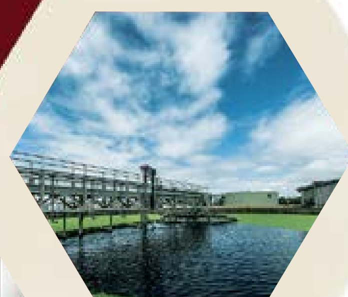
YTL Power
YTL GROUP

ANNUAL REPORT 2019

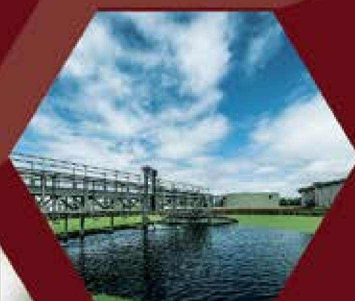


BUILDING THE RIGHT THING

The Journey Continues...

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

ANNUAL
REPORT
2019



BUILDING THE RIGHT THING

The Journey Continues...

YTL Power
YTL GROUP

YTL POWER INTERNATIONAL BERHAD
(406684-H)

CONTENTS

CORPORATE REVIEW

FINANCIAL STATEMENTS

Chairman's Statement

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

YTL Power International Berhad ("YTL Power") and its subsidiaries ("Group") continued to perform stably for the financial year under review, with the power generation, merchant multi utilities and mobile broadband network divisions contributing to a 10.6% increase in revenue to RM11.7 billion. Profit before tax stood at RM753.4 million this financial year compared to RM940.6 million last year, impacted mainly by a loss recorded in the merchant multi utilities segment and lower profit in the water and sewerage business, partially offset by better performance in the Group's investment holding and mobile broadband network segments.

YTL Power declared an interim cash dividend of 5 sen per ordinary share for the financial year ended 30 June 2019, representing a yield of approximately 5.2% based on the average share price for the financial year of RM0.96 per share. YTL Power has a consistent dividend track record and has declared dividends to shareholders for 22 consecutive years since listing on the Kuala Lumpur stock exchange in 1997.

Chairman's Statement

The Malaysian economy recorded lower gross domestic product (GDP) growth of 4.7% for the 2018 calendar year compared to 5.9% in 2017, impacted by external and domestic challenges during the year. The economy registered GDP growth of 4.5% in the first quarter and 4.9% in the second quarter of 2019, supported by robust expansion in domestic demand. Meanwhile, in other major economies in which the Group operates, the United Kingdom (UK) registered growth of approximately 1.4% during 2018, with the first and second quarters of the 2019 calendar year registering an estimated growth of 0.5% and negative 0.2%, respectively. Singapore's economy showed growth of 3.2% in 2018, with growth of approximately 1.1% and 0.1% respectively in the first and second quarters of the 2019 calendar year, *(sources: Ministry of Finance Malaysia, Bank Negara Malaysia, Singapore Ministry of Trade & Industry, UK Office for National Statistics updates & reports).*

YTL PowerSeraya Pte Limited ("YTL PowerSeraya"), which carries out our merchant multi utilities business in Singapore, has a long track record of being one of the most efficient and best-performing companies in the sector and continued every effort to increase operational efficiency, in addition to pursuing the diversification of its utilities businesses in supplying steam, natural gas and water, oil storage tank leasing, and oil trading and bunkering. Whilst the Singapore electricity market continues to face an excess in generation capacity, recent developments and restructuring activities undertaken by other players in the sector indicate that consolidation within the industry, which would bring stability to prices, is on the horizon.

In the UK, Wessex Water Limited ("Wessex Water"), which carries out our water and sewerage business, maintained its position amongst the top water and sewerage companies under its regulator's service incentive mechanism. Wessex Water is regulated by Ofwat, the independent economic regulator for the UK water and sewerage industry, and has consistently performed well, ranking near or at the top of the industry's performance rankings over the years. Wessex Water outperformance stems from its drive to provide ever-improving standards of service and high quality water and environmental services that protect health and improve the environment, all at excellent value to customers.

Performance of the Group's contracted power generation division in Malaysia remained stable due to supply from Paka Power Station under the current power purchase agreement, which commenced in September 2017 and will continue until June 2021. We have an established track record in this area dating back to 1994 as Malaysia's first independent power producer, and this has ensured that the plant continues to operate at optimal efficiency.

This year, our mobile broadband network division undertook a first-in-Asia trial of Terragraph, a gigabit wireless network built together with Facebook. The network is a technological breakthrough that utilises existing infrastructure to enable rapid deployment of fibre level connectivity. This saves the time and cost of laying new fibre and represents the future of high speed mobile network development. The Terragraph pilot successfully powers free public WiFi in 50 popular landmarks in George Town, Penang, enabling users to experience a world-class public WiFi service with an average downlink speed of 160 Mbps.

Chairman's Statement

Our Group has led the roll out of 4G/LTE in the country and continues to drive market innovation through the development and deployment of new technologies, and the division is well positioned to continue to expand with the prospective allocation of the low band 700MHz spectrum by the Malaysian Communications and Multimedia Commission.

In Jordan, good progress has been made on construction of the 554 megawatt oil shale-fired power generation project being undertaken by our 45%-joint venture, Attarat Power Company PSC ("APCO"), and is on schedule for commercial operations to commence in 2020. APCO has a 30-year power purchase agreement for the plant's entire generation capacity with National Electric Power Company (NEPCO), Jordan's state-owned power utility, with an option for the utility to extend the operating period to 40 years.

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

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

The global outlook remains subdued in the face of uncertainties over trade and fiscal policies in the largest economies and we expect tough operating conditions to continue in some of our key markets. Whilst the Group has extensive international operations, our businesses provide vital utilities to local populations, such as water and sewerage in the southeast of England and electricity in Singapore, and, therefore, encounter the effects of domestic economic policies.

Our focus consistently remains on the Group's long-term development and prospects, such as our investment in the new power station in Jordan, which has a horizon of at least 30 years. This strategy has enabled our Group to build up a depth of expertise across water, electricity, telecommunications and other key utilities in Malaysia, the UK, Singapore, Australia, Indonesia and Jordan. The long-term nature of YTL Power's commitments ensures continuity and stability that drive the performance and success of our assets and enable our businesses to better weather cycles of difficult operating conditions.

