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YTL POWER INTERNATIONAL BERHAD 406684-H

annual report 2012

YTL POWER

YTL POWER INTERNATIONAL BERHAD 406684-H

the journey continues...

annual report 2012

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YTL POWER INTERNATIONAL BERHAD 406684-H

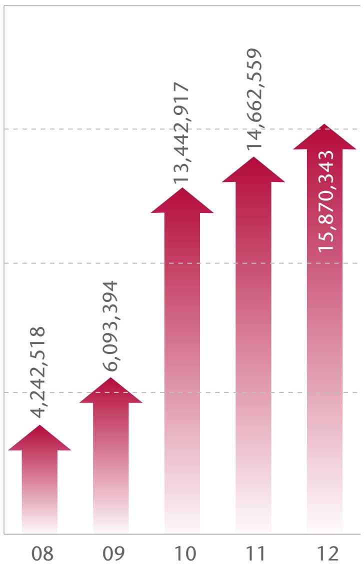
the journey continues...

Annual Report **2012**

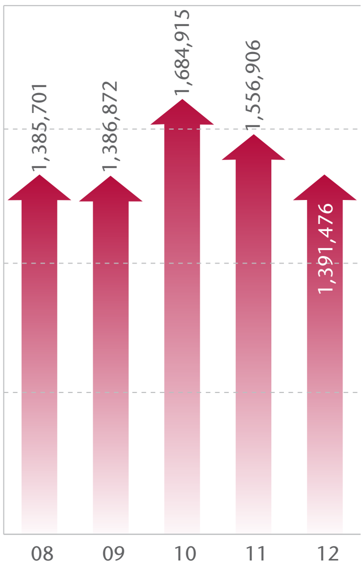
Financial Highlights

	2012	2011	2010	2009	2008
Revenue (RM'000)	**15,870,343**	14,662,559	13,442,917	6,093,394	4,242,518
Profit Before Taxation (RM'000)	**1,391,476**	1,556,906	1,684,915	1,386,872	1,385,701
Profit After Taxation (RM'000)	**1,156,961**	1,247,462	1,208,712	646,593	1,038,846
Profit for the Year Attributable to Owners of the Parent (RM'000)	**1,232,211**	1,364,168	1,208,838	646,605	1,038,846
Total Equity Attributable to Owners of the Parent (RM'000)	**9,437,512**	8,513,279	7,210,066	6,101,924	6,400,395
Earnings per Share (Sen)	**16.99**	18.93	18.60	11.35	20.00
Dividend per Share (Sen)	**5.64**	9.39	13.13	15.75	12.50
Total Assets (RM'000)	**38,970,196**	35,245,784	33,918,933	34,689,180	27,826,876
Net Assets per Share (RM)	**1.30**	1.18	1.00	1.04	1.21

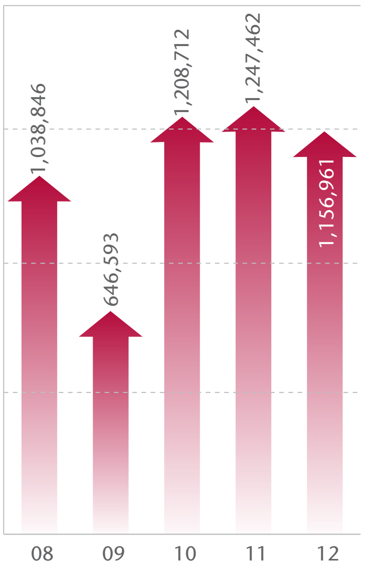
Revenue (RM'000)



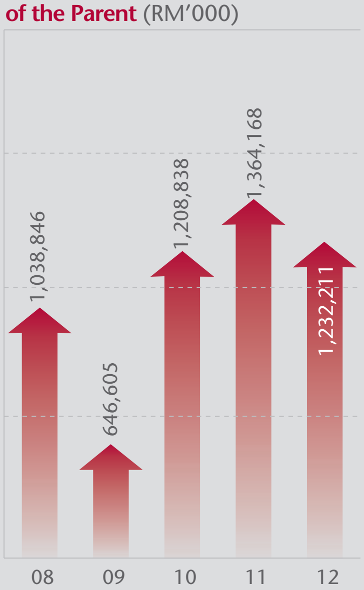
Profit Before Taxation (RM'000)



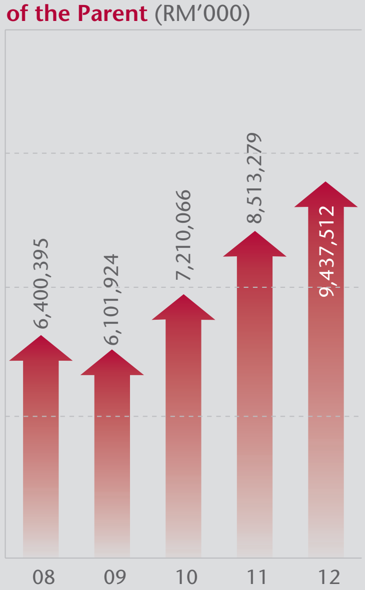
Profit After Taxation (RM'000)



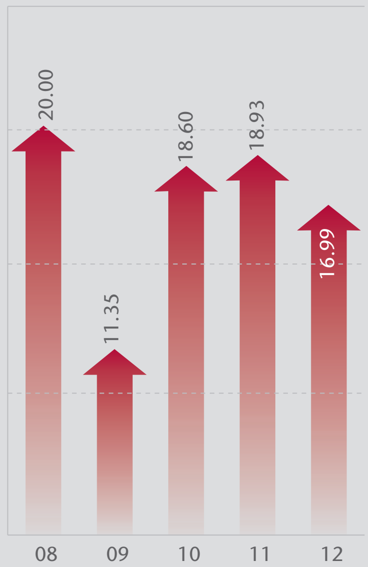
Profit for the Year Attributable to Owners of the Parent (RM'000)



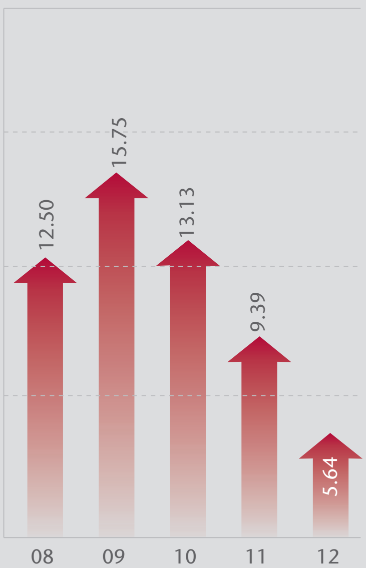
Total Equity Attributable to Owners of the Parent (RM'000)



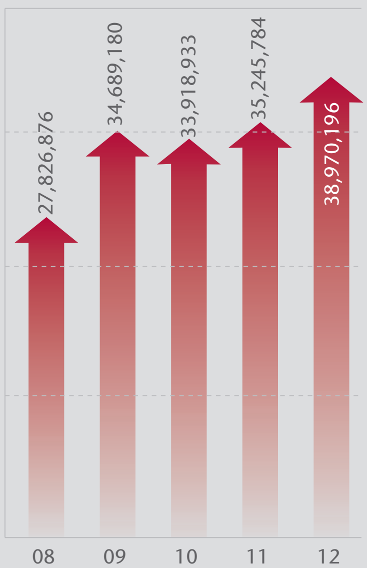
Earnings per Share (Sen)



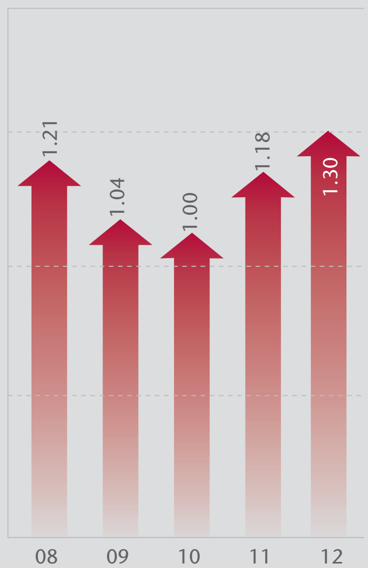
Dividend per Share (Sen)



Total Assets (RM'000)



Net Assets per Share (RM)



Chairman's Statement

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 2012.

OVERVIEW

YTL Power's financial performance for the year under review remained solid on the back of its diversified income streams and regulated businesses which continue to provide a buffer against economic volatility. The Group is centred on the ownership and management of regulated utilities operating under long-term concessions and this underpins its ability to continue to perform well even in times of global economic uncertainty. YTL Power's foreign operations in Singapore and the United Kingdom (UK) remain the most significant contributors to the Group's earnings, bolstered by earnings from its utilities in Malaysia, Australia and Indonesia.

With gross domestic product (GDP) growth moderating to 5.1% for the 2011 calendar year compared to 7.2% in 2010, the Malaysian economy has continued to weather the wider global volatility stemming from prolonged sovereign debt and banking sector problems that have created vulnerabilities in various major economies. The first half of 2012 has seen growth hold steady at about 5.1%, driven mainly by the domestic services, manufacturing and construction sectors. Singapore, meanwhile, registered weaker growth of approximately 1.7% for the first half of the 2012 calendar year after achieving a 4.9% GDP increase in 2011, whilst the UK economy contracted by about 0.4% during the first half of 2012 after remaining broadly flat for 2011 *(source: Ministry of Finance economic reports; quarterly bulletins published by Bank Negara Malaysia, Monetary Authority of Singapore, Bank of England).*

The utility-driven nature of YTL Power's businesses and its economic and geographic diversification into well-developed markets have continued to safeguard the Group against the more severe economic turbulence globally.

FINANCIAL PERFORMANCE

The Group's revenue grew 8.2% to RM15,870.3 million for the financial year ended 30 June 2012 compared to RM14,662.6 million for the previous financial year ended 30 June 2011, due mainly to better performance across the board from the power generation, merchant multi-utilities, water and sewerage and mobile broadband network divisions.

Profit attributable to owners of the parent, meanwhile, stood at RM1,232.2 million for the financial year under review compared to RM1,364.2 million last year, with the decrease arising mainly as a result of higher depreciation charged in the contracted power generation segment, lower margins due to higher fuel prices in the Group's merchant multi-utilities, and higher finance and operating costs arising from inflationary pressures in the water and sewerage business.

The YES mobile broadband division continued to register a growth in subscriber levels, which served to partially mitigate losses arising from network implementation costs. The YES 4G platform, which commenced commercial operations in November 2010, is being built for scale from the outset and currently covers 70% of the Peninsula.

Dividends

YTL Power declared four interim dividends in respect of the financial year ended 30 June 2012, comprising an interim dividend of 3.75% or 1.875 sen per ordinary share of RM0.50 each and three interim dividends of 1.875% or 0.9375 sen per share, amounting to a total dividend of 9.375% or 4.69 sen per share. Therefore, the Board of Directors of YTL Power did not recommend a final dividend for the financial year ended 30 June 2012.

This is the 15th 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.

SIGNIFICANT CORPORATE DEVELOPMENTS

On 5 June 2012, YTL Power Australia Limited ("YTL Power Australia"), an indirect wholly-owned subsidiary of the Company, exercised its right to convert its entire holding of 10,925 preference shares of USD1.00 each into ordinary shares of USD1.00 each representing a 58.4% stake in YTL Power Investments Limited ("YTL Power Investments"). Subsequently, on 12 June 2012, YTL Power Australia acquired the remaining ordinary shares in YTL Power Investments that it did not already own, resulting in YTL Power Investments becoming its wholly-owned subsidiary. YTL Power Investments holds the 33.5% investment in ElectraNet Pty Ltd, which had previously constituted an indirect investment by the Group.

REVIEW OF OPERATIONS

The Group's established multi-utility businesses in Malaysia, Singapore, the UK, Indonesia and Australia continued to perform steadily during the financial year under review.

Power Generation, Power Transmission & Merchant Multi-Utilities

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

Chairman's Statement

Operations in Malaysia

YTL Power Generation Sdn Bhd, a wholly-owned subsidiary of YTL Power, is the owner of the Group's two combined-cycle, gas-fired power stations. Located in Paka, Terengganu, and Pasir Gudang, Johor, the stations have a total generating capacity of 1,212 megawatts (MW) – 808 MW at Paka Power Station and 404 MW at Pasir Gudang Power Station. The Group has a 21-year power purchase agreement with Tenaga Nasional Berhad, whilst operation and maintenance (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.

Overall plant availability remained optimal during the year under review with 95.15% at Paka Power Station and 99.05% at Pasir Gudang Power Station. During the year, combined power production by both stations was 102.81% of the scheduled quantities.

During the year under review, the latest and most efficient HR3 burners were installed for Gas Turbines 21 and 22 at Paka Power Station, at the inspection milestone of 133,000 equivalent operating hours. Currently, all four units of gas turbines have undergone this upgrade. The scheduled inspection of Steam Turbine 20 was carried out simultaneously during one of the gas turbine outages to maximise availability.

Meanwhile, minor inspections were carried out for Gas Turbines 11 and 12 at Pasir Gudang Power Station and minor inspections for Gas Turbines 11, 12 and 22 were also done at Paka Power Station.

Operations in Singapore

The Group has a 100% stake in YTL PowerSeraya Pte Limited ("YTL PowerSeraya") in Singapore, which owns 3,100 MW of installed capacity comprising steam turbine plants, combined cycle plants and cogeneration combined cycle plants. This represents approximately 25% of Singapore's total installed generation capacity.

YTL PowerSeraya successfully filed a patent this year for a system design used in its 800 MW Co-generation Combined Cycle Plant ("Co-Gen CCP") which commenced operations in late 2010. The move reflects the stability and success of the system design, which ensures the reliability of producing both steam and power from the dual Co-Gen CCP units.

YTL PowerSeraya sold 11,266 gigawatt hours (GWh) of electricity for the financial year under review and its overall market generation share was 26.3%, with the company's bidding and hedging strategies continuing to support competitive pricing to its customers.

Competition in the electricity retail sector saw customers enjoying better electricity rates, with YTL PowerSeraya introducing new products and services to cater to customers' varied needs. The retail division developed innovative new payment systems and services for the benefit of its customers, such as its Contracted Capacity alert system which helps customers to save on their electricity bills by alerting them when their consumption varies by more than 5% of their declared contracted capacity. This gives customers a chance to review their declared contracted capacity to avoid unnecessary charges.

The division has remained the market leader in Singapore's retail electricity sector for 5 years running, including the financial year under review, with a share of 23.1% of the retail market.

The retail division also expects customers to be able to enjoy lower costs of electricity as Liquefied Natural Gas (LNG) becomes available for YTL PowerSeraya to power its plants. With the market making good progress with feasibility studies on electricity futures, demand response and an Intelligent Energy System, the division continues to innovate to create greater value for its customers.

Meanwhile, the operating environment for YTL PowerSeraya's trading and fuel management business remained volatile during the year due to the Eurozone crisis and heavy market volatility in trading but the division maintained its contributions to the Group, driven mainly by increased tank leasing activities. As a result of increased competition in the market place and a decrease in the global supply of fuel oil, the division has also stepped up its efforts in procuring economic fuel for power generation.

YTL PowerSeraya has continued to capitalise on its strong working partnerships with major oil players, with a view to strengthening its position as a global player and seeking to expand its fuel management activities outside Singapore. It has also begun exploring opportunities to optimise its trading activities, expand its current fleet of storage tanks for other products and retrofit its facilities to complement existing terminals, as well as developing additional infrastructure to improve terminal flexibility.

Chairman's Statement

Operations in Indonesia

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

For its financial year ended 31 December 2011, Jawa Power posted another year of strong operational performance with average availability of 83.01%, slightly above the 83% rate contracted under its power purchase agreement, whilst for the six months ended 30 June 2012, the plant posted availability of 93.45%.

The station generated 8,163 GWh of electricity compared to 8,410 GWh last year for its sole offtaker, PLN, with the lower generation attributable mainly to a major outage carried out for the turbines and generator of one of the units. The eroded wall sections for the coal silos were also repaired during this time. Several initiatives for performance and environmental improvements were completed during the year, including a new integrated unit cold start-up procedure and system improvements for the gas air heater.

Operations in Australia

The Group has a 33.5% investment in ElectraNet Pty Ltd ("ElectraNet") in Australia, which is a regulated transmission network service provider in Australia's National Electricity Market ("NEM"). ElectraNet owns South Australia's high voltage electricity transmission network, which transports electricity from electricity generators to receiving end-users across the state.

ElectraNet's network covers approximately 200,000 square kilometres of South Australia via more than 5,700 circuit kilometres of transmission lines and 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. The company is regulated by the Australian Energy Regulator which sets revenue caps based on the company's expected capital expenditure requirements for a five-year regulatory period. The current revenue cap became effective on 1 July 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 wholly-owned subsidiary, Wessex Water Limited, and its subsidiaries ("Wessex Water") in the UK.

Despite another challenging year, Wessex Water delivered a strong set of results, with the best levels of customer service and satisfaction, meeting all regulatory outputs and beating efficiency targets. Once again, Wessex Water topped Ofwat's service incentive mechanism (SIM) performance league table – the fourth consecutive year that the company has provided the highest levels of customer service and satisfaction in the industry. Ofwat is the independent economic regulator for the UK water and sewerage industry.

The frost, snow and ice seen for much of the previous financial year were replaced in 2011 and 2012 by another dry winter that brought environmental drought to much of Wessex Water's operational region until the exceptional rainfall in April 2012. In spite of these conditions, it has now been 35 years since water use restrictions were last placed on customers as Wessex Water continues to invest considerably to improve network resilience and reduce leakage, in addition to working with customers to reduce water usage. Network resilience is being further improved by the construction of the regional water grid, which began during the year under review and will continue until 2018.

Over the year, Wessex Water responded to the drought by beating its leakage target and fixing 12,000 leaks in the process. Despite the regional population growing by 15% in the last 20 years, Wessex Water has continued to reduce the amount of water required to be extracted from the environment for public water supplies to 334 mega litres (Ml) per day – the lowest-ever level.

In October 2011, the UK Government required all water and sewerage companies to take ownership and responsibility for the performance and operation of private sewers, which amounted to around 17,000 kilometres of private sewers for Wessex Water – doubling the length of its existing sewer network. The company was able to absorb the additional costs of the transfer within the current price limits set by Ofwat and has seen no reduction in customer satisfaction as a consequence of this approach.

As factors such as the difficult economic climate and the squeeze on incomes continue to impact customers, Wessex Water has intensified efforts to ensure that its charges remain affordable for all users without compromising quality or standards. More than 12,000 households are now benefiting from affordability schemes to reduce bills and assist those who have fallen into debt.

Meanwhile, compliance with drinking water standards continued to exceed 99.9% and compliance with sewage discharge consents continued at 100%, whilst compliance with the European Union's mandatory bathing water standards was 100%.

Wessex Water was the leading water company in the UK Government's Carbon Reduction Commitment league table at 30th place out of around 2,000 companies. The company has reduced costs under this scheme as well as energy consumption – a clear indicator of its commitment to efficiency.

Work also continued to improve storm overflows and to expand the programme to install telemetry at coastal overflows, ahead of the company's environmental obligations. In addition to this, Wessex Water completed schemes to reduce pollution from storm overflows in Weymouth, in preparation for the Olympic and Paralympic sailing events that took place throughout July and August this year.

Wessex Water's regulated asset base increased by 3.3% to £2,476 million (approximately RM12.3 billion) for its regulatory year ended 31 March 2012, compared to £2,396 million (approximately RM11.9 billion) for its previous regulatory year.

Chairman's Statement

Communications

The Group's communications operations in Malaysia are carried out by YTL Communications Sdn Bhd ("YTL Comms"), a 60% subsidiary of YTL Power, which has approval from the Malaysian Communications and Multimedia Commission to operate a 2.3 gigahertz (GHz) wireless broadband network in Malaysia. The network offers high-speed mobile internet with voice services and interconnects with all other voice networks (both mobile and fixed line) enabling YES to provide a converged voice and data service to its customers.

YTL Comms launched its 'YES'-branded converged nationwide 4G network in late 2010, and made excellent progress during the year under review, expanding its network reach to cover 70% of the Peninsula and launching new 4G-enabled devices, including the ground-breaking Eclipse, a 4G smartphone built to enable users to use both YES and traditional GSM networks.

In addition to its prepaid 'pay-as-you-use' tariff and Valuepacks, YTL Comms introduced its new YES Unlimited Super Postpaid Plans during the year under review. Offering optimal combinations of performance and value, the plans were created to give different segments of customers the flexibility and freedom to choose based on their usage patterns. This array of packages ensures that customers are able to find a cost-effective plan that fully suits their usage requirements.

The YES service does not rely on the standard Subscriber Identity Module (SIM) card and instead uses YES ID, a user identification protocol. Each YES ID comes with a mobile number that works across all YES-enabled devices and, together with Yes Life, YTL Comms' unified communications application, effectively turns any device that connects to the Internet into a phone. This enables a number of devices to be simultaneously connected to the network, giving users the option to access the Internet and send and receive telephone calls, emails and short messaging services (SMS) on mobile phones, personal or tablet computers or laptops globally.

In May 2012, YTL Comms launched the Eclipse, its Android-powered 4G smartphone built to run on the high-speed YES 4G network. This revolutionary device provides users with advanced telephony and data connectivity via the YES 4G network and legacy GSM telephony at the same time. With a single native dialler and SMS module, the Eclipse enables users to reap the benefits of being able to make and receive calls and SMSes from both mobile numbers while enjoying YES 4G Internet.

Along with the Eclipse, YTL Comms introduced the Huddle XS, the world's smallest mobile hotspot device. Like its sibling, the Huddle, the device can connect up to 5 devices simultaneously with Wi-Fi Internet connectivity at speeds up to 10 times faster than 3G. The refinements to this latest model include a sleeker and lighter design with battery life that lasts up to 6 hours.

YTL Comms also entered into a trailblazing collaboration with Proton, Malaysia's national car manufacturer, to offer the country's first 4G Internet cars. The collaboration involves a partnership between YES and Proton that combines mobile Internet connectivity with vehicle engineering to take advantage of new technologies, applications and services to make high-speed 4G mobile connectivity a standard feature in future Proton models. Proton's new Prevé sedan features YES as a value-added standard feature, enabling customers to tap into the wireless YES network throughout the Peninsula, including the entire 960-kilometre stretch of the North-South Expressway and a large portion of the East-Coast Expressway.

This year, YTL Comms commenced the roll-out of its cloud-based virtual learning platform with high-speed Internet connectivity under the landmark 1BestariNet initiative, a project initiated by the Malaysian Ministry of Education. Under the project, 10,000 primary and secondary public schools in Malaysia will be equipped with 4G Internet access and a virtual learning platform, providing both high-speed Internet connectivity and access to a world-class integrated learning solution.

The vision of 1BestariNet is to transform education in Malaysia and bridge the digital divide between rural and urban students by making high quality, Internet-enabled education available to all Malaysians. This government initiative will make Malaysia the first country in the world to make 4G mobile Internet access and a virtual learning environment available to all schools throughout the nation.

CORPORATE RESPONSIBILITY & SUSTAINABILITY

YTL Power works towards improving the communities in which the Group's businesses operate, through educational, environmental and social programmes, and is part of the wider network of the YTL group of companies under the umbrella of its parent company, YTL Corporation Berhad, which has a long-standing commitment to creating successful, profitable and sustainable businesses.

Social responsibility and environmental sustainability are key values of the Group, and YTL Power places a high priority on acting responsibly in the conduct of its businesses. As a multi-utility provider operating in Malaysia, the UK, Singapore, Indonesia and Australia, the Group works to ensure that its businesses are operated sustainably, to protect and preserve the resources on which its operations depend.

The Group's largest international operations, Wessex Water in the UK and YTL PowerSeraya in Singapore, have extensive, long-standing and long-term corporate citizenship programmes that have been integrated into their business operations, for the benefit of their customers and other stakeholders within the communities in which they operate.

This year, **Wessex Water** was once again the industry leader of Ofwat's service incentive mechanism which assesses levels of customer service, and also set up an improved system for stakeholder engagement. Four Customer Liaison Panels have been developed, focusing on customers and communities, business customers, services and planning, and the environment. These four groups all contain stakeholders from a large variety of organisations and provide feedback to the Customer Scrutiny Group (CSG) which will work with the company over the next few years to develop 5-year and 25-year business plans for Ofwat.

This year, Wessex Water has made good progress in delivering its current quality and environmental programme, continuing where possible to be innovative by developing lowest whole-life cost sustainable solutions and trialling new technologies, rather than building conventional end-of-pipe treatment, which includes a successful sustainable phosphorus removal trial at its Somerton sewage treatment works.

As part of its carbon management strategy, Wessex Water has continued to take action to reduce emissions through a combination of avoidance measures, energy efficiency and increasing renewable energy generation. Investment in advanced digestion and efforts to maximise biogas production mean that Wessex Water now generates enough renewable energy to supply approximately 19% of its own electricity needs.

Work on a water supply grid also continued with parts of the programme in outline design and advance preparations ongoing to minimise the risk of third party, land and planning constraints later in the scheme. The water supply grid is an 8-year project to improve the security of supply for customers by linking areas with water deficit to areas with surplus water, and will also provide increased resilience during periods of drought.

Using this more sustainable approach enables the company to meet the demand for water, deal with deteriorating raw water quality, particularly due to nitrates, and deliver environmental benefits without developing new water resources or providing additional treatment. Construction techniques such as trenchless technology will be used to pass under sensitive river locations, railways and major roads and new pipelines will be built to cause minimum disruption to local communities.

Meanwhile, in Singapore, **YTL PowerSeraya** has continued to make good progress in lowering its carbon footprint. One of the biggest contributors to its targets has been the 800 MW Co-Gen CCP, which has allowed the company to achieve higher thermal efficiency and increase the use of natural gas to reduce its emissions. The Co-Gen CCP replaced three oil-fired steam units and produces electricity and steam simultaneously with higher efficiency and reliability.

Use of water resources also saw a marked improvement with most of the power plant water needs coming from YTL PowerSeraya's in-house desalination plant and recycled water (i.e. NEWater).

Chairman's Statement

The company is embarking on an energy management system to extract greater energy efficiencies from the power generation operations at its plant, in preparation for Singapore's upcoming Energy Conservation Act in 2013.

Besides being certified under the safe and operational work standards of OHSAS 18001:2007, ISO 9001:2000 and ISO 14001:2004, YTL PowerSeraya maintained its accident-free record with 474,451 clocked man hours for staff and 1,065,491 man hours for contractors without any lost time accidents.

YTL PowerSeraya's community outreach efforts also continued. The Responsible Energy Advocates Programme (REAP), which was developed by YTL PowerSeraya in partnership with the National Environment Agency and South West Community Development Council, is key initiative that assists households in Singapore save energy in their homes. Other initiatives included ongoing support for organisations such as the Goodwill Rehabilitation Occupational Workshop (GROW), which provides vocational training and employment for people with cerebral palsy and other associated disability conditions, as well as internationally-driven initiatives such as International Coastal Clean-Up Day and Earth Hour.

FUTURE PROSPECTS

The utility-based nature of the Group's businesses, together with its sound financial management and ongoing improvements in operational efficiency, will continue to provide a significant degree of insulation against the ongoing volatility plaguing world markets, and YTL Power will remain focused on further reinforcing its financial and operational strength in order to protect its businesses and enhance shareholder value.

Malaysia's GDP growth for the full 2012 calendar year is expected to remain on its current trajectory to average at between 4.5% and 5.0%, driven mainly by private consumption and investment. The global economy remains vulnerable to downside risks, with the Eurozone crisis and ongoing uncertainties in the major economies continuing to impact business and consumer confidence *(source: Ministry of Finance economic reports; Bank Negara Malaysia quarterly bulletins and annual reports).*

Going forward, the Group will continue to develop and expand its core multi-utility capabilities and O&M expertise, for the benefit of its businesses and development prospects.

APPRECIATION

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

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

Corporate Events

23 FEBRUARY 2012

LAUNCH OF MALAYSIA'S FIRST 4G INTERNET CARS

YTL Communications Sdn Bhd and Proton, Malaysia's national car manufacturer, entered into a trailblazing collaboration to offer the country's first 4G Internet cars. Proton's new Prevé sedan features YES as a value-added standard feature, enabling customers to tap into the wireless YES network throughout the Peninsula.

From left to right:– Dato' Seri Haji Syed Zainal Abidin, Managing Director of Proton Group; Dato' Yeoh Seok Hong, Executive Director of YTL Power International Berhad; and Mr Wing K. Lee, Chief Executive Officer of YTL Communications Sdn Bhd.

6 MARCH 2012

YES INTRODUCES UNLIMITED SUPER POSTPAID PLANS

YTL Communications Sdn Bhd ("YTL Comms") launched its all-new Unlimited Super Postpaid Plans, designed to offer consumers flexibility and freedom based on their usage patterns.

Standing, left to right:– Mr Ali Tabassi, Director of YTL Comms; Mr Wing K. Lee, Chief Executive Officer of YTL Comms; Dato' Yeoh Soo Keng, Executive Director of YTL Power International Berhad; Mr Chee Pok Jin, Chief Marketing Officer of YTL Comms; and Mr Jacob Yeoh Keong Yeow, Deputy Chief Executive Officer of YTL Comms.

