia Securities Berhad.

DATO' MARK YEOH SEOK KAH

Malaysian, aged 45, 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 acquisition of ElectraNet SA (Australia), Wessex Water Limited (UK), P.T. Jawa Power (Indonesia) and PowerSeraya Limited (Singapore). He serves on the board of YTL Corporation Berhad, YTL Cement Berhad, YTL Land & Development Berhad, all listed on the Main Market of the Bursa Malaysia Securities Berhad. He is also a board member of YTL Vacation Club Berhad and private utilities company, Wessex Water Limited, as well as PowerSeraya Limited.

SYED ABDULLAH BIN SYED ABD. KADIR

Malaysian, aged 56, 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.

DETAILS OF ATTENDANCE OF DIRECTORS AT BOARD MEETINGS

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

	Attendance
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	5
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping	5
Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng	5
Tan Sri Datuk Dr. Aris Bin Osman @ Othman	5
Dato' Yeoh Seok Kian	4
Dato' (Dr) Yahya Bin Ismail	5
Mej Jen Dato' Haron Bin Mohd Taib (B)	5
Dato' Yeoh Soo Min	3
Dato' Yeoh Seok Hong	4
Dato' Sri Michael Yeoh Sock Siong	5
Dato' Yeoh Soo Keng	4
Dato' Mark Yeoh Seok Kah	4
Syed Abdullah Bin Syed Abd. Kadir	5

Notes:-

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

2. **Conflict of Interest**
   None of the Directors has any conflict of interest with the Company.

3. **Conviction of Offences**
   None of the Directors has been convicted of any offences in the past ten (10) years.

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 2010, 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 for Entities Other Than Private Entities.

Audit Committee Report

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)

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. Assist to improve the Group's business efficiency, the quality of the accounting function, the system of internal controls and the audit function to 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, all of whom must be non-executive directors, with a majority of them being 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

Audit Committee Report

(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 or activity;

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) the audit plan with the external auditors;

   (b) the evaluation by the external auditors 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) the audit report with the external auditors;

   (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 Bursa Securities Main Market Listing Requirements ("Main LR").

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 Management 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 15.09(1) of the Main LR, the Company must fill the vacancy within 3 months.

Minutes

1. The Secretary 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 the members of the Committee prior to each meeting.

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 2010 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 Main LR, 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.

Audit Committee Report

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

7. Review of the adequacy and competency of the internal audit function and the profiles of the internal auditors.

8. Review of the Audit Committee Report and Statement on Internal Control and recommend to the Board for approval prior to their inclusion in the Company's Annual Report.

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.

Costs amounting to approximately RM987,740 were incurred in relation to the internal audit function for the financial year ended 30 June 2010.

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

Statement on Corporate Governance

for the financial year ended 30 June 2010

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 compliance with the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities"), the Board has been guided by the measures and best practices recommended in the Malaysian Code on Corporate Governance ("Code").

The YTL Power Group has a long-standing commitment to corporate governance and protection of shareholder value, which has been integral to the YTL Power Group's achievements and strong financial profile to date. The YTL Power Group's corporate governance structure is a fundamental part of the Board's responsibility to protect and enhance long-term shareholder value and the financial performance of the YTL Power Group, whilst taking into account the interests of all stakeholders.

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 to address and manage the complexity and scale of the YTL Power Group's operations. This broad spectrum of skills and experience ensures the YTL Power Group is under the guidance of an accountable and competent Board. The Directors recognise the key role they play in charting the strategic direction, development and control of the YTL Power Group 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 provides an effective check and balance in the functioning of the Board, and complies with the Listing Requirements, which require one-third of the Board to be independent.

The positions and responsibilities 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 effectiveness 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, in addition to advancing relationships with regulators and all other stakeholders. 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 collectively accountable for the running and management of the YTL Power Group's operations and for ensuring that strategies are fully discussed and examined, and take account of the long-term interests of shareholders, employees, customers, suppliers and the many communities in which the YTL Power Group conducts its business.

Together, the Directors believe that the structure of the Board satisfactorily reflects the interests of its shareholders and is able to provide clear effective leadership to the YTL Power Group. The composition of the Board reflects 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.

Statement on Corporate Governance

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

The Directors are fully cognisant of the importance and value of attending seminars, training programmes and conferences in order to update themselves on developments and changes in the industries in which the YTL Power Group operates, as well as wider economic, financial and governance issues to enhance their skills, knowledge and expertise in their respective fields. All Directors have attended and completed the Mandatory Accreditation Programme prescribed by Bursa Securities, and the Board will continue to evaluate and determine the training needs of its Directors on an ongoing basis.

Throughout the financial year under review, the Directors attended various briefings, conferences, seminar programmes and speaking engagements covering areas that included corporate governance, leadership, relevant industry updates and global business developments which they have collectively or individually considered as useful in discharging their stewardship responsibilities.

BOARD MEETINGS & ACCESS TO INFORMATION

Board meetings are scheduled with due notice in advance at least 5 times in a year in order to review and approve the annual and interim financial results. Additional meetings may also be convened on an ad-hoc basis when significant issues arise relating to the YTL Power Group and when necessary to review the progress of its operating subsidiaries in achieving their strategic goals. The Board met 5 times during the financial year ended 30 June 2010. 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 are fully apprised of the need to determine and disclose potential or actual conflicts of interest which may arise in relation to transactions or matters which come before the Board. In accordance with applicable laws and regulations, the Directors formally disclose any direct or indirect interests or conflicts of interests in such transactions or matters as and when they arise and abstain from deliberations and voting at Board meetings as required.

The Directors have full and unrestricted access to all information pertaining to the YTL Power Group's business and affairs to enable them to discharge their duties. 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 comprehensive set of Board papers encompassing qualitative and quantitative information relevant to the business of the meeting. This allows the Directors to obtain further explanations or clarifications, where necessary, in order to be properly briefed before each meeting. 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, who ensures that accurate and proper records of the proceedings of Board meetings and resolutions passed are recorded and kept in the statutory register at the registered office of YTL Power Group.

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

All Directors have full access to the advice and services of the Company Secretary who consistently ensures that Board procedures are adhered to at all times during meetings and advises the Board on matters including corporate governance issues and the Directors' responsibilities in complying with relevant legislation and regulations.

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 endorsement lies with the entire Board to ensure that the required mix of skills, 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 financial year under review, there were no new appointments to the Board.

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

In accordance with the Listing Requirements, each member of the Board holds not more than ten directorships in public listed companies and not more than fifteen directorships in non-public listed companies. This ensures that their commitment, resources and time are focused on the affairs of the YTL Power Group, thereby enabling them to discharge their duties effectively.

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

Details of the aggregate remuneration of Directors categorised into appropriate components and the range of remuneration for each Director can be found in Note 9 to the Financial Statements in this Annual Report. Details are not shown with reference to Directors individually, both for security reasons and because the Board believes that such information will not add significantly to the understanding and evaluation of the YTL Power Group's standards of corporate governance.

DIALOGUE WITH SHAREHOLDERS & INVESTORS

The YTL Power Group values dialogue with investors and constantly strives to improve transparency by maintaining channels of communication with shareholders and investors that enable the Board to convey information about performance, corporate strategy and other matters affecting shareholders' interests. The Board believes that a constructive and effective investor relationship is essential in enhancing shareholders value and recognises the importance of timely dissemination of information to shareholders. Accordingly, the Board ensures that shareholders are kept well-informed of any major 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 not only to promote the dissemination of the YTL Power Group's financial results but to provide updates on strategies and new developments to ensure mutual understanding of the YTL Power Group's operations and activities. Presentations based on permissible disclosures are made to explain the YTL Power Group's performance and major development programs. Whilst efforts are made to provide as much information as possible to its shareholders and stakeholders, the Directors are cognisant of the legal and regulatory framework governing the release of material and sensitive information so as to not mislead its shareholders. Therefore, information that is price-sensitive or that may be regarded as undisclosed material information about the YTL Power Group is not disclosed to any party until after the prescribed announcement to Bursa Securities has been made.

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

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

During the course of each financial year, the Company ensures prompt and timely release and dissemination of quarterly results, announcements, circulars and notices to enable shareholders to keep abreast of the YTL Power Group's financial and operational performance and to make informed decisions with regards to significant corporate developments.

Statement on Corporate Governance

THE AUDIT COMMITTEE

The Company has in place an Audit Committee which comprises 3 Non-Executive Directors in compliance with the Code and the Listing Requirements which require all the members of the Audit Committee to be Non-Executive Directors.

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

The Audit Committee met 5 times during the financial year ended 30 June 2010. Full details of the composition, complete terms of reference and a summary of 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 Malaysia for Entities Other Than Private Entities. 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 the 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 & INTERNAL AUDIT

The Board acknowledges its overall responsibility for maintaining a sound system of internal control to safeguard the investment of its shareholders and the YTL Power Group's assets. Details of the YTL Power Group's system of 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 external auditors, Messrs PricewaterhouseCoopers. The external auditors also attend each AGM in order to address clarifications sought pertaining to the audited financial statements 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 2010.

This statement was approved by the Board of Directors on 19 August 2010.

Statement on Internal Control

for the financial year ended 30 June 2010

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

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

RESPONSIBILITIES OF THE BOARD

The Board is ultimately responsible for maintaining a sound system of internal control which includes the establishment of an appropriate control environment framework to address the need to safeguard shareholders' investments and the assets of the YTL Power Group, and for reviewing the adequacy and integrity of the system. The system of internal control covers not only financial controls but operational and compliance controls and risk management. However, the Board recognises that reviewing the YTL Power Group's system of internal control is a concerted and continuing process, designed to minimise the likelihood of fraud and error, and to manage rather than eliminate the risk of failure to achieve business objectives. Accordingly, the system of 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 in place for the financial year under review, should provide reasonable assurance regarding the achievement of the objectives of ensuring effectiveness and efficiency of operations, reliability and transparency of financial information and compliance with laws and regulations.

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

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

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

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

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

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

Statement on Internal Control

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

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

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

- **Internal Audit Function:** The YTL Power Group's internal audit function is carried out by the YTL Corporation Berhad Group Internal Audit department ("YTLIA"). YTLIA provides assurance on the efficiency and effectiveness of the internal control systems implemented by management, and 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.

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

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

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

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

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

- **Senior Management Meetings:** The YTL Power Group conducts 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 management is able to identify significant operational and financial risks of the business units concerned.

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

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

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, Wessex Water Limited and PowerSeraya 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. The YTL Power Group is committed to ensuring that there is an effective risk management framework which allows management to manage risks within defined parameters and standards, and promotes profitability of the YTL Power Group's operations in order to enhance shareholder value.

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

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

CONCLUSION

The Board is of the view that the system of internal controls being instituted throughout the YTL Power Group is sound and effective. The monitoring, review and reporting arrangements in place give reasonable assurance that the structure and operation of controls are appropriate for the YTL Power Group's operations and that risks are at an acceptable level throughout the YTL Power Group's businesses. Nevertheless, 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 7 October 2010.

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

for the financial year ended 30 June 2010

At the last Annual General Meeting of YTL Power International Berhad ('YTL Power') held on 1 December 2009, the Company had obtained a mandate from its shareholders to allow YTL Power and/or its subsidiaries ('YTL Power Group') to enter into related party transactions which are recurrent, of a revenue or trading nature and which are necessary for the day-to-day operations of YTL Power or its subsidiaries ('Recurrent Related Party Transactions').

In accordance with Paragraph 10.09(2)(b) of Bursa Malaysia Securities Berhad Main Market Listing Requirements, details of the Recurrent Related Party Transactions conducted during the financial year ended 30 June 2010 pursuant to the said shareholder mandate are as follows:-

Company in the YTL Power Group involved in the Recurrent Related Party Transactions	Related Party	Nature of Transactions	Interested Related Parties	Nature of Relationship	Value of Transactions RM'000
YTL Power; PowerSeraya Limited; YTL Power Generation Sdn Bhd; YTL Communications Sdn Bhd	YTL Corporation[b] and its subsidiary and associate companies[f] (collectively, 'YTL Corp Group')	Provision of operation and maintenance services by Related Party; Provision of hotel related services by Related Party; Provision of parking services by Related Party; Charges for use of Vistana apartment unit(s) paid to Related Party; Rental and charges for related services paid on office space at Menara ING Kuala Lumpur to Related Party.	YTLSH[a] YTL Corporation[b] Tan Sri Yeoh Tiong Lay[c] Yeoh Siblings[d] Other Yeoh Family[e]	Major Shareholder/ Person Connected[1] Major Shareholder/ Person Connected[2] Director/Major Shareholder/ Person Connected[1][2][3][4][5] Directors[1][2][3][4][5] Person Connected[4][5]	219,084

Definitions:-

[a] YTLSH	–	Yeoh Tiong Lay & Sons Holdings Sdn Bhd
[b] YTL Corporation	–	YTL Corporation Berhad
[c] Tan Sri Yeoh Tiong Lay	–	Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay
[d] Yeoh Siblings	–	Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, Dato' Yeoh Seok Kian, Dato' Yeoh Soo Min, Dato' Yeoh Seok Hong, Dato' Sri Michael Yeoh Sock Siong, Dato' Yeoh Soo Keng & Dato' Mark Yeoh Seok Kah
[e] Other Yeoh Family	–	Puan Sri Datin Seri Tan Kai Yong @ Tan Kay Neong, Datin Lim Lee Lee, Datin Kathleen Chew Wai Lin, Datin Sri Tan Siew Bee, Choy Wai Hin, & Datin Julie Teh Chooi Gan (collectively, the 'Directors' Spouses'), Tan Chien Wen, Yeoh Keong Hann, Yeoh Pei Lou & Yeoh Keong Yuan
[f] Subsidiary and associate companies of YTL Corporation	–	Excluding YTL Power, YTL e-Solutions Berhad, YTL Cement Berhad, YTL Land & Development Berhad and their subsidiary and associate companies

Notes:-

[1] YTLSH is a major shareholder of YTL Power Group and YTL Corp Group. YTLSH is a person connected with Tan Sri Yeoh Tiong Lay and the Yeoh Siblings.

[2] YTL Corporation is a major shareholder of YTL Power Group, and the subsidiary and associate companies of YTL Corporation. YTL Corporation is a person connected with Tan Sri Yeoh Tiong Lay and the Yeoh Siblings.

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

[4] Directors' Spouses are persons connected with Tan Sri Yeoh Tiong Lay and the Yeoh Siblings. Tan Chien Wen is the son of Dato' Yeoh Soo Min whilst Yeoh Keong Hann, Yeoh Pei Lou and Yeoh Keong Yuan are the children of Dato' Yeoh Seok Hong.

[5] Tan Sri Yeoh Tiong Lay and the Yeoh Siblings are also Directors of YTL Corporation. Tan Sri Yeoh Tiong Lay, the Yeoh Siblings and Other Yeoh Family held shares in YTL Corporation as at 30 June 2010.

Analysis of Share/Warrant Holdings

as at 30 September 2010

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 Share holders	%	No. of Shares	%#
Less than 100	4,907	13.53	183,268	0.00
100 – 1,000	6,031	16.63	2,890,104	0.04
1,001 – 10,000	19,424	53.55	72,152,851	1.00
10,001 – 100,000	5,118	14.11	135,734,598	1.89
100,001 to less than 5% of issued shares	789	2.17	2,995,696,598	41.63
5% and above of issued shares	3	0.01	3,988,737,959	55.44
Total	**36,272**	**100.00**	**7,195,395,378**	**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	39.92
2	Employees Provident Fund Board	720,941,591	10.02
3	YTL Corporation Berhad	395,449,439	5.50
4	AMSEC Nominees (Tempatan) Sdn Bhd – Pledged Securities Account – Ambank (M) Bhd for Cornerstone Crest Sdn Bhd	336,134,453	4.67
5	Valuecap Sdn Bhd	212,290,000	2.95
6	Amanahraya Trustees Berhad – Skim Amanah Saham Bumiputera	189,118,117	2.63
7	Kumpulan Wang Persaraan (Diperbadankan)	156,318,412	2.17
8	Bara Aktif Sdn Bhd	151,423,627	2.10
9	Yeoh Tiong Lay & Sons Holdings Sdn Bhd	146,635,444	2.04
10	CIMB Group Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Cornerstone Crest Sdn Bhd (CBG7-KL)	126,050,420	1.75
11	Lembaga Tabung Haji	116,885,546	1.62
12	Mayban Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Yeoh Tiong Lay & Sons Holdings Sdn Bhd (414011602106)	110,864,000	1.54
13	Amanahraya Trustees Berhad – Amanah Saham Didik	96,267,250	1.34
14	HSBC Nominees (Asing) Sdn Bhd – BBH and Co Boston for Merrill Lynch Global Allocation Fund	72,118,279	1.00
15	Cartaban Nominees (Asing) Sdn Bhd – Exempt AN for State Street Bank & Trust Company (WEST CLT OD67)	68,011,189	0.95

Analysis of Share/Warrant Holdings

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

	Name	No. of Shares	%#
16	Mayban Nominees (Tempatan) Sdn Bhd – Mayban Investment Management Sdn Bhd for Malayan Banking Berhad (N14011200618)	66,735,158	0.93
17	Amanahraya Trustees Berhad – Amanah Saham Malaysia	65,497,600	0.91
18	Malaysia Nominees (Tempatan) Sendirian Berhad – Great Eastern Life Assurance (Malaysia) Berhad (PAR 1)	51,661,869	0.72
19	Amanahraya Trustees Berhad – Amanah Saham Wawasan 2020	51,014,657	0.71
20	DB (Malaysia) Nominee (Asing) Sdn Bhd – Exempt An for Deutsche Bank Ag Singapore (PWM Asing)	47,752,507	0.66
21	Citigroup Nominees (Tempatan) Sdn Bhd – Exempt An for American International Assurance Berhad	35,553,786	0.49
22	Tenaga Nasional Berhad	35,337,000	0.49
23	HSBC Nominees (Asing) Sdn Bhd – BBH and Co Boston for Vanguard Emerging Markets Stock Index Fund	33,239,327	0.46
24	Amanahraya Trustees Berhad – AS 1Malaysia	30,828,900	0.43
25	HSBC Nominees (Asing) Sdn Bhd – BBH and Co Boston for Matthews Asian Growth and Income Fund	27,567,418	0.38
26	HSBC Nominees (Asing) Sdn Bhd – BNY Lux for Global Allocation Fund (Blackrock GBL F)	25,939,256	0.36
27	Permodalan Nasional Berhad	20,990,500	0.29
28	HSBC Nominees (Asing) Sdn Bhd – Exempt An for JPMorgan Chase Bank, National Association (Norges BK Lend)	19,669,625	0.27
29	HSBC Nominees (Asing) Sdn Bhd – Exempt An for JPMorgan Chase Bank, National Association (U.A.E)	17,459,090	0.24
30	HSBC Nominees (Asing) Sdn Bhd – Exempt An for JPMorgan Chase Bank, National Association (U.K.)	16,672,900	0.23
	Total	**6,316,774,289**	**87.77**

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	3.82	3,737,722,939←	51.95
YTL Corporation Berhad	3,275,220,346	45.52	462,502,593↑	6.43
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	13,380,250	0.19	4,012,306,781ℜ	55.76
Cornerstone Crest Sdn Bhd	462,184,873	6.42	–	–
Employees Provident Fund Board	755,544.836	10.50	–	–

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

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

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

Based on the issued and paid-up capital of the Company of RM3,626,059,561.50 comprising 7,252,119,123 ordinary shares net of 56,723,745 treasury shares retained by the Company as per Record of Depositors.