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

Corporate Events

18 FEBRUARY 2019

Launch of the First Large-Scale Terragraph Pilot in Asia

YTL Communications Sdn Bhd, a subsidiary of YTL Power International Berhad, launched Terragraph, a gigabit wireless network built together with Facebook, in Georgetown, Penang, to deliver reliable, affordable and high-speed broadband services to the heritage city.

From left to right:- Mr Jacob Yeoh Keong Yeow, Deputy Chief Executive Officer, YTL Communications Sdn Bhd; YB Tuan Shakib Ahmad Shakir, Deputy Secretary General, Ministry of Communications & Multimedia; Ms Surina Shukri, Chief Executive Officer, Malaysia Digital Economy Corporation; Dato' Yeoh Soo Keng, Executive Director, YTL Power Interntional Berhad; En Al-Ishsal Ishak, Chairman, Malaysian Communications & Multimedia Commission; Dato' Yeoh Seok Hong, Managing Director, YTL Power International Berhad; YB Tuan Gobind Singh Deo, Minister of Communications & Multimedia; YB Tuan Jagdeep Singh Deo, Penang State Government Exco; YB Dato' Dr Moha Ali Mohamad Nor, Secretary General, Ministry of Communications & Multimedia; Mr Wing K Lee, Chief Executive Officer, YTL Communications Sdn Bhd; and Mr Bryan Tan, Head of Connectivity Ecosystem Programmes, Facebook Asia Pacific.

Dato' Yeoh Seok Hong, Managing Director of YTL Power International Berhad, and YB Tuan Gobind Singh Deo, Minister of Communications & Multimedia, observe the first Terragraph speed test.

17 SEPTEMBER 2019

Ms Rebekah Yeoh Pei Wenn, Corporate Finance Manager, YTL Corporation Berhad; and Mr Siddiq Bazarwala, Chief Executive Officer, Alpha Southeast Asia.

Most Organised Investor Relations, Best Senior Management Investor Relations Support & Most Consistent Dividend Policy – YTL Power International Berhad

YTL Power International Berhad was awarded the *Most Organised Investor Relations, Best Senior Management Investor Relations Support* and *Most Consistent Dividend Policy* at the 13th Annual Best Financial Institution Awards and Southeast Asia's Institutional Investor-Corporate Awards 2019, presented by Alpha Southeast Asia.

Management Discussion & Analysis

GROUP OVERVIEW

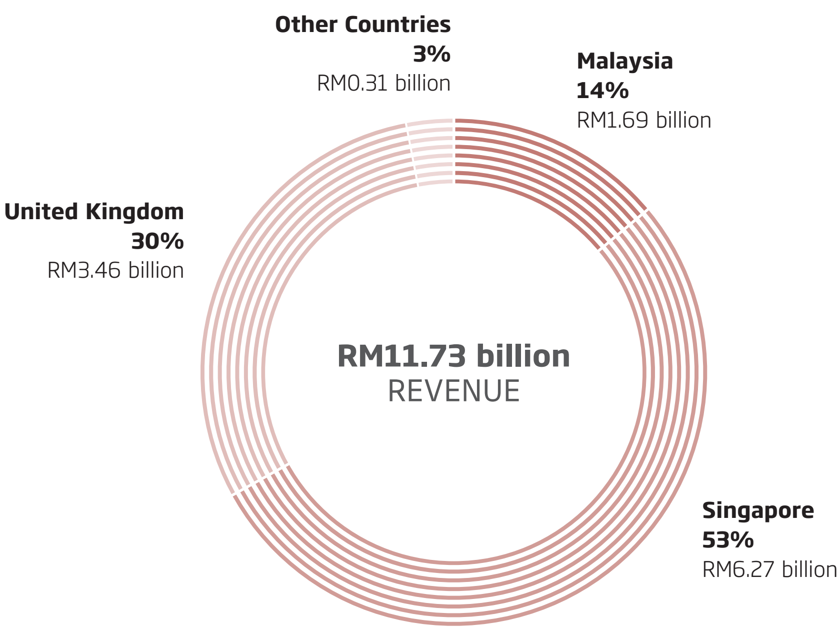
OVERVIEW

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

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

YTL Power has been listed on Bursa Malaysia Securities Berhad ("Bursa Securities"), the Malaysian stock exchange, since 23 May 1997. YTL Power is listed on the Main Market of the exchange under the Gas, Water & Multi-Utilities sub-sector of the Utilities sector.

Revenue by Country – 2019



Management Discussion & Analysis

GROUP OVERVIEW

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

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

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

Management Discussion & Analysis

GROUP OVERVIEW

OBJECTIVES & STRATEGIES

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

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

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

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

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

- **Development of superior asset quality with increasing regulatory asset value over time**. The YTL Power Group's regulated assets such as Wessex Water and ElectraNet demonstrate ongoing growth, with the regulated asset value of these assets increasing over time. Wessex Water's regulatory capital value, for example, has grown from GBP1.3 billion (approximately RM7.0 billion) when it was acquired by YTL Power in 2002 to GBP3.3 billion (approximately RM17.0 billion) as at 30 June 2019, whilst ElectraNet's regulatory asset base (RAB) has grown from AUD0.75 billion (approximately RM2.2 billion) since acquisition in 2000 to AUD2.6 billion (approximately RM7.5 billion) in 2019.

