YTL POWER
INTERNATIONAL
BERHAD 406684-H

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

Tel • 603 2117 0088
603 2142 6633
Fax • 603 2141 2703

www.ytlpowerinternational.com
www.ytlcommunity.com

YTL POWER INTERNATIONAL BERHAD 406684-H

annual report 2014

YTL POWER

YTL POWER INTERNATIONAL BERHAD 406684-H

the journey continues...

annual report 2014

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YTL POWER

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BERHAD (406684-H)

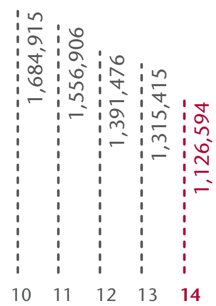
Financial Highlights

	2014	2013 (restated)	2012 (restated)	2011	2010
Revenue (RM'000)	**14,436,606**	15,896,162	15,870,343	14,662,559	13,442,917
Profit Before Taxation (RM'000)	**1,126,594**	1,315,415	1,391,476	1,556,906	1,684,915
Profit After Taxation (RM'000)	**1,208,747**	1,029,883	1,156,961	1,247,462	1,208,712
Profit for the Year Attributable to Owners of the Parent (RM'000)	**1,202,414**	1,054,770	1,232,211	1,364,168	1,208,838
Total Equity Attributable to Owners of the Parent (RM'000)	**10,439,494**	9,809,073	8,981,768	8,335,475	7,210,066
Earnings per Share (Sen)	**18.30**	14.54	16.99	18.93	18.60
Dividend per Share (Sen)	–	1.88	5.64	9.39	13.13
Total Assets (RM'000)	**40,085,106**	38,910,167	38,946,755	35,245,784	33,918,933
Net Assets per Share (RM)	**1.54**	1.38	1.24	1.15	1.00

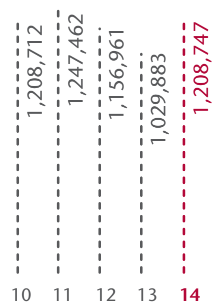
Financial Highlights

Revenue
(RM'000)

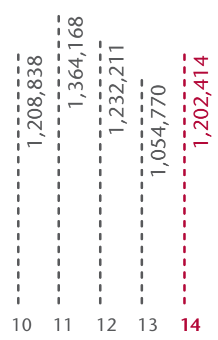
Profit Before Taxation
(RM'000)



Profit After Taxation
(RM'000)

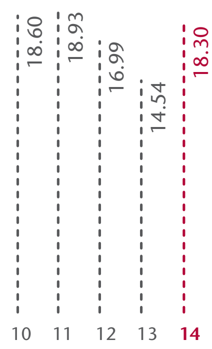


Profit for the Year Attributable to Owners of the Parent
(RM'000)

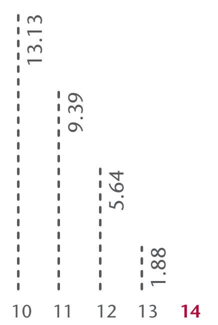


Total Equity Attributable to Owners of the Parent
(RM'000)

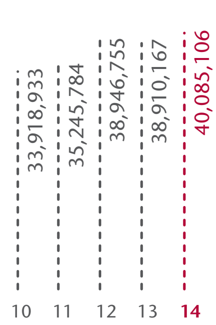
Earnings per Share
(SEN)



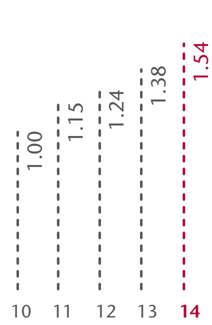
Dividend per Share
(SEN)



Total Assets
(RM'000)



Net Assets per Share
(RM)



Chairman's Statement

On behalf of the Board of Directors of YTL Power International Berhad ("YTL Power" or the "Company"), I have the pleasure of presenting to you the Annual Report and the audited financial statements of the Company and its subsidiaries (the "Group") for the financial year ended 30 June 2014.

OVERVIEW

The Group recorded a sound set of results for the financial year under review, led by its power generation and water and sewerage operations. YTL Power's merchant multi-utilities business in Singapore continued to perform well despite being impacted by lower vesting non-fuel margins and volumes, whilst in Malaysia, the Yes mobile Internet with voice service registered good growth of its subscriber base.

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

Chairman's Statement

The Malaysian economy recorded gross domestic product (GDP) growth of 4.7% for the 2013 calendar year, affected by a weaker external sector, compared to 5.6% in 2012. However, the first half of 2014 registered stronger growth of approximately 6.3%, supported by higher exports and continued strength in private domestic demand. Meanwhile, in other major economies where the Group operates, the United Kingdom (UK) registered growth of approximately 1.8% during 2013, with the first and second quarters of the 2014 calendar year showing growth of 0.7% and 0.9%, respectively. Singapore's economy grew 4.1% in 2013 over 1.9% in 2012, although growth had moderated to approximately 2.4% at the end of the second quarter of the 2014 calendar year compared to 4.8% in the first quarter *(sources: Ministry of Finance Malaysia, Bank Negara Malaysia, Singapore Ministry of Trade & Industry, UK Office for National Statistics updates & reports).*

FINANCIAL PERFORMANCE

The Group registered revenue of RM14,436.6 million for the financial year ended 30 June 2014 compared to RM15,896.2 million for the previous financial year ended 30 June 2013, whilst profit for the financial year increased 17.4% to RM1,208.7 million this year over RM1,029.9 million last year.

The increase in profit was contributed mainly by the Group's power generation, water and sewerage and mobile broadband divisions, although this was impacted by lower vesting non-fuel margins and volumes in the Group's merchant multi-utilities business. Meanwhile, the decrease in revenue arose mainly due to lower units of electricity sold coupled with lower electricity prices as a result of lower fuel oil prices in the merchant division.

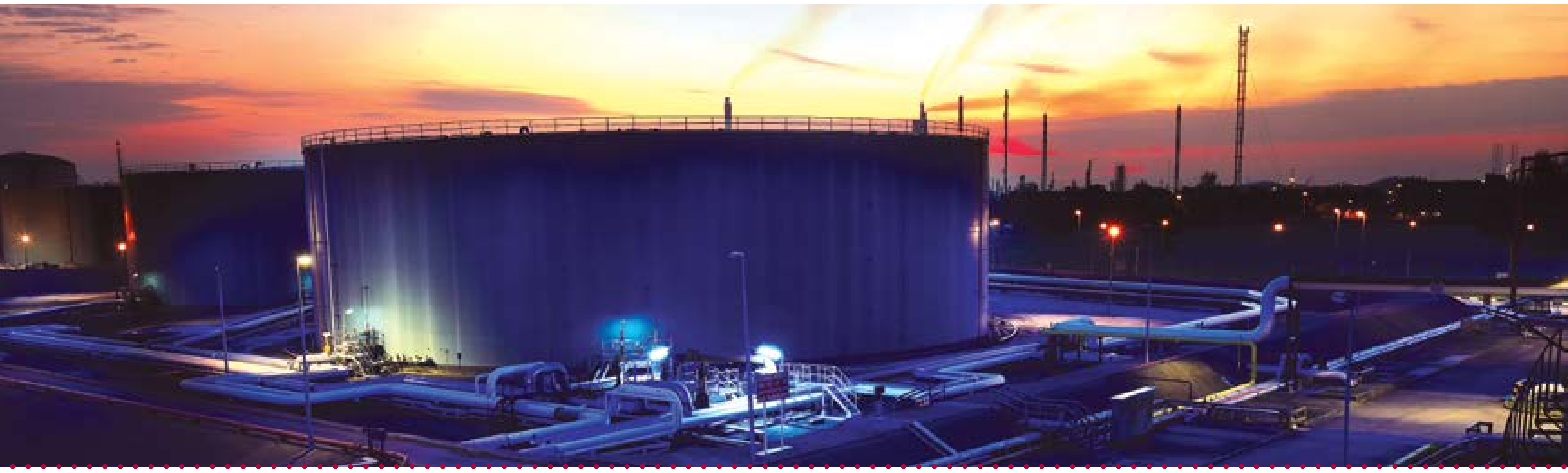
The Group continued to see good results from its power generation business in Malaysia and water and sewerage business in the United Kingdom, with the Yes mobile broadband platform also registering growth in subscription levels, further narrowing the division's start-up losses in building the network for scale from the outset.

Dividends

In line with the Group's policy of creating value for shareholders through a sustainable dividend policy, YTL Power declared an interim dividend of 20% or 10.0 sen per ordinary share of 50 sen each in respect of the financial year ended 30 June 2014, with a book closure date of 31 October 2014 and a payment date of 14 November 2014. Therefore, the Board of Directors of YTL Power did not recommend a final dividend for the financial year under review.

This is the 17th consecutive year that the Company has declared dividends since listing on the Main Market of Bursa Malaysia Securities Berhad in 1997.

Chairman's Statement



REVIEW OF OPERATIONS

Power Generation, Merchant Multi-Utilities & Power Transmission

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

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 good during the year under review with 97.87% at Paka Power Station and 98.40% at Pasir Gudang Power Station. Combined power production by both stations for the year stood at 100.35% of the scheduled quantities.

Operations in Singapore

The Group has a 100% stake in YTL PowerSeraya Pte Ltd ("YTL PowerSeraya") in Singapore, which owns 3,100 MW of installed capacity comprising steam turbine plants, combined-cycle plants and co-generation combined-cycle plants, representing about 25% of Singapore's total installed generation capacity.

YTL PowerSeraya's overall market share for the financial year stood at 20.5% with 9,350 gigawatt hours (GWh) of electricity sold, a decrease of 12.9% compared to last year, due mainly to the coming on-line of new gas-fired combined-cycle gas turbine (CCGT) capacity across the industry, which amounted to an increase of approximately 23% over existing system CCGT capacity.

During the year under review, the division entered into a new steam sales agreement, for a 15-year period commencing September 2015. YTL PowerSeraya will supply up to 25 metric tonnes per hour of medium pressure steam to its new customer. This marks another key development that reinforces the division's position as an integrated energy company offering bundled utilities of electricity, steam and water.

Re-certifications achieved during the financial year included ISO9001, ISO14001 and OHSAS18001, in line with the division's dedication to maintaining its quality, environmental, and health and safety management systems, respectively. The company also received ISO27001 certification in December 2013 as part of its mitigation measures against cyber security threats.

On the retail front, YTL PowerSeraya's retail subsidiary, Seraya Energy Pte Ltd ("Seraya Energy"), saw a slight decrease in its market share in the retail electricity sector to 23.3% for the financial year, as compared to 25.3% last year, with a sales volume of 7,025 GWh.

Chairman's Statement

The emergence of new industry players and the resulting commercial operations of new co-generation combined-cycle plants have led to more intense competition over the last fiscal year. Despite the challenging business environment, Seraya Energy continued to focus on creating value for customers by providing timely information to help them in their electricity purchasing decisions, as well as providing suitable cost-effective pricing plans and products. Seraya Energy also continued to retain its Business SuperBrands status in this financial year, backed by its excellent customer service and suite of value-added energy plans.

The further liberalisation of Singapore's electricity market has led to new opportunities for Seraya Energy, enabling it to develop more customer engagement initiatives as part of its commitment to engage and educate the new group of eligible non-residential consumers on the benefits of liberalisation. As more consumers become qualified to choose their electricity retailer, the diversity of these consumer profiles presents good potential for Seraya Energy to develop and tailor energy price plans and bundled solutions to suit their business needs and to reach out to this new segment of consumers to help them further understand their contestability status and the rewards it yields.

Meanwhile, PetroSeraya Pte Ltd ("PetroSeraya"), the trading and fuel management arm of YTL PowerSeraya, focused its efforts on upgrading and enhancing its jetty facilities and storage tanks as part of its efforts to maintain its competitiveness and cater to a bigger customer base. With the ongoing upgrading and retrofitting works, trading margins for fuel oil were lower as compared to the last fiscal year.

The asset development plans are on track to be completed by late 2014, with commercial operations targeted to commence by early 2015. Upon completion, PetroSeraya will be poised to strengthen its business growth as its upgraded jetty facilities will further improve its operational efficiency and terminal flexibility to accommodate various vessels and oil tankers. At the same time, its oil tank leasing capacity will double, enabling the division to better meet customers' increased demand for fuel oil storage on Jurong Island.

Operations in Indonesia

YTL Power has an effective interest of 20% in PT Jawa Power ("Jawa Power") in Indonesia, which owns a 1,220 MW coal-fired thermal power station located at the Paiton Power Generation Complex in Java. The plant supplies power to Indonesia's national utility company, PT 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.

Jawa Power achieved average availability of 85.99% for its financial year ended 31 December 2013 and 88.78% availability for the six months ended 30 June 2014. The station generated 8,062 GWh of electricity for its financial year compared to 8,450 GWh for its previous financial year for its sole offtaker, PLN. The lower availability and generation were due mainly to steam turbine overhauls and generator inspections during the year.

Chairman's Statement

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.

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

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.

Water & Sewerage Services

The Group's water and sewerage operations are carried out by its wholly-owned subsidiary, Wessex Water Limited, and its subsidiaries ("Wessex Water") in the UK.

In April 2014, Wessex Water marked 40 years since it was formed as a regional water authority on 1 April 1974, and October 2014 marks 25 years since its privatisation. Much of the improvement the company has achieved has been due to privatisation which provided access to private capital for investment and gave incentives to deliver high levels of customer and environmental service as efficiently as possible. The Group acquired Wessex Water more than a decade ago, in 2002.

Over the last year, Wessex Water was again the best performing water and sewerage company in the UK, with more than 96% customer satisfaction and the lowest level of complaints. The company consistently delivered around 100% compliance with environmental standards and had the lowest level of pollution incidents, in addition to having avoided the imposition of any hosepipe bans since 1976.

Ongoing improvements have put the division in a good position to meet the challenges of climate change, a growing population and increasing customer expectations. This commitment to embedding sustainability throughout the business was rewarded by the company retaining The Queen's Award for Enterprise in Sustainable Development.

Wessex Water's operating region experienced extremes of weather over the year, most notably an exceptionally wet autumn and winter of 2013-2014, with December 2013 to February 2014 being the wettest months for almost 100 years. Despite introducing temporary tankering and pumping at 48 locations across the region to minimise the impact on customers, Wessex Water continued to maintain very high compliance with drinking water quality at 99.97% and compliance with abstraction licences at 99.98%.

However, partly because of the extreme weather, the number of pollution incidents increased, and the division is working to identify additional measures to reverse this position.

During the year, a total of GBP226 million (approximately RM1,175 million) was invested under Wessex Water's ongoing 5-year capital expenditure programme to improve existing infrastructure and build new assets. This investment included continuing work on the regional supply grid which will significantly improve the resilience and quality of water supplies. Other major works included mains refurbishment in and around Taunton, replacement of Ashford water treatment works, phosphorus removal schemes at three sewage treatment works and work to improve the treatment of sewage sludge and to generate more renewable energy at the Trowbridge plant. In total, 700 separate projects were completed and Wessex Water is on target to deliver all its regulatory outputs by the end of 2015.

While continued investment is essential, Wessex Water continued to work to keep bills affordable for its customers. Despite the proportion of household income spent on water and sewerage services having increased by only 0.2% since privatisation, there are still customers who have difficulties meeting their bills. As such, the real terms increase in bills for 2014-2015 that had been agreed with the regulator at the last price review in 2009 was not applied, and the company also extended its tailored assistance programme, **tap**, to help customers in financial difficulties. Currently, 15,000 households benefit and the latest changes should add another 10,000.

Also on the customer services front, Wessex Water continued to work closely with the Citizens Advice Bureau and debt agencies, and its Money Matters grants have helped 10 organisations that offer financial literacy and money management help. The quality of its overall customer services enabled Wessex Water to retain its Customer Service Excellence award for another year.

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. YTL Comms' Yes 4G network offers high-speed mobile Internet with voice services and interconnects with all other voice networks (both mobile and fixed line) to provide a converged voice and data service to its customers.

YTL Comms expanded its Yes 4G network coverage to Sabah during the year under review, bringing high-speed 4G Internet to more consumers in Malaysia. The commercial availability of Yes in Sabah is the continuation of YTL Comms' commitment to deliver the most advanced 4G network throughout Malaysia. This network expansion adds 4G mobile coverage in most cities and towns in Sabah, including Kota Kinabalu, Beaufort, Keningau, Kota Belud, Kudat, Lahad Datu, Papar, Sandakan, Tawau and Tuaran, covering approximately 60% of Sabah's population.

Chairman's Statement

YTL Comms also entered into a memorandum of understanding with Universiti Malaysia Sabah to establish a 4G campus-wide network at the university to ensure its students have easier access to the Internet for learning and research purposes, under its Education Partner Programme (EPP). This marks another step in the Group's drive to transform the national education system towards global standards.

In line with this commitment, YTL Comms also hosted a state-wide educational awareness event to enable headmasters and head teachers from national schools in the Kota Kinabalu district to experience new ways to enhance and complement teaching and learning techniques while streamlining administrative duties through the Frog Virtual Learning Environment (VLE) platform. In total, 2,070 headmasters and head teachers from 690 primary and secondary national schools were able to attend the event and gain exposure to this technology. The Frog VLE is one of the cornerstones of the 1BestariNet initiative.

YTL Comms has continued to progress well with the 1BestariNet project, initiated by the Malaysian Ministry of Education. Upon completion, the 1BestariNet project will connect 10,000 primary and secondary government schools in Malaysia with Yes 4G connectivity and the Frog VLE, a cloud-based virtual learning environment.

The programme enables rural and urban schools to be connected together, granting students equal opportunities to thrive in a knowledge-based economy and creating a more level playing field. Within the schools, a built-in content filter provides a safe learning environment to ensure that students are unable to access inappropriate content through the Internet, with only educational websites approved by the Ministry of Education being allowed to pass through the content filter.

During the year, YTL Comms won a number of awards, including ***"The Most Innovative Partnership Strategy"*** for its partnership with Google at the Telecom Asia Awards 2014, ***"Best Enterprise Cloud Offering"*** at the 2014 Telecoms.com Industry Awards and ***"Best Broadband Cloud Award"*** at the 2013 Broadband InfoVision Awards for its cloud-based Frog VLE under the 1BestariNet programme.

CORPORATE SOCIAL RESPONSIBILITY

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

As a multi-utility provider with operations or investments 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. YTL Power's largest international operations, Wessex Water in the UK and YTL PowerSeraya in Singapore, also have extensive, long-standing and long-term corporate citizenship programmes that have been integrated into their regulatory structures and business operations, for the benefit of their customers and stakeholders.

The Group is part of the wider network of the YTL group of companies under the umbrella of its parent company,

Chairman's Statement

YTL Corporation Berhad, which has a long-standing commitment to creating successful, profitable and sustainable businesses. Further details can be found in the **YTL Group Sustainability Report 2014**, issued as a separate report to enable shareholders and stakeholders to better assess the Group's sustainability record and activities. Meanwhile, YTL Power's statements on corporate governance, risk management and internal control, which elaborate further on its systems and controls, can be found as a separate section in this Annual Report.

FUTURE PROSPECTS

The outlook for Malaysia's economy remains fairly stable with GDP growth for the full 2014 calendar year expected to average between 5.0% and 6.0%, supported by better performance in the external sector amid some moderation in domestic demand. The global economy is projected to expand further at a moderate pace for the rest of the 2014 calendar year, with broad-based but uneven recovery expected as economies around the world face pressure in varying degrees from factors such as the anticipated normalisation of monetary policy in major advanced economies, fragilities in the financial sector, high household debt and geopolitical tensions *(sources: Ministry of Finance, Bank Negara Malaysia updates).*

Going forward, YTL Power will remain focused on its core multi-utility capabilities and established track record in managing investments, supported by technical know-how and O&M expertise. The Group's cornerstone long-term, regulated assets have ensured its ongoing stability and resilience, and will continue to support YTL Power's future growth and development.

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

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

Corporate Events

"Best Broadband Cloud Award" at the 2013 Broadband InfoVision Awards

10 December 2013

YTL Communications Sdn Bhd won the Best Broadband Cloud Award at the 2013 Broadband InfoVision Awards for its work in connecting 10,000 national schools across Malaysia with Yes' 4G Internet service and the cloud-based Frog Virtual Learning Environment (VLE) under the 1BestariNet programme.

Mr Wing K. Lee (centre), Chief Executive Officer of YTL Communications Sdn Bhd, receiving the award at the ceremony in The Netherlands.

From left to right:- Mr Wing K. Lee, Chief Executive Officer of YTL Communications Sdn Bhd; Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, Managing Director of YTL Power International Berhad; and Mr Gregory Bryant, Vice President of Sales and Marketing & General Manager of Intel APAC and Japan.

Collaboration with Intel Malaysia

12 December 2013

YTL Communications Sdn Bhd and Intel Malaysia formalised an agreement to introduce Intel-based integrated 4G laptop and tablet solutions supporting Chrome and Android for the education sector in Malaysia. A memorandum of understanding was signed by both organisations to accelerate progress of the 1BestariNet programme, which will deliver a cloud-based virtual learning platform and high-speed Internet connectivity to 10,000 schools nationwide.

2014 Telecoms.com Industry Award for "Best Enterprise Cloud Offering"

26 February 2014

YTL Communications Sdn Bhd won the "Best Enterprise Cloud Offering" award at the 2014 Telecoms.com Industry Awards for its Frog Virtual Learning Environment (VLE) operating on the Yes 4G platform.

Mr Wing K. Lee (2nd from left), Chief Executive Officer of YTL Communications Sdn Bhd, and Mr Ali Tabassi (3rd from left), Chief Operating Officer of YTL Communications Sdn Bhd, receiving the award at the ceremony in Barcelona, Spain.

Corporate Events

Launch of Yes 4G Network in Sabah

19 April 2014

YTL Communications Sdn Bhd expanded its Yes 4G network coverage to Sabah, with 60% population coverage, bringing high-speed 4G Internet to more consumers in Malaysia. The launch was officiated by the Chief Minister of Sabah Datuk Seri Panglima Musa Bin Aman at Universiti Malaysia Sabah. The event also saw YTL Communications Sdn Bhd and Universiti Sabah Malaysia enter into a memorandum of understanding to establish a 4G campus-wide network at the university under the Education Partner Programme (EPP).

From left to right:- Professor Datuk Dr Harun Abdullah, Vice Chancellor of Universiti Sabah Malaysia; Datuk Jame Bin Alip, Director of Education, Sabah; Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay, Executive Chairman of YTL Power International Berhad; Datuk Seri Panglima Musa Bin Aman, Chief Minister of Sabah; Dato' Yeoh Soo Keng, Executive Director of YTL Power International Berhad; Mr Wing K. Lee, Chief Executive Officer of YTL Communications Sdn Bhd; and Datuk Abdullah Hj Mohd Said, Registrar of Universiti Sabah Malaysia.

Mr Amish Kacker (left), Partner of Analysis Mason, presenting the award to Mr Jacob Yeoh Keong Yeow (right), Deputy Chief Executive Officer and Director of YTL Communications Sdn Bhd, at the ceremony in Jakarta, Indonesia.

"Most Innovative Partnership Strategy" at the Telecom Asia Awards 2014

20 May 2014

YTL Communications Sdn Bhd ("YTL Comms") won the award for "The Most Innovative Partnership Strategy" for its partnership with Google at the Telecom Asia Awards 2014. YTL Comms and Google collaborated to deploy Google-designed Chromebooks in schools throughout Malaysia and seamlessly integrated Google Apps for Education into YTL Comms' cloud-based virtual learning platform for students, teachers and parents in 10,000 schools across Malaysia, to improve the national education system through the Internet and technology under the 1BestariNet programme.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Eighteenth Annual General Meeting of YTL Power International Berhad ("the Company") will be held at The Banquet Hall, Level 3, Conference Center, The Ritz Carlton Kuala Lumpur, 168 Jalan Imbi, 55100 Kuala Lumpur on Tuesday, the 25th day of November, 2014 at 2.30 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 2014 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) Dato' Yusli Bin Mohamed Yusoff **Resolution 1**

   (ii) Dato' Sri Michael Yeoh Sock Siong **Resolution 2**

   (iii) Dato' Mark Yeoh Seok Kah **Resolution 3**

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 4**

   (ii) "THAT Tan Sri Datuk Dr Aris Bin Osman @ Othman, retiring pursuant to Section 129(6) of the Companies Act, 1965, be and is hereby re-appointed a Director of the Company to hold office until the next Annual General Meeting." **Resolution 5**

   (iii) "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 RM770,000 for the financial year ended 30 June 2014; **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 resolutions:-

Ordinary Resolutions:-

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

"THAT approval be and is hereby given to Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng, who has served as Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to serve as an Independent Non-Executive Director of the Company." **Resolution 9**

"THAT subject to the passing of the Ordinary Resolution 6, approval be and is hereby given to Dato' (Dr) Yahya Bin Ismail, who has served as Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to serve as an Independent Non-Executive Director of the Company." **Resolution 10**

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

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

8. **PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY**

"THAT subject to the Company's compliance with all applicable rules, regulations, orders and guidelines made pursuant to the Companies Act, 1965, the provisions of the Company's Memorandum and Articles of Association and the Main Market Listing Requirements ("Main LR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approvals of all relevant authorities, the Company be and is hereby authorised, to the fullest extent permitted by law, to buy-back and/or hold from time to time and at any time such amount of ordinary shares of RM0.50 each in the Company as may be determined by the Directors of the Company from time to time through Bursa 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 26 November 2013, 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 2014, the audited Retained Profits and Share Premium Account of the Company were RM3,548,826,000 and RM2,106,551,000 respectively; and

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

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

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

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

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

"THAT the Company and/or its subsidiaries be and is/are hereby authorised to enter into recurrent related party transactions from time to time with Related Parties who may be a Director, a major shareholder of the Company and/or its subsidiaries or a person connected with such a Director or major shareholder as specified in section 2.1.2 (a) & (b) of the Circular to Shareholders dated 3 November 2014 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

Notice of Annual General Meeting

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

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

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

By Order of the Board,

HO SAY KENG
Company Secretary

Kuala Lumpur
3 November 2014

Notice of
Annual General Meeting

NOTES:-

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

The instrument appointing a proxy, in the case of an individual, shall be signed by the appointor or his attorney and in the case of a corporation, either under seal or under the hand of an officer or attorney duly authorised in writing. The original instrument appointing a proxy shall be deposited at the 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 18 November 2014. Only a depositor whose name appears on the General Meeting Record of Depositors as at 18 November 2014 shall be entitled to attend the said meeting or appoint proxy to attend and/or vote in his stead.

Explanatory Note A

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

Explanatory Notes to Special Business

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

In line with Recommendation 3.3 of the Malaysian Code on Corporate Governance 2012, Resolutions 9 and 10 are to enable Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng and Dato' (Dr) Yahya Bin Ismail to continue serving as Independent Directors of the Company to fulfill the requirements of Paragraph 3.04 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The justifications of the Board of Directors for recommending and supporting the resolutions for their continuing in office as Independent Directors are set out under the Nominating Committee Statement in the Company's Annual Report 2014.

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

Resolution 11 is a renewal of the general authority given to the Directors of the Company to allot and issue shares ("S132D Mandate") as approved by the shareholders at the Seventeenth Annual General Meeting held on 26 November 2013 ("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 Eighteenth Annual General Meeting to be held on 25 November 2014.

Resolution 11, 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 12, further information on the Share Buy-Back is set out in Part A of the Statement/Circular dated 3 November 2014 which is despatched together with the Company's Annual Report 2014.

Resolution pertaining to the Recurrent Related Party Transactions

For Resolution 13, further information on the Recurrent Related Party Transactions is set out in Part B of the Statement/Circular dated 3 November 2014 which is despatched together with the Company's Annual Report 2014.