Analysis of Share/Warrant Holdings

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

DISTRIBUTION OF WARRANT 2008/2018 HOLDINGS

Size of holding	No. of Warrants 2008/2018 Holders	%	No. of Warrants 2008/2018	%
Less than 100	300	2.88	11,140	0.00
100 – 1,000	4,883	46.86	2,670,300	0.22
1,001 – 10,000	4,540	43.57	13,910,347	1.16
10,001 – 100,000	610	5.85	17,041,668	1.42
100,001 to less than 5% of issued warrants	85	0.81	68,650,544	5.73
5% and above of issued warrants	3	0.03	1,095,939,800	91.47
Total	**10,421**	**100.00**	**1,198,223,799**	**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	77.96
2	Yeoh Tiong Lay & Sons Holdings Sdn Bhd	88,197,735	7.36
3	YTL Corporation Berhad	73,645,503	6.15
4	DB (Malaysia) Nominee (Asing) Sdn Bhd – Exempt An for Deutsche Bank Ag Singapore (PWM Asing)	21,787,220	1.82
5	Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	4,407,266	0.37
6	HSBC Nominees (Asing) Sdn Bhd – Exempt An for JPMorgan Chase Bank, National Association (U.K.)	3,254,959	0.27
7	Amsec Nominees (Asing) Sdn Bhd – James Hugh Alexander Hay (GZ0115)	1,988,000	0.17
8	YTL Corporation Berhad	1,926,666	0.16
9	DB (Malaysia) Nominee (Asing) Sdn Bhd – Deutsche Bank Ag Singapore for Pangolin Asia Fund	1,916,800	0.16
10	OSK Nominees (Asing) Sdn Berhad – Kim Eng Securities Pte.Ltd. for James Hay	1,700,000	0.14
11	Dato' Yeoh Soo Min	1,661,333	0.14
12	Dato' Yeoh Seok Kian	1,632,962	0.14
13	Dato' Yeoh Soo Keng	1,585,944	0.13
14	YTL Corporation Berhad	1,582,269	0.13

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

	Name	No. of Warrants 2008/2018	%
15	Dato' Sri Michael Yeoh Sock Siong	1,496,502	0.12
16	Citigroup Nominees (Asing) Sdn Bhd – GSI for EFL Limited	1,392,740	0.12
17	HSBC Nominees (Asing) Sdn Bhd – Exempt An for JPMorgan Chase Bank, National Association (JPMINTL BK Ltd)	1,363,688	0.11
18	Tokio Marine Life Insurance Malaysia Bhd – As Beneficial Owner (PF)	1,000,000	0.08
19	Dato' Mark Yeoh Seok Kah	1,000,000	0.08
20	UOBM Nominees (Asing) Sdn Bhd – Deutsche Bank Ag Singapore Branch (PBD) for Orchestral Harmony Limited	906,557	0.08
21	UOBM Nominees (Asing) Sdn Bhd – Deutsche Bank AG Singapore Branch (PBD) for Velvet Properties Limited	887,764	0.07
22	Mayban Nominees (Tempatan) Sdn Bhd – Lim Weng Jong	804,800	0.07
23	Tng Geok Tin	800,000	0.07
24	UOBM Nominees (Asing) Sdn Bhd – Deutsche Bank AG Singapore Branch (PBD) for Windchime Developments Limited	749,488	0.06
25	UOBM Nominees (Asing) Sdn Bhd – Deutsche Bank AG Singapore Branch (PBD) for Water City Limited	681,392	0.06
26	Lim Soon Huat	638,300	0.05
27	Yeoh Tiong Lay & Sons Holdings Sdn Bhd	604,855	0.05
28	Goh Tian Hock	552,400	0.05
29	Yeoh Tiong Lay & Sons Holdings Sdn Bhd	483,348	0.04
30	Datin Lim Lee Lee	450,000	0.04
	Total	**1,153,195,053**	**96.25**

Statement of Directors' Interests

in the Company and related corporations as at 30 September 2010

THE COMPANY
YTL POWER INTERNATIONAL BERHAD

Name	No. of Shares Held				No. of Share Options
	Direct	%	Indirect	%	Direct
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	13,380,250	0.19	4,013,961,231(1)(2)	55.79	14,000,000
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	14,945,040	0.21	–	–	14,000,000
Tan Sri Datuk Seri Dr. Aris Bin Osman @ Othman	–	–	100,562(1)	*	–
Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng	38,853	*	–	–	–
Dato' Yeoh Seok Kian	5,021,360	0.07	1,445,941(1)	0.02	6,000,000
Dato' (Dr) Yahya Bin Ismail	423,000	0.01	38,610(1)	*	–
Mej Jen Dato' Haron Bin Mohd Taib (B)	–	–	112,898(1)	*	–
Dato' Yeoh Soo Min	5,108,601	0.07	2,123,424(1)(8)	0.03	6,000,000
Dato' Yeoh Seok Hong	22,510,268	0.31	3,281,179(1)	0.05	5,000,000
Dato' Sri Michael Yeoh Sock Siong	4,601,744	0.06	1,019,291(1)	0.01	6,000,000
Dato' Yeoh Soo Keng	5,081,777	0.07	133,500(1)	*	6,000,000
Dato' Mark Yeoh Seok Kah	6,665,920	0.09	1,093,601(1)	0.02	6,000,000
Syed Abdullah Bin Syed Abd Kadir	2,268,203	0.03	524(1)	*	6,000,000

Name	No. of Warrants 2008/2018 Held			
	Direct	%	Indirect	%
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	–	–	1,100,821,922(5)	91.87
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	4,860,175	0.41	–	–
Tan Sri Datuk Seri Dr. Aris Bin Osman @ Othman	–	–	23,200(1)	*
Dato' Yeoh Seok Kian	1,632,962	0.14	450,000(1)	0.04
Mej Jen Dato' Haron Bin Mohd Taib (B)	–	–	26,715(1)	*
Dato' Yeoh Soo Min	1,661,333	0.14	–	–
Dato' Sri Michael Yeoh Sock Siong	1,496,502	0.12	298,956(1)	0.02
Dato' Yeoh Soo Keng	1,585,944	0.13	36,507(1)	*
Dato' Mark Yeoh Seok Kah	1,000,000	0.08	–	–

HOLDING COMPANY
YTL CORPORATION BERHAD

Name	No. of Shares Held			
	Direct	%	Indirect	%
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	9,504,608	0.53	950,728,294[1][3]	52.99
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	16,818,906	0.94	–	–
Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng	5,222	*	–	–
Dato' Yeoh Seok Kian	6,096,617	0.34	321,996[1]	0.02
Dato' (Dr) Yahya Bin Ismail	117,300	0.01	98,266[1]	0.01
Dato' Yeoh Soo Min	6,499,004	0.36	198,360[1][8]	0.01
Dato' Yeoh Seok Hong	5,137,219	0.29	3,972,962[1]	0.22
Dato' Sri Michael Yeoh Sock Siong	5,230,669	0.29	2,577,061[1]	0.14
Dato' Yeoh Soo Keng	5,816,821	0.32	84,964[1]	*
Dato' Mark Yeoh Seok Kah	3,588,408	0.20	623,355[1]	0.03
Syed Abdullah Bin Syed Abd Kadir	768,275	0.04	3,683[1]	*

Name	No. of Share Options	
	Direct	Indirect
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	5,000,000	3,000,000[1]
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	5,000,000	400,000[7]
Dato' Yeoh Seok Kian	3,500,000	–
Dato' Yeoh Soo Min	3,000,000	–
Dato' Yeoh Seok Hong	3,000,000	400,000[1]
Dato' Sri Michael Yeoh Sock Siong	3,000,000	–
Dato' Yeoh Soo Keng	3,000,000	–
Dato' Mark Yeoh Seok Kah	3,000,000	–
Syed Abdullah Bin Syed Abd Kadir	3,000,000	–

Statement of Directors' Interests

ULTIMATE HOLDING COMPANY
YEOH TIONG LAY & SONS HOLDINGS SDN BHD

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

RELATED CORPORATIONS
YTL CEMENT BERHAD

Name	No. of Shares Held				No. of Share Options
	Direct	%	Indirect	%	Direct
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	1,681,634	0.36	238,607,356(1)(4)	50.67	1,400,000
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	2,042,923	0.43	–	–	1,400,000
Tan Sri Datuk Seri Dr. Aris Bin Osman @ Othman	–	–	15,600(1)	*	–
Dato' Yeoh Seok Kian	618,754	0.13	83,200(1)	0.02	350,000
Mej Jen Dato' Haron Bin Mohd Taib (B)	–	–	44,428(1)	0.01	–
Dato' Yeoh Soo Min	225,634	0.05	138,357(8)	0.03	–
Dato' Yeoh Seok Hong	225,634	0.05	45,123(1)	0.01	–
Dato' Sri Michael Yeoh Sock Siong	1,265,634	0.27	1,109,388(1)	0.24	1,000,000
Dato' Yeoh Soo Keng	938,251	0.20	90,251(1)	0.02	700,000
Dato' Mark Yeoh Seok Kah	187,200	0.04	135,200(1)	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(1)(4)	94.67
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(1)	0.02
Dato' Yeoh Soo Min	225,634	0.05	–	–
Dato' Yeoh Seok Hong	225,634	0.05	45,123(1)	0.01
Dato' Sri Michael Yeoh Sock Siong	1,265,634	0.26	1,109,388(1)	0.23
Dato' Yeoh Soo Keng	818,251	0.17	–	–
Dato' Mark Yeoh Seok Kah	187,200	0.04	135,200(1)	0.03

YTL E-SOLUTIONS BERHAD

Name	No. of Shares Held			
	Direct	%	Indirect	%
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	–	–	1,002,227,600(5)	74.49
Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng	150,000	0.01	–	–
Dato' Yeoh Soo Min	–	–	1,053,800(8)	0.08
Dato' Sri Michael Yeoh Sock Siong	–	–	1,905,500(1)	0.14
Dato' Yeoh Soo Keng	500,000	0.04	–	–
Syed Abdullah Bin Syed Abd Kadir	300,000	0.02	–	–

YTL LAND & DEVELOPMENT BERHAD

Name	No. of Shares Held			
	Direct	%	Indirect	%
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	–	–	496,307,832(5)	63.04
Dato' Yeoh Soo Min	–	–	547,300(8)	0.07
Dato' Yeoh Soo Keng	100,000	0.01	–	–

Name	No. of Irredeemable Convertible Preference Shares 2001/2011 Held			
	Direct	%	Indirect	%
Dato' Yeoh Seok Kian	240,000	0.15	–	–
Dato' Yeoh Soo Min	–	–	200,000(8)	0.12

Statement of Directors' Interests

SYARIKAT PELANCONGAN SERI ANDALAN (M) SDN BHD

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

INFOSCREEN NETWORKS PLC

Name	No. of Shares Held Direct	%
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	100	*

YTL CORPORATION (UK) PLC

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

YTL CONSTRUCTION (THAILAND) LIMITED

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

* *Negligible*

(1) Deemed interests by virtue of interests held by spouse and/or children pursuant to Section 134(12)(c) of the Companies Act, 1965.
(2) Deemed interests by virtue of interests held by Yeoh Tiong Lay & Sons Holdings Sdn Bhd, YTL Corporation Berhad, Cornerstone Crest Sdn Bhd and YTL Power Services Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.
(3) Deemed interests by virtue of interests held by Yeoh Tiong Lay & Sons Holdings Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.
(4) Deemed interests by virtue of interests held by Yeoh Tiong Lay & Sons Holdings Sdn Bhd, YTL Corporation Berhad, YTL Power International Berhad and YTL Industries Berhad pursuant to Section 6A of the Companies Act, 1965.
(5) Deemed interests by virtue of interests held by Yeoh Tiong Lay & Sons Holdings Sdn Bhd and YTL Corporation Berhad pursuant to Section 6A of the Companies Act, 1965.
(6) Deemed interests by virtue of interests held by YTL Corporation Berhad pursuant to Section 6A of the Companies Act, 1965.
(7) Deemed interests by virtue of interests held in the name of deceased spouse in which the director, who is the legal representative, is entitled to exercise under the terms of the ESOS.
(8) Deemed interests by virtue of interests held by Tan & Yeoh Properties Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.

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

Schedule of Share Buy-Back

for the financial year ended 30 June 2010

Save as disclosed below, there are no purchase for other months during the financial year:-

Monthly Breakdown	No. of Shares Purchased And Retained As Treasury Shares	Purchase Price Per Share (RM)		Average Cost Per Share (RM)	Total Cost (RM)
		Lowest	Highest		
August 2009	21,000	2.17	2.17	2.18586	45,903.10
September 2009	50,000	2.22	2.22	2.22955	111,477.30
TOTAL	**71,000**			**2.21663**	**157,380.40**

During the financial year, all the shares purchased by the Company were retained as treasury shares. As at 30 June 2010, a total of 56,722,745 ordinary shares were held as treasury shares. None of the treasury shares were resold or cancelled during the financial year.

List of Properties

as at 30 June 2010

Location	Tenure	Land Area	Description and Existing Use	Built up Area (sq.m.)	Approximate Age of Building (years)	Lease Expiry Date	Net Book Value as at 30 June 2010 RM'000	Date of Acquisition
Avonmouth STW Kings Weston Lane Avonmouth Bristol BS11 OYS United Kingdom	Freehold	394,600 sq.m.	Sewerage treatment works	–	–	–	404,289	21.5.2002
Poole STW Cabot Lane Poole, Dorset BH17 7BX United Kingdom	Freehold	91,800 sq.m.	Sewerage treatment works	–	–	–	245,988	21.5.2002
Lot No PT2467 HS (D) 340 Mukim of Kuala Paka, Terengganu	Leasehold	16.187 hectare	Power plant	–	15	Year 2018	192,718	3.12.1995
Maudown Water Treatment Works Maudown Wiveliscombe Taunton, TA4 2UN United Kingdom	Freehold	68,500 sq.m.	Water treatment works	–	–	–	175,603	21.5.2002
Claverton Down Road, Bath BA2 7WW United Kingdom	Freehold	27,100 sq.m.	Head Office, Operation Centre	5,640	10	–	137,349	21.5.2002
Lot No. PT64062 HS (D) 69515 Mukim of Plentong, Johor	Leasehold	2.0577 hectare	Power plant	–	15	Year 2018	109,293	3.12.1995
W-S-Mare STW Accomodation Road, Bleadon Weston Super Mare, BS24 OAP United Kingdom	Freehold	157,500 sq.m.	Sewerage treatment works	–	–	–	104,738	21.5.2002
Chilton Trinity STW, Wylds Road Bridgwater Somerset TA6 3JS United Kingdom	Freehold	34,600 sq.m.	Sewerage treatment works	–	–	–	64,565	21.5.2002
Holdenhurst STW Riverside Ave Castle Lane East Bournemouth Dorset BH7 7ES United Kingdom	Freehold	102,000 sq.m.	Sewerage treatment works	–	–	–	61,562	21.5.2002
Pulau Seraya Lot 562X 365K and 715P Singapore	Leasehold	875,150 sq.m.	Power plant	–	–	Year 2025	60,091	6.3.2009

Contents

Financial Statements

Directors' Report

for the financial year ended 30 June 2010

The Directors are pleased to submit their annual report together with the audited financial statements of the Group and the Company for the financial year ended 30 June 2010.

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 16 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 for the year	**1,208,712**	**67,011**
Attributable to:-		
Equity holders of the Company	1,208,838	67,011
Minority interests	(126)	–
	1,208,712	**67,011**

DIVIDENDS

Dividends on ordinary shares paid or declared by the Company since 30 June 2009 were as follows:

	RM'000
In respect of the financial year ended 30 June 2009:	
– Third interim single tier dividend of 7.5% paid on 16 July 2009	**219,503**
– A final single tier dividend of 3.75% paid on 24 December 2009	**125,240**
In respect of the financial year ended 30 June 2010:	
– First interim single tier dividend of 7.5% paid on 21 January 2010	**251,256**
– Second interim single tier dividend of 7.5% paid on 31 March 2010	**259,388**
– Third interim single tier dividend of 7.5% paid on 15 July 2010	**269,610**
	1,124,997

The Board of Directors has recommended a final single tier dividend of 3.75% or 1.875 sen per ordinary share of 50 sen each for the financial year ended 30 June 2010 which is 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 RM2,955,140,272 to RM3,623,272,852 following the exercise of 11,195,100 ESOS at exercise prices ranging from RM1.32 to RM2.02 per share, the exercise of 949,518,380 Warrants at exercise prices ranging from RM1.19 to RM1.21 per Warrant on the basis of one (1) new ordinary share for every one (1) Warrant exercised and the conversion of USD184,400,000 of the USD250,000,000 Zero Coupon Exchangeable Guaranteed Bonds into 375,551,678 new ordinary shares of 50 sen at an exercise price ranging from RM1.86 to RM1.94 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 2010 amounted to 1,202,486,719.

TREASURY SHARES

The shareholders of the Company, by a resolution passed in the 13th Annual General Meeting held on 1 December 2009, approved the Company's plan to repurchase its own shares. The Directors of the Company are committed to enhance the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

Details of treasury shares are set out in Note 29(b) to the financial statements.

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.

Details of the ESOS are set out in Note 28(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 500,000 number of share options and details of their holdings. Details of grantees granted 500,000 or more share options during the financial year are as follows:

Name of option holders	Number of share options
Ng Peng Wah	1,200,000
Chan Swee Huat	1,000,000
Lee Chow Kee, Bernard	1,000,000
Low Boon Tong	1,000,000
Quek Khai Hor	1,000,000
Ho Thiam Teck, Thomas	1,000,000
Retnam Mok Pui Yim	500,000

Directors' Report

for the financial year ended 30 June 2010

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' Sri 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 of the Company and its related corporations are as follows:

	Number of ordinary shares of RM0.50 each in the Company			
	At 1 July 2009	Acquired	Disposed	At 30 June 2010
Direct interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	10,096,250	3,284,000	–	**13,380,250**
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	14,945,040	–	–	**14,945,040**
Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng	38,853	–	–	**38,853**
Dato' Yeoh Seok Kian	5,021,360	–	–	**5,021,360**
Dato' (Dr) Yahya Bin Ismail	634,833	–	144,679	**490,154**
Dato' Yeoh Soo Min	5,108,601	–	–	**5,108,601**
Dato' Yeoh Seok Hong	17,510,268	5,000,000	–	**22,510,268**
Dato' Sri Michael Yeoh Sock Siong	4,601,744	–	–	**4,601,744**
Dato' Yeoh Soo Keng	5,081,777	–	–	**5,081,777**
Dato' Mark Yeoh Seok Kah	6,665,920	–	–	**6,665,920**
Syed Abdullah Bin Syed Abd. Kadir	2,181,203	87,000	–	**2,268,203**

	Number of ordinary shares of RM0.50 each in the Company			
	At 1 July 2009	Acquired	Disposed	At 30 June 2010
Deemed interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	3,287,436,185[(1)(3)]	726,583,046	58,000	**4,013,961,231**[(1)(8)]
Tan Sri Datuk Dr. Aris Bin Osman @ Othman	50,562[(1)]	50,000	–	**100,562**[(1)]
Dato' Yeoh Seok Kian	1,345,941[(1)]	100,000	–	**1,445,941**[(1)]
Dato' (Dr) Yahya Bin Ismail	38,610[(1)]	–	–	**38,610**[(1)]
Mej. Jen. Dato' Haron Bin Mohd Taib (B)	112,898[(1)]	–	–	**112,898**[(1)]
Dato' Yeoh Soo Min	427,172[(1)]	2,614,676	918,424	**2,123,424**[(1)(9)]
Dato' Yeoh Seok Hong	3,281,179[(1)]	2,000	2,000	**3,281,179**[(1)]
Dato' Sri Michael Yeoh Sock Siong	1,019,291[(1)]	–	–	**1,019,291**[(1)]
Dato' Yeoh Soo Keng	112,260[(1)]	21,240	–	**133,500**[(1)]
Dato' Mark Yeoh Seok Kah	1,093,601[(1)]	–	–	**1,093,601**[(1)]
Syed Abdullah Bin Syed Abd. Kadir	524[(1)]	–	–	**524**[(1)]

	Number of Warrants in the Company			
	At 1 July 2009	Acquired	Exercised/ Disposed	At 30 June 2010
Direct interests				
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**
Dato' (Dr) Yahya Bin Ismail				
– Warrants 2000/2010	4,000	–	4,000	–
– Warrants 2008/2018	206,450	–	5,424	**201,026**
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' Sri 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	1,000,000	–	–	**1,000,000**
Syed Abdullah Bin Syed Abd. Kadir				
– Warrants 2000/2010	87,000	–	87,000	–

Directors' Report

for the financial year ended 30 June 2010

	Number of Warrants in the Company			
	At 1 July 2009	Acquired	Exercised/ Disposed	At 30 June 2010
Deemed interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay				
– Warrants 2000/2010	726,098,046[7]	–	726,098,046	–
– Warrants 2008/2018	1,101,306,922[1][3]	–	485,000	**1,100,821,922**[6]
Tan Sri Datuk Dr. Aris Bin Osman @ Othman				
– Warrants 2008/2018	23,200[1]	–	–	**23,200**[1]
Dato' Yeoh Seok Kian				
– Warrants 2008/2018	450,000[1]	–	–	**450,000**[1]
Dato' (Dr) Yahya Bin Ismail				
– Warrants 2000/2010	6,000[1]	–	6,000	–
Mej. Jen. Dato' Haron Bin Mohd Taib (B)				
– Warrants 2008/2018	26,715[1]	–	–	**26,715**[1]
Dato' Yeoh Soo Min				
– Warrants 2000/2010	58,960[1]	–	58,960	–
– Warrants 2008/2018	137,292[1]		137,292	–
Dato' Sri Michael Yeoh Sock Siong				
– Warrants 2008/2018	298,956[1]	–	–	**298,956**[1]
Dato' Yeoh Soo Keng				
– Warrants 2000/2010	21,240[1]	–	21,240	–
– Warrants 2008/2018	36,507[1]	–	–	**36,507**[1]

	Number of share options over ordinary shares of RM0.50 each			
	At 1 July 2009	Granted	Exercised	At 30 June 2010
Direct interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	14,000,000	–	–	**14,000,000**
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	14,000,000	–	–	**14,000,000**
Dato' Yeoh Seok Kian	6,000,000	–	–	**6,000,000**
Dato' Yeoh Soo Min	6,000,000	–	–	**6,000,000**
Dato' Yeoh Seok Hong	10,000,000	–	5,000,000	**5,000,000**
Dato' Sri Michael Yeoh Sock Siong	6,000,000	–	–	**6,000,000**
Dato' Yeoh Soo Keng	6,000,000	–	–	**6,000,000**
Dato' Mark Yeoh Seok Kah	6,000,000	–	–	**6,000,000**
Syed Abdullah Bin Syed Abd Kadir	6,000,000	–	–	**6,000,000**