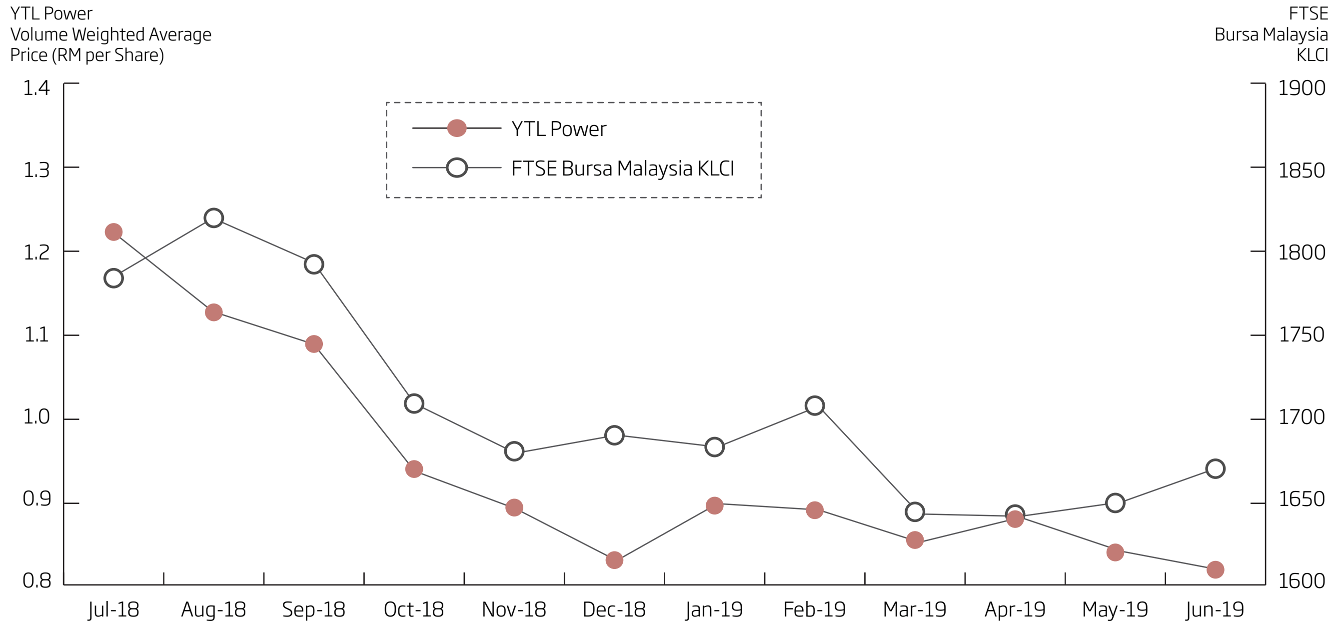
- **Ongoing optimisation of the Group's capital structure**. The YTL Power Group maintains a balanced financial structure by optimising the use of debt and equity financing and ensuring the availability of internally generated funds and external financing to capitalise on acquisition opportunities. A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

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

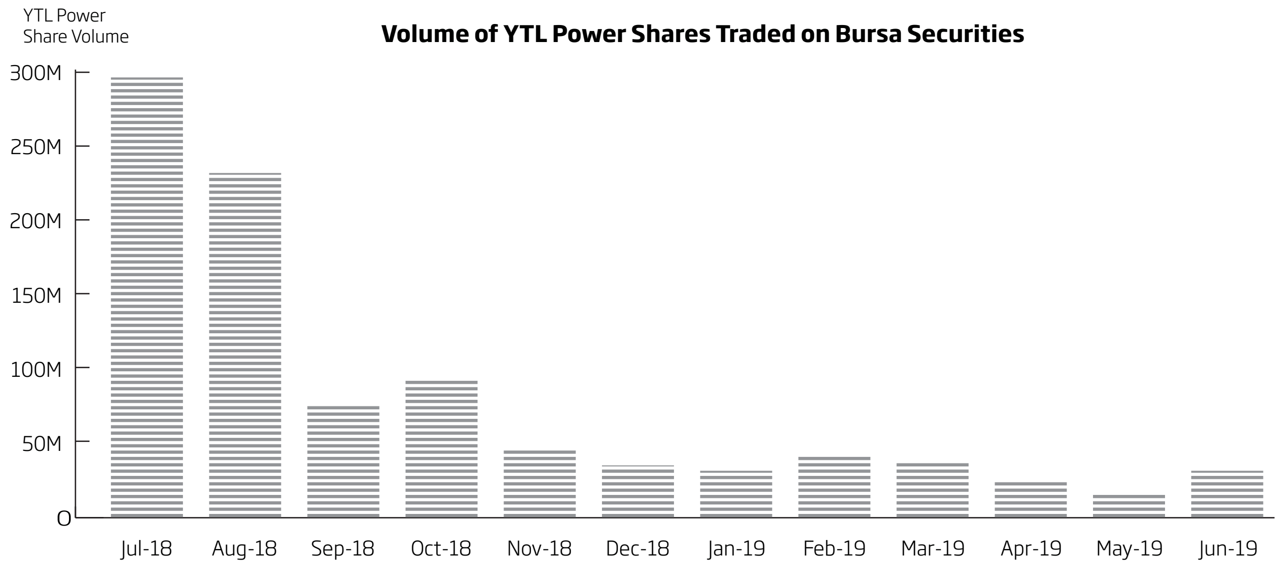
PERFORMANCE INDICATORS

The graph below illustrates the performance of YTL Power's share price compared with the FTSE Bursa Malaysia KLCI, the key component benchmark of Bursa Securities, during the financial year ended 30 June 2019.