Statement Accompanying Notice of Annual General Meeting

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

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

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

Corporate Information

BOARD OF DIRECTORS

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

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

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

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

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

Dato' (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

Allen & Gledhill
Lee, Perara & Tan
Makarim & Taira S.
Rahmat Lim & Partners
Shook Lin & Bok
Slaughter & May
TSMP Law Corporation

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)

NOMINATING COMMITTEE

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

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

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

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

AUDITORS

PricewaterhouseCoopers (AF 1146)
Chartered Accountants
Level 10, 1 Sentral, Jalan Travers
Kuala Lumpur Sentral
50706 Kuala Lumpur, Malaysia

PRINCIPAL BANKERS OF THE GROUP

AmBank (M) Berhad
Bank Muamalat Malaysia Berhad
BNP Paribas
CIMB Bank Berhad
CIMB Islamic Bank Berhad
Citibank Berhad
Commonwealth Bank of Australia
Credit Agricole Corporate & Investment Bank
DBS Bank Ltd
European Investment Bank
HSBC Bank Malaysia Berhad
HSBC Bank Plc
Malayan Banking Berhad
Mizuho Bank, Ltd
National Australian 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 84, was appointed to the Board on 21 October 1996 and has been the Executive Chairman since 31 October 1996. His contributions are well recognised with the conferment of the title of Doctor of Engineering by Heriot-Watt University, Edinburgh and his appointment as Honorary Life President of the Master Builders Association of Malaysia in 1988. He is the co-founder and the first Chairman of the ASEAN Constructors' Federation. On 26 October 2002, Tan Sri Yeoh Tiong Lay was conferred the Honorary Doctorate in Philosophy (Business Administration) by Universiti Malaysia Sabah. He was installed as Pro-Chancellor for Universiti Malaysia Sabah on 1 July 2005. He is the past President and Lifetime member of the International Federation of Asian and Western Pacific Contractors Association. On 19 January 2008, Tan Sri Yeoh Tiong Lay was conferred the prestigious Order of the Rising Sun, Gold Rays with Neck Ribbon by the Emperor of Japan in recognition of his outstanding contribution towards the economic co-operation and friendship between Japan and Malaysia, including his efforts as an executive member and Vice President of the Malaysia-Japan Economic Association. On 20 August 2009, Tan Sri Yeoh Tiong Lay was accorded a Lifetime Achievement Award at the Asia Pacific Entrepreneurship Awards 2009 (APEA 2009) in recognition of his outstanding entrepreneurial achievements and contribution towards the development of the nation. He is also the Honorary Chairman of Tung Shin Hospital and is on the Board of Governors for several schools. Tan Sri Yeoh Tiong Lay is also the Executive Chairman of YTL Corporation Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad. He is also a board member of other public companies such as YTL Cement Berhad and YTL Industries Berhad, and a private utilities company, Wessex Water Limited in England and Wales. He also sits on the board of trustees of YTL Foundation.

TAN SRI DATO' (DR) FRANCIS YEOH SOCK PING

Malaysian, aged 60, was appointed to the Board on 18 October 1996 as an Executive Director and has been the Managing Director of the Company since then. Tan Sri Francis studied at Kingston University in the United Kingdom, where he obtained a Bachelor of Science (Hons) Degree in Civil Engineering and was conferred an Honorary Doctorate of Engineering in 2004. In July 2014, Tan Sri Francis was conferred an Honorary Degree of Doctor of Laws from University of Nottingham. He became the Managing Director of YTL Corporation Berhad Group in 1988 which, under his stewardship, has grown from a single listed company into a force comprising five listed entities ie. YTL Corporation Berhad, YTL Power International Berhad, YTL Land & Development Berhad, YTL e-Solutions Berhad, and YTL Hospitality REIT.

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

He is a Founder Member of the Malaysian Business Council and The Capital Markets Advisory Council, member of The Nature Conservancy Asia Pacific Council and the Asia Business Council, Trustee of the Asia Society and Chairman for South East Asia of the International Friends of Louvre. He is also a member of the Advisory Council of London Business School, Wharton School and INSEAD. He served as a member of the Barclays Asia-Pacific Advisory Committee from 2005 to 2012.

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

In 2006, he was awarded the Commander of the Most Excellent Order of the British Empire (CBE) by Her Majesty Queen Elizabeth II, and received a prestigious professional accolade when made a Fellow of the

Profile of the Board of Directors

Institute of Civil Engineers in London in 2008. He was the Primus Inter Pares Honouree of the 2010 Oslo Business for Peace Award, for his advocacy of socially responsible business ethics and practices. The Award was conferred by a panel of Nobel Laureates in Oslo, home of the Nobel Peace Prize. He also received the Corporate Social Responsibility Award at CNBC's 9th Asia Business Leaders Awards 2010.

DATO' YEOH SEOK KIAN

Malaysian, aged 57, was appointed to the Board on 21 October 1996 as an Executive Director. He is currently the Deputy Managing Director of the Company. He graduated from Heriot-Watt University, Edinburgh, United Kingdom in 1981 with a Bachelor of Science (Hons) Degree in Building. He attended the Advance Management Programme conducted by Wharton Business School, University of Pennsylvania in 1984. Dato' Yeoh is a Fellow of the Faculty of Building, United Kingdom as well as a Member of the Chartered Institute of Building (UK). He serves as Deputy Managing Director of YTL Corporation Berhad and Executive Director of YTL Land & Development Berhad, both listed on the Main Market of Bursa Malaysia Securities Berhad. Dato' Yeoh also sits on the boards of other public companies such as YTL Cement Berhad, YTL Industries Berhad and The Kuala Lumpur Performing Arts Centre, and private utilities companies, Wessex Water Limited in England and Wales, YTL PowerSeraya Pte Limited in Singapore, as well as YTL Starhill Global REIT Management Limited, the manager of Starhill Global REIT, a vehicle listed on the Main Board of the Singapore Exchange Securities Trading Limited (SGX-ST). He is also an Executive Director of Pintar Projek Sdn Bhd, the manager of YTL Hospitality REIT.

TAN SRI DATO' LAU YIN PIN @ LAU YEN BENG

Malaysian, aged 65, was appointed to the Board on 18 February 1997 as an Independent Non-Executive Director. He is also the Chairman of the Audit Committee and a member of the Nominating Committee. He obtained a Diploma in Commerce with distinction from Tunku Abdul Rahman College in 1974.

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

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

TAN SRI DATUK DR. ARIS BIN OSMAN @ OTHMAN

Malaysian, aged 70, was appointed to the Board on 12 June 2006 as an Independent Non-Executive Director. He is also the Chairman of the Nominating Committee and a member of the Audit Committee. Tan Sri Datuk Dr. Aris holds a PhD in Development Economics and a MA in Political Economy from Boston University, a MA in Development Economics from Williams College, Massachusetts, U.S.A., and a Bachelor of Arts (Hons) in Analytical Economics from University of Malaya.

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

DATO' (DR) YAHYA BIN ISMAIL

Malaysian, aged 86, was appointed to the Board on 31 October 1996 as an Independent, Non-Executive Director. He is also a member of the Audit Committee and Nominating Committee. He was formerly with the Government and his last appointment was as Director General of the National Livestock Authority Malaysia.

Profile of the Board of Directors

He was with the Totalisator Board Malaysia from 1982 to 1990 and served as its Chairman since 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 YTL Hospitality REIT.

DATO' YUSLI BIN MOHAMED YUSOFF

Malaysian, aged 55, was appointed to the Board on 4 October 2011 as an Independent Non-Executive Director. Dato' Yusli is also a member of the Nominating Committee.

Dato' Yusli graduated with a Bachelor of Economics from the University of Essex, England in 1981. He is a member of the Institute of Chartered Accountants, England & Wales, the Malaysian Institute of Accountants 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 currently sits on the Board of Directors of Mudajaya Group Berhad, Mulpha International Berhad, AirAsia X Berhad, Westports Holdings Berhad, Pelaburan MARA Berhad, PMB Tijari Berhad and Malaysian Institute of Corporate Governance.

DATO' YEOH SOO MIN

Malaysian, aged 58, was appointed to the Board on 2 June 1997 as an Executive Director. She graduated with a Bachelor of Art (Hons) Degree in Accounting. She did her Articleship at Leigh Carr and Partners, London and has gained vast experience in accounting and management. She was responsible for the setting up of the Travel and Accounting Division of the YTL Group in December 1990. Dato' Yeoh Soo Min is currently responsible for the accounting and finance systems for the YTL Group. She is an Associate Fellow member of the Malaysian Institute of Management. She was the past President of the Women in Travel Industry. She is currently a Fellow of the Governors of International Students House, London and is a Trustee of Yayasan Tuanku Fauziah, IJN Foundation and Women's Leadership Endowment Fund. She also holds directorships in YTL Corporation Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad and YTL Industries Berhad.

DATO' YEOH SEOK HONG

Malaysian, aged 55, was appointed to the Board on 18 October 1996 as an Executive Director. He obtained his Bachelor of Engineering (Hons) Civil & Structural Engineering Degree from the University of Bradford, United Kingdom in 1982. He is a member of the Faculty of Building, United Kingdom. In 2010, he was conferred an Honorary Doctor of Science degree by Aston University in the United Kingdom. Dato' Yeoh Seok Hong has vast experience in the construction industry, being the Executive Director responsible for the YTL Group construction division. He was the project director responsible for the development and the construction of the two Independent Power Producer power stations owned by YTL Power Generation Sdn Bhd. His other achievements include the construction of the Express Rail Link between the Kuala Lumpur International Airport and the Kuala Lumpur Sentral Station. He is also responsible for developing the power and utility businesses of the YTL Power International Berhad Group and the building of the fourth generation (4G) Worldwide Interoperability for Microwave Access (WiMAX) network by YTL Communications Sdn Bhd. He serves as an Executive Director of YTL Corporation Berhad and YTL Land & Development Berhad, both listed on the Main Market of Bursa Malaysia Securities Berhad. Dato' Yeoh Seok Hong also sits on the boards of other public companies such as YTL Cement Berhad and YTL Industries Berhad, and

Profile of the Board of Directors

private utilities companies, Wessex Water Limited and Wessex Water Services Limited in England and Wales, and YTL PowerSeraya Pte Limited in Singapore. He also sits on the board of trustees of YTL Foundation.

DATO' SRI MICHAEL YEOH SOCK SIONG

Malaysian, aged 54, was appointed to the Board on 21 October 1996 as an Executive Director. He graduated from University of Bradford, United Kingdom in 1983 with a Bachelor of Engineering (Hons) Civil & Structural Engineering Degree. Dato' Sri Michael Yeoh is primarily responsible for YTL Group Manufacturing Division which activities involve cement manufacturing and other building material industries. He serves as an Executive Director of YTL Corporation Berhad and YTL Land & Development Berhad, both listed on the Main Market of Bursa Malaysia Securities Berhad and YTL e-Solutions Berhad which is listed on the ACE Market of Bursa Malaysia Securities Berhad. He also sits on the boards of other public companies such as YTL Cement Berhad and YTL Industries Berhad, and private utilities companies, Wessex Water Limited in England and Wales and YTL PowerSeraya Pte Limited in Singapore.

DATO' YEOH SOO KENG

Malaysian, aged 51, 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 currently Chairman of Cement and Concrete Association since her appointment in August 2013. She is also a director of YTL Corporation Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad, YTL Cement Berhad and World Scout Foundation.

DATO' MARK YEOH SEOK KAH

Malaysian, aged 49, was appointed to the Board on 21 October 1996 as an Executive Director. He graduated from King's College, University of London, with an LLB (Hons) and was subsequently called to the Bar at Gray's Inn, London in 1988. He was awarded Fellowship of King's College London in July 2014.

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

SYED ABDULLAH BIN SYED ABD. KADIR

Malaysian, aged 60, 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.

Profile of the Board of Directors

DETAILS OF ATTENDANCE OF DIRECTORS AT BOARD MEETINGS

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

	Attendance
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	7
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping	7
Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng	7
Tan Sri Datuk Dr. Aris bin Osman @ Othman	7
Dato' Yeoh Seok Kian	7
Dato' (Dr) Yahya bin Ismail	7
Dato' Yusli bin Mohamed Yusoff	6
Dato' Yeoh Soo Min	7
Dato' Yeoh Seok Hong	6
Dato' Sri Michael Yeoh Sock Siong	4
Dato' Yeoh Soo Keng	7
Dato' Mark Yeoh Seok Kah	6
Syed Abdullah bin Syed Abd. Kadir	7

Notes:

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

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

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

Statement of Directors' Responsibilities

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

In preparing the financial statements for the financial year ended 30 June 2014, the Directors have:

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

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

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

Audit Committee Report

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's 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.

Authority

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

1. have explicit 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;

Audit Committee Report

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 with the external auditors their evaluation of the system of internal controls, during the course of their audit, including any significant suggestions for improvements and management's response;

   (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.

Audit Committee Report

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 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.

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 2014 in discharging its functions:-

1. Financial Reporting

(a) Reviewed the quarterly financial results and annual financial statements to ensure compliance with the Main LR, Malaysian 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.

Audit Committee Report

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. Also took note of the salient findings set out in the internal audit reports reviewed by the audit committees of Wessex Water Limited group and YTL PowerSeraya Pte Limited group;

   (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 Risk Management and 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. On a quarterly basis, presented significant audit findings and areas for improvements raised by the IA to the Committee for consideration on the recommended corrective measures together with the management's response.
5. Conducted recurrent related party transactions reviews to assess accuracy and completeness of reporting.
6. Conducted discussions with management in identifying significant concerns and risk areas perceived by management for inclusion in the internal audit plan.

Costs amounting to RM1,626,186 were incurred in relation to the internal audit function for the financial year ended 30 June 2014.

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

Nominating Committee Statement

for the financial year ended 30 June 2014

NOMINATING COMMITTEE ("NC")

The NC was established on 23 May 2013. The terms of reference of the NC provide that it shall comprise no fewer than three members, all of whom must be non-executive Directors, with a majority being independent directors.

Members of the NC are as follows:-

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

The NC met on 3 occasions during 2014, attended by all members.

The primary purpose of the NC is to provide assistance to the Board of Directors of YTL Power International Berhad (the "Company") ("Board") in overseeing the selection and assessment of Directors to ensure that the composition of the Board meets the need of the Company and its subsidiaries ("YTL Power Group"). The functions and duties of the NC include, *inter alia*, the following:-

i. Formulating the nomination, selection and succession policies for the members of the Board;

ii. Making recommendations to the Board on candidates for appointments, re-election/re-appointment of Directors to the Board and/or Board Committees;

iii. Reviewing the composition in terms of appropriate size, mix of skills, experience, competencies and other qualities of the Board annually;

iv. Assessing annually the effectiveness of the Board and Board Committees as well as the contribution by each individual Director and Board Committee;

v. Establishing a set of quantitative and qualitative performance criteria to evaluate the performance of the members of the Board;

vi. Developing criteria for assessing independence for application by the Board upon admission, annually and when any new interest or relationship develops;

vii. Facilitating and determining Board induction and training programmes.

Activities of the NC for the financial year ended 30 June 2014

(a) Board nomination and election process and criteria used

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

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

In accordance with Article 84 of the Articles of Association of the Company ("Article 84"), Directors are to be elected at every annual general meeting when one-third of the Directors longest in office shall retire and if eligible, may offer themselves for re-election.

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

In June 2014, based on the results of the assessment undertaken for the financial year, the NC (save for the members who had abstained from deliberations on their own re-election/re-appointment) recommended to the Board that:-

- Dato' Sri Michael Yeoh Sock Siong, Dato' Yusli Bin Mohamed Yusoff and Dato' Mark Yeoh Seok Kah who are due to retire pursuant to Article 84 at the Eighteenth Annual General Meeting of the Company ("AGM"), stand for re-election; and

Nominating Committee Statement

for the financial year ended 30 June 2014

- Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay, Tan Sri Datuk Dr Aris Bin Osman @ Othman and Dato' (Dr) Yahya Bin Ismail, who are all of or over the age of 70 years and due to retire pursuant to Section 129 at the AGM, stand for re-appointment.

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

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

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

The Board is of the view that there are significant advantages to be gained from the INED who have served on the Board for more than 9 years as they possess greater insights and knowledge of the businesses, operations and growth strategies of the YTL Power Group. Furthermore, the ability of a director to serve effectively as an independent director is very much a function of his calibre, qualification, experience and personal qualities, particularly of his integrity and objectivity in discharging his responsibilities in good faith in the best interest of the company and his duty to vigilantly safeguard the interests of the shareholders of the company.

The Board, save for Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng and Dato' (Dr) Yahya Bin Ismail who had abstained from deliberations on the matter, is satisfied with the skills, contributions and independent judgment that Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng and Dato' (Dr) Yahya Bin Ismail, who have served for 9 years or more, bring to the Board. For these reasons, the Board, save for Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng and Dato' (Dr) Yahya Bin Ismail, recommends and supports the resolutions for their continuing in office as INED of the Company which will be tabled for shareholders' approval at the forthcoming AGM.

(b) Annual assessment

In May 2014, the NC carried out its annual assessment of the effectiveness of the Board as a whole, the Board Committees and individual Directors. The assessment exercise was facilitated by the Company Secretary and took the form of completion of questionnaires/evaluation forms comprising a Board and Board Committees Effectiveness Evaluation Form, and Individual Director Performance Evaluation Form.

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

The assessment of the individual Directors covered areas such as calibre, personality, conduct, integrity, knowledge, experience, time commitment, competency and participation in board decisions.

Results of the assessment were summarised and discussed at the NC meeting held in June 2014 and reported to the Board by the Chairman of the NC. These results form the basis of the NC's recommendations to the Board for the re-election and re-appointment of Directors at the AGM.

Nominating Committee Statement

for the financial year ended 30 June 2014

Policy on Board Composition

The Board aims to maintain a balance in terms of the range of experience and skills of individual Board members. The Board views gender, nationality, cultural and socio-economic backgrounds diversity as important considerations when reviewing the composition of the Board. The Board recognises, in particular, the importance of gender diversity. Currently, two or 22% of the Company's Executive Directors are women and they make up 15% of the full Board. Although it has not set any specific measurable objectives, the Board intends to continue its current approach to diversity in all aspects while at the same time seeking Board members of the highest calibre, and with the necessary strength, experience and skills to meet the needs of the Company.

Training and development of Directors

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

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

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

All the Directors have undergone training programmes during the financial year ended 30 June 2014. The conferences, seminars and training programmes attended by one or more of the Directors covered the following areas:-

➢ **Corporate Governance (including audit, risk management and internal control)**

- Integrating Corporate Governance with Business Acumen & Corporate Disclosure;
- Operational Risk Management;
- Risk Management & Internal Control: Workshop for Audit Committee Members;
- Corporate Governance Guide – Towards Boardroom Excellence (2nd Edition);
- Advocacy Session on Corporate Disclosure for Directors of Listed Issuers;
- Corporate Governance Statement Reporting Workshop;
- Dialogue on Remuneration/Nomination Committee;
- A Comprehensive Talent Based Approach to Board Recruitment;
- Common Breaches of the Listing Requirements with Case Studies;
- Nominating Committee Program.

➢ **Information Technology**

- Mobile World Congress 2014;
- Qualcomm Reference Design & Wireless Innovation Summit 2014

➢ **Leadership, Legal and Business Management**

- Total Shareholders' Return for the Board & Blue Ocean Strategy;
- Malaysia-China Economic Cooperation Summit;
- Infrastructure, Power & Utilities Roundtable;
- Leveraging the Private Sector to Accelerate Infrastructure Development in Asia;
- Dialogue on Sustainability & Diversity;
- Encouraging Private Participation in Asia's Infrastructure Development;
- Biomass SME Recognition Programme & Knowledge Exchange Seminar;
- Personal Data Protection Act 2010 and The Competition Act 2010: Implications on Capital Market;
- YTL Leadership Conference 2013;
- AZRB Management Workshop – Leading High Performing Management Teams.

Statement on Corporate Governance

for the financial year ended 30 June 2014

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

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

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

The Board is satisfied that the Company has, in all material aspects, complied with the principles and recommendations of the Code for the financial year ended 30 June 2014. This statement explains the Company's application of the principles and compliance with the recommendations as set out in the Code for the financial year under review, including, where otherwise indicated, explanations of its alternative measures and processes.

ROLES & RESPONSIBILITIES OF THE BOARD

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

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

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

The roles of Executive and Non-Executive Directors are differentiated, both having fiduciary duties towards shareholders. Executive Directors have a direct responsibility for business operations whereas Non-Executive Directors have the necessary skill and experience to bring an independent 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.

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

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

Statement on Corporate Governance

for the financial year ended 30 June 2014

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

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

Board meetings are scheduled with due notice in advance at least 5 times in a year in order to review and approve the annual and interim financial results. Additional meetings may also be convened on an ad-hoc basis when significant issues arise relating to the YTL Power Group and when necessary to review the progress of its operating subsidiaries in achieving their strategic goals. The Board met 7 times during the financial year ended 30 June 2014.

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

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

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

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

COMPOSITION & INDEPENDENCE OF THE BOARD

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

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

The Nominating Committee, which was established by the Board on 23 May 2013, is now responsible for assessing suitable candidates for appointment to the Board for approval, taking into account the required mix of skills, experience and expertise of members of the Board before submitting their recommendation to the Board for decision. Further information on the activities of the Nominating Committee can be found in the Nominating Committee Statement set out in this Annual Report.

Statement on Corporate Governance
for the financial year ended 30 June 2014

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

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

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

BOARD COMMITMENT

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

INTEGRITY IN FINANCIAL REPORTING

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

The Audit Committee met 5 times during the financial year ended 30 June 2014. 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.

The Audit Committee 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.

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

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

Statement on Corporate Governance

for the financial year ended 30 June 2014

RISK MANAGEMENT

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

CORPORATE DISCLOSURE & COMMUNICATION WITH SHAREHOLDERS

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

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

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

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

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

The rights of shareholders, including the right to demand for a poll, are found in the Articles of Association of the Company. At the 17th AGM of the Company, held on 26 November 2013, the resolutions put forth for shareholders' approval were voted on by a show of hands as there were no shareholder demands for voting to be done by way of a poll.

This statement was approved by the Board of Directors on 9 October 2014.

Statement on Risk Management & Internal Control

for the financial year ended 30 June 2014

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

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

RESPONSIBILITIES OF THE BOARD

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

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

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

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

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

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

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

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

Statement on Risk Management & Internal Control

for the financial year ended 30 June 2014

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

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

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

Similarly, the companies of the YTL PowerSeraya Pte Limited group ("YTL PowerSeraya") based in Singapore were also not covered by YTLIA. YTL PowerSeraya's operations are subject to stringent financial and operational controls imposed by its regulator, the Energy Market Authority ("EMA"), a statutory board under the Minister of Trade and Industry of Singapore. YTL PowerSeraya possesses its own internal audit department which reports to its audit committee. Its findings are also presented to the 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.

Statement on Risk Management & Internal Control

for the financial year ended 30 June 2014

- **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 the Executive Directors maintain a transparent and open channel of communication for effective operation.

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

The YTL Power Group's strong financial profile is the result of a system of internal control and risk management designed to mitigate risks which arise in the course of business. This is exemplified by the YTL Power Group's strategy of acquiring regulated assets and financing acquisitions on a non-recourse basis. These include 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.

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

The YTL Power Group's activities expose it to a variety of financial risks, including market risk (comprising foreign currency exchange risk, interest rate risk and price risk), credit risk, liquidity risk and capital risk. The YTL Power Group's overall financial risk management objective is to ensure that the YTL Power Group creates value for its shareholders. The YTL Power Group focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance. Financial risk management is carried out through regular risk review analysis, internal control systems and adherence to the YTL Power Group's financial risk management policies. The Board regularly reviews these risks and approves the appropriate control environment framework. Further discussion and details on the YTL Power Group's financial risk management is contained in ***Note 32*** of the ***Notes to the Financial Statements*** in this Annual Report.

Statement on Risk Management & Internal Control

for the financial year ended 30 June 2014

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

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

REVIEW BY EXTERNAL AUDITORS

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

CONCLUSION

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

This statement was approved by the Board of Directors on 9 October 2014.

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

for the financial year ended 30 June 2014

At the last Annual General Meeting of YTL Power International Berhad ("YTL Power") held on 26 November 2013, YTL Power 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 2014 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 ("Extiva"); FrogAsia Sdn Bhd; YTL Power; YTL PowerSeraya Pte Ltd; YTL Communications Sdn Bhd ("YTL Comm"); YTL Digital Sdn Bhd; YTL Power Generation Sdn Bhd	YTL Corporation(b) and its subsidiary and associated corporations(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; Rental 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; Rental of premises at Lot 10 Shopping Centre, and 183, Jalan Bukit Bintang, Kuala Lumpur, and procurement of related services from Related Party;	YTLSH(a) YTL Corporation(b) Tan Sri Yeoh Tiong Lay(c) Yeoh Siblings(d) Directors' Spouses(e) Other Connected Parties(f) MS Subsidiaries(h)	^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) ^Major Shareholder(6)	169,664

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

for the financial year ended 30 June 2014

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)		Provision of hospitality and/or travel related services by Related Party; Charges paid for use of rooftop space, office and other premises; Procurement of construction and related services, and building infrastructure/ equipment from Related Party; Rental of residential unit at Indera Putra Courts, Johor Bahru from Related Party; Rental of premises at Room 10, Level 1, Bukit Jambul, Penang from Related Party.	MS Subsidiaries Connected Group(i)	†Person Connected(6)	
Extiva; YTL Comm	Persons Connected with MS Subsidiaries	Provision of tele-communications and/or broadband services, equipment and/or related services to Related Party; Provision of hotel related services by Related Party; Provision of field operations and other technical services by Related Party; Procurement of construction and related services, and building infrastructure/ equipment from Related Party.	MS Subsidiaries(h)	^Major Shareholder(6)	115,549

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

for the financial year ended 30 June 2014

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, Dato' Choy Wai Hin, & Datin Julie Teh Chooi Gan
(f)	Other Connected Parties	–	Yeoh Pei Nee, Tan & Yeoh Properties Sdn Bhd, Tan Chien Wen, Yeoh Keong Hann, Yeoh Pei Lou, Yeoh Keong Yuan & Yeoh Pei Tsen
(g)	Subsidiary and associated corporations of YTL Corporation	–	Excluding YTL Power, YTL e-Solutions Berhad, YTL Land & Development Berhad and their subsidiary and associated corporations.
(h)	MS Subsidiaries	–	Dato' Hj Mohamed Zainal Abidin bin Hj Abdul Kadir ("Dato' Md. Zainal Abidin") and Raja Dato' Wahid bin Raja Kamaral Zaman, both of whom are Major Shareholders of YTL Comm and its subsidiaries ("YTL Comm Group").
(i)	MS Subsidiaries Connected Group	–	Bara Aktif Sdn Bhd and Seri Yakin Sdn Bhd (Persons Connected with MS Subsidiaries); MZK Realty Sdn Bhd, Mazita binti Mohamed Zainal Abidin, Mohamad Ziad bin Mohamed Zainal Abidin and Mohamad Zaid bin Mohamed Zainal Abidin (Persons Connected with Dato' Md. Zainal Abidin)
^	Major Shareholder	–	As defined in Paragraph 1.01 of the Main LR and for purpose of this disclosure, includes the definition set out in Chapter 10 of the Main LR.
†	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 associated corporations 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. Yeoh Pei Nee is the daughter of Dato' Yeoh Seok Kian. 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, Yeoh Keong Yuan and Yeoh Pei Tsen 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 2014.

(6) Dato' Md. Zainal Abidin and MS Subsidiaries Connected Group had interests in the ordinary shares of YTL Corporation as at 30 June 2014. MS Subsidiaries are also Major Shareholders of the (corporate bodies falling within) Persons Connected with MS Subsidiaries as at 30 June 2014.