Holding Company
YTL Corporation Berhad

	Number of ordinary shares of RM0.50 each			
	At 1 July 2009	Acquired	Disposed	At 30 June 2010
Direct interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	9,318,244	186,364	–	**9,504,608**
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	16,489,124	329,782	–	**16,818,906**
Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng	5,120	102	–	**5,222**
Dato' Yeoh Seok Kian	5,977,076	119,541	–	**6,096,617**
Dato' (Dr) Yahya Bin Ismail	237,242	3,168	78,839	**161,571**
Dato' Yeoh Soo Min	6,371,573	127,431	–	**6,499,004**
Dato' Yeoh Seok Hong	5,036,490	100,729	–	**5,137,219**
Dato' Sri Michael Yeoh Sock Siong	5,128,107	102,562	–	**5,230,669**
Dato' Yeoh Soo Keng	5,702,766	114,055	–	**5,816,821**
Dato' Mark Yeoh Seok Kah	3,518,048	70,360	–	**3,588,408**
Syed Abdullah Bin Syed Abd Kadir	753,211	15,064	–	**768,275**
Deemed interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	932,086,564(1)(4)	18,641,730	–	**950,728,294**(1)(4)
Dato' Yeoh Seok Kian	315,683(1)	6,313	–	**321,996**(1)
Dato' (Dr) Yahya Bin Ismail	100,261(1)	3,005	4,000	**99,266**(1)
Dato' Yeoh Soo Min	194,471(1)	197,149	193,260	**198,360**(1)(9)
Dato' Yeoh Seok Hong	3,895,062(1)	77,900	–	**3,972,962**(1)
Dato' Sri Michael Yeoh Sock Siong	2,526,531(1)	50,530	–	**2,577,061**(1)
Dato' Yeoh Soo Keng	83,299(1)	1,665	–	**84,964**(1)
Dato' Mark Yeoh Seok Kah	611,133(1)	12,222	–	**623,355**(1)
Syed Abdullah Bin Syed Abd Kadir	3,611(1)	72	–	**3,683**(1)

Directors' Report

for the financial year ended 30 June 2010

Holding Company
YTL Corporation Berhad

	Number of share options over ordinary shares of RM0.50 each			
	At 1 July 2009	Granted	Exercised	At 30 June 2010
Direct interests				
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' Sri 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**
Deemed interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	3,000,000[(1)]	–	–	**3,000,000**[(1)]
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	400,000[(2)]	–	–	**400,000**[(2)]
Dato' Yeoh Seok Hong	400,000[(1)]	–	–	**400,000**[(1)]

Ultimate Holding Company
Yeoh Tiong Lay & Sons Holdings Sdn Bhd

	Number of ordinary shares of RM1.00 each			
	At 1 July 2009	Acquired	Disposed	At 30 June 2010
Direct interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	8,220,004	–	–	**8,220,004**
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	5,000,000	–	–	**5,000,000**
Dato' Yeoh Seok Kian	5,000,000	–	–	**5,000,000**
Dato' Yeoh Soo Min	1,250,000	–	–	**1,250,000**
Dato' Yeoh Seok Hong	5,000,000	–	–	**5,000,000**
Dato' Sri Michael Yeoh Sock Siong	5,000,000	–	–	**5,000,000**
Dato' Yeoh Soo Keng	1,250,000	–	–	**1,250,000**
Dato' Mark Yeoh Seok Kah	5,000,000	–	–	**5,000,000**
Deemed interests				
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 2009	Acquired	Disposed	At 30 June 2010
Direct interests				
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	66,536	–	66,536	–
Dato' Yeoh Soo Min	225,634	–	–	**225,634**
Dato' Yeoh Seok Hong	225,634	–	–	**225,634**
Dato' Sri Michael Yeoh Sock Siong	1,265,634	–	–	**1,265,634**
Dato' Yeoh Soo Keng	938,251	–	–	**938,251**
Dato' Mark Yeoh Seok Kah	187,200	–	–	**187,200**
Deemed interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	238,607,356(1)(5)	–	–	**238,607,356**(1)(5)
Tan Sri Datuk Dr. Aris Bin Osman @ Othman	15,600(1)	–	–	**15,600**(1)
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	138,357	**138,357**(9)
Dato' Yeoh Seok Hong	45,123(1)	–	–	**45,123**(1)
Dato' Sri 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 2009	Acquired	Converted/ Disposed	At 30 June 2010
Direct interests				
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' Sri 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**

Directors' Report

for the financial year ended 30 June 2010

Related Company
YTL Cement Berhad

	Number of Irredeemable Convertible Unsecured Loan Stocks 2005/2015			
	At 1 July 2009	Acquired	Converted/ Disposed	At 30 June 2010
Deemed interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	454,310,350[(1)(5)]	–	–	**454,310,350**[(1)(5)]
Dato' Yeoh Seok Kian	100,000[(1)]	–	–	**100,000**[(1)]
Dato' Yeoh Seok Hong	45,123[(1)]	–	–	**45,123**[(1)]
Dato' Sri 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 over ordinary shares of RM0.50 each			
	At 1 July 2009	Granted	Exercised	At 30 June 2010
Direct interests				
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' Sri 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 2009	Acquired	Disposed	At 30 June 2010
Direct interests				
Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng	150,000	–	–	**150,000**
Dato' Yeoh Soo Keng	500,000	–	–	**500,000**
Syed Abdullah Bin Syed Abd Kadir	300,000	–	–	**300,000**
Deemed interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	1,002,227,600[(6)]	–	–	**1,002,227,600**[(6)]
Dato' Yeoh Soo Min	–	1,053,800	–	**1,053,800**[(9)]
Dato' Sri Michael Yeoh Sock Siong	1,287,300[(1)]	618,200	–	**1,905,500**[(1)]

Related Company
YTL Land & Development Berhad

	Number of ordinary shares of RM0.50 each			
	At 1 July 2009	Acquired	Disposed	At 30 June 2010
Direct interests				
Dato' Yeoh Soo Keng	100,000	–	–	**100,000**
Deemed interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	496,307,832[(6)]	–	–	**496,307,832**[(6)]
Dato' Yeoh Soo Min	574,300[(1)]	574,300	574,300	**574,300**[(9)]

Related Company
YTL Land & Development Berhad

	Number of Irredeemable Convertible Preference shares 2001/2011 of RM0.50 each			
	At 1 July 2009	Acquired	Converted/ Disposed	At 30 June 2010
Direct interests				
Dato' Yeoh Seok Kian	240,000	–	–	**240,000**
Deemed interests				
Dato' Yeoh Soo Min	200,000[(1)]	200,000	200,000	**200,000**[(9)]

Related Company
Syarikat Pelancongan Seri Andalan (M) Sdn Bhd

	Number of ordinary shares of RM1.00 each			
	At 1 July 2009	Acquired	Disposed	At 30 June 2010
Direct interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	1	–	–	**1**
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	1	–	–	**1**

Related Company
***Infoscreen Networks Plc**

	Number of ordinary shares of £0.01 each			
	At 1 July 2009	Acquired	Disposed	At 30 June 2010
Direct interests				
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	100	–	–	**100**

Directors' Report
for the financial year ended 30 June 2010

Related Company
***YTL Corporation (UK) Plc**

	Number of ordinary shares of £0.25 each			
	At 1 July 2009	Acquired	Disposed	At 30 June 2010
Direct interests				
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	1	–	–	**1**

Related Company
+YTL Construction (Thailand) Limited

	Number of ordinary shares of THB100 each			
	At 1 July 2009	Acquired	Disposed	At 30 June 2010
Direct interests				
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	1	–	–	**1**
Dato' Yeoh Seok Kian	1	–	–	**1**
Dato' Yeoh Seok Hong	1	–	–	**1**
Dato' Sri Michael Yeoh Sock Siong	1	–	–	**1**
Dato' Mark Yeoh Seok Kah	1	–	–	**1**

* Incorporated in United Kingdom
\+ Incorporated in Thailand

(1) Deemed interests by virtue of interests held by spouse and/or children pursuant to Section 134(12)(c) of the Companies Act, 1965.
(2) Deemed interests by virtue of interests held in the name of deceased spouse in which the director, who is the legal representative, is entitled to exercise under the terms of the ESOS.
(3) Deemed interests by virtue of interests held by 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.
(4) Deemed interests by virtue of interests held by Yeoh Tiong Lay & Sons Holdings Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.
(5) Deemed interests by virtue of interests held by 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 interests held by Yeoh Tiong Lay & Sons Holdings Sdn Bhd and YTL Corporation Berhad pursuant to Section 6A of the Companies Act, 1965.
(7) Deemed interests by virtue of interests held by YTL Corporation Berhad pursuant to Section 6A of the Companies Act, 1965.
(8) Deemed interests by virtue of interests held by Yeoh Tiong Lay & Sons Holdings Sdn Bhd, YTL Corporation Berhad, YTL Power Services Sdn Bhd and Cornerstone Crest Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.
(9) Deemed interests by virtue of interests held by Tan & Yeoh Properties Sdn Bhd 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 of the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than Directors' remuneration disclosed in Note 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 of the Group and Company 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; or

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

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may 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.

Directors' Report

for the financial year ended 30 June 2010

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 7 October 2010

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 2010

	Note	Group		Company	
		2010 RM'000	2009 RM'000	**2010 RM'000**	2009 RM'000
Revenue	6	**13,442,917**	6,093,394	**324,957**	789,474
Cost of sales		**(10,889,251)**	(3,868,573)	**–**	–
Gross profit		**2,553,666**	2,224,821	**324,957**	789,474
Other operating income		**177,413**	93,779	**20,272**	35,337
Administrative expenses		**(298,295)**	(194,782)	**(36,564)**	(27,247)
Other operating expenses		**(145,618)**	(84,971)	**(46,298)**	(18,284)
Finance costs	8	**(828,764)**	(877,459)	**(193,041)**	(181,998)
Share of results of associated companies	18	**226,513**	225,484	**–**	–
Profit before taxation	9	**1,684,915**	1,386,872	**69,326**	597,282
Taxation	10	**(476,203)**	(740,279)	**(2,315)**	(3,719)
Profit for the year		**1,208,712**	646,593	**67,011**	593,563
Attributable to:					
– Equity holders of the Company		**1,208,838**	646,605	**67,011**	593,563
– Minority interests		**(126)**	(12)	**–**	–
		1,208,712	646,593	**67,011**	593,563
Earnings per share for profit attributable to the equity holders of the Company:					
– Basic (sen)	11	**18.60**	11.35		
– Diluted (sen)	11	**17.11**	9.94		
Dividend per ordinary share (sen)					
– RM0.50 each	12	**13.13**	15.75		

The notes set out on pages 79 to 157 form an integral part of these financial statements.

Balance Sheets

as at 30 June 2010

	Note	Group		Company	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	13	**15,955,022**	17,337,304	**424**	166
Prepaid lease payments	14	**63,608**	71,182	**–**	–
Intangible assets	15	**6,148,646**	6,408,936	**–**	–
Subsidiaries	16	**–**	–	**10,965,360**	10,132,357
Associated companies	18	**992,907**	977,005	**5**	5
Investments	19	**694,300**	654,449	**96,578**	96,338
Receivables, deposits and prepayments	20	**60,066**	57,811	**–**	–
		23,914,549	25,506,687	**11,062,367**	10,228,866
Current assets					
Inventories	21	**593,041**	818,872	**–**	–
Receivables, deposits and prepayments	20	**1,986,727**	2,379,546	**11,087**	40,814
Derivatives financial instruments	22	**1,949**	23,707	**–**	–
Amount owing by immediate holding company	23	**–**	6,380	**–**	6,380
Amounts owing by subsidiaries	24	**–**	–	**674,506**	605,665
Amounts owing by related companies	38	**2,732**	36	**2**	4
Short term investments	25	**48,393**	47,201	**48,393**	47,201
Fixed deposits	26	**7,025,387**	5,620,570	**562,671**	482,084
Cash and bank balances	27	**346,155**	286,181	**9,062**	1,236
		10,004,384	9,182,493	**1,305,721**	1,183,384
TOTAL ASSETS		**33,918,933**	34,689,180	**12,368,088**	11,412,250
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	28	**3,623,273**	2,955,140	**3,623,273**	2,955,140
Reserves	29	**3,586,793**	3,146,784	**4,345,109**	4,019,815
		7,210,066	6,101,924	**7,968,382**	6,974,955
Minority Interests		**–**	126	**–**	–
TOTAL EQUITY		**7,210,066**	6,102,050	**7,968,382**	6,974,955

The notes set out on pages 79 to 157 form an integral part of these financial statements.

	Note	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
LIABILITIES					
Non-current liabilities					
Deferred taxation	30	**2,633,592**	2,796,681	**23**	23
Bonds	31	**7,740,168**	9,305,913	**2,107,240**	2,072,180
Borrowings	32	**11,041,891**	11,084,550	**1,700,000**	1,020,000
Post-employment benefit obligations	33	**185,866**	253,145	**–**	–
Deferred income	34	**218,140**	198,257	**–**	–
Payables	35	**5,932**	9,320	**–**	–
		21,825,589	23,647,866	**3,807,263**	3,092,203
Current liabilities					
Payables and accrued expenses	36	**2,115,082**	2,122,264	**292,191**	232,395
Derivatives financial instruments	22	**23,749**	110,135	**–**	–
Provision for liabilities and charges	37	**20,660**	39,118	**–**	–
Post-employment benefit obligations	33	**676**	455	**185**	282
Amount owing to immediate and penultimate holding company	23	**65**	246	**–**	–
Amounts owing to subsidiaries	24	**–**	–	**–**	13,398
Amounts owing to related companies	38	**180,447**	79,494	**67**	713
Taxation		**142,299**	121,667	**–**	–
Bonds	31	**813,470**	720,665	**–**	–
Borrowings	32	**1,586,830**	1,745,220	**300,000**	1,098,304
		4,883,278	4,939,264	**592,443**	1,345,092
TOTAL LIABILITIES		**26,708,867**	28,587,130	**4,399,706**	4,437,295
TOTAL EQUITY AND LIABILITIES		**33,918,933**	34,689,180	**12,368,088**	11,412,250

The notes set out on pages 79 to 157 form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

for the financial year ended 30 June 2010

Group	Note	Attributable to equity holders of the Company							
		Share capital (Note 28) RM'000	Share Premium (Note 29) RM'000	Merger and other reserves (Note 29 (a)) RM'000	Treasury shares (Note 29 (b)) RM'000	Retained earnings (Note 29 (c)) RM'000	Total RM'000	Minority interest RM'000	Total equity RM'000
At 1 July 2009		2,955,140	1,774,815	(2,663,078)	(119,810)	4,154,857	6,101,924	126	6,102,050
Loss not recognised in the Income Statement:									
– Exchange differences		–	–	(1,003,023)	–	–	(1,003,023)	–	(1,003,023)
Profit for the year		–	–	–	–	1,208,838	1,208,838	(126)	1,208,712
Exercise of share warrants		474,759	657,368	–	–	–	1,132,127	–	1,132,127
Exercise of share options		5,598	13,683	(474)	–	–	18,807	–	18,807
Conversion of Bonds		187,776	485,802	(24,089)	–	–	649,489	–	649,489
Final dividend paid for the year ended 30 June 2009	12	–	–	–	–	(125,240)	(125,240)	–	(125,240)
Interim dividends paid for the year ended 30 June 2010	12	–	–	–	–	(510,644)	(510,644)	–	(510,644)
Interim dividends declared and payable for the year ended 30 June 2010	12	–	–	–	–	(269,610)	(269,610)	–	(269,610)
Shares repurchased	29(b)	–	–	–	(157)	–	(157)	–	(157)
Share options granted	28(c)	–	–	7,555	–	–	7,555	–	7,555
Warrant reserve	29(a)	–	11,000	(11,000)	–	–	–	–	–
At 30 June 2010		3,623,273	2,942,668	(3,694,109)	(119,967)	4,458,201	7,210,066	–	7,210,066

The notes set out on pages 79 to 157 form an integral part of these financial statements.

Group	Note	Attributable to equity holders of the Company						Minority interest RM'000	Total equity RM'000
		Share capital (Note 28) RM'000	Share Premium (Note 29) RM'000	Merger and other reserves (Note 29 (a)) RM'000	Treasury shares (Note 29 (b)) RM'000	Retained earnings (Note 29 (c)) RM'000	Total RM'000		
At 1 July 2008		2,721,320	1,699,219	(2,037,888)	(360,149)	4,377,893	6,400,395	–	6,400,395
Loss not recognised in the Income Statement:									
– Exchange differences		–	–	(581,861)	–	–	(581,861)	–	(581,861)
Profit for the year		–	–	–	–	646,605	646,605	(12)	646,593
Exercise of share warrants		233,516	341,132	–	–	–	574,648	–	574,648
Exercise of share options		304	767	(28)	–	–	1,043	–	1,043
Final dividend paid for the year ended 30 June 2008	12	–	–	–	–	(214,830)	(214,830)	–	(214,830)
Interim dividends paid for the year ended 30 June 2009	12	–	–	–	–	(435,308)	(435,308)	–	(435,308)
Interim dividends declared and payable for the year ended 30 June 2009	12	–	–	–	–	(219,503)	(219,503)	–	(219,503)
Shares repurchased	29(b)	–	–	–	(71,505)	–	(71,505)	–	(71,505)
Share dividend distributed on 22 September 2008	29(b)	–	(311,844)	–	311,844	–	–	–	–
Share options granted	28(c)	–	–	2,240	–	–	2,240	–	2,240
Warrant reserve	29(a)	–	45,541	(45,541)	–	–	–	–	–
Minority Interest arising from business combination		–	–	–	–	–	–	138	138
At 30 June 2009		2,955,140	1,774,815	(2,663,078)	(119,810)	4,154,857	6,101,924	126	6,102,050

The notes set out on pages 79 to 157 form an integral part of these financial statements.

Statement of Changes in Equity

for the financial year ended 30 June 2010

		Non-Distributable			Distributable		
Company	Note	Share capital (Note 28) RM'000	Share Premium (Note 29) RM'000	Other reserve (Note 29(a)) RM'000	Treasury shares (Note 29(b)) RM'000	Retained earnings (Note 29(c)) RM'000	Total RM'000
At 1 July 2009		**2,955,140**	**1,774,815**	**136,790**	**(119,810)**	**2,228,020**	**6,974,955**
Profit for the year		–	–	–	–	**67,011**	**67,011**
Exercise of share warrants		**474,759**	**657,368**	–	–	–	**1,132,127**
Exercise of share options		**5,598**	**13,683**	**(474)**	–	–	**18,807**
Conversion of Bonds		**187,776**	**485,802**	–	–	–	**673,578**
Final dividend paid for the year ended 30 June 2009	12	–	–	–	–	**(125,240)**	**(125,240)**
Interim dividends paid for the year ended 30 June 2010	12	–	–	–	–	**(510,644)**	**(510,644)**
Interim dividends declared and payable for the year ended 30 June 2010	12	–	–	–	–	**(269,610)**	**(269,610)**
Shares repurchased	29(b)	–	–	–	**(157)**	–	**(157)**
Share options granted	28(c)	–	–	**7,555**	–	–	**7,555**
Warrant reserve	29(a)	–	**11,000**	**(11,000)**	–	–	–
At 30 June 2010		**3,623,273**	**2,942,668**	**132,871**	**(119,967)**	**1,389,537**	**7,968,382**
At 1 July 2008		2,721,320	1,699,219	180,119	(360,149)	2,504,098	6,744,607
Profit for the year		–	–	–	–	593,563	593,563
Exercise of share warrants		233,516	386,673	(45,541)	–	–	574,648
Exercise of share options		304	767	(28)	–	–	1,043
Final dividend paid for the year ended 30 June 2008	12	–	–	–	–	(214,830)	(214,830)
Interim dividends paid for the year ended 30 June 2009	12	–	–	–	–	(435,308)	(435,308)
Interim dividends declared and payable for the year ended 30 June 2009	12	–	–	–	–	(219,503)	(219,503)
Shares repurchased	29(b)	–	–	–	(71,505)	–	(71,505)
Share dividend distributed on 22 September 2008	29(b)	–	(311,844)	–	311,844	–	–
Share options granted	28(c)	–	–	2,240	–	–	2,240
At 30 June 2009		2,955,140	1,774,815	136,790	(119,810)	2,228,020	6,974,955

The notes set out on pages 79 to 157 form an integral part of these financial statements.