Performance of YTL Power's Share Price vs FTSE Bursa Malaysia KLCI



Volume of YTL Power Shares Traded on Bursa Securities



Source: Bloomberg

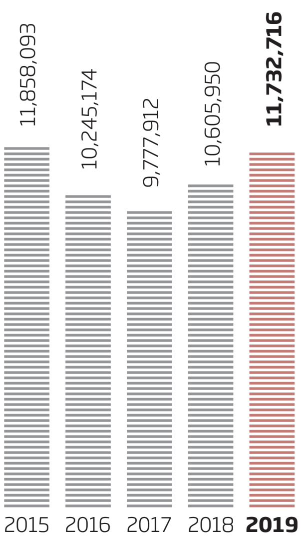
Management Discussion & Analysis

FINANCIAL REVIEW

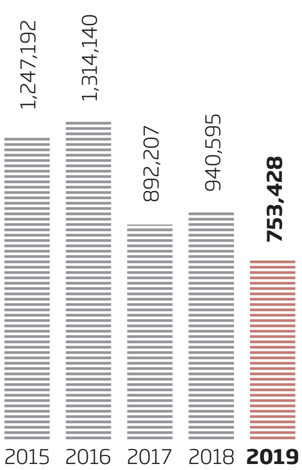
FINANCIAL HIGHLIGHTS

	2019	2018 *(Restated)*	2017	2016	2015
Revenue (RM'000)	**11,732,716**	10,605,950	9,777,912	10,245,174	11,858,093
Profit Before Taxation (RM'000)	**753,428**	940,595	892,207	1,314,140	1,247,192
Profit After Taxation (RM'000)	**613,528**	718,327	787,779	1,178,456	920,398
Profit for the Year Attributable to Owners of the Parent (RM'000)	**476,751**	619,685	693,813	1,061,850	918,812
Total Equity Attributable to Owners of the Parent (RM'000)	**12,644,382**	12,962,599	13,258,825	12,510,981	11,393,687
Earnings per Share (Sen)	**6.20**	7.88	8.96	14.06	13.20
Dividend per Share (Sen)	**5.00**	5.00	5.00	10.00	10.00
Total Assets (RM'000)	**46,272,978**	46,277,023	48,498,160	43,245,591	43,637,810
Net Assets per Share (RM)	**1.65**	1.65	1.71	1.62	1.62

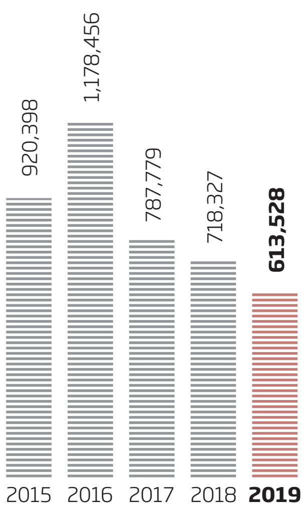
Revenue (RM'000)



Profit Before Taxation (RM'000)



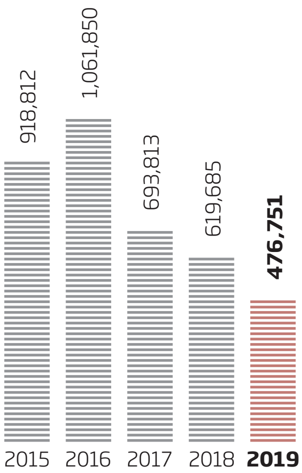
Profit After Taxation (RM'000)



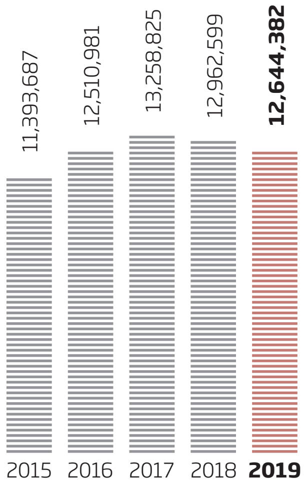
Management Discussion & Analysis

FINANCIAL REVIEW

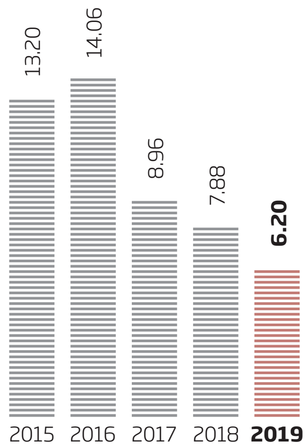
Profit for the Year Attributable to Owners of the Parent (RM'000)



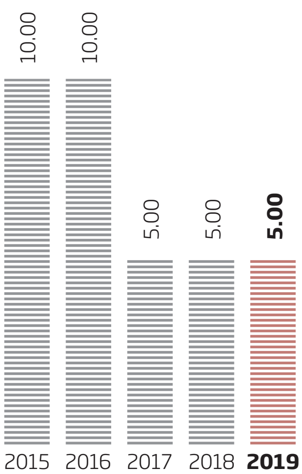
Total Equity Attributable to Owners of the Parent (RM'000)



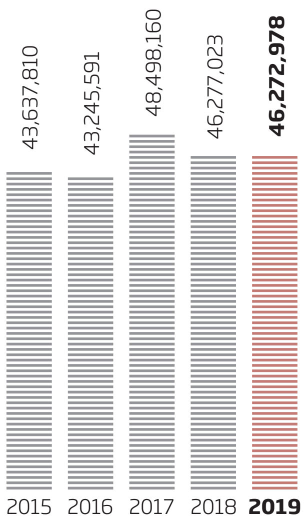
Earnings per Share (Sen)



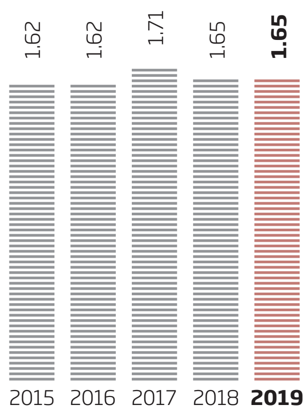
Dividend per Share (Sen)



Total Assets (RM'000)



Net Assets per Share (RM)



Management Discussion & Analysis

FINANCIAL REVIEW

REVIEW OF FINANCIAL PERFORMANCE

Group Financial Performance

The YTL Power Group recorded a 10.6% increase in revenue to RM11,732.7 million for the financial year ended 30 June 2019 as compared to RM10,606.0 million for the previous financial year ended 30 June 2018. Profit before taxation for the current financial year under review decreased to RM753.4 million compared to RM940.6 million recorded in the previous financial year.

The lower profit before taxation was principally due to the loss recorded in the Multi Utilities Business (Merchant) segment and lower profit in the Water and Sewerage segment, partially offset by better performance in the Investment Holding Activities and Mobile Broadband Network segments.