Analysis of Share/Warrant Holdings

as at 26 September 2014

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	5,433	13.04	181,678	0.00
100 – 1,000	5,062	12.14	1,944,587	0.03
1,001 – 10,000	22,392	53.71	85,538,461	1.26
10,001 – 100,000	7,734	18.55	203,848,392	3.00
100,001 to less than 5% of issued shares	1,063	2.55	2,189,092,250	32.22
5% and above of issued shares	4	0.01	4,314,143,892	63.49
Total	**41,688**	**100.00**	**6,794,749,260**	**100.00**

THIRTY LARGEST SHAREHOLDERS

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

	Name	No. of Shares	%#
1	YTL Corporation Berhad	3,015,964,275	44.39
2	Cornerstone Crest Sdn Bhd	485,294,116	7.14
3	YTL Corporation Berhad	415,221,910	6.11
4	Citigroup Nominees (Tempatan) Sdn Bhd – Employees Provident Fund Board	397,663,591	5.85
5	Amanahraya Trustees Berhad – Skim Amanah Saham Bumiputera	337,465,082	4.97
6	Yeoh Tiong Lay & Sons Holdings Sdn Bhd	284,768,439	4.19
7	Kumpulan Wang Persaraan (Diperbadankan)	201,439,220	2.96
8	Lembaga Tabung Haji	134,631,363	1.98
9	Amanahraya Trustees Berhad – Amanah Saham Malaysia	85,000,000	1.25
10	Bara Aktif Sdn Bhd	67,725,000	1.00
11	Cartaban Nominees (Asing) Sdn Bhd – Exempt An for State Street Bank & Trust Company (WEST CLT OD67)	61,482,874	0.90
12	Amanahraya Trustees Berhad – Amanah Saham Wawasan 2020	58,815,389	0.87
13	HSBC Nominees (Asing) Sdn Bhd – BBH and Co Boston for Vanguard Emerging Markets Stock Index Fund	52,590,068	0.77
14	Maybank Nominees (Tempatan) Sdn Bhd – Maybank Asset Management Sdn Bhd for Malayan Banking Berhad (N14011200618)	47,256,045	0.70
15	Amanahraya Trustees Berhad – AS 1Malaysia	44,771,740	0.66

Analysis of Share/Warrant Holdings

as at 26 September 2014

	Name	No. of Shares	%#
16	HSBC Nominees (Asing) Sdn Bhd – Exempt An for JPMorgan Chase Bank, National Association (U.S.A.)	22,769,955	0.34
17	Amanahraya Trustees Berhad – Amanah Saham Didik	21,661,502	0.32
18	DB (Malaysia) Nominee (Asing) Sdn Bhd – Exempt An for Deutsche Bank Ag Singapore (PWM Asing)	19,200,000	0.28
19	HSBC Nominees (Asing) Sdn Bhd – Exempt An for JPMorgan Chase Bank, National Association (U.A.E.)	17,857,359	0.26
20	HSBC Nominees (Asing) Sdn Bhd – Exempt An for JPMorgan Chase Bank, National Association (U.K.)	17,826,290	0.26
21	Citigroup Nominees (Asing) Sdn Bhd – Legal & General Assurance (Pensions Management) Limited (A/c 1125250001)	17,426,195	0.26
22	Dato' Yeoh Seok Hong	14,967,661	0.22
23	Cartaban Nominees (Asing) Sdn Bhd – GIC Private Limited for Government of Singapore (C)	14,591,687	0.21
24	Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	14,049,262	0.21
25	Dato' Yeoh Seok Hong	13,918,119	0.20
26	Dato' Yeoh Soo Min	13,408,430	0.20
27	HSBC Nominees (Asing) Sdn Bhd – Exempt An for The Bank of New York Mellon (Mellon Acct)	12,429,887	0.18
28	HSBC Nominees (Asing) Sdn Bhd – Exempt an for J.P. Morgan Bank (Ireland) Public Limited Company	12,232,280	0.18
29	HSBC Nominees (Asing) Sdn Bhd – Six Sis for bank Sarasin Cie	11,729,333	0.17
30	HSBC Nominees (Asing) Sdn Bhd – Exempt an for JPMorgan Chase Bank, National Association (Norges Bk Lend)	11,038,660	0.16
	Total	**5,925,195,732**	**87.19**

SUBSTANTIAL SHAREHOLDERS (as per register of substantial shareholders)

	No. of Shares Held			
Name	**Direct**	**%#**	**Indirect**	**%#**
Yeoh Tiong Lay & Sons Holdings Sdn Bhd	288,313,031	4.24	3,924,484,183(1)	57.76
YTL Corporation Berhad	3,438,981,361	50.61	485,502,822(2)	7.15
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	21,399,262	0.31	4,212,797,214(3)	62.00
Cornerstone Crest Sdn Bhd	485,294,116	7.14	–	–
Employees Provident Fund Board	395,599,291	5.82	–	–

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

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

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

Based on the issued and paid-up capital of the Company of RM3,589,506,419.50 comprising 7,179,012,839 ordinary shares net of 384,263,579 treasury shares retained by the Company as per Record of Depositors.

Analysis of Share/Warrant Holdings

as at 26 September 2014

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

DISTRIBUTION OF WARRANT 2008/2018 HOLDINGS

Size of holding	No. of Warrants 2008/2018 Holders	%	No. of Warrants 2008/2018	%
Less than 100	385	3.05	13,788	0.00
100 – 1,000	5,163	40.89	2,779,704	0.26
1,001 – 10,000	5,225	41.38	18,778,139	1.75
10,001 – 100,000	1,539	12.19	50,875,717	4.73
100,001 to less than 5% of issued warrants	311	2.46	231,800,302	21.57
5% and above of issued warrants	4	0.03	770,587,033	71.69
Total	**12,627**	**100.00**	**1,074,834,683**	**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	Yeoh Tiong Lay & Sons Holdings Sdn Bhd	418,542,394	38.94
2	DB (Malaysia) Nominee (Asing) Sdn Bhd – Exempt An for Deutsche Bank Ag Singapore (PWM Asing)	197,426,937	18.37
3	YTL Corporation Berhad	90,829,548	8.45
4	Bara Aktif Sdn Bhd	63,788,154	5.93
5	Lee Yoke Foong	13,036,300	1.21
6	Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	10,905,769	1.01
7	HSBC Nominees (Asing) Sdn Bhd – Exempt An for JPMorgan Chase Bank, National Association (JPmintl Bk Ltd)	10,648,668	0.99
8	Dato' Sri Michael Yeoh Sock Siong	6,073,302	0.57
9	UOB Nominees (Asing) Sdn Bhd – Deutsche Bank AG Singapore Branch (PBD) for Orchestral Harmony Limited	5,641,788	0.52
10	UOB Nominees (Asing) Sdn Bhd – Deutsche Bank AG Singapore Branch (PBD) for Velvet Properties Limited	5,524,834	0.51
11	Cartaban Nominees (Asing) Sdn Bhd – GIC Private Limited for Government of Singapore (C)	5,326,600	0.50
12	Dato' Yeoh Soo Keng	5,180,386	0.48
13	Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	3,889,400	0.36
14	Dato' Yeoh Seok Kian	3,698,792	0.34

Analysis of Share/Warrant Holdings

as at 26 September 2014

	Name	No. of Warrants 2008/2018	%
15	Dato' Yeoh Soo Min	3,454,000	0.32
16	Wilfred Koh Seng Han	3,330,000	0.31
17	Dennis Koh Seng Huat	3,300,000	0.31
18	Bara Aktif Sdn Bhd	3,292,521	0.31
19	HSBC Nominees (Asing) Sdn Bhd – Exempt An for JPMorgan Chase Bank, National Association (U.K.)	3,254,959	0.30
20	UOBM Nominees (Asing) Sdn Bhd – Deutsche Bank AG Singapore Branch (PBD) for Windchime Developments Limited	3,205,887	0.30
21	Maybank Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Su Tiing Uh	3,169,506	0.29
22	Yeoh Tiong Lay & Sons Holdings Sdn Bhd	3,125,794	0.29
23	Yeoh Tiong Lay & Sons Holdings Sdn Bhd	3,011,180	0.28
24	Globalised Market Traders Pte Ltd	3,000,000	0.28
25	Puan Sri Datin Seri Tan Kai Yong @ Tan Kay Neong	2,953,000	0.27
26	UOBM Nominees (Asing) Sdn Bhd – Deutsche Bank AG Singapore Branch (PBD) for Water City Limited	2,894,290	0.27
27	CIMB Group Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Bara Aktif Sdn Bhd (50150 GCM)	2,626,386	0.24
28	Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	2,427,451	0.23
29	Juliana Koh Suat Lay	2,240,000	0.21
30	Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	2,148,032	0.20
	Total	**887,945,878**	**82.59**

Statement of Directors' Interests

in the Company and related corporations as at 26 September 2014

The Company
YTL Power International Berhad

	No. of Shares Held			
Name	**Direct**	**%**	**Indirect**	**%**
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	21,399,262	0.31	4,214,534,386[1][2]	62.03
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	992,291	0.01	–	–
Tan Sri Datuk' Seri Dr. Aris Bin Osman @ Othman	–	–	105,590[1]	*
Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng	40,795	*	–	–
Dato' Yeoh Seok Kian	6,706,098	0.10	2,937,210[1]	0.04
Dato' (Dr) Yahya Bin Ismail	283,500	*	40,540[1]	*
Dato' Yeoh Soo Min	13,408,430	0.20	3,447,595[1][6]	0.05
Dato' Yeoh Seok Hong	28,885,780	0.43	3,445,237[1]	0.05
Dato' Sri Michael Yeoh Sock Siong	7,981,831	0.12	1,070,255[1]	0.02
Dato' Yeoh Soo Keng	8,485,865	0.12	140,175[1]	*
Dato' Mark Yeoh Seok Kah	8,049,216	0.12	1,148,281[1]	0.02
Syed Abdullah Bin Syed Abd Kadir	2,381,613	0.04	550[1]	*

	No. of Warrants 2008/2018 Held			
Name	**Direct**	**%**	**Indirect**	**%**
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	6,037,432	0.56	519,265,210[4]	48.31
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	13,726,922	1.28	–	–
Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng	2,100	*	–	–
Dato' Yeoh Seok Kian	3,698,792	0.34	282,949[1]	0.03
Dato' Yeoh Soo Min	3,454,000	0.32	308,893[1][6]	0.03
Dato' Yeoh Seok Hong	2,969,004	0.28	1,569,981[1]	0.15
Dato' Sri Michael Yeoh Sock Siong	6,073,302	0.57	1,587,797[1]	0.15
Dato' Yeoh Soo Keng	5,180,386	0.48	87,054[1]	0.01
Dato' Mark Yeoh Seok Kah	1,338,743	0.12	267,039[1]	0.02

Statement of Directors' Interests

in the Company and related corporations as at 26 September 2014

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	–
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)	49.09
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	8,444,248(1)	0.08
Dato' (Dr) Yahya Bin Ismail	480,000	*	517,418(1)	*
Dato' Yeoh Soo Min	51,797,932	0.50	1,525,605(1)(6)	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	9,304,133	0.09	19,642(1)	*

Statement of Directors' Interests

in the Company and related corporations as at 26 September 2014

Name	No. of Share Options Direct	Indirect
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	7,000,000	5,000,000[(1)]
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	7,000,000	2,000,000[(1)]
Dato' Yeoh Seok Kian	5,000,000	–
Dato' (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

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

Related Corporations
YTL Cement Berhad

	No. of Shares Held			
Name	Direct	%	Indirect	%
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	–	–	737,646,110[(5)]	99.61

	No. of Irredeemable Convertible Unsecured Loan Stocks 2005/2015 Held			
Name	Direct	%	Indirect	%
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	–	–	10,000[(7)]	3.85

Statement of Directors' Interests

in the Company and related corporations as at 26 September 2014

YTL e-Solutions Berhad

	No. of Shares Held			
Name	**Direct**	**%**	**Indirect**	**%**
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	–	–	999,172,000(4)	74.27
Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng	150,000	0.01	–	–
Dato' Yeoh Soo Min	–	–	1,053,800(6)	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(4)	60.04
Dato' Yeoh Seok Kian	61,538	0.01	–	–
Dato' Yeoh Soo Min	–	–	625,582(6)	0.08
Dato' Yeoh Soo Keng	100,000	0.01	–	–

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

Syarikat Pelancongan Seri Andalan (M) Sdn Bhd

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

YTL Corporation (UK) PLC

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

Statement of Directors' Interests

in the Company and related corporations as at 26 September 2014

YTL Construction (Thailand) Limited

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

* *Negligible*

(1) Deemed interests by virtue of interests held by spouse and/or children pursuant to Section 134(12)(c) of the Companies Act, 1965.
(2) Deemed interests by virtue of interests held by Yeoh Tiong Lay & Sons Holdings Sdn Bhd, YTL Corporation Berhad, Cornerstone Crest Sdn Bhd and YTL Power Services Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.
(3) Deemed interests by virtue of interests held by Yeoh Tiong Lay & Sons Holdings Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.
(4) Deemed interests by virtue of interests held by Yeoh Tiong Lay & Sons Holdings Sdn Bhd and YTL Corporation Berhad pursuant to Section 6A of the Companies Act, 1965.
(5) Deemed interests by virtue of interests held by YTL Corporation Berhad and YTL Power International Berhad pursuant to Section 6A of the Companies Act, 1965.
(6) Deemed interests by virtue of interests held by Tan & Yeoh Properties Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.
(7) Deemed interests by virtue of interests held by YTL Corporation Berhad pursuant to Section 6A of the Companies Act, 1965.

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

Schedule of Share Buy-Back

for the financial year ended 30 June 2014

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)		Average Cost Per Share (RM)	Total Cost (RM)	No. of Treasury Shares Cancelled
		Lowest	Highest			
July 2013	3,213,600	1.57	1.60	1.59077	5,112,113.49	–
August 2013	24,299,200	1.55	1.61	1.59328	38,715,341.44	250,000,00
September 2013	122,394,900	1.57	1.80	1.74831	213,984,838.88	–
October 2013	235,617,100	1.78	1.90	1.84494	434,699,679.31	–
November 2013	188,032,800	1.86	1.95	1.92896	362,707,110.38	–
December 2013	64,961,500	1.77	1.96	1.87817	122,008,681.38	–
January 2014	45,232,900	1.84	1.92	1.89117	85,542,930.12	–
February 2014	38,152,100	1.70	1.88	1.81892	69,395,549.88	–
TOTAL	**721,904,100**				**1,332,166,244.88**	**250,000,00**

During the financial year, all the shares purchased by the Company were retained as treasury shares. A total of 250,000,000 treasury shares were cancelled during the financial year. On 21 March 2014, a total of 323,463,166 treasury shares were distributed as share dividend to the shareholders on the basis of one (1) treasury share for every twenty (20) ordinary shares held on 13 March 2014. As at 30 June 2014, a total of 384,262,579 ordinary shares were held as treasury shares. None of the treasury shares were resold during the financial year.

List of Properties
as at 30 June 2014

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 2014 RM'000	Date of Acquisition
Avonmouth STW, Kings Weston Lane, Avonmouth, Bristol BS11 OYS	Freehold	394,600 sq.m.	Sewerage treatment works	–	–	–	451,509	21.5.2002
W-S-Mare STW, Accomodation Road, Bleadon, Weston Super Mare, BS24 OAP	Freehold	157,500 sq.m.	Sewerage treatment works	–	–	–	246,418	21.5.2002
Poole STW, Cabot Lane, Poole, Dorset, BH17 7BX	Freehold	91,800 sq.m.	Sewerage treatment works	–	–	–	244,843	21.5.2002
Maudown Water Treatment Works, Maudown, Wiveliscombe, Tauton, TA4, 2UN	Freehold	68,500 sq.m.	Water treatment works	–	–	–	164,000	21.5.2002
Claverton Down Road, Bath BA2 7WW	Freehold	27,100 sq.m.	Head Office, Operation Centre	5,640	14	–	142,464	21.5.2002
Sutton Bingham WTW, Sutton Bingham, Yeovil, South Somerset, BA 22 9QL	Freehold	21,000 sq.m.	Water treatment works	–	–	–	106,534	21.5.2002
Holdenhurst STW, Riverside Ave, Castle Lane East, Bournemouth, Dorset BH7 7ES	Freehold	102,000 sq.m.	Sewerage treatment works	–	–	–	71,976	21.5.2002
Shepton Mallet (Darshill) STW, Ham lane, Ham, Shepton Mallet, Nendip, BA4 5FF	Freehold	30,950 sq.m.	Sewerage treatment works	–	–	–	70,795	21.5.2002
Trowbridge STW, Bardford Roas, Trowbridge, West Wilts, BA 14 9 AX	Freehold	60,000 sq.m.	Sewerage treatment works	–	–	–	65,049	21.5.2002
Petersfinger STW, Southampton Road, Salisbury, SP5 3 EU	Freehold	59,728 sq.m.	Sewerage treatment works	–	–	–	59,915	21.5.2002

Financial Statements

Directors' Report

for the financial year ended 30 June 2014

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 2014.

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 to the financial statements.

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

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Profit for the financial year	**1,208,747**	**1,358,575**
Attributable to:		
– Owners of the parent	**1,202,414**	**1,358,575**
– Non-controlling interests	**6,333**	–
	1,208,747	**1,358,575**

DIVIDENDS

Since the end of the previous financial year, an interim single tier dividend of 20% or 10 sen per ordinary share of 50 sen each for the financial year ended 30 June 2014 has been declared for payment on 14 November 2014 to shareholders registered in the Record of Depositors of the Company as at 31 October 2014.

The Directors do not recommend the payment of a final dividend for the financial year ended 30 June 2014.

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 decreased from RM3,669,033,631 to RM3,588,623,624 following the cancellation of treasury shares of 250,000,000 and offset by exercise of 89,164,785 Warrants at an exercise price of RM1.21 per Warrant and 15,200 Warrants at an exercise price of RM1.14 per Warrant on the basis of one (1) new ordinary share for one (1) Warrant. The new ordinary shares of 50 sen each rank pari passu in all respects with the existing issued shares of the Company.

The total number of unexercised Warrants as at 30 June 2014 amounted to 1,076,600,275.

Directors' Report
for the financial year ended 30 June 2014

TREASURY SHARES

The shareholders of the Company, by a resolution passed in the 17th Annual General Meeting held on 26 November 2013, 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 23(b) to the financial statements.

EMPLOYEES SHARE OPTION SCHEME

The Employees' Share Option Scheme for employees and Directors of the Company and its subsidiaries ("ESOS") who meet the criteria of eligibility for participation is governed by the by-laws approved by the shareholders of the Company at an Extraordinary General Meeting held on 30 November 2010. The share issuance scheme was implemented on 1 April 2011. The salient features and terms of the ESOS are set out in Note 22(b) to the financial statement.

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

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

	Actual Allocation	
	Since 1.4.2011	Financial Year 30.6.2014
Key management personnel	52.58%	–

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

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
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 2014

DIRECTORS' INTERESTS

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

	Number of ordinary shares of RM0.50 each in the Company			
	At 1 July 2013	Acquired	Disposed	At 30 June 2014
Direct interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	20,380,250	1,019,012	–	**21,399,262**
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	945,040	47,251	–	**992,291**
Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng	38,853	1,942	–	**40,795**
Dato' Yeoh Seok Kian	6,386,760	319,338	–	**6,706,098**
Dato' (Dr) Yahya bin Ismail	343,000	13,500	(73,000)	**283,500**
Dato' Yeoh Soo Min	12,769,934	638,496	–	**13,408,430**
Dato' Yeoh Seok Hong	27,510,268	1,375,512	–	**28,885,780**
Dato' Sri Michael Yeoh Sock Siong	7,601,744	380,087	–	**7,981,831**
Dato' Yeoh Soo Keng	8,081,777	404,088	–	**8,485,865**
Dato' Mark Yeoh Seok Kah	7,665,920	383,296	–	**8,049,216**
Syed Abdullah bin Syed Abd. Kadir	2,268,203	113,410	–	**2,381,613**
Deemed interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	4,013,881,231(1)(4)	200,693,155	(18,000)	**4,214,556,386**(1)(4)
Tan Sri Datuk Dr. Aris bin Osman @ Othman	100,562(1)	5,028	–	**105,590**(1)
Dato' Yeoh Seok Kian	1,940,200(1)	97,010	–	**2,037,210**(1)
Dato' (Dr) Yahya bin Ismail	38,610(1)	1,930	–	**40,540**(1)
Dato' Yeoh Soo Min	3,283,424(1)(5)	164,171	–	**3,447,595**(1)(5)
Dato' Yeoh Seok Hong	3,281,179(1)	164,058	–	**3,445,237**(1)
Dato' Sri Michael Yeoh Sock Siong	1,019,291(1)	50,964	–	**1,070,255**(1)
Dato' Yeoh Soo Keng	133,500(1)	6,675	–	**140,175**(1)
Dato' Mark Yeoh Seok Kah	1,093,601(1)	54,680	–	**1,148,281**(1)
Syed Abdullah bin Syed Abd. Kadir	524(1)	26	–	**550**(1)

Directors' Report
for the financial year ended 30 June 2014

DIRECTORS' INTERESTS (CONTINUED)

	Number of Warrants in the Company			
	At 1 July 2013	Acquired	Exercised/ Disposed	At 30 June 2014
Direct interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	6,037,432	–	–	**6,037,432**
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	13,726,922	–	–	**13,726,922**
Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng	2,100	–	–	**2,100**
Dato' Yeoh Seok Kian	3,698,792	–	–	**3,698,792**
Dato' Yeoh Soo Min	3,454,000	–	–	**3,454,000**
Dato' Yeoh Seok Hong	2,969,004	–	–	**2,969,004**
Dato' Sri Michael Yeoh Sock Siong	6,073,302	–	–	**6,073,302**
Dato' Yeoh Soo Keng	5,180,386	–	–	**5,180,386**
Dato' Mark Yeoh Seok Kah	1,338,743	–	–	**1,338,743**
Deemed interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	519,265,210(1)(3)	–	–	**519,265,210(1)(3)**
Tan Sri Datuk Dr. Aris bin Osman @ Othman	23,200(1)	–	(23,200)	–
Dato' Yeoh Seok Kian	282,949(1)	–	–	**282,949(1)**
Dato' Yeoh Soo Min	308,893(1)(5)	–	–	**308,893(1)(5)**
Dato' Yeoh Seok Hong	1,569,981(1)	–	–	**1,569,981(1)**
Dato' Sri Michael Yeoh Sock Siong	1,587,797(1)	–	–	**1,587,797(1)**
Dato' Yeoh Soo Keng	87,054(1)	–	–	**87,054(1)**
Dato' Mark Yeoh Seok Kah	267,039(1)	–	–	**267,039(1)**

Directors' Report
for the financial year ended 30 June 2014

DIRECTORS' INTERESTS (CONTINUED)

	Number of share options over ordinary shares of RM0.50 each in the Company			
	At 1 July 2013	Granted	Exercised	At 30 June 2014
Direct interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	7,000,000	–	–	**7,000,000**
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	7,000,000	–	–	**7,000,000**
Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng	1,000,000	–	–	**1,000,000**
Tan Sri Datuk Dr. Aris bin Osman @ Othman	1,000,000	–	–	**1,000,000**
Dato' Yeoh Seok Kian	5,000,000	–	–	**5,000,000**
Dato' (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**
Dato' Sri Michael Yeoh Sock Siong	5,000,000	–	–	**5,000,000**
Dato' Yeoh Soo Keng	3,000,000	–	–	**3,000,000**
Dato' Mark Yeoh Seok Kah	5,000,000	–	–	**5,000,000**
Syed Abdullah bin Syed Abd. Kadir	3,000,000	–	–	**3,000,000**
Deemed interests				
Dato' Yeoh Seok Hong	500,000(1)	–	–	**500,000(1)**

Directors'
Report
for the financial year ended 30 June 2014

DIRECTORS' INTERESTS (CONTINUED)

Immediate Holding Company
YTL Corporation Berhad

	Number of ordinary shares of RM0.10 each			
	At 1 July 2013	Acquired	Disposed	At 30 June 2014
Direct interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	90,561,164	–	–	**90,561,164**
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	133,001,216	–	–	**133,001,216**
Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng	27,850	–	–	**27,850**
Dato' Yeoh Seok Kian	55,481,889	–	–	**55,481,889**
Dato' (Dr) Yahya bin Ismail	544,000	–	(64,000)	**480,000**
Dato' Yeoh Soo Min	51,797,932	–	–	**51,797,932**
Dato' Yeoh Seok Hong	44,535,079	–	–	**44,535,079**
Dato' Sri Michael Yeoh Sock Siong	53,652,534	–	–	**53,652,534**
Dato' Yeoh Soo Keng	53,916,634	–	–	**53,916,634**
Dato' Mark Yeoh Seok Kah	20,081,152	–	–	**20,081,152**
Syed Abdullah bin Syed Abd. Kadir	9,304,133	–	–	**9,304,133**
Deemed interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	5,087,101,282(1)(2)	–	–	**5,087,101,282**(1)(2)
Dato' Yeoh Seok Kian	4,844,248(1)	3,000,000	–	**7,844,248**(1)
Dato' (Dr) Yahya bin Ismail	529,418(1)	–	(12,000)	**517,418**(1)
Dato' Yeoh Soo Min	1,525,605(1)(5)	–	–	**1,525,605**(1)(5)
Dato' Yeoh Seok Hong	23,549,759(1)	–	–	**23,549,759**(1)
Dato' Sri Michael Yeoh Sock Siong	19,332,622(1)	–	–	**19,332,622**(1)
Dato' Yeoh Soo Keng	758,214(1)	–	–	**758,214**(1)
Dato' Mark Yeoh Seok Kah	4,005,597(1)	–	–	**4,005,597**(1)
Syed Abdullah bin Syed Abd. Kadir	19,642(1)	–	–	**19,642**(1)

Directors' Report
for the financial year ended 30 June 2014

DIRECTORS' INTERESTS (CONTINUED)

Immediate Holding Company
YTL Corporation Berhad

	Number of share options over ordinary shares of RM0.10 each			
	At 1 July 2013	Granted	Exercised	At 30 June 2014
Direct interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	7,000,000	–	–	**7,000,000**
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	7,000,000	–	–	**7,000,000**
Dato' Yeoh Seok Kian	5,000,000	–	–	**5,000,000**
Dato' (Dr) Yahya bin Ismail	1,000,000	–	–	**1,000,000**
Dato' Yeoh Soo Min	5,000,000	–	–	**5,000,000**
Dato' Yeoh Seok Hong	5,000,000	–	–	**5,000,000**
Dato' Sri Michael Yeoh Sock Siong	5,000,000	–	–	**5,000,000**
Dato' Yeoh Soo Keng	5,000,000	–	–	**5,000,000**
Dato' Mark Yeoh Seok Kah	5,000,000	–	–	**5,000,000**
Syed Abdullah bin Syed Abd. Kadir	1,000,000	–	–	**1,000,000**
Deemed interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	5,000,000[(1)]	–	–	**5,000,000**[(1)]
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	2,000,000[(1)]	–	–	**2,000,000**[(1)]
Dato' Yeoh Seok Hong	3,000,000[(1)]	–	–	**3,000,000**[(1)]

Directors' Report
for the financial year ended 30 June 2014

DIRECTORS' INTERESTS (CONTINUED)

Ultimate Holding Company
Yeoh Tiong Lay & Sons Holdings Sdn. Bhd.

	Number of ordinary shares of RM1.00 each			
	At 1 July 2013	Acquired	Disposed	At 30 June 2014
Direct interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	8,220,004	–	–	**8,220,004**
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	5,000,000	–	–	**5,000,000**
Dato' Yeoh Seok Kian	5,000,000	–	–	**5,000,000**
Dato' Yeoh Soo Min	1,250,000	–	–	**1,250,000**
Dato' Yeoh Seok Hong	5,000,000	–	–	**5,000,000**
Dato' Sri Michael Yeoh Sock Siong	5,000,000	–	–	**5,000,000**
Dato' Yeoh Soo Keng	1,250,000	–	–	**1,250,000**
Dato' Mark Yeoh Seok Kah	5,000,000	–	–	**5,000,000**
Deemed interest				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	5,000,004[(1)]	–	–	**5,000,004[(1)]**

Related Company
YTL Cement Berhad

	Number of ordinary shares of RM0.50 each			
	At 1 July 2013	Acquired	Disposed	At 30 June 2014
Deemed interest				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	737,551,897[(6)]	68,673	–	**737,620,570[(6)]**

Directors' Report
for the financial year ended 30 June 2014

DIRECTORS' INTERESTS (CONTINUED)

Related Company
YTL Cement Berhad

	Number of Irredeemable Convertible Unsecured Loan Stocks 2005/2015			
	At 1 July 2013	Acquired	Converted/ Disposed	At 30 June 2014
Deemed interest				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	–	10,000	–	**10,000**(7)

Related Company
YTL e-Solutions Berhad

	Number of ordinary shares of RM0.10 each			
	At 1 July 2013	Acquired	Disposed	At 30 June 2014
Direct interests				
Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng	150,000	–	–	**150,000**
Dato' Yeoh Soo Keng	500,000	–	–	**500,000**
Syed Abdullah bin Syed Abd. Kadir	300,000	–	–	**300,000**
Deemed interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	999,172,000(3)	–	–	**999,172,000**(3)
Dato' Yeoh Soo Min	1,053,800(5)	–	–	**1,053,800**(5)
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 July 2013	Acquired	Disposed	At 30 June 2014
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(3)	–	–	**497,846,293**(3)
Dato' Yeoh Soo Min	625,582(5)	–	–	**625,582**(5)

Directors' Report
for the financial year ended 30 June 2014

DIRECTORS' INTERESTS (CONTINUED)

Related Company
YTL Land & Development Berhad

	Number of Irredeemable Convertible Unsecured Loan Stocks 2011/2021			
	At 1 July 2013	Acquired	Converted/ Disposed	At 30 June 2014
Direct interests				
Dato' Yeoh Seok Kian	37,000	–	–	**37,000**
Dato' Yeoh Soo Keng	60,000	–	–	**60,000**
Deemed interest				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	793,717,049[(3)]	–	–	**793,717,049[(3)]**

Related Company
Syarikat Pelancongan Seri Andalan (M) Sdn. Bhd.