Cash Flow Statements

for the financial year ended 30 June 2010

	Note	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Cash flows from operating activities					
Profit for the year		**1,208,712**	646,593	**67,011**	593,563
Adjustments for:					
Allowance/(Write back of allowance) for doubtful debts		**55,549**	(4,179)	**33,439**	–
Amortisation of grant		**(6,056)**	(5,376)	–	–
Amortisation of prepaid lease payments		**4,604**	1,668	–	–
Depreciation of property, plant and equipment		**771,513**	606,969	**117**	87
Dividends from quoted investments in Malaysia		**(603)**	(415)	–	–
Gain on disposal of investments		**(5)**	(30)	**(2)**	(13)
Gain on disposal of property, plant and equipment		**(11,012)**	(3,972)	–	–
Interest expense		**828,764**	877,459	**193,041**	181,998
Interest income		**(10,884)**	(51,819)	–	–
Provision for retirement benefits		**49,711**	39,708	–	–
Share of results of associated companies		**(226,513)**	(225,484)	–	–
Share options expenses		**7,554**	2,232	**1,921**	760
Property, plant and equipment written off		**5,399**	20,348	–	–
Taxation		**476,203**	740,279	**2,315**	3,719
Unrealised loss/(gain) on foreign exchange		**2,370**	(11,469)	**(1,653)**	(10,107)
Provision for liabilities and charges		**(5,594)**	3,034	–	–
Write back of provision for fuel cost		**(5,193)**	(207,046)	–	–
Allowance for inventories obsolescence		**6,444**	1,223	–	–
		3,150,963	2,429,723	**296,189**	770,007
Changes in working capital:					
Inventories		**196,401**	131,300	–	–
Receivables, deposits and prepayments		**57,734**	(1,435,672)	**(7,885)**	(38,942)
Payables and accrued expenses		**161,507**	1,007,754	**11,283**	3,411
Immediate holding company		**6,383**	(6,169)	**6,380**	(6,379)
Subsidiaries		–	–	**504,303**	(14,891)
Related companies		**80,624**	1,630	**(643)**	614
Cash generated from operations		**3,653,612**	2,128,566	**809,627**	713,820
Interest paid		**(665,280)**	(801,029)	**(148,102)**	(147,768)
Payment to retirement benefits schemes		**(104,383)**	(100,878)	–	–
Tax (paid)/refund		**(220,016)**	(225,533)	–	970
Net cash flow from operating activities		**2,663,933**	1,001,126	**661,525**	567,022

The notes set out on pages 79 to 157 form an integral part of these financial statements.

Cash Flow Statements

for the financial year ended 30 June 2010

	Note	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Cash flows from investing activities					
Development expenditure incurred		**(11,599)**	(15,797)	**(11,599)**	(15,507)
Dividends received		**117,894**	235,581	–	–
Grants received		**25,687**	31,070	–	–
Interest received		**24,321**	65,705	–	–
Proceeds from disposal of investments		**3,814**	5,285	**2**	1,315
Proceeds from disposal of property, plant and equipment		**32,412**	5,749	–	–
Investment in subsidiary		–	–	**(737,000)**	(3,626,700)
Purchase of investments		**(1,620)**	(60,000)	–	(60,000)
Purchase of property, plant and equipment		**(1,611,331)**	(1,194,342)	**(375)**	–
Acquisition of subsidiaries		–	(7,469,414)	–	–
Net cash flow used in investing activities		**(1,420,422)**	(8,396,163)	**(748,972)**	(3,700,892)
Cash flows from financing activities					
Advances to a subsidiary		–	–	**(14,067)**	(178,350)
Dividends paid		**(855,387)**	(650,138)	**(855,387)**	(650,138)
Finance lease creditors paid		**(26,518)**	(27,432)	–	–
Proceeds from borrowings		**4,487,472**	9,008,461	**2,480,000**	2,120,000
Proceeds from issue of bonds		**268,965**	–	–	–
Proceeds from issue of shares		**1,151,408**	575,719	**1,151,408**	575,719
Repayment of bonds		–	(1,760,607)	–	–
Repayment of term loan and borrowings		**(4,010,837)**	(2,624,302)	**(2,598,304)**	(2,100,073)
Debt financing fee		**(15,434)**	–	–	–
Repayment by subsidiaries		–	–	**12,367**	248,500
Repurchase of own shares		**(157)**	(71,505)	**(157)**	(71,505)
Net cash flow from/(used in) financing activities		**999,512**	4,450,196	**175,860**	(55,847)
Net changes in cash and cash equivalents		**2,243,023**	(2,944,841)	**88,413**	(3,189,717)
Effects of exchange rate changes		**(823,053)**	(524,325)	–	–
Cash and cash equivalents					
– at beginning of the year		**5,906,751**	9,375,917	**483,320**	3,673,037
– at end of the year	27	**7,326,721**	5,906,751	**571,733**	483,320

The notes set out on pages 79 to 157 form an integral part of these financial statements.

Notes to the Financial Statements

for the financial year ended 30 June 2010

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 16 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 Market of Bursa Malaysia Securities Berhad.

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

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

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

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

2. 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 foreign currency exchange risk as a result of foreign currency transactions is limited because its subsidiaries trade and borrowings which are 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.

Notes to the Financial Statements

for the financial year ended 30 June 2010

(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 in Malaysia, 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 Power Generation business in Singapore, credit review are performed on all customers with established credit limits and supported by collateral in the form of guarantees. For the Group's Water and Sewerage business, the credit risk of receivables is mitigated through strict collection procedures. In addition, the Directors are of the view that credit risk arising from 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 2009.

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 requires 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 to the financial notes.

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

(a) Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of FRS 8, 'Operating Segments' and early adoption of Amendments to FRS 8, 'Operating Segments' effective from the financial period beginning 1 July 2009.

Adoption of the above standard did not have any effect on the financial performance or position of the Group and the Company except for those disclosed below:

FRS 8 'Operating Segments'

FRS 8 'Operating Segments' ('FRS 8'), which replaces FRS 114 Segment Reporting, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. The Group concluded that the reportable operating segments determined in accordance with FRS 8 are the same as the business segments previously identified under FRS 114 except for the multi utilities business segment which was previously classified under 'power generation and sale of electricity' segment. The Group has adopted FRS 8 retrospectively. These revised disclosures, including the related revised comparative information, are shown in Note 41 to the financial statements.

(b) Financial Reporting Standards and IC Interpretations issued but not yet effective

At the date of authorisation of these financial statements, the following new or revised Financial Reporting Standards ('FRS'), amendments to FRS and IC Interpretations ('IC Int') have been issued but are not yet effective and have not been adopted by the Group and the Company:

FRS, Amendments to FRS and Interpretations	**Effective for financial periods beginning on or after**
FRS 3 (revised) Business Combinations	1 July 2010
FRS 4 Insurance Contracts	1 January 2010
FRS 7 Financial Instruments: Disclosures	1 January 2010
FRS 101 (revised) Presentation of Financial Statements	1 January 2010
FRS 123 Borrowing Costs	1 January 2010
FRS 127 Consolidated and Separate Financial Statements	1 July 2010
FRS 139 Financial Instruments: Recognition and Measurement	1 January 2010
Standards Additional Exemption from Comparative FRS 7 Disclosures	1 January 2010
Amendment to FRS 2 Share-based Payment: Vesting Conditions and Cancellation	1 July 2010
Amendment to FRS 2 Share-based Payment	1 January 2011
Amendment to FRS 2 Share-based Payment Group Cash settled Share-based Payment transactions	1 January 2010
Amendment to FRS 5 Non-current Assets Held for Sale and Discontinued Operations	1 January 2010 & 1 July 2010
Amendment to FRS 7 Financial Instruments: Disclosures	1 January 2010
Amendment to FRS 7 Financial Instruments: Disclosures Improving Disclosures about Financial Instruments	1 January 2011
Amendment to FRS 107 Statement of Cash Flows	1 January 2010
Amendment to FRS 108 Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2010
Amendment to FRS 110 Events after the Reporting Period	1 January 2010
Amendment to FRS 116 Property, Plant and Equipment	1 January 2010
Amendment to FRS 117 Leases	1 January 2010
Amendment to FRS 118 Revenue	1 January 2010
Amendment to FRS 119 Employee Benefits	1 January 2010
Amendment to FRS 120 Accounting for Government Grants and Disclosure of Government Assistance	1 January 2010
Amendment to FRS 123 Borrowing Costs	1 January 2010
Amendment to FRS 127 Consolidated and Separate Financial Statements	1 January 2010

Notes to the Financial Statements

for the financial year ended 30 June 2010

FRS, Amendments to FRS and Interpretations	Effective for financial periods beginning on or after
Amendment to FRS 127 Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2010
Amendment to FRS 128 Investments in Associates	1 January 2010
Amendment to FRS 129 Financial Reporting in Hyperinflationary Economies	1 January 2010
Amendment to FRS 131 Interest in Joint Ventures	1 January 2010
Amendment to FRS 132 Financial Instruments: Presentation	1 January 2010 & 1 March 2010
Amendment to FRS 134 Interim Financial Reporting	1 January 2010
Amendment to FRS 136 Impairment of Assets	1 January 2010
Amendment to FRS 138 Intangible Asset	1 January 2010
Amendment to FRS 140 Investment Property	1 January 2010
IC Interpretation 4 Determining Whether and Arrangement contains a Lease	1 January 2011
IC Interpretation 9 Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10 Interim Financial Reporting and Impairment	1 January 2010
IC Interpretation 11 FRS 2 – Group and Treasury Share Transactions	1 January 2010
IC Interpretation 12 Service Concession Arrangements	1 July 2010
IC Interpretation 13 Customer Loyalty Programmes	1 January 2010
IC Interpretation 14 FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2010
IC Interpretation 15 Agreements for the Construction of Real Estate	1 January 2012
IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17 Distributions of Non-cash Assets to Owners	1 July 2010
IC Interpretation 18 Transfer of Assets from Customers	1 January 2011
Amendment to IC Interpretation 9 Reassessment of Embedded Derivatives	1 July 2010

FRS 4, FRS 140, Amendment to FRS 129, IC Int 12, IC Int 13 and IC Int 15 are not relevant to the Group's and the Company's operations.

The Group and the Company are exempted from disclosing the possible impact, if any, to the financial statements upon initial application of FRS 7 and FRS 139.

Except for the changes in accounting policies arising from the adoption of the revised FRS 3 and the amendments to FRS 127, as well as the new disclosure required under the Amendments to FRS 7, the directors expect that the adoption of the other FRS, amendments and IC Interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of the revised FRS 3 and the amendments to FRS 127 are described below.

Revised FRS 3 'Business Combinations' and Amendments to FRS 127 'Consolidated and Separate Financial Statements'

The revised FRS 3 and Amendments to FRS 127 are effective for annual periods beginning on or after 1 July 2010. The revised FRS 3 introduces a number of changes in the accounting for business combinations occurring after 1 July 2010. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. The Amendments to FRS 127 require that a change in ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss. Furthermore, the amended standard changes in accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Other consequential amendments have been made to FRS 107 'Statement of Cash Flows', FRS 112 'Income Taxes' FRS121 'The effects of changes in Foreign Exchange Rate', FRS 128 'Investments in Associates' and FRS 131 'Interests in Joint Ventures'. The changes, in which the Group has not early adopted the revised FRS 3 and Amendments to FRS 127, will affect future acquisitions or loss of control and transaction with minority interests.

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 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.

(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.

Notes to the Financial Statements

for the financial year ended 30 June 2010

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.

When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture, the Group does not recognise further losses, unless it has obligations or has made payments on behalf of the joint venture.

(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. Cost also includes borrowing costs incurred for assets under construction. The cost of certain property, plant and equipment includes the costs of dismantling, removal and restoration, the obligation which was incurred as a consequence of installing the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the 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 instalments over a period of one hundred and ten (110) years. Freehold land is not depreciated as it has an infinite life. 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 – 50
Plant and machinery	3 – 25
Mains and lines	20
Office equipment	3 – 10
Computers	3 – 5
Furniture and fittings	3 – 10
Motor vehicles and aircraft	5 – 10
Telecommunication equipment	10

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

At each Balance Sheet date, the Group assesses whether there is any indication of impairment. If such indication exists, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amounts exceed the recoverable amounts. See accounting policy 4(i) on impairment of assets.

Residual values and useful lives of assets 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) Leases

(i) Accounting by lessee

Finance lease

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

The asset are treated as if they had been purchased and the corresponding capital cost is shown as an obligation. Leasing payments are treated as consisting of a capital element and finance costs, the capital element reducing the obligation to the lessor and the finance charge being 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 assets are 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.

Operating lease
Leases of assets where significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the Income Statement on 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 in which termination takes place.

(ii) Accounting by lessor

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

(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
(i) Investments in subsidiaries, jointly controlled entities and associated companies
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.

(ii) Other Investments
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.

(iii) Short Term Investments

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 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 qualifying expenditure on property, plant and equipment are included in non current liability as deferred income. The income is recognised in the Income Statement over the expected useful economic lives of the related assets or otherwise to match them with the related costs which they are intended to compensate, on a systematic basis.

(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.

Notes to the Financial Statements

for the financial year ended 30 June 2010

(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

(i) *Sale of electricity*

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

(ii) *Sale of physical fuel oil*

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

(iii) *Sale of steam*

Revenue is recognised upon delivery of steam.

(iv) *Supply of clean water and treatment and disposal of waste water*

Revenue from supply of clean water and treatment and disposal of waste water represents the amounts (excluding value added tax, where applicable) derived from the provision of goods and services to third party customers. The Group has chosen not to recognise as turnover the bills raised for customers who have a record of two years non payment.

(v) *Tank leasing fees and others*

Tank leasing fees from operating leases are recognised on a straight-line basis over the lease term.

(vi) Other revenues

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) 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 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.

Notes to the Financial Statements

for the financial year ended 30 June 2010

(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.

(s) 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.

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

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

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

(t) Financial instruments

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, a contractual right to receive cash or another financial asset from another enterprise, a contractual right to exchange financial instruments with another enterprise under conditions that are potentially favourable, or an equity instrument of another enterprise.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or to exchange financial instruments with another enterprise under conditions that are potentially unfavourable.

(i) Financial instruments recognised on the balance sheet
The particular recognition method adopted for financial instruments recognised on the balance sheet is disclosed in the individual accounting policy statements associated with each item.

(ii) Financial instruments not recognised on the balance sheet
The Group is 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.

(a) 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.

(b) Foreign currency forward contracts
The Group entered into foreign currency forward contracts to protect the Group from movements in exchange rates by establishing the rate at which a foreign currency asset or liability will be settled.

Exchange gains and losses on contracts are recognised when settled at which time they are included in the measurement of the transaction hedged.

(c) Fuel oil swaps
The Group entered into fuel oil swaps that used to hedge forecast physical fuel oil and natural gas purchases. Gains and losses arising from fuel oil swaps are transferred to the cost of inventory of fuels upon acquisition are subsequently transferred to the income statement in the periods when the underlying fuels are consumed for the production of electricity.

(iii) 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. The fair value of forward foreign currency contracts is determined using forward exchange market rates at the Balance Sheet date.

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.

(u) Segment reporting
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker who is responsible for allocating resources and assessing performance of the operating segments.

Notes to the Financial Statements

for the financial year ended 30 June 2010

(v) Cash and cash equivalents

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

(w) 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.

Dividends to shareholders are recognised in equity in the period in which they are declared.

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) Estimated impairment of goodwill

The Group tests goodwill for impairment annually, in accordance with its accounting policy. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates as set out in Note 15 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 28(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.

(g) Estimated lower of cost and net realisable value for fuel oil inventory

The Group's management is of the view that the reasonable net realisable value benchmark for the fuel oil inventory should be determined against the electricity prices derived from the generation of electricity by the fuel oil inventory. As at the balance sheet date, the net realisable value test has in part been determined based on the estimated price of generated electricity that will be achieved over the period in which the inventory will be utilised. The price that will eventually be achieved will be subject to market conditions subsequent to the balance sheet date. If estimated price increased/decreased by 2%, the allowance for lower of cost and net realisable value would be lower/higher by RM174,315.

(h) Estimated pension benefits

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

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

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in Note 33 to the financial statements.

(i) Estimate impairment of property, plant and equipment and investments

The Group management follows its accounting policy set out in Note 4(i) in determining when property, plant and equipment or investments are considered impaired. Impairment is recognised when events and circumstances indicate that these assets may be impaired and the carrying amount of these assets exceeds the recoverable amounts. In determining the recoverable amount of these assets, certain estimates regarding the cash flows of these assets are made, in particular, the assessment for the year ended 30 June 2010, assumes that the key supply agreements of a subsidiary company will be extended beyond its 2015 expiry year.

Notes to the Financial Statements

for the financial year ended 30 June 2010

6. REVENUE

	Group		Company	
	2010 RM'000	2009 RM'000	**2010 RM'000**	2009 RM'000
Sale of electricity	**9,183,171**	3,238,927	–	–
Sale of fuel oil	**1,571,456**	133,275	–	–
Sale of steam	**97,620**	–	–	–
Sale of water, treatment and disposal of waste water	**2,455,967**	2,510,687	–	–
Tank leasing fees and others	**25,949**	3,770	–	–
Interest income	**33,545**	133,774	**58,939**	73,271
Dividends:				
– unquoted investment in a subsidiary company	–	–	**233,889**	683,015
– unquoted investment outside Malaysia	**36,232**	35,844	–	–
– quoted investments in Malaysia	**5,883**	5,781	**5,882**	5,781
Management fees	**4,035**	4,249	**25,000**	25,000
Royalty income	–	–	**1,247**	2,407
Operation and maintenance fees	**29,059**	27,087	–	–
	13,442,917	6,093,394	**324,957**	789,474

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 Group or Company. The key management compensation is disclosed below:

	Group		Company	
	2010 RM'000	2009 RM'000	**2010 RM'000**	2009 RM'000
Key management compensation				
– Wages, salaries and bonus	**12,780**	8,280	**5,950**	4,250
– Defined contribution plan	**1,534**	994	**714**	510
– Fees	**320**	162	**320**	162
– Share options expenses	**3,391**	1,196	**1,396**	492
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 include transaction with entities that are controlled, jointly controlled or significantly influenced directly or indirectly by any key management personnel or their close family members.

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	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Sale of goods and services				
– Subsidiaries	–	–	**26,248**	27,407
Dividend income				
– Subsidiaries	–	–	**233,889**	683,015
– Related companies	**4,220**	4,120	**4,220**	4,120
Interest income				
– Subsidiaries – In respect of loan and advances	–	–	**36,493**	37,250
– Subsidiaries – In respect of payment on behalf	–	–	**3,286**	1,271
– Related companies	**1,349**	1,165	**1,349**	1,165
Purchases of goods and services				
– Building infrastructure	**38,000**	–	–	–
– Hotel and accommodation	**7,001**	4,895	**1,147**	1,485
– Information technology related services	**21,001**	–	–	–
– Operating and maintenance agreement	**202,881**	135,991	–	–
– Rental of land and building	**1,920**	1,272	–	–
– Travelling fares and motor vehicle maintenance	**8,217**	7,632	**6,617**	6,936
Expenses paid on behalf of				
– Subsidiaries	–	–	**25,147**	6,534
Expenses paid on behalf by				
– Subsidiaries	–	–	**12,554**	–
– Immediate holding company	**2,807**	3,057	–	–
– Related companies	**31,573**	14,805	**8,612**	3,790
Year-end balances arising from				
– Sales of goods/services	**2,593**	–	–	–
– Purchases of goods/services	**180,010**	79,495	–	–

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.