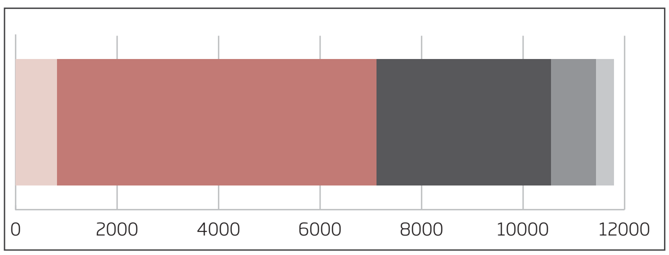
For the financial year ended 30 June 2019, YTL Power's overseas operations accounted for approximately 85.6% of the Group's revenue, compared to 86.2% for the financial year ended 30 June 2018, whilst operations in Malaysia contributed 14.4% of the Group's revenue in the current financial year compared to 13.8% for the previous financial year.

Segmental Financial Performance

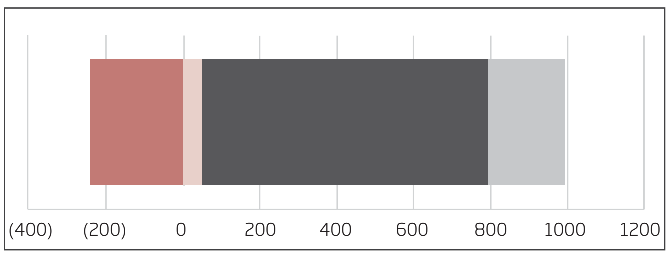
A comparison of the financial performance of each segment of the Group for the financial years ended 30 June 2018 and 30 June 2019 is set out in the following table:

	Segment Revenue		Segment Profit/(Loss) Before Taxation	
	2019 RM million	**2018 RM million** *(Restated)*	**2019 RM million**	**2018 RM million** *(Restated)*
Power Generation (Contracted)	**798.5**	614.5	**51.4**	19.0
Multi Utilities Business (Merchant)	**6,274.0**	5,553.4	**(242.1)**	71.8
Water & Sewerage	**3,437.4**	3,365.4	**739.3**	991.4
Mobile Broadband Network	**871.9**	772.2	**2.4**	(98.1)
Investment Holding Activities	**350.9**	300.5	**202.4**	(43.5)
	11,732.7	10,606.0	**753.4**	940.6

Breakdown of Revenue by Segment - 2019
(RM million)



Breakdown of Profit/(Loss) Before Taxation by Segment - 2019
(RM million)



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

Power Generation (Contracted)

The Power Generation (Contracted) segment recorded higher revenue of RM798.5 million and profit before taxation of RM51.4 million for the financial year ended 30 June 2019 compared to revenue of RM614.5 million and profit before taxation of RM19.0 million for the financial year ended 30 June 2018. The increase in profit before taxation was due to the commencement of supply from Paka Power Station from 1 September 2017.

Multi Utilities Business (Merchant)

The Multi Utilities Business (Merchant) segment recorded higher revenue of RM6,274.0 million and a loss before taxation of RM242.1 million for the financial year ended 30 June 2019 compared to revenue of RM5,553.4 million and profit before taxation of RM71.8 million for the financial year ended 30 June 2018. The increase in revenue was mainly due to higher fuel oil prices, whilst the segment incurred a loss before taxation resulting primarily from lower retail and ancillary margins, lower vesting contract levels and margins, higher finance costs and an allowance for impairment of receivables following a court decision on outstanding litigation.

Water and Sewerage

The Water and Sewerage segment recorded higher revenue of RM3,437.4 million and lower profit before taxation of RM739.3 million for the financial year ended 30 June 2019 compared to revenue of RM3,365.4 million and profit before taxation of RM991.4 million for the financial year ended 30 June 2018. The higher revenue was due to an increase in the price allowed by the industry regulator, whilst the decrease in profit before taxation was mainly due to the absence of a one-off pension credit recognised in the preceding year and higher finance costs incurred in the current year.

Mobile Broadband Network

The Mobile Broadband Network segment recorded higher revenue of RM871.9 million and profit before taxation of RM2.4 million for the financial year ended 30 June 2019 compared to revenue of RM772.2 million and a loss before taxation of RM98.1 million for the financial year ended 30 June 2018. The improved performance was primarily attributable to an increase in project revenue.

Investment Holding Activities

The Investment Holding Activities segment recorded higher revenue of RM350.9 million and a segment profit before taxation of RM202.4 million for the financial year ended 30 June 2019 compared to revenue of RM300.5 million and a loss before taxation of RM43.5 million for the financial year ended 30 June 2018. The increase in revenue was mainly contributed by the recognition of hotel revenue, whilst the segment profit before taxation was mainly due to lower operating costs and fair value gains on investments, derivatives and investment properties.

DIVIDENDS

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

	RM'000
In respect of the financial year ended 30 June 2018: - Interim dividend of 5 sen per ordinary share paid on 13 November 2018	**383,765**

On 29 August 2019, the Board of Directors declared an interim dividend of 5 sen per ordinary share for the financial year ended 30 June 2019, with book closure and payment dates of 29 October 2019 and 13 November 2019, respectively. Therefore, the Board of Directors of YTL Power did not recommend a final dividend for the financial year under review.

This is the 22nd consecutive year that YTL Power has declared dividends to shareholders since its listing on the Main Market of Bursa Securities in 1997.

Dividend Policy

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

Management Discussion & Analysis
FINANCIAL REVIEW

CAPITAL MANAGEMENT

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

There are external debt covenants, such as gearing ratios applicable to the Group and the Company, which are not onerous and these obligations can be fulfilled. As part of its capital management, the Group rigorously monitors compliance with these covenants.

In addition, consistent with others in the industry, the Group and the Company monitor capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings, as shown in the Statement of Financial Position) less cash and bank balances. Total capital is calculated as equity, as shown in the Statement of Financial Position, plus net debt.

	Group		**Company**	
	2019 RM'000	**2018 RM'000** *(Restated)*	**2019 RM'000**	**2018 RM'000**
Total bonds and borrowings	**26,713,760**	27,070,948	**9,043,586**	9,872,918
Less: Cash and bank balances	**(7,560,316)**	(7,337,927)	**(20,005)**	(86,140)
Net debt	**19,153,444**	19,733,021	**9,023,581**	9,786,778
Total equity	**12,870,662**	13,074,215	**12,567,880**	12,862,881
Total capital	**32,024,106**	32,807,236	**21,591,461**	22,649,659
Gearing ratio	**60%**	60%	**42%**	43%

To strengthen the capital structure of the Company, all borrowings of subsidiaries are undertaken on a non-recourse basis to the Company save and except for those borrowings guaranteed by the Company, which amounted to RM335,653,112 (2018: RM297,567,957). Further details are set out in Note 26 to the Financial Statements.