	Number of ordinary shares of RM1.00 each			
	At 1 July 2013	Acquired	Disposed	At 30 June 2014
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 Limited

	Number of ordinary shares of £0.01 each			
	At 1 July 2013	Acquired	Disposed	At 30 June 2014
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			
	At 1 July 2013	Acquired	Disposed	At 30 June 2014
Direct interest				
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	1	–	–	**1**

Directors' Report

for the financial year ended 30 June 2014

DIRECTORS' INTERESTS (CONTINUED)

Related Corporation
+YTL Construction (Thailand) Limited

	Number of ordinary shares of THB100 each			
	At 1 July 2013	Acquired	Disposed	At 30 June 2014
Direct interests				
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	1	–	–	**1**
Dato' Yeoh Seok Kian	1	–	–	**1**
Dato' Yeoh Seok Hong	1	–	–	**1**
Dato' Sri Michael Yeoh Sock Siong	1	–	–	**1**
Dato' Mark Yeoh Seok Kah	1	–	–	**1**

Related Corporation
+Samui Hotel 2 Co, Ltd.

	Number of ordinary shares of THB10 each			
	At 1 July 2013	Acquired	Disposed	At 30 June 2014
Direct interests				
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	1	–	–	**1**
Dato' Mark Yeoh Seok Kah	1	–	–	**1**

* Incorporated in England and Wales.
\+ Incorporated in Thailand.
§ Re-registered from a public company to a private company on 19 May 2014.

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

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

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

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

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

Directors' Report
for the financial year ended 30 June 2014

DIRECTORS' INTERESTS (CONTINUED)

(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 YTL Corporation Berhad pursuant to Section 6A of the Companies Act, 1965.

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

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

DIRECTORS' BENEFITS

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

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

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

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

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for 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 the Company had been written down to an amount which they might be expected so to realise.

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

(a) which would render the amounts impaired for receivables or the amount of the impairment of receivables in the financial statements of the Group and the Company inadequate to any substantial extent; or

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

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

Directors' Report
for the financial year ended 30 June 2014

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS (CONTINUED)

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

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

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

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

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

In the opinion of the Directors:

(a) the results of the Group and Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature except for tax credit as disclosed in Note 8; and

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

ULTIMATE HOLDING COMPANY

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

AUDITORS

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

Signed on behalf of the Board of Directors in accordance with their resolution dated 9 October 2014.

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

Dato' Yeoh Seok Hong
Director

Income Statements

for the financial year ended 30 June 2014

		Group		Company	
	Note	2014 RM'000	2013 RM'000 (Restated)	2014 RM'000	2013 RM'000
Revenue	5	**14,436,606**	15,896,162	**1,839,920**	665,750
Cost of sales		**(11,918,457)**	(13,372,484)	–	–
Gross profit		**2,518,149**	2,523,678	**1,839,920**	665,750
Other operating income		**39,447**	103,564	**1,053**	17,296
Administrative expenses		**(576,865)**	(521,142)	**(40,314)**	(37,343)
Other operating expenses		**(307,983)**	(272,376)	**(32,808)**	(44,048)
Finance cost		**(796,027)**	(818,872)	**(183,249)**	(170,056)
Share of profits of investments accounted for using the equity method	14	**249,873**	300,563	–	–
Profit before taxation	7	**1,126,594**	1,315,415	**1,584,602**	431,599
Taxation	8	**82,153**	(285,532)	**(226,027)**	(1,214)
Profit for the financial year		**1,208,747**	1,029,883	**1,358,575**	430,385
Attributable to:					
– Owners of the parent		**1,202,414**	1,054,770	**1,358,575**	430,385
– Non-controlling interests		**6,333**	(24,887)	–	–
		1,208,747	1,029,883	**1,358,575**	430,385

Earnings per share for profit attributable to the owners of the parent:

	Note	2014	2013
– Basic (sen)	9	**18.30**	14.54
– Diluted (sen)	9	**17.35**	13.97

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

Statements of Comprehensive Income

for the financial year ended 30 June 2014

		Group		Company	
	Note	2014 RM'000	2013 RM'000 (Restated)	2014 RM'000	2013 RM'000
Profit for the financial year		**1,208,747**	1,029,883	**1,358,575**	430,385
Other comprehensive income/(loss):					
Items that will not be reclassified subsequently to income statement:					
– remeasurement of post-employment benefit obligations		**51,679**	92,299	–	–
Items that may be reclassified subsequently to income statement:					
– available-for-sale financial assets	23(a)	**46,537**	(487)	**46,534**	11,250
– cash flow hedges	23(a)	**19,138**	165,728	–	–
– currency translation differences		**531,290**	(100,453)	–	–
Other comprehensive income for the financial year, net of tax		**648,644**	157,087	**46,534**	11,250
Total comprehensive income for the financial year		**1,857,391**	1,186,970	**1,405,109**	441,635
Attributable to:					
– Owners of the parent		**1,846,070**	1,212,821	**1,405,109**	441,635
– Non-controlling interests		**11,321**	(25,851)	–	–
		1,857,391	1,186,970	**1,405,109**	441,635

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

Statements of Financial Position
as at 30 June 2014

	Note	Group 30.6.2014 RM'000	Group 30.6.2013 RM'000 (Restated)	Group 1.7.2012 RM'000 (Restated)	Company 30.6.2014 RM'000	Company 30.6.2013 RM'000	Company 1.7.2012 RM'000
ASSETS							
Non-current assets							
Property, plant and equipment	11	**19,323,668**	17,298,106	17,275,918	**878**	1,007	794
Intangible assets	12	**6,864,070**	6,699,791	6,633,773	–	–	–
Investment in subsidiaries	13	–	–	–	**11,771,629**	11,271,629	11,271,794
Investments accounted for using the equity method	14	**1,599,869**	1,731,905	1,641,232	**5**	5	5
Investments	15	**242,517**	195,590	180,857	**237,686**	191,152	160,601
Derivative financial instruments	18	**17,315**	7,850	3,797	–	–	–
Receivables, deposits and prepayments	16	**614,884**	693,974	721,942	–	–	–
		28,662,323	26,627,216	26,457,519	**12,010,198**	11,463,793	11,433,194
Current assets							
Inventories	17	**449,081**	482,731	507,183	–	–	–
Receivables, deposits and prepayments	16	**1,983,674**	2,138,239	2,277,468	**5,014**	3,711	7,137
Derivative financial instruments	18	**30,590**	37,654	75,856	–	–	–
Amounts owing by immediate holding company and ultimate holding company	19	**4**	9	–	–	9	–
Amounts owing by subsidiaries	20	–	–	–	**432,770**	913,284	367,660
Amounts owing by fellow subsidiaries	31	**1,199**	791	744	–	–	–
Cash and bank balances	21	**8,958,235**	9,623,527	9,627,985	**247,491**	667,153	617,801
		11,422,783	12,282,951	12,489,236	**685,275**	1,584,157	992,598
TOTAL ASSETS		**40,085,106**	38,910,167	38,946,755	**12,695,473**	13,047,950	12,425,792

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

Statements of Financial Position
as at 30 June 2014

	Note	Group 30.6.2014 RM'000	Group 30.6.2013 RM'000 (Restated)	Group 1.7.2012 RM'000 (Restated)	Company 30.6.2014 RM'000	Company 30.6.2013 RM'000	Company 1.7.2012 RM'000
EQUITY AND LIABILITIES							
Capital and reserves							
Share capital	22	**3,588,624**	3,669,034	3,664,128	**3,588,624**	3,669,034	3,664,128
Reserves		**6,850,870**	6,140,039	5,317,640	**5,294,901**	5,025,031	4,973,660
Equity attributable to owners of the parent		**10,439,494**	9,809,073	8,981,768	**8,883,525**	8,694,065	8,637,788
Non-controlling interests		**244,231**	284,912	373,583	**–**	–	–
TOTAL EQUITY		**10,683,725**	10,093,985	9,355,351	**8,883,525**	8,694,065	8,637,788
LIABILITIES							
Non-current liabilities							
Deferred taxation	24	**1,958,946**	2,131,234	2,297,918	**72**	65	35
Borrowings	25	**21,457,360**	20,918,408	13,687,972	**3,747,156**	3,741,652	3,188,276
Post-employment benefit obligations	26	**553,780**	566,311	692,434	**–**	–	–
Grants and contributions	27	**347,207**	295,774	280,011	**–**	–	–
Derivative financial instruments	18	**8,946**	16,262	45,478	**–**	–	–
Payables	28	**480,045**	270,803	273,644	**–**	–	–
		24,806,284	24,198,792	17,277,457	**3,747,228**	3,741,717	3,188,311
Current liabilities							
Payables and accrued expenses	29	**2,107,131**	2,353,766	2,320,328	**50,345**	56,123	42,269
Derivative financial instruments	18	**20,327**	61,282	284,648	**–**	–	–
Provision for liabilities and charges	30	**27,264**	869	772	**–**	–	–
Post-employment benefit obligations	26	**1,801**	1,625	1,419	**250**	205	207
Amounts owing to immediate holding company and ultimate holding company	19	**222**	75	56	**4**	3	–
Amounts owing to subsidiaries	20	**–**	–	–	**13,724**	4,985	241,709
Amounts owing to fellow subsidiaries	31	**148,058**	71,140	150,736	**10**	406	8
Taxation		**227,375**	249,961	257,605	**387**	446	–
Borrowings	25	**2,062,919**	1,878,672	9,298,383	**–**	550,000	315,500
		4,595,097	4,617,390	12,313,947	**64,720**	612,168	599,693
TOTAL LIABILITIES		**29,401,381**	28,816,182	29,591,404	**3,811,948**	4,353,885	3,788,004
TOTAL EQUITY AND LIABILITIES		**40,085,106**	38,910,167	38,946,755	**12,695,473**	13,047,950	12,425,792

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

Consolidated Statement of Changes in Equity

for the financial year ended 30 June 2014

		<---- Attributable to Owners of the Parent						---->			
	Note	Share Capital (Note 22) RM'000	Share Premium RM'000	Merger Reserve RM'000	Currency Translation Reserve RM'000	Other Reserves (Note 23(a)) RM'000	Treasury Shares (Note 23(b)) RM'000	Retained Earnings RM'000	Total RM'000	Non-controlling Interests RM'000	Total Equity RM'000
Group											
At 1 July 2013		3,669,034	3,045,330	(2,138,533)	(1,189,697)	178,684	(390,148)	6,634,403	9,809,073	284,912	10,093,985
Profit for the financial year		–	–	–	–	–	–	1,202,414	1,202,414	6,333	1,208,747
Other comprehensive income for the financial year		–	–	–	526,302	65,675	–	51,679	643,656	4,988	648,644
Total comprehensive income for the financial year		–	–	–	526,302	65,675	–	1,254,093	1,846,070	11,321	1,857,391
Transactions with owners											
Goodwill impairment		–	–	–	–	–	–	–	–	5,290	5,290
Exercise of warrants	22	44,590	63,317	–	–	–	–	–	107,907	–	107,907
Warrant reserve	22(a)	–	8,917	–	–	(8,917)	–	–	–	–	–
Dividends paid to non-controlling interests		–	–	–	–	–	–	–	–	(57,292)	(57,292)
Share option expenses	23(a)	–	–	–	–	8,610	–	–	8,610	–	8,610
Share repurchased	23(b)	–	–	–	–	–	(1,332,166)	–	(1,332,166)	–	(1,332,166)
Cancellation of shares	23(b)	(125,000)	(412,250)	–	–	125,000	412,250	–	–	–	–
Share dividend	22(a)	–	(598,763)	–	–	–	598,763	–	–	–	–
Exchange differences	23(a)	–	–	–	1,651	(1,651)	–	–	–	–	–
At 30 June 2014		3,588,624	2,106,551	(2,138,533)	(661,744)	367,401	(711,301)	7,888,496	10,439,494	244,231	10,683,725

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

Consolidated Statement of Changes in Equity
for the financial year ended 30 June 2014

		<------- Attributable to Owners of the Parent									
	Note	Share Capital (Note 22) RM'000	Share Premium RM'000	Merger Reserve RM'000	Currency Translation Reserve RM'000	Other Reserves (Note 23(a)) RM'000	Treasury Shares (Note 23(b)) RM'000	Retained Earnings RM'000	Total RM'000	Non-controlling Interests RM'000	Total Equity RM'000
Group											
At 1 July 2012 (As previously reported)		3,664,128	3,037,384	(2,138,533)	(1,088,179)	2,896	(119,972)	5,901,984	9,259,708	373,583	9,633,291
Effect of changes in accounting policies	36	–	–	–	–	–	–	(277,940)	(277,940)	–	(277,940)
At 1 July 2012 (Restated)		3,664,128	3,037,384	(2,138,533)	(1,088,179)	2,896	(119,972)	5,624,044	8,981,768	373,583	9,355,351
Profit for the financial year		–	–	–	–	–	–	1,054,770	1,054,770	(24,887)	1,029,883
Other comprehensive income for the financial year		–	–	–	(99,513)	165,241	–	92,323	158,051	(964)	157,087
Total comprehensive income for the financial year		–	–	–	(99,513)	165,241	–	1,147,093	1,212,821	(25,851)	1,186,970
Transactions with owners											
Effects arising from changes in composition of the Group		–	–	–	80	–	–	(238)	(158)	(978)	(1,136)
Exercise of warrants	22	4,906	6,965	–	–	–	–	–	11,871	–	11,871
Warrant reserve	22(a)	–	981	–	–	(981)	–	–	–	–	–
Fourth interim dividend paid for the financial year ended 30 June 2012	10	–	–	–	–	–	–	(68,235)	(68,235)	–	(68,235)
Interim dividends paid for the financial year ended 30 June 2013	10	–	–	–	–	–	–	(68,261)	(68,261)	–	(68,261)
Dividends paid to non–controlling interests		–	–	–	–	–	–	–	–	(61,842)	(61,842)
Share option expenses	23(a)	–	–	–	–	9,443	–	–	9,443	–	9,443
Share repurchased	23(b)	–	–	–	–	–	(270,176)	–	(270,176)	–	(270,176)
Exchange differences	23(a)	–	–	–	(2,085)	2,085	–	–	–	–	–
At 30 June 2013 (Restated)		3,669,034	3,045,330	(2,138,533)	(1,189,697)	178,684	(390,148)	6,634,403	9,809,073	284,912	10,093,985

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

Company Statement of Changes in Equity

for the financial year ended 30 June 2014

	Note	Share Capital (Note 22) RM'000	Share Premium RM'000	Other Reserves (Note 23(a)) RM'000	Treasury Shares (Note 23(b)) RM'000	Retained Earnings RM'000	Total RM'000
Company							
At 1 July 2013		**3,669,034**	**3,045,330**	**179,598**	**(390,148)**	**2,190,251**	**8,694,065**
Profit for the financial year		–	–	–	–	**1,358,575**	**1,358,575**
Other comprehensive income for the financial year		–	–	**46,534**	–	–	**46,534**
Total comprehensive income for the financial year		–	–	**46,534**	–	**1,358,575**	**1,405,109**
Transactions with owners							
Exercise of warrants	22	**44,590**	**63,317**	–	–	–	**107,907**
Warrant reserve	22(a)	–	**8,917**	**(8,917)**	–	–	–
Share option expenses	23(a)	–	–	**8,610**	–	–	**8,610**
Share repurchased	23(b)	–	–	–	**(1,332,166)**	–	**(1,332,166)**
Cancellation of shares	23(b)	**(125,000)**	**(412,250)**	**125,000**	**412,250**	–	–
Share dividend	22(a)	–	**(598,763)**	–	**598,763**	–	–
At 30 June 2014		**3,588,624**	**2,106,551**	**350,825**	**(711,301)**	**3,548,826**	**8,883,525**
At 1 July 2012		3,664,128	3,037,384	159,886	(119,972)	1,896,362	8,637,788
Profit for the financial year		–	–	–	–	430,385	430,385
Other comprehensive income for the financial year		–	–	11,250	–	–	11,250
Total comprehensive income for the financial year		–	–	11,250	–	430,385	441,635
Transactions with owners							
Exercise of warrants	22	4,906	6,965	–	–	–	11,871
Warrant reserve	22(a)	–	981	(981)	–	–	–
Fourth interim dividend paid for the financial year ended 30 June 2012	10	–	–	–	–	(68,235)	(68,235)
Interim dividends paid for the financial year ended 30 June 2013	10	–	–	–	–	(68,261)	(68,261)
Share option expenses	23(a)	–	–	9,443	–	–	9,443
Share repurchased	23(b)	–	–	–	(270,176)	–	(270,176)
At 30 June 2013		3,669,034	3,045,330	179,598	(390,148)	2,190,251	8,694,065

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

Statements of Cash Flows

for the financial year ended 30 June 2014

	Note	Group 2014 RM'000	Group 2013 RM'000 (Restated)	Company 2014 RM'000	Company 2013 RM'000
Cash flows from operating activities					
Profit for the financial year		**1,208,747**	1,029,883	**1,358,575**	430,385
Adjustments for:					
Allowance for impairment of associates		**23,938**	–	–	–
Allowance for impairment of intangible assets		**13,224**	–	–	–
Allowance for impairment of property, plant and equipment		**54,695**	–	–	–
Allowance for impairment of receivables (net of reversals)		**119,693**	159,676	–	–
Amortisation of deferred income		**(3,399)**	(2,011)	–	–
Amortisation of grants and contributions		**(9,757)**	(9,324)	–	–
Amortisation of intangible assets		**47,776**	21,276	–	–
Bad debts written-off		**20**	14,982	–	239
Depreciation of property, plant and equipment		**1,264,726**	1,202,152	**144**	118
Dividends from quoted investments in Malaysia		**–**	(81)	–	–
Fair value changes in derivatives		**2,640**	(25,685)	–	–
Fair value changes in investments		**–**	(19,303)	–	(19,303)
Gain on disposal of investments		**–**	(11,397)	–	–
Gain on redemption of investment in loan stock		**(768)**	–	–	–
Ineffective portion on cash flow hedges		**(2,290)**	(130)	–	–
Interest expense		**796,027**	818,872	**183,249**	170,056
Interest income		**(23,092)**	(20,591)	–	–
Net gain on disposal of property, plant and equipment		**(3,625)**	(18,784)	–	–
Property, plant and equipment written off		**11,414**	13,589	–	–
Provision for post-employment benefit		**61,197**	54,898	–	–
Provision for liabilities and charges		**2,542**	1,206	–	–
Share of profits of investments accounted for using the equity method		**(249,873)**	(300,563)	–	–
Share option expenses		**8,650**	9,469	**1,693**	1,706
Taxation		**(82,153)**	285,532	**226,027**	1,214
Unrealised loss/(gain) on foreign exchange		**76,197**	(14,201)	**(4)**	(29)
(Write back)/Allowance for fuel cost		**(559)**	12,849	–	–
(Write back)/Allowance for impairment of inventories		**(1,186)**	4,871	–	–
		3,314,784	3,207,185	**1,769,684**	584,386

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

Statements of Cash Flows
for the financial year ended 30 June 2014

		Group		Company	
		2014	2013	2014	2013
	Note	RM'000	RM'000 (Restated)	RM'000	RM'000
Changes in working capital:					
Inventories		**48,628**	2,504	**–**	–
Receivables, deposits and prepayments		**236,346**	(160,313)	**(1,302)**	(398)
Payables and accrued expenses		**(429,676)**	16,151	**(1,754)**	3,945
Subsidiaries		**–**	–	**(54,334)**	18,855
Fellow subsidiaries		**76,377**	(79,643)	**(396)**	398
Holding company		**146**	(16)	**6**	(9)
Cash generated from operations		**3,246,605**	2,985,868	**1,711,904**	607,177
Interest paid		**(663,851)**	(624,457)	**(181,735)**	(158,757)
Payment for provision and liabilities		**(1,298)**	(1,089)	**–**	–
Payment to retirement benefit schemes		**(98,663)**	(90,068)	**–**	–
Tax (paid)/refunded		**(329,930)**	(429,900)	**(226,068)**	1,140
Net cash flows from operating activities		**2,152,863**	1,840,354	**1,304,101**	449,560
Cash flows from investing activities					
Acquisition of subsidiaries		**–**	(3,752)	**–**	–
Additional investments accounted for using the equity method		**(8,101)**	(3,466)	**–**	–
Additional investments		**(35)**	(1,776)	**–**	–
Dividends received		**300,349**	158,181	**–**	–
Grants received		**33,766**	29,059	**–**	–
Interest received		**21,323**	24,630	**–**	–
Net repayment/(advances) to subsidiaries		**–**	–	**50,511**	(789,576)
Proceeds from disposal of investments		**194**	17,175	**–**	–
Proceeds from disposal of property, plant and equipment		**61,496**	24,145	**–**	–
Proceeds from redemption of investment in loan stock		**55,635**	–	**–**	–
Purchase of intangible assets		**(74,308)**	(61,477)	**–**	–
Purchase of property, plant and equipment		**(1,467,745)**	(1,420,627)	**(15)**	(331)
Net cash flows (used in)/from investing activities		**(1,077,426)**	(1,237,908)	**50,496**	(789,907)

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

Statements of Cash Flows
for the financial year ended 30 June 2014

	Note	Group 2014 RM'000	Group 2013 RM'000 (Restated)	Company 2014 RM'000	Company 2013 RM'000
Cash flows from financing activities					
Debt financing fee		–	(95,418)	–	–
Dividends paid		–	(136,496)	–	(136,496)
Dividends paid to non-controlling interests		**(57,292)**	(61,842)	–	–
Proceeds from issue of bonds		–	522,211	–	–
Proceeds from borrowings		**241,423**	8,503,198	–	1,100,000
Proceeds from issue of shares		**107,907**	11,871	**107,907**	11,871
Repayment of borrowings		**(1,025,614)**	(9,038,936)	**(550,000)**	(315,500)
Repurchase of own shares		**(1,332,166)**	(270,176)	**(1,332,166)**	(270,176)
Net cash flows (used in)/from financing activities		**(2,065,742)**	(565,588)	**(1,774,259)**	389,699
Net changes in cash and cash equivalents		**(990,305)**	36,858	**(419,662)**	49,352
Effects of exchange rate changes		**329,094**	(37,495)	–	–
Cash and cash equivalents:					
– At beginning of the financial year		**9,552,134**	9,552,771	**667,153**	617,801
– At end of the financial year	21	**8,890,923**	9,552,134	**247,491**	667,153

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

	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Amendment to MFRS 116	–	3,439	–	–
Finance lease	**57,793**	–	–	–
Provision for liabilities	**25,000**	–	–	–
Transfer of assets from customers	**264,835**	–	–	–
Others payables and accrued expenses	**49,639**	95,974	–	–
	397,267	99,413	–	–

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

Notes to the Financial Statements

for the financial year ended 30 June 2014

1 GENERAL INFORMATION

The principal activities of the Company are investment holding and the provision of administrative and technical support services. The principal activities of the subsidiaries are set out in Note 13 to the financial statements.

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

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

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

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

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

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

2 BASIS OF PREPARATION

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

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

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires the Directors to exercise their judgements in the process of applying the Company's accounting policies. Although these estimates and assumptions 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.

Notes to the Financial Statements
for the financial year ended 30 June 2014

2 BASIS OF PREPARATION (CONTINUED)

(a) Standards, amendments to published standards and interpretation that are effective for the Group and the Company's financial year beginning on or after 1 July 2013 are as follows:

MFRS, Amendments to MFRS and Interpretations	Effective for financial periods beginning on or after
• MFRS 10 'Consolidated Financial Statements'	1 January 2013
• MFRS 11 'Joint Arrangements'	1 January 2013
• MFRS 12 'Disclosures of Interests in Other Entities'	1 January 2013
• MFRS 13 'Fair Value Measurement'	1 January 2013
• Amendment to MFRS 7 'Financial Instruments: Disclosures'	1 January 2013
• Amendments to MFRS 10, MFRS 11 and MFRS 12 'Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance'	1 January 2013
• Amendment to MFRS 101 'Presentation of Financial Statements'	1 January 2013
• Amendment to MFRS 116 'Property, Plant and Equipment'	1 January 2013
• Amendment to MFRS 119 'Employee Benefits'	1 January 2013
• Amendment to MFRS 132 'Financial Instruments: Presentation'	1 January 2013
• Amendment to MFRS 134 'Interim Financial Reporting'	1 January 2013
• The revised MFRS 127 'Separate Financial Statements'	1 January 2013
• The revised MFRS 128 'Investments in Associates and Joint Ventures'	1 January 2013

The adoption of these MFRSs, amendments to MFRSs and interpretations did not have any significant financial impact to the Group and the Company except for the following:

(i) MFRS 12, 'Disclosures of Interests in Other Entities' 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 statement readers to evaluate the nature, risks and financial effects associated with the entity's interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities.

(ii) Amendment to MFRS 116, 'Property, Plant and Equipment' clarifies that items such as spare parts, stand-by equipment and servicing equipment are recognised as property, plant and equipment when they meet the definition of property, plant and equipment. Otherwise, such items are classified as inventory.

(iii) Amendment to MFRS 119, 'Employee Benefits' 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.

Please refer to Note 36 for the impact of the amendments to MFRS 116 and 119 on the financial statements.

2 BASIS OF PREPARATION (CONTINUED)

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

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

- Amendment to MFRS 2, 'Share-based Payment' (effective 1 July 2014) clarifies the definition of vesting conditions by separately defining 'performance condition' and 'service condition' to ensure consistent classification of conditions attached to a share-based payment.

- Amendment to MFRS 3, 'Business Combinations' (effective 1 July 2014) clarifies that when contingent consideration in a business combination meets the definition of financial instrument, its classification as a liability or equity is determined by reference to MFRS 132. Contingent consideration that is classified as asset or liability shall be subsequently measured at fair value at each reporting date and changes in fair value shall be recognised in profit or loss.

- Amendment to MFRS 8, 'Operating Segments' (effective 1 July 2014) requires the disclosure of judgements made in applying the aggregation criteria to operating segments which includes a brief description of the operating segments that have been aggregated and the economic indicators that have been assessed in determining that the aggregated operating segments share similar economic characteristics. Reconciliation of the total reportable segments' assets to the entity's assets is also required if that amount is regularly provided to the chief operating decision maker.

- Amendments to MFRS 10, MFRS 12 and MFRS 127, 'Investment Entities' (effective 1 January 2014) introduce an exception to consolidation of investment entities. Investment entities are entities whose business purpose is to invest funds solely for returns from capital appreciation, investment income or both and evaluate the performance of its investments on fair value basis. The amendments require investment entities to measure particular subsidiaries at fair value instead of consolidating them.

- Amendment to MFRS 13, 'Fair Value Measurement' (effective 1 July 2014) clarifies that the scope of the portfolio exception of MFRS 13 includes all contracts accounted for within the scope of MFRS 139 or MFRS 9 'Financial Instruments', regardless of whether they meet the definition of financial assets or financial liabilities as defined in MFRS 132.

- Amendment to MFRS 116, 'Property, Plant and Equipment' and MFRS 138, 'Intangible Assets' (effective 1 July 2014) clarifies the accounting for the accumulated depreciation/amortisation when an asset is revalued. It clarifies that the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset and the accumulated depreciation/amortisation is calculated as the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses.

- Amendment to MFRS 119, 'Employee Benefits' (effective 1 July 2014) clarifies the accounting for contribution from employees or third parties to defined benefit plans. If the amount of contributions is independent of the number of years of service, the entity is permitted to recognise such contributions as reduction in the service cost in the period in which the related service is rendered, instead of attributing the contributions to the periods of service. If the amount of the contributions is dependent on the number of years of service, an entity is required to attribute those contributions to periods of service using the same attribution method required by MFRS 119 for the gross benefit (i.e. either based on the plan's contribution formula or on a straight-line basis).

2 BASIS OF PREPARATION (CONTINUED)

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

(i) Financial year beginning on/after 1 July 2014 (continued)

- Amendment to MFRS 124, 'Related Party Disclosures' (effective 1 July 2014) extends the definition of 'related party' to include an entity, or any member of a group of which it is a part, that provides key management personnel services to the reporting entity or to the parent of the reporting entity.

- Amendment to MFRS 132, 'Financial Instruments: Presentation' (effective 1 January 2014) does not change the current offsetting model in MRFS 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.

- Amendment to MFRS 136, 'Impairment of Assets' (effective 1 January 2014) addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The requirement to disclose recoverable amount when a cash generating unit contains goodwill or indefinite lived intangible assets but there is no impairment has been removed.

- Amendment to MFRS 139, 'Financial Instruments: Recognition and Measurement' (effective 1 January 2014) provides relief from discontinuing hedge accounting in a situation where a derivative, which had been designated as a hedging instrument, is novated to affect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met.