Notes to the Financial Statements

for the financial year ended 30 June 2010

	Company	
	2010 RM'000	2009 RM'000
Loans and advances to subsidiaries		
At 1 July	**493,491**	526,391
Advances during the year	**14,067**	178,350
Repayments during the year	**(12,367)**	(248,500)
Interest charged	**36,493**	37,250
At 30 June	**531,684**	493,491

8. FINANCE COSTS

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Interest on borrowings	**828,764**	877,459	**193,041**	181,998

9. PROFIT BEFORE TAXATION

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Profit before taxation is stated after charging/(crediting):				
Allowance/(Write back of allowance) for doubtful debts	**55,549**	(4,179)	**33,439**	–
Allowance for inventories obsolescence	**6,444**	1,223	**–**	–
Amortisation of grant	**(6,056)**	(5,376)	**–**	–
Amortisation of prepaid lease payments	**4,604**	1,668	**–**	–
Auditors' remuneration				
– statutory audit fees paid to PricewaterhouseCoopers (Malaysia)	**316**	356	**252**	292
– statutory audit fees paid to PricewaterhouseCoopers (Overseas)	**419**	109	**–**	–
– statutory audit fees paid to other audit firms	**1,550**	1,447	**–**	–
Depreciation of property, plant and equipment	**771,513**	606,969	**117**	87
Development expenditure	**11,599**	15,797	**11,599**	15,507
Directors' remuneration	**19,507**	11,778	**9,863**	6,561
Dividends from quoted investments in Malaysia	**(603)**	(415)	**–**	–
Gain on disposal of investments	**(5)**	(30)	**(2)**	(13)
Gain on disposal of property, plant and equipment	**(11,012)**	(3,972)	**–**	–
Interest income	**(10,884)**	(51,819)	**–**	–
Liquidated damages received	**(97,924)**	–	**–**	–
Realised loss/(gain) on foreign exchange	**535**	(25,275)	**(18,616)**	(25,217)
Rental of land and building	**6,307**	2,158	**–**	–
Rental of plant and machinery	**2,179**	4,617	**–**	–
Staff costs				
– wages, salaries and bonus	**249,799**	269,193	**8,080**	5,464
– defined contribution plan	**12,779**	3,914	**812**	612
– defined benefit plan	**49,711**	39,708	**–**	–
– share options expenses	**3,864**	930	**226**	162
Unrealised loss/(gain) on foreign exchange	**2,370**	(11,469)	**(1,653)**	(10,107)
Property, plant and equipment written off	**5,399**	20,348	**–**	–
Write back of provision for fuel cost	**(5,193)**	(207,046)	**–**	–

Notes to the Financial Statements

for the financial year ended 30 June 2010

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

Year ended 30 June 2010

	Salaries RM'000	Fees RM'000	Bonus RM'000	Others* RM'000	Total RM'000
Group					
Executive Directors	**8,675**	**360**	**4,800**	**5,373**	**19,208**
Non-Executive Directors	–	**260**	–	**39**	**299**
Company					
Executive Directors	**4,545**	**360**	**2,100**	**2,559**	**9,564**
Non-Executive Directors	–	**260**	–	**39**	**299**

Year ended 30 June 2009

	Salaries RM'000	Fees RM'000	Bonus RM'000	Others* RM'000	Total RM'000
Group					
Executive Directors	6,565	182	2,400	2,398	11,545
Non-Executive Directors	–	190	–	43	233
Company					
Executive Directors	3,835	182	1,100	1,211	6,328
Non-Executive Directors	–	190	–	43	233

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 2010 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
RM100,001 – RM150,000	–	1	–	1
RM300,001 – RM350,000	1	–	1	–
RM350,001 – RM400,000	–	–	1	–
RM700,001 – RM750,000	1	–	–	–
RM1,150,001 – RM1,200,000	1	–	1	–
RM1,800,001 – RM1,850,000	1	–	1	–
RM1,950,001 – RM2,000,000	1	–	–	–
RM2,350,001 – RM2,400,000	–	–	1	–
RM2,750,001 – RM2,800,000	1	–	–	–
RM3,150,001 – RM3,200,000	1	–	–	–
RM3,250,001 – RM3,300,000	–	–	1	–
RM3,350,001 – RM3,400,000	1	–	–	–
RM3,600,001 – RM3,650,000	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 RM1,637,850 and RM3,689,881 (2009: RM1,096,350 and RM1,301,501) and RM818,250 and RM1,695,351 (2009: RM612,750 and RM597,987) respectively.

10. TAXATION

Taxation charge for the year:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Current tax				
– Malaysian income tax	**95,680**	63,586	**2,315**	3,726
– Foreign income tax	**238,458**	129,375	**–**	–
Deferred tax	**142,065**	104,850	**–**	(7)
Deferred tax arising from change in legislation*	**–**	442,468	**–**	–
Total deferred tax (Note 30)	**142,065**	547,318	**–**	(7)
	476,203	740,279	**2,315**	3,719
Current tax				
Current year	**348,183**	251,377	**2,273**	3,440
(Over)/Under accrual in prior years	**(14,045)**	(58,416)	**42**	286
Deferred tax				
Originating and reversal of temporary differences	**115,975**	86,132	**–**	(7)
Under accrual in prior years	**26,090**	18,718	**–**	–
Change in tax rates	**–**	–	**–**	–
Deferred tax arising from change in legislation*	**–**	442,468	**–**	–
	476,203	740,279	**2,315**	3,719

* The UK Finance Act 2008 includes provisions which abolish industrial building allowances with effect from 1 April 2011. This means that Wessex Water, a UK subsidiary of the Group, will not be able to claim industrial building allowances on affected assets after 2011. This change was introduced by reducing the rate of allowance that may be claimed from 1 April 2008 to 31 March 2011 at which point the allowances will be removed. Applying Accounting Standard FRS 112 Income Taxes, the removal of these allowances has resulted in an exceptional deferred tax charge of RM442.5 million.

Notes to the Financial Statements

for the financial year ended 30 June 2010

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

	Group		Company	
	2010 RM'000	2009 RM'000	**2010 RM'000**	2009 RM'000
Numerical reconciliation between tax expense and the product of accounting profit multiplied by the Malaysian tax rate				
Profit before taxation	**1,684,915**	1,386,872	**69,326**	597,282
Tax calculated at the Malaysian tax rate 25% (2009: 25%)	**421,229**	346,718	**17,332**	149,321
Tax effects of:				
– Share of results of associated companies	**(56,628)**	(56,371)	–	–
– Different tax rates in other countries	**(30,640)**	10,819	–	–
– Non-deductible expenses	**152,092**	63,909	**17,493**	17,405
– Income not subject to tax	**(21,895)**	(27,566)	**(32,552)**	(163,293)
– Under/(Over) accrual in prior years in relation to current and deferred tax	**12,045**	(39,698)	**42**	286
– Deferred tax arising from change in legislation	–	442,468	–	–
Tax expenses	**476,203**	740,279	**2,315**	3,719

11 EARNINGS PER SHARE ('EPS')

(a) Basic EPS

	Group	
	2010	2009
Profit attributable to ordinary equity holders of the Company (RM'000)	**1,208,838**	646,605
Weighted average number of ordinary shares in issue ('000)	**6,499,137**	5,695,830
Basic EPS (sen)	**18.60**	11.35

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

(b) Diluted EPS

	Group	
	2010	2009
Profit attributable to equity holders of the Company (RM'000)	**1,208,838**	646,605
Profit used to determine diluted EPS (RM'000)	**1,208,838**	646,605
Weighted average number of ordinary shares in issue ('000)	**6,499,137**	5,695,830
Adjustments for:		
– conversion of Warrants ('000)	**538,099**	798,736
– ESOS ('000)	**28,205**	12,036
Weighted average number of ordinary shares for diluted earnings per share ('000)	**7,065,441**	6,506,602
Diluted EPS (sen)	**17.11**	9.94

As at 30 June 2010, the Company had 1,202,486,719 (2009: 2,155,326,715) Warrants, whose terms of conversion are set out in Note 28, 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.

Notes to the Financial Statements

for the financial year ended 30 June 2010

12. DIVIDENDS

Group and Company

	2010		2009	
	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 2008:				
– Final tax exempt dividend of 7.5%, paid on 26 December 2008	–	–	3.75	214,830
Dividends paid in respect of the year ended 30 June 2009:				
– First interim dividend 6% less 25% tax and 3% single tier dividend paid on 20 January 2009	–	–	4.50	217,074
– Second interim single tier dividend of 7.5% paid on 26 March 2009	–	–	3.75	218,234
– Third interim single tier dividend of 7.5% declared on 21 May 2009 and paid on 16 July 2009	–	–	3.75	219,503
Dividends paid in respect of the year ended 30 June 2009:				
– Final single tier dividend of 3.75% paid on 24 December 2009	**1.88**	**125,240**	–	–
Dividends paid in respect of the year ended 30 June 2010:				
– First interim single tier dividend of 7.5% paid on 21 January 2010	**3.75**	**251,256**	–	–
– Second interim single tier dividend of 7.5% paid on 31 March 2010	**3.75**	**259,388**	–	–
– Third interim single tier dividend of 7.5% declared on 27 May 2010 and paid on 15 July 2010	**3.75**	**269,610**	–	–
	13.13	**905,494**	15.75	869,641

The Board of Directors has recommended a final single tier dividend of 3.75% or 1.875 sen per ordinary share of 50 sen each for the financial year ended 30 June 2010 which is subject to the approval by the shareholders at the forthcoming Annual General Meeting. These financial statements do not reflect the final dividend which will be accrued as a liability in the year ending 30 June 2011 when approval is obtained from the shareholders.

13. PROPERTY, PLANT AND EQUIPMENT

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

Group	Land and buildings RM'000	Infrastructure assets RM'000	Plant and machinery RM'000	Mains and lines RM'000	Office equipment RM'000	Computers RM'000	Furniture and fittings RM'000	Motor vehicles and aircraft RM'000	Telecom-munication equipment RM'000	Assets under construction RM'000	Total RM'000
2010											
Cost											
At 1 July 2009	4,299,657	5,240,425	9,026,406	22,699	505,224	23,023	2,953	64,914	57	2,289,370	21,474,728
Exchange differences	(554,085)	(865,877)	(970,454)	–	(88,515)	(562)	(56)	(3,402)	–	(84,200)	(2,567,151)
Additions	26,522	114,199	134,889	–	26,766	1,729	1,935	54,546	48	1,208,741	1,569,375
Disposals	–	–	(16,197)	–	–	–	(17)	(33,131)	–	–	(49,345)
Written off	(5,070)	–	(30,905)	–	(14)	(6)	(20)	9	(1)	–	(36,007)
Transfer on commissioning	62,882	46,891	2,391,222	–	69,614	488	–	–	–	(2,571,097)	–
At 30 June 2010	3,829,906	4,535,638	10,534,961	22,699	513,075	24,672	4,795	82,936	104	842,814	20,391,600
Accumulated depreciation											
At 1 July 2009	929,853	129,077	2,836,020	16,457	186,062	11,727	991	27,236	1	–	4,137,424
Exchange differences	(85,878)	(24,774)	(271,607)	–	(30,352)	(226)	(26)	(943)	–	–	(413,806)
Charge for the year	103,886	43,215	587,832	1,135	23,160	4,786	769	6,721	9	–	771,513
Disposals	–	–	(12,013)	–	–	–	(1)	(15,931)	–	–	(27,945)
Written off	(1,851)	–	(28,762)	–	(3)	(1)	–	9	–	–	(30,608)
At 30 June 2010	946,010	147,518	3,111,470	17,592	178,867	16,286	1,733	17,092	10	–	4,436,578
Net book value											
At 30 June 2010	2,883,896	4,388,120	7,423,491	5,107	334,208	8,386	3,062	65,844	94	842,814	15,955,022

Borrowing costs of RM22,007,395, arising on financing specifically entered into for the construction of property, plant and equipment, were capitalised during the financial year and included in additions of the Group during the financial year.

Notes to the Financial Statements

for the financial year ended 30 June 2010

Group	Land and buildings RM'000	Infrastructure assets RM'000	Plant and machinery RM'000	Mains and lines RM'000	Office equipment RM'000	Computers RM'000	Furniture and fittings RM'000	Motor vehicles and aircraft RM'000	Telecom-munication equipment RM'000	Assets under construction RM'000	Total RM'000
2009											
Cost											
At 1 July 2008	4,469,446	5,403,950	7,161,014	22,699	450,529	10,765	1,108	63,052	–	1,273,029	18,855,592
Exchange differences	(353,139)	(528,780)	(397,660)	–	(40,687)	164	15	(1,962)	–	(124,275)	(1,446,324)
Acquisition of subsidiaries	58,546	–	1,465,551	–	205	11,220	1,463	604	57	1,362,594	2,900,240
Additions	49,809	223,623	291,221	–	38,645	374	345	9,754	–	644,581	1,258,352
Disposals	(300)	–	(7,622)	–	–	(3)	–	(6,534)	–	–	(14,459)
Written off	(10,674)	–	(28,464)	–	(10,747)	–	–	–	–	–	(49,885)
Transfer on commissioning	85,969	170,409	542,366	–	67,279	503	22	–	–	(866,548)	–
Transfer to prepaid lease (Note 14)	–	–	–	–	–	–	–	–	–	(11)	(11)
Grants and contribution	–	(28,777)	–	–	–	–	–	–	–	–	(28,777)
At 30 June 2009	4,299,657	5,240,425	9,026,406	22,699	505,224	23,023	2,953	64,914	57	2,289,370	21,474,728
Accumulated depreciation											
At 1 July 2008	876,365	92,773	2,551,398	15,322	193,333	10,052	752	25,804	–	–	3,765,799
Exchange differences	(43,802)	(7,784)	(123,089)	–	(17,855)	29	2	(626)	–	–	(193,125)
Charge for the year	98,494	44,088	432,719	1,135	21,331	1,649	237	7,315	1	–	606,969
Disposals	(59)	–	(7,363)	–	–	(3)	–	(5,257)	–	–	(12,682)
Written off	(1,145)	–	(17,645)	–	(10,747)	–	–	–	–	–	(29,537)
At 30 June 2009	929,853	129,077	2,836,020	16,457	186,062	11,727	991	27,236	1	–	4,137,424
Net book value											
At 30 June 2009	3,369,804	5,111,348	6,190,386	6,242	319,162	11,296	1,962	37,678	56	2,289,370	17,337,304

Borrowing costs of RM6,408,644, arising on financing specifically entered into for the construction of property, plant and equipment, were capitalised in the financial year 2009 and included in additions of the Group in the financial year 2009.

Land and buildings of the Group are as follows:

Group	Freehold Land RM'000	Buildings RM'000	Total RM'000
Cost			
At 1 July 2009	**63,385**	**4,236,272**	**4,299,657**
Exchange differences	**(10,414)**	**(543,671)**	**(554,085)**
Additions	**5,984**	**20,538**	**26,522**
Written off	**–**	**(5,070)**	**(5,070)**
Transfer on commissioning	**–**	**62,882**	**62,882**
At 30 June 2010	**58,955**	**3,770,951**	**3,829,906**
Accumulated depreciation			
At 1 July 2009	**–**	**929,853**	**929,853**
Exchange differences	**–**	**(85,878)**	**(85,878)**
Charge for the year	**–**	**103,886**	**103,886**
Written off	**–**	**(1,851)**	**(1,851)**
At 30 June 2010	**–**	**946,010**	**946,010**
Net book value			
At 30 June 2010	**58,955**	**2,824,941**	**2,883,896**
Cost			
At 1 July 2008	67,891	4,401,555	4,469,446
Exchange differences	(6,724)	(346,415)	(353,139)
Acquisition of subsidiaries	–	58,546	58,546
Additions	2,218	47,591	49,809
Disposals	–	(300)	(300)
Written off	–	(10,674)	(10,674)
Transfer on commissioning	–	85,969	85,969
At 30 June 2009	63,385	4,236,272	4,299,657
Accumulated depreciation			
At 1 July 2008	–	876,365	876,365
Exchange differences	–	(43,802)	(43,802)
Charge for the year	–	98,494	98,494
Disposals	–	(59)	(59)
Written off	–	(1,145)	(1,145)
At 30 June 2009	–	929,853	929,853
Net book value			
At 30 June 2009	63,385	3,306,419	3,369,804

The net book value of assets of the Group held under finance leases amounted to RM291,754,961 (2009: RM377,332,480).

Notes to the Financial Statements

for the financial year ended 30 June 2010

Company	Office equipment RM'000	Computers RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Total RM'000
2010					
Cost					
At 1 July 2009	**35**	**216**	**20**	**917**	**1,188**
Additions	**–**	**72**	**–**	**303**	**375**
At 30 June 2010	**35**	**288**	**20**	**1,220**	**1,563**
Accumulated depreciation					
At 1 July 2009	**35**	**140**	**20**	**827**	**1,022**
Charge for the year	**–**	**47**	**–**	**70**	**117**
At 30 June 2010	**35**	**187**	**20**	**897**	**1,139**
Net book value					
At 30 June 2010	**–**	**101**	**–**	**323**	**424**
2009					
Cost					
At 1 July/30 June	35	216	20	917	1,188
Accumulated depreciation					
At 1 July 2008	35	101	20	779	935
Charge for the year	–	39	–	48	87
At 30 June 2009	35	140	20	827	1,022
Net book value					
At 30 June 2009	–	76	–	90	166

14. PREPAID LEASE PAYMENTS

	Group	
	2010 RM'000	**2009 RM'000**
Cost		
At 1 July	**77,243**	7,549
Exchange differences	**(3,178)**	629
Acquisition of subsidiary	**–**	69,054
Transfer from property, plant and equipment (Note 13)	**–**	11
At 30 June	**74,065**	77,243
Accumulated amortisation		
At 1 July	**6,061**	4,378
Exchange differences	**(208)**	15
Amortisation	**4,604**	1,668
At 30 June	**10,457**	6,061
Net Book Value	**63,608**	71,182

The prepaid lease payments comprise upfront payments for short term leasehold land.

15. INTANGIBLE ASSETS

	Group	
	2010 RM'000	**2009 RM'000**
Goodwill on consolidation:		
At 1 July	**6,408,936**	441,333
Acquisition of subsidiaries	**–**	5,892,707
Exchange differences	**(260,290)**	74,896
At 30 June	**6,148,646**	6,408,936

Impairment test for goodwill

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

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

Notes to the Financial Statements

for the financial year ended 30 June 2010

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

	Group	
	2010 RM'000	2009 RM'000
PowerSeraya Limited (Singapore)	**5,707,221**	5,967,511
Wessex Water Limited (United Kingdom ('UK'))	**440,700**	440,700
Others	**725**	725
Total goodwill	**6,148,646**	6,408,936

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 assumptions used in the value-in-use calculation

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

	2010		2009	
	Singapore %	UK %	Singapore %	UK %
Pre-tax discount	**5.5**	**6.1**	6.0	5.9
Terminal growth rate	**(2.5)**	**1.3**	(3.2)	2.8
Revenue growth	**5.4**	**2.2**	6.5	2.8

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

The discount rates used are pre-tax and reflect specific risks relating to the CGUs. 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 CGUs.

(b) Impact of possible change in key assumptions

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

The circumstances where a reasonable possible change in key assumptions will result in the recoverable amounts of goodwill on the CGUs to equal the corresponding carrying values, having incorporated the consequential effects on other variables, are as follows:

	2010		2009	
	Singapore %	UK %	Singapore %	UK %
Pre-tax discount	**7.2**	**9.8**	6.9	7.4
Terminal growth rate	**(5.6)**	**(0.3)**	(4.0)	1.6
Revenue growth	**4.9**	**(7.3)**	6.2	(2.4)

No impairment loss was recognised for the year ended 30 June 2010 for the goodwill assessed as their recoverable values were in excess of their carrying values.

16. SUBSIDIARIES

	Company	
	2010 RM'000	2009 RM'000
Unquoted shares, at cost:		
Ordinary shares	**9,987,897**	9,654,894
Preference shares	**977,463**	477,463
	10,965,360	10,132,357

The subsidiaries are as follows:

Name of company	Country of incorporation	Group's effective interest 2010 %	Group's effective interest 2009 %	Principal activities
YTL Communications Sdn Bhd *	Malaysia	**60**	60	Provision of wired line and wireless broadband access and other related services
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

Notes to the Financial Statements

for the financial year ended 30 June 2010

Name of company	Country of incorporation	Group's effective interest 2010 %	Group's effective interest 2009 %	Principal activities
YTL-CPI Power Limited *	Hong Kong	**51**	51	Dormant
YTL Seraya Limited *	Cayman Islands	**100**	100	Investment holding
YTL Utilities Holdings (S) Pte. Limited *	Singapore	**100**	100	Investment holding
YTL Utilities (S) Pte. Limited *	Singapore	**100**	100	Investment holding
YTL PowerSeraya Pte. Limited *	Singapore	**100**	100	Investment holding
PowerSeraya Limited **	Singapore	**100**	100	Own and operate energy facilities and services (full value chain of electricity generation including trading of physical fuels and fuel related derivative instruments, tank leasing activities and sale of by-products from the electricity generation process)
Seraya Energy Pte Ltd **&	Singapore	**100**	100	Sale of electricity
Seraya Energy and Investment Pte Ltd **&	Singapore	**100**	100	Investment holding
PetroSeraya Pte Ltd **&	Singapore	**100**	100	Oil trading and oil tank leasing
YTL Utilities Limited *	Cayman Islands	**100**	100	Investment holding
YTL Utilities Finance Limited *	Cayman Islands	**100**	100	Investment holding
YTL Utilities Finance 2 Limited *	Cayman Islands	**100**	100	Investment holding
YTL Utilities Finance 3 Limited *	Cayman Islands	**100**	100	Investment holding
YTL Utilities Finance 4 Limited *	Cayman Islands	**100**	100	Financial services
YTL Utilities Finance 5 Limited *	Cayman Islands	**100**	–	Financial services
YTL Utilities Finance 6 Limited *	Cayman Islands	**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

Name of company	Country of incorporation	Group's effective interest 2010 %	Group's effective interest 2009 %	Principal activities
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 Nederlands B.V. *#	Netherlands	**100**	100	Waste treatment processes
SC Technology Deutschland GmbH *#	Germany	**100**	100	Waste treatment processes
Geneco Limited *#	England & Wales	**100**	100	Waste water services
YTL ECOGreen Pte Ltd (formerly known as YTL DCS Pte Ltd) *	Singapore	**100**	–	Dormant
YTL Communications International Ltd @	Cayman Islands	**100**	–	Investment holding
YTL Global Networks Ltd @	Cayman Islands	**100**	–	Dormant
Wessex Electricity Utilities Limited *#	England and Wales	**100**	100	Dormant
Wessex Water Utility Solutions Limited (formerly known as Wessex Gas Utilities Limited) *#	England and Wales	**100**	100	Dormant
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 Engineering & Construction Services Limited *#	England and Wales	**100**	100	Engineering and construction services
Wessex Promotions Limited *#	England and Wales	**100**	100	Entertainment promotion
Wessex Water Pension Scheme Trustee Limited *#	England and Wales	**100**	100	Management of Wessex Water Pension Scheme
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

Notes to the Financial Statements
for the financial year ended 30 June 2010

Name of company	Country of incorporation	Group's effective interest		Principal activities
		2010 %	2009 %	
Wessex Water Engineering 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
YTL Engineering Limited *#	England and Wales	**100**	100	Dormant
YTL Services Limited *#	England and Wales	**100**	100	Dormant
YTL Jawa Power Holdings Limited *	Cyprus	**100**	100	Investment holding
YTL Jawa Power Finance Limited *^	Cayman Islands	**100**	100	Investment holding
YTL Jawa Power Holdings B.V. *^	Netherlands	**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*
& *Subsidiaries of PowerSeraya Limited*
@ *Newly incorporated company*

17. 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 have been accounted for in the book of the relevant subsidiary are as follows:

	Group	
	2010 RM'000	2009 RM'000
Non-current assets	**580**	1,758
Current assets	**3,854**	7,031
Current liabilities	**(4,434)**	(8,789)
Net assets	**–**	–
Expenses	**52,790**	54,954

18. ASSOCIATED COMPANIES

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Unquoted shares, at cost	**576,150**	623,020	**5**	5
Group's share of post-acquisition reserves	**416,757**	353,985	**–**	–
Group's share of net assets	**992,907**	977,005	**5**	5

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

	Group	
	2010 RM'000	2009 RM'000
Revenue	**941,607**	839,071
Profit after taxation	**226,513**	225,484

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

	Group	
	2010 RM'000	2009 RM'000
Non-current assets	**1,353,233**	1,522,402
Current assets	**424,708**	455,674
Current liabilities	**(131,071)**	(147,826)
Non-current liabilities	**(653,963)**	(853,245)
Net assets	**992,907**	977,005

Notes to the Financial Statements

for the financial year ended 30 June 2010

(c) The associated companies are as follows:

Name of company	Country of incorporation	Group's effective interest 2010 %	Group's effective interest 2009 %	Principal activities
ElectraNet Transmission Services Pty Ltd	Australia	**33.5**	33.5	Principal electricity transmission network service provider
Jimah Power Generation Sdn Bhd	Malaysia	**49.0**	49.0	Developing, constructing, completing, maintaining and operating power plants. The company has not commenced operations
P.T. Jawa Power	Indonesia	**35.0**	35.0	To construct, commission and operate a coal-fired thermal power station
Teknologi Tenaga Perlis (Overseas) Consortium Sdn Bhd	Malaysia	**30.0**	30.0	Dormant

19. INVESTMENTS

	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
At cost:				
Shares quoted in Malaysia (Note a)	**103,271**	103,030	**96,578**	96,338
Shares in unquoted corporations – preference shares (Note b)	**583,257**	540,653	–	–
Shares quoted outside Malaysia	**3**	3	–	–
Unquoted loan notes outside Malaysia	**7,769**	10,763	–	–
	694,300	654,449	**96,578**	96,338
At market value:				
Shares quoted in Malaysia	**149,875**	143,811	**137,651**	134,778
Shares quoted outside Malaysia	**10**	14	–	–

(a) Included in the quoted investment in Malaysia 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 share 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.