2 MAY 2012

YES 'ECLIPSE' LAUNCH

YTL Communications Sdn Bhd launched the Eclipse, its Android-powered smartphone built to run on the high-speed YES 4G network. The Eclipse is Malaysia's first dual network smartphone, providing users with advanced telephony and data connectivity via the high-speed YES 4G network and legacy GSM telephony at the same time.

From left to right:– Mr Wing K. Lee, Chief Executive Officer of YTL Communications Sdn Bhd; Dato' Mohamed Sharil Mohamed Tarmizi, Chairman of the Malaysian Communications and Multimedia Commission; Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, Managing Director of YTL Power International Berhad; YB Dato' Seri Utama Dr Rais Yatim, Minister of Information, Communication and Culture; and Dato' Sri Michael Yeoh Sock Siong, Executive Director of YTL Power International Berhad.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Sixteenth Annual General Meeting of YTL Power International Berhad ("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 27th day of November, 2012 at 2.00 p.m. to transact the following business:–

AS ORDINARY BUSINESS

1. To lay before the meeting the Audited Financial Statements for the financial year ended 30 June 2012 together with the Reports of the Directors and Auditors thereon; **Please refer Explanatory Note A**

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

   (i) Tan Sri Dato' (Dr) Francis Yeoh Sock Ping **Resolution 1**

   (ii) Tan Sri Datuk Dr Aris Bin Osman @ Othman **Resolution 2**

   (iii) Dato' Yeoh Soo Min **Resolution 3**

   (iv) Dato' Yeoh Soo Keng **Resolution 4**

3. 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 5**

   (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 6**

4. To approve the payment of Directors' fees amounting to RM610,000 for the financial year ended 30 June 2012; **Resolution 7**

5. To re–appoint the Auditors and to authorise the Directors to fix their remuneration. **Resolution 8**

AS SPECIAL BUSINESS

To consider and, if thought fit, pass the following Ordinary Resolutions:–

6. **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 9**

7. **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 Securities upon such terms and conditions as the Directors may deem fit and expedient in the interests of the Company ("the Proposed Share Buy–Back") provided that:–

(i) The maximum number of shares which may be purchased and/or held by the Company at any point of time pursuant to the Proposed Share Buy–Back shall not exceed ten per centum (10%) of the total issued and paid–up share capital of the Company for the time being quoted on Bursa Securities provided always that in the event that the Company ceases to hold all or any part of such shares as a result of, amongst others, cancellation of shares, sale of shares on the market of Bursa Securities or distribution of treasury shares to shareholders as dividend in respect of shares bought back under the previous shareholder mandate for share buy–back which was obtained at the Annual General Meeting held on 29 November 2011, 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 2012, the audited Retained Profits and Share Premium Account of the Company were RM1,896,362,000 and RM3,037,384,000 respectively; and

(ii) 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 10**

8. **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 5 November 2012 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 11**

By Order of the Board,

HO SAY KENG
Company Secretary

KUALA LUMPUR
5 November 2012

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. The original 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 20 November 2012. Only a depositor whose name appears on the General Meeting Record of Depositors as at 20 November 2012 shall be entitled to attend the said meeting or appoint proxy to attend and/or vote in his stead.

Explanatory Note A

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

Explanatory Notes to Special Business

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

Resolution 9 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 Fifteenth Annual General Meeting held on 29 November 2011 ("Previous Mandate").

As at the date of this Notice, the Company has not issued any new shares pursuant to the Previous Mandate which will lapse at the conclusion of the Sixteenth Annual General Meeting to be held on 27 November 2012.

Resolution 9, if passed, will enable the Directors to allot and issue ordinary shares at any time from unissued share capital of the Company up to an amount not exceeding ten per centum (10%) of the Company's issued share capital for the time being without convening a general meeting which will be both time and cost consuming. The S132D Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to placement of shares, for purpose of funding future investment project(s), working capital and/or acquisitions.

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

For Resolution 10, further information on the Share Buy–Back is set out in the Share Buy–Back Statement dated 5 November 2012 which is despatched together with the Company's Annual Report 2012.

Resolution pertaining to the Recurrent Related Party Transactions

For Resolution 11, further information on the Recurrent Related Party Transactions is set out in the Circular to Shareholders dated 5 November 2012 which is despatched together with the Company's Annual Report 2012.

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 Sixteenth 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

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

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

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

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

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

Dato' Mark Yeoh Seok Kah
DSSA
LLB (Hons)

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

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
BNP Paribas
CIMB Bank Berhad
Citibank Berhad
Commerzbank
DBS Bank Ltd
European Investment Bank
HSBC Bank Malaysia Berhad
HSBC Bank Plc
KfW Bankengruppe
Malayan Banking Berhad
Mizuho Corporate Bank Ltd
National Australia Bank Limited
Oversea–Chinese Banking Corporation Limited
RHB Bank Berhad
Standard Chartered Bank Malaysia Berhad
The Bank of Tokyo–Mitsubishi UFJ, Ltd
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 82, was appointed to the Board on 21 October 1996 and has been the Executive Chairman since 31 October 1996. His contributions are well recognised with the conferment of the title of Doctor of Engineering by Heriot-Watt University, Edinburgh and his appointment as Honorary Life President of the Master Builders Association of Malaysia in 1988. He is the co-founder and the first Chairman of the ASEAN Constructors' Federation. On 26 October 2002, Tan Sri Yeoh Tiong Lay was conferred the Honorary Doctorate in Philosophy (Business Administration) by Universiti Malaysia Sabah. He was installed as Pro-Chancellor for Universiti Malaysia Sabah on 1 July 2005. He is the past President and Lifetime member of the International Federation of Asian and Western Pacific Contractors Association. On 19 January 2008, Tan Sri Yeoh Tiong Lay was conferred the prestigious Order of the Rising Sun, Gold Rays with Neck Ribbon by the Emperor of Japan in recognition of his outstanding contribution towards the economic co-operation and friendship between Japan and Malaysia, including his efforts as an executive member and Vice President of the Malaysia-Japan Economic Association. On 20 August 2009, Tan Sri Yeoh Tiong Lay was accorded a Lifetime Achievement Award at the Asia Pacific Entrepreneurship Awards 2009 (APEA 2009) in recognition of his outstanding entrepreneurial achievements and contribution towards the development of the nation. He is also the Honorary Chairman of Tung Shin Hospital and is on the Board of Governors of several schools. Tan Sri Yeoh Tiong Lay is also the Executive Chairman of YTL Corporation Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad and YTL Cement Berhad. He is also 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 58, 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 Land & Development Berhad, YTL e-Solutions Berhad, Starhill Real Estate Investment Trust and YTL Cement Berhad (which was delisted on 16 April 2012). He is presently Managing Director of YTL Corporation Berhad and YTL Land & Development Berhad, both listed on the Main Market of Bursa Malaysia Securities Berhad and YTL Cement 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 Investment 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 a 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.

Profile of the Board of Directors

He is the Primus Inter Pares Honouree of the 2010 Oslo Business for Peace Award, for his advocacy of socially responsible business ethics and practices. The Award was conferred by a panel of Nobel Laureates in Oslo, home of the Nobel Peace Prize. He also received the Corporate Social Responsibility Award at CNBC's 9th Asia Business Leaders Awards 2010.

TAN SRI DATO' LAU YIN PIN @ LAU YEN BENG

Malaysian, aged 63, 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. Tan Sri Dato' Lau had also served as director of Nanyang Press Holdings Berhad and Chairman of Star Publication (Malaysia) Berhad. He is currently a board member of Media Chinese International Ltd. and Ahmad Zaki Resources Berhad.

TAN SRI DATUK DR. ARIS BIN OSMAN @ OTHMAN

Malaysian, aged 68, 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 (now known as CIMB Bank Berhad), Kuala Lumpur as Chief General Manager (Corporate Planning, Financial Subsidiaries, Treasury, Human Resources) from 1986 to 1989. From 1989 to 1999, Tan Sri Datuk Dr. Aris was with the Ministry of Finance during which he served as Executive Director (South-East Asia Group) of the World Bank, Washington D.C. from 1991 to 1994 and Secretary General to the Treasury from 1998 to mid 1999. This was followed by an illustrious career in banking where he held the positions of Executive Chairman and Managing Director/Chief Executive Officer of Bank Pembangunan dan Infrastruktur Malaysia Berhad. He was the Chairman of Malaysia Airports Holdings Berhad until his retirement in June 2012. He is currently a director of AMMB Holdings Berhad, AmInvestment Bank Berhad and YTL Foundation.

DATO' YEOH SEOK KIAN

Malaysian, aged 55, 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 Land & Development Berhad, both listed on the Main Market of Bursa Malaysia Securities Berhad and an Executive Director of YTL Cement 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 of Starhill Global REIT, a vehicle listed on the Main Board of the Singapore Exchange Securities Trading Limited (SGX-ST). He is also an Executive Director of Pintar Projek Sdn Bhd, the manager of Starhill Real Estate Investment Trust.

DATO' (DR) YAHYA BIN ISMAIL

Malaysian, aged 84, 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.

DATO' YUSLI BIN MOHAMED YUSOFF

Malaysian, aged 53, was appointed to the Board on 4 October 2011 as an Independent Non-Executive Director. Dato' Yusli graduated with a Bachelor of Economics from the University of Essex, England in 1981. He is a member of the Institute of Chartered Accountants, England & Wales, the Malaysian Institute of Accountants and is also an honorary member of the Institute of Internal Auditors Malaysia.

Dato' Yusli began his career in the field of accounting and auditing in England where he held the position of audit senior and trainee accountant with Peat Marwick Mitchell, London (1981-1986) and Chief Accountant with Hugin Sweda PLC, London (1986-1990). He then held various key positions in a number of public listed and private companies in Malaysia including senior financial and general management roles within Renong Group before leaving as Chief Operating Officer/ Executive Director of Renong Berhad in 1995. He was Group Managing Director of Shapadu Corporation (1995-1996) and Chief General Manager of Sime Merchant Bankers Berhad (1996-1998) and served concurrently as Executive Vice Chairman of Intria Berhad and Managing Director of Metacorp Berhad (1998-1999) before venturing into stockbroking as the Chief Executive Director of CIMB Securities Sdn Bhd (2000-2004). He was the Chief Executive Officer/Executive Director of Bursa Malaysia Berhad (February 2004 to March 2011). He sat as a board member of the Capital Market Development Fund (2004-2011) and was chairman of the Association of Stockbroking Companies Malaysia (2003-2004). He also served as exco member of the Financial Reporting Foundation of Malaysia (2004-2011).

Dato' Yusli is currently Executive Director of Australasia Resources & Minerals Bhd, Independent Non-Executive Chairman of Mudajaya Group Berhad, and a board member of Mulpha International Berhad, Asian Institute of Finance Berhad and Pelaburan MARA Berhad.

DATO' YEOH SOO MIN

Malaysian, aged 56, was appointed to the Board on 2 June 1997 as an Executive Director. She graduated with a Bachelor of Art (Hons) Degree in Accounting. She did her Articleship at Leigh Carr and Partners, London and has gained vast experience in accounting and management. She was responsible for the setting up of the Travel and Accounting Division of the YTL Group in December 1990. Dato' Yeoh Soo Min is currently responsible for the accounting and finance systems for the YTL Group. She is 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 and YTL Industries Berhad.

Profile of the Board of Directors

DATO' YEOH SEOK HONG

Malaysian, aged 53, 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. In 2010, he was conferred an Honorary Doctor of Science degree by Aston University in the United Kingdom. Dato' Yeoh Seok Hong has vast experience in the construction industry, being the Executive Director responsible for the YTL Group construction division. He was the project director responsible for the development and the construction of the two Independent Power Producer power stations owned by YTL Power Generation Sdn Bhd. His other achievements include the construction of the Express Rail Link between the Kuala Lumpur International Airport and the Kuala Lumpur Sentral Station. He is also responsible for developing the power and utility businesses of the YTL Power International Berhad Group and is currently overseeing the building of the fourth generation (4G) Worldwide Interoperability for Microwave Access (WiMAX) network by YTL Communications Sdn Bhd. He is a director of YTL Corporation Berhad and YTL Land & Development Berhad, both listed on the Main Market of Bursa Malaysia Securities Berhad and YTL Cement Berhad. Dato' Yeoh Seok Hong also sits on the board of YTL Industries Berhad and YTL Foundation, and utilities companies, Wessex Water Limited, Wessex Water Services Limited and YTL PowerSeraya Pte Limited.

DATO' SRI MICHAEL YEOH SOCK SIONG

Malaysian, aged 52, 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 a director of YTL Corporation Berhad and YTL Land & Development Berhad, both listed on the Main Market of Bursa Malaysia Securities Berhad, YTL e-Solutions Berhad, a company listed on the ACE Market of Bursa Malaysia Securities Berhad and YTL Cement 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 49, 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 and Perak-Hanjoong Simen Sdn Bhd. She is also a director of YTL Corporation Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad and YTL Cement Berhad.

DATO' MARK YEOH SEOK KAH

Malaysian, aged 47, 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 and YTL Land & Development Berhad, both listed on the Main Market of Bursa Malaysia Securities Berhad and YTL Cement Berhad. He is a board member of YTL Vacation Club Berhad and private utilities company, Wessex Water Limited, as well as YTL PowerSeraya Pte Limited. He is also an Executive Director of Pintar Projek Sdn Bhd, the manager of Starhill Real Estate Investment Trust.

SYED ABDULLAH BIN SYED ABD. KADIR

Malaysian, aged 58, was appointed to the Board on 18 February 1997 as an Executive Director. He graduated from the University of Birmingham in 1977 with a Bachelor of Science (Engineering Production) and a Bachelor of Commerce (Economics) Double Degree. He has extensive experience in banking and financial services, having been with Bumiputra Merchant Bankers Berhad from 1984 to 1994, holding the position of general manager immediately prior to his departure from the bank. Prior to joining YTL Corporation Berhad Group, he was, from November 1994 to February 1996, the general manager of Amanah Capital Partners Berhad (now known as MIDF Amanah Capital Berhad), a company which has interests in, *inter alia*, discount, money broking, unit trusts, finance and fund management operations. He currently also serves on the boards of YTL Corporation Berhad, YTL e-Solutions Berhad, Iris Corporation Berhad, and Versatile Creative Berhad, all listed on Bursa Malaysia Securities 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	3
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	5
Dato' (Dr) Yahya Bin Ismail	5
Dato' Yusli Bin Mohamed Yusoff *(Appointed w.e.f. 4 October 2011)*	3
Dato' Yeoh Soo Min	5
Dato' Yeoh Seok Hong	4
Dato' Sri Michael Yeoh Sock Siong	5
Dato' Yeoh Soo Keng	5
Dato' Mark Yeoh Seok Kah	4
Syed Abdullah Bin Syed Abd. Kadir	5

Notes:–

1. **Family Relationship with any 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 the Companies Act, 1965 ("the Act") and the Bursa Malaysia Securities Berhad Main Market Listing Requirements to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year and of the results and cash flows of the Group and of the Company for the financial year then ended.

In preparing the financial statements for the financial year ended 30 June 2012, the Directors have:

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

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

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

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 of Directors ("Board") in fulfilling its fiduciary responsibilities relating to the corporate accounting and practices for YTL Power International Berhad and its subsidiaries ("Group").

2. Assist to improve the Company and 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 Company and 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's request to investigate and report on any issues or concerns in regard to the management of the Company and 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 Company and the Group.

8. Instil discipline and control to reduce incidence of fraud.

Composition

1. The Committee shall be appointed by the Board from amongst their number and shall comprise 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 First 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 First Schedule of the Accountants Act 1967; or

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

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

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

5. In the event of any vacancy in the Committee resulting in the non–compliance of sub–paragraph 15.09(1) of the Bursa Securities Main Market Listing Requirements ("Main LR"), the Company must fill the vacancy within three (3) months.

Audit Committee Report

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 and the Group;

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;

6. be able to convene meetings with the internal auditors without the presence of other directors and employees of the Company, whenever deemed necessary; and

7. to meet with the external auditors at least twice a year without the presence of the other directors and employees of the Company.

Functions And Duties

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

1. **Financial Reporting**

   (a) Review the quarterly financial results and annual financial statements prior to its recommendation to the Board for approval, focusing particularly on:–

   - changes in or implementation of major accounting policies and practices;
   - 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 Company and the Group;
   - compliance with applicable approved accounting standards, other statutory and legal requirements and the going concern assumption.

2. **External Audit**

   (a) Review the audit plan, scope of audit and audit report with the external auditors;

   (b) Review 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 Company and the Group's operations and efforts and processes taken to reduce the Company and the Group's operational risks;

   (c) Recommend the nomination of a person or persons as external auditors and the audit fee;

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

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

   (f) Review any significant audit findings, reservations, difficulties encountered or material weaknesses reported by the external auditors.

3. **Internal Audit**

   (a) Review 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;

   (b) Review the internal audit programme, 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;

   (c) Review any significant audit findings, reservations, difficulties encountered or material weaknesses reported by the internal auditors.

4. **Related Party Transactions**

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

5. **Employees Share Option Scheme ("ESOS")**

   (a) Verify allocation of share options to the eligible employees pursuant to the criteria set out in the By-Laws of the ESOS in accordance to the Main LR.

6. **Other Matters**

   (a) Carry out any other function that may be mutually agreed upon by the Committee and the Board which would be beneficial to the Company/Group and ensure the effective discharge of the Committee's duties and responsibilities;

   (b) Promptly report to Bursa Securities on any matter reported by it to the Board which has not been satisfactorily resolved resulting in a breach of the Main LR.

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 discretion of the Chairman of the Committee. 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 financial results and annual financial statements shall be held prior to such quarterly financial results and annual financial statements being presented to the Board for approval.

3. Notwithstanding item 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 and internal 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/Group whom 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.

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 or the Board.

Secretary

The Secretary to the Committee shall be the Company Secretary.

Audit Committee Report

SUMMARY OF 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 2012 in discharging its functions:–

1. **Financial Reporting**
   (a) Reviewed the quarterly financial results and annual financial statements to ensure compliance with the Main LR, Financial Reporting Standards and other statutory and regulatory requirements prior to its recommendation to the Board for approval.

2. **External Audit**
   (a) Reviewed the external auditors' scope of work and their audit plan and recommended the proposed audit fee to the Board for approval;

   (b) Reviewed with the external auditors on the findings of their audit, the audit report and internal control recommendations in respect of control weaknesses noted in the course of their audit.

3. **Internal Audit**
   (a) Reviewed the internal auditors' audit plan to ensure adequate scope and coverage of activities of the Company and the Group;

   (b) Reviewed with the internal auditors, the internal audit reports on their findings and recommendations and management's responses thereto and ensure that material findings are adequately addressed by management;

   (c) Reviewed the adequacy and competency of the internal audit function and the profiles of the internal auditors.

4. **Related Party Transactions**
   (a) Reviewed the recurrent related party transactions ("RRPT") of a revenue or trading nature within the Company/Group prior to its recommendation to the Board for approval for inclusion in the circular to the shareholders in relation to the proposed renewal of shareholder mandate and new shareholder mandate for RRPT.

5. **Annual Report**
   (a) Reviewed the Audit Committee Report and Statement on Internal Control and recommended to the Board for approval prior to their inclusion in the Company's Annual Report.

INTERNAL AUDIT FUNCTION

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

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

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

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

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

4. Presented audit findings to the Committee for consideration.

5. Conducted recurrent related party transactions reviews to assess accuracy and completeness of reporting.

Costs amounting to RM1,210,323 were incurred in relation to the internal audit function for the financial year ended 30 June 2012.

NUMBER OF MEETINGS HELD AND DETAILS OF ATTENDANCE

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

	Attendance
Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng	5
Tan Sri Datuk Dr. Aris Bin Osman @ Othman	5
Dato' (Dr) Yahya Bin Ismail	5

Statement on Corporate Governance

for the financial year ended 30 June 2012

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, which was issued in 2000 and revised in 2007 ("Code"). The Directors are also cognisant of the revised Malaysian Code on Corporate Governance 2012 issued by the Securities Commission Malaysia in March 2012 and will determine the measures to be adopted by the Board to comply with the relevant revisions.

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.

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 4 of whom are independent. This provides an effective check and balance in the functioning of the Board, and complies with the Listing Requirements, which require one–third of the Board to be independent.

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 profitability and development of the YTL Power Group, consistent with the primary aim of enhancing long–term shareholder value.

The Independent Non–Executive Directors have the experience and business acumen necessary to carry sufficient weight in the Board's decisions and the presence of these Independent Non–Executive Directors brings an additional element of balance to the Board as they do not participate in the day–to–day running of the 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 judgment to bear on issues of strategy, performance and resources brought before the Board.

The Executive Directors are collectively accountable for the running and management of the YTL Power Group's operations and for ensuring that strategies are fully discussed and examined, and take account of the long–term interests of shareholders, employees, customers, suppliers and the many communities in which the YTL Power Group conducts its business.

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.

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.

Statement on Corporate Governance
for the financial year ended 30 June 2012

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 2012. 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.

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 7 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.

Statement on Corporate Governance
for the financial year ended 30 June 2012

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.

THE AUDIT COMMITTEE

The Company has in place an Audit Committee which comprises 3 Non–Executive Directors in compliance with the Listing Requirements which require all the members of the Audit Committee to be Non–Executive 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 2012. 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 Financial Reporting Standards in Malaysia. In presenting the financial statements, the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates to present a true and fair assessment of the Company's position and prospects. 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 existing employees' share option scheme ("ESOS") was approved by shareholders at an extraordinary general meeting in November 2010. 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 2012.

This statement was approved by the Board of Directors on 16 August 2012.

Statement on Internal Control

for the financial year ended 30 June 2012

During the financial year under review, YTL Power International Berhad ("YTL Power" or "Company") and its subsidiaries ("YTL Power Group") continued to enhance the YTL Power Group's system of internal control and risk management, to comply with the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") and the applicable provisions of the Malaysian Code on Corporate Governance, which was issued in 2000 and revised in 2007 ("Code"). The Directors are also cognisant of the revised Malaysian Code on Corporate Governance 2012 issued by the Securities Commission Malaysia in March 2012 and will determine the measures to be adopted by the Board of Directors ("Board") to comply with the relevant revisions.

The 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 analyses 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

for the financial year ended 30 June 2012

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

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

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

- **Internal Audit Function:** The YTL Power Group's internal audit function is carried out by the Internal Audit department within the YTL Corporation Berhad Group ("YTLIA"), which provides assurance on the efficiency and effectiveness of the internal control systems implemented by management, and reports directly to the Audit Committee. A description of the 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 YTL PowerSeraya Pte Limited group ("YTL PowerSeraya") based in Singapore were also not covered by YTLIA. YTL PowerSeraya's operations are subject to stringent financial and operational controls imposed by its regulator, the Energy Market Authority ("EMA"), a statutory board under the Minister of Trade and Industry of Singapore. YTL PowerSeraya possesses its own internal audit department which reports to its audit committee. Its findings are also presented to YTL Power's Audit Committee. YTL 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 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 and YTL PowerSeraya, as well as its interests in ElectraNet Pty Ltd and P.T. Jawa Power. These assets share common characteristics of highly predictable operating costs and revenue streams, which in turn generate stable and predictable cash flows and profits, underpinned by an established regulatory environment in their respective markets of operation.

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

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 4 October 2012.

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

for the financial year ended 30 June 2012

At the last Annual General Meeting of YTL Power International Berhad ("YTL Power") held on 29 November 2011, the Company had obtained a mandate from its shareholders to allow YTL Power and/or its subsidiaries ("YTL Power Group") to enter into related party transactions which are recurrent, of a revenue or trading nature and which are necessary for the day–to–day operations of YTL Power or its subsidiaries ("Recurrent Related Party Transactions").

In accordance with Paragraph 10.09(2)(b) of Bursa Malaysia Securities Berhad Main Market Listing Requirements ("Main LR"), details of the Recurrent Related Party Transactions conducted during the financial year ended 30 June 2012 pursuant to the said shareholder mandate are as follows:–

Corporation 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
Extiva Communications Sdn Bhd; PowerSeraya Limited (In voluntary liquidation)*; YTL Power; YTL Communications Sdn Bhd; YTL Digital Sdn Bhd; YTL Power Generation Sdn Bhd	YTL Corporation[b] and its subsidiary and associate companies[g] (collectively, "YTL Corp Group")	Provision of operation and maintenance services by Related Party; Provision of hotel related services by Related Party; Provision of parking facilities by Related Party; Charges for use of Vistana apartment unit paid to Related Party; Rent of office premises at Menara ING, Kuala Lumpur and procurement of related services from Related Party; Provision of tele–communications and/or broadband services, equipment and/or related services to Related Party; Purchase of office equipment from Related Party;	YTLSH[a] YTL Corporation[b] Tan Sri Yeoh Tiong Lay[c] Yeoh Siblings[d] Directors' Spouses[e] Other Connected Parties[f]	^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] ^Person Connected[4][5]	104,138

Corporation 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
(continued from previous page)		Rent of premises at Lot 10 Shopping Centre, and 183, Jalan Bukit Bintang, Kuala Lumpur, and procurement of related services from Related Party; Provision of hospitality and/or travel related services by Related Party; Charges paid for use of rooftop space, office and other premises.			

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) Directors' Spouses	–	Puan Sri Datin Seri Tan Kai Yong @ Tan Kay Neong, Datin Lim Lee Lee, Dato' Tan Kim Kuan, Datin Kathleen Chew Wai Lin, Datin Sri Tan Siew Bee, Choy Wai Hin, & Datin Julie Teh Chooi Gan
(f) Other Connected Parties	–	Tan & Yeoh Properties Sdn Bhd, Tan Chien Wen, Yeoh Keong Hann, Yeoh Pei Lou & Yeoh Keong Yuan
(g) 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.
^ Major Shareholder/ Person Connected	–	As defined in Paragraph 1.01 of the Main LR

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 & Yeoh Properties Sdn Bhd is a Person Connected with Dato' Yeoh Soo Min and her spouse. Tan Chien Wen is the son of Dato' Yeoh Soo Min. 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, Directors' Spouses and Other Connected Parties had interests in the ordinary shares of YTL Corporation as at 30 June 2012.

* PowerSeraya Ltd commenced voluntary liquidation on 30 June 2012.

Analysis of Share/Warrant Holdings

as at 28 September 2012

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

DISTRIBUTION OF SHAREHOLDINGS

Size of holding	No. of Shareholders	%	No. of Shares#	%#
Less than 100	5,179	12.31	176,908	0.00
100 – 1,000	6,792	16.14	3,669,322	0.05
1,001 – 10,000	22,645	53.81	90,808,239	1.25
10,001 – 100,000	6,462	15.36	180,242,576	2.48
100,001 to less than 5% of issued shares	998	2.37	2,610,478,514	35.87
5% and above of issued shares	4	0.01	4,392,989,207	60.35
Total	**42,080**	**100.00**	**7,278,364,766**	**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	39.46
2	Citigroup Nominees (Tempatan) Sdn Bhd – Employees Provident Fund Board	663,007,966	9.11
3	Cornerstone Crest Sdn Bhd	462,184,873	6.35
4	YTL Corporation Berhad	395,449,439	5.43
5	Amanahraya Trustees Berhad – Skim Amanah Saham Bumiputera	303,895,317	4.18
6	Yeoh Tiong Lay & Sons Holdings Sdn Bhd	271,208,038	3.73
7	Valuecap Sdn Bhd	237,904,600	3.27
8	Kumpulan Wang Persaraan (Diperbadankan)	183,550,500	2.52
9	Bara Aktif Sdn Bhd	151,423,627	2.08
10	Lembaga Tabung Haji	138,100,346	1.90
11	Amanahraya Trustees Berhad – Amanah Saham Malaysia	82,500,000	1.13
12	Cartaban Nominees (Asing) Sdn Bhd – Exempt An for State Street Bank & Trust Company (WEST CLT OD67)	77,969,689	1.07
13	Citigroup Nominees (Tempatan) Sdn Bhd – Exempt An for American International Assurance Berhad	67,531,100	0.93
14	Amanahraya Trustees Berhad – Amanah Saham Didik	65,875,350	0.91
15	Amanahraya Trustees Berhad – As 1Malaysia	57,500,000	0.79
16	Amanahraya Trustees Berhad – Amanah Saham Wawasan 2020	56,014,657	0.77

	Name	No. of Shares	%#
17	Maybank Nominees (Tempatan) Sdn Bhd – Maybank Asset Management Sdn Bhd for Malayan Banking Berhad (N14011200618)	45,005,758	0.62
18	HSBC Nominees (Asing) Sdn Bhd – BBH and Co Boston for Vanguard Emerging Markets Stock Index Fund	42,271,327	0.58
19	HSBC Nominees (Asing) Sdn Bhd – Exempt An for JPMorgan Chase Bank, National Association (U.K.)	22,156,624	0.30
20	HSBC Nominees (Asing) Sdn Bhd – Exempt An for JPMorgan Chase Bank, National Association (U.A.E)	21,550,390	0.30
21	HSBC Nominees (Asing) Sdn Bhd – Pictet and Cie for Pictet Global Selection Fund–Global High Yield Emerging Equities Fund	18,490,400	0.25
22	HSBC Nominees (Asing) Sdn Bhd – Exempt An for JPMorgan Chase Bank, National Association (Norges Bk Lend)	18,265,900	0.25
23	Dato' Yeoh Seok Hong	14,254,916	0.20
24	Citigroup Nominees (Asing) Sdn Bhd – Legal & General Assurance (Pensions Management) Limited (A/c 1125250001)	14,137,562	0.19
25	Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	13,380,250	0.18
26	Dato' Yeoh Seok Hong	13,255,352	0.18
27	Dato' Yeoh Soo Min	12,769,934	0.18
28	HSBC Nominees (Asing) Sdn Bhd – Exempt An for JPMorgan Chase Bank, National Association (U.S.A.)	12,101,331	0.17
29	Cartaban Nominees (Asing) Sdn Bhd – BBH (Lux) SCA for Fidelity Funds Asean	10,476,400	0.14
30	HSBC Nominees (Asing) Sdn Bhd – Exempt An for The Bank of New York Mellon (Mellon Acct)	10,205,465	0.14
	Total	**6,354,784,040**	**87.31**

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	3.77	3,737,660,939 ←	51.35
YTL Corporation Berhad	3,275,220,346	45.00	462,440,593 ↑	6.35
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	20,380,250	0.28	4,012,244,781 ℜ	55.12
Cornerstone Crest Sdn Bhd	462,184,873	6.35	–	–
Employees Provident Fund Board	684,990,466	9.41	–	–

← *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 RM3,667,544,905.50 comprising 7,335,089,811 ordinary shares net of 56,725,045 treasury shares retained by the Company as per Record of Depositors.