- IC Interpretation 21, 'Levies' (effective 1 January 2014) sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.

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

- Amendment to MFRS 11, 'Accounting for Acquisitions of Interests in Joint Operations' (effective 1 January 2016) clarifies that when an entity acquires interest in joint operation in which the activity of the joint operation constitutes a business as defined by MFRS 3 Business Combinations, it shall apply the relevant principles on business combinations accounting in MFRS 3 and other MFRSs, that do not conflict with MFRS 11.

2 BASIS OF PREPARATION (CONTINUED)

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

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

- Amendments to MFRS 116 and MFRS 138, 'Clarification of Acceptable Methods of Depreciation and Amortisation' (effective 1 January 2016) provides additional guidance on how the depreciation or amortisation of property, plant and equipment and intangible assets should be calculated.

  The Amendments to MFRS 116 prohibit revenue-based depreciation because revenue does not, as a matter of principle, reflect the way in which an item of property, plant and equipment is used or consumed.

  The Amendments to MFRS 138 introduce a rebuttable presumption that an amortisation method that is based on the revenue generated by an activity that includes the use of an intangible asset is inappropriate (for the same reasons as the Amendments to MFRS 116). This presumption can be overcome only in the limited circumstances:

  (a) in which the intangible asset is expressed as a measure of revenue, i.e. in the circumstance in which the predominant limiting factor that is inherent in an intangible asset is the achievement of a revenue threshold; or

  (b) when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

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

- MFRS 15, 'Revenue from Contracts with Customers' (effective 1 January 2017) is principally based on the core principle that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

(iv) Effective for annual periods to be announced by MASB

- MFRS 9, 'Financial Instruments-Classification and Measurement of Financial Assets and Financial Liabilities' 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 flow characteristics of the financial assets.

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

  The guidance in MFRS 139 on impairment of financial assets and hedge accounting continues to apply. MFRS 7 requires disclosure on transition from MFRS 139 to MFRS 9.

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

3 SIGNIFICANT ACCOUNTING POLICIES

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

(a) Property, plant and equipment

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

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

Where items of property, plant and equipment are transferred to the Group from customers/developers, the fair value of the assets transferred is recognised as property, plant and equipment in the Statement of Financial Position. Where the transfer is exchanged for connection to the network and no further obligation is required, the corresponding credit is revenue. Where the transfer is linked to the provision of ongoing services, the corresponding entry is deferred income as disclosed in Note 28 and released to the Income Statement over the expected useful lives of the assets.

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Property, plant and equipment (continued)

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 and the Company 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.

(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 obligation.

Operating lease

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

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

Notes to the Financial Statements
for the financial year ended 30 June 2014

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Leases (continued)

(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

(i) Intangible assets – Customer acquisition costs

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

(ii) Intangible assets - Goodwill

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

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.

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. Impairment is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs 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 is charged to the Income Statement unless it reverses a previous revaluation in which case it is charged to the revaluation surplus. In respect of these assets, any subsequent increase in recoverable amount is recognised in the Income Statement unless it reverses impairment on a revalued asset in which case it is taken to revaluation surplus.

(e) Subsidiaries

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

Subsidiaries are consolidated using the acquisition method of accounting except for 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 MFRS 1 to apply this Standard prospectively. Accordingly, business combinations entered prior to the respective effective dates have not been restated to comply with MFRS.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

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

(i) Acquisition method

Under the acquisition method of accounting, subsidiaries are fully consolidated from the date of which control is transferred to the Group and are 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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Subsidiaries (continued)

(i) Acquisition method (continued)

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) (ii) on goodwill).

(ii) Merger method

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

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

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

(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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Subsidiaries (continued)

(iv) Change in control

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

(f) Associates

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

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

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

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

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

(g) Joint arrangements

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

Notes to the Financial Statements
for the financial year ended 30 June 2014

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Joint arrangements (continued)

Joint ventures

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

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

(h) Investments in subsidiaries, joint arrangements and associates

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

(i) Development expenditure

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

(j) Trade and other receivables

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

(k) Inventories

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Financial assets and financial liabilities

Financial assets

(i) Classification

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

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

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

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

(b) Loans and Receivables

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

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

(c) Available-for-sale Financial Assets

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

Notes to the Financial Statements
for the financial year ended 30 June 2014

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Financial assets and financial liabilities (continued)

__Financial assets__ **(continued)**

(ii) Measurement

(a) Recognition and initial measurement

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

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

Available-for-sale financial assets and financial assets at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the Income Statement.

(b) Subsequent measurement – Gains and losses

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

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

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

(iii) Derecognition

A financial asset 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.

Notes to the
Financial Statements
for the financial year ended 30 June 2014

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Financial assets and financial liabilities (continued)

Financial assets (continued)

(iv) Offsetting financial instruments

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

(v) Impairment of financial assets

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

(a) Assets carried at amortised cost

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

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

(b) Assets classified as available-for-sale

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is taken as evidence that the securities are impaired. If any such evidence exists 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 on that financial asset previously recognised in Income Statement - is removed from equity and recognised in the Income Statement. Impairment recognised in the Income Statement on equity instruments is not reversed through Income Statement.

Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangement entered into and definitions of a financial liability.

Financial liabilities, within the scope of MFRS 139, are recognised in the Statement of Financial Position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

Notes to the Financial Statements
for the financial year ended 30 June 2014

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Financial assets and financial liabilities (continued)

Financial liabilities (continued)

The Group's and the Company's financial liabilities include trade payables, other liabilities and borrowings (see Note 3(q)).

Trade and other liabilities are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

For other financial liabilities, gains and losses are recognised in the Income Statement when the liabilities are derecognised, or through the amortisation process.

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

(m) Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date 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 18 to the financial statements. Movements on the hedging reserve in other comprehensive income are shown in Note 23(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.

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 Income Statement. Changes in the fair value of the hedge fixed rate borrowings attributable to interest rate risk are recognised in the Income Statement within 'finance costs'.

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

(ii) Cash flows hedge

The 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.

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

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

Notes to the Financial Statements
for the financial year ended 30 June 2014

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Financial guarantee

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

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

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

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

(o) Cash and cash equivalents

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

(p) Share capital

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

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

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

Purchase of own shares

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Bonds and borrowings

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

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

Bonds and borrowings are classified as current liabilities unless the Group and the Company 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.

(r) Grants and contributions

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

(s) Deferred income

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

(t) Provisions

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

(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.

Notes to the Financial Statements
for the financial year ended 30 June 2014

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Revenue recognition (continued)

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

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

(v) Sale of steam

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

(vi) Investment income

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

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

(vii) Other income

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

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

(v) Employee benefits

(i) Short-term employee benefits

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) Employee benefits (continued)

(ii) Post-employment benefits

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

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

(a) Defined contribution plan

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

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

(b) Defined benefit plan

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

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

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

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

Past-service costs are recognised immediately in Income Statement.

Notes to the Financial Statements
for the financial year ended 30 June 2014

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) Employee benefits (continued)

(iii) Share-based compensation

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

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

The proceeds received net of any directly attributable transaction costs are credited to share capital (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 joint ventures and associates are included in the Group's share of profits of investments accounted for using the equity method.

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

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's entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

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

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

Goodwill and fair value adjustments arising on the acquisition of a foreign entity on or after 1 July 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) Contingent liabilities and contingent assets

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

Notes to the Financial Statements
for the financial year ended 30 June 2014

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(y) Contingent liabilities and contingent assets (continued)

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by uncertain future events beyond the control of the Group and the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. When a change in the probability of an outflow of economic resources occurs and the outflow is probable, it will then be recognised as a provision.

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

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

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

(z) Segment reporting

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

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

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

(a) Impairment assessment of goodwill

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

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

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

The residual value and the useful lives of property, plant and equipment are reviewed at each financial year end. The review which involve significant judgements 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.

(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 significant judgement regarding future financial performance of a particular entity in which the deferred tax asset has been recognised. The deferred tax assets not recognised is set out in Note 8 to the financial statements.

(d) Estimated pension benefits

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

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

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in Note 26 to the financial statements.

(e) Estimated 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 are made regarding the cash flows of these assets including meeting growth targets and sourcing contracts renewal.

(f) Allowance for impairment of receivables

At each reporting date, the Group and the Company 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.

Notes to the Financial Statements
for the financial year ended 30 June 2014

5 REVENUE

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Sale of electricity	**9,391,057**	11,006,805	–	–
Sale of clean water and treatment and disposal of waste water	**2,896,355**	2,507,191	–	–
Sale of fuel oil	**965,078**	1,523,348	–	–
Sale of steam	**191,833**	188,451	–	–
Broadband and telecommunications	**793,698**	438,061	–	–
Investment income	**70,952**	97,557	**1,815,710**	642,643
Others	**127,633**	134,749	**24,210**	23,107
	14,436,606	15,896,162	**1,839,920**	665,750

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	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Key management compensation:				
– Wages, salaries and bonuses	**25,194**	23,101	**11,051**	10,150
– Defined contribution plan	**2,968**	2,676	**1,345**	1,193
– Fees	**770**	620	**770**	620
– Share options expenses	**3,398**	3,398	**1,477**	1,477
– Allowances	**101**	38	**101**	38

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

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

6 SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

In addition to related party transactions and balances mentioned elsewhere in the financial statements, set out below are significant related party transactions and balances which were carried out on terms and conditions negotiated amongst the related parties stated in Note 31.

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Sale of goods and services:				
– Subsidiaries	–	–	**20,000**	20,000
Dividend income:				
– Subsidiaries	–	–	**1,770,149**	595,253
– Fellow subsidiaries	–	18,207	–	18,207
Interest income:				
– Subsidiaries - in respect of loan and advances	–	–	**36,511**	18,071
Other income:				
– Fellow subsidiaries	**4,333**	3,107	**4,210**	3,107
Purchases of goods and services from subsidiaries and fellow subsidiaries:				
– Advertising and promotional	**7,271**	11,744	–	–
– Hotel and accommodation	**8,104**	9,080	**1,112**	1,043
– Operating and maintenance	**159,801**	78,000	–	–
– Telecommunications related charges	**75,000**	75,000	–	–
– Travelling fares and motor vehicle maintenance	**5,572**	5,590	**4,725**	3,474
– Building infrastructure	–	11,300	–	–
– Commission, incentives and/or reimbursement of bundle device sold	**10,310**	–	–	–
Expenses paid on behalf of:				
– Subsidiaries	–	–	**57,686**	23,303
– Fellow subsidiaries	**175**	2,110	**4**	1,905

Notes to the Financial Statements
for the financial year ended 30 June 2014

6 SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Expenses paid on behalf by:				
– Subsidiaries	–	–	61,834	46,346
– Fellow subsidiaries	20,080	17,548	2,208	6,817
– Immediate holding company and ultimate holding company	7,298	2,796	2,237	1,009
Year-end balances owing by:				
– Fellow subsidiaries	1,199	791	–	–
– Subsidiaries	–	–	432,770	913,284
– Immediate holding company and ultimate holding company	4	9	–	9
Year-end balances owing to:				
– Fellow subsidiaries	(148,058)	(71,140)	(10)	(406)
– Subsidiaries	–	–	(13,724)	(4,985)
– Immediate holding company and ultimate holding company	(222)	(75)	(4)	(3)

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

	Company	
	2014 RM'000	2013 RM'000
Advances to subsidiaries		
At 1 July	891,711	84,064
Advances during the financial year	582,086	1,030,028
Repayments during the financial year	(619,870)	(183,300)
Capitalisation of intercompany balances	(500,000)	–
Interest charged	36,511	18,071
Payment of interest	(12,727)	(57,152)
At 30 June	377,711	891,711

Notes to the Financial Statements
for the financial year ended 30 June 2014

7 PROFIT BEFORE TAXATION

	Group		Company	
	2014 RM'000	**2013 RM'000**	**2014 RM'000**	**2013 RM'000**
Profit before taxation is stated after charging/(crediting):				
Allowance for impairment of associates	**23,938**	–	**–**	–
Allowance for impairment of intangible assets	**13,224**	–	**–**	–
Allowance for impairment of property, plant and equipment	**54,695**	–	**–**	–
Allowance for impairment of receivables (net of reversals)	**119,693**	159,676	**–**	–
Amortisation of deferred income	**(3,399)**	(2,011)	**–**	–
Amortisation of grants and contributions	**(9,757)**	(9,324)	**–**	–
Amortisation of intangible assets	**47,776**	21,276	**–**	–
Auditors' remuneration				
– Statutory audit fees payable/paid to PwC Malaysia:				
– current year	**570**	620	**500**	550
– over accrual in prior year	**–**	(6)	**–**	(6)
– Payable/paid to member firms of an organisation which are separate and independent legal entities from PwC Malaysia	**563**	626	**–**	–
– Statutory audit fees payable/paid to other audit firms	**1,999**	1,720	**–**	–
Bad debts written-off	**20**	14,982	**–**	239
Depreciation of property, plant and equipment	**1,264,726**	1,202,152	**144**	118
Development expenditure	**26,517**	34,481	**26,517**	34,481
Directors' remuneration	**32,431**	29,833	**14,744**	13,478
Dividends from quoted investments in Malaysia	**–**	(81)	**–**	–
Energy cost	**8,627,402**	10,549,333	**–**	–
Fair value changes in derivatives	**2,640**	(25,685)	**–**	–
Fair value changes in investments	**–**	(19,303)	**–**	(19,303)
Gain on disposal of investments	**–**	(11,397)	**–**	–
Gain on redemption of investment in loan stock	**(768)**	–	**–**	–
Ineffective portion on cash flow hedges	**(2,290)**	(130)	**–**	–
Interest income	**(23,092)**	(20,591)	**–**	–
Interest expense – borrowings	**756,831**	772,142	**183,249**	170,056
Interest expense – discounting on non-current receivables	**11,653**	18,105	**–**	–
Interest expense – post-employment benefit	**27,543**	28,625	**–**	–
Net gain on disposal of property, plant and equipment	**(3,625)**	(18,784)	**–**	–
Property, plant and equipment written off	**11,414**	13,589	**–**	–
Provision for liabilities and charges	**2,542**	1,206	**–**	–

Notes to the Financial Statements
for the financial year ended 30 June 2014

7 PROFIT BEFORE TAXATION (CONTINUED)

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Realised loss/(gain) on foreign exchange	**14,501**	766	**(642)**	2,268
Rental of land and building	**124,594**	123,871	**326**	326
Rental of plant, equipment and machinery	**19,414**	13,129	**–**	–
Staff costs:				
– Wages, salaries and bonus	**359,036**	349,900	**11,035**	12,777
– Defined contribution plan	**19,616**	20,305	**1,114**	1,263
– Defined benefit plan	**61,197**	54,898	**–**	–
– Share option expenses	**5,252**	6,071	**216**	229
Unrealised loss/(gain) on foreign exchange	**76,197**	(14,201)	**(4)**	(29)
(Write back)/Allowance for fuel cost	**(559)**	12,849	**–**	–
(Write back)/Allowance for impairment of inventories	**(1,186)**	4,871	**–**	–

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 2014					
Group					
Executive Directors	**14,945**	**450**	**10,249**	**6,191**	**31,835**
Non-executive Directors	**–**	**320**	**–**	**276**	**596**
Company					
Executive Directors	**6,703**	**450**	**4,348**	**2,685**	**14,186**
Non-executive Directors	**–**	**320**	**–**	**238**	**558**
Financial year ended 30 June 2013					
Group					
Executive Directors	13,794	360	9,307	5,852	29,313
Non-executive Directors	–	260	–	260	520
Company					
Executive Directors	6,188	360	3,962	2,485	12,995
Non-executive Directors	–	260	–	223	483

* Included in the remuneration of Directors of the Group and the Company are contributions to a defined contribution plan and share options expenses charged to the Income Statement amounting to RM2,968,065 and RM3,397,867 (2013: RM2,675,745 and RM3,397,867) and RM1,345,185 and RM1,477,334 (2013: RM1,193,385 and RM1,477,333) respectively.

7 PROFIT BEFORE TAXATION (CONTINUED)

The number of Directors of the Group and of the Company whose total remuneration fall within the following bands for the financial year ended 30 June 2014 is as follows:

	Group No. of Directors		Company No. of Directors	
Range of remuneration	**Executive**	**Non-executive**	**Executive**	**Non-executive**
Below RM50,000	–	–	3	–
RM50,001 – RM100,000	–	1	–	1
RM100,001 – RM150,000	–	–	–	1
RM150,001 – RM200,000	–	2	–	1
RM200,001 – RM250,000	–	1	1	1
RM300,001 – RM350,000	–	–	1	–
RM400,001 – RM450,000	1	–	–	–
RM550,001 – RM600,000	1	–	–	–
RM1,150,001 – RM1,200,000	1	–	1	–
RM2,850,001 – RM2,900,000	–	–	1	–
RM3,150,001 – RM3,200,000	–	–	1	–
RM3,250,001 – RM3,300,000	1	–	–	–
RM3,350,001 – RM3,400,000	1	–	–	–
RM4,850,001 – RM4,900,000	1	–	–	–
RM5,300,001 – RM5,350,000	1	–	–	–
RM6,200,001 – RM6,250,000	–	–	1	–
RM6,300,001 – RM6,350,000	1	–	–	–
RM6,450,001 – RM6,500,000	1	–	–	–

8 TAXATION

Taxation charge for the financial year:

	Group		Company	
	2014 RM'000	**2013 RM'000**	**2014 RM'000**	**2013 RM'000**
Current tax:				
– Malaysian income tax	**137,967**	118,846	**226,020**	1,184
– Foreign income tax	**167,435**	317,849	**–**	–
Deferred taxation (Note 24)	**(387,555)**	(151,163)	**7**	30
	(85,153)	285,532	**226,027**	1,214
Current tax:				
– Current year	**428,018**	445,303	**226,387**	930
– (Over)/Under provision in prior years	**(122,616)**	(8,608)	**(367)**	254
Deferred taxation:				
– Originating and reversal of temporary differences	**(387,555)**	(151,163)	**7**	30
	(82,153)	285,532	**226,027**	1,214

Notes to the Financial Statements
for the financial year ended 30 June 2014

8 TAXATION (CONTINUED)

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

	Group		Company	
	2014 RM'000	**2013 RM'000**	**2014 RM'000**	**2013 RM'000**
Numerical reconciliation between taxation and the product of accounting profit multiplied by the Malaysian tax rate				
Profit before taxation	**1,126,594**	1,315,415	**1,584,602**	431,599
Tax calculated at the Malaysian tax rate 25% (2013: 25%)	**281,649**	328,854	**396,151**	107,900
Tax effects of:				
– Share of profits of investments accounted for using the equity method	**(62,468)**	(75,141)	–	–
– Different tax rates in other countries including remeasuring of deferred tax^	**(222,062)**	(115,097)	–	–
– Non-deductible expenses	**208,873**	112,617	**47,825**	46,717
– Income not subject to tax	**(12,454)**	(24,353)	**(217,582)**	(153,657)
– Temporary differences not recognised*	**12,712**	67,260	–	–
– Adjustments in respect of prior years**	**(165,787)**	–	–	–
– (Over)/Under provision in prior years in relation to current tax**	**(122,616)**	(8,608)	**(367)**	254
Taxation	**(82,153)**	285,532	**226,027**	1,214

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

	2014 RM'000	**2013 RM'000**
– Property, plant and equipment	**37,856**	48,415
– Unutilised tax losses	**179,406**	161,487
– Others	**13,951**	6,321

8 TAXATION (CONTINUED)

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

	2014 RM'000	2013 RM'000
– Property, plant and equipment	**391**	720
– Unutilised tax losses	**2,469**	4,418

** The tax credits recognised by a subsidiary company in the United Kingdom includes a deferred tax credits of RM165.8 million and current tax credit of RM101.7 million which arises from a refund of over payment of tax in prior periods. It was a result of an industry-wide agreement reached with Her Majesty's Revenue and Customs ('HMRC') for the re-categorisation of capital allowances from industrial building allowances ('IBA') into long life plant during the financial year. The agreement followed HMRC's decision under the UK Finance Act 2008 issued on 2 July 2008 to reduce IBA over the period 2008 to 2012 from 4% in the year 2008 to zero in the year 2012.

^ The remeasurement of deferred tax during the financial year is due to a reduction in the United Kingdom corporation tax rate from 23% to 21% with effect from 1 April 2014 and from 21% to 20% with effect from 1 April 2015 which were substantively enacted on 2 July 2013. This will reduce the subsidiary's future current tax charge accordingly. The deferred tax liability at 30 June 2014 has been calculated based on the 20% rate substantively enacted at the financial year ended 30 June 2014.

9 EARNINGS PER SHARE ('EPS')

(a) Basic EPS

	Group	
	2014	2013
Profit attributable to owners of the parent (RM'000)	**1,202,414**	1,054,770
Weighted average number of ordinary shares in issue ('000)	**6,571,585**	7,256,596
Basic EPS (sen)	**18.30**	14.54

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

Notes to the Financial Statements
for the financial year ended 30 June 2014

9 EARNINGS PER SHARE ('EPS') (CONTINUED)

(b) Diluted EPS

	Group	
	2014	**2013**
Profit attributable to owners of the parent (RM'000)	**1,202,414**	1,054,770
Profit used to determine diluted EPS (RM'000)	**1,202,414**	1,054,770
Weighted average number of ordinary shares in issue ('000)	**6,571,585**	7,256,596
Adjustments for:		
– Conversion of Warrants ('000)	**336,438**	289,635
– ESOS ('000)	**21,184**	6,037
Weighted average number of ordinary shares for diluted earnings per share ('000)	**6,929,207**	7,552,268
Diluted EPS (sen)	**17.35**	13.97

As at 30 June 2014, the Company had 1,076,600,275 (2013: 1,165,780,260) warrants, whose terms of conversion are set out in Note 22(a) to the financial statements, still unexercised. MFRS 133 'Earnings Per Share' prescribes that warrants are dilutive when they are issued for no consideration or when they would result in the issue of ordinary shares for less than its fair value. For the diluted EPS calculation, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares.

10 DIVIDENDS

	Group and Company 2014		Group and Company 2013	
	Gross dividends per share Sen	Amount of dividends RM'000	Gross dividends per share Sen	Amount of dividends RM'000
Dividends paid in respect of the financial year ended 30 June 2012:				
– Fourth interim tax exempt dividend of 1.875% or 0.9375 sen per ordinary share of 50 sen each paid on 31 October 2012	–	–	0.94	68,235
Dividends paid in respect of the financial year ended 30 June 2013:				
– Interim tax exempt dividend of 1.875% or 0.9375 sen per ordinary share of 50 sen each paid on 15 January 2013	–	–	0.94	68,261
	–	–	1.88	136,496

Since the end of the previous financial year, an interim single tier dividend of 20% or 10 sen per ordinary share of 50 sen each for the financial year ended 30 June 2014 has been declared for payment on 14 November 2014 to shareholders registered in the Record of Depositors of the Company as at 31 October 2014.

The Directors do not recommend the payment of a final dividend for the financial year ended 30 June 2014.

11 PROPERTY, PLANT AND EQUIPMENT

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

Group	Land and buildings RM'000	Infrastructure assets RM'000	Plant and machinery RM'000	Mains and lines RM'000	Office equipment RM'000	Computers RM'000	Furniture and fittings RM'000	Motor vehicles and aircraft RM'000	Telecom-munications equipment RM'000	Assets under construction RM'000	Total RM'000
2014											
Cost											
At 1 July 2013	4,117,259	5,299,842	12,008,669	22,699	624,322	32,171	18,018	115,469	1,598,190	1,066,639	24,903,278
Exchange differences	383,114	691,149	781,874	–	78,536	283	158	1,845	–	77,571	2,014,530
Additions	18,286	585,357	483,417	–	28,386	1,489	1,934	20,997	2,445	722,701	1,865,012
Disposals	(3,396)	–	(10,501)	–	(289)	(670)	(136)	(4,544)	(71,214)	–	(90,750)
Written off	(2,611)	–	(233,708)	–	(232)	(389)	(66)	–	(344)	–	(237,350)
Transfer on commissioning	20,936	75,017	388,047	–	25,666	1,251	99	–	176,221	(687,237)	–
At 30 June 2014	4,533,588	6,651,365	13,417,798	22,699	756,389	34,135	20,007	133,767	1,705,298	1,179,674	28,454,720
Accumulated depreciation and impairment											
At 1 July 2013	1,414,543	280,675	5,374,815	20,320	266,683	22,648	5,878	31,880	187,730	–	7,605,172
Exchange differences	87,538	37,348	306,421	–	33,133	187	69	578	–	–	465,274
Charge for the financial year	175,259	58,136	863,542	1,057	37,167	3,711	2,373	18,843	104,638	–	1,264,726
Disposals	(3,391)	–	(9,229)	–	(282)	(670)	(136)	(3,849)	(15,322)	–	(32,879)
Impairment	–	–	–	–	–	2	–	–	11,367	43,326	54,695
Written off	(245)	–	(225,055)	–	(150)	(360)	(35)	–	(91)	–	(225,936)
At 30 June 2014	1,673,704	376,159	6,310,494	21,377	336,551	25,518	8,149	47,452	288,322	43,326	9,131,052
Net book value											
At 30 June 2014	2,859,884	6,275,206	7,107,304	1,322	419,838	8,617	11,858	86,315	1,416,976	1,136,348	19,323,668

Borrowing cost of RM8,456,442 (2013: RM6,421,710) arising on financing specifically entered into for the construction of property, plant and equipment was capitalised during the financial year 2014.

11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

Group	Land and buildings RM'000	Infrastructure assets RM'000	Plant and machinery RM'000	Mains and lines RM'000	Office equipment RM'000	Computers RM'000	Furniture and fittings RM'000	Motor vehicles and aircraft RM'000	Telecom-munications equipment RM'000	Assets under construction RM'000	Total RM'000
2013											
Cost											
At 1 July 2012	4,014,075	5,131,844	11,703,023	22,699	605,709	29,997	12,333	120,083	1,314,973	849,361	23,804,097
Exchange differences	(73,898)	(130,430)	(115,178)	–	(14,979)	42	7	(346)	–	(13,610)	(348,392)
Additions	42,298	255,064	250,495	–	22,354	2,737	1,855	4,484	12,624	928,129	1,520,040
Disposals	(435)	–	(19,125)	–	(1,335)	(2,638)	(5)	(2,327)	(14)	–	(25,879)
Written off	–	–	(40,056)	–	(29)	(54)	(22)	(6,425)	(2)	–	(46,588)
Transfer on commissioning	135,219	43,364	229,510	–	12,602	2,087	3,850	–	270,609	(697,241)	–
At 30 June 2013	4,117,259	5,299,842	12,008,669	22,699	624,322	32,171	18,018	115,469	1,598,190	1,066,639	24,903,278
Accumulated depreciation											
At 1 July 2012	1,260,547	237,992	4,618,413	19,263	239,851	20,454	4,005	29,677	97,977	–	6,528,179
Exchange differences	(15,344)	(6,034)	(44,389)	–	(5,758)	31	7	(155)	–	–	(71,642)
Charge for the financial year	169,619	48,717	844,029	1,057	33,947	4,233	1,872	8,923	89,755	–	1,202,152
Disposals	(279)	–	(14,748)	–	(1,335)	(2,046)	(5)	(2,104)	(1)	–	(20,518)
Written off	–	–	(28,490)	–	(22)	(24)	(1)	(4,461)	(1)	–	(32,999)
At 30 June 2013	1,414,543	280,675	5,374,815	20,320	266,683	22,648	5,878	31,880	187,730	–	7,605,172
Net book value											
At 30 June 2013	2,702,716	5,019,167	6,633,854	2,379	357,639	9,523	12,140	83,589	1,410,460	1,066,639	17,298,106

Borrowing cost of RM6,421,710 (2012: RM5,221,738) arising on financing specifically entered into for the construction of property, plant and equipment was capitalised during the financial year 2013.