SIGNIFICANT CORPORATE DEVELOPMENTS

There were no significant corporate developments during the financial year under review.

SEGMENTAL REVIEW

POWER GENERATION (CONTRACTED)

SEGMENT OVERVIEW

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

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

OPERATIONAL REVIEW

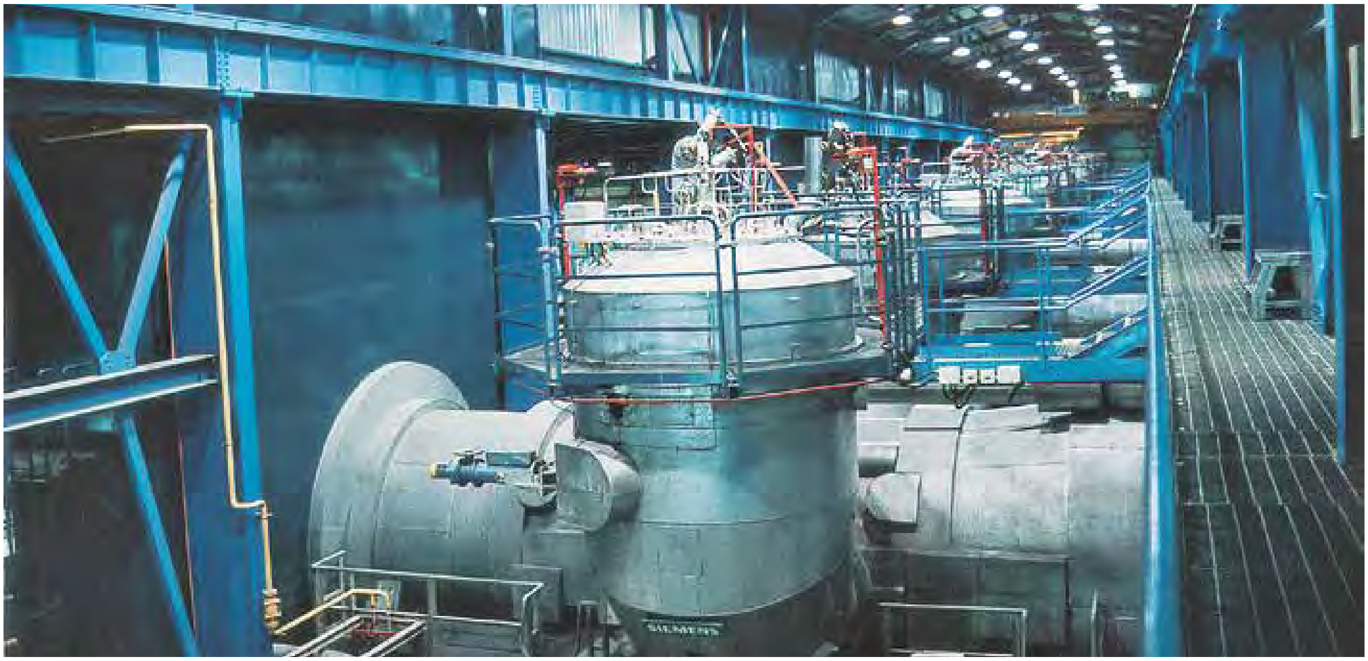
YTLPG

YTLPG was the first IPP (independent power producer) in Malaysia in 1994, operating under a 21-year power purchase agreement, which was completed on 30 September 2015. YTLPG was subsequently awarded the project for the supply of power from Paka Power Station under a short term capacity bid called by the Malaysian Energy Commission.

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

Paka Power Station continued to fulfil all performance guarantees under the PPA and produced a net generation output of 3,021 gigawatt hours ("GWh") of electricity during the financial year ended 30 June 2019. For the period under review, the station's two generating blocks, GB1 and GB2, achieved reliability factors of 97.26% and 99.40% and load factors of 67.72% and 69.39%, respectively.

Management Discussion & Analysis
SEGMENTAL REVIEW



Tanjung Jati Power

The Group has an 80% equity interest in Tanjung Jati Power, an independent power producer which is undertaking the development of Tanjung Jati A, a 2 x 660 MW coal-fired power project in Java, Indonesia.

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

APCO

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

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

The project achieved financial close in March 2017 and notice to proceed was issued to the engineering, procurement and construction contractor to commence construction.

The Group continued to make significant progress on the construction of the power plant, mine opening and ancillary infrastructure works during the financial year under review and remains on schedule for the first unit of the power plant to commence operations in mid-2020.

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

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

MULTI UTILITIES BUSINESS (MERCHANT)

SEGMENT OVERVIEW

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

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

OPERATIONAL REVIEW

The wholesale electricity market continued to see intense competition due to the oversupply in generation capacity. For the financial year under review, YTL PowerSeraya sold 8,496 GWh of electricity, while generation market share saw a slight dip to 16.3% as compared to 17.0% in the last financial year.

The key focus on maintaining plant reliability also saw the completion on schedule of major and minor maintenance inspection activities on the division's combined cycle and co-generation power plant units. This financial year also saw YTL PowerSeraya's first foray into a 1 MW peak solar power generation project sited within the power station.

The division continued to focus on maintaining high standards in quality, environmental, health and safety as well as cyber security management systems, with re-certifications successfully achieved in ISO9001, ISO14001, OHSAS18001 and ISO27001.

Retail

YTL PowerSeraya's retail arm, Geneco, held an overall market share of 17.0% in the electricity retail market, comprising contestable consumers from the commercial and industrial sector, with sales volumes of 5,976 GWh for the financial year under review.

In the year leading up to the full liberalisation of the electricity market in May 2019, Geneco achieved its first milestone, hitting 100,000 residential customers in the same month. This signals the trust consumers have in the division's reputation and experience in the power generation and electricity retail industry.