Analysis of Share/Warrant Holdings

as at 28 September 2012

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

Size of holding	No. of Warrants 2008/2018 Holders	%	No. of Warrants 2008/2018	%
Less than 100	323	3.19	11,581	0.00
100 – 1,000	4,209	41.55	2,312,738	0.20
1,001 – 10,000	4,318	42.62	14,889,833	1.27
10,001 – 100,000	1,092	10.78	35,722,481	3.06
100,001 to less than 5% of issued warrants	185	1.83	82,533,343	7.06
5% and above of issued warrants	3	0.03	1,033,287,735	88.41
Total	**10,130**	**100.00**	**1,168,757,711**	**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	780,000,000	66.74
2	DB (Malaysia) Nominee (Asing) Sdn Bhd – Exempt An for Deutsche Bank Ag Singapore (PWM Asing)	165,090,000	14.13
3	Yeoh Tiong Lay & Sons Holdings Sdn Bhd	88,197,735	7.55
4	Lee Yoke Foong	5,561,200	0.48
5	Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	4,407,266	0.38
6	HSBC Nominees (Asing) Sdn Bhd – Exempt An for JPMorgan Chase Bank, National Association (U.K.)	3,254,959	0.28
7	Public Invest Nominees (Tempatan) Sdn Bhd – Exempt An for UOB Kay Hian Pte Ltd (A/c Clients)	3,157,700	0.27
8	Amsec Nominees (Asing) Sdn Bhd – James Hugh Alexander Hay (GZ0115)	1,988,000	0.17
9	Lock Kai Sang	1,970,100	0.17
10	TA Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Oh Kim Sun	1,790,900	0.15
11	Maybank Securities Nominees (Asing) Sdn Bhd – Maybank Kim Eng Securities Pte Ltd for James Hay	1,700,000	0.15
12	Dato' Yeoh Soo Keng	1,585,944	0.14
13	Maybank Nominees (Tempatan) Sdn Bhd – Lim Weng Jong	1,543,600	0.13
14	Ma Kai Foo	1,520,000	0.13
15	Dato' Sri Michael Yeoh Sock Siong	1,496,502	0.13

	Name	No. of Warrants 2008/2018	%
16	Citigroup Nominees (Asing) Sdn Bhd – GSI for EFL Limited	1,392,740	0.12
17	Kee Hun Chang @ Kee Ah Bah	1,344,900	0.12
18	Ngoi Leong Ee	1,300,000	0.11
19	Gan Kim Leong	1,256,000	0.11
20	Yeo Kian Huat	1,128,500	0.10
21	Tan Kow Choon @ Tang Ah Chong	1,000,000	0.09
22	Lim Mooi Tean	895,500	0.08
23	Public Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Lim Eng Kwee (E–KLC)	870,000	0.07
24	CIMSEC Nominees (Tempatan) Sdn Bhd – CIMB for Ng Choo Hock @ Ng Choo Huat (PB–IU)	861,500	0.07
25	Chua Moh Kit	800,000	0.07
26	Maybank Nominees (Tampatan) Sdn Bhd – Pledged Securities Account for Tay Ah Cham	758,000	0.06
27	Ting Huong Tek	675,000	0.06
28	Wilfred Koh Seng Han	660,000	0.06
29	RHB Capital Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Goldinas Sdn Bhd	650,000	0.06
30	Dato' Yeoh Seok Kian	632,962	0.05
	Total	**1,077,489,008**	**92.23**

Statement of Directors' Interests

in the Company and related corporations as at 28 September 2012

The Company
YTL Power International Berhad

	No. of Shares Held			
Name	Direct	%	Indirect	%
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	20,380,250	0.28	4,013,899,231(1)(2)	55.15
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	945,040	0.01	–	–
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	6,386,760	0.09	–	–
Dato' (Dr) Yahya Bin Ismail	343,000	*	38,610(1)	*
Dato' Yeoh Soo Min	12,769,934	0.18	3,283,424(1)(7)	0.05
Dato' Yeoh Seok Hong	27,510,268	0.38	3,281,179(1)	0.05
Dato' Sri Michael Yeoh Sock Siong	7,601,744	0.10	1,019,291(1)	0.01
Dato' Yeoh Soo Keng	8,081,777	0.11	133,500(1)	*
Dato' Mark Yeoh Seok Kah	7,665,920	0.11	1,093,601(1)	0.02
Syed Abdullah Bin Syed Abd Kadir	2,268,203	0.03	524(1)	*

	No. of Warrants 2008/2018 Held			
Name	Direct	%	Indirect	%
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	–	–	869,295,557 (5)	74.38
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	4,860,175	0.42	–	–
Tan Sri Datuk' Seri Dr. Aris Bin Osman @ Othman	–	–	23,200(1)	*
Dato' Yeoh Seok Kian	632,962	0.05	–	–
Dato' Yeoh Soo Min	–	–	207,000(7)	0.02
Dato' Sri Michael Yeoh Sock Siong	1,496,502	0.13	298,956(1)	0.03
Dato' Yeoh Soo Keng	1,585,944	0.14	36,507(1)	*

The Company
YTL Power International Berhad

Name	No. of Share Options Direct	Indirect
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	7,000,000	–
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	7,000,000	–
Tan Sri Datuk' Seri Dr. Aris Bin Osman @ Othman	1,000,000	–
Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng	1,000,000	–
Dato' Yeoh Seok Kian	5,000,000	–
Dato' (Dr) Yahya Bin Ismail	1,000,000	–
Dato' Yeoh Soo Min	3,000,000	100,000(1)
Dato' Yeoh Seok Hong	5,000,000	500,000(1)
Dato' Sri Michael Yeoh Sock Siong	5,000,000	–
Dato' Yeoh Soo Keng	3,000,000	–
Dato' Mark Yeoh Seok Kah	5,000,000	–
Syed Abdullah Bin Syed Abd Kadir	3,000,000	–

Holding Company
YTL Corporation Berhad

Name	No. of Shares Held Direct	%	Indirect	%
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	90,561,164	0.87	5,087,101,282(1)(3)	49.11
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	133,001,216	1.28	–	–
Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng	27,850	*	–	–
Dato' Yeoh Seok Kian	55,481,889	0.54	4,244,248(1)	0.04
Dato' (Dr) Yahya Bin Ismail	544,000	0.01	529,418(1)	0.01
Dato' Yeoh Soo Min	51,797,932	0.50	1,525,605(1)(7)	0.01
Dato' Yeoh Seok Hong	44,535,079	0.43	23,549,759(1)	0.23
Dato' Sri Michael Yeoh Sock Siong	53,652,534	0.52	19,332,622(1)	0.19
Dato' Yeoh Soo Keng	53,916,634	0.52	758,214(1)	0.01
Dato' Mark Yeoh Seok Kah	20,081,152	0.19	4,005,597(1)	0.04
Syed Abdullah Bin Syed Abd Kadir	9,604,133	0.09	19,642(1)	*

Statement of Directors' Interests

in the Company and related corporations as at 28 September 2012

Holding Company
YTL Corporation Berhad

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

Ultimate Holding Company
Yeoh Tiong Lay & Sons Holdings Sdn Bhd

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 Direct	%	Indirect	%
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	–	–	479,985,819[(6)]	99.57

Name	No. of Irredeemable Convertible Unsecured Loan Stocks 2005/2015 Held Direct	%	Indirect	%
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	–	–	468,770,269[(4)]	99.60

YTL e–Solution Berhad

	No. of Shares Held			
Name	**Direct**	**%**	**Indirect**	**%**
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	–	–	999,172,000(5)	74.27
Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng	150,000	0.01	–	–
Dato' Yeoh Soo Min	–	–	1,053,800(7)	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

	No. of Shares Held			
Name	**Direct**	**%**	**Indirect**	**%**
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	–	–	497,846,293(5)	60.04
Dato' Yeoh Seok Kian	61,538	0.01	–	–
Dato' Yeoh Soo Min	–	–	625,582(7)	0.08
Dato' Yeoh Soo Keng	100,000	0.01	–	–

	No. of Irredeemable Convertible Unsecured Loan Stocks 2011/2021 Held			
Name	**Direct**	**%**	**Indirect**	**%**
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	–	–	793,717,049(5)	80.02
Dato' Yeoh Seok Kian	37,000	*	–	–
Dato' Yeoh Soo Keng	60,000	0.01	–	–

Syarikat Pelancongan Seri Andalan (M) Sdn Bhd

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

Infoscreen Networks PLC

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

Statement of Directors' Interests

in the Company and related corporations as at 28 September 2012

YTL Corporation (UK) PLC

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

YTL Construction (Thailand) Limited

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

Samui Hotel 2 Co. Ltd

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

Swiss Water System AG

	No. of Shares Held	
Name	Direct	%
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	12,250	31.90

* *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 YTL Corporation Berhad, YTL Industries Berhad and YTL Power International 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 and YTL Power International Berhad pursuant to Section 6A of the Companies Act, 1965.*
(7) *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 2012

Save as disclosed below, there were no purchases for other months during the financial year:–

Monthly Breakdown	No. of Shares Purchased And Retained As Treasury Shares	Purchase Price Per Share (RM) Lowest	Purchase Price Per Share (RM) Highest	Average Cost Per Share (RM)	Total Cost (RM)
August 2011	100	1.89	1.89	2.3006	230.06
February 2012	100	1.86	1.86	2.2706	227.06
TOTAL	**200**	**1.86**	**1.89**	**2.2856**	**457.12**

During the financial year, all the shares purchased by the Company were retained as treasury shares. As at 30 June 2012 a total of 56,724,945 ordinary shares were held as treasury shares. None of the treasury shares were resold or cancelled during the financial year.

List of Properties

for the financial year ended 30 June 2012

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 2012 RM'000	Date of Acquisition
Avonmouth STW, Kings Weston Lane, Avonmouth, Bristol BS11 OYS	Freehold	394,600 sq.m.	Sewerage treatment works	–	–	–	384,676	21.5.2002
Poole STW, Cabot Lane, Poole, Dorset, BH17 7BX	Freehold	91,800 sq.m.	Sewerage treatment works	–	–	–	231,091	21.5.2002
Maudown Water Treatment Works, Maudown, Wiveliscombe, Tauton, TA4, 2UN	Freehold	68,500 sq.m.	Water treatment works	–	–	–	168,910	21.5.2002
Claverton Down Road, Bath BA2 7WW	Freehold	27,100 sq.m.	Head Office, Operation Centre	5,640	12	–	135,865	21.5.2002
Lot No. PT2467, HS (D) 340, Mukim of Kuala Paka, Terengganu	Leasehold	16.187 hectare	Power plant	–	17	Year 2018	129,831	3.12.1995
W–S–Mare STW, Accomodation Road, Bleadon, Weston Super Mare, BS24 OAP	Freehold	157,500 sq.m.	Sewerage treatment works	–	–	–	95,599	21.5.2002

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 2012 RM'000	Date of Acquisition
Lot No. PT64062, HS (D) 69515, Mukim of Plentong, Johor	Leasehold	2.0577 hectare	Power plant	–	17	Year 2018	73,612	3.12.1995
Ham Lane STW, Creech St. Michael, Taunton, Somerset TA3 5NU	Freehold	120,000 sq.m.	Sewerage treatment works	–	–	–	58,993	21.5.2002
Chilton Trinity STW, Wylds Road, Bridgwater, Somerset TA6 3JS	Freehold	34,600 sq.m.	Sewerage treatment works	–	–	–	57,892	21.5.2002
Pulau Seraya, Lot 562X, 365K and 715P	Leasehold	875,150 sq.m.	Power plant	–	–	Year 2025	56,256	6.3.2009

Financial Statements

Directors' Report
for the financial year ended 30 June 2012

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 2012.

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 13(a) 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 financial year	**1,156,961**	**1,187,049**
Attributable to:		
Owners of the parent	1,232,211	1,187,049
Non–controlling interests	(75,250)	–
	1,156,961	1,187,049

DIVIDENDS

The dividends paid by the Company since 30 June 2011 were as follows:

	RM'000
In respect of the financial year ended 30 June 2011:	
– Third interim tax exempt dividend of 3.75% or 1.875 sen per ordinary share of 50 sen each paid on 15 July 2011	135,418
– Fourth interim tax exempt dividend of 3.75% or 1.875 sen per ordinary share of 50 sen each paid on 24 November 2011	136,209
In respect of the financial year ended 30 June 2012:	
– First interim tax exempt dividend of 3.75% or 1.875 sen per ordinary share of 50 sen each paid on 13 January 2012	136,269
– Second interim tax exempt dividend of 1.875% or 0.9375 sen per ordinary share of 50 sen each paid on 30 March 2012	68,135
– Third interim tax exempt dividend of 1.875% or 0.9375 sen per ordinary share of 50 sen each paid on 27 June 2012	68,171
	544,202

A fourth interim tax exempt dividend dividend of 1.875% or 0.9375 sen per ordinary share of 50 sen each has been declared for payment on 31 October 2012. The Directors do not recommend the payment of a final dividend for the financial year ended 30 June 2012.

Directors' Report
for the financial year ended 30 June 2012

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 RM3,639,497,118 to RM3,664,128,388 following the exercise of 40,087,750 ESOS at exercise prices ranging from RM1.32 to RM2.02 per share, and the exercise of 9,174,791 Warrants at an exercise price of RM1.21 per Warrant on the basis of one (1) new ordinary share for one (1) Warrant. The new ordinary shares of 50 sen each rank pari passu in all respects with the existing issued shares of the Company.

The total number of unexercised Warrants as at 30 June 2012 amounted to 1,175,590,745.

TREASURY SHARES

The shareholders of the Company, by a resolution passed in the 15th Annual General Meeting held on 29 November 2011, 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 25(b) to the financial statements.

EMPLOYEES SHARE OPTION SCHEME

The Employees Share Option Scheme ('ESOS') for employees and Executive Directors of the Company and its subsidiaries who meet the criteria of eligibility for participation was governed by the by–laws approved by the shareholders at an Extraordinary General Meeting ('EGM') held on 16 October 2001 ('2001 ESOS'). The 2001 ESOS expired on 29 November 2011 and all unexercised share options lapsed as at that date. The salient features and terms of the 2001 ESOS, and the ordinary shares issued during the period prior to expiry by virtue of the exercise of options under the 2001 ESOS are set out in Note 24(b) to the financial statements.

A new ESOS for employees and Directors of the Company and its subsidiaries who meet the criteria of eligibility for participation was established as approved by the shareholders of the Company at the EGM held on 30 November 2010 ('2011 ESOS'). The scheme was implemented on 1 April 2011. The salient features and terms of the 2011 ESOS are set out in Note 24(c) to the financial statement.

EMPLOYEES SHARE OPTION SCHEME (CONTINUED)

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 2,000,000 number of share options and details of their holdings. Detail of grantees granted 2,000,000 or more share options during the financial year are as follows:

Name	Number of share options
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	7,000,000
Tan Sri Dato' (Dr) Francis Yeoh Sock, Ping CBE, FICE	7,000,000
Dato' Yeoh Seok Kian	5,000,000
Dato' Yeoh Soo Min	3,000,000
Dato' Yeoh Seok Hong	5,000,000
Dato' Sri Michael Yeoh Sock Siong	5,000,000
Dato' Yeoh Soo Keng	3,000,000
Dato' Mark Yeoh Seok Kah	5,000,000
Syed Abdullah Bin Syed Abd. Kadir	3,000,000
Lee Wing Kui	2,000,000
Colin Frank Skellett	2,000,000

DIRECTORS

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

Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE
Tan Sri Datuk Dr. Aris Bin Osman @ Othman
Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng
Dato' Yeoh Seok Kian
Dato' (Dr) Yahya Bin Ismail
Dato' Yusli bin Mohamed Yusoff (Appointed on 4 October 2011)
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' Report
for the financial year ended 30 June 2012

DIRECTORS' INTERESTS

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

	Number of ordinary shares of RM0.50 each in the Company			
	At 1.7.2011	Acquired	(Disposed)	At 30.6.2012
Direct interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	13,380,250	7,000,000	–	**20,380,250**
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	14,945,040	7,000,000	(21,000,000)	**945,040**
Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng	38,853	–	–	**38,853**
Dato' Yeoh Seok Kian	5,021,360	3,000,000	(1,634,600)	**6,386,760**
Dato' (Dr) Yahya Bin Ismail	343,000	–	–	**343,000**
Dato' Yeoh Soo Min	12,769,934	–	–	**12,769,934**
Dato' Yeoh Seok Hong	22,510,268	5,000,000	–	**27,510,268**
Dato' Sri Michael Yeoh Sock Siong	4,601,744	3,000,000	–	**7,601,744**
Dato' Yeoh Soo Keng	5,081,777	3,000,000	–	**8,081,777**
Dato' Mark Yeoh Seok Kah	7,665,920	3,000,000	(3,000,000)	**7,665,920**
Syed Abdullah Bin Syed Abd. Kadir	2,268,203	–	–	**2,268,203**
Deemed interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	4,013,923,231(1)(6)	–	(24,000)	**4,013,899,231**(1)(6)
Tan Sri Datuk Dr. Aris Bin Osman @ Othman	100,562(1)	–	–	**100,562**(1)
Dato' Yeoh Seok Kian	1,445,941(1)	313,000	(1,758,941)	**–**
Dato' (Dr) Yahya Bin Ismail	38,610(1)	–	–	**38,610**(1)
Dato' Yeoh Soo Min	3,283,424(1)(7)	–	–	**3,283,424**(1)(7)
Dato' Yeoh Seok Hong	3,281,179(1)	–	–	**3,281,179**(1)
Dato' Sri Michael Yeoh Sock Siong	1,019,291(1)	–	–	**1,019,291**(1)
Dato' Yeoh Soo Keng	133,500(1)	–	–	**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)

DIRECTORS' INTERESTS (CONTINUED)

	Number of Warrants in the Company			
	At 1.7.2011	Acquired	(Exercised)/ (Disposed)	At 30.6.2012
Direct interests				
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	4,860,175	–	–	**4,860,175**
Dato' Yeoh Seok Kian	1,632,962	–	(1,000,000)	**632,962**
Dato' Sri Michael Yeoh Sock Siong	1,496,502	–	–	**1,496,502**
Dato' Yeoh Soo Keng	1,585,944	–	–	**1,585,944**
Deemed interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	1,100,821,922(5)	–	(231,526,365)	**869,295,557(5)**
Tan Sri Datuk Dr. Aris Bin Osman @ Othman	23,200(1)	–	–	**23,200(1)**
Dato' Yeoh Seok Kian	450,000(1)	–	(450,000)	**–**
Dato' Yeoh Soo Min	207,000(7)	–	–	**207,000(7)**
Dato' Sri Michael Yeoh Sock Siong	298,956(1)	–	–	**298,956(1)**
Dato' Yeoh Soo Keng	36,507(1)	–	–	**36,507(1)**

	Number of share options over ordinary shares of RM0.50 each in the Company				
	At 1.7.2011	Granted	(Exercised)	(Lapsed)	At 30.6.2012
Direct interests					
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	14,000,000	7,000,000	(7,000,000)	(7,000,000)	**7,000,000**
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	14,000,000	7,000,000	(7,000,000)	(7,000,000)	**7,000,000**
Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng	–	1,000,000	–	–	**1,000,000**
Tan Sri Datuk Dr. Aris bin Osman @ Othman	–	1,000,000	–	–	**1,000,000**
Dato' Yeoh Seok Kian	6,000,000	5,000,000	(3,000,000)	(3,000,000)	**5,000,000**
Dato' (Dr) Yahya Bin Ismail	–	1,000,000	–	–	**1,000,000**
Dato' Yeoh Soo Min	–	3,000,000	–	–	**3,000,000**
Dato' Yeoh Seok Hong	5,000,000	5,000,000	(5,000,000)	–	**5,000,000**
Dato' Sri Michael Yeoh Sock Siong	6,000,000	5,000,000	(3,000,000)	(3,000,000)	**5,000,000**
Dato' Yeoh Soo Keng	6,000,000	3,000,000	(3,000,000)	(3,000,000)	**3,000,000**
Dato' Mark Yeoh Seok Kah	6,000,000	5,000,000	(3,000,000)	(3,000,000)	**5,000,000**
Syed Abdullah Bin Syed Abd Kadir	6,000,000	3,000,000	–	(6,000,000)	**3,000,000**
Deemed interests					
Dato' Yeoh Soo Min	–	100,000	–	–	**100,000(1)**
Dato' Yeoh Seok Hong	–	500,000	–	–	**500,000(1)**

Directors' Report
for the financial year ended 30 June 2012

DIRECTORS' INTERESTS (CONTINUED)

Holding Company
YTL Corporation Berhad

	Number of ordinary shares of RM0.10 each			
	At 1.7.2011	Acquired	(Disposed)	At 30.6.2012
Direct interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	47,523,040	37,378,053	–	**84,901,093**
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	84,094,530	40,594,111	–	**124,688,641**
Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng	26,110	–	–	**26,110**
Dato' Yeoh Seok Kian	30,483,085	21,531,187	–	**52,014,272**
Dato' (Dr) Yahya Bin Ismail	510,000	–	–	**510,000**
Dato' Yeoh Soo Min	32,495,020	16,065,542	–	**48,560,562**
Dato' Yeoh Seok Hong	25,686,095	16,065,542	–	**41,751,637**
Dato' Sri Michael Yeoh Sock Siong	26,153,345	24,145,907	–	**50,299,252**
Dato' Yeoh Soo Keng	29,084,105	21,462,740	–	**50,546,845**
Dato' Mark Yeoh Seok Kah	17,942,040	15,884,040	(15,000,000)	**18,826,080**
Syed Abdullah Bin Syed Abd. Kadir	15,641,375	–	(6,450,000)	**9,191,375**
Deemed interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	4,753,641,470(1)(3)	15,515,984	–	**4,769,157,454(1)(3)**
Tan Sri Datuk Dr. Aris Bin Osman @ Othman	–	49,436	(49,436)	–
Dato' Yeoh Seok Kian	2,109,980(1)	1,869,003	–	**3,978,983(1)**
Dato' (Dr) Yahya Bin Ismail	496,330(1)	5,000	(5,000)	**496,330(1)**
Dato' Yeoh Soo Min	991,800(1)(7)	438,455	–	**1,430,255(1)(7)**
Dato' Yeoh Seok Hong	19,864,810(1)	2,213,090	–	**22,077,900(1)**
Dato' Sri Michael Yeoh Sock Siong	12,885,305(1)	5,239,029	–	**18,124,334(1)**
Dato' Yeoh Soo Keng	424,820(1)	286,006	–	**710,826(1)**
Dato' Mark Yeoh Seok Kah	3,116,775(1)	638,473	–	**3,755,248(1)**
Syed Abdullah Bin Syed Abd. Kadir	18,415(1)	–	–	**18,415(1)**

DIRECTORS' INTERESTS (CONTINUED)

Holding Company
YTL Corporation Berhad

	Number of Share options over ordinary shares of RM0.10 each				
	At 1.7.2011	Granted	(Exercised)	(Lapsed)	At 30.6.2012
Direct interests					
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	25,000,000	–	(25,000,000)	–	–
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	25,000,000	–	(25,000,000)	–	–
Dato' Yeoh Seok Kian	17,500,000	–	(17,500,000)	–	–
Dato' Yeoh Soo Min	15,000,000	–	(15,000,000)	–	–
Dato' Yeoh Seok Hong	15,000,000	–	(15,000,000)	–	–
Dato' Sri Michael Yeoh Sock Siong	15,000,000	–	(15,000,000)	–	–
Dato' Yeoh Soo Keng	15,000,000	–	(15,000,000)	–	–
Dato' Mark Yeoh Seok Kah	15,000,000	–	(15,000,000)	–	–
Deemed interests					
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	15,000,000[1]	–	(15,000,000)	–	–
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	2,000,000[2]	–	(2,000,000)	–	–
Dato' Yeoh Seok Hong	2,000,000[1]	–	(2,000,000)	–	–

Ultimate Holding Company
Yeoh Tiong Lay & Sons Holdings Sdn Bhd

	Number of ordinary shares of RM1.00 each			
	At 1.7.2011	Acquired	(Disposed)	At 30.6.2012
Direct interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	8,220,004	–	–	**8,220,004**
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	5,000,000	–	–	**5,000,000**
Dato' Yeoh Seok Kian	5,000,000	–	–	**5,000,000**
Dato' Yeoh Soo Min	1,250,000	–	–	**1,250,000**
Dato' Yeoh Seok Hong	5,000,000	–	–	**5,000,000**
Dato' Sri Michael Yeoh Sock Siong	5,000,000	–	–	**5,000,000**
Dato' Yeoh Soo Keng	1,250,000	–	–	**1,250,000**
Dato' Mark Yeoh Seok Kah	5,000,000	–	–	**5,000,000**
Deemed interest				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	5,000,004[1]	–	–	**5,000,004[1]**

Directors' Report
for the financial year ended 30 June 2012

DIRECTORS' INTERESTS (CONTINUED)

Related Company
YTL Cement Berhad

	Number of ordinary shares of RM0.50 each Δ			
	At 1.7.2011	Acquired	(Disposed)	At 30.6.2012
Direct interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	1,681,634	2,224,330	(3,905,964)	–
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	2,042,923	2,246,775	(4,289,698)	–
Dato' Yeoh Seok Kian	618,754	653,310	(1,272,064)	–
Dato' Yeoh Soo Min	225,634	110,604	(336,238)	–
Dato' Yeoh Seok Hong	225,634	110,604	(336,238)	–
Dato' Sri Michael Yeoh Sock Siong	1,265,634	1,620,408	(2,886,042)	–
Dato' Yeoh Soo Keng	938,251	1,101,103	(2,039,354)	–
Dato' Mark Yeoh Seok Kah	187,200	91,764	(278,964)	–
Deemed interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	238,607,356(1)(4)	693,918,866	(452,540,403)	**479,985,819**(1)(8)
Tan Sri Datuk Dr. Aris Bin Osman @ Othman	15,600(1)	–	(15,600)	–
Dato' Yeoh Seok Kian	83,200(1)	49,019	(132,219)	–
Dato' Yeoh Soo Min	138,357(7)	–	(138,357)	–
Dato' Yeoh Seok Hong	45,123(1)	22,119	(67,242)	–
Dato' Sri Michael Yeoh Sock Siong	1,109,388(1)	543,817	(1,653,205)	–
Dato' Yeoh Soo Keng	90,251(1)	–	(90,251)	–
Dato' Mark Yeoh Seok Kah	135,200(1)	66,274	(201,474)	–

Related Company
YTL Cement Berhad

	Number of Irredeemable Convertible Unsecured Loan Stocks 2005/2015 Δ			
	At 1.7.2011	Acquired	(Converted)/ (Disposed)	At 30.6.2012
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)	–
Deemed interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	454,310,350(1)(4)	14,569,170	(109,251)	**468,770,269**(1)(9)
Dato' Yeoh Seok Kian	100,000(1)	–	(100,000)	–
Dato' Yeoh Seok Hong	45,123(1)	–	(45,123)	–
Dato' Sri Michael Yeoh Sock Siong	1,109,388(1)	–	(1,109,388)	–
Dato' Mark Yeoh Seok Kah	135,200(1)	–	(135,200)	–

Δ Securities of YTL Cement Berhad removed from Official List of Bursa Malaysia Securities Berhad on 16 April 2012.