Notes to the Financial Statements
for the financial year ended 30 June 2014

11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

Group	Leasehold land RM'000	Freehold land RM'000	Buildings RM'000	Total RM'000
2014				
Cost				
At 1 July 2013	**86,047**	**63,017**	**3,968,195**	**4,117,259**
Exchange differences	**1,799**	**7,388**	**373,927**	**383,114**
Additions	–	**567**	**17,719**	**18,286**
Disposals	**(2,788)**	–	**(608)**	**(3,396)**
Written off	–	–	**(2,611)**	**(2,611)**
Transfer on commissioning	–	–	**20,936**	**20,936**
At 30 June 2014	**85,058**	**70,972**	**4,377,558**	**4,533,588**
Accumulated depreciation				
At 1 July 2013	**25,504**	–	**1,389,039**	**1,414,543**
Exchange differences	**440**	–	**87,098**	**87,538**
Charge for the financial year	**5,239**	–	**170,020**	**175,259**
Disposals	**(2,788)**	–	**(603)**	**(3,391)**
Written off	–	–	**(245)**	**(245)**
At 30 June 2014	**28,395**	–	**1,645,309**	**1,673,704**
Net book value				
At 30 June 2014	**56,663**	**70,972**	**2,732,249**	**2,859,884**
2013				
Cost				
At 1 July 2012	79,219	62,561	3,872,295	4,014,075
Exchange differences	299	(1,471)	(72,726)	(73,898)
Additions	6,529	1,927	33,842	42,298
Disposals	–	–	(435)	(435)
Transfer on commissioning	–	–	135,219	135,219
At 30 June 2013	86,047	63,017	3,968,195	4,117,259
Accumulated depreciation				
At 1 July 2012	20,416	–	1,240,131	1,260,547
Exchange differences	87	–	(15,431)	(15,344)
Charge for the financial year	5,001	–	164,618	169,619
Disposals	–	–	(279)	(279)
At 30 June 2013	25,504	–	1,389,039	1,414,543
Net book value				
At 30 June 2013	60,543	63,017	2,579,156	2,702,716

The net book value of assets of the Group held under finance lease amounted RM260,685,478 (2013: RM194,050,227).

11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

Company	Office equipment RM'000	Computers RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Total RM'000
2014					
Cost					
At 1 July 2013	**35**	**295**	**20**	**1,603**	**1,953**
Additions	**3**	**12**	**–**	**–**	**15**
At 30 June 2014	**38**	**307**	**20**	**1,603**	**1,968**
Accumulated depreciation					
At 1 July 2013	**35**	**268**	**20**	**623**	**946**
Charge for the financial year	**1**	**16**	**–**	**127**	**144**
At 30 June 2014	**36**	**284**	**20**	**750**	**1,090**
Net book value					
At 30 June 2014	**2**	**23**	**–**	**853**	**878**
2013					
Cost					
At 1 July 2012	35	288	20	1,279	1,622
Additions	–	7	–	324	331
At 30 June 2013	35	295	20	1,603	1,953
Accumulated depreciation					
At 1 July 2012	35	253	20	520	828
Charge for the financial year	–	15	–	103	118
At 30 June 2013	35	268	20	623	946
Net book value					
At 30 June 2013	–	27	–	980	1,007

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12 INTANGIBLE ASSETS

The details of intangible assets are as follows:

	Group 2014 RM'000	Group 2013 RM'000
Customer acquisition costs	**66,733**	40,201
Goodwill on consolidation	**6,797,337**	6,659,590
At 30 June	**6,864,070**	6,699,791

(a) Customer acquisition costs

	Group 2014 RM'000	Group 2013 RM'000
At 1 July	**40,201**	–
Additions	**74,308**	61,477
Amortisation charge for the financial year	**(47,776)**	(21,276)
At 30 June	**66,733**	40,201

(b) Goodwill on consolidation

	Group 2014 RM'000	Group 2013 RM'000
At 1 July	**6,659,590**	6,633,773
Exchange differences	**145,681**	20,465
Acquisition of subsidiaries	**–**	5,352
Allowance for impairment (net of NCI)	**(7,934)**	–
At 30 June	**6,797,337**	6,659,590

Notes to the Financial Statements
for the financial year ended 30 June 2014

12 INTANGIBLE ASSETS (CONTINUED)

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	
	2014	2013
	RM'000	RM'000
YTL PowerSeraya Pte. Limited ('Singapore')	**6,311,534**	6,170,830
Wessex Water Limited (United Kingdom ('UK'))	**440,700**	440,700
Others	**45,103**	48,060
Total goodwill	**6,797,337**	6,659,590

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

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

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

	2014		2013	
	Singapore	UK	Singapore	UK
	%	%	%	%
Pre-tax discount rate	**6.0**	**5.7**	6.0	7.1
Terminal growth rate	**2.0**	**0.1**	2.0	1.5
Revenue growth rate	**2.7**	**2.5**	1.2	2.7

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.

Notes to the Financial Statements
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12 INTANGIBLE ASSETS (CONTINUED)

Impairment test for goodwill (continued)

(b) Impact of possible change in key assumption

Changing the assumptions selected by management, in particular the discount rate and growth rate assumptions used in the cash flow projections, could significantly affect the Group's result. The Group's review includes the 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 amounts assuming no change in the other variables are as follows:

	2014		2013	
	Singapore	UK	Singapore	UK
	%	%	%	%
Pre-tax discount rate	**8.6**	**12.5**	9.4	14.7
Terminal growth rate	**(4.1)**	**(0.5)**	(5.5)	(0.3)
Revenue growth rate	**1.8**	**(4.4)**	(0.2)	(13.1)

13 SUBSIDIARIES

Investment in subsidiaries

	Company	
	2014	2013
	RM'000	RM'000
Unquoted shares, at cost	**11,771,629**	11,271,629

13 SUBSIDIARIES (CONTINUED)

Investment in subsidiaries (continued)

The subsidiaries are as follows:

Name of company/ corporation	Country of incorporation	Group's effective interest 2014 %	Group's effective interest 2013 %	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
SIPP Power Sdn. Bhd. *	Malaysia	**70**	–	Dormant
YTL Energy Holdings Sdn. Bhd. (formerly known as YTL Power Energy Holdings Sdn. Bhd., and prior to that, Tunas Madani Sdn. Bhd.) *	Malaysia	**100**	–	Dormant
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 Power Trading (Labuan) Ltd. *	Malaysia	**100**	100	Dormant
YTL Seraya Limited *	Cayman Islands	**100**	100	Investment holding
YTL SIPP Power Holdings Sdn. Bhd. (formerly known as Budaya Kencana Sdn. Bhd.) *	Malaysia	**70**	–	Dormant
YTL Utilities Holdings (S) Pte. Limited *	Singapore	**100**	100	Investment holding

Notes to the Financial Statements
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13 SUBSIDIARIES (CONTINUED)

Investment in subsidiaries (continued)

The subsidiaries are as follows: (continued)

Name of company/ corporation	Country of incorporation	Group's effective interest 2014 %	Group's effective interest 2013 %	Principal activities
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
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

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13 SUBSIDIARIES (CONTINUED)

Investment in subsidiaries (continued)

The subsidiaries are as follows: (continued)

Name of company/ corporation	Country of incorporation	Group's effective interest 2014 %	2013 %	Principal activities
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
Sword Bidco Limited	England and Wales	**100**	100	Dormant
Sword Bidco (Holdings) Limited	England and Wales	**100**	100	Dormant
Sword Holdings Limited	Cayman Islands	**100**	100	Dormant
Sword Midco Limited	England and Wales	**100**	100	Dormant
Enterprise Laundry Services Limited *#@	England and Wales	**100**	100	Laundry services
Geneco Limited *#@	England and Wales	**100**	100	Food waste processing
Water 2 Business Limited *#@	England and Wales	**100**	100	Dormant
Wessex Electricity Utilities Limited *#@	England and Wales	**100**	100	Dormant
Wessex Utility Solutions Limited *#@	England and Wales	**100**	100	Dormant
Wessex Water Services Finance Plc. *#@	England and Wales	**100**	100	Issue of bonds

Notes to the Financial Statements
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13 SUBSIDIARIES (CONTINUED)

Investment in subsidiaries (continued)

The subsidiaries are as follows: (continued)

Name of company/ corporation	Country of incorporation	Group's effective interest 2014 %	2013 %	Principal activities
Wessex Water Enterprises Limited *#@	England and Wales	**100**	100	Water supply and waste water services
Wessex Engineering & Construction Services Limited *#@	England and Wales	**100**	100	Engineering and construction services
Wessex Promotions Limited *#@	England and Wales	**100**	100	Entertainment promotion
Wessex Water Pension Scheme Trustee Limited *#@	England and Wales	**100**	100	Management of Wessex Water Pension Scheme
Wessex Water Commercial Limited *#@	England and Wales	**100**	100	Dormant
Wessex Property Services Limited *#@	England and Wales	**100**	100	Dormant
Wessex Water Trustee Company Limited *#@	England and Wales	**100**	100	Dormant
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 Infrastructure Limited	Cayman Islands	**100**	100	Dormant
YTL Services Limited *#@	England and Wales	**100**	100	Dormant
YTL Communications International Ltd. Ω	Cayman Islands	**60**	60	Investment holding
YTL Global Networks Ltd. Ω	Cayman Islands	**60**	60	Dormant

13 SUBSIDIARIES (CONTINUED)

Investment in subsidiaries (continued)

The subsidiaries are as follows: (continued)

Name of company/ corporation	Country of incorporation	Group's effective interest 2014 %	Group's effective interest 2013 %	Principal activities
YTL Communications (S) Pte. Ltd. *Ω	Singapore	**60**	60	Dormant
YTL Digital Sdn. Bhd. *Ω	Malaysia	**60**	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**	57.1	Investment holding
YTL Jawa Power B.V. *^	Netherlands	**57.1**	57.1	Investment holding
YTL Jawa O & M Holdings Limited *	Cyprus	**100**	100	Investment holding
YTL Jawa O & M Holdings B.V. *°	Netherlands	**100**	100	Investment holding
YTL Jawa Power Services B.V. *°	Netherlands	**100**	100	Investment holding
P.T. YTL Jawa Timur *°	Indonesia	**100**	100	Construction management, consultancy services and power station operation services
YTL Power Investments Limited *	Cayman Islands	**100**	100	Investment holding
YTL Power (Thailand) Limited	Cayman Islands	**100**	100	Dormant
FrogAsia Sdn. Bhd. *+	Malaysia	**100**	100	Education licence provider
Frog Education Limited *+	England and Wales	**57.6**	57.6	Sales into the education market and further development of its web environment product
Granite Investments (Cayman Islands) Limited +	Cayman Islands	**100**	100	Dormant
I Education Limited *+	England and Wales	**29.37**	29.37	Educational media and IT software consultancy
Pagabo Limited +¥	England and Wales	–	29.37	Inactive
YTL Education (UK) Limited *+	England and Wales	**100**	100	Providing advisory and management services to educational institutions in the UK and abroad

13 SUBSIDIARIES (CONTINUED)

Investment in subsidiaries (continued)

The subsidiaries are as follows: (continued)

* *Audited by a firm other than a member firm of PricewaterhouseCoopers International Limited*
** *Audited by a member firm of PricewaterhouseCoopers International Limited which is a separate and independent legal entity from PricewaterhouseCoopers, Malaysia*
\# *Subsidiaries of Wessex Water Limited*
° *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*
@ *Subsidiaries of YTL Power Generation Sdn. Bhd.*
¥ *Dissolved during the financial year*

(a) Non-controlling interests in subsidiaries

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

Group	NCI percentage of ownership interest and voting interest	Profit allocated to NCI RM'000	Carrying amount of NCI RM'000
2014			
YTL Jawa Power Holdings B.V.	**42.9%**	**96,892**	**492,890**
YTL Communications Sdn. Bhd.	**40.0%**	**(91,114)**	**(259,819)**
		5,778	**233,071**
2013			
YTL Jawa Power Holdings B.V.	42.9%	89,323	449,290
YTL Communications Sdn. Bhd.	40.0%	(115,938)	(173,981)
		(26,615)	275,309

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

13 SUBSIDIARIES (CONTINUED)

Investment in subsidiaries (continued)

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

	YTL Jawa Power Holdings B.V.		YTL Communications Sdn. Bhd.	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Non-current assets	**1,161,575**	1,259,175	**1,999,572**	1,990,217
Current assets	**2,035**	923	**141,322**	198,610
Non-current liabilities	**(13,416)**	(92,427)	**(35,766)**	(1,337)
Current liabilities	**(75)**	(119,289)	**(1,765,458)**	(2,120,000)
Net assets	**1,150,119**	1,048,382	**339,670**	67,490
Revenue	**–**	–	**794,312**	439,890
Profit/(Loss) for the year	**226,090**	208,428	**(227,786)**	(289,844)
Total comprehensive income/(loss)	**235,422**	206,805	**(227,820)**	(289,895)
Cash flow used in operating activities	**(202,710)**	(20,548)	**(99,514)**	(95,683)
Cash flow from/(used in) investing activities	**336,433**	165,352	**(209,698)**	(432,940)
Cash flow (used in)/from financing activities	**(133,686)**	(144,303)	**305,754**	512,222
Net increase/(decrease) in cash and cash equivalents	**37**	501	**(3,458)**	(16,401)
Dividends paid to NCI	**57,292**	61,842	**–**	–

14 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

(a) Joint Ventures

	Group	
	2014 RM'000	2013 RM'000
Unquoted shares, at cost	**500**	500
Group's share of post-acquisition reserves	**3,404**	1,239
Group's share of net assets	**3,904**	1,739

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14 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)

(a) Joint Ventures (continued)

The joint venture companies are as follows:

Name of company	Country of incorporation	Group's effective interest 2014 %	Group's effective interest 2013 %	Principal activities
Bristol Wessex Billing Services Limited	England and Wales	**50.0**	50.0	Billing services
Xchanging Malaysia Sdn. Bhd.	Malaysia	**50.0**	50.0	Mobile internet and cloud-based technology solutions

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

	Group 2014 RM'000	Group 2013 RM'000
Profit from continuing operation/Total comprehensive income	**2,165**	1,239

(b) Investment in associates

	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Unquoted shares, at cost	**868,480**	900,305	**5**	5
Group's share of post-acquisition reserves	**751,423**	829,861	**–**	–
Allowance for impairment	**(23,938)**	–	**–**	–
Group's share of net assets	**1,595,965**	1,730,166	**5**	5

14 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)

(b) Investment in associates (continued)

The associates are as follows:

Name of company	Country of incorporation	Group's effective interest 2014 %	Group's effective interest 2013 %	Principal activities
P.T. Jawa Power	Indonesia	**20.0***	20.0*	Operating a coal-fired thermal power station
Teknologi Tenaga Perlis (Overseas) Consortium Sdn. Bhd. ©	Malaysia	–	30.0	Dormant
Enefit Jordan B.V.	Netherlands	**30.0**	30.0	Investment holding
ElectraNet Pty. Ltd.	Australia	**33.5**	33.5	Principal electricity transmission
Jimah Power Generation Sdn. Bhd.	Malaysia	**49.0**	49.0	Dormant

© Struck off during the financial year.

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

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

(i) **Summarised financial information:**

	P.T. Jawa Power 2014 RM'000	P.T. Jawa Power 2013 RM'000	ElectraNet Pty. Ltd. 2014 RM'000	ElectraNet Pty. Ltd. 2013 RM'000
Non-current assets	**3,757,213**	3,620,865	**7,638,353**	7,266,270
Current assets	**746,207**	1,198,641	**104,286**	128,036
Non-current liabilities	**(977,298)**	(858,594)	**(5,410,711)**	(5,921,601)
Current liabilities	**(207,337)**	(363,268)	**(1,133,398)**	(229,417)
Net assets	**3,318,785**	3,597,644	**1,198,530**	1,243,288

Notes to the Financial Statements
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14 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)

(b) Investment in associates (continued)

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

(i) Summarised financial information: (continued)

	P.T. Jawa Power		ElectraNet Pty. Ltd.	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Profit for the financial year	**656,014**	626,617	**54,039**	252,225
Other comprehensive loss	**–**	(165)	**(71,904)**	(20,441)
Total comprehensive income/(loss)	**656,014**	626,452	**(17,865)**	231,784
Included in the total comprehensive income is:				
Revenue	**1,930,149**	2,111,295	**941,926**	1,138,068
Other information:				
Dividends received from associate	**280,172**	158,120	**20,177**	–

(ii) Reconciliation of net assets to carrying amount:

	P.T. Jawa Power		ElectraNet Pty. Ltd.		Total	
	2014	2013	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Opening net assets, 1 July	**3,597,644**	3,429,846	**1,243,288**	1,131,222	**4,840,932**	4,561,068
Profit for the financial year	**656,014**	626,617	**54,039**	252,225	**710,053**	878,842
Other comprehensive loss	**–**	(165)	**(71,904)**	(20,441)	**(71,904)**	(20,606)
Repayment of loan stock	**(135,671)**	–	**–**	–	**(135,671)**	–
Foreign exchange differences	**1,289**	(6,883)	**33,338**	(119,718)	**34,627**	(126,601)
Dividend received	**(800,491)**	(451,771)	**(60,231)**	–	**(860,722)**	(451,771)
Closing net assets, 30 June	**3,318,785**	3,597,644	**1,198,530**	1,243,288	**4,517,315**	4,840,932
Interest in associates	**35.0%**	35.0%	**33.5%**	33.5%		
Carrying amount	**1,161,575**	1,259,175	**401,508**	416,501	**1,563,083**	1,675,676

Notes to the Financial Statements
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15 INVESTMENTS

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Available-for-sale financial assets	**242,517**	195,590	**237,686**	191,152

The investments are in relation to the following:

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Equity investments (quoted in Malaysia)	**47,261**	53,786	**47,261**	53,786
Equity investments (quoted outside Malaysia)	**22**	16	**–**	–
Equity investments (unquoted outside Malaysia)	**4,759**	4,372	**–**	–
Equity investments (unquoted in Malaysia)	**190,475**	137,416	**190,425**	137,366
	242,517	195,590	**237,686**	191,152

A gain arising from the changes in fair value of available-for-sale financial assets during the financial year of RM46.5 million (2013: gain of RM11.2 million) and a gain of RM46.5 million (2013: gain of RM11.2 million) was recognised as other comprehensive income in the Statement of Comprehensive Income of the Group and the Company, respectively.

16 RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Non-current				
Prepayments	**60,966**	147,762	**–**	–
Receivables from associate#	**291,068**	289,541	**–**	–
Deposits	**899**	879	**–**	–
Accrued income	**895**	1,162	**–**	–
Amount recoverable from supplier*	**261,056**	254,630	**–**	–
	614,884	693,974	**–**	–

Notes to the Financial Statements
for the financial year ended 30 June 2014

16 RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONTINUED)

	Group		Company	
	2014 RM'000	**2013 RM'000**	**2014 RM'000**	**2013 RM'000**
Current				
Trade receivables	**1,463,878**	1,782,758	–	–
Less: Allowance for impairment of trade receivables	**(216,869)**	(185,125)	–	–
Total trade receivables (net)	**1,247,009**	1,597,633	–	–
Other receivables	**86,331**	65,093	**4,405**	979
Accrued income	**381,313**	316,127	–	–
Deposits	**24,862**	27,651	**490**	1,080
Interest receivable	**3,753**	4,811	**119**	339
Prepayments	**240,406**	126,924	–	1,313
	1,983,674	2,138,239	**5,014**	3,711

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

* A subsidiary of the Group had entered into 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. The gas supplier unilaterally withdrew a discount provided for under the market price-related formula and as a consequence, a dispute arose over whether the discount is, in the circumstances, applicable under the GSA.

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

The Directors have been advised that there is more than a reasonable prospect that the amount of RM261 million paid under protest would be recoverable in the pending arbitration proceedings against the gas supplier. However, the final amount recoverable would be subject to determination in the pending arbitration proceedings.

16 RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONTINUED)

Credit terms of trade receivables average at 30 days (2013: 30 days). The Group's historical experience in collecting trade receivables falls largely within this period. On this basis, the Directors believe that no additional credit risk beyond the amounts provided for collection losses is inherent in the Group's trade receivables.

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

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Neither past due nor impaired	**1,633,923**	1,963,206	**5,014**	2,398
1 to 90 days past due not impaired	**209,999**	140,117	–	–
91 to 120 days past due not impaired	**28,537**	75,432	–	–
More than 120 days past due not impaired	**424,727**	378,772	–	–
Total past due not impaired	**663,263**	594,321	–	–
	2,297,186	2,557,527	**5,014**	2,398

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

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

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
With credit ratings (Moody's/RAM):				
– AAA	**143,619**	134,637	–	–
– P1	**2,204**	4,168	**119**	339
Without external credit ratings	**1,488,100**	1,824,401	**4,895**	2,059
	1,633,923	1,963,206	**5,014**	2,398

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.

Notes to the Financial Statements
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16 RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONTINUED)

Receivables amounting to RM86.1 million (2013: RM116.5 million) are secured by financial guarantees given by banks and RM12.1 million (2013: RM11.9 million) are secured by cash collateral.

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

	Group Trade receivables		Group Other receivables	
	2014 RM'000	**2013 RM'000**	**2014 RM'000**	**2013 RM'000**
At 1 July	**185,125**	163,916	**102,605**	–
Exchange differences	**23,162**	(4,160)	–	–
Written off during the financial year as uncollectible	**(64,326)**	(31,702)	–	–
Allowance for impairment of receivables (net of reversals)	**72,908**	57,071	**46,785**	102,605
At 30 June	**216,869**	185,125	**149,390**	102,605

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

The fair value of receivables approximate their carrying amounts.

17 INVENTORIES

Inventories comprise:

	Group	
	2014 RM'000	**2013 RM'000**
At cost		
Finished goods	**42,273**	31,798
Spare parts	**114,080**	98,277
Raw materials	**16,464**	14,368
Work in progress	**31,322**	30,873
Fuel	**227,228**	270,278
At fair value less cost to sell		
Fuel	**17,714**	37,137
	449,081	482,731

The cost of inventories recognised as expense and included in 'cost of sales' amounted to RM874 million (2013: RM1,498 million).

18 DERIVATIVE FINANCIAL INSTRUMENTS

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

Group	Contract/ Notional amount RM'000	Fair value Assets RM'000	Fair value Liabilities RM'000
2014			
Cash flows hedges:			
– Fuel oil swaps	**1,785,786**	**33,534**	**(6,473)**
– Currency forwards	**2,043,398**	**5,472**	**(16,164)**
– Interest rate swaps	**281,127**	**–**	**(3,625)**
Fair value through profit or loss:			
– Fuel oil swaps	**315,843**	**8,515**	**(835)**
– Currency forwards	**324,841**	**384**	**(2,176)**
		47,905	**(29,273)**
Current portion		**30,590**	**(20,327)**
Non-current portion		**17,315**	**(8,946)**
		47,905	**(29,273)**
2013			
Cash flows hedges:			
– Fuel oil swaps	1,889,283	5,140	(60,069)
– Currency forwards	1,955,169	35,088	(1,828)
– Interest rate swaps	431,922	–	(12,653)
Fair value through profit or loss:			
– Fuel oil swaps	376,657	4,208	(2,937)
– Currency forwards	109,795	1,068	(57)
		45,504	(77,544)
Current portion		37,654	(61,282)
Non-current portion		7,850	(16,262)
		45,504	(77,544)

Notes to the Financial Statements
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18 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

The changes in fair value that arose from fair value through profit or loss and the ineffective portion of cash flows hedges during the financial year that were recognised in the Income Statement amounted to a loss of RM2.6 million (2013: gain of RM25.7 million) and a gain of RM2.3 million (2013: gain of RM0.1 million) respectively.

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

(a) Fuel oil swaps

Fuel oil swaps are entered into to hedge highly probable forecast fuel purchases that are expected to occur at various dates within 50 months (2013: 36 months) from financial year end. The fuel oil swaps have maturity dates that match the expected occurrence of these transactions. Gains and losses recognised in the hedging reserve prior to the occurrence of these transactions are transferred to the inventory of fuels upon acquisition or cost of sales upon consumption of natural gas. The gains and losses relating to fuel oil inventory are subsequently recognised in the Income Statement upon consumption of the underlying fuels.

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

(b) Currency forwards

Currency forwards are entered into to hedge highly probable forecast transactions denominated in foreign currency expected to occur at various dates within 52 months (2013: 36 months) from financial year end. The currency forwards have maturity dates that match the expected occurrence of these transactions.

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

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

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

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

18 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

(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 the Income Statement 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.

19 AMOUNTS OWING BY/(TO) IMMEDIATE HOLDING COMPANY AND ULTIMATE HOLDING COMPANY

The amounts owing by/(to) the immediate holding company and ultimate holding company relate to expenses paid on behalf of/by the Group and the Company. The outstanding amounts are unsecured, repayable on demand and are interest-free.

20 AMOUNTS OWING BY/(TO) SUBSIDIARIES

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

The amounts owing by/(to) subsidiaries within 12 months are interest free, unsecured, and repayable on demand except for advances of RM377,711,188 (2013: RM891,711,495) which bears interest rate ranging from 4.42% to 4.56% (2013: 3.91% to 4.56%). The remaining amounts receivable within 12 months are in respect of interests receivable on advances and operational expense payments made on behalf of subsidiaries.

As at 30 June 2014, Company has given corporate guarantees of RM147,431,646 (2013: RM145,918,990) to financial institutions for letter of credit facilities utilised by its subsidiaries.

21 CASH AND CASH EQUIVALENTS

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

		Group		Company	
		2014	2013	2014	2013
	Note	RM'000	RM'000	RM'000	RM'000
Deposits with licensed banks		**8,342,360**	9,253,613	**245,239**	665,655
Cash and bank		**615,875**	369,914	**2,252**	1,498
Cash and bank balances		**8,958,235**	9,623,527	**247,491**	667,153
Bank overdrafts	25(a)	**(67,312)**	(71,393)	**–**	–
Cash and cash equivalents		**8,890,923**	9,552,134	**247,491**	667,153

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21 CASH AND CASH EQUIVALENTS (CONTINUED)

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

	Group		Company	
	2014	**2013**	**2014**	**2013**
	%	**%**	**%**	**%**
Deposits with licensed banks	**0.03 – 3.50**	0.05 – 3.70	**3.05 – 3.40**	3.00 – 3.38

Deposits of the Group and the Company have maturity ranging from 2 days to 63 days (2013: 1 day to 30 days).

Bank balances are deposits held at call with banks.

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

22 SHARE CAPITAL

	Group and Company	
	2014	**2013**
	RM'000	**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:		
– 7,338,067,262 (2013: 7,328,256,777) ordinary shares of RM0.50 each	**3,669,034**	3,664,128
Exercise of share warrants:		
– 89,179,985 (2013: 9,810,485) ordinary shares of RM0.50 each	**44,590**	4,906
Treasury share cancellation:		
– 250,000,000 (2013: nil) ordinary shares of RM0.50 each	**(125,000)**	–
At the end of the financial year:		
– 7,177,247,247 (2013: 7,338,067,262) ordinary shares of RM0.50 each	**3,588,624**	3,669,034

22 SHARE CAPITAL (CONTINUED)

The issued and fully paid up share capital of the Company had decreased from RM3,669,033,631 to RM3,588,623,624 following the cancellation of treasury shares of 250,000,000 and offset by exercise of 89,164,785 Warrants at an exercise price of RM1.21 per Warrant and 15,200 Warrants at an exercise price of RM1.14 per Warrant on the basis of one (1) new ordinary share for one (1) Warrant. The new ordinary shares of 50 sen each rank pari passu in all respects with the existing issued shares of the Company.

Of the total 7,177,247,247 (2013: 7,338,067,262) issued and fully paid ordinary shares at 30 June 2014, the Company holds 384,262,579 (2013: 235,821,645) shares as treasury shares. As at 30 June 2014, the number of ordinary shares in issue and fully paid after offsetting treasury shares are 6,792,984,668 (2013: 7,102,245,617).

(a) Warrants 2008/2018

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

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

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

Further to the announcement of 20 February 2014 in relation to the share dividend of one (1) treasury share for every twenty (20) existing ordinary shares of RM0.50 each held in YTL Power, the exercise price of Warrant was adjusted from RM1.21 to RM1.14.

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

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

	Group and Company '000
At 1 July 2012	1,175,590
Exercise of Warrants	(9,810)
At 30 June 2013	1,165,780
At 1 July 2013	**1,165,780**
Exercise of Warrants	**(89,180)**
At 30 June 2014	**1,076,600**

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22 SHARE CAPITAL (CONTINUED)

(b) Employees' Share Option Scheme 2011 ("ESOS")

On 1 April 2011, the Company implemented a new share issuance scheme known as the Employees' Share Option Scheme which was approved by the shareholders of the Company at an Extraordinary General Meeting held on 30 November 2010. The ESOS is valid for a period of ten (10) years and is for employees and Directors of the Company and/or its subsidiaries who meet the criteria of eligibility for participation as set out in the by-laws of the ESOS ("By-Laws"). The salient terms of the ESOS are as follows:

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

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

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

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

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

(iii) The subscription price for shares under the ESOS shall be determined by the Board of Directors of the Company upon recommendation of the Options Committee and shall be fixed based on the higher of the following:

(a) the weighted average market price of shares, as quoted on Bursa Securities, for the five (5) market days immediately preceding the Offer Date (as defined in the By-Laws) of the options with a discount of not more than ten per cent (10%), if deemed appropriate, or such lower or higher limit in accordance with any prevailing guidelines issued by Bursa Malaysia Securities Berhad, or any other relevant authorities as amended from time to time; or

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

22 SHARE CAPITAL (CONTINUED)

(b) Employees' Share Option Scheme 2011 ("ESOS") (continued)

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

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

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

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

Financial year ended 30 June 2014

			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	1.41	97,743	–	–	(4,886)	92,857
01.06.2012	31.03.2021	1.65	41,099	–	–	(796)	40,303
			138,842	–	–	(5,682)	133,160

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

Notes to the Financial Statements
for the financial year ended 30 June 2014

22 SHARE CAPITAL (CONTINUED)

(b) Employees' Share Option Scheme 2011 ("ESOS") (continued)

Value of employee services received for issue of share options:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Share option expenses	**8,610**	9,443	**8,610**	9,443
Allocation to subsidiaries	–	–	**(6,920)**	(7,741)
Total share option expenses	**8,610**	9,443	**1,690**	1,702

	Group 2014
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 financial year.