(b) The investment of unquoted preference shares is held by a foreign subsidiary. The holder of the preference shares is entitled to a fixed dividend of 7% per annum of the subscription price paid. The preference shares holder carries no voting rights and the preference shares are redeemable at the option of the holder at any time on the terms agreeable between the preference shares issuer and holder thereof.

The carrying amounts of the unquoted investment of the Group at the Balance Sheet date approximated its fair value.

20. RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2010 RM'000	2009 RM'000	**2010 RM'000**	2009 RM'000
Non-Current				
Prepayments	**59,253**	56,958	–	–
Other receivables	**813**	853	–	–
	60,066	57,811	–	–
Current				
Trade receivables	**753,999**	732,249	–	–
Less: Allowance for doubtful debts	**(86,437)**	(79,139)	–	–
	667,562	653,110	–	–
Other receivables	**69,210**	129,687	**42,537**	39,671
Less: Allowance for doubtful debts	**(33,439)**	–	**(33,439)**	–
Accrued income	**868,621**	864,301	–	–
Amount receivable from former shareholder of a foreign subsidiary	–	344,272	–	–
Amounts recoverable from a supplier*	**238,551**	191,659	–	–
Deposits	**48,989**	55,100	**342**	5
Interest receivables	**13,165**	696	**446**	373
Prepayments	**114,068**	140,721	**1,201**	765
	1,986,727	2,379,546	**11,087**	40,814

Credit terms of trade receivables range averages at 30 days (2009: 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 2010, 10% (2009: 30%) of receivables was due from a customer in relation to the sale of electricity.

* *A subsidiary of the Company entered into a Gas Supply Agreement ('GSA') on 15 March 1993. Under this agreement, the price of gas to be supplied is calculated by reference to a market price-related formula. However, since 1 May 1997, the Government of Malaysia has fixed the price of gas and accordingly, the market price-related formula applicable under the GSA has not been used by the gas supplier. As a consequence, a dispute arose over whether a discount provided for under the market price-related formula was applicable under the GSA. The Government has informed the subsidiary company that the discount should be reinstated with effect from 1 January 2002. However, contrary to the decision of the Government, the gas supplier advised the subsidiary company that effective from 1 January 2000 the discount has been withdrawn. As such, as at 30 June 2010, a sum of RM238,550,572 has been paid to the gas supplier under protest. The Directors believe that this amount will be fully recoverable.*

Notes to the Financial Statements

for the financial year ended 30 June 2010

21. INVENTORIES

Inventories comprise:

	Group	
	2010 RM'000	2009 RM'000
– Spare parts	**132,780**	143,063
– Raw materials	**11,699**	15,119
– Work in progress	**16,628**	17,218
– Fuel	**431,934**	643,472
	593,041	818,872

22. DERIVATIVES FINANCIAL INSTRUMENTS

The derivative financial assets and liabilities arise from the acquisition of PowerSeraya Limited on 6 March 2009. These financial derivatives are recognised at fair value as at that date. The derivative financial assets and liabilities recorded as at 30 June 2010 represent the remaining open contracts which will be realised upon maturity.

23. AMOUNT OWING BY/(TO) IMMEDIATE AND PENULTIMATE HOLDING COMPANY

The amount owing by/(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.

24. AMOUNTS OWING BY/(TO) SUBSIDIARIES

The amounts owing by/(to) subsidiaries within 12 months are interest free, unsecured, and has no fixed terms of repayment except for a subsidiary which bears an interest rate of 1.5% per annum above the Base Lending Rate of a local bank. 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.

25. SHORT TERM INVESTMENTS

	Group and Company	
	2010 RM'000	2009 RM'000
Unquoted debt securities of corporations in Malaysia		
At cost	**48,393**	47,201

26. FIXED DEPOSITS

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Deposits with licensed banks	**7,025,387**	5,620,570	**562,671**	482,084

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

	Group		Company	
	2010 %	2009 %	2010 %	2009 %
Deposits with licensed banks	**0.20 – 2.75**	0.02 – 5.62	**2.60 – 2.75**	1.95 – 3.57

Deposits of the Group and the Company have an average maturity of 30 days (2009: 30 days).

27. 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	
	Note	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Fixed deposits	26	**7,025,387**	5,620,570	**562,671**	482,084
Cash and bank balances		**346,155**	286,181	**9,062**	1,236
Bank overdrafts	32 (f)	**(44,821)**	–	–	–
		7,326,721	5,906,751	**571,733**	483,320

Bank balances are deposits held at call with banks.

Notes to the Financial Statements

for the financial year ended 30 June 2010

28. SHARE CAPITAL

	Group and Company	
	2010 RM'000	2009 RM'000
Authorised:		
At beginning and end of the year – 22,730,000 ordinary shares of RM0.50 each	**11,365,000**	11,365,000
Issued and fully paid:		
At beginning of the year – 5,910,280,545 (2009: 5,442,640,411) ordinary shares of RM0.50 each	**2,955,140**	2,721,320
Exercise of share options – 11,195,100 (2009: 608,500) ordinary shares of RM0.50 each	**5,598**	304
Exercise of share Warrants – 949,518,380 (2009: 467,031,634) ordinary shares of RM0.50 each	**474,759**	233,516
Conversion of bonds – 375,551,678 (2009: Nil) ordinary shares of RM0.50 each	**187,776**	–
At end of the year – 7,246,545,703 (2009: 5,910,280,545) ordinary shares of RM0.50 each	**3,623,273**	2,955,140

The issued and fully paid up share capital of the Company was increased from RM2,955,140,272 to RM3,623,272,852 following the exercise of 11,195,100 ESOS at exercise prices ranging from RM1.32 to RM2.02 per share, the exercise of 949,518,380 Warrants at exercise prices ranging from RM1.19 to RM1.21 per Warrant on the basis of one (1) new ordinary share for every one (1) Warrant exercised and the conversion of USD184,400,000 of the USD250,000,000 Zero Coupon Exchangeable Guaranteed Bonds into 375, 551,678 new ordinary shares of 50 sen at an exercise price ranging from RM1.86 to RM1.94 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 7,246,545,703 (2009: 5,910,280,545) issued and fully paid ordinary shares at 30 June 2010, the Company holds 56,722,745 (2009: 56,651,745) shares as treasury shares. As at 30 June 2010, the number of ordinary shares in issue and fully paid after offsetting treasury shares are 7,189,822,958 (2009: 5,853,628,800).

(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 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 RM1.20 payable in cash.

Effective from 22 September 2008, the exercise price of Warrant was adjusted from RM1.20 to RM1.17 pursuant to the share dividend of one (1) treasury share for every forty (40) existing ordinary shares of 50 sen each.

On 10 January 2009, the exercise price was increased from RM1.17 to RM1.19 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 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.

The Warrants have matured on 8 January 2010. Any Warrants which have not been exercised at date of maturity is lapsed and ceased to be valid for any purpose.

(b) Warrants 2008/2018

As indicated in Note 31(j) to the financial statements, the Company had on 18 April 2008 issued RM2,200,000,000 nominal value of five-year 3.00% Redeemable Non Guaranteed Unsecured 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.

Effective from 22 September 2008, the exercise price of Warrant was adjusted from RM1.25 to RM1.21 pursuant to the share dividend of one (1) treasury share for every forty (40) existing ordinary shares of 50 sen each.

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 2008	2,622,358
Exercise of Warrants	(467,032)
At 30 June 2009	2,155,326
At 1 July 2009	**2,155,326**
Exercise of Warrants	**(949,518)**
Warrants expired	**(3,322)**
At 30 June 2010	**1,202,486**

(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.

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

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

Year ended 30 June 2010			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
*16.10.2002	29.11.2011	1.14	20	–	–	–	20
*13.12.2002	29.11.2011	1.32	12,879	–	(3,145)	(100)	9,634
*26.12.2002	29.11.2011	1.39	4,390	–	(717)	–	3,673
*12.12.2003	29.11.2011	1.53	1,719	–	(525)	(560)	634
*12.12.2003	29.11.2011	1.70	1,518	–	(134)	–	1,384
16.05.2005	29.11.2011	1.82	3,900	–	(55)	(100)	3,745
16.05.2005	29.11.2011	2.02	4,344	–	(99)	(68)	4,177
01.08.2005	29.11.2011	1.90	41,426	–	(6,173)	(30)	35,223
07.08.2006	29.11.2011	1.74	700	–	–	(200)	500
07.08.2006	29.11.2011	1.93	4,844	–	(67)	(102)	4,675
07.08.2006	29.11.2011	1.74	4,450	–	(280)	(143)	4,027
20.08.2007	29.11.2011	2.04	900	–	–	(100)	800
20.08.2007	29.11.2011	2.27	3,360	–	–	(260)	3,100
16.01.2008	29.11.2011	2.39	67	–	–	–	67
26.06.2008	29.11.2011	1.80	90	–	–	(10)	80
28.11.2008	29.11.2011	1.61	6,560	–	–	(480)	6,080
28.11.2008	29.11.2011	1.78	9,424	–	–	(114)	9,310
17.02.2009	29.11.2011	1.68	43,097	–	–	(10)	43,087
01.07.2009	29.11.2011	1.97	–	22,600	–	(2,160)	20,440
			143,688	22,600	(11,195)	(4,437)	150,656

Notes to the Financial Statements

for the financial year ended 30 June 2010

Year ended 30 June 2009

			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
*16.10.2002	29.11.2011	1.14	20	–	–	–	20
*13.12.2002	29.11.2011	1.32	13,179	–	(100)	(200)	12,879
*26.12.2002	29.11.2011	1.39	4,498	–	(108)	–	4,390
*12.12.2003	29.11.2011	1.53	1,819	–	–	(100)	1,719
*12.12.2003	29.11.2011	1.70	1,518	–	–	–	1,518
16.05.2005	29.11.2011	1.82	3,900	–	–	–	3,900
16.05.2005	29.11.2011	2.02	4,514	–	–	(170)	4,344
01.08.2005	29.11.2011	1.90	41,872	–	(400)	(46)	41,426
07.08.2006	29.11.2011	1.74	900	–	–	(200)	700
07.08.2006	29.11.2011	1.93	5,316	–	–	(472)	4,844
07.08.2006	29.11.2011	1.74	4,686	–	–	(236)	4,450
20.08.2007	29.11.2011	2.04	900	–	–	–	900
20.08.2007	29.11.2011	2.27	3,496	–	–	(136)	3,360
16.01.2008	29.11.2011	2.39	74	–	–	(7)	67
26.06.2008	29.11.2011	1.80	90	–	–	–	90
28.11.2008	29.11.2011	1.61	–	6,560	–	–	6,560
28.11.2008	29.11.2011	1.78	–	9,696	–	(272)	9,424
17.02.2009	29.11.2011	1.68	–	43,139	–	(42)	43,097
			86,782	59,395	(608)	(1,881)	143,688

* *FRS 2 not applicable for these transactions*

	2010 '000	2009 '000
Number of share options vested at Balance Sheet date	**67,692**	70,196

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:

	2010	2009
Group		
Valuation assumptions:		
Weighted average share price at date of grant (per share)	**RM2.18**	RM1.85 – 2.59
Expected volatility	**21.07%**	3.50% – 21.14%
Expected dividend yield	**8.00%**	5.50% – 7.80%
Expected option life	**2 years**	2 – 5 years
Risk-free interest rate per annum (based on Malaysian securities bonds)	**2.94%**	2.83% – 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	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Share options granted	**7,555**	2,240	**7,555**	2,240
Allocation to subsidiaries	**–**	–	**(5,633)**	(1,472)
Allocation to related company	**(1)**	(8)	**(1)**	(8)
Total share options expenses	**7,554**	2,232	**1,921**	760

29. RESERVES

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Share premium	**2,942,668**	1,774,815	**2,942,668**	1,774,815
Merger and other reserves	**(3,694,109)**	(2,663,078)	**132,871**	136,790
Treasury shares	**(119,967)**	(119,810)	**(119,967)**	(119,810)
Retained earnings	**4,458,201**	4,154,857	**1,389,537**	2,228,020
	3,586,793	3,146,784	**4,345,109**	4,019,815

Notes to the Financial Statements

for the financial year ended 30 June 2010

(a) Merger and other reserves

	Group		Company	
	2010 RM'000	**2009 RM'000**	**2010 RM'000**	**2009 RM'000**
Non-distributable				
Capital redemption reserve	**20,000**	20,000	–	–
Capital reserve	**1,630**	1,764	–	–
Equity component of Exchangeable Bond (Note 31(b))	–	24,089	–	–
Exchange difference reserve	**(1,758,754)**	(759,825)	–	–
Merger reserve	**(2,138,533)**	(2,138,533)	–	–
Share of an associated company's statutory reserves transferred from retained earnings	**48,677**	52,637	–	–
Share options reserve	**12,623**	5,542	**12,623**	5,542
Warrant reserve	**120,248**	131,248	**120,248**	131,248
	(3,694,109)	(2,663,078)	**132,871**	136,790

The movements in each category of reserves are as follows:

	Group	
	2010 RM'000	**2009 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	
	2010 RM'000	**2009 RM'000**
Capital reserve		
At 1 July	**1,764**	1,635
Exchange differences	**(134)**	129
At 30 June	**1,630**	1,764
Equity component of Exchangeable Bond		
At 1 July	**24,089**	22,338
Exchange differences	**–**	1,751
Conversion of bonds during the year	**(24,089)**	–
At 30 June	**–**	24,089
Exchange difference reserve		
At 1 July	**(759,825)**	(172,259)
Exchange differences	**(998,929)**	(587,566)
At 30 June	**(1,758,754)**	(759,825)
Merger reserve		
At 1 July/30 June	**(2,138,533)**	(2,138,533)
Share of an associated company's statutory reserves transferred from retained earnings		
At 1 July	**52,637**	48,812
Exchange differences	**(3,960)**	3,825
At 30 June	**48,677**	52,637

Notes to the Financial Statements

for the financial year ended 30 June 2010

	Group and Company	
	2010 RM'000	**2009 RM'000**
Share options reserve		
At 1 July	**5,542**	3,330
Share options granted	**7,555**	2,240
Share options exercised	**(474)**	(28)
At 30 June	**12,623**	5,542
Warrant reserve		
At 1 July	**131,248**	176,789
Conversion of Warrant during the year	**(11,000)**	(45,541)
At 30 June	**120,248**	131,248

(b) Treasury shares

The shareholders of the Company, by a resolution passed in the 13th Annual General Meeting held on 1 December 2009, 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 71,000 (2009: 40,065,300) of its issued share capital from the open market. The average price paid for the shares repurchased was RM2.21 per share (2009: RM1.78 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.

(c) Retained earnings

Pursuant to the Finance Act 2007, the single tier company income tax system was introduced. Under the single tier system, the tax on a company's profit is a final tax and the dividends distributed to its shareholders would be exempted from tax. The Company has elected for irrevocable option to disregard the unutilised section 108 balances as at 30 June 2009.

30. 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	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Deferred tax liabilities	**2,633,592**	2,796,681	**23**	23
At 1 July	**2,796,681**	2,199,393	**23**	30
Exchange differences	**(376,763)**	(157,054)	–	–
Acquisition of subsidiaries	–	218,054	–	–
Charged/(Credited) to Income Statement	**142,065**	547,318	–	(7)
Recognition of investment allowance	**(21,058)**	(11,030)	–	–
Utilisation of investment allowance	**92,667**	–	–	–
At 30 June	**2,633,592**	2,796,681	**23**	23
Subject to income tax				
Deferred tax assets before offsetting:				
– Retirement benefits	**52,208**	69,011	–	–
– Investment allowance	**22,101**	74,297	–	–
– Provision	**5,786**	48,391	–	–
– Others	**81**	5,114	–	–
	80,176	196,813	–	–
Offsetting	**(80,176)**	(196,813)	–	–
	–	–	–	–
Deferred tax liabilities before offsetting:				
– Property, plant and equipment	**2,703,242**	2,960,642	**23**	23
– Others	**10,526**	32,852	–	–
	2,713,768	2,993,494	**23**	23
Offsetting	**(80,176)**	(196,813)	–	–
	2,633,592	2,796,681	**23**	23

Notes to the Financial Statements

for the financial year ended 30 June 2010

31. BONDS

	Note	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Current					
3.97% Unsecured Bonds	31 (a)	**813,470**	–	–	–
Zero Coupon Exchangeable Guaranteed Bonds Due 2010	31 (b)	–	720,665	–	–
		813,470	720,665	–	–
Non-current					
3.97% Unsecured Bonds	31 (a)	–	850,570	–	–
3.52% Retail Price Index Guaranteed Bonds	31 (c)	**305,621**	358,311	–	–
5.75% Guaranteed Unsecured Bonds	31 (d)	**1,696,962**	2,025,252	–	–
5.375% Guaranteed Unsecured Bonds	31 (e)	**972,094**	1,160,128	–	–
1.75% Index Linked Guaranteed Bonds	31 (f)	**822,147**	963,885	–	–
1.369% and 1.374% Index Linked Guaranteed Bonds	31 (g)	**822,147**	963,885	–	–
1.489%, 1.495% and 1.499% Index Linked Guaranteed Bonds	31 (h)	**763,702**	911,702	–	–
2.186% Index Linked Guaranteed Bonds	31 (i)	**250,255**	–	–	–
3.00% Redeemable Non Guaranteed Unsecured Bonds	31 (j)	**2,107,240**	2,072,180	**2,107,240**	2,072,180
		7,740,168	9,305,913	**2,107,240**	2,072,180
Total					
3.97% Unsecured Bonds	31 (a)	**813,470**	850,570	–	–
Zero Coupon Exchangeable Guaranteed Bonds Due 2010	31 (b)	–	720,665	–	–
3.52% Retail Price Index Guaranteed Bonds	31 (c)	**305,621**	358,311	–	–
5.75% Guaranteed Unsecured Bonds	31 (d)	**1,696,962**	2,025,252	–	–
5.375% Guaranteed Unsecured Bonds	31 (e)	**972,094**	1,160,128	–	–
1.75% Index Linked Guaranteed Bonds	31 (f)	**822,147**	963,885	–	–
1.369% and 1.374% Index Linked Guaranteed Bonds	31 (g)	**822,147**	963,885	–	–
1.489%, 1.495% and 1.499% Index Linked Guaranteed Bonds	31 (h)	**763,702**	911,702	–	–
2.186% Index Linked Guaranteed Bonds	31 (i)	**250,255**	–	–	–
3.00% Redeemable Non Guaranteed Unsecured Bonds	31 (j)	**2,107,240**	2,072,180	**2,107,240**	2,072,180
		8,553,638	10,026,578	**2,107,240**	2,072,180

All bonds of subsidiaries are on a non-recourse basis to the Company.