DIRECTORS' INTERESTS (CONTINUED)

Related Company
YTL Cement Berhad

	Number of Share options over ordinary shares of RM0.50 each				
	At 1.7.2011	Granted	(Exercised)	(Lapsed)	At 30.6.2012
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 1.7.2011	Acquired	(Disposed)	At 30.6.2012
Direct interests				
Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng	150,000	–	–	**150,000**
Dato' Yeoh Soo Keng	500,000	–	–	**500,000**
Syed Abdullah Bin Syed Abd. Kadir	300,000	–	–	**300,000**
Deemed interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	999,172,000(5)	–	–	**999,172,000**(5)
Dato' Yeoh Soo Min	1,053,800(7)	–	–	**1,053,800**(7)
Dato' Sri Michael Yeoh Sock Siong	1,905,500(1)	–	–	**1,905,500**(1)

Related Company
YTL Land & Development Berhad

	Number of ordinary shares of RM0.50 each			
	At 1.7.2011	Acquired	(Disposed)	At 30.6.2012
Direct interests				
Dato' Yeoh Seok Kian	61,538	–	–	**61,538**
Dato' Yeoh Soo Keng	100,000	–	–	**100,000**
Deemed interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	497,846,293(5)	–	–	**497,846,293**(5)
Dato' Yeoh Soo Min	625,582(7)	–	–	**625,582**(7)

Directors' Report
for the financial year ended 30 June 2012

DIRECTORS' INTERESTS (CONTINUED)

Related Company
YTL Land & Development Berhad

	Number of Irredeemable Convertible Unsecured Loan Stocks ("ICULS")			
	At 31.10.2011^	Acquired	(Converted)/ (Disposed)	At 30.6.2012
Direct interests				
Dato' Yeoh Seok Kian	–	37,000	–	**37,000**
Dato' Yeoh Soo Keng	–	60,000	–	**60,000**
Deemed interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	–	793,717,049	–	**793,717,049**(5)

^ The ICULS were issued by YTL Land & Development Berhad on 31 October 2011.

Related Company
Syarikat Pelancongan Seri Andalan (M) Sdn Bhd

	Number of ordinary shares of RM1.00 each			
	At 1.7.2011	Acquired	(Disposed)	At 30.6.2012
Direct interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	1	–	–	**1**
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	1	–	–	**1**

Related Corporation
*Infoscreen Networks Plc

	Number of ordinary shares of £0.01 each			
	At 1.7.2011	Acquired	(Disposed)	At 30.6.2012
Direct interest				
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	100	–	–	**100**

Related Corporation
*YTL Corporation (UK) Plc

	Number of ordinary shares of £0.25 each			
	As at 1.7.2011	Acquired	(Disposed)	As at 30.6.2012
Direct interest				
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	1	–	–	**1**

DIRECTORS' INTERESTS (CONTINUED)

Related Corporation
+YTL Construction (Thailand) Limited

	Number of ordinary shares of THB100 each			
	As at 1.7.2011	Acquired	(Disposed)	As at 30.6.2012
Direct interests				
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	1	–	–	**1**
Dato' Yeoh Seok Kian	1	–	–	**1**
Dato' Yeoh Seok Hong	1	–	–	**1**
Dato' Sri Michael Yeoh Sock Siong	1	–	–	**1**
Dato' Mark Yeoh Seok Kah	1	–	–	**1**

Related Corporation
+Samui Hotel 2 Co., Ltd

	Number of ordinary shares of THB10 each			
	As at 1.7.2011	Acquired	(Disposed)	As at 30.6.2012
Direct interests				
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	1	–	–	**1**
Dato' Mark Yeoh Seok Kah	1	–	–	**1**

Related Corporation
@ Swiss Water System AG

	Number of ordinary shares of CHF100 each			
	As at 5.6.2011#	Acquired	(Disposed)	As at 30.6.2012
Direct interests				
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	12,250	–	–	**12,250**

Became a related corporation on 5 June 2012.
* Incorporated in England and Wales.
+ Incorporated in Thailand.
@ Incorporated in Switzerland.

DIRECTORS' INTERESTS (CONTINUED)

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

(2) Deemed interests by virtue of interests held in the name of deceased spouse in which the Director, who is the legal representative, was entitled to exercise under the terms of the employees share option scheme.

(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 Industries Berhad and YTL Power International 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 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.

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

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

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

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

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

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than Directors' remuneration disclosed in Note 7 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he 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 statement and statement of financial position were made out, the Directors took reasonable steps:

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of impairment of receivables 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 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 impaired for receivables or the amount of the impairment of receivables in the financial statements of the Group and 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 Company misleading; or

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

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

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

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

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

In the opinion of the Directors:

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

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

Directors' Report
for the financial year ended 30 June 2012

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 4 October 2012.

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

Dato' Yeoh Seok Hong
Director

Income Statement

for the financial year ended 30 June 2012

	Note	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Revenue	5	**15,870,343**	14,662,559	**1,431,321**	602,996
Cost of sales		**(13,553,409)**	(12,102,331)	**–**	–
Gross profit		**2,316,934**	2,560,228	**1,431,321**	602,996
Other operating income		**125,793**	94,751	**13,492**	38,941
Administrative expenses		**(419,423)**	(372,119)	**(34,059)**	(36,120)
Other operating expenses		**(96,946)**	(165,271)	**(23,930)**	(26,987)
Finance cost		**(820,121)**	(847,495)	**(199,853)**	(196,661)
Share of profits of associates	15	**285,239**	286,812	**–**	–
Profit before taxation	7	**1,391,476**	1,556,906	**1,186,971**	382,169
Taxation	8	**(234,515)**	(309,444)	**78**	(704)
Profit for the financial year		**1,156,961**	1,247,462	**1,187,049**	381,465
Attributable to:					
– Owners of the parent		**1,232,211**	1,364,168	**1,187,049**	381,465
– Non-controlling interest		**(75,250)**	(116,706)	**–**	–
		1,156,961	1,247,462	**1,187,049**	381,465
Earnings per share for profit attributable to the owners of the parent:					
– Basic (sen)	9	**16.99**	18.93		
– Diluted (sen)	9	**16.08**	17.47		

The notes set out on pages 74 to 162 form an integral part of these financial statements.

Statement of Comprehensive Income

for the financial year ended 30 June 2012

		Group		Company	
		2012	2011	2012	2011
	Note	RM'000	RM'000	RM'000	RM'000
Profit for the financial year		**1,156,961**	1,247,462	**1,187,049**	381,465
Other comprehensive (loss)/income:					
Available-for-sale financial assets	25	**(5,472)**	23,920	**(2,991)**	16,916
Cash flow hedges	25	**(244,812)**	100,593	**–**	–
Currency translation differences		**134,311**	520,185	**–**	–
Other comprehensive (loss)/income for the financial year, net of tax		**(115,973)**	644,698	**(2,991)**	16,916
Total comprehensive income for the financial year		**1,040,988**	1,892,160	**1,184,058**	398,381
Total comprehensive income attributable to:					
– Owners of the parent		**1,129,039**	2,008,850	**1,184,058**	398,381
– Non-controlling interests		**(88,051)**	(116,690)	**–**	–
		1,040,988	1,892,160	**1,184,058**	398,381

The notes set out on pages 74 to 162 form an integral part of these financial statements.

Statement of Financial Position
as at 30 June 2012

	Note	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
ASSETS					
Non–current assets					
Property, plant and equipment	11	**17,258,872**	16,662,340	**794**	446
Intangible assets	12	**6,633,773**	6,484,398	**–**	–
Investment in subsidiaries	13	**–**	–	**11,271,794**	10,965,360
Investment in associates	15	**1,524,768**	1,138,020	**5**	5
Investments	16	**180,857**	253,271	**160,601**	182,223
Investment in preference shares	17	**–**	492,705	**–**	–
Derivative financial instruments	20	**3,797**	2,611	**–**	–
Receivables, deposits and prepayments	18	**507,026**	42,228	**–**	–
		26,109,093	25,075,573	**11,433,194**	11,148,034
Current assets					
Inventories	19	**547,670**	532,380	**–**	–
Receivables, deposits and prepayments	18	**2,608,848**	2,361,842	**7,137**	6,975
Derivative financial instruments	20	**75,856**	95,904	**–**	–
Amounts owing by subsidiaries	22	**–**	–	**367,660**	975,812
Amounts owing by related companies	33	**744**	1,336	**–**	–
Cash and bank	23	**9,627,985**	7,178,749	**617,801**	257,573
		12,861,103	10,170,211	**992,598**	1,240,360
TOTAL ASSETS		**38,970,196**	35,245,784	**12,425,792**	12,388,394

The notes set out on pages 74 to 162 form an integral part of these financial statements.

Statement of Financial Position

as at 30 June 2012

		Group		Company	
		2012	2011	2012	2011
	Note	RM'000	RM'000	RM'000	RM'000
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	24	**3,664,128**	3,639,497	**3,664,128**	3,639,497
Reserves		**5,773,384**	4,873,782	**4,973,660**	4,144,335
Equity attributable to owners of the parent		**9,437,512**	8,513,279	**8,637,788**	7,783,832
Non-controlling interests		**373,583**	(121,980)	**–**	–
TOTAL EQUITY		**9,811,095**	8,391,299	**8,637,788**	7,783,832
LIABILITIES					
Non–current liabilities					
Deferred taxation	26	**2,430,151**	2,538,545	**35**	26
Borrowings	27	**13,687,972**	14,615,594	**3,188,276**	3,473,984
Post-employment benefit obligations	28	**127,898**	132,770	**–**	–
Grant and contribution	29	**280,011**	256,834	**–**	–
Derivative financial instruments	20	**45,478**	19,989	**–**	–
Payables	30	**273,644**	25,877	**–**	–
		16,845,154	17,589,609	**3,188,311**	3,474,010
Current liabilities					
Payables and accrued expenses	31	**2,320,328**	2,324,211	**42,269**	159,378
Derivative financial instruments	20	**284,648**	94,152	**–**	–
Provision for liabilities and charges	32	**772**	20,099	**–**	–
Post–employment benefit obligations	28	**1,419**	932	**207**	208
Amounts owing to immediate and penultimate holding company	21	**56**	35	**–**	–
Amounts owing to subsidiaries	22	**–**	–	**241,709**	49,719
Amounts owing to related companies	33	**150,736**	103,837	**8**	1,247
Taxation		**257,605**	239,337	**–**	–
Borrowings	27	**9,298,383**	6,482,273	**315,500**	920,000
		12,313,947	9,264,876	**599,693**	1,130,552
TOTAL LIABILITIES		**29,159,101**	26,854,485	**3,788,004**	4,604,562
TOTAL EQUITY AND LIABILITIES		**38,970,196**	35,245,784	**12,425,792**	12,388,394

The notes set out on pages 74 to 162 form an integral part of these financial statements.

Consolidated Statement of Changes in Equity
for the financial year ended 30 June 2012

Group	Note	Share Capital (Note 24) RM'000	Share Premium RM'000	Merger Reserve RM'000	Currency Translation Reserve RM'000	Other Reserves (Note 25(a)) RM'000	Treasury Shares (Note 25(b)) RM'000	Retained Earnings (Note 25(c)) RM'000	Total RM'000	Non-controlling Interests RM'000	Total Equity RM'000
		Attributable to Owners of the Parent									
At 1 July 2011		3,639,497	2,976,340	(2,138,533)	(1,234,190)	289,162	(119,972)	5,100,975	8,513,279	(121,980)	8,391,299
Profit for the financial year		–	–	–	–	–	–	1,232,211	1,232,211	(75,250)	1,156,961
Other comprehensive income/(loss)		–	–	–	147,112	(250,284)	–	–	(103,172)	(12,801)	(115,973)
Total comprehensive income for the financial year		–	–	–	147,112	(250,284)	–	1,232,211	1,129,039	(88,051)	1,040,988
Disposal of interest in subsidiary	13	–	–	–	–	(19,991)	–	145,287	125,296	419,871	545,167
Acquisition of subsidiaries		–	–	–	–	–	–	–	–	5,696	5,696
Equity contribution in a subsidiary by a Non-Controlling Interest	13(b)	–	–	–	–	–	–	–	–	200,000	200,000
Exercise of share options	24	20,044	53,613	–	–	(7,257)	–	–	66,400	–	66,400
Exercise of warrants	24	4,587	6,514	–	–	–	–	–	11,101	–	11,101
Fourth Interim dividends paid for the financial year ended 30 June 2011	10	–	–	–	–	–	–	(136,209)	(136,209)	–	(136,209)
Interim dividends paid for the financial year ended 30 June 2012	10	–	–	–	–	–	–	(272,575)	(272,575)	–	(272,575)
Dividend paid to Non-Controlling Interest		–	–	–	–	–	–	–	–	(41,953)	(41,953)
Share option expenses	24(b),(c)	–	–	–	–	1,181	–	–	1,181	–	1,181
Warrant reserve	24(a)	–	917	–	–	(917)	–	–	–	–	–
Share option lapsed		–	–	–	–	(10,099)	–	10,099	–	–	–
Exchange differences	25(a)	–	–	–	(1,101)	1,101	–	–	–	–	–
At 30 June 2012		3,664,128	3,037,384	(2,138,533)	(1,088,179)	2,896	(119,972)	6,079,788	9,437,512	373,583	9,811,095

The notes set out on pages 74 to 162 form an integral part of these financial statements.

Consolidated Statement of Changes in Equity
for the financial year ended 30 June 2012

Group	Note	Share Capital (Note 24) RM'000	Share Premium RM'000	Merger Reserve RM'000	Currency Translation Reserve RM'000	Other Reserves (Note 25(a)) RM'000	Treasury Shares (Note 25(b)) RM'000	Retained Earnings (Note 25(c)) RM'000	Total RM'000	Non–controlling Interests RM'000	Total Equity RM'000
		|<— Attributable to Owners of the Parent						—>|			
At 1 July 2010		3,623,273	2,942,668	(2,138,533)	(1,758,754)	166,467	(119,967)	4,413,279	7,128,433	–	7,128,433
Profit for the financial year		–	–	–	–	–	–	1,364,168	1,364,168	(116,706)	1,247,462
Other comprehensive income		–	–	–	520,169	124,513	–	–	644,682	16	644,698
Total comprehensive income for the financial year		–	–	–	520,169	124,513	–	1,364,168	2,008,850	(116,690)	1,892,160
Non–controlling interests arising from business combination	13(b)	–	–	–	–	–	–	–	–	(5,290)	(5,290)
Exercise of share warrants		8,860	12,583	–	–	–	–	–	21,443	–	21,443
Exercise of share options		7,364	19,318	–	–	(1,455)	–	–	25,227	–	25,227
Final dividends paid for the financial year ended 30 June 2010	10	–	–	–	–	–	–	(135,238)	(135,238)	–	(135,238)
Interim dividends paid for the financial year ended 30 June 2011	10	–	–	–	–	–	–	(405,845)	(405,845)	–	(405,845)
Interim dividends declared and payable for the financial year ended 30 June 2011	10	–	–	–	–	–	–	(135,418)	(135,418)	–	(135,418)
Shares repurchased	25(b)	–	–	–	–	–	(5)	–	(5)	–	(5)
Share option expenses	24(b)	–	–	–	–	5,832	–	–	5,832	–	5,832
Warrant reserve	24(a)	–	1,771	–	–	(1,771)	–	–	–	–	–
Share option lapsed		–	–	–	–	(29)	–	29	–	–	–
Exchange differences	25(a)	–	–	–	4,395	(4,395)	–	–	–	–	–
At 30 June 2011		3,639,497	2,976,340	(2,138,533)	(1,234,190)	289,162	(119,972)	5,100,975	8,513,279	(121,980)	8,391,299

The notes set out on pages 74 to 162 form an integral part of these financial statements.

Company Statement of Changes in Equity

for the financial year ended 30 June 2012

Company	Note	Share Capital (Note 24) RM'000	Share Premium RM'000	Other Reserves (Note 25(a)) RM'000	Treasury Shares (Note 25(b)) RM'000	Retained Earnings (Note 25(c)) RM'000	Total RM'000
At 1 July 2011		**3,639,497**	**2,976,340**	**179,969**	**(119,972)**	**1,107,998**	**7,783,832**
Profit for the financial year		–	–	–	–	**1,187,049**	**1,187,049**
Other comprehensive income		–	–	**(2,991)**	–	–	**(2,991)**
Total comprehensive income for the financial year		–	–	**(2,991)**	–	**1,187,049**	**1,184,058**
Exercise of share options		**20,044**	**53,613**	**(7,257)**			**66,400**
Exercise of warrants		**4,587**	**6,514**				**11,101**
Fourth interim dividends paid for the financial year ended 30 June 2011	10	–	–	–	–	**(136,209)**	**(136,209)**
Interim dividends paid for the financial year ended 30 June 2012	10	–	–	–	–	**(272,575)**	**(272,575)**
Share option expenses	24(b),(c)	–	–	**1,181**	–	–	**1,181**
Warrant reserve	24(a)	–	**917**	**(917)**	–	–	–
Share option lapsed		–	–	**(10,099)**	–	**10,099**	–
At 30 June 2012		**3,664,128**	**3,037,384**	**159,886**	**(119,972)**	**1,896,362**	**8,637,788**
At 1 July 2010		3,623,273	2,942,668	160,476	(119,967)	1,403,005	8,009,455
Profit for the year		–	–	–	–	381,465	381,465
Other comprehensive income		–	–	16,916	–	–	16,916
Total comprehensive income for the year		–	–	16,916	–	381,465	398,381
Exercise of warrants		8,860	12,583	–	–	–	21,443
Exercise of share options		7,364	19,318	(1,455)	–	–	25,227
Final dividends paid for the financial year ended 30 June 2010	10	–	–	–	–	(135,238)	(135,238)
Interim dividends paid for the financial year ended 30 June 2011	10	–	–	–	–	(405,845)	(405,845)
Interim dividends declared and payable for the financial year ended 30 June 2011	10	–	–	–	–	(135,418)	(135,418)
Shares repurchased	25(a)	–	–	–	(5)	–	(5)
Share option expenses	24(b)	–	–	5,832	–	–	5,832
Warrant reserve	24(a)	–	1,771	(1,771)	–	–	–
Share option lapsed		–	–	(29)	–	29	–
At 30 June 2011		3,639,497	2,976,340	179,969	(119,972)	1,107,998	7,783,832

The notes set out on pages 74 to 162 form an integral part of these financial statements.

Statement of Cash Flows

for the financial year ended 30 June 2012

		Group		Company	
	Note	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit for the financial year		**1,156,961**	1,247,462	**1,187,049**	381,465
Adjustments for:					
Allowance for impairment of receivables (net of reversals)		**47,871**	21,642	–	–
Allowance for inventories obsolescence		**7,630**	2,868	–	–
Allowance for retirement benefits		**79,700**	29,413	–	–
Allowance of fuel cost		**3,867**	5,049	–	–
Amortisation of grant		**(10,157)**	(9,506)	–	–
Bad Debts written-off		**1,079**	–	**1,079**	–
Depreciation of property, plant and equipment		**1,161,425**	987,958	**93**	126
Dividends from quoted investments in Malaysia		**(602)**	(640)	–	–
Fair value changes of derivatives		**20,611**	(2,038)	–	–
Fair value changes on investments		**18,631**	(27,656)	**18,631**	(27,656)
Gain on derecognition of preference shares		**(87,608)**	–	–	–
Ineffective portion on cash flow hedges		**5,283**	4,385	–	–
Interest expense on borrowing		**820,121**	847,495	**199,853**	196,661
Interest income		**(24,392)**	(13,756)	–	–
Net gain on disposal of property, plant and equipment		**(2,243)**	(8,697)	–	(24)
Property, plant and equipment written off		**5,901**	17,692	–	–
(Reversal of)/Allowance for liabilities and charges		**(17,279)**	3,705	–	–
Share of results of associated companies		**(285,239)**	(286,812)	–	–
Share option expenses		**1,181**	5,832	**169**	1,286
Taxation		**234,515**	309,444	**(78)**	704
Unrealised loss/(gain) on foreign exchange		**(14,247)**	18,016	**(7,058)**	(11,264)
		3,123,009	3,151,856	**1,399,738**	541,298
Changes in working capital:					
Inventories		**(19,038)**	76,113	–	–
Receivables, deposits and prepayments		**(419,903)**	(157,133)	**(5,500)**	(1,043)
Payables and accrued expenses		**443,763**	75,186	**33,643**	23,668
Subsidiaries		–	–	**168,921**	(106,793)
Related companies		**47,491**	(75,214)	**(1,239)**	1,182
Cash generated from operations		**3,175,322**	3,070,808	**1,595,543**	458,312
Interest paid		**(612,415)**	(640,256)	**(187,249)**	(160,876)
Payment for provision and liabilities		**(2,004)**	(5,330)	–	–
Payment to retirements benefit schemes		**(93,026)**	(95,534)	–	–
Tax (paid)/refunded		**(382,669)**	(299,097)	**475**	4,723
Net cash flows from operating activities		**2,085,208**	2,030,591	**1,408,769**	302,159

The notes set out on pages 74 to 162 form an integral part of these financial statements.

	Note	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Additional investment in associate		**(15,751)**	–	–	–
Acquisition of associate		–	(40,664)	–	–
Acquisition of subsidiaries		**(957)**	(12,541)	–	–
Development expenditure incurred		**(2,498)**	(23,030)	**(2,498)**	(23,030)
Dividends received		**161,611**	89,905	–	–
Disposal of interest in subsidiary		**545,167**	–	–	–
Grants received		**27,475**	29,196	–	–
Interest received		**19,384**	13,265	–	–
Proceeds from disposal of investments		**49,422**	52,588	–	48,393
Proceeds from disposal of property, plant and equipment		**10,449**	14,845	–	24
Purchase of investments		–	(49,655)	–	–
Purchase of property, plant and equipment		**(1,319,289)**	(1,324,241)	**(441)**	(148)
Repayment/(advances) to subsidiaries		–	–	**335,599**	(128,984)
Net cash flows (used in)/from investing activities		**(524,987)**	(1,250,332)	**332,660**	(103,745)
CASH FLOWS FROM FINANCING ACTIVITIES					
Debt financing fee		**(7,955)**	(596)	–	–
Dividends paid		**(544,202)**	(810,693)	**(544,202)**	(810,693)
Dividends paid to Non–controlling interest		**(41,953)**	–	–	–
Proceeds from borrowings		**15,437,930**	3,698,282	**2,670,000**	1,300,000
Proceeds from issue of shares		**77,501**	48,124	**77,501**	48,124
Repayment of borrowings		**(11,957,762)**	(4,142,649)	**(1,384,500)**	(1,050,000)
Redemption of bonds		**(2,200,000)**		**(2,200,000)**	
Repurchase of own shares		–	(5)	–	(5)
Net cash flows (used in) financing activities		**763,559**	(1,207,537)	**(1,381,201)**	(512,574)
Net changes in cash and cash equivalents		**2,323,780**	(427,278)	**360,228**	(314,160)
Effects of exchange rate changes		**97,677**	231,871	–	–
CASH AND CASH EQUIVALENTS					
– At beginning of the financial year		**7,131,314**	7,326,721	**257,573**	571,733
– At end of the financial year	23	**9,552,771**	7,131,314	**617,801**	257,573

The notes set out on pages 74 to 162 form an integral part of these financial statements.

Notes to the Financial Statements
for the financial year ended 30 June 2012

1. GENERAL INFORMATION

The principal activities of the Company are investment holding and the provision of administrative and technical support services. The principal activities of the subsidiaries are set out in Note 13(a) 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. BASIS OF PREPARATION

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

The financial statements of the Group and the Company have been prepared in accordance with Financial Reporting Standards ('FRS') and the Companies Act, 1965. During the financial year, the Group and the Company had adopted new and amended FRS and IC Interpretations which are mandatory for the year beginning on or after 1 July 2011 as described in Note 2(a) to the financial statements below.

The preparation of financial statements in conformity with Financial Reporting Standards 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 4 to the financial statements.

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

2. BASIS OF PREPARATION (CONTINUED)

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

The new accounting standards, amendments to published standards and IC Interpretations to the existing standards effective for the Group and the Company's financial year beginning on or after 1 July 2011 are as follow:

FRS, Amendments to FRS and Interpretations	Effective for financial periods beginning on or after
• Amendment to FRS 1 'Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters'	1 January 2011
• Amendment to FRS 1 'Additional Exemption for First-time Adopters'	1 January 2011
• Amendment to FRS 2 'Group Cash-settled Share-based Payment Transactions'	1 January 2011
• Amendment to FRS 7 'Financial Instruments: Improving Disclosures about Financial Instruments'	1 January 2011
• IC Interpretation 4 'Determining Whether an Arrangement contains a Lease'	1 January 2011
• IC Interpretation 18 'Transfer of Assets from Customers'	1 January 2011
• IC Interpretation 19 'Extinguishing Financial Liabilities with Equity Instruments'	1 July 2011
• Amendment to IC Interpretation 13 'Customer Loyalty Programmes'	1 January 2011
• Amendment to IC Interpretation 14 'Prepayments of a Minimum Funding Requirement'	1 July 2011
• Improvements to FRSs (2010)	1 January 2011

The adoption of these amendments to FRSs and IC interpretations did not have any significant financial impact to the Group and the Company except for the effect of Amendments to FRS 7, IC Interpretation 4 and IC Interpretation 18 as discussed below:

<u>Amendments to FRS 7 'Improving Disclosures about Financial Instruments'</u>
The amendment promotes enhanced disclosures on fair value measurement of financial instrument via the introduction of the concept of the fair value hierarchy. There is no financial impact on the results of the Group and the Company as these changes only affect disclosures.

<u>IC Interpretation 4 'Determining whether an arrangement contains a lease'</u>
The interpretation requires the Group and Company to identify any arrangement that does not take the legal form of a lease, but conveys a right to use an asset in return for a payment or series of payments. This interpretation provides guidance for determining whether such arrangements are, or contain, leases. The assessment is based on the substance of the arrangement and requires assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset and the arrangement conveys a right to use the asset. If the arrangement contains a lease, the requirements of FRS 117 "Leases" should be applied to the lease element of the arrangement. The adoption of this interpretation has no financial impact to the Group as these changes only affects disclosures.

2. BASIS OF PREPARATION (CONTINUED)

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

IC Interpretation 18 'Transfer of Assets from Customer'
The Group implemented IC Interpretation 18 'Transfer of assets from Customer' which is prospectively effective for transfer of assets from customers on or after 1 January 2011. The IC Interpretation requires the Group which receives assets from customer to fair value the assets transferred and recognise as property, plant and equipment. Where the transfer is considered to be linked to the provision of ongoing services the corresponding credit is recorded in deferred income and release to operating cost over the expected useful life of the assets transferred.

The effect of the transfer for the current financial year is RM164.8 million recorded as property, plant and equipment with a corresponding credit to deferred income matching the expected useful life of the assets transferred.

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

In the next financial year, the Group and Company will be adopting the new IFRS-compliant framework, Malaysian Financial Reporting Standards ("MFRS"). In adopting the new framework, the Group and Company will be applying MFRS 1 'First-time adoption of MFRS'.

The Group and Company will apply the new standards, amendments to standards and interpretations in the following period:

(i) Financial year beginning on or after 1 July 2012

- Amendment to MFRS 7 'Financial instruments: Disclosures on transfers of financial assets' (effective from 1 January 2012) promotes transparency in the reporting of transfer transactions and improve users' understanding of the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position, particularly those involving securitisation of financial assets.

- The revised MFRS 124 'Related party disclosures' (effective from 1 January 2012) removes the exemption to disclose transactions between government-related entities and the government, and all other government-related entities. The following new disclosures are now required for government related entities:

  The following new disclosures are now required for government related entities:

  - The name of the government and the nature of their relationship;
  - The nature and amount of each individually significant transactions; and
  - The extent of any collectively significant transactions, qualitatively or quantitatively.

2. BASIS OF PREPARATION (CONTINUED)

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

(i) Financial year beginning on or after 1 July 2012 (continued)

- Amendment to MFRS 101 'Presentation of items of other comprehensive income' (effective from 1 July 2012) requires entities to separate items presented in 'other comprehensive income' (OCI) in the statement of comprehensive income into two groups, based on whether or not they may be recycled to profit or loss in the future. The amendments do not address which items are presented in OCI.

(ii) Financial year beginning on/after 1 July 2013

- MFRS 10 'Consolidated financial statements' (effective from 1 January 2013) changes the definition of control. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. It establishes control as the basis for determining which entities are consolidated in the consolidated financial statements and sets out the accounting requirements for the preparation of consolidated financial statements. It replaces all the guidance on control and consolidation in MFRS 127 'Consolidated and separate financial statements' and IC Interpretation 112 'Consolidation - special purpose entities'. At the date of initial application, if the consolidation conclusion differs from previous conclusion, difference between the FRS 10 carrying amounts and previous carrying amounts at the beginning of the immediately preceding annual period is adjusted to equity.

- MFRS 11 'Joint Arrangements' (effective from 1 January 2013) requires a party to a joint arrangement to determine the type of joint arrangement in which it if involved by assessing its rights and obligations arising from the arrangement, rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is not longer allowed. The application of MFRS 11 will result in the classification of the jointly controlled entities currently held by the Group as joint ventures.