23 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 2013	**20,000**	**909**	**52,793**	**(48,977)**	**27,141**	**10,239**	**116,579**	**178,684**
Exchange differences	**–**	**9**	**2**	**(1,935)**	**273**	**–**	**–**	**(1,651)**
Fair value gain	**–**	**–**	**46,537**	**12,646**	**–**	**–**	**–**	**59,183**
Reclassification	**–**	**–**	**–**	**6,492**	**–**	**–**	**–**	**6,492**
Share option expenses	**–**	**–**	**–**	**–**	**–**	**8,610**	**–**	**8,610**
Cancellation of shares	**125,000**	**–**	**–**	**–**	**–**	**–**	**–**	**125,000**
Conversion of warrants	**–**	**–**	**–**	**–**	**–**	**–**	**(8,917)**	**(8,917)**
At 30 June 2014	**145,000**	**918**	**99,332**	**(31,774)**	**27,414**	**18,849**	**107,662**	**367,401**
At 1 July 2012	20,000	912	53,280	(216,887)	27,235	796	117,560	2,896
Exchange differences	–	(3)	–	2,182	(94)	–	–	2,085
Fair value gain	–	–	11,248	53,788	–	–	–	65,036
Reclassification	–	–	(11,735)	111,940	–	–	–	100,205
Share option expenses	–	–	–	–	–	9,443	–	9,443
Conversion of warrants	–	–	–	–	–	–	(981)	(981)
At 30 June 2013	20,000	909	52,793	(48,977)	27,141	10,239	116,579	178,684

(a) Other reserves (Company)

	Available-for-sale reserve RM'000	Share option reserve RM'000	Warrant reserve RM'000	Capital redemption reserve[(1)] RM'000	Total other reserves RM'000
At 1 July 2013	**52,780**	**10,239**	**116,579**	**–**	**179,598**
Fair value gain	**46,534**	**–**	**–**	**–**	**46,534**
Share option expenses	**–**	**8,610**	**–**	**–**	**8,610**
Conversion of warrants	**–**	**–**	**(8,917)**	**–**	**(8,917)**
Cancellation of shares	**–**	**–**	**–**	**125,000**	**125,000**
At 30 June 2014	**99,314**	**18,849**	**107,662**	**125,000**	**350,825**
At 1 July 2012	41,530	796	117,560	–	159,886
Fair value gain	11,250	–	–	–	11,250
Share option expenses	–	9,443	–	–	9,443
Conversion of warrants	–	–	(981)	–	(981)
At 30 June 2013	52,780	10,239	116,579	–	179,598

Note:

(1) Capital redemption reserve has been set up for purposes of redemption of preference shares in a subsidiary and cancellation of treasury shares.

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

Notes to the Financial Statements
for the financial year ended 30 June 2014

23 RESERVES (CONTINUED)

(b) Treasury shares

The shareholders of the Company, by a resolution passed in the 17th Annual General Meeting held on 26 November 2013, 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 721,904,100 (2013: 179,096,700) of its issued share capital from the open market. The average price paid for the shares repurchased was RM1.85 per share (2013: RM1.51 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.

The Company has cancelled 250,000,000 treasury shares during the year. And, a total of 323,463,166 treasury shares have been distributed to the entitled shareholders in relation to the share dividend.

24 DEFERRED TAXATION

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

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Deferred tax liabilities, net	**1,958,946**	2,131,234	**72**	65

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

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Deferred tax liabilities	**1,958,946**	2,131,234	**72**	65
At 1 July	**2,131,234**	2,297,918	**65**	35
Exchange differences	**190,317**	(38,946)	**–**	–
(Credited)/Charged to Income Statement	**(387,555)**	(151,163)	**7**	30
Charged to Other Comprehensive Income	**24,950**	23,425	**–**	–
At 30 June	**1,958,946**	2,131,234	**72**	65

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.

Notes to the
Financial Statements
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24 DEFERRED TAXATION (CONTINUED)

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Subject to income tax				
Deferred tax assets before offsetting:				
– Retirement benefits	**109,745**	128,979	–	–
– Provision	**5,870**	31,654	–	–
– Others	–	16	–	–
	115,615	160,649	–	–
Offsetting	**(115,615)**	(160,649)	–	–
Deferred tax assets after offsetting	–	–	–	–
Deferred tax liabilities before offsetting:				
– Property, plant and equipment	**2,060,455**	2,278,148	**72**	65
– Others	**14,106**	13,735	–	–
	2,074,561	2,291,883	**72**	65
Offsetting	**(115,615)**	(160,649)	–	–
Deferred tax liabilities after offsetting	**1,958,946**	2,131,234	**72**	65

25 BORROWINGS

		Group		Company	
	Note	**2014**	**2013**	**2014**	**2013**
		RM'000	**RM'000**	**RM'000**	**RM'000**
Current					
Bank overdrafts	25(a),21	**67,312**	71,393	–	–
Bonds	25(b)	**300,000**	850,000	–	550,000
Committed bank loans	25(c)	**16,192**	17,434	–	–
Finance lease	25(d)	**65,746**	39,845	–	–
Revolving credit	25(e)	**900,000**	900,000	–	–
Term loans	25(f)	**640,975**	–	–	–
Trade facilities and others	25(g)	**72,694**	–	–	–
		2,062,919	1,878,672	–	550,000

Notes to the Financial Statements
for the financial year ended 30 June 2014

25 BORROWINGS (CONTINUED)

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Non-current					
Bonds	25(b)	**12,206,175**	11,457,982	**3,747,156**	3,741,652
Finance lease	25(d)	**219,401**	211,924	**–**	–
Revolving credit	25(e)	**1,784,421**	1,740,243	**–**	–
Term loans	25(f)	**7,247,363**	7,508,259	**–**	–
		21,457,360	20,918,408	**3,747,156**	3,741,652
Total					
Bank overdrafts	25(a),21	**67,312**	71,393	**–**	–
Bonds	25(b)	**12,506,175**	12,307,982	**3,747,156**	4,291,652
Committed bank loans	25(c)	**16,192**	17,434	**–**	–
Finance lease	25(d)	**285,147**	251,769	**–**	–
Revolving credit	25(e)	**2,684,421**	2,640,243	**–**	–
Term loans	25(f)	**7,888,338**	7,508,259	**–**	–
Trade facilities and others	25(g)	**72,694**	–	**–**	–
		23,520,279	22,797,080	**3,747,156**	4,291,652

All borrowings of the subsidiaries are unsecured and on a non-recourse basis to the Company save and except for borrowings totalling RM2,179,929,194 (2013: RM2,163,122,353), for which the Company has provided corporate guarantees to the financial institutions.

The weighted average annual effective interest rate of the Group and the Company for the financial year is as follows:

	Group 2014 %	Group 2013 %	Company 2014 %	Company 2013 %
Bank overdrafts	**1.50**	2.25	**–**	–
Bonds	**4.66**	4.74	**4.89**	3.96
Committed bank loans	**1.10**	1.78	**–**	–
Finance lease	**0.97**	1.04	**–**	–
Revolving credit	**2.29**	2.48	**–**	–
Term loans	**1.40**	1.61	**–**	–
Trade facilities and others	**1.68**	–	**–**	–

25 BORROWINGS (CONTINUED)

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 2014				
Bank overdrafts	**67,312**	**–**	**–**	**67,312**
Bonds	**300,000**	**2,177,156**	**10,029,019**	**12,506,175**
Committed bank loans	**16,192**	**–**	**–**	**16,192**
Finance lease	**65,746**	**219,401**	**–**	**285,147**
Revolving credit	**900,000**	**1,784,421**	**–**	**2,684,421**
Term loans	**640,975**	**4,533,999**	**2,713,364**	**7,888,338**
Trade facilities and others	**72,694**	**–**	**–**	**72,694**
	2,062,919	**8,714,977**	**12,742,383**	**23,520,279**
At 30 June 2013				
Bank overdrafts	71,393	–	–	71,393
Bonds	850,000	299,973	11,158,009	12,307,982
Committed bank loans	17,434	–	–	17,434
Finance lease	39,845	198,226	13,698	251,769
Revolving credit	900,000	1,740,243	–	2,640,243
Term loans	–	4,585,574	2,922,685	7,508,259
	1,878,672	6,824,016	14,094,392	22,797,080

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 2014				
Bonds	**–**	**2,177,156**	**1,570,000**	**3,747,156**
At 30 June 2013				
Bonds	550,000	–	3,741,652	4,291,652

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

Notes to the Financial Statements
for the financial year ended 30 June 2014

25 BORROWINGS (CONTINUED)

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

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Medium Term Notes	**3,714,853**	5,027,271	**3,714,853**	4,412,033
3.52% Retail Price Index Guaranteed Bonds	**301,106**	313,440	–	–
5.75% Guaranteed Unsecured Bonds	**2,273,931**	1,973,643	–	–
5.375% Guaranteed Unsecured Bonds	**1,237,774**	1,090,743	–	–
1.75% Index Linked Guaranteed Bonds	**1,473,790**	1,272,083	–	–
1.369% and 1.374% Index Linked Guaranteed Bonds	**1,361,222**	1,134,892	–	–
1.489%, 1.495% and 1.499% Index Linked Guaranteed Bonds	**1,353,949**	1,128,934	–	–
2.186% Index Linked Guaranteed Bonds	**312,811**	273,911	–	–
4% Guaranteed Unsecured Bonds	**1,701,863**	1,507,729	–	–
	13,731,299	13,722,646	**3,714,853**	4,412,033

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

(a) Bank overdrafts

Bank overdrafts of RM67,311,678 (GBP12,311,911) (2013: RM71,392,782 (GBP14,708,940)) are unsecured borrowings of Wessex Water Services Limited, Wessex Water Limited and SC Technology Nederlands B.V.. The overdrafts are repayable in full on demand. All bank overdrafts bear interest rate of 1.5% per annum.

(b) Bonds

(i) Medium Term Notes ('MTN')

The MTN of the Company were issued pursuant to:

(a) A Commercial Papers 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 constituted by a Trust Deed and MTN Agreement, both dated 11 August 2011.

The facility bears interest rates ranging from 4.35% to 4.62% (2013: 3.80% to 5.55%) per annum. The MTN repaid during the financial year was RM550,000,000 (2013: RM315,500,000).

The MTN of YTL Power Generation Sdn. Bhd., a subsidiary of the Group, 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 at 4.05% (2013: 4.00% to 4.05%) per annum. During the financial year MTN of RM300,000,000 (2013: RM300,000,000) has been repaid.

25 BORROWINGS (CONTINUED)

(b) Bonds (continued)

(ii) 3.52% Retail Price Index Guaranteed Bonds ('RPIG Bonds')

The RPIG Bonds of Wessex Water Services Finance Plc. bear interest semi-annually on 30 January and 30 July at an interest rate of 3.52% initially, indexed up by the inflation rate every year. The effective interest rate as at 30 June 2014 is 6.17%, (2013: 6.50%) per annum. The RPIG Bonds will be redeemed in full by Issuer on 30 July 2023 at their indexed value together with all accrued interest.

(iii) 5.75% Guaranteed Unsecured Bonds

On 15 October 2003, Wessex Water Services Finance Plc. ('Issuer'), a subsidiary of the Group, issued GBP350,000,000 nominal value 5.75% Guaranteed Unsecured Bonds due 2033 ('5.75% GU Bonds') unconditionally and irrevocably guaranteed by Wessex Water Services Limited, a subsidiary of the Group. The 5.75% GU Bonds are constituted under a Trust Deed dated 15 October 2003. The nominal value of 5.75% GU Bonds issued amounted to GBP350,000,000, and as at 30 June 2014 GBP345,614,692 (2013: GBP345,490,751) remained outstanding, net of amortised fees and discount. The net proceeds of the 5.75% GU Bonds were used for refinancing of existing financial indebtedness and for general corporate purposes.

The Bonds bear interest at 5.75% per annum, payable annually on 14 October of each year. The bonds will be redeemed in full by the Issuer on 14 October 2033 at their nominal value together with all accrued interest.

(iv) 5.375% Guaranteed Unsecured Bonds

On 10 March 2005, Wessex Water Services Finance Plc. ('Issuer'), a subsidiary of the Group, issued GBP200,000,000 nominal value 5.375% Guaranteed Unsecured Bonds due 2028 ('5.375% GU Bonds') unconditionally and irrevocably guaranteed by Wessex Water Services Limited ('Guarantor'), a subsidiary of the Group. The 5.375% GU Bonds are constituted under a Trust Deed dated 10 March 2005. The nominal value of 5.375% GU Bonds issued amounted to GBP200,000,000, of which GBP198,200,754 (2013: GBP198,116,716) remained outstanding as at 30 June 2014, net of amortised fees and discount. The net proceeds of the bonds were used for refinancing of existing financial indebtedness and for general corporate purposes.

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

(v) 1.75% Index Linked Guaranteed Bonds

On 31 July 2006, Wessex Water Services Finance Plc. ('Issuer') issued two (2) tranches of GBP75,000,000 nominal value 1.75% Index Linked Guaranteed Bonds ('ILG Bonds 1') unconditionally and irrevocably guaranteed by Wessex Water Services Limited ('Guarantor'). The ILG Bonds 1 were each constituted under a Trust Deed dated 31 July 2006 and are unsecured.

The ILG Bonds 1 bear interest semi-annually on 31 January and 31 July at an interest rate of 1.75% initially, indexed up by the inflation rate every year. The effective interest rate as at 30 June 2014 is 4.40% (2013: 4.73%) per annum. The bonds will be redeemed in full by the Issuer on 31 July 2046 for one tranche, and 31 July 2051 for the other tranche at their indexed value together with all accrued interest.

Notes to the Financial Statements
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25 BORROWINGS (CONTINUED)

(b) Bonds (continued)

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

On 31 January 2007, Wessex Water Services Finance Plc. ('Issuer') issued GBP75,000,000 nominal value 1.369% Index Linked Guaranteed Bonds and GBP75,000,000 nominal value 1.374% Index Linked Guaranteed Bonds, both due 2057 ('ILG Bonds 2') unconditionally and irrevocably guaranteed by Wessex Water Services Limited ('Guarantor'). The ILG Bonds 2 were each constituted under a Trust Deed dated 31 January 2007 and are unsecured.

The ILG Bonds 2 bear interest semi-annually on 31 January and 31 July at an interest rate of 1.369% and 1.374% initially, indexed up by the inflation rate every year. The effective interest rate as at 30 June 2014 is 4.02% (2013: 4.35%) per annum. The bonds will be redeemed in full by the Issuer on 31 July 2057 at their indexed value together with all accrued interest.

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

On 28 September 2007, Wessex Water Services Finance Plc. ('Issuer') issued GBP50,000,000 nominal value 1.489% Index Linked Guaranteed Bonds, GBP50,000,000 nominal value 1.495% Index Linked Guaranteed Bonds and GBP50,000,000 nominal value 1.499% Index Linked Guaranteed Bonds, all due 2058 ('ILG Bonds 3') unconditionally and irrevocably guaranteed by Wessex Water Services Limited ('Guarantor'). The ILG Bonds 3 were each constituted under a Trust Deed dated 28 September 2007 and are unsecured.

The ILG Bonds 3 bear interest semi-annually on 29 November and 29 May at an interest rate of 1.489%, 1.495% and 1.499% initially, indexed up by the inflation rate every year. The effective interest rate as at 30 June 2014 is 3.94% (2013: 4.78%) per annum. The ILG Bonds will be redeemed in full by the Issuer on 29 November 2058 at their indexed value together with all accrued interest.

(viii) 2.186% Index Linked Guaranteed Bonds

On 7 September 2009, Wessex Water Services Finance Plc. ('Issuer') issued GBP50,000,000 nominal value 2.186% Index Linked Guaranteed Bonds due 2039 ('ILG Bonds 4') unconditionally and irrevocably guaranteed by Wessex Water Services Limited ('Guarantor'). The ILG Bonds 4 were constituted under a Trust Deed dated 7 September 2009 and are unsecured.

The ILG Bonds 4 bear interest semi-annually on 1 December and 1 June at an interest rate of 2.186% initially, indexed up by the inflation rate every half year. The effective interest rate as at 30 June 2014 is 3.34% (2013: 4.03%) per annum. The ILG Bonds are redeemed in full by the Issuer on 1 June 2039 at their indexed value together with all accrued interest.

25 BORROWINGS (CONTINUED)

(b) Bonds (continued)

(ix) 4% Guaranteed Unsecured Bonds

On 24 January 2012, Wessex Water Services Finance Plc. ('Issuer'), a subsidiary of the Group, issued GBP200,000,000 nominal value 4.00% Guaranteed Unsecured Bonds due 2021 ('4% GU Bonds') unconditionally and irrevocably guaranteed by Wessex Water Services Limited ('Guarantor'), a subsidiary of the Group. The 4% GU Bonds are constituted under a Trust Deed dated 24 January 2012. The nominal value of 4% GU Bonds issued amounted to GBP200,000,000, of which GBP198,069,500 (2013: GBP197,803,224) remained outstanding as at 30 June 2014, net of amortised fees and discount. The net proceeds of the 4% GU Bonds were used for refinancing of existing financial indebtedness and for general corporate purposes.

On 30 August 2012, Wessex Water Services Finance Plc. ('Issuer'), a subsidiary of the Group, issued GBP100,000,000 nominal value 4.00% Guaranteed Unsecured Bonds due 2021 ('4% GU Bonds') unconditionally and irrevocably guaranteed by Wessex Water Services Limited ('Guarantor'), a subsidiary of the Group. The 4% GU Bonds are constituted under a Trust Deed dated 30 August 2012. The nominal value of 4% GU Bonds issued amounted to GBP100,000,000 of which GBP106,700,037 (2013: GBP107,634,926) remained outstanding as at 30 June 2014, net of amortised fees and discount. The net proceeds of the 4% GU Bonds were used for refinancing of existing financial indebtedness and for general corporate purposes.

The Bonds bear interest at 4.00% per annum, payable annually on 24 September of each year. The bonds will be redeemed in full by the Issuer on 24 September 2021 at their nominal value together with all accrued interest.

The 4% GU Bonds GBP100,000,000 due 24 September 2021 were consolidated to form a single series with the 4% GU Bonds GBP200,000,000 which was issued on 24 January 2012.

(c) Committed bank loans

Committed bank loans amounted to RM16,191,980 (EUR3,700,000) (2013: RM17,433,971 (EUR4,200,000)) and are a direct obligation of Wessex Water Limited and bears an interest rate between 1.02% to 1.25% per annum.

(d) Finance lease

The Group finance lease of RM285,147,010 (2013: RM251,769,051) is repayable in instalments until 30 June 2019. The finance lease bears interest rates ranging from 0.91% to 3.62% per annum.

	Group	
	2014	**2013**
	RM'000	**RM'000**
Minimum finance lease payments:		
– Not later than 1 year	**77,799**	51,901
– Later than 1 year but not later than 5 years	**239,447**	225,831
– Later than 5 years	**–**	14,357
Future finance charges on finance lease	**(32,099)**	(40,320)
Present value of finance lease	**285,147**	251,769

Notes to the Financial Statements
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25 BORROWINGS (CONTINUED)

(e) Revolving credit

(i) *Revolving credit denominated in Ringgit Malaysia*

RM900,000,000 Revolving Credit
Revolving credit facilities of RM900,000,000 was obtained by YTL Communications Sdn. Bhd., a subsidiary of the Group which is guaranteed by the Company. The revolving credit bears an interest rate between 3.74% to 3.94% (2013: 3.74% to 4.06%) per annum and is renewable on monthly basis.

(ii) *Revolving credit denominated in SGD Dollar*

SGD700,000,000 Unsecured Term Loan
Revolving credit facilities of RM1,784,421,126 (SGD694,246,246) (2013: RM1,740,243,046 (SGD692,496,238)) is unsecured loan of YTL PowerSeraya Pte. Limited. The borrowings bear interest rate between 1.24% to 1.29% (2013: 1.28% to 1.42%) per annum and is repayable in full on 14 September 2017.

(f) Term loans

(i) *Term loans denominated in Great Britain Pounds*

GBP175,000,000 Unsecured Term Loan
The term loans of RM956,760,000 (GBP175,000,000) (2013: RM849,397,500 (GBP175,000,000)) are unsecured loans of Wessex Water Services Limited and are guaranteed by Wessex Water Limited. The loans bear interest rates between 0.76% to 0.81% (2013: 0.76% to 1.20%) per annum of the GBP100,000,000 loans and 1.06% to 1.13% (2013: 1.13% to 1.52%) per annum on the GBP75,000,000. The loans of GBP100.0 million and GBP75.0 million are repayable on 15 December 2015 and 22 July 2021 respectively.

GBP140,000,000 Unsecured Term Loan
The term loans of RM765,408,000 (GBP140,000,000) (2013: RM679,518,000 (GBP140,000,000)) are unsecured loans of Wessex Water Services Limited and are guaranteed by Wessex Water Limited. The loan bears an interest rate between 0.78% to 0.80% (2013: 0.78% to 1.23%) per annum and is repayable in full on 15 December 2018.

(ii) *Term loans denominated in US Dollar*

USD400,000,000 Unsecured Term Loan
Term loans of RM1,279,929,194 (USD398,669,738) (2013: RM1,263,122,353 (USD397,395,738)) were drawn by the subsidiaries. The term loans are unsecured and are guaranteed by the Company. The loans of USD200.0 million each are repayable on 30 June 2015 and 17 December 2015 respectively. These loans bear interest rate between 1.30% to 1.84% (2013: 1.34% to 1.90%) per annum.

(iii) *Term loans denominated in SGD Dollar*

SGD380,000,000 Unsecured Term Loan
Term loans of RM972,538,411 (SGD378,375,447) (2013: RM947,674,352 (SGD377,108,775)) is unsecured loan of YTL PowerSeraya Pte. Limited. The borrowings bear interest rate between 0.94% to 0.99% (2013: 0.98% to 1.12%) per annum and is repayable in full on 14 September 2015.

25 BORROWINGS (CONTINUED)

(f) Term loans (continued)

(iii) Term loans denominated in SGD Dollar (continued)

SGD760,000,000 Unsecured Term Loan
Term loans of RM1,937,371,503 (SGD753,753,065) (2013: RM1,889,406,732 (SGD751,853,057)) is unsecured loan of YTL PowerSeraya Pte. Limited. The borrowings bear interest rate between 1.24% to 1.29% (2013: 1.28% to 1.42%) per annum and is repayable in full on 14 September 2017.

SGD760,000,000 Unsecured Term Loan
Term loans of RM1,926,981,998 (SGD749,710,928) (2013: RM1,879,139,738 (SGD747,767,504)) is unsecured loan of YTL PowerSeraya Pte. Limited. The borrowings bear interest rate between 1.34% to 1.39% (2013: 1.38% to 1.52%) per annum and is repayable in full on 14 September 2019.

SGD19,200,000 Unsecured Term Loan
Term loans of RM49,349,760 (SGD19,200,000) is unsecured loan of YTL PowerSeraya Pte. Limited. The borrowings bear interest rate between 1.19% to 1.20% per annum and SGD2,880,000 is repayable 31 August 2015, SGD8,160,000 is repayable on 31 August 2017 and SGD8,160,000 is repayable on 31 August 2019.

(g) Trade facilities and others

(i) Trade loans denominated in US Dollar

YTL Communications Sdn. Bhd., a subsidiary of the Group has entered into trade loan facilities amounting to RM46,579,507 (USD14,508,490). The trade loans bear an annual interest rate between 0.56% to 0.88% and the repayment ranges from 14 July 2014 to 14 November 2014.

(ii) Trade loans denominated in Ringgit Malaysia

Trade loans of RM26,114,183 was obtained by YTL Communications Sdn. Bhd., a subsidiary of the Group and the trade loans bear an annual interest rate between 3.5% to 3.64% per annum. The trade loans repayment ranges from 19 September 2014 to 22 December 2014.

Notes to the Financial Statements
for the financial year ended 30 June 2014

26 POST-EMPLOYMENT BENEFIT OBLIGATIONS

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Defined contribution plan – Current				
Malaysia	**1,801**	1,625	**250**	205
Defined benefit plan – Non-current				
Overseas				
– United Kingdom	**546,654**	558,734	–	–
– Indonesia	**7,126**	7,577	–	–
	553,780	566,311	–	–

(a) Defined contribution plan

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

(b) Defined benefit plan - United Kingdom

A subsidiary of the Group operates final salary defined benefit plans for its employees in the United Kingdom, the assets of which are held in separate trustee-administered funds. The latest actuarial valuation of the plan was undertaken at 31 December 2010. This valuation was updated as at 30 June 2014 using revised assumptions.

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

	2014 RM'000	2013 RM'000
At 1 July	**558,734**	682,564
Exchange differences	**68,043**	(17,408)
Pension cost	**87,525**	82,308
Contributions and benefits paid	**(98,261)**	(89,756)
Remeasurement gain	**(69,387)**	(98,974)
At 30 June	**546,654**	558,734

26 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:

	2014 RM'000	2013 RM'000
Present value of funded obligations	**3,105,038**	2,607,480
Fair value of plan assets	**(2,558,384)**	(2,048,746)
Liability in the Statement of Financial Position	**546,654**	558,734

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

	2014 RM'000	2013 RM'000
At 1 July	**2,607,480**	2,579,100
Exchange differences	**334,821**	(65,573)
Interest cost	**129,769**	109,649
Current service cost	**56,275**	51,258
Contributions by scheme participants	**1,059**	970
Past service cost	**1,059**	970
Net benefits paid	**(93,752)**	(81,994)
Remeasurement (gain)/loss:		
– Actuarial loss arising from demographic assumptions	**2,118**	–
– Actuarial loss arising from financial assumptions	**14,831**	14,070
– Actuarial loss/(gain) arising from experience adjustments	**51,378**	(970)
Present value of defined benefit obligations, at 30 June	**3,105,038**	2,607,480

Changes in fair value of plan assets are as follows:

	2014 RM'000	2013 RM'000
At 1 July	**2,048,746**	1,896,536
Exchange differences	**266,778**	(48,165)
Interest income	**102,226**	81,024
Contributions by employer	**98,261**	89,756
Contributions by scheme participants	**1,059**	970
Net benefits paid	**(93,752)**	(81,994)
Administrative expenses	**(2,648)**	(1,455)
Remeasurement gain:		
– Return on plan assets excluding interest income	**137,714**	112,074
Fair value of plan assets, at 30 June	**2,558,384**	2,048,746

Notes to the Financial Statements
for the financial year ended 30 June 2014

26 POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONTINUED)

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

The pension cost recognised is analysed as follows:

	2014 RM'000	2013 RM'000
Interest cost	**27,543**	28,625
Current service cost	**56,275**	51,258
Past service cost	**1,059**	970
Administrative expenses	**2,648**	1,455
Total charge to Income Statement	**87,525**	82,308

The charge to Income Statement was included in the following line items:

	2014 RM'000	2013 RM'000
Cost of sales	**44,987**	40,262
Administrative expenses	**14,995**	13,421
Interest cost	**27,543**	28,625
Total charge to Income Statement	**87,525**	82,308

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

	2014 %	2013 %
Discount rate	**4.40**	4.60
Expected rate of increase in pension payment	**2.10 – 3.10**	2.20 – 3.20
Expected rate of salary increases	**2.30 – 3.80**	4.20
Price inflation	**3.30**	3.40

26 POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONTINUED)

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

The plan assets are comprised as follows:

	2014		2013	
	RM'000	%	RM'000	%
Equity instrument	**1,320,876**	**51.6**	916,379	44.7
Debt instrument	**1,112,028**	**43.5**	911,039	44.5
Property	**119,731**	**4.7**	219,387	10.7
Others	**5,749**	**0.2**	1,941	0.1
	2,558,384	**100.0**	2,048,746	100.0

	2014	2013
	RM'000	RM'000
Actual return on plan assets	**239,940**	193,098

(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:

	2014	2013
	RM'000	RM'000
Obligation relating to post-employment benefits	**5,598**	6,025
Obligation relating to other long-term employee benefits	**1,528**	1,552
	7,126	7,577

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

Notes to the Financial Statements
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26 POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONTINUED)

(c) Defined benefit plan - Indonesia (continued)

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 2014.