Geneco has also formed a community of passionate leaders in the local green community, partnering green companies such as ComCrop, Cultivate Central, Repair Kopitiam, Foodbank and more. Together, Geneco seeks to inspire and encourage Singaporeans to adopt a more sustainable lifestyle, through its flagship sustainability programme, ChangeMakersSG.

On the commercial front, Geneco continues to keep pace with market developments and its outreach efforts, to ensure customers are well-informed of industry trends and the latest energy solutions.

Management Discussion & Analysis
SEGMENTAL REVIEW

Trading & Fuel Management

PetroSeraya Pte Ltd, the division's trading and fuel management arm, managed to pull in a steady performance despite prevailing challenges in the oil industry, which reflect the global economic situation. The company handled 12.26 million metric tonnes of fuel oil and diesel. The number of berthings for bunkering and cargo vessels saw 1,086 vessels berthed at the terminal this year, compared to 1,319 vessels last year, with an average berth utilisation rate of more than 50%.

The figures are lower mainly due to challenging economic conditions and the division will continue to focus on strengthening the tank leasing and fuel management activities, as well as look into optimising its jetty and oil terminal operations to strengthen its jetty and oil terminal performance.

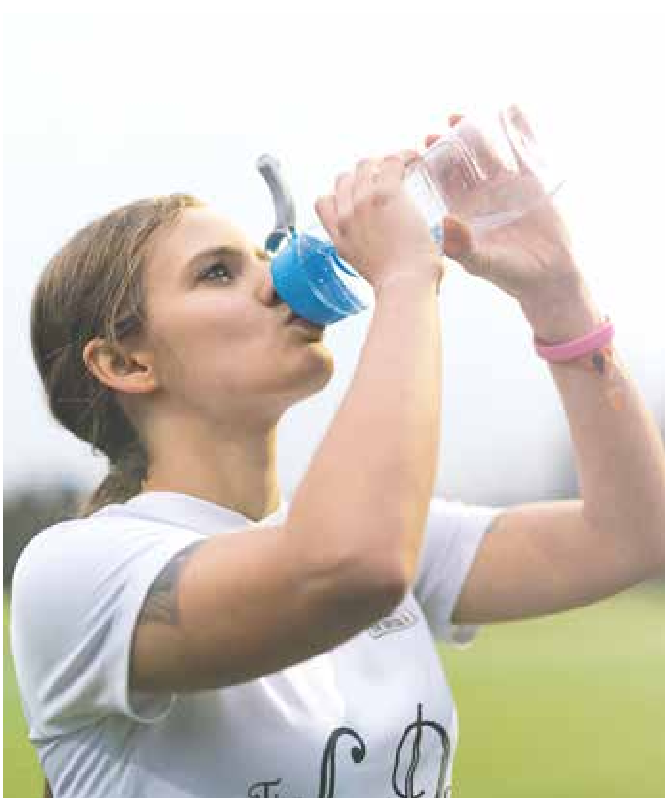
Process & Innovation

As business demands increase with the fully liberalised electricity market, YTL PowerSeraya began its implementation of cloud computing and off-shore capabilities, to maintain its competitive advantage, enhance customer experience and improve business efficiency.

As innovation in the corporate arena continues to gain momentum, the division sees the enhancement of cyber and data security as key, in addition to the automation of business processes. Other measures that took place also include ensuring cyber literacy within the organisation and fortifying cyber resilience, while guarding the reliability of the company's supply chain management and plant systems.

Moving forward, the team will continue to expand efforts on process digitisation within the organisation, accelerating process efficiency and data transparency. The team will also continue exploring big data analytics to help streamline corporate decision-making, aiming to be key enablers to YTL PowerSeraya's strategic adaptability in a more agile, reactive consumer-driven organisation.

WATER & SEWERAGE



SEGMENT OVERVIEW

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

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

OPERATIONAL REVIEW

Wessex Water continued to maintain its position as one of the top water and sewerage companies in Ofwat's service incentive mechanism ("SIM") league table this year, consistently performing well on both satisfaction surveys and complaints handling, and exceeding its performance commitment target for this year on SIM. This is the final year of Ofwat's SIM and the company is aiming to achieve top spot for the current five-year period. Wessex Water met or exceeded its targets on most of its performance commitments, four of which will result in an outperformance payment.

In September 2018, the Consumer Council for Water confirmed that Wessex Water still has the lowest number of complaints of the water and sewerage companies, delivering a 2.7% reduction in unwanted contacts, a 4% reduction in billing complaints and resolving 95% of its complaints the first time.

The division also retained its Customer Service Excellence award from the UK government, the British Standard for inclusive services provision (BS 18477), the Keep Me Posted award and the Louder than Words charter mark.

Wessex Water believes firmly in going the extra mile with customer service and its own feedback surveys show that customers continue to score the company highly on satisfaction, first-time resolution, employee conduct, knowledge and effort – 96% of customers rate Wessex Water's service as very good or good.

Management Discussion & Analysis
SEGMENTAL REVIEW

Wessex Water also continued to deliver initiatives within its strategy for customers in vulnerable circumstances, with a 15% increase in the number of low-income customers receiving support with their bills or debt and a 15% increase in the number registered for Priority Services.

Its innovative engagement strategy – *Your Say, Your Future* – continued last year as the division finalised its business plan, running focus group discussions with customers on water quality measures and a larger scale online survey on the level of support for outperformance payments.

The division's Young People's Panel of sixth formers recruited from schools and colleges across Wessex Water's operating region has completed its third year. Last year's panel aided in the design of an innovative campaign to encourage younger people to care about the waste water system, whilst this year's panel focused on engaging communities, encouraging younger people to drink tap water and initiatives to develop and promote its water refill strategy.

Wessex Water's performance as a wholesaler against the market performance framework has been strong and the division is now looking at ways to stretch its performance further during the 2019-2020 period.

Wessex Water has continued to invest at record levels, with more than GBP245 million invested in maintaining and improving its assets and the services that they underpin. While 2018 was not a year of many extreme rainfall events, the division continued to invest in new major sewers in the north of Bristol as part of its plan to respond to climate change, as well as accommodating significant levels of new housing development.