- MFRS 12 'Disclosures of interests in other entities' (effective from 1 January 2013) sets out the required disclosures for entities reporting under the two new standards, MFRS 10 and MFRS 11, and replaces the disclosure requirements currently found in MFRS 128 'Investments in associates'. It requires entities to disclose information that helps financial statements readers to evaluate the nature, risks and financial effects associated with the entity's interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities.

- MFRS 13 'Fair value measurement' (effective from 1 January 2013) aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across MFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards. The enhanced disclosure requirements are similar to those in MFRS 7 'Financial instruments: Disclosures', but apply to all assets and liabilities measured at fair value, not just financial ones.

- The revised MFRS 127 'Separate financial statements' (effective from 1 January 2013) includes the provisions on separate financial statements that are left after the control provisions of MFRS 127 have been included in the new MFRS 10.

2. BASIS OF PREPARATION (CONTINUED)

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

(ii) Financial year beginning on/after 1 July 2013 (continued)

- MFRS 128 'Investments in Associates and Joint Ventures' (effective from 1 January 2013) includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of MFRS 11. It is not expected to have an impact on the financial statements of the Group.

- Amendment to MFRS 1 'First time adoption of MFRSs: Government loans' (effective from 1 January 2013) provides relief to first-time adopters from the retrospective application of MFRS 120 'Accounting for Government Grants and Disclosure of Government Assistance' on government loans at a below-market rate of interest existing at the date of transition to MFRS.

- Amendment to MFRS 7 'Financial instruments: Disclosures' (effective from 1 January 2013) requires more extensive disclosures focusing on quantitative information about recognised financial instruments that are offset in the statement of financial position and those that are subject to master netting or similar arrangements irrespective of whether they are offset.

- Amendment to MFRS 119 'Employee benefits' (effective from 1 January 2013) makes significant changes to the recognition and measurement of defined benefit pension expense and termination benefits, and to the disclosures for all employee benefits. Actuarial gains and losses will no longer be deferred using the corridor approach. MFRS 119 shall be withdrawn on application of this amendment.

(iii) Financial year beginning on/after 1 July 2014

- Amendment to MFRS 132 'Financial instruments: Presentation' (effective from 1 January 2014) does not change the current offsetting model in MFRS 132. It clarifies the meaning of 'currently has a legally enforceable right of set-off' that the right of set-off must be available today (not contingent on a future event) and legally enforceable for all counterparties in the normal course of business. It clarifies that some gross settlement mechanisms with features that are effectively equivalent to net settlement will satisfy the MFRS 132 offsetting criteria.

(iv) Financial year beginning on/after 1 July 2015

- MFRS 9 'Financial instruments – classification and measurement of financial assets and financial liabilities' (effective from 1 January 2015) replaces the multiple classification and measurement models in MFRS 139 with a single model that has only two classification categories: amortised cost and fair value. The basis of classification depends on the entity's business model for managing the financial assets and the contractual cash flows characteristics of the financial asset.

  The accounting and presentation for financial liabilities and for de-recognising financial instruments has been relocated from MFRS 139, without change, except for financial liabilities that are designated at fair value through profit or loss ('FVTPL'). Entities with financial liabilities designated at FVTPL recognise changes in the fair value due to changes in the liability's credit risk directly in other comprehensive income (OCI). There is no subsequent recycling of the amounts in OCI to profit or loss, but accumulated gains or losses may be transferred within equity.

2. BASIS OF PREPARATION (CONTINUED)

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

The Group and Company have started a preliminary assessment of the differences between FRS and accounting standards under the MFRS Framework and are in the process of assessing the financial effects of the differences. Accordingly, the financial performance and financial position as disclosed in these financial statements for the financial year ended 30 June 2012 could be different if prepared under the MFRS Framework.

The Group and the Company expects to be in position to fully comply with the requirements of the MFRS Framework for the financial year ending 30 June 2013.

3. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Property, plant and equipment

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

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

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

Notes to the Financial Statements

for the financial year ended 30 June 2012

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Property, plant and equipment (continued)

Infrastructure assets comprise a network of system of mains and sewers, impounding and pumped raw water storage reservoirs, dams, sludge pipelines, sea outfalls and infrastructure investigations and studies. It is amortised in equal instalments over a period of one hundred and 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 – 30
Mains and lines	20
Office equipment	3 – 10
Computers	3 – 5
Furniture and fittings	3 – 10
Motor vehicles and aircraft	5 – 10
Telecommunications equipment	5 – 25

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

At each reporting 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 Note 3(d) to the financial statements on impairment of non-financial assets.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Leases

(i) Accounting by lessee

Finance lease

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

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

Operating lease

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

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

(ii) Accounting by lessor

Operating lease

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

(c) 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 and the fair value of the non-controlling interest in the acquiree at the date of acquisition.

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

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

Notes to the Financial Statements
for the financial year ended 30 June 2012

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or as and when events or circumstances occur indicating that impairment may exist. Assets that are subject to amortisation are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. 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 levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

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

(e) Subsidiaries

Subsidiaries are all entities in which the Group has power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. 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 acquisition 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.

Intergroup 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.

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 Income Statement.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Subsidiaries (continued)

(i) Acquisition method

Under the acquisition method of accounting, subsidiaries are fully consolidated from the date of which control is transferred to the Group and are 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. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred.

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

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

(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 financial years. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. On consolidation, the difference between the carrying values of the investment in the subsidiary over the nominal value of the shares acquired is taken to merger reserve.

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

(iii) Transactions with non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control or significant influence, any retained interest in the entity is premeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to Income Statement.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) 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 profit or loss is recognised in the Income Statement and its share of post-acquisition movements in reserves is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying value of investment. When the Group's share of losses in the 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 financial 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.

(g) 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 profit or loss 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 Statement of Financial Position 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Joint ventures (continued)

(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.

(h) 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.

(i) 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.

(j) Trade and other receivables

Trade receivables are amount due from customers for which services are performed in ordinary course of business. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest methods less provision for impairment.

(k) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis. Inventories comprise primarily of raw material, work in progress, fuel and spare parts. The cost of work-in-progress comprises raw materials, direct labour, other direct costs and related overheads. It excludes borrowing costs.

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

(l) Financial assets

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

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

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

Changes in the fair values of financial assets at fair value through profit or loss are recognised in the Income Statement in the period in which the changes arise.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Financial assets (continued)

(ii) Loans and Receivables

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

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

(iii) Available-for-sale Financial Assets

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

Changes in the fair values of available-for-sale investments are recognised in other comprehensive income. When available-for-sale financial assets are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to the Income Statement.

(iv) Derecognition

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

(v) Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount presented in the Statement of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Financial assets (continued)

(vi) Impairment of financial assets

(a) Assets carried at amortised cost

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

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

(b) Assets classified as available-for-sale

The Group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is taken as evidence that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in Income Statement - is removed from equity and recognised in the Income Statement. Impairment losses recognised in the Income Statement on equity instruments are not reversed through Income Statement.

(m) Derivative financial instruments and hedging activities

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

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

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

(c) hedges of a net investment in a foreign operation (net investment hedge).

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

The fair values of various derivative financial instruments used for hedging purposes are disclosed in Note 20 to the financial statements. Movements on the hedging reserve in other comprehensive income are shown in Note 25(a) to the financial statements. The full fair value of a hedging derivative is classified as non-current asset or liability when the remaining hedged item is more than 12 months, and as current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as current asset or liability.

Notes to the Financial Statements

for the financial year ended 30 June 2012

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

(i) Fair value hedge

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

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

(ii) Cash flows hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flows hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the Income Statement within 'other gains/(losses) – net'.

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

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

(n) Financial guarantee

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Financial guarantee (continued)

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

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

(o) Cash and cash equivalents

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

(p) Share capital

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

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

Purchase of own shares

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

(q) Bonds and borrowings

Bonds and borrowings are initially recognised based on the proceeds received, net of transaction costs incurred. Subsequently, bonds and borrowings are stated at amortised cost using the effective 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 reporting 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Grants and contributions

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

(s) Deferred income

Deferred income represents the cash received in advance from customer in respect for services which are yet to be provided. Such amounts are recorded as liabilities in the statement of financial position and are only recognised as revenue in the Income Statement upon the rendering of services to customers.

(t) 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 judgements about the ultimate resolution of these obligations. As a result, provisions are reviewed at each reporting date and adjusted to reflect the Group's current best estimate.

(u) Revenue recognition

(i) Sale of electricity

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

(ii) Sale of fuel oil

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

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

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

(iv) Broadband and telecommunications revenue

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

(v) Sale of steam

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Revenue recognition (continued)

(vi) Investment income

Investment incomes 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.

(vii) Other income

Other incomes earned by the Group are recognised on the following bases:

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

(v) Employee benefits

(i) Short-term employee benefits

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

(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 financial 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 profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(iv) Defined benefit plan

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

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

Notes to the Financial Statements
for the financial year ended 30 June 2012

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) Employee benefits (continued)

(iv) Defined benefit plan (continued)

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

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

(w) Income taxes

Current tax expense is determined according to the tax laws of each jurisdiction in which the Group operates and 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 reporting date and are expected to apply when the related deferred tax asset is realised or deferred tax liability is settled.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(x) Foreign currencies

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

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

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

Goodwill and fair value adjustments arising on the acquisition of a foreign entity on or after 1 July 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.

(y) Segment reporting

Operating segment 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.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

(a) Impairment assessment of goodwill

The Group tests goodwill for impairment annually, in accordance with its accounting policy. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates as set out in Note 12 to the financial statements.

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

The residual value and the useful life of property, plant, and equipment 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. It is possible that the future results of operations could be materially affected by changes in this estimate.

During the financial year, the estimated residual value of certain property, plant and equipment with a net book value as at 1 July 2011 of RM1.1 billion were revised. The revision was accounted for as a change in accounting estimate, the impact of which is disclosed in Note 11 to the financial statements. A further 10% decrease in the revised residual value of these plant and equipment will increase the annual depreciation charge by RM6.3 million.

(c) 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.

(d) Estimated pension benefits

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

The Group determines the appropriate discount rate at the end of each 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 28 to the financial statements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

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

Management applies its accounting policy set out in Note 3(d) to the financial statements in determining when property, plant and equipment and 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.

(f) Adoption of private drains and sewers

On 1 October 2011, Wessex Water Limited (a wholly owned indirect subsidiary of YTL Power International Berhad) was required to adopt drains and sewers as a result of legislation. The Group's policy is to recognise adopted assets at fair value at the point of adoption. The following assumptions were made in estimating the fair value of these assets:

- the cost required to bring the assets up to the required standard;
- the cost required to maintain the operating capability of the assets at the required standards; and
- the extent and timing of recovery of these costs.

In all reasonably probable scenarios, the present value of the costs recovered will not exceed the present value of the costs incurred and hence a fair value of nil has been attributed to these assets.

(g) Allowance for impairment for receivables

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

(h) Determining whether an arrangement contains a lease

YTL Power Generation Sdn Bhd, a wholly owned subsidiary of the Company is required, under the current financial reporting framework, to evaluate whether its Power Purchase Agreements ('PPA') are leasing agreements in accordance with IC Interpretation 4 'Determining whether an arrangement contains a lease'.

When a leasing arrangement is established, the subsidiary is required to make a further assessment on whether the risks and rewards of the ownership of each power plant is vested on the off-taker (which will define this as a financial lease arrangement) or if the risk and rewards are substantially vested on the subsidiary (i.e. an operating lease). In making this evaluation, both quantitative and qualitative criteria are prescribed by the FRS. In such situations, considerable judgement is brought to bear in determining which party bears most of the risk and rewards.

In assessing this, the subsidiary has determined its PPA arrangements as operating leases.

5. REVENUE

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Sale of electricity	**11,288,179**	10,280,326	–	–
Sale of clean water and treatment and disposal of waste water	**2,398,553**	2,293,708	–	–
Sale of fuel oil	**1,632,803**	1,776,564	–	–
Sale of steam	**185,076**	150,795	–	–
Broadband and telecommunications revenue	**218,752**	26,603	–	–
Investment income	**66,174**	74,269	**1,406,321**	577,996
Other revenue	**80,806**	60,294	**25,000**	25,000
	15,870,343	14,662,559	**1,431,321**	602,996

6. 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 the Company. The key management compensation is disclosed below:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Key management compensation:				
– Wages, salaries and bonuses	**22,239**	21,861	**10,032**	9,291
– Defined contribution plan	**2,645**	2,635	**1,181**	1,136
– Fees	**610**	580	**610**	580
– Share options expenses	**283**	2,460	**139**	1,130
– Allowances	**84**	89	**84**	89

Included in key management compensation is the Directors' remuneration (whether executive or otherwise) as disclosed in Note 7 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 stated in Note 33.

6. SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Sale of goods and services:				
– Subsidiaries	–	–	**25,000**	25,000
– Related companies	**9,253**	5,366	–	–
Dividend income:				
– Subsidiaries	–	–	**1,354,167**	539,141
Interest income:				
– Subsidiaries – in respect of loan and advances	–	–	**37,919**	21,076
Purchases of goods and services from subsidiaries and related companies:				
– Hotel and accommodation	**6,102**	10,555	**1,170**	6,451
– Operating and maintenance	**88,000**	91,000	–	–
– Rental of land and building	**7,101**	5,526	–	–
– Telecommunications related charges	**75,000**	50,000	–	–
– Travelling fares and motor vehicle maintenance	**4,653**	7,325	**3,095**	5,873
– Building infrastructure	**18,700**	–	–	–
Expenses paid on behalf of:				
– Subsidiaries	–	–	**44,625**	65,697
Expenses paid on behalf by:				
– Subsidiaries	–	–	**37,006**	66,011
– Related companies	**39,648**	16,866	–	–
Year–end balances owing from:				
– related companies	**744**	1,336	–	–
– subsidiary	–	–	**367,660**	975,812
Year–end balances arising from/(to):				
– related companies	**(150,736)**	(103,837)	**(8)**	(1,247)
– subsidiary			**(241,709)**	(49,719)

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

	Company	
	2012 RM'000	2011 RM'000
Advances to subsidiaries		
At 1 July	**681,744**	531,684
Advances during the financial year	**564,401**	692,607
Repayments during the financial year	**(900,000)**	(563,623)
Capitalisation of intercompany balances	**(300,000)**	–
Interest charged	**37,919**	21,076
At 30 June	**84,064**	681,744

7. PROFIT BEFORE TAXATION

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Profit before taxation is stated after charging/(crediting):				
Allowance for impairment of receivables (net of reversals)	**47,871**	21,642	**–**	–
Allowance for inventories obsolescence	**7,630**	2,868	**–**	–
Allowance for fuel cost	**3,867**	5,049	**–**	–
Allowance for retirement benefit	**79,700**	29,413		
Amortisation of grant	**(10,157)**	(9,506)	**–**	–
Auditors' remuneration				
– Statutory audit fees paid to PricewaterhouseCoopers (Malaysia):				
– current year	**500**	380	**543**	303
– under accrual in prior year	**100**	–	**100**	–
– Statutory audit fees paid to PricewaterhouseCoopers (Overseas)	**530**	501	**–**	–
– Statutory audit fees paid to other audit firms	**1,716**	1,549	**–**	–
Bad debts	1,079	–	1,079	–
Depreciation of property, plant and equipment	**1,161,425**	987,958	**93**	126
Development expenditure	**2,498**	23,030	**2,498**	23,030
Directors' remuneration	**25,861**	27,625	**12,046**	12,226
Dividends from quoted investments in Malaysia	**(602)**	(640)	**–**	–
Energy cost	**10,828,729**	9,756,682	**–**	–
Fair value changes of derivatives	**20,611**	(2,038)	**–**	–
Fair value changes on investments in FVTPL	**18,631**	(27,656)	**18,631**	(27,656)
Gain on acquisition of an associate (included in share of profits of associates)	**(69,445)**	–	**–**	–
Gain on derecognition of preference shares	**(87,608)**	–	**–**	–
Ineffective portion on cash flow hedges	**5,283**	4,385	**–**	–
Interest income	**(24,392)**	(13,756)	**–**	–
Interest on borrowings	**820,121**	847,495	**199,853**	196,661
Net gain on disposal of property, plant and equipment	**(2,243)**	(8,697)	**–**	(24)
Property, plant and equipment written off	**5,901**	17,692	**–**	–
Realised loss on foreign exchange	**14,604**	24,425	**–**	–
Rental of land and building	**105,897**	77,678	**340**	–
Rental of plant, equipment and machinery	**2,722**	2,183		–
(Reversal of)/allowance for liabilities and charges	**(17,279)**	3,705	**–**	–
Staff costs:				
– Wages, salaries and bonus	**293,234**	387,902	**9,423**	9,721
– Defined contribution plan	**18,794**	13,937	**915**	965
– Defined benefit plan	**79,706**	29,413	**–**	–
– Share options expenses	**898**	3,382	**30**	155
Unrealised (gain)/loss on foreign exchange	**(14,247)**	18,016	**(7,058)**	(11,264)

7. PROFIT BEFORE TAXATION (CONTINUED)

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

	Salaries RM'000	Fees RM'000	Bonus RM'000	Others* RM'000	Total RM'000
Financial year ended 30 June 2012					
Group					
Executive Directors	**12,931**	**360**	**9,308**	**2,957**	**25,556**
Non-executive Directors	**–**	**250**	**–**	**55**	**305**
Company					
Executive Directors	**6,071**	**360**	**3,961**	**1,352**	**11,744**
Non-executive Directors	**–**	**250**	**–**	**52**	**302**
Financial year ended 30 June 2011					
Group					
Executive Directors	12,051	360	9,810	5,142	27,363
Non-executive Directors	–	220	–	42	262
Company					
Executive Directors	5,681	360	3,610	2,313	11,964
Non-executive Directors	–	220	–	42	262

The number of Directors of the Group and of the Company whose total remuneration fall within the following bands for the financial year ended 30 June 2012 is as follows:

	Group No. of Directors		Company No. of Directors	
Range of remuneration	Executive	Non-executive	Executive	Non-executive
Below RM50,000	–	1	3	1
RM50,001 – RM100,000	2	2	2	2
RM100,001 – RM150,000	–	1	–	1
RM200,001 – RM250,000	–	–	–	–
RM250,001 – RM300,000	–	–	–	–
RM500,001 – RM550,000	–	–	–	–
RM800,001 – RM850,000	1	–	1	–
RM2,350,001 – RM2,400,000	1	–	–	–
RM2,450,001 – RM2,500,000	–	–	1	–
RM2,700,001 – RM2,750,000	1	–	1	–
RM4,200,001 – RM4,250,000	1	–	–	–
RM4,600,001 – RM4,650,000	1	–	–	–
RM5,150,001 – RM5,200,000	1	–	–	–
RM5,400,001 – RM5,450,000	1	–	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 Income Statement amounting to RM2,645,394 and RM283,156 (2011: RM2,635,350 and RM2,459,920) and RM1,180,674 and RM138,500 (2011: RM1,136,250 and RM1,130,234) respectively.

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for the financial year ended 30 June 2012

8. TAXATION

Taxation charge for the financial year:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Current tax:				
– Malaysian income tax	**133,600**	99,882	**(87)**	701
– Foreign income tax	**257,988**	313,808	**–**	–
Deferred taxation (Note 26)	**(157,073)**	(104,246)	**9**	3
	234,515	309,444	**(78)**	704
Current tax:				
– Current year	**449,267**	437,965	**81**	875
– Over provision in prior years	**(57,679)**	(24,275)	**(168)**	(174)
Deferred tax:				
– Originating and reversal of temporary Differences	**(157,073)**	(104,246)	**9**	3
	234,515	309,444	**(78)**	704

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

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Numerical reconciliation between tax expense and the product of accounting profit multiplied by the Malaysian tax rate				
Profit before taxation	**1,391,476**	1,556,906	**1,186,971**	382,169
Tax calculated at the Malaysian tax rate 25% (2011: 25%)	**347,869**	389,227	**296,743**	95,542
Tax effects of:				
– Share of results of associated companies	**(71,310)**	(71,703)	**–**	–
– Different tax rates in other countries including remeasuring of deferred tax*	**(155,232)**	(148,281)	**–**	–
– Non–deductible expenses	**164,176**	109,180	**42,792**	40,121
– Income not subject to tax	**(45,493)**	(16,677)	**(339,445)**	(134,785)
– Tax effects of deferred tax assets not recognised	**52,184**	71,980	**–**	–
– (Over) provision in prior years in relation to current and deferred tax	**(57,679)**	(24,282)	**(168)**	(174)
Tax expenses	**234,515**	309,444	**(78)**	704

The unabsorbed capital allowances carried forward as at 30 June 2012 is estimated at RM496,654,000 (2011: RM287,918,000). This is, however, subject to confirmation by the Inland Revenue Board.

* The remeasuring of deferred tax during the year is due to a reduction in corporation tax rate from 26% to 24% in Wessex Water Ltd and its subsidiary (incorporated in England and Wales) with effect from 1 April 2012.

9. EARNINGS PER SHARE ('EPS')

(a) Basic EPS

	Group 2012 RM'000	Group 2011 RM'000
Profit attributable to owners of the parent (RM'000)	**1,232,211**	1,364,168
Weighted average number of ordinary shares in issue ('000)	**7,253,079**	7,207,075
Basic EPS (sen)	**16.99**	18.93

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 financial year.

(b) Diluted EPS

	Group 2012 RM'000	Group 2011 RM'000
Profit attributable to owners of the parent (RM'000)	**1,232,211**	1,364,168
Profit used to determine diluted EPS (RM'000)	**1,232,211**	1,364,168
Weighted average number of ordinary shares in issue ('000)	**7,253,079**	7,207,075
Adjustments for:		
– Conversion of Warrants ('000)	**389,698**	569,501
– ESOS ('000)	**21,319**	30,954
Weighted average number of ordinary shares for diluted earnings per share ('000)	**7,664,096**	7,807,530
Diluted EPS (sen)	**16.08**	17.47

As at 30 June 2012, the Company had 1,175,590,745 (2011: 1,184,765,536) Warrants, whose terms of conversion are set out in Note 24(a) to the financial statements, 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.

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for the financial year ended 30 June 2012

10. DIVIDENDS

	Company 2012 Gross dividends per share Sen	Company 2012 Amount of dividends RM'000	Company 2011 Gross dividends per share Sen	Company 2011 Amount of dividends RM'000
Dividends paid in respect of the financial year ended 30 June 2010:				
– Final tax exempt dividends of 3.75% or 1.875 sen or 1.875 sen per ordinary share of 50 sen each paid on 23 December 2010	–	–	1.88	135,23
Dividends paid in respect of the financial year ended 30 June 2011:				
– First interim tax exempt dividends of 7.5% or 3.75 sen per ordinary share of 50 sen each paid on 21 January 2011	–	–	3.75	270,494
– Second interim tax exempt dividends of 3.75% or 1.875 sen per ordinary share of 50 sen each paid on 31 March 2011	–	–	1.88	135,351
– Third interim tax exempt dividends of 3.75% or 1.875 sen per ordinary share of 50 sen each paid on 15 July 2011	–	–	1.88	135,418
Dividends paid in respect of the financial year ended 30 June 2011:				
– Forth interim tax exempt dividends of 3.75% or 1.875 sen per ordinary share of 50 sen each paid on 24 November 2011	**1.88**	**136,209**	–	–
Dividends paid in respect of the financial year ended 30 June 2012:				
– First interim tax exempt dividends of 3.75% or 1.875 sen per ordinary share of 50 sen each paid on 13 January 2012	**1.88**	**136,269**	–	–
– Second interim tax exempt dividends of 1.875% or 0.9375 sen per ordinary share of 50 sen each paid on 30 March 2012	**0.94**	**68,135**	–	–
– Third interim tax exempt dividends of 1.875% or 0.9375 sen per ordinary share of 50 sen each paid on 27 June 2012	**0.94**	**68,171**	–	–
	5.64	**408,784**	9.39	676,501

A fourth interim tax exempt dividend of 1.875% or 0.9375 sen per ordinary share of 50 sen each has been declared on 16 August 2012 for payment on 31 October 2012. The Directors do not recommend the payment of a final dividend for the financial year ended 30 June 2012.

11. PROPERTY, PLANT AND EQUIPMENT

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

Group 2012	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	Telecommuni-cations equipment RM'000	Assets under construction RM'000	Total RM'000
Cost											
At 1 July 2011	3,914,322	4,682,550	11,109,930	22,699	539,705	29,221	9,659	116,996	923,898	635,386	21,984,366
Exchange differences	70,945	117,386	191,648	–	13,419	254	(75)	596	–	11,570	405,743
Additions	21,987	300,771	235,475	–	42,891	1,751	4,191	4,887	14,537	829,556	1,456,046
Disposals	(240)	–	(2,370)	–	(27)	(3,444)	(2,008)	(2,396)	(193)	–	(10,678)
Written off	(4,240)	–	(74,756)	–	(71)	(321)	(21)	–	(58)	–	(79,467)
Transfer on commissioning	11,301	31,137	195,009	–	9,792	2,536	587	–	376,789	(627,151)	–
At 30 June 2012	4,014,075	5,131,844	11,654,936	22,699	605,709	29,997	12,333	120,083	1,314,973	849,361	23,756,010
Accumulated depreciation											
At 1 July 2011	1,079,521	188,732	3,768,446	18,206	203,341	16,830	2,636	21,890	22,424	–	5,322,026
Exchange differences	14,601	5,298	64,161	–	5,100	156	30	379	–	–	89,725
Charge for the financial year	167,711	43,962	826,859	1,057	31,484	4,565	1,507	8,813	75,467	–	1,161,425
Disposals	(20)	–	(112)	–	(3)	(861)	(162)	(1,405)	91	–	(2,472)
Written off	(1,266)	–	(71,982)	–	(71)	(236)	(6)	–	(5)	–	(73,566)
	1,260,547	237,992	4,587,372	19,263	239,851	20,454	4,005	29,677	97,977	–	6,497,138
Net book value											
At 30 June 2012	2,753,528	4,893,852	7,067,564	3,436	365,858	9,543	8,328	90,406	1,216,996	849,361	17,258,872

No borrowing cost arising on financing specifically entered into for the construction of property, plant and equipment was capitalised during the financial year. The Group has revised the useful life and residual value of certain property, plant and equipment. The revision was accounted for as a change in accounting estimate and as a result, the depreciation charge for the current financial year has increased by RM104,941,176.

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for the financial year ended 30 June 2012

11. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group 2011	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	Telecommuni-cations equipment RM'000	Assets under construction RM'000	Total RM'000
Cost											
At 1 July 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
Exchange differences	(16,504)	(40,314)	168,521	–	(4,555)	597	78	(159)	–	(1,836)	105,828
Additions	7,683	133,784	229,122	–	18,895	3,652	2,520	39,025	749	1,122,908	1,558,338
Disposals	(2,447)	–	(15,220)	–	(1)	(2,287)	–	(4,806)	–	–	(24,761)
Written off	(3,956)	–	(111,836)	–	(1,992)	(2,840)	–	–	(80)	–	(120,704)
Transfer on commissioning	25,575	53,442	304,382	–	14,283	5,427	2,266	–	923,125	(1,328,500)	–
Reclassified from prepaid lease payments	74,065	–	–	–	–	–	–	–	–	–	74,065
At 30 June 2011	3,914,322	4,682,550	11,109,930	22,699	539,705	29,221	9,659	116,996	923,898	635,386	21,984,366
Accumulated depreciation											
At 1 July 2010	946,010	147,518	3,111,470	17,592	178,867	16,286	1,733	17,092	10	–	4,436,578
Exchange differences	(3,435)	(1,627)	15,114	–	(1,659)	276	51	(61)	–	–	8,659
Charge for the financial year	129,237	42,841	751,249	614	26,920	5,371	852	8,386	22,488	–	987,958
Disposals	(2,447)	–	(10,370)	–	(1)	(2,269)	–	(3,527)	–	–	(18,614)
Written off	(301)	–	(99,017)	–	(786)	(2,834)	–	–	(74)	–	(103,012)
Reclassified from prepaid lease payments	10,457	–	–	–	–	–	–	–	–	–	10,457
At 30 June 2011	1,079,521	188,732	3,768,446	18,206	203,341	16,830	2,636	21,890	22,424	–	5,322,026
Net book value											
At 30 June 2011	2,834,801	4,493,818	7,341,484	4,493	336,364	12,391	7,023	95,106	901,474	635,386	16,662,340

No borrowing costs arising on financing specifically entered into for the construction of property, plant and equipment was capitalised during the financial year 2011. The Group has revised the useful life and residual value of certain property, plant and equipment. The revision was accounted for as a change in accounting estimate and as a result, the depreciation charge for the financial year 2011 has increased by RM84,156,983.

11. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Land and buildings of the Group are as follows:

Group	Leasehold Land RM'000	Freehold Land RM'000	Buildings RM'000	Total RM'000
2012				
Cost				
At 1 July 2011	**75,771**	**59,496**	**3,779,055**	**3,914,322**
Exchange differences	**3,448**	**1,333**	**66,164**	**70,945**
Additions	–	**1,732**	**20,255**	**21,987**
Disposals	–	–	**(240)**	**(240)**
Written off	–	–	**(4,240)**	**(4,240)**
Transfer on commissioning	–	–	**11,301**	**11,301**
At 30 June 2012	**79,219**	**62,561**	**3,872,295**	**4,014,075**
Accumulated depreciation				
At 1 July 2011	**15,149**	–	**1,064,372**	**1,079,521**
Exchange differences	**596**	–	**14,005**	**14,601**
Charge for the financial year	**4,671**	–	**163,040**	**167,711**
Disposals	–	–	**(20)**	**(20)**
Written off	–	–	**(1,266)**	**(1,266)**
At 30 June 2012	**20,416**	–	**1,240,131**	**1,260,547**
Net book value				
At 30 June 2012	**58,803**	**62,561**	**2,632,164**	**2,753,528**
2011				
Cost				
At 1 July 2010	–	58,955	3,770,951	3,829,906
Exchange differences	1,706	(485)	(17,725)	(16,504)
Additions	–	1,015	6,668	7,683
Disposals	–	–	(2,447)	(2,447)
Written off	–	–	(3,956)	(3,956)
Transfer on commissioning	–	–	25,575	25,575
Reclassified from prepaid lease payments	74,065	–	–	74,065
At 30 June 2011	75,771	59,485	3,779,066	3,914,322
Accumulated depreciation				
At 1 July 2010	–	–	946,010	946,010
Exchange differences	140	–	(3,575)	(3,435)
Charge for the financial year	4,552	–	124,685	129,237
Disposals	–	–	(2,447)	(2,447)
Written off	–	–	(301)	(301)
Reclassified from prepaid lease payments	10,457	–	–	10,457
At 30 June 2011	15,149	–	1,064,372	1,079,521
Net book value				
At 30 June 2011	60,622	59,485	2,714,694	2,834,801

The net book value of assets of the Group held under finance lease amounted RM232,048,535 (2011: RM250,551,754).

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for the financial year ended 30 June 2012

11. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Office equipment RM'000	Computers RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Total RM'000
2012					
Cost					
At 1 July 2011	**35**	**288**	**20**	**838**	**1,181**
Additions	**–**	**–**	**–**	**441**	**441**
At 30 June 2012	**35**	**288**	**20**	**1,279**	**1,622**
Accumulated depreciation					
At 1 July 2011	**35**	**239**	**20**	**441**	**735**
Charge for the financial year	**–**	**14**	**–**	**79**	**93**
At 30 June 2012	**35**	**253**	**20**	**520**	**828**
Net book value					
At 30 June 2012	**–**	**35**	**–**	**759**	**794**
2011					
Cost					
At 1 July 2010	35	288	20	1,220	1,563
Additions	–	–	–	148	148
Disposals	–	–	–	(530)	(530)
At 30 June 2011	35	288	20	838	1,181
Accumulated depreciation					
At 1 July 2010	35	187	20	897	1,139
Charge for the financial year	–	52	–	74	126
Disposals	–	–	–	(530)	(530)
At 30 June 2011	35	239	20	441	735
Net book value					
At 30 June 2011	–	49	–	397	446

12. INTANGIBLE ASSETS

	Group 2012 RM'000	Group 2011 RM'000
Goodwill on consolidation:		
At 1 July	**6,484,398**	6,148,646
Exchange differences	**114,429**	327,818
Acquisition of subsidiaries	**34,946**	7,934
At 30 June	**6,633,773**	6,484,398

Impairment test for goodwill

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

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

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

	Group 2012 RM'000	Group 2011 RM'000
PowerSeraya Limited (Singapore)	**6,149,467**	6,035,038
Wessex Water Limited (United Kingdom ('UK'))	**440,700**	440,700
Others	**43,606**	8,660
Total goodwill	**6,633,773**	6,484,398

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.

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12. INTANGIBLE ASSETS (CONTINUED)

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

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

	2012		2011	
	Singapore %	UK %	Singapore %	UK %
Pre-tax discount	**6.0**	**5.5**	6.8	6.1
Terminal growth rate	**(2.2)**	**0.2**	(0.8)	(0.2)
Revenue growth	**2.1**	**4.0**	3.0	6.1

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

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

(b) Impact of possible change in key assumption

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

	2012		2011	
	Singapore %	UK %	Singapore %	UK %
Pre-tax discount	**9.1**	**17.4**	9.4	10.7
Terminal growth rate	**(7.9)**	**(1.0)**	(5.1)	(1.8)
Revenue growth	**0.3**	**(10.8)**	1.7	(11.0)

No impairment loss was recognised for the financial year ended 30 June 2012 for the goodwill assessed as their recoverable values were in excess of their carrying values.

13. SUBSIDIARIES

(a) Investment in subsidiaries

	Company 2012 RM'000	Company 2011 RM'000
Unquoted shares, at cost	**11,271,794**	10,965,360

The subsidiaries are as follows:

Name of company/corporation	Country of incorporation	Group's effective interest 2012 %	Group's effective interest 2011 %	Principal activities
YTL Communications Sdn Bhd *	Malaysia	**60**	60	Provision of wired line and wireless broadband access and other related services
Extiva Communications Sdn Bhd *Ω	Malaysia	**60**	60	Developing and marketing VoIP telephony and other advanced network media appliances for the service provider and enterprise telephony market
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	Dormant
YTL–CPI Power Limited *	Hong Kong	**51**	51	Dormant
YTL Power Trading (Labuan) Ltd *	Malaysia	**100**	–	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	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)
PowerSeraya Limited (In Voluntary Liquidation) **‡	Singapore	**100**	100	Dormant

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13. SUBSIDIARIES (CONTINUED)

(a) Investment in subsidiaries (continued)

Name of company/corporation	Country of incorporation	Group's effective interest 2012 %	Group's effective interest 2011 %	Principal activities
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**	100	Financial services
YTL Utilities Finance 6 Limited *	Cayman Islands	**100**	100	Investment holding
YTL Utilities Finance 7 Limited *	Cayman Islands	**100**	100	Financial services
YTL Utilities Holdings Limited *	Cayman Islands	**100**	100	Investment holding
Wessex Water International Limited	Cayman Islands	**100**	100	Dormant
YTL Utilities (UK) Limited *	England and Wales	**100**	100	Investment holding
YTL Events Limited *	England and Wales	**100**	100	Providing public entertainment, events and public relations services
Wessex Water Limited *	England and Wales	**100**	100	Investment holding
Wessex Water Services Limited *#	England and Wales	**100**	100	Water supply and waste water services
SC Technology GmbH *#	Switzerland	**100**	100	Waste treatment processes
SC Technology Nederlands B.V. *#	Netherlands	**100**	100	Waste treatment processes
SC Technology Deutschland GmbH *#	Germany	**100**	100	Waste treatment processes
Geneco Limited *#	England and Wales	**100**	100	Dormant
Wessex Electricity Utilities Limited *#	England and Wales	**100**	100	Dormant
Wessex Water Utility Solutions 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

13. SUBSIDIARIES (CONTINUED)

(a) Investment in subsidiaries (continued)

Name of company/corporation	Country of incorporation	Group's effective interest 2012 %	Group's effective interest 2011 %	Principal activities
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
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 ECOGreen Pte Ltd *	Singapore	**100**	100	Dormant
YTL Engineering Limited *#	England and Wales	**100**	100	Dormant
YTL Services Limited *#	England and Wales	**100**	100	Dormant
YTL Communications International Ltd Ω	Cayman Islands	**60**	60	Inactive
YTL Global Networks Ltd Ω	Cayman Islands	**60**	60	Dormant
YTL Communications (S) Pte Ltd* Ω	Singapore	**60**	–	Dormant
YTL Digital Sdn Bhd *Ω	Malaysia	**60**	–	Sales and marketing of telecommunication devices
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	**57.1**	100	Investment holding
YTL Jawa Power B.V. *∧	Netherlands	**57.1**	100	Investment holding
YTL Jawa O & M Holdings Limited *	Cyprus	**100**	100	Investment holding
YTL Jawa O & M Holdings B.V. *o	Netherlands	**100**	100	Investment holding
YTL Jawa Power Services B.V. *o	Netherlands	**100**	100	Investment holding
P.T. YTL Jawa Timur *o	Indonesia	**100**	100	Construction management, consultancy services and power station operation services

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13. SUBSIDIARIES (CONTINUED)

(a) Investment in subsidiaries (continued)

Name of company/corporation	Country of incorporation	Group's effective interest 2012 %	Group's effective interest 2011 %	Principal activities
YTL Power Investment Limited *	Cayman Islands	**100**	–	Investment holding
FrogAsia Sdn Bhd *+	Malaysia	**100**	–	Education licence provider
Frogtrade Limited *+	England and Wales	**57.6**	–	Sales into the education market and further development of its web environment product
Granite Investments (Cayman Islands) Limited +	Cayman Islands	**100**	–	Dormant
Swiss Water System AG +	Switzerland	**59**	–	Inactive
YTL Education (UK) Limited *+	England and Wales	**100**	–	Providing advisory and management services to educational institutions in the UK and abroad

* *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*
o *Subsidiaries of YTL Jawa O & M Holdings Limited*
^ *Subsidiaries of YTL Jawa Power Holdings Limited*
‡ *Subsidiaries of YTL PowerSeraya Pte Limited*
Ω *Subsidiaries of YTL Communications Sdn Bhd*
\+ *Subsidiaries of YTL Power Investments Limited*

(b) Divestment of subsidiary during the financial year

On 15 August 2011, YTL Power International Berhad disposed off 7,714 ordinary shares of EUR1.00 each representing 42.86% of the total equity interest held in YTL Jawa Power Holdings B.V for a total cash consideration of RM660.4 million resulting in a gain on disposal of RM125.3 million recognised to retained earnings. This has resulted in a corresponding dilution in the effective interest held in P.T. Jawa Power from 35% to 20%.

The disposal had the following effects to the financial position of the Group as at the end for the financial year:

	2012 RM'000
Consideration received (net of transaction cost)	**545,167**
Less: Net assets disposed	**(419,871)**
Gain on disposal (included in retained earnings)	**125,296**

13. SUBSIDIARIES (CONTINUED)

(c) Transfer of Investment in YTL Utilities Limited to YTL Power Generation Sdn Bhd

On 29 June 2012, the Company transferred all its investment comprising 3 ordinary shares of GBP1.00 each and 45,000 ordinary shares of USD1.00 each in YTL Utilities Limited ('YTL Utilities') to YTL Power Generation Sdn Bhd ('YTL PG'), a wholly–owned subsidiary.

As a result, YTL Utilities became a direct subsidiary of YTL PG and indirect subsidiary of the Company.

The consideration for the transfer which was satisfied by the issuance of 3,000,000,000 ordinary shares of RM0.20 each in YTL PG to the Company at RM1.00 per share was subject to a post completion valuation of the shares by an independent adviser and an increase in the consideration in the event the fair value is determined to be greater than RM3,000,000,000. Following completion of the transfer, the independent adviser determined the fair value of the shares to be RM7,800,000,000. Accordingly, an intercompany debt of RM4,800,000,000 is owing to the Company from YTL PG. The amounts owing from YTL PG of RM4,800,000,000 has no fixed terms, is interest free and is payable on demand. The Company's intention is that the intercompany debt will only be recalled when required and when YTL PG has sufficient cash resource. The Company does not expect this to occur in the foreseeable future.

Accordingly, the Company has accounted for the transaction as a reorganisation to reflect the substance of the transaction, in which no gain or loss is recognised.

(d) Capitalisation of advances to subsidiaries in YTL Communications Sdn. Bhd.

On 5 May 2012, the Company has subscribed in an additional RM300 million ordinary shares in YTL Communications Sdn Bhd.

14. JOINT VENTURES

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

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

	Group	
	2012 RM'000	2011 RM'000
Non-current assets	**259**	428
Current assets	**3,535**	3,649
Current liabilities	**(3,794)**	(4,077)
Net assets	**–**	–
Expenses	**51,879**	48,815

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15. INVESTMENT IN ASSOCIATES

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Unquoted shares, at cost	**818,051**	574,044	**5**	5
Group's share of post-acquisition reserves	**706,717**	563,976	**–**	–
Group's share of net assets	**1,524,768**	1,138,020	**5**	5

(a) The Group's share of results of associated companies is as follows:

	Group	
	2012 RM'000	2011 RM'000
Revenue	**799,087**	756,258
Profit after taxation	**285,239**	286,812

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

	Group	
	2012 RM'000	2011 RM'000
Non–current assets	**3,312,901**	1,331,631
Current assets	**465,688**	417,810
Current liabilities	**(475,683)**	(186,190)
Non–current liabilities	**(1,778,138)**	(425,231)
Net assets	**1,524,768**	1,138,020

On 5 June 2012, the Group converted its entire investment in YTL Power Investment Limited's ('YTLPIL') preference shares into ordinary shares. The Group further acquired the remaining share capital of YTLPIL making it an indirect wholly owned subsidiary of the Group. As a result of this transaction Electranet Pty. Ltd. became an associate of the Group during the financial year.

The following table summarises the consideration paid in acquiring Electranet Pty Ltd:

	Fair value RM'000
Net assets acquired @ 33.5%	254,584
Cost of investment	(185,139)
Gain on acquisition (included in share of profits of associates)	69,445

15. INVESTMENT IN ASSOCIATES (CONTINUED)

(c) The associated companies are as follows:

Name of associated company	Country of incorporation	Group's effective interest 2012 %	Group's effective interest 2011 %	Principal activities
ElectraNet Transmission Services Pty Ltd	Australia	**33.5**	33.5	Dormant
Jimah Power Generation Sdn Bhd	Malaysia	**49.0**	49.0	Dormant
P.T. Jawa Power	Indonesia	**20.0**	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
Enefit Jordan B.V.	Netherlands	**30.0**	30.0	Investment holding
Electranet Pty. Ltd.	Australia	**33.5**	–	Principal electricity transmission

16. INVESTMENTS

	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Available-for-sale financial assets	**116,521**	170,304	**96,265**	99,256
Financial assets at fair value through profit or loss	**64,336**	82,967	**64,336**	82,967
	180,857	253,271	**160,601**	182,223

(a) Available-for-sale financial assets

The investments are in relation to the following:

	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Equity investments (quoted in Malaysia)	**113,559**	118,718	**96,265**	99,256
Equity investments (unquoted outside Malaysia)	**2,912**	51,586	**–**	–
Equity investments (unquoted in Malaysia)	**50**	–	**–**	–
	116,521	170,304	**96,265**	99,256

A loss arising from the changes in fair value of available-for-sale financial assets during the financial year of RM5.5 million (2011: gain of RM23.9 million) at Group and a loss of RM2.9 million at Company was recognised as other comprehensive income in the Statement of Comprehensive Income.

16. INVESTMENTS (CONTINUED)

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

The investment is in relation to the following:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Equity investments (in Malaysia)	**64,336**	82,967	**64,336**	82,967

The financial assets at fair value through profit or loss is in relation to the Group's and Company's investment in 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 ICULS has been has been removed from Official List of Bursa Malaysia Securities Berhad on 16 April 2012.

A loss arising from the changes of financial assets at fair value through profit or loss during the financial year of RM18.6 million (2011: gain of RM27.7 million) was recognised in the Group's and Company's Income Statement.

17. INVESTMENT IN PREFERENCE SHARES

	Group	
	2012 RM'000	2011 RM'000
Investment in preference shares	–	492,705

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

During the financial year, a change in the terms of the preference shares was introduced. Under this change the holder of the preference shares was granted an option to convert the preference shares into ordinary shares of YTL Power Investments Limited ('YTLPIL'). In June 2012 the holder exercised the convertible option and further acquired all remaining shares in YTLPIL making it a wholly owned subsidiary of the Group. As a result of this conversion, the preference shares were derecognised.

A gain of RM87.6 million was recorded in the Group Income Statement as a result of the derecognition of the preference shares.

18. RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Non-current				
Prepayments	**72,646**	41,367	–	–
Receivable in associate#	**433,503**	–	–	–
Other receivables	**877**	861	–	–
	507,026	42,228	–	–
Current				
Trade receivables	**1,687,010**	1,642,921	–	–
Less: Provision for impairment of trade receivables	**(163,916)**	(112,187)	–	–
Total trade receivables (net)	**1,523,094**	1,530,734	–	–
Other receivables	**65,251**	168,115	**4,533**	38,592
Less: Provision for impairment of other receivables	–	(33,412)	–	(33,439)
Total other receivables (net)	**65,251**	134,703	**4,534**	5,153
Accrued income	**305,592**	273,750	–	–
Amounts recoverable from a supplier*	**331,380**	285,630	–	–
Deposits	**67,424**	31,199	**342**	342
Interest receivable	**7,527**	1,871	**154**	146
Prepayments	**308,580**	103,955	**2,108**	1,334
	2,608,848	2,361,842	**7,137**	6,975

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

* A subsidiary of the Group had entered into 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 of Malaysia had on 12 May 2005 informed the subsidiary 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 that effective from 1 January 2002 the discount has been withdrawn.

Consequently, as at 30 June 2012, a sum of RM331.4 million has been paid to the gas supplier under protest and which is due and owing to the subsidiary. The Directors have obtained legal advice on the matter and based on the advice received believe that the amounts are fully recoverable. Appropriate action has been and will continue be taken to recover the said sum.

Credit terms of trade receivables average at 30 days (2011: 30 days). The Group's historical experience in collecting trade receivables falls largely within this period. On this basis, the Directors believe that no additional credit risk beyond the amounts provided for collection losses is inherent in the Group's trade receivables.

18. RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONTINUED)

As at 30 June 2012, receivables of RM319.5 million (2011: RM237.2 million) were past due but not impaired. The ageing analysis of these receivables is as follows:

	2012 RM'000	2011 RM'000
Up to 3 months	**113,693**	100,511
3 to 6 months	**94,739**	20,070
6 to 9 months	**13,648**	17,430
9 to 12 months	**13,117**	16,826
Over 1 year	**84,303**	82,402
	319,500	237,239

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

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
With credit ratings (Moody's/RAM):				
– AAA	**114,012**	115,202	**–**	–
– P1	**7,527**	1,871	**154**	146
Without external credit ratings	**1,528,726**	1,616,935	**4,876**	5,495
	1,650,265	1,734,008	**5,030**	5,641

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

Receivables amounting to RM123.8 million (2011: RM257.6 million) are secured by financial guarantees given by banks and RM39.4 million (2011: RM133.9 million) are secured by cash collateral.

Movements on the Group's and Company's provision for impairment of receivables are as follows:

	Group Trade receivables		Group and Company Other receivables	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
At 1 July	**112,187**	86,437	**33,412**	33,439
Exchange differences	**3,858**	4,108	**–**	(27)
Written off during the year as uncollectible	**–**	–	**(33,412)**	–
Provision for impairment of receivables (net of reversals)	**47,871**	21,642	**–**	–
At 30 June	**163,916**	112,187	**–**	33,412

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

The fair value of receivables approximate their carrying values.

19. INVENTORIES

Inventories comprise:

	Group 2012 RM'000	Group 2011 RM'000
At Cost		
Finished goods	**33,669**	30,155
Spare parts	**138,166**	135,875
Raw materials	**15,576**	14,322
Work-in-progress	**35,170**	25,190
Fuel	**325,089**	326,838
	547,670	532,380

The cost of inventories recognised as expense and included in 'cost of sales' amounted to RM1,788 million (2011: RM2,249 million).

20. DERIVATIVE FINANCIAL INSTRUMENTS

	Assets RM'000	Liabilities RM'000	Group RM'000
At 1 July 2011	**98,515**	**(114,141)**	**(15,626)**
Movement during the financial year	**(20,282)**	**(209,202)**	**(229,484)**
Exchange differences	**1,420**	**(6,783)**	**(5,363)**
At 30 June 2012	**79,653**	**(330,126)**	**(250,473)**
At 1 July 2010	26,799	(117,613)	(90,814)
Movement during the financial year	68,067	9,969	75,188
Exchange differences	3,649	(6,497)	(2,848)
At 30 June 2011	98,515	(114,141)	(15,626)

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20. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Analysed as:

Group	Contract/ Notional amount RM'000	Fair Value Assets RM'000	Fair Value Liabilities RM'000
2012			
Cash flows hedges:			
– Fuel oil swaps	**2,275,887**	**40,734**	**(235,311)**
– Currency forwards	**2,349,746**	**25,649**	**(15,483)**
– Interest rate swap	**508,686**	**–**	**(42,545)**
Fair value through profit or loss:			
– Fuel oil swaps	**477,935**	**13,129**	**(36,785)**
– Currency forwards	**39,085**	**141**	**(2)**
		79,653	**(330,126)**
Current portion		**75,856**	**(284,648)**
Non-current portion		**3,797**	**(45,478)**
		79,653	**(330,126)**

Group	Contract/ Notional amount RM'000	Fair Value Assets RM'000	Fair Value Liabilities RM'000
2011			
Cash flows hedges:			
– Fuel oil swaps	1,152,633	78,646	(6,193)
– Currency forwards	1,484,390	734	(30,503)
– Interest rate swap	614,425	–	(55,527)
Fair value through profit or loss:			
– Fuel oil swaps	1,013,275	18,193	(19,121)
– Currency forwards	520,488	942	(2,797)
		98,515	(114,141)
Current portion		95,904	(94,152)
Non-current portion		2,611	(19,989)
		98,515	(114,141)

The changes in fair value that arose from fair value through profit or loss and the ineffective portion of cash flows hedges during the year that was recognised in the income statement amounted to a loss of RM20.6 million (2011: gain of RM2.0 million) and a loss of RM5.8 million (2011: loss of RM4.3 million) respectively.

20. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

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

(a) Fuel oil swaps

Fuel oil swaps are entered into to hedge highly probable forecast fuel purchases that are expected to occur at various dates. The fuel oil swaps have maturity dates that match the expected occurrence of these transactions. Gains and losses recognised in the hedging reserve prior to the occurrence of these transactions are transferred to the inventory of fuels upon acquisition or cost of sales upon consumption of natural gas. The gains and losses relating to fuel oil inventory are subsequently recognised in profit or loss upon consumption of the underlying fuels.

The fair values of fuel oil swaps are determined using the active market rate.

(b) Forward foreign currency exchange

Forward foreign currency exchange are entered into to hedge highly probable forecast transactions denominated in foreign currency expected to occur at various dates. The currency forwards have maturity dates that match the expected occurrence of these transactions. Gains and losses relating to highly probable forecast fuel purchases are recognised in the hedging reserve prior to the occurrence of these transactions and are transferred to the inventory of fuels upon acquisition or cost of sales upon consumption of natural gas. The gains and losses relating to fuel oil inventory are subsequently transferred to the income statement upon consumption of the underlying fuels.

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

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

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

(c) Interest rate swaps

Interest rate swaps are entered into to hedge floating semi-annual interest payments on borrowings. Since the borrowings are obtained specifically for the construction of property, plant and equipment, the interest on these borrowings along with the net interest on the interest swaps are capitalised. The interest payments are included in the cost of the assets and recognised in profit or loss over their estimated useful lives as part of depreciation expense.

The fair values of interest rate swaps are calculated using the present value of the estimated future cash flows discounted at actively quoted interest-rates.

21. AMOUNTS OWING TO IMMEDIATE AND PENULTIMATE HOLDING COMPANY

The amounts owing to the immediate and penultimate holding companies relate to expenses paid on behalf of the Group and are unsecured, payable on demand and are interest-free.

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22. AMOUNTS OWING BY/(TO) SUBSIDIARIES

The amounts owing by/(to) subsidiaries within 12 months are interest free, unsecured, and payable on demand except for certain subsidiaries which bear interest at a rate of 3.86% (2011: 3.69%). In addition, the amounts receivable within 12 months are also in respect of interests receivable on advances and operational expense payments made on behalf of subsidiaries.

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

23. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the Statement of Cash Flows of the Group and the Company comprise the followings:

		Group		Company	
		2012	2011	2012	2011
	Note	RM'000	RM'000	RM'000	RM'000
Deposits with licensed banks		**9,309,973**	6,768,272	**605,354**	250,951
Cash and bank		**318,012**	410,477	**12,447**	6,622
Cash and bank balances		**9,627,985**	7,178,749	**617,801**	257,573
Bank overdrafts	27(a)	**(75,214)**	(47,435)	**–**	–
Cash and cash equivalents		**9,552,771**	7,131,314	**617,801**	257,573

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

	Group		Company	
	2012	2011	2012	2011
	%	%	%	%
Deposits with licensed banks	**0.06 – 4.68**	0.05 – 3.40	**2.50 – 3.40**	3.02 – 3.40

Deposits of the Group and the Company have an average maturity of 30 days (2011: 30 days).

Bank balances are deposits held at call with banks.

The Group seeks to invest cash and cash equivalents safely and profitably with creditworthy local and offshore licensed banks. The local and offshore licensed banks have a credit rating of P1 as rated by RAM Rating Services Bhd and Moody's Investors Service, Inc respectively.

24. SHARE CAPITAL

	Group and Company 2012 RM'000	2011 RM'000
Authorised:		
At the beginning and end of the financial year:		
– 22,730,000,000 ordinary shares of RM0.50 each	**11,365,000**	11,365,000
Issued and fully paid:		
At the beginning of the financial year:		
– 7,278,994,236 (2011: 7,246,545,703) ordinary shares of RM0.50 each	**3,639,497**	3,623,273
Exercise of share options:		
– 40,087,750 (2011: 14,727,350) ordinary shares of RM0.50 each	**20,044**	7,364
Exercise of share warrants:		
– 9,174,791 (2011: 17,721,184) ordinary shares of RM0.50 each	**4,587**	8,860
At the end of the financial year:		
– 7,328,256,777 (2011: 7,278,994,236) ordinary shares of RM0.50 each	**3,664,128**	3,639,497

The issued and fully paid up share capital of the Company was increased from RM3,639,497,118 to RM3,664,128,388 following the exercise of 40,087,750 ESOS at exercise prices ranging from RM1.32 to RM2.02 per share and the exercise of 9,174,791 Warrants at an exercise price of RM1.21 per Warrant on the basis of one (1) new ordinary share for every one (1) Warrant. The new ordinary shares of 50 sen each rank pari passu in all respects with the existing issued shares of the Company.

Of the total 7,328,256,777 (2011: 7,278,994,236) issued and fully paid ordinary shares at 30 June 2012, the Company holds 56,724,945 (2011: 56,724,745) shares as treasury shares. As at 30 June 2012, the number of ordinary shares in issue and fully paid after offsetting treasury shares are 7,271,531,832 (2011: 7,222,269,491).

(a) Warrants 2008/2018

On 18 April 2008, the Company issued 1,776,371,304 detachable warrants ('Warrant') to its registered shareholders.

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

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

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.

24. SHARE CAPITAL

(a) Warrants 2008/2018 (continued)

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

	Group and Company '000
At 1 July 2010	1,202,486
Exercise of Warrants	(17,721)
At 30 June 2011	1,184,765
At 1 July 2011	**1,184,765**
Exercise of Warrants	**(9,175)**
At 30 June 2012	**1,175,590**

(b) Employees' Share Option Scheme 2001 ('ESOS 2001')

The Company implemented an Employees' Share Option Scheme 2001 ('ESOS 2001') which came into effect on 30 November 2001 for a period of ten (10) years. The ESOS 2001 is governed by the By-Laws which were approved by the shareholders on 16 October 2001. The ESOS 2001 has expired during the financial year on 29 November 2011.

(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 ESOS 2001 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.

24. SHARE CAPITAL (CONTINUED)

(b) Employees' Share Option Scheme 2001 ('ESOS 2001') (continued)

(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 financial 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 financial 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 financial period.