(i) Post-employment benefits obligation

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

	2014 RM'000	2013 RM'000
At 1 July	**6,025**	7,992
Exchange differences	**(1,041)**	(448)
Pension cost	**866**	1,239
Contributions and benefits paid	**(286)**	(115)
Remeasurement loss/(gain)	**34**	(2,643)
At 30 June	**5,598**	6,025

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

	2014 RM'000	2013 RM'000
Present value of obligations	**5,598**	6,025

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

	2014 RM'000	2013 RM'000
At 1 July	**6,025**	7,992
Exchange differences	**(1,041)**	(448)
Interest cost	**406**	519
Current service cost	**460**	720
Net benefits paid	**(286)**	(115)
Remeasurement loss/(gain):		
– Actuarial loss/(gain) arising from experience adjustments	**34**	(2,643)
Present value of defined benefit obligations, at 30 June	**5,598**	6,025

26 POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONTINUED)

(c) Defined benefit plan - Indonesia (continued)

(i) Post-employment benefits obligation (continued)

The pension cost recognised can be analysed as follows:

	2014 RM'000	2013 RM'000
Interest cost	**406**	519
Current service cost	**460**	720
Total charge to Income Statement	**866**	1,239

(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:

	2014 RM'000	2013 RM'000
Present value of obligations	**1,528**	1,552

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

	2014 RM'000	2013 RM'000
At 1 July	**1,552**	1,878
Exchange differences	**(257)**	(105)
Pension cost	**349**	(24)
Contributions and benefits paid	**(116)**	(197)
At 30 June	**1,528**	1,552

Notes to the Financial Statements
for the financial year ended 30 June 2014

26 POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONTINUED)

(c) Defined benefit plan - Indonesia (continued)

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

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

	2014 RM'000	2013 RM'000
At 1 July	**1,552**	1,878
Exchange differences	**(257)**	(105)
Interest cost	**–**	118
Current service cost	**349**	(142)
Net benefits paid	**(116)**	(197)
At 30 June	**1,528**	1,552

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

	2014 RM'000	2013 RM'000
Current service cost	**349**	(142)
Interest cost	**–**	118
	349	(24)

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

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

	2014 %	2013 %
Discount rate	**8.5**	7.8
Expected rate of salary increase	**8.0**	8.0

27 GRANTS AND CONTRIBUTIONS

	Group 2014 RM'000	Group 2013 RM'000
At 1 July	**295,774**	280,011
Exchange differences	**27,424**	(3,972)
Received during the financial year	**33,766**	29,059
Amortisation	**(9,757)**	(9,324)
At 30 June	**347,207**	295,774

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

28 PAYABLES (NON-CURRENT)

	Group 2014 RM'000	Group 2013 RM'000
Deposits	**30,815**	31,656
Loan from non-controlling interest	–	79,145
Deferred income	**449,230**	160,002
	480,045	270,803

Non-current payables comprises of deposits collected from retail customers in relation to the provision of electricity and deposits received from developers of housing development in relation to the provision of water and sewerage infrastructure. The deferred income is in relation to assets transferred from customers and services which are yet to be provided.

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29 PAYABLES AND ACCRUED EXPENSES (CURRENT)

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Trade payables	**748,484**	1,012,139	–	–
Duties and taxes payable	**18,767**	15,768	–	–
Accrued expenses	**807,808**	747,222	**1,150**	1,050
Receipts in advance	**231,474**	193,536	–	–
Other payables	**196,146**	192,668	**49,195**	55,073
Deposits	**55,267**	59,267	–	–
Deferred income	**49,185**	133,166	–	–
	2,107,131	2,353,766	**50,345**	56,123

Credit terms of trade payables granted to the Group range from 30 to 60 days (2013: 30 to 60 days).

30 PROVISION FOR LIABILITIES AND CHARGES

	Group	
	2014	2013
	RM'000	RM'000
At 1 July	**869**	772
Exchange differences	**151**	(20)
Charge during the financial year	**27,542**	1,206
Payment	**(1,298)**	(1,089)
At 30 June	**27,264**	869

The provision for liabilities and charges mainly relates to asset retirement obligation.

31 AMOUNTS OWING BY/(TO) FELLOW SUBSIDIARIES

The amounts owing by/(to) fellow subsidiaries are unsecured, interest-free and repayable on demand. The amounts owing by/(to) fellow subsidiaries principally relate to operation and maintenance expenses of power plant of a subsidiary and expenses paid on behalf by/of the Company.

32 FINANCIAL RISK MANAGEMENT

The Group's and the Company's activities expose it to a variety of financial risks, including market risk (comprising of foreign currency exchange risk, interest rate risk and price risk), credit risk, liquidity risk and capital risk. The Group's and the Company's overall financial risk management objective is to ensure that adequate resources are available to create value for its shareholders. The Group and the Company focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group and the Company. Financial risk management is carried out through regular risk review analysis, internal control systems and adherence to Group and the Company financial risk management policies. The Board regularly reviews these risks and approves the appropriate control environment frameworks.

(a) Market risk

(i) Foreign currency exchange risk

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

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

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

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

	Increase/(Decrease) in Net assets	
	2014	2013
Group	RM'000	RM'000
5% changes on GBP exchange rate	**169,555**	166,894
5% changes on SGD exchange rate	**324,327**	320,466

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

Notes to the Financial Statements
for the financial year ended 30 June 2014

32 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(ii) Interest rate risk

Interest rate exposure arises from the Group's and the Company's borrowings, deposits, short-term investments, and the interest-bearing advances to subsidiaries of the Company. It is managed through the use of fixed and floating rate debts. Besides, the Group uses the derivative financial instruments, where appropriate, to generate the desired interest rate profile.

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

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	
	2014 RM'000	**2013 RM'000**	**2014 RM'000**	**2013 RM'000**
Fixed rate instruments				
Financial liabilities	**12,634,734**	12,311,475	**3,747,156**	4,291,652
Variable rate instruments				
Financial assets	**8,342,360**	9,253,613	**622,950**	1,557,366
Financial liabilities	**10,885,545**	10,485,605	**–**	–

At the reporting date, if annual interest rates had been 50 basis points higher/lower respectively, with all other variables in particular foreign exchange rates and tax rates being held constant, the Group's profit after tax will be lower/higher by RM54.4 million (2013: RM52.4 million) as a result of increase/decrease in interest expense on these variable rate borrowings. The Company do not have any variable rate instrument. Therefore, a change in interest rates at the reporting date would not affect Company's profit after tax.

The excess funds of the Group and the Company are invested in bank deposits and other short-term instruments. The Group and the Company manage their liquidity risks by placing such excess funds on short-term maturities to match its cash flow needs. If interest deposit rates increased/decreased by 10 basis points, interest income for the Group and the Company for the financial year would increase/decrease by RM8.3 million (2013: RM9.3 million) and RM0.1 million (2013: RM1.6 million), respectively.

32 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(iii) Price risk

Investments

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

The Group's and the Company's investments are measured at fair value. The impact of an increase/decrease on the fair value to the Group's and Company's net assets is approximately RM4.7 million (2013: RM5.4 million) and RM4.7 million (2013: RM5.4 million), respectively. This analysis is based on a 10% increase or decrease in the fair value of these investments as at the reporting date, with all other variables remaining constant.

Fuel commodity price risk

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

Exposure to price fluctuations arising from the purchase of fuel is managed via fuel oil swaps where the price of fuel is indexed to a benchmark fuel price index, for example 180 CST fuel oil. As at 30 June 2014, if the forward fuel oil price curve increased/decreased by 5% (2013: 1%), the profit before taxation would be lower/higher by RM0.1 million (2013: RM0.2 million) for the Group.

(b) Credit risk

Credit risk is the potential financial loss resulting from the failure of a counter party to settle their obligations to the Group and the Company.

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

The Company's exposures to credit risk arise is only from other receivable. For other financial assets (including short-term investment securities and fixed deposits), the Company minimise credit risk by dealing with creditworthy counterparties.

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

Notes to the Financial Statements
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32 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

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 2014, 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 2014, there was no indication that the advances extended to the subsidiaries are not recoverable.

(c) Liquidity risk

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

32 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (continued)

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

Group	Less than 1 year RM'000	Between 1 and 5 years RM'000	Over 5 years RM'000	Total RM'000
2014				
Non-derivative financial liabilities				
Bonds and borrowings	**2,783,810**	**11,433,968**	**24,237,319**	**38,455,097**
Trade and other payables	**1,955,985**	**30,815**	**–**	**1,986,800**
Derivative financial liabilities				
Net - Interest rate swaps	**3,625**	**–**	**–**	**3,625**
Gross - Fuel oil swaps	**6,784**	**524**	**–**	**7,308**
Gross - Currency forwards	**9,918**	**8,422**	**–**	**18,340**
	4,760,122	**11,473,729**	**24,237,319**	**40,471,170**
2013				
Non-derivative financial liabilities				
Bonds and borrowings	2,592,319	9,708,400	27,189,251	39,489,970
Trade and other payables	2,082,511	110,801	–	2,193,312
Derivative financial liabilities				
Net - Interest rate swaps	9,532	3,121	–	12,653
Gross - Fuel oil swaps	50,262	12,744	–	63,006
Gross - Currency forwards	1,488	397	–	1,885
	4,736,112	9,835,463	27,189,251	41,760,826

Company				
2014				
Non-derivative financial liabilities				
Bonds and borrowings	**166,603**	**2,889,334**	**1,784,621**	**4,840,558**
Trade and other payables	**64,083**	**–**	**–**	**64,083**
Financial guarantee contracts	**1,542,100**	**642,100**	**–**	**2,184,200**
	1,772,786	**3,531,434**	**1,784,621**	**7,088,841**
2013				
Non-derivative financial liabilities				
Bonds and borrowings	727,745	752,260	4,042,301	5,522,306
Trade and other payables	61,517	–	–	61,517
Financial guarantee contracts	900,000	1,271,400	–	2,171,400
	1,689,262	2,023,660	4,042,301	7,755,223

32 FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Capital risk

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

There are external debt covenants applicable to the Group and the Company which are not onerous and the obligation can be fulfilled. As part of its capital management, the Group monitors that these covenants have been complied with. In addition, consistent with others in the industry, the Group and the Company 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	
	2014	**2013**	**2014**	**2013**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Total bonds and borrowings (Note 25)	**23,520,279**	22,797,080	**3,747,156**	4,291,652
Less: Fixed deposits, cash and bank balances	**(8,958,235)**	(9,623,527)	**(247,491)**	(667,153)
Net debt	**14,562,044**	13,173,553	**3,499,665**	3,624,499
Total equity	**10,683,725**	10,093,985	**8,883,525**	8,694,065
Total capital	**25,245,769**	23,267,538	**12,383,190**	12,318,564
Gearing ratio	**58%**	57%	**28%**	29%

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 25 to the financial statements.

(e) Fair value measurement

The Group and the Company 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).

32 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:

Group	Level 1 RM'000	Level 2 RM'000	Total RM'000
2014			
Assets			
Financial assets at fair value through profit or loss:			
– Trading derivatives	–	**8,899**	**8,899**
– Inventories held for trading	–	**17,714**	**17,714**
Available-for-sale	**47,283**	**195,234**	**242,517**
Derivatives used for hedging	–	**39,006**	**39,006**
Total assets	**47,283**	**260,853**	**308,136**
Liabilities			
Financial liabilities at fair value through profit or loss:			
– Trading derivatives	–	**3,011**	**3,011**
Derivatives used for hedging	–	**26,262**	**26,262**
Total liabilities	–	**29,273**	**29,273**
2013			
Assets			
Financial assets at fair value through profit or loss:			
– Trading derivatives	–	5,276	5,276
– Inventories held for trading	–	37,137	37,137
Available-for-sale	53,802	141,788	195,590
Derivatives used for hedging	–	40,228	40,228
Total assets	53,802	224,429	278,231

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32 FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Fair value measurement (continued)

Group	Level 1 RM'000	Level 2 RM'000	Total RM'000
2013			
Liabilities			
Financial liabilities at fair value through profit or loss:			
– Trading derivatives	–	2,994	2,994
Derivatives used for hedging	–	74,550	74,550
Total liabilities	–	77,544	77,544

The following table presents the Company's assets that are measured at fair value as at:

Company	Level 1 RM'000	Level 2 RM'000	Total RM'000
2014			
Assets			
Available-for-sale	**47,261**	**190,425**	**237,686**
Total assets	**47,261**	**190,425**	**237,686**
2013			
Assets			
Available-for-sale	53,786	137,366	191,152
Total assets	53,786	137,366	191,152

33 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
2014					
Assets as per Statement of Financial Position					
Available-for-sale financial assets	–	–	–	**242,517**	**242,517**
Derivative financial instruments	–	**8,899**	**39,006**	–	**47,905**
Trade and other receivables[1]	**2,298,162**	–	–	–	**2,298,162**
Cash and bank balances	**8,958,235**	–	–	–	**8,958,235**
	11,256,397	**8,899**	**39,006**	**242,517**	**11,546,819**
2013					
Assets as per Statement of Financial Position					
Available-for-sale financial assets	–	–	–	195,590	195,590
Derivative financial instruments	–	5,276	40,228	–	45,504
Trade and other receivables[1]	2,557,484	–	–	–	2,557,484
Cash and bank balances	9,623,527	–	–	–	9,623,527
	12,181,011	5,276	40,228	195,590	12,422,105

Notes to the Financial Statements
for the financial year ended 30 June 2014

33 FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

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

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
2014				
Liabilities as per Statement of Financial Position				
Bonds and borrowings excluding finance lease liabilities	–	–	**23,235,132**	**23,235,132**
Derivative financial instruments	**3,011**	**26,262**	–	**29,273**
Trade and other payables[2]	–	–	**1,986,800**	**1,986,800**
	3,011	**26,262**	**25,221,932**	**25,251,205**
2013				
Liabilities as per Statement of Financial Position				
Bonds and borrowings excluding finance lease liabilities	–	–	22,545,311	22,545,311
Derivative financial instruments	2,994	74,550	–	77,544
Trade and other payables[2]	–	–	2,193,312	2,193,312
	2,994	74,550	24,738,623	24,816,167

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

Company	Loans and receivables RM'000	Assets at fair value through profit or loss RM'000	Available-for-sale RM'000	Total RM'000
2014				
Assets as per Statement of Financial Position				
Available-for-sale financial assets	–	–	**237,686**	**237,686**
Trade and other receivables[1]	**437,784**	–	–	**437,784**
Cash and bank balances	**247,491**	–	–	**247,491**
	685,275	–	**237,686**	**922,961**

33 FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

The table below provides an analysis of the Company's financial instruments categorised as follows: (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**
2013				
Assets as per Statement of Financial Position				
Available-for-sale financial assets	–	–	191,152	191,152
Trade and other receivables[1]	915,691	–	–	915,691
Cash and bank balances	667,153	–	–	667,153
	1,582,844	–	191,152	1,773,996

Company	**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**
2014				
Liabilities as per Statement of Financial Position				
Bonds and borrowings	–	–	**3,747,156**	**3,747,156**
Trade and other payables[2]	–	–	**64,083**	**64,083**
	–	–	**3,811,239**	**3,811,239**
2013				
Liabilities as per Statement of Financial Position				
Bonds and borrowings	–	–	4,291,652	4,291,652
Trade and other payables[2]	–	–	61,517	61,517
	–	–	4,353,169	4,353,169

1 *Prepayments and tax recoverable are excluded from the trade and other receivables balance, as this analysis is required only for financial instruments.*

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

Notes to the Financial Statements
for the financial year ended 30 June 2014

34 COMMITMENTS

(a) Capital commitments

	Group 2014 RM'000	Group 2013 RM'000
Contracted, but not provided for	**1,729,784**	1,558,025
Authorised, but not contracted for	**388,948**	–

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

(b) Operating lease arrangements

(i) The Group as lessee

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

	Group 2014 RM'000	Group 2013 RM'000
Lease rental on sublease of office space:		
– Not later than 1 year	**94,240**	81,771
– Later than 1 year but not later than 5 years	**248,100**	230,361
– Later than 5 years	**119,832**	129,729

(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 2014 RM'000	Group 2013 RM'000
Lease rental income:		
Not later than 1 year	**11,552**	11,871

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

	Group 2014 RM'000	Group 2013 RM'000
Not later than 1 year	**445,283**	420,960
Later than 1 year but not later than 5 years	**117,007**	532,894

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 2014

35 SEGMENTAL INFORMATION

The Group has five reportable segments as described below:

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

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

	Power generation (Contracted) RM'000	Multi utilities business (Merchant)#1 RM'000	Water and sewerage RM'000	Mobile broadband network RM'000	Investment holding activities RM'000	Group RM'000
At 30 June 2014						
Revenue						
Total revenue	1,184,019	9,408,620	2,896,356	824,465	229,347	14,542,807
Inter segment elimination	–	–	–	(637)	(105,564)	(106,201)
External revenue	1,184,019	9,408,620	2,896,356	823,828	123,783	14,436,606
Results						
Share of profits of investments accounted for using the equity method	–	–	–	2,165	247,708	249,873
Interest income	17,111	1,571	3,814	592	4	23,092
Finance cost	12,638	104,270	432,970	36,159	209,990	796,027
Segment profit/(loss)	185,265	494,307	823,710	(193,128)	(183,560)	1,126,594
Other segment items						
Capital expenditures	26,333	252,539	1,372,895	211,876	1,369	1,865,012
Depreciation	365,382	287,246	498,292	113,400	406	1,264,726
Impairment/(Writeback)	46,785	(1,211)	60,012	80,841	23,937	210,364
Segment assets						
Investments accounted for using the equity method	–	–	1	3,903	1,595,965	1,599,869
Other segment assets	1,494,801	10,968,659	15,591,530	2,225,554	8,204,693	38,485,237
	1,494,801	10,968,659	15,591,531	2,229,457	9,800,658	40,085,106
Segment liabilities						
Borrowings	300,000	6,670,663	10,493,973	1,028,559	5,027,084	23,520,279
Other segment liabilities	372,139	1,460,023	3,556,784	407,528	84,628	5,881,102
	672,139	8,130,686	14,050,757	1,436,087	5,111,712	29,401,381

Notes to the Financial Statements
for the financial year ended 30 June 2014

35 SEGMENTAL INFORMATION (CONTINUED)

	Power generation (Contracted) RM'000	Multi utilities business (Merchant)#1 RM'000	Water and sewerage RM'000	Mobile broadband network RM'000	Investment holding activities RM'000	Group RM'000
At 30 June 2013						
Revenue						
Total revenue	1,118,904	11,656,915	2,507,191	465,719	252,157	16,000,886
Inter-segment revenue	–	–	–	(1,831)	(102,893)	(104,724)
External revenue	1,118,904	11,656,915	2,507,191	463,888	149,264	15,896,162
Results						
Dividend income	81	–	–	–	–	81
Share of profits of investments accounted for using the equity method	–	–	–	1,239	299,324	300,563
Interest income	7,266	989	10,863	1,465	8	20,591
Finance costs	42,700	87,677	431,976	46,240	210,279	818,872
Segment profit/(loss)	152,071	727,968	659,746	(277,183)	52,813	1,315,415
Other segment items						
Capital expenditures	3,257	19,698	1,022,683	473,712	690	1,520,040
Depreciation	338,667	331,804	433,905	97,476	300	1,202,152
Impairment	102,605	4,313	56,847	782	–	164,547
Segment assets						
Investment accounted for using the equity method	–	–	–	1,739	1,730,166	1,731,905
Other segment assets	1,861,542	11,071,968	13,405,226	2,210,122	8,629,404	37,178,262
	1,861,542	11,071,968	13,405,226	2,211,861	10,359,570	38,910,167
Segment liabilities						
Borrowings	599,973	6,456,464	9,282,376	903,493	5,554,774	22,797,080
Other segment liabilities	296,732	1,807,136	3,209,905	537,270	168,059	6,019,102
	896,705	8,263,600	12,492,281	1,440,763	5,722,833	28,816,182

[#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.

35 SEGMENTAL INFORMATION (CONTINUED)

Geographical information

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

	Revenue		Non-current assets	
	2014	**2013**	**2014**	**2013**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Malaysia	**1,990,954**	1,589,389	**2,958,600**	3,247,922
Singapore	**9,408,620**	11,656,915	**9,170,995**	9,127,064
United Kingdom	**2,896,356**	2,507,191	**14,322,605**	11,974,980
Other countries	**140,676**	142,667	**350,422**	341,905
	14,436,606	15,896,162	**26,802,622**	24,691,871

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

	Non-current assets	
	2014	**2013**
	RM'000	**RM'000**
Property, plant and equipment	**19,323,668**	17,298,106
Intangible assets	**6,864,070**	6,699,791
Receivables, deposits and prepayments	**614,884**	693,974
	26,802,622	24,691,871

Major customers

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

	Revenue		
	2014	**2013**	
	RM'000	**RM'000**	**Segment**
– Tenaga Nasional Berhad	**1,184,019**	1,118,904	Power generation (Contracted)
– Energy Market Company	**4,351,541**	5,703,228	Multi utilities business (Merchant)

36 COMPARATIVES

Subsequent to the last financial year end, the Group and the Company has changed its accounting policy for recognition and measurement of spare parts and post-employment benefit obligations upon adoption of Amendment to MFRS 116 and Amendment to MFRS 119.

The adoption of these Amendments to MFRS 116 and MFRS 119 resulted in the capitalisation of spare parts, stand-by equipment and servicing equipments which meet the definition of property, plant and equipment and the full recognition of all actuarial gains and losses which were previously deferred under the corridor approach is recognised immediately in other comprehensive income in the financial period in which they occur.

Reclassification is made to conform to the current financial year's presentation.

The effect of these changes have been applied retrospectively and the comparatives have been restated as follows:

Group	As previously reported RM'000	MFRS 116 Adjustment RM'000	MFRS 119 Adjustment RM'000	Reclassification RM'000	As restated RM'000
As at 1 July 2012					
Statement of Financial Position					
Non-current assets					
Property, plant and equipment	17,258,872	17,046	–	–	17,275,918
Current assets					
Inventories	547,670	(40,487)	–	–	507,183
Non-current liabilities					
Post-employment benefit obligations	361,850	–	330,584	–	692,434
Deferred taxation	2,374,003	–	(76,085)	–	2,297,918
Equity					
Retained earnings	5,901,984	(23,441)	(254,499)	–	5,624,044
As at 30 June 2013					
Income Statement					
Revenue	15,835,993	–	–	60,169	15,896,162
Cost of sales	(13,372,401)	(6,021)	5,938	–	(13,372,484)
Administrative expenses	(519,541)	–	(363)	(1,238)	(521,142)
Other operating expenses	(272,680)	304	–	–	(272,376)
Finance cost	(801,406)	–	(17,466)	–	(818,872)
Share of profits of investments accounted for using the equity method	355,894	–	–	(55,331)	300,563
Taxation	(284,664)	–	2,732	(3,600)	(285,532)

36 COMPARATIVES (CONTINUED)

The effect of these changes has been applied retrospectively and the comparatives have been restated as follows: (continued)

Group	As previously reported RM'000	MFRS 116 Adjustment RM'000	MFRS 119 Adjustment RM'000	Reclassification RM'000	As restated RM'000
As at 30 June 2013					
Statement of Comprehensive Income					
Other comprehensive income/(loss)					
– remeasurement gain of post-employment benefit obligations	–	–	92,299	–	92,299
– currency translation differences	(105,974)	–	5,521	–	(100,453)
Statement of Financial Position					
Non-current assets					
Property, plant and equipment	17,283,670	14,436	–	–	17,298,106
Investments accounted for using the equity method	1,718,840	–	13,065	–	1,731,905
Current assets					
Inventories	526,325	(43,594)	–	–	482,731
Non-current liabilities					
Post-employment benefit obligations	333,965	–	232,346	–	566,311
Deferred taxation	2,184,677	–	(53,443)	–	2,131,234
Equity					
Currency translation reserve	(1,195,219)	–	5,522	–	(1,189,697)
Retained earnings	6,834,896	(29,158)	(171,335)	–	6,634,403
Non-controlling interests	284,937	–	(25)	–	284,912

37 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 9 October 2014.

Notes to the Financial Statements
for the financial year ended 30 June 2014

38 SUPPLEMENTARY INFORMATION DISCLOSED PURSUANT TO BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENT

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

	Group		Company	
	2014 RM'000	**2013 RM'000 (Restated)**	**2014 RM'000**	**2013 RM'000**
Retained earnings/(Accumulated losses) of the Company and its subsidiaries:				
– Realised	**7,406,130**	6,496,157	**3,548,894**	2,190,287
– Unrealised	**(513,558)**	(788,061)	**(68)**	(36)
	6,892,572	5,708,096	**3,548,826**	2,190,251
Retained earnings/(Accumulated losses) from associated companies:				
– Realised	**681,121**	678,796	–	–
– Unrealised	**(145,205)**	(121,383)	–	–
	535,916	557,413	–	–
Add: Consolidation adjustments	**460,008**	368,894	–	–
Total retained earnings	**7,888,496**	6,634,403	**3,548,826**	2,190,251

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 69 to 179 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 2014 and of the results and the cash flows of the Group and the Company for the financial year ended on that date in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia.

The information set out in Note 38 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 9 October 2014.

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

Dato' Yeoh Seok Hong
Director

Statutory Declaration

pursuant to Section 169(16) of the Companies Act, 1965

I, Dato' Yeoh Seok Hong, the Director primarily responsible for the financial management of YTL Power International Berhad, do solemnly and sincerely declare that the financial statements set out on pages 69 to 180 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 9 October 2014, before me.

Commissioner for Oaths

Independent Auditors' Report

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

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of YTL Power International Berhad on pages 69 to 179 which comprise the statements of financial position as at 30 June 2014 of the Group and of the Company, and the statements of income, comprehensive income, changes in equity and cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on Notes 1 to 37.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 30 June 2014 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Independent Auditors' Report

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

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 38 on page 180 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS
(No. AF: 1146)
Chartered Accountants

LOH LAY CHOON
(No. 2497/03/16 (J))
Chartered Accountant

Kuala Lumpur
9 October 2014

Notes

Form of Proxy

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

____

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

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

of *(full address)* ______________________________

____

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

____

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

of *(full address)* ______________________________

____

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the 18th Annual General Meeting of the Company to be held at The Banquet Hall, Level 3, Conference Center, The Ritz Carlton Kuala Lumpur, 168 Jalan Imbi, 55100 Kuala Lumpur on Tuesday, 25 November 2014 at 2.30 p.m. and at any adjournment thereof.

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

NO.	RESOLUTIONS	FOR	AGAINST
1.	Re-election of Dato' Yusli Bin Mohamed Yusoff		
2.	Re-election of Dato' Sri Michael Yeoh Sock Siong		
3.	Re-election of Dato' Mark Yeoh Seok Kah		
4.	Re-appointment of Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay		
5.	Re-appointment of Tan Sri Datuk Dr Aris Bin Osman @ Othman		
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.	Approval for Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng to continue in office as Independent Non-Executive Director		
10.	Approval for Dato' (Dr) Yahya Bin Ismail to continue in office as Independent Non-Executive Director		
11.	Authorisation for Directors to Allot and Issue Shares		
12.	Proposed Renewal of Share Buy-Back Authority		
13.	Proposed Renewal of Shareholder Mandate and New Shareholder Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		

Number of shares held

Signed this ______________ day of ______________ 2014 Signature ______________

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Notes:

1. *A member entitled to attend and vote at the meeting may appoint a proxy to vote in his stead. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. A member other than an Authorised Nominee shall not be entitled to appoint more than one proxy to attend and vote at the same meeting and where such member appoints more than one proxy to attend and vote at the same meeting, such appointment shall be invalid. Where a member of the Company is an Exempt Authorised Nominee as defined under the Securities Industry (Central Depositories) Act, 1991, which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.*
2. *This original form of proxy and the Power of Attorney or other authority (if any) under which it is signed or notarily certified copy thereof must be lodged at the 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 18 November 2014. Only a depositor whose name appears on the General Meeting Record of Depositors as at 18 November 2014 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

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

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