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

	Group		Company	
	2010 %	2009 %	2010 %	2009 %
Weighted average effective interest rate				
3.97% Unsecured Bonds	**4.210**	4.210	–	–
Zero Coupon Exchangeable Guaranteed Bonds Due 2010	–	3.375	–	–
3.52% Retail Price Index Guaranteed Bonds	**5.340**	7.155	–	–
5.75% Guaranteed Unsecured Bonds	**5.870**	5.845	–	–
5.375% Guaranteed Unsecured Bonds	**5.502**	5.505	–	–
1.75% Index Linked Guaranteed Bonds	**3.552**	5.446	–	–
1.369% and 1.374% Index Linked Guaranteed Bonds	**3.191**	5.074	–	–
1.489%, 1.495% and 1.499% Index Linked Guaranteed Bonds	**1.542**	4.902	–	–
2.186% Index Linked Guaranteed Bonds	**5.867**	–	–	–
3.00% Redeemable Non Guaranteed Unsecured Bonds	**4.850**	4.850	**4.850**	4.850

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

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
3.97% Unsecured Bonds	**819,571**	855,418	–	–
Zero Coupon Exchangeable Guaranteed Bonds Due 2010	–	852,524	–	–
3.52% Retail Price Index Guaranteed Bonds	**301,165**	306,571	–	–
5.75% Guaranteed Unsecured Bonds	**1,806,257**	1,930,343	–	–
5.375% Guaranteed Unsecured Bonds	**1,002,411**	1,062,718	–	–
1.75% Index Linked Guaranteed Bonds	**923,853**	1,084,362	–	–
1.369% and 1.374% Index Linked Guaranteed Bonds	**850,728**	946,861	–	–
1.489%, 1.495% and 1.499% Index Linked Guaranteed Bonds	**847,402**	938,087	–	–
2.186% Index Linked Guaranteed Bonds	**250,806**	–	–	–
3.00% Redeemable Non Guaranteed Unsecured Bonds	**2,289,044**	2,229,221	**2,289,044**	2,229,221
	9,091,237	10,206,105	**2,289,044**	2,229,221

Notes to the Financial Statements

for the financial year ended 30 June 2010

The periods 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
Group				
At 30 June 2010				
3.97% Unsecured Bonds	**813,470**	–	–	**813,470**
3.52% Retail Price Index Guaranteed Bonds	–	–	**305,621**	**305,621**
5.75% Guaranteed Unsecured Bonds	–	–	**1,696,962**	**1,696,962**
5.375% Guaranteed Unsecured Bonds	–	–	**972,094**	**972,094**
1.75% Index Linked Guaranteed Bonds	–	–	**822,147**	**822,147**
1.369% and 1.374% Index Linked Guaranteed Bonds	–	–	**822,147**	**822,147**
1.489%, 1.495% and 1.499% Index Linked Guaranteed Bonds	–	–	**763,702**	**763,702**
2.186% Index Linked Guaranteed Bonds	–	–	**250,255**	**250,255**
3.00% Redeemable Non Guaranteed Unsecured Bonds	–	**2,107,240**	–	**2,107,240**
	813,470	**2,107,240**	**5,632,928**	**8,553,638**
At 30 June 2009				
3.97% Unsecured Bonds	–	850,570	–	850,570
Zero Coupon Exchangeable Guaranteed Bonds Due 2010	720,665	–	–	720,665
3.52% Retail Price Index Guaranteed Bonds	–	–	358,311	358,311
5.75% Guaranteed Unsecured Bonds	–	–	2,025,252	2,025,252
5.375% Guaranteed Unsecured Bonds	–	–	1,160,128	1,160,128
1.75% Index Linked Guaranteed Bonds	–	–	963,885	963,885
1.369% and 1.374% Index Linked Guaranteed Bonds	–	–	963,885	963,885
1.489%, 1.495% and 1.499% Index Linked Guaranteed Bonds	–	–	911,702	911,702
3.00% Redeemable Non Guaranteed Unsecured Bonds	–	2,072,180	–	2,072,180
	720,665	2,922,750	6,383,163	10,026,578
Company				
At 30 June 2010				
3.00% Redeemable Non Guaranteed Unsecured Bonds	–	**2,107,240**	–	**2,107,240**
At 30 June 2009				
3.00% Redeemable Non Guaranteed Unsecured Bonds	–	2,072,180	–	2,072,180

(a) 3.97% Unsecured Bonds

On 30 September 2003, PowerSeraya Limited issued SGD350,000,000 3.97% Unsecured Bonds ('Bonds') at par for working capital and to fund major capital expenditure. The Bonds mature on 30 September 2010. Interest is payable semi-annually in arrears on the interest payment dates falling on 30 March and 30 September in each year.

The Bonds constitute direct, unconditional, unsubordinated and unsecured obligations of PowerSeraya Limited and shall at all times rank pari passu and rateably without any preference or priority among themselves, and pari passu with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of PowerSeraya Limited.

(b) 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 was revised to RM1.86 (2009: RM1.94) per ordinary share with effect from 24 December 2009. The Bonds were exchanged in full for Shares prior to the maturity date of 9 May 2010.

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 borrowings.

The principal features of the Bonds which matured on 9 May 2010 were as follows:

(i) The Bonds carried no coupon, had a maturity yield of 3.375% and had 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 which constituted direct, unsubordinated, unconditional and (subject to the negative pledge) unsecured obligations of YTL Power Finance (Cayman) Limited shall at all times ranked pari passu and without any preference or priority among themselves.

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

(iv) Final redemption
Any Bonds not previously purchased and cancelled, redeemed or exchanged prior to the Maturity Date would have been redeemed on 9 May 2010 at 118.22% of their principal amount. However, the Bonds were exchanged in full prior to the Maturity Date and there were no Bonds required to be redeemed on the Maturity Date.

(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, in respect of all (but not some) of the outstanding Bonds had 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, had 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 had an option to 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, had an option to redeem the Bonds at their early redemption amount at the relevant redemption date.

During the financial year, the Bonds were fully exchanged for ordinary shares of the Company.

(c) 3.52% Retail Price Index Guaranteed Bonds

On 10 December 2001, Wessex Water Services Finance Plc ('Issuer') issued GBP50,000,000 nominal value 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.

Notes to the Financial Statements
for the financial year ended 30 June 2010

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 2010 is 3.80% (2009: 6.52%).

(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 2010, 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.

(d) 5.75% Guaranteed Unsecured Bonds
On 15 October 2003, Wessex Water Services Finance Plc ('Issuer'), a subsidiary of the Group, issued GBP350,000,000 nominal value 5.75% Guaranteed Unsecured Bonds due 2033 ('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 as at 30 June 2010 GBP345,831,889 (2009: GBP345,653,256) remained outstanding, 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 GU 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 GU 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.

(e) 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 GBP198,107,696 (2009: GBP198,001,087) remained outstanding as at 30 June 2010, 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 GU 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 GU 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.

(f) 1.75% Index Linked Guaranteed Bonds

On 31 July 2006, Wessex Water Services Finance Plc ('Issuer') issued two (2) tranches of GBP75,000,000 nominal value 1.75% Index Linked Guaranteed Bonds ('ILG Bonds') 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 2010 is 2.03% (2009: 4.75%).

(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 ILG 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 2010, 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.

(g) 1.369% and 1.374% Index Linked Guaranteed Bonds

On 31 January 2007, Wessex Water Services Finance Plc ('Issuer') issued GBP75,000,000 nominal value 1.369% Index Linked Guaranteed Bonds and GBP75,000,000 nominal value 1.374% Index Linked Guaranteed Bonds, both due 2057 ('ILG Bonds') 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 2010 is 1.65% (2009: 4.37%).

(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 ILG 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 2010, 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.

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

On 28 September 2007, Wessex Water Services Finance Plc ('Issuer') issued GBP50,000,000 nominal value 1.489% Index Linked Guaranteed Bonds, GBP50,000,000 nominal value 1.495% Index Linked Guaranteed Bonds and GBP50,000,000 nominal value 1.499% Index Linked Guaranteed Bonds, all due 2058 ('ILG Bonds') 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.

Notes to the Financial Statements

for the financial year ended 30 June 2010

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 2010 is 5.94% (2009: 1.46%).

(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 ILG 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 2010, 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) 2.186% Index Linked Guaranteed Bonds

On 7 September 2009, Wessex Water Services Finance Plc ('Issuer') issued GBP 50,000,000 nominal value 2.186% Index Linked Guaranteed Bonds due 2058 ('ILG Bonds') unconditionally and irrevocably guaranteed by Wessex Water Services Limited ('Guarantor'). The ILG Bonds were constituted under a Trust Deed dated 7 September 2009 and are unsecured.

The principal features of the ILG Bonds are as follows:

(i) The ILG Bonds bear interest semi-annually on 1 December and 1 June at an interest rate of 2.186% initially, indexed up by the inflation rate every half year. The effective interest rate as at 30 June 2010 is 4.69%.

(ii) Unless previously redeemed, repurchased, cancelled or otherwise satisfied by the Issuer, the ILG Bonds will be redeemed in full by the Issuer on 1 June 2039 at their indexed value together with all accrued interest on the surrender of the ILG 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 GBP50,000,000 remained outstanding as at 30 June 2010, 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) 3.00% Redeemable Non Guaranteed Unsecured Bonds

On 18 April 2008, the Company issued RM2,200,000,000 nominal value of five year 3.00% Redeemable Non Guaranteed Unsecured 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 28(b).

The principal features of the Bonds are as follows:

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

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

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

(iv) 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.

Notes to the Financial Statements

for the financial year ended 30 June 2010

32. BORROWINGS

		Group		Company	
	Note	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Current					
Term Loans	32 (a)	**986,943**	598,304	–	598,304
Committed bank loans	32 (c)	**26,108**	386,440	–	–
Uncommitted bank loans	32 (d)	–	31,592	–	–
Finance lease	32 (e)	**28,958**	28,884	–	–
Bank overdrafts	32 (f), 27	**44,821**	–	–	–
Medium Term Notes	32 (g)	**200,000**	400,000	–	200,000
Commercial Papers	32 (h)	**300,000**	300,000	**300,000**	300,000
		1,586,830	1,745,220	**300,000**	1,098,304
Non-current					
Term loans	32 (a)	**7,989,510**	8,449,648	–	–
Revolving credit	32 (b)	**116,210**	72,906	–	–
Committed bank loans	32 (c)	**12,510**	28,650	–	–
Finance lease	32 (e)	**323,927**	413,702	–	–
Medium Term Notes	32 (g)	**2,599,734**	2,119,644	**1,700,000**	1,020,000
		11,041,891	11,084,550	**1,700,000**	1,020,000
Total					
Term loans	32 (a)	**8,976,453**	9,047,952	–	598,304
Revolving credit	32 (b)	**116,210**	72,906	–	–
Committed bank loans	32 (c)	**38,618**	415,090	–	–
Uncommitted bank loans	32 (d)	–	31,592	–	–
Finance lease	32 (e)	**352,885**	442,586	–	–
Bank overdrafts	32 (f), 27	**44,821**	–	–	–
Medium Term Notes	32 (g)	**2,799,734**	2,519,644	**1,700,000**	1,220,000
Commercial Papers	32 (h)	**300,000**	300,000	**300,000**	300,000
		12,628,721	12,829,770	**2,000,000**	2,118,304

All borrowings of the subsidiaries are on a non-recourse basis to the Company save and except for RM1,908,056,962 (USD585,742,736) (2009: RM668,271,088 (USD189,715,000)) term loans.

All borrowings of the subsidiaries are unsecured save and except for a term loan of RM4,347,696,887 (SGD1,870,620,810) (2009: RM5,328,178,433 (SGD2,192,485,570)).

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

	Group		Company	
	2010 %	2009 %	2010 %	2009 %
Weighted average effective interest rate				
Term loans	**0.82 – 2.07**	2.18 – 3.07	–	2.18
Revolving credit	**0.97**	1.52	–	–
Committed bank loans	**0.99**	3.19	–	–
Uncommitted bank loans	–	1.84	–	–
Finance lease	**2.05**	5.13	–	–
Bank overdrafts	**1.50**	2.00	–	–
Medium Term Notes	**4.84**	4.62	**4.84**	5.11
Commercial Papers	**2.42**	3.17	**2.42**	3.17

The periods in which the borrowings of the Group 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
Group				
At 30 June 2010				
Term loans	**986,943**	**6,811,854**	**1,177,656**	**8,976,453**
Revolving credit	–	**116,210**	–	**116,210**
Committed bank loans	**26,108**	**12,510**	–	**38,618**
Finance lease	**28,958**	**153,676**	**170,251**	**352,885**
Bank overdrafts	**44,821**	–	–	**44,821**
Medium Term Notes	**200,000**	**2,599,734**	–	**2,799,734**
Commercial Papers	**300,000**	–	–	**300,000**
	1,586,830	**9,693,984**	**1,347,907**	**12,628,721**
At 30 June 2009				
Term loans	598,304	6,435,890	2,013,758	9,047,952
Revolving credit	–	72,906	–	72,906
Committed bank loans	386,440	28,650	–	415,090
Uncommitted bank loans	31,592	–	–	31,592
Finance lease	28,884	158,331	255,371	442,586
Medium Term Notes	400,000	2,119,644	–	2,519,644
Commercial Papers	300,000	–	–	300,000
	1,745,220	8,815,421	2,269,129	12,829,770

Notes to the Financial Statements

for the financial year ended 30 June 2010

The periods in which the borrowings of 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
Company				
At 30 June 2010				
Medium Term Notes	–	**1,700,000**	–	**1,700,000**
Commercial Papers	**300,000**	–	–	**300,000**
	300,000	**1,700,000**	–	**2,000,000**
At 30 June 2009				
Term loans	598,304	–	–	598,304
Medium Term Notes	200,000	1,020,000	–	1,220,000
Commercial Papers	300,000	–	–	300,000
	1,098,304	1,020,000	–	2,118,304

The carrying amounts of borrowings of the Group and the Company at the Balance Sheet date approximated their fair values except for the following non-current Medium Term Notes:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Non-Current Medium Term Notes	**2,772,385**	2,202,850	**1,869,693**	1,144,114

(a) Term loans

(i) Term loans denominated in Great Britain Pounds

GBP175,000,000 Unsecured Term Loan

The term loans of RM858,707,500 (GBP175,000,000) (2009: RM1,025,360,000 (GBP175,000,000)) are unsecured loans of Wessex Water Services Limited and are guaranteed by Wessex Water Limited. The loans bear interest rates of LIBOR plus a different variable margin for each of the GBP75,000,000 and GBP100,000,000 loans respectively.

GBP140,000,000 Unsecured Term Loan

The term loan of RM686,966,000 (GBP140,000,000) (2009: RM820,288,000 (GBP140,000,000)) are unsecured loans of Wessex Water Services Limited and are guaranteed by Wessex Water Limited. The loan bears an interest rate of LIBOR plus 0.18%.

GBP50,000,000 Unsecured Term Loan

On 7 April 2010 a new term loan of RM245,345,000 (GBP50,000,000) was drawn by Wessex Water Services Limited. The loan bears an interest rate of LIBOR plus 1.10%.

(ii) Term loans denominated in US Dollar

USD170,000,000 Unsecured Term Loan
The Company's unsecured term loan of RM598,303,929 (USD169,852,073) which bears an interest rate of LIBOR plus 0.2650% margin is repaid on 29 January 2010.

USD190,000,000 Unsecured Term Loan
Term loan of RM618,925,000 (USD190,000,000) (2009: RM668,271,088 (USD189,715,000)) 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.

USD400,000,000 Unsecured Term Loan
During the financial year, new term loans of RM1,289,131,962 (USD395,742,736) were drawn by the subsidiaries. The term loans are unsecured and are guaranteed by the Company. The loans of USD200.0 million each is repayable on 17 December 2012 and 30 June 2015 respectively. These loans bear interest rate of LIBOR plus 1.40% and LIBOR plus 1.65% respectively.

(iii) Term loans denominated in SGD Dollar

SGD1,870,620,810 Secured Term Loan
Term loan of RM4,347,696,887 (SGD1,870,620,810) (2009: RM5,328,178,433 (SGD2,192,485,570)) is secured loan of YTL PowerSeraya Pte. Limited. The borrowings bear interest rate of 2.50% (margin rate) per annum plus swap rate per annum and is repayable in full on 6 March 2012. The borrowings are secured by a charge over the subsidiary's shares in PowerSeraya Limited and other assets of the subsidiary.

SGD400,000,000 Unsecured Term Loan
PowerSeraya Limited has a SGD400,000,000 term loan facility. As at 30 June 2010, the subsidiary had fully drawn down the facility amounting to RM929,580,000 (SGD400,000,000) (2009: RM607,550,000 (SGD250,000,000)). The term loan facility has staggered repayment dates commencing on 29 August 2011 with final repayment date on 28 August 2014. The subsidiary has a choice to select an interest period of one, three or six month on the facility.

(b) Revolving credit
PowerSeraya Limited has a SGD50,000,000 revolving credit facility which matures on 28 August 2012. As at 30 June 2010, the subsidiary had fully drawn down the facility amounting to RM116,210,000 (SGD50,000,000) (2009: RM72,906,000 (SGD30,000,000)). The subsidiary has a choice to select an interest period of one, three or six month on the facility. The subsidiary has the discretion and the intention to roll over the RM116,210,000 (SGD50,000,000) (2009: RM72,906,000 (SGD30,000,000)) revolving credit facility on the repayment date on 7 July 2010, and accordingly the revolving credit is classified as non-current borrowings as at 30 June 2010.

(c) Committed bank loans
Committed bank loans amounted to RM38,618,382 (EUR9,613,474) (2009: RM63,537,950 (EUR12,853,552)). Of this balance, RM14,716,578 (EUR3,663,474) (2009: RM32,889,981 (EUR6,653,552)) 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 RM23,901,804 (EUR5,950,000) (2009: RM30,647,969 (EUR6,200,000)) is a direct obligation of Wessex Water Limited and bears an interest rate of EURIBOR plus 0.50%.

Committed bank loans of RM351,552,000 (GBP60,000,000) were unsecured loans of Wessex Water Service Limited. The loans bear an interest rate between LIBOR plus 0.30% and LIBOR plus 0.35%. The committed bank loans have been fully repaid on 3 June 2010.

Notes to the Financial Statements

for the financial year ended 30 June 2010

(d) Uncommitted bank loans

PowerSeraya Limited repaid its outstanding amount of RM31,592,600 (SGD13,000,000) on its short term bank facilities during the financial year. This short term bank borrowing was unsecured, and bears an interest rate of 1.73% per annum.

(e) Finance lease

The Group finance lease of RM352,884,749 (2009: RM442,586,074) is repayable in instalments until 30 June 2019. The finance lease bears interest rates of ranging from 1.70% to 3.00%.

	Group	
	2010 RM'000	**2009 RM'000**
Minimum finance lease payments		
– Not later than 1 year	**46,230**	50,650
– Later than 1 year but not later than 5 years	**203,258**	229,225
– Later than 5 years	**192,018**	289,623
Future finance charges on finance lease	**(88,621)**	(126,912)
Present value of finance lease	**352,885**	442,586

(f) Bank overdrafts

Bank overdrafts of RM44,820,621 (GBP9,134,203) (2009: Nil) 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%.

(g) 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 RM2,000,000,000 ('CP/MTN Programme') constituted by a Trust Deed and CP/MTN Programme Agreement, both dated 24 May 2007.

During the year, the Company repaid and reissued RM200,000,000 and RM680,000,000 (2009: RM1,500,000,000 and RM1,220,000,000) of the MTN respectively. The facilities bear interest rates ranging from 3.95% per annum to 5.55% (2009: 4.55% per annum to 5.55% 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 9 July 2003. Interest is payable semi-annually. The facilities bear interest rates ranging from 3.93% per annum to 4.43% per annum (2009: 3.955% per annum to 4.55% per annum).

A principal amount of RM200,000,000 (2009: RM400,000,000) of the subsidiary was repaid during the financial year.

(h) 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 RM2,000,000,000 ('CP/MTN Programme') constituted by a Trust Deed and CP/MTN Programme Agreement, both dated 24 May 2007.

During the year, the Company issued and repaid RM1,800,000,000 (2009:RM900,000,000 and RM600,000,000) respectively of the CP which bears an interest rates ranging from 2.324% (2009: 2.344%) per annum to 2.730% (2009: 3.968%) per annum.