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

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

Financial year ended 30 June 2012

			Number of share options				
Grant date	Expiry date	Exercise price RM/share	At start of the financial year '000	Granted '000	(Exercised) '000	(Lapsed) '000	At end of the financial year '000
*16.10.2002	29.11.2011	1.14	20	–	–	(20)	–
*13.12.2002	29.11.2011	1.32	7,684	–	(2,266)	(5,418)	–
*26.12.2002	29.11.2011	1.39	2,828	–	(406)	(2,422)	–
*12.12.2003	29.11.2011	1.53	634	–	(434)	(200)	–
*12.12.2003	29.11.2011	1.70	980	–	(136)	(844)	–
16.05.2005	29.11.2011	1.82	3,260	–	(452)	(2,808)	–
16.05.2005	29.11.2011	2.02	3,508	–	(4)	(3,504)	–
01.08.2005	29.11.2011	1.90	30,745	–	(481)	(30,264)	–
07.08.2006	29.11.2011	1.74	500	–	–	(500)	–
07.08.2006	29.11.2011	1.93	4,096	–	(34)	(4,062)	–
07.08.2006	29.11.2011	1.74	3,678	–	(5)	(3,673)	–
20.08.2007	29.11.2011	2.04	800	–	–	(800)	–
20.08.2007	29.11.2011	2.27	2,869	–	–	(2,869)	–
16.01.2008	29.11.2011	2.39	67	–	–	(67)	–
26.06.2008	29.11.2011	1.80	80	–	(10)	(70)	–
28.11.2008	29.11.2011	1.61	5,720	–	(2,195)	(3,525)	–
28.11.2008	29.11.2011	1.78	9,060	–	(69)	(8,991)	–
17.02.2009	29.11.2011	1.68	37,479	–	(33,545)	(3,934)	–
01.07.2009	29.11.2011	1.97	19,555	–	(51)	(19,504)	–
			133,563	–	(40,088)	(93,475)	–

24. SHARE CAPITAL (CONTINUED)

(b) Employees' Share Option Scheme 2001 ('ESOS 2001') (continued)

			Number of share options				
Grant date	Expiry date	Exercise price RM/share	At start of the financial year '000	Granted '000	(Exercised) '000	(Lapsed) '000	At end of the financial year '000
*16.10.2002	29.11.2011	1.14	20	–	–	–	20
*13.12.2002	29.11.2011	1.32	9,634	–	(1,850)	(100)	7,684
*26.12.2002	29.11.2011	1.39	3,673	–	(845)	–	2,828
*12.12.2003	29.11.2011	1.53	634	–	–	–	634
*12.12.2003	29.11.2011	1.70	1,384	–	(370)	(34)	980
16.05.2005	29.11.2011	1.82	3,745	–	(485)	–	3,260
16.05.2005	29.11.2011	2.02	4,177	–	(635)	(34)	3,508
01.08.2005	29.11.2011	1.90	35,223	–	(4,468)	(10)	30,745
07.08.2006	29.11.2011	1.74	500	–	–	–	500
07.08.2006	29.11.2011	1.93	4,675	–	(409)	(170)	4,096
07.08.2006	29.11.2011	1.74	4,027	–	(50)	(299)	3,678
20.08.2007	29.11.2011	2.04	800	–	–	–	800
20.08.2007	29.11.2011	2.27	3,100	–	(27)	(204)	2,869
16.01.2008	29.11.2011	2.39	67	–	–	–	67
26.06.2008	29.11.2011	1.80	80	–	–	–	80
28.11.2008	29.11.2011	1.61	6,080	–	–	(360)	5,720
28.11.2008	29.11.2011	1.78	9,310	–	–	(250)	9,060
17.02.2009	29.11.2011	1.68	43,087	–	(5,588)	(20)	37,479
01.07.2009	29.11.2011	1.97	20,440	–	–	(885)	19,555
			150,656	–	(14,727)	(2,366)	133,563

* *FRS 2 not applicable for these transactions*

	2012 '000	2011 '000
Number of share options vested at reporting date	–	99,228

Value of employee services received for issue of share options:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Share option expenses	**385**	5,832	**385**	5,832
Allocation to subsidiaries	**–**	–	**(385)**	(4,547)
Total share option expenses	**385**	5,832	**–**	1,285

24. SHARE CAPITAL (CONTINUED)

(c) Employees' Share Option Scheme 2011 ('ESOS 2011')

The Company implemented a new Employees' Share Option Scheme 2011 ('ESOS 2011') which came into effect on 1 April 2011 for a period of ten (10) years. The ESOS 2011 is governed by the By-Laws which were approved by the shareholder on 30 November 2010 for eligible employees and Directors of the Company and/or its subsidiaries who meet the criteria of eligibility for participation, in place of ESOS 2001 which expired on 29 November 2011.

(i) The maximum number of shares to be allotted and issued pursuant to the exercise of the options which may be granted under the ESOS 2011 shall not exceed fifteen per cent (15%) of the total issued and paid–up share capital of the Company at the point of time throughout the duration of the 2011 Scheme.

(ii) Any employee (including the Directors) of the Group shall be eligible to participate in the 2011 Scheme if, as at the date of offer of an option ('Offer Date'), the person:

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

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

(c) in the case of employees, has been in the employment of the Group for a period of at least one (1) year of continuous service prior to and up to the Offer Date, including service during the probation period, and is confirmed in service. The ESOS committee may, at its discretion, nominate any employee (including Directors) of the Group to be an eligible employee despite the eligibility criteria under Clause 3.1(iii) of the By-Laws not being met, at any time and from time to time.

(iii) The subscription price for shares under the ESOS 2011 shall be determined by the Board upon recommendation of the options committee and shall be fixed based on the higher of the following:

(a) the weighted average market price of shares, as quoted on Bursa Securities, for the five (5) market days immediately preceding the Offer Date of the options with a discount of not more than ten per cent (10%), if deemed appropriate, or such lower or higher limit in accordance with any prevailing guidelines issued by Bursa Securities.

or any other relevant authorities as amended from time to time; or

(b) the par value of the shares (or such other par value as may be permitted by the provision of the Companies Act, 1965).

(iv) Subject to Clause 13 of the By-Laws, the options committee may, at any time and from time to time, before or after an option is granted, limit the exercise of the option to a maximum number of new ordinary shares of the Company and/or such percentage of the total ordinary shares of the Company comprised in the options during such financial period(s) within the option period and impose any other terms and/or conditions deemed appropriate by the options committee in its sole discretion including amending/varying any terms and conditions imposed earlier. Notwithstanding the above, and subject to Clauses 10 and 11 of the By-Laws, the options can only be exercised by the grantee no earlier than three (3) years after the Offer Date or such other period as may be determined by the options committee at its absolute discretion, by notice in writing to the options committee, provided however that the options committee may at its discretion or upon the request in writing by the grantee allow the options to be exercised at any earlier or other financial period.

Notes to the Financial Statements
for the financial year ended 30 June 2012

24. SHARE CAPITAL (CONTINUED)

(c) Employees' Share Option Scheme 2011 ('ESOS 2011') (continued)

(iv) A grantee shall be prohibited from disposing off the new ordinary shares of the Company allotted and issued to him for a period of one (1) year from the date on which the option is exercised or such other financial period as may be determined by the options committee at its absolute discretion.

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

The movement during the financial year in the number of share option of the Company are as follows:

Financial year ended 30 June 2012

			Number of share options				
Grant date	Expiry date	Exercise price RM/share	At start of the financial year '000	Granted '000	(Exercised) '000	(Lapsed) '000	At end of the financial year '000
01.06.2012	31.03.2021	1.49	–	107,914	–	–	107,914
01.06.2012	31.03.2021	1.65	–	47,577	–	–	47,577
			–	**155,491**	–	–	**155,491**

The fair value of options granted in which FRS 2 applies, were determined using the Trinomial Valuation model.

Value of employee services received for issue of share options:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Share option expenses	**796**	5,832	**796**	5,832
Allocation to subsidiaries	**–**	–	**(627)**	(4,547)
Total share option expenses	**796**	5,832	**169**	1,285

	Group 2012
Valuation assumptions:	
Weighted average share price at date of grant (per share)	**RM1.63**
Expected volatility	**21.21%**
Expected dividend yield	**5.56%**
Expected option life	**3 years**
Risk–free interest rate per annum (based on Malaysian securities bonds)	**3.14%**

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

There were no grants vested during the year.

25. RESERVES

(a) Other reserves (Group)

	Capital redemption reserve[1] RM'000	Capital reserve RM'000	Available-for-sale reserve RM'000	Hedging reserve RM'000	Statutory reserve[2] RM'000	Share option reserve RM'000	Warrant reserve RM'000	Total other reserves RM'000
At 1 July 2011	**20,000**	**1,512**	**58,752**	**28,315**	**45,135**	**16,971**	**118,477**	**289,162**
Exchange difference	**–**	**48**	**–**	**(390)**	**1,443**	**–**	**–**	**1,101**
Changes in fair value	**–**	**–**	**(5,472)**	**(244,812)**	**–**	**–**	**–**	**(250,284)**
Share option expenses	**–**	**–**	**–**	**–**	**–**	**1,181**	**–**	**1,181**
Share options exercised	**–**	**–**	**–**	**–**	**–**	**(7,257)**	**–**	**(7,257)**
Share option lapsed	**–**	**–**	**–**	**–**	**–**	**(10,099)**	**–**	**(10,099)**
Conversion of warrants	**–**	**–**	**–**	**–**	**–**	**–**	**(917)**	**(917)**
Dilution of interest in subsidiary	**–**	**(648)**	**–**	**–**	**(19,343)**	**–**	**–**	**(19,991)**
At 30 June 2012	**20,000**	**912**	**53,280**	**(216,887)**	**27,235**	**796**	**117,560**	**2,896**
At 1 July 2010	20,000	1,630	34,832	(71,543)	48,677	12,623	120,248	166,467
Exchange difference	–	(118)	–	(735)	(3,542)	–	–	(4,395)
Movement during the financial year	–	–	23,920	–	–	–	–	23,920
Changes in fair value	–	–	–	100,593	–	–	–	100,593
Share option expenses	–	–	–	–	–	5,832	–	5,832
Option (exercised)/(lapsed)	–	–	–	–	–	(1,484)	–	(1,484)
Conversion of warrants	–	–	–	–	–	–	(1,771)	(1,771)
At 30 June 2011	20,000	1,512	58,752	28,315	45,135	16,971	118,477	289,162

Notes to the Financial Statements
for the financial year ended 30 June 2012

25. RESERVES (CONTINUED)

(b) Other reserves (Company)

	Available-for-sale reserve RM'000	Share option reserve RM'000	Warrant reserve RM'000	Total other reserves RM'000
At 1 July 2011	**44,521**	**16,971**	**118,477**	**179,969**
Movement during the financial year	**(2,991)**	–	–	**(2,991)**
Share options exercised	–	**(7,257)**	–	**(7,257)**
Share option expenses	–	**1,181**	–	**1,181**
Share option lapsed	–	**(10,099)**	–	**(10,099)**
Conversion of warrants	–	–	**(917)**	**(917)**
A 30 June 2012	**41,530**	**796**	**117,560**	**159,886**
At 1 July 2010	27,605	12,623	120,248	160,476
Movement during the financial year	16,916	–	–	16,916
Share option expenses	–	5,832	–	5,832
Share option (exercised)/(lapsed)	–	(1,484)	–	(1,484)
Conversion of warrants	–	–	(1,771)	(1,771)
At 30 June 2011	44,521	16,971	118,477	179,969

Note:
1. Capital redemption reserve has been set up for purposes of redemption of preference shares in a subsidiary
2. This represents reserves which need to be set aside pursuant to local statutory requirement of an associated company

(c) Treasury shares

The shareholders of the Company, by a resolution passed in the 15th Annual General Meeting held on 29 November 2011, approved the Company's plan to repurchase its own shares. The Directors of the Company are committed to enhance the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

During the financial year, the Company repurchased 200 (2011: 2,000) of its issued share capital from the open market. The average price paid for the shares repurchased was RM2.29 per share (2011: RM2.33 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.

26. 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 Statement of Financial Position:

	Group		Company	
	2012 RM'000	**2011 RM'000**	**2012 RM'000**	**2011 RM'000**
Deferred tax liabilities	**2,430,151**	2,538,545	**35**	26
At 1 July	**2,538,545**	2,633,592	**26**	23
Exchange differences	**48,679**	7,238	**–**	–
(Credited)/Charged to Income Statement	**(157,073)**	(104,246)	**9**	3
Recognition of investment allowance	**–**	(14,370)	**–**	–
Utilisation of investment allowance	**–**	16,331	**–**	–
At 30 June	**2,430,151**	2,538,545	**35**	26
Subject to income tax				
Deferred tax assets before offsetting:				
– Retirement benefits	**29,275**	32,941	**–**	–
– Provision	**45,346**	27,496	**–**	–
	74,621	60,437	**–**	–
Offsetting	**(74,621)**	(60,437)	**–**	–
	–	–	**–**	–
Deferred tax liabilities before offsetting:				
– Property, plant and equipment	**2,491,114**	2,593,052	**35**	26
– Others	**13,658**	5,930	**–**	–
	2,504,772	2,598,982	**35**	26
Offsetting	**(74,621)**	(60,437)	**–**	–
	2,430,151	2,538,545	**35**	26

Notes to the Financial Statements

for the financial year ended 30 June 2012

27. BORROWINGS

		Group		Company	
		2012	2011	2012	2011
	Note	RM'000	RM'000	RM'000	RM'000
Current					
Bank overdrafts	27(a),23	**75,214**	47,435	–	–
Bonds	27(b)	**615,500**	470,000	**315,500**	470,000
Commercial papers	27(c)	–	150,000	–	150,000
Committed bank loans	27(d)	**22,620**	26,943	–	–
Finance lease	27(e)	**37,304**	159,035	–	–
Revolving credit	27(f)	**1,150,430**	1,882,725	–	300,000
Term loans	27(g)	**7,397,315**	3,746,135	–	–
		9,298,383	6,482,273	**315,500**	920,000
Non-current					
Bonds	27(b)	**10,730,773**	10,046,014	**3,188,276**	3,473,984
Committed bank loans	27(d)	–	11,506	–	–
Finance lease	27(e)	**260,367**	165,210	–	–
Revolving credit	27(f)	–	983,080	–	–
Term loans	27(g)	**2,696,832**	3,409,784	–	–
		13,687,972	14,615,594	**3,188,276**	3,473,984
Total					
Bank overdrafts	27(a),23	**75,214**	47,435	–	–
Bonds	27(b)	**11,346,273**	10,516,014	**3,503,776**	3,943,984
Commercial papers	27(c)	–	150,000	–	150,000
Committed bank loans	27(d)	**22,620**	38,449	–	–
Finance lease	27(e)	**297,671**	324,245	–	–
Revolving credit	27(f)	**1,150,430**	2,865,805	–	300,000
Term loans	27(g)	**10,094,147**	7,155,919	–	–
		22,986,355	21,097,867	**3,503,776**	4,393,984

All borrowings of the subsidiaries are on a non-recourse basis to the Company save and except for term loans totalling RM2,920,580,000 (2011: RM1,445,654,996).

All borrowings of subsidiaries are unsecured save and except for a term loan of RM6,511,180,000 (SGD2,600,000,000) (2011: RM3,561,807,250 (SGD1,449,244,110)).

27. BORROWINGS (CONTINUED)

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

	Group 2012 %	Group 2011 %	Company 2012 %	Company 2011 %
Weighted average effective interest rate				
Bank overdrafts	**1.90**	2.50	–	–
Bonds	**5.28**	5.34	**4.52**	4.71
Committed bank loans	**3.14**	1.96	–	–
Commercial papers	–	3.04	–	3.04
Finance lease	**1.62**	2.34	–	–
Revolving credit	**1.30**	2.32	–	1.69
Term loans	**0.89**	1.43	–	–

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

Group	Not later than 1 year RM'000	Later than 1 year but not later than 5 years RM'000	Later than 5 years RM'000	Total RM'000
At 30 June 2012				
Bank overdrafts	**75,214**	–	–	**75,214**
Bonds	**615,500**	**1,118,192**	**9,612,581**	**11,346,273**
Committed bank loans	**22,620**	–	–	**22,620**
Finance lease	**37,304**	**191,039**	**69,328**	**297,671**
Revolving credit	**1,150,430**	–	–	**1,150,430**
Term loans	**7,397,315**	**1,875,066**	**821,766**	**10,094,147**
	9,298,383	**3,184,297**	**10,503,675**	**22,986,355**
At 30 June 2011				
Bank overdrafts	47,435	–	–	47,435
Bonds	470,000	4,373,809	5,672,205	10,516,014
Commercial Papers	150,000	–	–	150,000
Committed bank loans	26,943	11,506	–	38,449
Finance lease	159,035	44,455	120,755	324,245
Revolving credit	1,882,725	983,080	–	2,865,805
Term loans	3,746,135	2,728,712	681,072	7,155,919
	6,482,273	8,141,562	6,474,032	21,097,867

27. BORROWINGS (CONTINUED)

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

Company	Not later than 1 year RM'000	Later than 1 year but not later than 5 years RM'000	Later than 5 years RM'000	Total RM'000
At 30 June 2012				
Bonds	**315,500**	**1,020,000**	**2,168,276**	**3,503,776**
At 30 June 2011				
Bonds	470,000	3,473,984	–	3,943,984
Commercial papers	150,000	–	–	150,000
Revolving credit	300,000	–	–	300,000
	920,000	3,473,984	–	4,393,984

The carrying amounts of borrowings of the Group and the Company at the reporting date approximated their fair values except for the bonds.

The fair value of the bonds of the Group and the Company as at the reporting date is as set out below:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Medium Term Notes	**4,545,984**	2,302,404	**3,623,911**	1,384,468
3.52% Retail Price Index Guaranteed Bonds	**361,453**	325,083	–	–
5.75% Guaranteed Unsecured Bonds	**2,075,365**	1,790,521	–	–
5.375% Guaranteed Unsecured Bonds	**1,153,092**	990,999	–	–
1.75% Index Linked Guaranteed Bonds	**1,312,950**	1,029,909	–	–
1.369% and 1.374% Index Linked Guaranteed Bonds	**1,117,075**	927,299	–	–
1.489%, 1.495% and 1.499% Index Linked Guaranteed Bonds	**1,117,477**	918,046	–	–
2.186% Index Linked Guaranteed Bonds	**282,521**	268,359	–	–
3.00% Redeemable Non-Guaranteed Unsecured Bonds	–	2,310,553	–	2,310,553
4% Guaranteed Unsecured Bonds	**1,053,733**	–	–	–
	13,019,650	10,863,173	**3,623,911**	3,695,021

27. BORROWINGS (CONTINUED)

(a) Bank overdrafts

Bank overdrafts of RM75,214,133 (GBP15,102,027) (2011: RM47,434,886 (GBP9,750,634)) are unsecured loans of Wessex Water Services Limited, Wessex Water Limited and SC Technology Nederlands B.V.. The overdrafts are repayable in full on demand. All the bank overdrafts bear interest of Base Rate plus 1%.

(b) Bonds

(i) Medium Term Notes ('MTN')

The MTN of the Company were issued pursuant to:

(a) 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.

(b) A Medium Term Notes issuance programme of up to RM5,000,000,000 ('MTN Programme') constituted by a Trust Deed and MTN Agreement, both dated 11 August 2011.

During the financial year, the Company issued a new RM2,670,000,000 of the MTN. The facility bears interest rates ranging from 3.80% to 5.55% (2011: 3.80% to 5.55%). The MTN repaid during the financial year was RM934,500,000 (2011: NIL).

The MTN of a subsidiary were issued pursuant to a Medium Term Notes program of up to RM1,300,000,000 constituted by a Trust Deed and Facility Agreement, both dated 9 July 2003. Interest is payable semi-annually. The facility bears interest rates ranging from 3.93% to 4.05% (2011: 3.93% to 4.05%).

(ii) 3.52% Retail Price Index Guaranteed Bonds

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 2012 is 8.68%, (2011: 8.23%). The RPIG Bonds will be redeemed in full by Issuer on 30 July 2023 at their indexed value together with all accrued interest.

(iii) 5.75% Guaranteed Unsecured Bonds

On 15 October 2003, Wessex Water Services Finance Plc ('Issuer'), a subsidiary of the Group, issued GBP350,000,000 nominal value 5.75% Guaranteed Unsecured Bonds due 2033 ('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 2012 GBP345,375,188 (2011: GBP345,265,801) 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 GU Bonds bear interest at 5.75% per annum, payable annually on 14 October of each year. The GU bonds will be redeemed in full by the Issuer on 14 October 2033 at their nominal value together with all accrued interest.

Notes to the Financial Statements
for the financial year ended 30 June 2012

27. BORROWINGS (CONTINUED)

(b) Bonds (continued)

(iv) 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 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 2012 is 6.91% (2011: 6.46%). 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.

(v) 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 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 2012 is 6.53% (2011: 6.08%). The ILG Bonds will be redeemed in full by the Issuer on 31 July 2057 at their indexed value together with all accrued interest.

(vi) 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.

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 2012 is 5.06% (2011: 6.84%). The ILG Bonds will be redeemed in full by the Issuer on 29 November 2058 at their indexed value together with all accrued interest.

(vii) 2.186% Index Linked Guaranteed Bonds

On 7 September 2009, Wessex Water Services Finance Plc ('Issuer') issued GBP50,000,000 nominal value 2.186% Index Linked Guaranteed Bonds due 2039 ('ILG Bonds') 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 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 2012 is 3.40% (2011: 5.38%). The ILG Bonds are redeemed in full by the Issuer on 1 June 2039 at their indexed value together with all accrued interest.

27. BORROWINGS (CONTINUED)

(b) Bonds (continued)

(viii) 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 GBP198,036,108 (2011: GBP197,959,499) remained outstanding as at 30 June 2012, 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.

(ix) 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 24(a) to the financial statements.

The Bonds are issued at discount (91.87%) of the nominal value. The bonds bear interest at 3.0% per annum, payable semi-annually on 18 October and 18 April. The Bonds are redeemable on 18 April 2013 ('Maturity Date') at one hundred percent (100%) of its nominal value. This has been repaid during the financial year.

(x) 5.375% Guaranteed Unsecured Bonds

The GU Bonds bear interest at 5.375% per annum, payable annually on 10 March of each year. The GU bonds will be redeemed in full by the Issuer on 10 March 2028 at their nominal value together with all accrued interest.

(xi) 4% Guaranteed Unsecured Bonds

On 24 January 2012, Wessex Water Services Finance Plc ('Issuer'), a subsidiary of the Group, issued GBP200,000,000 nominal value 4.00% Guaranteed Unsecured Bonds due 2021 ('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 24 January 2012. The nominal value of GU Bonds issued amounted to GBP200,000,000, of which GBP197,536,948 remained outstanding as at 30 June 2012, 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 GU Bonds bear interest at 4.00% per annum, payable annually on 24 September of each year. The GU bonds will be redeemed in full by the Issuer on 24 September 2021 at their nominal value together with all accrued interest.

(c) 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.

As at 30 June 2012, this has been fully repaid.

Notes to the Financial Statements
for the financial year ended 30 June 2012

27. BORROWINGS (CONTINUED)

(d) Committed bank loans

Committed bank loans amounted to RM22,620,143 (EUR5,700,000) (2011: RM38,449,311 (EUR8,814,067)) and are a direct obligation of Wessex Water Limited and bears an interest rate of EURIBOR plus 0.90%.

(e) Finance lease

The Group finance lease of RM291,671,046 (2011: RM324,244,711) is repayable in instalments until 30 June 2019. The finance lease bears interest rates ranging from 1.70% to 3.00%.

	Group	
	2012 RM'000	**2011 RM'000**
Minimum finance lease payments:		
– Not later than 1 year	**51,719**	219,532
– Later than 1 year but not later than 5 years	**224,046**	111,135
– Later than 5 years	**78,540**	63,986
Future finance charges on finance lease	**(56,634)**	(70,408)
Present value of finance lease	**297,671**	324,245

(f) Revolving credit

(i) Revolving credit denominated in SGD Dollar

SGD750,000,000 Revolving Credit
PowerSeraya Limited has a total SGD750,000,000 (2011: SGD750,000,000) revolving credit facilities, of which SGD350,000,000, SGD50,000,000 and SGD350,000,000 terminate on 6 March 2012, 28 August 2012 and 13 September 2013 respectively. As at 30 June 2012, this amount has been fully repaid.

SGD100,000,000 Revolving Credit
YTL Utilities Holdings (S) Pte. Limited has entered into a SGD100,000,000 revolving credit facility which matures on 16 May 2013 and is guaranteed by the Company. The subsidiary has a choice to select an interest period of one, two, three or six months on the facility.

The borrowings bear an interest rate of swap rate plus 1.10% margin per annum and are subject to annual renewal by the bank.

(ii) Revolving credit denominated in Ringgit Malaysia

RM900,000,000 Revolving Credit
Revolving credit facilities of RM300,000,000 and RM600,000,000 drawn down by the Company and its subsidiary were fully repaid during the financial year. A new revolving credit of the same amount was obtained by a subsidiary of the Company which is guaranteed by the Company. The revolving credit bears an interest rate between 3.74% to 4.06%.

27. BORROWINGS (CONTINUED)

(g) Term loans

(i) Term loans denominated in Great Britain Pounds

GBP175,000,000 Unsecured Term Loan
The term loans of RM871,570,000 (GBP175,000,000) (2011: RM486,480,000 (GBP100,000,000)) 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 of the GBP100,000,000 loans and LIBOR plus 0.471% on the GBP75,000,000.

GBP140,000,000 Unsecured Term Loan
The term loan of RM697,256,000 (GBP140,000,000) (2011: RM681,072,000 (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
The term loan of RM249,020,000 (GBP50,000,000) (2011: RM243,240,000 (GBP50,000,000)) was drawn by Wessex Water Services Limited. The loan bears an interest rate of LIBOR plus 1.10%.

GBP100,000,000 Unsecured Term Loan
On 6 October 2011, a new term loan of RM498,040,000 (GBP100,000,000) was drawn by the subsidiary. The term loan is unsecured and is guaranteed by the Company. The loan is repayable on 6 October 2014. The loan bears an interest rate of LIBOR plus 0.675%.

(ii) Term loans denominated in US Dollar

USD400,000,000 Unsecured Term Loan
Term loans of RM1,270,428,039 (USD398,315,736) (2011: RM1,200,240,185 (USD397,364,736)) 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

SGD2,600,000,000 Secured Term Loan
Term loan of RM6,511,180,000 (SGD2,600,000,000) is secured loan of YTL PowerSeraya Pte. Limited. The borrowings bear interest rate of 0.8% (margin rate) per annum plus swap rate per annum and is repayable in full on 29 November 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 unsecured term loan facility. As at 30 June 2012, this amount has been fully repaid.

Notes to the Financial Statements
for the financial year ended 30 June 2012

28. POST-EMPLOYMENT BENEFIT OBLIGATIONS

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Defined contribution plan – Current				
Malaysia	**1,419**	932	**207**	208
Defined benefit plan – Non–current				
Overseas				
– United Kingdom	**120,575**	126,608	–	–
– Indonesia	**7,323**	6,162	–	–
	127,898	132,770	–	–

(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

United Kingdom incorporated subsidiary of the Company 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 2010. This valuation was updated as at 30 June 2012 using revised assumptions.

The movements during the financial year in the amounts recognised in the Statement of Financial Position are as follows:

	2012 RM'000	2011 RM'000
At 1 July	**126,608**	180,304
Exchange differences	**2,846**	(1,095)
Pension cost	**83,616**	42,104
Contributions and benefits paid	**(92,495)**	(94,705)
At 30 June	**120,575**	126,608

28. POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONTINUED)

(b) Defined benefit plan – United Kingdom (continued)

The amounts recognised in the Statement of Financial Position are analysed as follows:

	2012 RM'000	2011 RM'000
Present value of funded obligations	**2,579,100**	2,105,485
Fair value of plan assets	**(1,896,536)**	(1,750,355)
Status of funded plan	**682,564**	355,130
Unrecognised actuarial loss	**(561,989)**	(228,522)
Liability in the Statement of Financial Position	**120,575**	126,608

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

	2012 RM'000	2011 RM'000
At 1 July	**2,105,485**	2,024,342
Exchange differences	**57,628**	(18,223)
Interest cost	**117,386**	107,954
Current service cost	**45,297**	48,825
Contributions by scheme participants	**1,467**	2,944
Past service cost	**1,467**	(23,554)
Net benefits paid	**(78,747)**	(76,059)
Actuarial loss on obligation	**329,117**	39,256
Present value of defined benefit obligations, at 30 June	**2,579,100**	2,105,485

Changes in fair value of plan assets are as follows:

	2012 RM'000	2011 RM'000
At 1 July	**1,750,355**	1,528,990
Exchange differences	**43,468**	(15,152)
Expected return on plan assets	**111,517**	93,724
Contributions by employer	**92,442**	94,705
Contributions by scheme participants	**1,467**	2,944
Net benefits paid	**(78,747)**	(76,059)
Actuarial gain on plan assets	**(23,966)**	121,203
Fair value of plan assets, at 30 June	**1,896,536**	1,750,355

Notes to the Financial Statements

for the financial year ended 30 June 2012

28. POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONTINUED)

(b) Defined benefit plan – United Kingdom (continued)

The pension cost recognised is analysed as follows:

	2012 RM'000	2011 RM'000
Interest cost	**117,386**	107,954
Current service cost	**45,297**	48,825
Expected return on plan assets	**(111,517)**	(93,724)
Past service cost	**1,467**	(23,554)
Actuarial loss recognised	**30,983**	2,603
	83,616	42,104
Actual return on plan assets	**132,486**	(297,244)

The charge to profit or loss was included in the following line items:

	2012 RM'000	2011 RM'000
Cost of sales	**66,056**	21,556
Administrative expenses	**11,692**	6,318
Interest cost	**5,868**	14,230
Total charge to the profit or loss	**83,616**	42,104

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

	2012 %	2011 %
Discount rate	**4.40**	5.60
Expected rate of increase in pension payment	**2.10 – 2.90**	2.20 – 3.30
Expected rate of salary increases	**3.80**	4.40
Price inflation	**3.00**	3.60

28. POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONTINUED)

(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:

	2012 RM'000	2011 RM'000
Obligation relating to post-employment benefits	**5,444**	4,453
Obligation relating to other long-term employee benefits	**1,879**	1,709
	7,323	6,162

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 2012.