33. POST-EMPLOYMENT BENEFIT OBLIGATIONS

	Group		Company	
	2010 RM'000	**2009 RM'000**	**2010 RM'000**	**2009 RM'000**
Defined contribution plan – Current				
Malaysia	**676**	455	**185**	282
Defined benefit plan – Non-current				
Overseas				
– United Kingdom	**180,304**	248,782	–	–
– Indonesia	**5,562**	4,363	–	–
	185,866	253,145	–	–

(a) Defined contribution plan

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

(b) Defined benefit plan – United Kingdom

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 2010 using revised assumptions.

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

	2010 RM'000	**2009 RM'000**
At 1 July	**248,782**	311,762
Exchange differences	**(37,735)**	(32,276)
Pension cost	**73,078**	70,140
Contributions and benefits paid	**(103,821)**	(100,844)
At 30 June	**180,304**	248,782

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

	2010 RM'000	**2009 RM'000**
Present value of funded obligations	**2,024,342**	1,902,248
Fair value of plan assets	**(1,528,990)**	(1,627,100)
Status of funded plan	**495,352**	275,148
Unrecognised actuarial loss	**(315,048)**	(26,366)
Liability in the Balance Sheet	**180,304**	248,782

Notes to the Financial Statements

for the financial year ended 30 June 2010

Changes in present value of defined benefit obligations are as follows:

	2010 RM'000	2009 RM'000
At 1 July	**1,902,248**	2,342,017
Exchange differences	**(350,693)**	(241,369)
Interest cost	**107,048**	135,970
Current service cost	**42,981**	49,857
Contributions by scheme participants	**4,841**	15,297
Past service cost	**2,152**	(113)
Net benefits paid	**(79,076)**	(71,384)
Actuarial loss/(gain) on obligation	**394,841**	(328,027)
Present value of obligation, 30 June	**2,024,342**	1,902,248

Changes in fair value of plan assets are as follows:

	2010 RM'000	2009 RM'000
At 1 July	**1,627,100**	1,921,514
Exchange differences	**(280,468)**	(195,836)
Expected return on plan assets	**94,676**	115,574
Contributions by employer	**103,821**	100,844
Contributions by scheme participants	**4,841**	15,297
Net benefits paid	**(79,076)**	(71,384)
Actuarial gain/(loss) on plan assets	**58,096**	(258,909)
Fair value of plan assets, 30 June	**1,528,990**	1,627,100

The pension cost recognised is analysed as follows:

	2010 RM'000	2009 RM'000
Current service cost	**42,981**	49,857
Interest cost	**107,048**	135,970
Expected return on plan assets	**(94,676)**	(115,574)
Past service cost	**2,152**	(113)
Actuarial loss recognised	**15,573**	–
	73,078	70,140
Actual return on plan assets	**(122,855)**	(323,874)
The charge to the Income Statement was included in the following line items:		
– cost of sales	**40,014**	26,312
– administrative expenses	**8,147**	12,464
– interest cost	**12,372**	20,396
Total charge to Income Statement	**60,533**	59,172
Capitalised spread across property, plant and equipment	**12,545**	10,968
	73,078	70,140

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

	2010 %	2009 %
Discount rate	**5.40**	6.45
Expected rate of increase in pension payment	**2.20 – 3.20**	2.10 – 2.90
Expected rate of salary increases	**3.30**	4.00
Price inflation	**3.30**	3.00

Notes to the Financial Statements

for the financial year ended 30 June 2010

(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:

	2010 RM'000	2009 RM'000
Obligation relating to post-employment benefits	**3,808**	2,883
Obligation relating to other long term employee benefits	**1,754**	1,480
	5,562	4,363

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 ranges 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 2010.

(i) **Post-employment benefits obligation**

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

	2010 RM'000	2009 RM'000
At beginning of the year	**2,883**	2,473
Exchange differences	**133**	(86)
Pension cost	**1,029**	501
Contributions and benefits paid	**(237)**	(5)
At the end of the year	**3,808**	2,883

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

	2010 RM'000	2009 RM'000
Present value of obligations	**5,085**	3,871
Unrecognised actuarial loss	**(421)**	(555)
Unrecognised past service cost	**(856)**	(433)
Liability in the Balance Sheet	**3,808**	2,883

Changes in present value of defined benefit obligations are as follows:

	2010 RM'000	2009 RM'000
At 1 July	**2,883**	2,473
Exchange differences	**133**	(86)
Interest cost	**491**	389
Current service cost	**487**	385
Past service cost	**38**	(273)
Net benefits paid	**(237)**	(5)
Actuarial loss on obligation	**13**	–
Present value of obligation, 30 June	**3,808**	2,883

The pension cost recognised is analysed as follows:

	2010 RM'000	2009 RM'000
Current service cost	**487**	385
Interest cost	**491**	389
Past service cost	**38**	(273)
Net actuarial losses	**13**	–
	1,029	501

(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:

	2010 RM'000	2009 RM'000
Present value of obligations	1,754	1,480

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

	2010 RM'000	2009 RM'000
At beginning of the year	**1,480**	1,117
Exchange differences	**78**	(39)
Pension cost	**521**	431
Contributions and benefits paid	**(325)**	(29)
At the end of the year	**1,754**	1,480

Notes to the Financial Statements

for the financial year ended 30 June 2010

Changes in present value of defined benefit obligations are as follows:

	2010 RM'000	2009 RM'000
At 1 July	**1,480**	1,117
Exchange differences	**78**	(39)
Interest cost	**173**	284
Current service cost	**202**	147
Net benefits paid	**(325)**	(29)
Actuarial loss on obligation	**146**	–
Present value of obligation, 30 June	**1,754**	1,480

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

	2010 RM'000	2009 RM'000
Current service cost	**202**	147
Interest cost	**173**	284
Net actuarial losses	**146**	–
	521	431

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

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

	2010 %	2009 %
Discount rate	**9.8**	12.0
Expected rate of return on plan assets	**8.0**	8.0
Expected rate of salary increase	**8.0**	9.0

34. DEFERRED INCOME

	Group	
	2010 RM'000	**2009 RM'000**
At 1 July	**198,257**	133,917
Exchange differences	**(25,479)**	(12,521)
Acquisition of subsidiaries	**–**	69,149
Recognition of investment allowance	**21,058**	11,030
Received during the year	**30,360**	2,058
Amortisation	**(6,056)**	(5,376)
At 30 June	**218,140**	198,257

Deferred income represents government grants in foreign subsidiaries in respect of specific qualifying expenditure on infrastructure assets, non-infrastructure assets and Cogeneration Plant.

35. PAYABLES

	Group	
	2010 RM'000	**2009 RM'000**
At 1 July	**9,320**	10,614
Exchange differences	**(1,315)**	(1,088)
Acquisition of subsidiaries	**–**	519
Refunded during the year	**(1,577)**	(725)
Reclassification fom non-current to current	**(496)**	–
At 30 June	**5,932**	9,320

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

Notes to the Financial Statements

for the financial year ended 30 June 2010

36. PAYABLES AND ACCRUED EXPENSES

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Trade payables	**952,555**	955,820	–	–
Duties and taxes payable	**8,847**	11,702	–	–
Accrued expenses	**349,608**	503,362	**21,818**	11,699
Receipts in advance	**147,764**	197,498	–	39
Dividends payable	**269,610**	219,503	**269,610**	219,503
Other payables	**291,744**	147,286	**763**	1,154
Security deposit	**94,954**	87,093	–	–
	2,115,082	2,122,264	**292,191**	232,395

Credit terms of trade payables granted to the Group range from 30 to 60 days (2009: 30 to 60 days).

37. PROVISION FOR LIABILITIES AND CHARGES

	Group	
	2010 RM'000	2009 RM'000
At 1 July	**39,118**	20,546
Exchange differences	**(2,658)**	(1,775)
Acquisition of subsidiaries	–	19,198
(Credited)/Charge to Income Statement	**(5,594)**	3,034
Payment	**(10,206)**	(1,885)
At 30 June	**20,660**	39,118

The provision for liabilities and charges relates to the scaling down of operations of certain subsidiaries of the Group.

38. AMOUNTS OWING BY/(TO) RELATED COMPANIES

The amounts owing by/(to) related companies are unsecured, interest free and have no fixed terms of repayment. The amounts owing by/(to) related companies principally relate to operation and maintenance expenses of power plant of a subsidiary and expenses paid on behalf of the Company.

39. COMMITMENTS

(a) Capital commitments:

	Group	
	2010 RM'000	**2009 RM'000**
Contracted, but not provided for	**780,186**	1,895,021
Authorised, not contracted for	**35,702**	380,473

The above commitments comprise purchase of spare parts and property, plant and equipment.

(b) Operating lease arrangements:

(i) The Group as lessee

The future minimum lease payments under non-cancellable operating leases contracted for as at the Balance Sheet date but not recognised as liabilities are analysed as follows:

	Group	
	2010 RM'000	**2009 RM'000**
Lease rental on sublease of office space:		
Not later than 1 year	**3,752**	3,403
Later than 1 year but not later than 5 years	**7,191**	–

(ii) The Group as lessor

The future minimum lease payments receivable under non-cancellable operating leases contracted for as at the Balance Sheet date but not recognised as receivables are analysed as follows:

	Group	
	2010 RM'000	**2009 RM'000**
Not later than 1 year	**5,631**	1,923
Later than 1 year but not later than 5 years	**1,408**	–

40. CONTINGENT LIABILITIES

A subsidiary has provided performance guarantees on behalf of its subsidiary in respect of tender for contracts. The maximum liability as at 30 June 2010 amounted to RM1,426,074 (2009: RM1,754,843).

There is a joint and several shareholders' contingent support with Siemens Financial Services to invest up to a further equity which amounted to RM37,982,450 (2009: RM41,072,350) in PT Jawa Power, an associated company of the Group.

Notes to the Financial Statements

for the financial year ended 30 June 2010

As at 30 June 2010, the Company has given the following guarantees:-

(i) Term loans of USD190,000,000, USD200,000,000 and USD200,000,000 respectively guaranteed by the Company. These loans are repayable in full on 29 January 2011, 17 December 2012 and 30 June 2015 respectively.

(ii) A corporate guarantee of USD41,125,000 to a financial institution for letter of credit facilities utilised by its subsidiary.

41. SEGMENTAL INFORMATION

The Group has four reportable segments as described below:

a) Power generation (Contracted)
b) Multi utilities business (Merchant)
c) Water and sewerage
d) Investment holding and other businesses

Management monitors the operating results of business segments separately for the purpose of making decisions about resources to be allocated and of assessing performance.

2010	Power generation (Contracted) RM'000	Multi utilities business (Merchant)#1 RM'000	Water & sewerage RM'000	Investment holding & other businesses#2 RM'000	Group RM'000
Revenue					
Total revenue	1,127,875	9,750,600	2,455,904	1,017,937	14,352,316
Inter-segment elimination	–	–	–	(909,399)	(909,399)
External revenue	1,127,875	9,750,600	2,455,904	108,538	13,442,917
Results					
Dividend income	603	–	–	–	603
Share of results of associates	–	–	–	226,513	226,513
Interest income	5,677	913	872	3,422	10,884
Finance costs	(49,781)	(254,190)	(318,477)	(206,316)	(828,764)
Segment profit	332,673	705,114	700,806	(53,678)	1,684,915
Other segment items					
Capital expenditures	73,129	380,715	463,771	651,760	1,569,375
Depreciation and amortisation charge	147,055	207,392	420,954	716	776,117
Segment assets					
Investment in associates and JV	–	–	–	992,907	992,907
Other segment assets	2,545,502	11,624,959	11,704,692	7,050,873	32,926,026
	2,545,502	11,624,959	11,704,692	8,043,780	33,918,933
Segment liabilities					
Bonds and borrowings	1,099,734	6,207,057	7,853,849	6,021,719	21,182,359
Other segment liabilities	587,935	1,571,643	2,745,097	621,833	5,526,508
	1,687,669	7,778,700	10,598,946	6,643,552	26,708,867

Following the adoption of FRS 8 'Operating Segments' on 1 July 2009, the basis of segmentation has not changed, which is consistent with the Group's internal reporting basis save and except for new segment 'Multi utilities business (Merchant)' which is now incorporated following the acquisition of PowerSeraya Limited ('PowerSeraya') on 6 March 2009.

2009	Power generation (Contracted) RM'000	Multi utilities business (Merchant)#1 RM'000	Water & sewerage RM'000	Investment holding & other businesses#2 RM'000	Group RM'000
Revenue					
Total revenue	1,113,357	2,269,490	2,510,688	592,100	6,485,635
Inter-segment elimination	–	–	–	(392,241)	(392,241)
External revenue	1,113,357	2,269,490	2,510,688	199,859	6,093,394
Results					
Dividend income	415	–	–	–	415
Share of results of associates	–	–	–	225,484	225,484
Interest income	7,214	823	43,713	69	51,819
Finance costs	(55,517)	(79,955)	(519,071)	(222,916)	(877,459)
Segment profit	347,188	229,909	710,293	99,482	1,386,872
Other segment items					
Capital expenditures	7,094	264,358	980,989	5,911	1,258,352
Depreciation and amortisation charge	144,527	55,795	408,262	53	608,637
Segment assets					
Investment in associates and JV	–	–	1	977,004	977,005
Other segment assets	2,574,965	12,421,494	13,668,423	5,047,293	33,712,175
	2,574,965	12,421,494	13,668,424	6,024,297	34,689,180
Segment liabilities					
Bonds and borrowings	1,299,644	6,890,797	9,086,487	5,579,420	22,856,348
Other segment liabilities	582,290	1,593,839	3,208,834	345,819	5,730,782
	1,881,934	8,484,636	12,295,321	5,925,239	28,587,130

#1 This segment encompasses a large portion of the value chain involved in the generation of electricity. This includes the generation and sale of electricity to both wholesale and retail markets, as well as oil trading and oil tanking leasing.

#2 This includes segmental information of YTL Communications Sdn Bhd with respect to the provision of wired line and wireless broadband.

Notes to the Financial Statements

for the financial year ended 30 June 2010

Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follow:

	Revenue		Non-current assets	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Malaysia	**1,152,917**	1,153,888	**2,427,904**	1,866,939
Singapore	**9,750,600**	2,269,490	**8,987,931**	9,220,688
United Kingdom	**2,455,904**	2,510,688	**10,802,751**	12,777,426
Other countries	**83,496**	159,328	**8,756**	10,180
	13,442,917	6,093,394	**22,227,342**	23,875,233

Non-current assets information presented above consist of the followings items as presented in the Consolidated Balance Sheets.

	Non-current assets	
	2010 RM'000	2009 RM'000
Property, plant and equipment	**15,955,022**	17,337,304
Prepaid lease payments	**63,608**	71,182
Intangible assets	**6,148,646**	6,408,936
Receivables, deposits and prepayments	**60,066**	57,811
	22,227,342	23,875,233

Major customers

The following are major customers with revenue equal or more than 10 per cent of Group revenue:

	Revenue		
	2010 RM'000	2009 RM'000	Segment
– Tenaga Nasional Berhad	**1,127,875**	1,113,357	Power generation (Contracted)
– Energy Market Company	**4,523,262**	1,209,424	Multi utilities business (Merchant)

42. FAIR VALUE OF OFF-BALANCE-SHEET FINANCIAL INSTRUMENTS

Fair values of financial derivative instruments are the present value of their future cash flows and are arrived at based on valuations carried out by the Group's bankers. The contract notional principal amounts of the financial derivative instruments and the corresponding fair value adjustments are analysed as follows:

(a) Fuel oil swaps

The Group entered into fuel oil swaps to hedge highly probable forecast physical fuel oil and natural gas purchases that are expected to occur at various dates in the future. The fuel oil swaps have maturity dates that match the expected occurrence of these transactions.

		Notional amount				
		Maturities				
Type of contract	Outstanding Quantity in metric ton	within 1 year RM'000	1 year or more RM'000	Total RM'000	Fair value RM'000	Maturity date
At 30 June 2010						
"Buy" fuel oil swaps	**691,200**	**1,004,062**	**26,987**	**1,031,049**	**1,011,288**	**31 July 2010 to 30 September 2012**
"Sell" fuel oil swaps	**90,000**	**131,325**	**–**	**131,325**	**128,687**	**31 July 2010 to 30 September 2010**
At 30 June 2009						
"Buy" fuel oil swaps	473,400	503,691	52,998	556,689	699,661	31 July 2009 to 30 June 2011
"Sell" fuel oil swaps	75,000	88,874	–	88,874	109,765	31 July 2009 to 30 September 2009

Notes to the Financial Statements

for the financial year ended 30 June 2010

(b) Currency forwards

The Group entered into currency forwards to hedge highly probable forecast transactions denominated in foreign currency expected to occur in the future. The currency forwards have maturity dates that match the expected occurrence of these transactions.

			Notional amount				
			Maturities				
Nature of Forecast transactions	Foreign Currency	Foreign Currency Amount RM'000	within 1 year RM'000	1 year or more RM'000	Total RM'000	Fair value RM'000	Maturity date
At 30 June 2010							
Fuel oil and natural gas	**Buy USD**	**448,206**	**1,431,086**	**26,770**	**1,457,856**	**1,459,596**	**7 July 2010 to 12 April 2013**
Fuel oil and natural gas	**Sell USD**	**27,840**	**88,799**	**–**	**88,799**	**90,689**	**13 August 2010**
Capital projects	**Buy USD**	**23**	**77**	**–**	**77**	**76**	**1 July 2010**
Capital projects	**Buy EURO**	**8,767**	**38,260**	**–**	**38,260**	**34,821**	**1 July 2010 to 6 August 2010**
Overhaul/ Maintenance	**Buy EURO**	**250**	**983**	**–**	**983**	**994**	**12 July 2010**
Other Expense	**Buy CHF**	**151**	**440**	**–**	**440**	**455**	**6 July 2010**
Other Expense	**Buy GBP**	**29**	**138**	**–**	**138**	**140**	**1 July 2010**
At 30 June 2009							
Fuel oil and natural gas	Buy USD	129,295	430,467	34,743	465,210	455,322	1 July 2009 to 1 June 2011
Capital projects	Buy USD	31,489	110,180	80	110,260	110,746	1 July 2009 to 1 July 2010
Capital projects	Buy EURO	64,795	291,726	21,547	313,273	320,868	1 July 2009 to 2 August 2010
Capital projects	Buy JPY	250,681	9,741	–	9,741	9,231	1 July 2009 to 4 January 2010
Capital projects	Buy CHF	53,770	174	–	174	174	17 July 2009

(c) Interest rate swaps

Interest rate swaps are entered to hedge floating rate interest payments on borrowings which are obtained to finance acquisition of subsidiaries and for the construction of property, plant and equipment.

Interest rate swaps	Weighted average rate per annum	Notional amount RM'000	Fair value RM'000	Effective period
At 30 June 2010				
Plain Vanilla	**2.89%**	**581,050**	**552,077**	**28 February 2008 to 28 August 2014**
Plain Vanilla	**1.22%**	**2,207,990**	**2,199,708**	**7 September 2009 to 6 October 2010**
At 30 June 2009				
Plain Vanilla	2.89%	607,550	595,571	28 February 2008 to 28 August 2014

All derivative financial instruments are executed with creditworthy counter parties with a view to limit the credit risk exposure of the Group.

43. APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 7 October 2010.

Statement by Directors

pursuant to Section 169(15) of the Companies Act, 1965

We, Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE, and Dato' Yeoh Seok Hong, being two of the Directors of YTL Power International Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 71 to 157 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 2010 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 7 October 2010.

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 71 to 157 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 7 October 2010, before me.

Tan Seok Kett
Commissioner for Oaths

Independent Auditors' Report

to the members of YTL Power International Berhad

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 2010 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 71 to 157.

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 2010 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 financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 16 to the financial statements.

(c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

Independent Auditors' Report

to the members of YTL Power International Berhad

(d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

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
(No. AF: 1146)
Chartered Accountants

Amrit Kaur
(No. 2482/01/11 (J))
Chartered Accountant

Kuala Lumpur
7 October 2010

Form of Proxy

I/We *(full name as per NRIC/company name in block capitals)* ______________________________

____

NRIC/Company No. *(New)* ______________________ *(Old)* ______________________

CDS Account No. *(for nominee companies only)* ______________________________

of *(full address)* ______________________________

____

being a member of **YTL Power International Berhad** hereby appoint *(full name as per NRIC in block capitals)* ______________________

____

NRIC No. *(New)* ______________________ *(Old)* ______________________

of *(full address)* ______________________________

____

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the 14th 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, 30 November 2010 at 2.30 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 Dividend		
3.	Re-election of Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng		
4.	Re-election of Dato' Yeoh Seok Hong		
5.	Re-election of Syed Abdullah Bin Syed Abd. Kadir		
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 Shareholder Mandate and New Shareholder Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		

Dated this __________ day of ______________________, 2010.   No. of shares held ______________

____

Signature of shareholder

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 23 November 2010. Only a depositor whose name appears on the General Meeting Record of Depositors as at 23 November 2010 shall be entitled to attend the said meeting or appoint proxy to attend and/or vote in his stead.

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Affix Stamp
Here

The Company Secretary

YTL POWER INTERNATIONAL BERHAD
11th Floor, Yeoh Tiong Lay Plaza
55 Jalan Bukit Bintang
55100 Kuala Lumpur
Malaysia

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