(i) Post–employment benefits obligation

The movements during the financial year in the amounts recognised in the Statement of Financial Position are as follows:

	2012 RM'000	2011 RM'000
At 1 July	**4,453**	3,808
Exchange differences	**(191)**	(94)
Pension cost	**1,445**	1,064
Contributions and benefits paid	**(263)**	(325)
At 30 June	**5,444**	4,453

The obligations relating to post-employment benefits recognised in the Statement of Financial Position are as follows:

	2012 RM'000	2011 RM'000
Present value of obligations	**7,992**	7,088
Unrecognised actuarial loss	**(2,223)**	(2,261)
Unrecognised past service cost	**(325)**	(374)
Liability in the Statement of Financial Position	**5,444**	4,453

28. POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONTINUED)

(c) Defined benefit plan – Indonesia (continued)

(i) Post-employment benefits obligation (continued)

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

	2012 RM'000	2011 RM'000
At 1 July	**4,453**	3,808
Exchange differences	**(191)**	(94)
Interest cost	**592**	475
Current service cost	**704**	529
Past service cost	**35**	35
Net benefits paid	**(263)**	(325)
Actuarial loss on obligation	**114**	25
Present value of defined benefit obligations, at 30 June	**5,444**	4,453

The pension cost recognised can be analysed as follows:

	2012 RM'000	2011 RM'000
Interest cost	**592**	475
Current service cost	**704**	529
Past service cost	**35**	35
Net actuarial losses	**114**	25
	1,445	1,064

(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 Statement of Financial Position are as follows:

	2012 RM'000	2011 RM'000
Present value of obligations	**1,879**	1,709

28. POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONTINUED)

(c) Defined benefit plan – Indonesia (continued)

(ii) Other long–term employee benefits obligation (continued)

The movements during the financial year in the amounts recognised in the Statement of Financial Position are as follows:

	2012 RM'000	2011 RM'000
At 1 July	**1,709**	1,754
Exchange differences	**(68)**	(16)
Pension cost	**506**	475
Contributions and benefits paid	**(268)**	(504)
At 30 June	**1,879**	1,709

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

	2012 RM'000	2011 RM'000
At 1 July	**1,709**	1,754
Exchange differences	**(69)**	(16)
Interest cost	**137**	145
Current service cost	**209**	215
Net benefits paid	**(268)**	(504)
Actuarial loss on obligation	**161**	115
Present value of defined benefit obligations, at 30 June	**1,879**	1,709

The amounts relating to other long-term employee benefits obligation recognised in the profit or loss are as follows:

	2012 RM'000	2011 RM'000
Current service cost	**209**	215
Interest cost	**137**	145
Net actuarial losses	**161**	115
	507	475

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

28. POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONTINUED)

(c) Defined benefit plan – Indonesia (continued)

(ii) Other long-term employee benefits obligation (continued)

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

	2012 %	2011 %
Discount rate	**7.0**	8.8
Expected rate of return on plan assets	**8.0**	8.0
Expected rate of salary increase	**8.0**	9.0

29. GRANT AND CONTRIBUTION

	Group	
	2012 RM'000	2011 RM'000
At 1 July	**256,834**	218,140
Exchange differences	**5,859**	4,634
Recognition of investment allowance	–	14,370
Received during the financial year	**27,475**	29,196
Amortisation	**(10,157)**	(9,506)
At 30 June	**280,011**	256,834

This balance represents government grants in foreign subsidiaries in respect of specific qualifying expenditure on infrastructure assets, non-infrastructure assets and a cogeneration plant.

30. PAYABLES (NON-CURRENT)

	Group	
	2012 RM'000	2011 RM'000
Deposits	**30,170**	25,877
Loan from non–controlling interest	**79,419**	–
Deferred income	**164,055**	–
	273,644	25,877

Non–current payables comprises of deposits collected from retail customers in electricity sales, deposits received from developers of housing development in relation to the provision of water and sewerage infrastructure and the corresponding entry for assets transferred from customer.

31. PAYABLES AND ACCRUED EXPENSES (CURRENT)

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Trade payables	**1,054,824**	966,277	–	–
Duties and taxes payable	**42,490**	14,778	–	–
Accrued expenses	**572,567**	487,710	**920**	23,960
Receipts in advance	**182,903**	161,533	–	–
Dividends payable	–	135,418	–	135,418
Other payables	**265,818**	441,510	**41,349**	–
Security deposits	**112,884**	116,985	–	–
Deferred income	**88,842**	–	–	–
	2,320,328	2,324,211	**42,269**	159,378

Credit terms of trade payables granted to the Group range from 30 to 60 days (2011: 30 to 60 days).

32. PROVISION FOR LIABILITIES AND CHARGES

	Group	
	2012 RM'000	2011 RM'000
At 1 July	**20,099**	20,660
Exchange differences	**(44)**	1,064
(Credited)/Charge during the financial year	**(17,279)**	3,705
Payment	**(2,004)**	(5,330)
At 30 June	**772**	20,099

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

33. AMOUNTS OWING BY/(TO) RELATED COMPANIES

The amounts owing by/(to) related companies are unsecured, interest-free and payable on demand. 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.

34. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks, including market risk (comprising of foreign currency exchange risk, interest rate risk and price risk), credit risk, liquidity risk and capital risk. The Group's 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 regular risk review analysis, internal control systems and adherence to Group financial risk management policies. The Board regularly reviews these risks and approves the appropriate control environment frameworks.

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk

(i) Foreign currency exchange risk

Foreign currency exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to risks arising from various currency exposures primarily with respect to the Great Britain Pounds and Singapore Dollars. The Group has investments in foreign operations whose net assets are exposed to foreign currency translation risk. Such exposures are mitigated through borrowings denominated in the respective functional currencies.

Where necessary, the Group enters into forward foreign currency exchange contracts to limit its exposure on foreign currency receivables and payables and on cash flows generated from anticipated transactions denominated in foreign currencies.

The following table illustrates the effects on the Group's net assets resulting from currency fluctuations (on the basis all other variables remain constant).

	Increase/(Decrease) in Net assets	
	2012	2011
Group	**RM'000**	**RM'000**
5% changes on GBP exchange rate	**85,553**	140,958
5% changes on SGD exchange rate	**228,227**	332,793

There is no significant exposure to foreign currency exchange risk at the Company level.

(ii) Interest rate risk

Interest rate exposure arises from the Group's borrowings, deposits and short-term investments, 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.

Borrowings issued at variable rates expose the Group to cash flows interest rate risk. However, it is partially offset by the interest income accruing on fixed deposits.

The interest rate profile of the Group's and the Company's significant interest–bearing financial instruments, based on carrying amounts as at the reporting date, were:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Fixed rate instruments				
Financial liabilities	**11,383,901**	7,644,510	**3,503,776**	4,093,984
Variable rate instruments				
Financial assets	**9,309,973**	6,768,272	**605,354**	250,951
Financial liabilities	**11,602,454**	13,453,357	**–**	00,000

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk

(ii) Interest rate risk (continued)

At the reporting date, if annual interest rates had been 50 basis points higher/lower respectively, with all other variables in particular foreign exchange rates and tax rates being held constant, the profit after tax will be lower/higher by RM57.4 million (2011: RM67.3 million) as a result of increase/decrease in interest expense on these borrowings.

The excess funds of the Group are invested in bank deposits and other short-term instruments. The Group manages its liquidity risks by placing such excess funds on short-term maturities to match its cash flow needs. If interest deposit rates increased/decreased by 10 basis points, interest income for the financial year would increase/decrease by RM3.7 million (2011: RM6.8 million).

(iii) Price risk

Investments

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

The Group's investments are primarily publicly traded. The impact of an increase/decrease on the quoted prices to the Group's net assets is approximately RM16.3 million (2011: RM20.0 million). This analysis is based on a 10% increase or decrease in the quoted market price of these investments as at the reporting date, with all other variables remaining constant.

Fuel commodity price risk

The Group hedges its fuel commodity price risk by the use of derivative instruments against fluctuations in fuel oil prices which affect the cost of fuel.

Exposure to price fluctuations arising from the purchase of fuel is managed via fuel oil swaps where the price of fuel is indexed to a benchmark fuel price index, for example 180 CST fuel oil. As at 30 June 2012, if the forward fuel oil price curve increased/decreased by 2% (2011: 2%), the profit before tax would be lower/higher by RM2.7 million (2011: RM4.5 million) for the Group.

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk

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

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 counterparty risk is considered to be minimal. As for the Group's power generation business in Singapore, credit reviews are performed on all customers with established credit limits and supported by collateral in the form of guarantees. For the Group's water and sewerage business, the credit risk of receivables is mitigated through strict collection procedures. In addition, the Directors are of the view that credit risk arising from these businesses is limited due to the large customer base.

Transactions involving derivative financial instruments are allowed only with counterparties that are of high credit quality. As such, management does not expect any counterparties to fail to meet their obligations. The Group considers the risk of material loss in the event of non–performance by a financial counter party to be unlikely.

At the reporting date, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the Statement of Financial Position.

Intercompany balances

The Company provides unsecured advances to subsidiaries and where necessary makes payments for expenses on behalf of its subsidiaries. The Company monitors the results of the subsidiaries regularly. As at 30 June 2012, the maximum exposure to credit risk is represented by their carrying amounts in the Statement of Financial Position.

Management has taken reasonable steps to ensure that intercompany receivables are stated at the realisable values. As at 30 June 2012, there was no indication that the advances extended to the subsidiaries are not recoverable.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient bank deposits and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Group aims at maintaining flexibility by keeping committed credit lines available.

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk

The table below summarises the maturity profile of the Group's financial liabilities as at the reporting date based on undiscounted contractual payments:

	Less than 1 year RM'000	Between 1 and 5 years RM'000	Over 5 years RM'000	Total RM'000
Group				
2012				
Non-derivative financial liabilities				
Bonds and borrowings	**9,312,551**	**3,250,172**	**10,511,630**	**23,074,353**
Trade and other payables	**2,320,328**	**79,419**	**–**	**2,399,747**
Derivative financial liabilities				
Net – Interest rate swaps	**14,803**	**27,742**	**–**	**42,545**
Gross – Fuel oil swaps	**255,426**	**16,670**	**–**	**272,096**
Gross – Currency forwards	**14,420**	**1,065**	**–**	**15,485**
	11,917,528	**3,375,068**	**10,511,630**	**25,804,226**
2011				
Non-derivative financial liabilities				
Bonds and Borrowings	6,482,273	8,246,972	6,439,030	21,168,275
Trade and other payables	2,324,211	25,877	–	2,350,088
Derivative financial liabilities				
Net – Interest rate swaps	36,934	10,227	8,366	55,527
Gross – Fuel oil swaps	25,314	–	–	25,314
Gross – Currency forwards	31,904	1,386	10	33,300
	8,900,636	8,284,462	6,447,406	23,632,504
Company				
2012				
Non-derivative financial liabilities				
Bonds and borrowings	**315,500**	**550,000**	**2,670,000**	**3,535,500**
Trade and other payables	**42,269**	**–**	**–**	**42,269**
Intercompany payables	**241,717**	**–**	**–**	**241,717**
Contingencies	**1,919,041**	**1,132,250**		**3,051,291**
	2,518,527	**1,682,250**	**2,670,000**	**6,870,777**
2011				
Non-derivative financial liabilities				
Bonds and borrowings	**920,000**	**3,530,000**	**–**	**4,450,000**
Trade and other payables	**159,378**	**–**	**–**	**159,378**
Intercompany payables	**50,966**	**–**	**–**	**50,966**
Contingencies	**354,141**	**1,208,200**	**–**	**1,562,341**
	1,484,485	**4,738,200**	**–**	**6,222,685**

Notes to the Financial Statements
for the financial year ended 30 June 2012

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

There are external debt covenants applicable to the Group which are not onerous and the obligation can be fulfilled. In addition, consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the Statement of Financial Position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the Statement of Financial Position plus net debt.

	Group		Company	
	2012 RM'000	**2011 RM'000**	**2012 RM'000**	**2011 RM'000**
Total bonds and borrowings (Note 27)	**22,986,355**	21,097,867	**3,503,776**	4,393,984
Less: Fixed deposits, cash and bank balances	**(9,627,985)**	(7,178,749)	**(617,801)**	(257,573)
Net debt	**13,358,370**	13,919,118	**2,885,975**	4,136,411
Total equity	**9,811,095**	8,391,299	**8,637,788**	7,783,832
Total capital	**23,169,465**	22,310,417	**11,523,763**	11,920,243
Gearing ratio	**58%**	62%	**25%**	35%

To strengthen the capital structure of the Company, all borrowings of subsidiaries are on a non-recourse basis to the Company save and except for those borrowings guaranteed by the Company as set out in Note 37 to the financial statements.

(e) Fair value measurement

The Group measures fair value using the following fair value hierarchy that reflects the significance of the input used in making the measurements:

(a) Level 1 – quoted price (unadjusted) in active market for identical assets or liabilities

(b) Level 2 – inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (that is, as prices) or indirectly (that is, derived from prices); and

(c) Level 3 – inputs for the assets or liabilities that are not based on observable market data (unobservable inputs)

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Fair value measurement (continued)

The following table presents the Group's assets and liabilities that are measured at fair value as at 30 June 2012:

	RM'000 Level 1	RM'000 Level 2	RM'000 Level 3	RM'000 Total
Assets				
Financial assets at fair value through profit and loss				
– Trading derivatives	–	13,271	–	13,271
– Trading equity securities	64,336	–	–	64,336
Available-for-sale	113,559	–	2,962	116,521
Derivatives used for hedging	–	66,382	–	66,382
Total assets	177,895	79,653	2,962	260,510
Liabilities				
Financial liabilities at fair value through profit or loss				
– Trading derivatives	–	36,787	–	36,787
Derivatives used for hedging	–	293,339	–	293,339
Total liabilities	–	330,126	–	330,126

35. FINANCIAL INSTRUMENTS BY CATEGORY

The table below provides an analysis of the Group's financial instruments categorised as follows:

Group	Loans and receivables RM'000	Assets at fair value through profit or loss RM'000	Derivatives used for hedging RM'000	Available-for-sale RM'000	Total RM'000
2012					
Assets as per Statement of Financial Position					
Available-for-sale financial assets	–	–	–	**116,521**	**116,521**
Financial assets at fair value through profit or loss	–	**64,336**	–	–	**64,336**
Investment in preference shares	–	–	–	–	–
Derivative financial instruments	–	**13,270**	**66,383**	–	**79,653**
Trade and other receivables excluding pre-payments[1]	**2,734,648**	–	–	–	**2,734,648**
Cash and cash equivalents	**9,627,985**	–	–	–	**9,627,985**
	12,362,633	**77,606**	**66,383**	**116,521**	**12,623,143**

35. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

The table below provides an analysis of the Group's financial instruments categorised as follows: (continued)

Group	Loans and receivables RM'000	Assets at fair value through profit or loss RM'000	Derivatives used for hedging RM'000	Available-for-sale RM'000	Total RM'000
2011					
Assets as per Statement of Financial Position					
Available-for-sale financial assets	–	–	–	170,304	170,304
Financial assets at fair value through profit or loss	–	82,967	–	–	82,967
Investment in preference shares	492,705	–	–	–	492,705
Derivative financial instruments	–	19,135	79,380	–	98,515
Trade and other receivables excluding pre-payments[1]	2,258,748	–	–	–	2,258,748
Cash and cash equivalents	7,131,314	–	–	–	7,131,314
	9,882,767	102,102	79,380	170,304	10,234,553

Group	Liabilities at fair value through profit or loss RM'000	Derivatives used for hedging RM'000	Other financial liabilities at amortised cost RM'000	Total RM'000
2012				
Liabilities as per Statement of Financial Position				
Bonds and borrowings excluding finance lease liabilities	–	–	**22,688,684**	**22,688,684**
Finance lease liabilities	–	–	**297,671**	**297,671**
Derivative financial instruments	**36,787**	**293,339**	–	**330,126**
Trade and other payables excluding statutory liabilities[2]	–	–	**2,006,093**	**2,006,093**
	36,787	**293,339**	**24,992,448**	**25,322,574**
2011				
Liabilities as per Statement of Financial Position				
Bonds and borrowings excluding finance lease liabilities	–	–	20,773,622	20,773,622
Finance lease liabilities	–	–	324,245	324,245
Derivative financial instruments	21,918	92,223	–	114,141
Trade and other payables excluding statutory liabilities[2]	–	–	2,147,900	2,147,900
	21,918	92,223	23,245,767	23,359,908

35. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

The table below provides an analysis of the Company's financial instruments categorised as follow: (continued)

Company	Loans and receivables RM'000	Assets at fair value through profit or loss RM'000	Available-for-sale RM'000	Total RM'000
2012				
Assets as per Statement of Financial Position				
Available-for-sale financial assets	–	–	**96,265**	**96,265**
Financial assets at fair value through profit or loss	–	**64,336**	–	**64,336**
Trade and other receivables excluding pre-payments[1]	**5,029**	–	–	**5,029**
Cash and cash equivalents	**617,801**	–	–	**617,801**
	622,830	**64,336**	**96,265**	**783,431**
2011				
Assets as per Statement of Financial Position				
Available-for-sale financial assets	–	–	99,256	99,256
Financial assets at fair value through profit or loss	–	82,967	–	82,967
Trade and other receivables excluding pre-payments[1]	5,641	–	–	5,641
Cash and cash equivalents	257,573	–	–	257,573
	263,214	82,967	99,256	445,437

Company	Other financial liabilities at amortised cost RM'000	Total RM'000
2012		
Liabilities as per Statement of Financial Position		
Bonds and borrowings excluding finance lease liabilities	**3,503,776**	**3,503,776**
Trade and other payables excluding statutory liabilities[2]	**42,269**	**42,269**
	3,546,045	**3,546,045**

35. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

The table below provides an analysis of the Company's financial instruments categorised as follow: (continued)

Company	Other financial liabilities at amortised cost RM'000	Total RM'000
2011		
Liabilities as per Statement of Financial Position		
Bonds and borrowings excluding finance lease liabilities	4,393,984	4,393,984
Trade and other payables excluding statutory liabilities[2]	159,378	159,378
	4,553,362	4,553,362

[1] *Pre-payments are excluded from the trade and other receivables balance, as this analysis is required only for financial instruments*

[2] *Statutory liabilities, deferred income and receipts in advance are excluded from the trade and other payables balance, as this analysis is required only for financial instruments*

36. COMMITMENTS

(a) Capital commitments

	Group 2012 RM'000	Group 2011 RM'000
Contracted, but not provided for	**1,473,538**	1,233,326

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

36. COMMITMENTS (CONTINUED)

(b) Operating lease arrangements

(i) The Group as lessee

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

	Group 2012 RM'000	Group 2011 RM'000
Lease rental on sublease of office space:		
– Not later than 1 year	**68,836**	48,739
– Later than 1 year but not later than 5 years	**178,201**	125,375
– Later than 5 years	**136,455**	–

(ii) The Group as lessor

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

	Group 2012 RM'000	Group 2011 RM'000
Not later than 1 year	**23,576**	39,488
Later than 1 year but not later than 5 years	**–**	8,044

In addition, the payments receivables under the PPA which are classified as operating lease are as follows:

	Group 2012 RM'000	Group 2011 RM'000
Not later than 1 year	**444,510**	449,442
Later than 1 year but not later than 5 years	**953,855**	1,398,365

The future minimum lease receivables are an estimate as they include minimum lease payments and other elements.

Notes to the Financial Statements
for the financial year ended 30 June 2012

37. CONTINGENT LIABILITIES

There is a joint and several shareholders' contingent support with Siemens Financial Services to invest up to a further equity which amounted to RM37,189,570 (2011: RM35,219,030) in PT Jawa Power, an associated company of the Group.

As at 30 June 2012, the Company has given the following guarantees:

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

(ii) Corporate guarantees of RM130,710,857 to financial institutions for letter of credit facilities utilised by its subsidiaries.

(iii) Revolving credit of RM900,000,000 and SGD100,000,000 are guaranteed by the Company.

(iv) Term loan of GBP100,000,000 guaranteed by the Company. This loan is repayable in full on 6 October 2014.

These financial guarantees have not been recognised in the financial statements as the fair value on initial recognition was not material.

38. SEGMENTAL INFORMATION

The Group has five reportable segments as described below:

(i) Power generation (Contracted)
(ii) Multi utilities business (Merchant)
(iii) Water and sewerage
(iv) Mobile broadband network
(v) Investment holding activities

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

38. SEGMENTAL INFORMATION (CONTINUED)

At 30 June 2012	Power Generation (Contracted) RM'000	Multi utilities business (Merchant)[#1] RM'000	Water and Sewerage RM'000	Mobile broadband network RM'000	Investment holding activities RM'000	Group RM'000
Revenue						
Total revenue	1,155,417	11,999,044	2,396,160	221,380	98,342	15,870,343
Results						
Dividend income	602	–	–	–	–	602
Share of results of associates	–	–	–	–	285,239	285,239
Interest income	13,281	1,261	8,281	1,558	11	24,392
Finance costs	58,829	112,005	414,119	1,244	233,924	820,121
Segment profit/(loss)	288,167	726,259	597,201	(307,687)	87,536	1,391,476
Other segment items						
Capital expenditures	41,955	47,815	1,005,610	358,041	2,625	1,456,046
Depreciation	331,660	332,520	417,061	79,885	299	1,161,425
Segment assets						
Investment in associates and JV	–	–	–	–	1,874,285	1,874,285
Other segment assets	2,117,139	11,578,708	13,268,909	1,763,794	8,283,375	37,011,925
	2,117,139	11,578,708	13,268,909	1,763,794	10,157,660	38,886,210
Segment liabilities						
Borrowings	899,915	6,761,610	9,150,027	905,905	5,268,898	22,986,355
Other segment liabilities	458,834	2,236,525	2,906,700	386,889	183,798	6,172,746
	1,358,749	8,998,135	12,056,727	1,292,794	5,452,696	29,159,101

Notes to the Financial Statements

for the financial year ended 30 June 2012

38. SEGMENTAL INFORMATION (CONTINUED)

At 30 June 2011	Power Generation (Contracted) RM'000	Multi utilities business (Merchant)[#1] RM'000	Water and Sewerage RM'000	Mobile broadband network RM'000	Investment holding activities RM'000	Group RM'000
Revenue						
Total revenue	1,087,338	11,149,547	2,293,708	26,901	105,363	14,662,857
Inter-segment elimination	–	–	–	(298)	–	(298)
External revenue	1,087,338	11,149,547	2,293,708	26,603	105,363	14,662,559
Results						
Dividend income	640	–	–	–	–	640
Share of results of associates	–	–	–	–	286,812	286,812
Interest income	8,404	1,142	3,886	310	14	13,756
Finance costs	(60,352)	(221,685)	(339,155)	(482)	(225,821)	(847,495)
Segment profit/(loss)	312,178	884,119	639,324	(280,198)	1,483	1,556,906
Other segment items						
Capital expenditures	112,316	259,505	552,046	634,146	325	1,558,338
Depreciation	232,562	324,926	405,056	25,064	350	987,958
Segment assets						
Investment in associates and JV	–	–	–	–	1,138,020	1,138,020
Other segment assets	2,474,276	12,180,584	11,504,070	1,448,221	6,500,613	34,107,764
	2,474,276	12,180,584	11,504,070	1,448,221	7,638,633	35,245,784
Segment liabilities						
Borrowings	1,499,825	6,510,692	7,485,108	8,018	5,594,224	21,097,867
Other segment liabilities	494,970	1,953,961	2,666,885	460,267	180,535	5,756,618
	1,994,795	8,464,653	10,151,993	468,285	5,774,759	26,854,485

[#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.

38. SEGMENTAL INFORMATION (CONTINUED)

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	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Malaysia	**1,388,404**	1,131,719	**2,899,653**	2,916,006
Singapore	**11,999,044**	11,149,547	**9,331,900**	9,413,975
United Kingdom	**2,396,160**	2,293,708	**11,688,966**	10,850,392
Other countries	**86,735**	87,585	**479,152**	8,593
	15,870,343	14,662,559	**24,399,671**	23,188,966

Non-current assets information presented above consist of the following items as presented in the Statement of Financial Position.

	Non-current assets	
	2012 RM'000	2011 RM'000
Property, plant and equipment	**17,258,872**	16,662,340
Intangible assets	**6,633,773**	6,484,398
Receivables, deposits and prepayments	**507,026**	42,228
	24,399,671	23,188,966

Major customers

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

	Revenue		
	2012 RM'000	2011 RM'000	Segment
– Tenaga Nasional Berhad	**1,155,417**	1,087,338	Power generation (Contracted)
– Energy Market Company	**6,139,438**	5,108,249	Multi utilities business (Merchant)

39. SIGNIFICANT SUBSEQUENT EVENT

There was no significant event identified after the financial year end.

40. APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 4 October 2012.

41. SUPPLEMENTARY INFORMATION DISCLOSED PURSUANT TO BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENT

The following analysis of realised and unrealised retained profits/(accumulated losses) at the legal entity level is prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants whilst the disclosure at the Group and the Company are based on the prescribed format by the Bursa Malaysia Securities Berhad.

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Retained earnings/(Accumulated losses) of the Company and its subsidiaries:				
– Realised	**6,998,707**	5,767,287	**1,856,759**	1,069,105
– Unrealised	**(1,646,345)**	(1,355,558)	**39,603**	38,893
	5,352,362	4,411,729	**1,896,362**	1,107,998
Retained earnings/(Accumulated losses) from associated companies:				
– Realised	**515,005**	39,430	–	–
– Unrealised	**(41,533)**	(67,029)	–	–
	474,472	572,401	–	–
Add: Consolidated adjustments	**252,954**	116,845	–	–
Total retained earnings	**6,079,788**	5,100,975	**1,896,362**	1,107,998

The disclosure of realised and unrealised profits/(losses) above is solely for compliance with the directive issued by the Bursa Malaysia Securities Berhad and should not be used for any other purpose.

Statement by Directors

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

We, Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE and Dato' Yeoh Seok Hong, two of the Directors of YTL Power International Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 65 to 161 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 2012 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 and the provisions of the Companies Act, 1965.

The information set out in Note 41 to the financial statements have been prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board of Directors in accordance with their resolution dated 4 October 2012.

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

Dato' Yeoh Seok Hong
Director

Statutory Declaration

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

I, Dato' Yeoh Seok Hong, the Director primarily responsible for the financial management of YTL Power International Berhad, do solemnly and sincerely declare that the financial statements set out on pages 65 to 161 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Dato' Yeoh Seok Hong
Director

Subscribed and solemnly declared by the above named Dato' Yeoh Seok Hong at Kuala Lumpur on 4 October 2012, before me.

Tan Seok Kett
Commissioner for Oaths

Independent Auditors' Report

to the Members Of YTL Power International Berhad
(Company no: 406684 H) (Incorporated in Malaysia)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of YTL Power International Berhad on pages 65 to 161 which comprise the statements of financial position as at 30 June 2012 of the Group and of the Company, and the statements of income, comprehensive income, changes in equity and cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on Notes 1 to 40.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with the Financial Reporting Standards in Malaysia and the Companies Act, 1965, and for such internal control as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 the Financial Reporting Standards in Malaysia 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 2012 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 13 to the financial statements.

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

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

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 41 on page 162 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ('MIA Guidance') and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

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

IRVIN GEORGE LUIS MENEZES
(No. 2932/06/14 (J))
Chartered Accountant

Kuala Lumpur
4 October 2012

Notes

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 16th 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, 27 November 2012 at 2.00 p.m. and at any adjournment thereof.

My/Our proxy is to vote as indicated below:–

NO.	RESOLUTIONS	FOR	AGAINST
1.	Re-election of Tan Sri Dato' (Dr) Francis Yeoh Sock Ping		
2.	Re-election of Tan Sri Datuk Dr Aris bin Osman @ Othman		
3.	Re-election of Dato' Yeoh Soo Min		
4.	Re-election of Dato' Yeoh Soo Keng		
5.	Re-appointment of Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay		
6.	Re-appointment of Dato' (Dr) Yahya bin Ismail		
7.	Approval of the payment of Directors' fees		
8.	Re-appointment of Messrs. PricewaterhouseCoopers as Company Auditors		
9.	Authorisation for Directors to Allot and Issue Shares		
10.	Proposed Renewal of Share Buy–Back Authority		
11.	Proposed Renewal of Shareholder Mandate and New Shareholder Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		

Number of shares held

Signed this ____________ day of ____________________ 2012 Signature ____________________

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 original form of proxy and the Power of Attorney or other authority (if any) under which it is signed or notarily certified copy thereof must be lodged at the 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. Facsimile transmission of such documents will not be accepted.*
3. *In the case of a corporation, this form of proxy should be executed under its Common Seal or under the hand of some officer of the corporation duly authorised in writing on its behalf.*
4. *Unless voting instructions are indicated in the spaces provided above, the proxy may vote as he thinks fit.*
5. *For the purpose of determining a member who shall be entitled to attend the Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd, in accordance with Article 60(2) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors as at 20 November 2012. Only a depositor whose name appears on the General Meeting Record of Depositors as at 20 November 2012 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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