The final phase of the GBP25 million Frome Valley relief sewer was completed last year and is now available to redirect flows from Yate around the north of Bristol to the division's water recycling centre at Avonmouth. Meanwhile, design work and consultation for the Trym relief sewer is well underway. This GBP60 million investment, which will be completed during the 2022-2023 period, will provide additional storage and conveyance capacity to the west of Bristol and facilitate new development.

The division has also been delivering a programme to monitor overflows throughout its region by 2020 and has now installed event duration monitoring at 665 overflows, significantly ahead of its target of 498.

Wessex Water remains committed to providing the highest quality drinking water to customers and its overall compliance with drinking water standards in 2018 was 99.96%, marginally below its 100% target. The company was rated as 'good' in the UK Environment Agency's annual environmental performance assessment with all agreed National Environment Programme schemes completed and 100% compliance with both water discharge permits and sludge standards.

This year, 96% of Wessex Water's bathing waters passed strict environmental standards, and the division continues to work toward its aspirational target of 100%. Two beaches (Weston Main and Burnham Jetty) were assessed as having below standard water quality. Although much of this was outside of the division's control, Wessex Water has completed schemes in 2018-2019 that could help the bathing water quality including constructing a 2,500 m^3 underground storage tank at West Quay car park and a 5,000 m^3 storage tank at Colley Lane, both in Bridgwater.

One of Wessex Water's long-term sustainability goals is to be carbon neutral in its operations. Net greenhouse gas emissions fell to 118 kilotonnes carbon dioxide equivalent in 2018-2019, continuing a trend of reductions that began 10 years ago and is the lowest annual operational carbon footprint since reporting began in 1997.

The division continued delivery of its Home Check water efficiency programme and made more than 6,000 visits to customer properties to fit water saving devices, fix simple plumbing leaks and offer tailored behavioural advice, in addition to repairing nearly 5,000 of customers' leaking pipes free of charge to help reduce their water use.

MOBILE BROADBAND NETWORK

SEGMENT OVERVIEW

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

YES is a converged nationwide 4G LTE network offering high-speed mobile internet with voice services. The network was launched and commenced commercial operations in November 2010. YTL Comms currently has over 5,000 base stations creating an all-4G LTE footprint reaching 85% population coverage across Peninsula Malaysia and Sabah and, in 2016, launched its nationwide 4G LTE network, offering Malaysia's first VoLTE (Voice-over-LTE) service. YTL Comms is also looking towards further improving its network coverage and reach for the benefit of all customers following the prospective allocation of the low band 700MHz spectrum by the MCMC.

To answer the Malaysian Government's call to support the National Fiberisation and Connectivity Plan (NFCP) and Malaysia Vision Valley (MVV2.0), and in preparation for the MCMC's ASO (Analogue Switch Off) exercise which will see the migration of all services from analogue to digital technology, YTL Comms has innovated not just in its development and deployment of market leading technologies in its telecommunications infrastructure business but also in pricing its packages to improve accessibility of its services to all customers.

Since the launch of the YES network in late 2010, YTL Comms has taken on the role as innovation champion in the Malaysian telecommunications industry, starting with building the right foundation as the first and only all-IP all-4G network in Malaysia and continuing to lead the way using advanced technologies to deliver world class internet and mobility technologies to all at a competitive price.

OPERATIONAL REVIEW

The year under review was a banner year for innovation, commencing with the launch of the first-ever Terragraph market pilot in Asia. Terragraph is a gigabit wireless network, built together with Facebook, and has successfully powered free public WiFi in 50 popular landmarks in George Town, Penang. As of August 2019, over 26,000 unique users have experienced this world-class public WiFi service with an average downlink speed of 160 Mbps. This high capacity gigabit wireless network also delivers fibre-grade fixed wireless broadband to 120 local businesses that leapfrogged them with improvements in speed of up to 50 times from their existing Internet providers.

This first-in-Asia technological breakthrough utilises existing street furniture to enable rapid deployment of fibre level connectivity without the need to trench and lay fibre which is costly and time consuming. With strong support from the Penang State Government, YTL Comms has built the largest Terragraph network in the world.

Management Discussion & Analysis

SEGMENTAL REVIEW

Whilst the division looks to the future of gigabit wireless technologies such as Terragraph and 5G, YTL Comms believes that no one should be left behind in the pursuit of the country's aspirations to become a broadband nation. Towards this end, YTL Comms took leadership to tackle the challenges faced by millions of Malaysians living or working in existing buildings with copper wire infrastructure.

Introduced to Malaysia by YTL Comms, Gigawire is a breakthrough technology that enables legacy buildings to enjoy fibre level broadband performance without the need to rewire their existing copper cable infrastructure. The division's successful integration of Gigawire with Terragraph to bring fibre level speeds to existing buildings has opened up tremendous flexibility to serve many households and businesses struggling with their existing xDSL Internet service.

In July 2019, Konsortium Jaringan Selangor Sdn Bhd ("KJS"), a wholly-owned subsidiary of YTL Comms, was appointed by the State Government of Negeri Sembilan as one of its two State-Backed Companies ("SBC") for the Development of Telecommunications Infrastructure in the state of Negeri Sembilan. KJS was selected out of 17 companies via a competitive tender called by the Negeri Sembilan Investment Centre and Menteri Besar Incorporated Negeri Sembilan.

As one of the appointed SBCs, KJS will be responsible for six local councils and districts, and will plan, implement, monitor and maintain all telecommunications infrastructure and information communication technologies services in Negeri Sembilan, providing high quality, high speed internet and cost-effective mobile connectivity to spur the state's economic growth.

In its determination to provide world-class internet mobile plans at the most affordable prices, the *YES Konfem Unlimited Plans* were crafted to meet every Malaysian's 4G needs by providing various mobile internet options for the masses with the promise of the possibilities that true unlimited 4G can unleash on Malaysia's only all-4G network.

The *YES Konfem Unlimited Postpaid* plans enable all customers to enjoy truly unlimited 4G data and unlimited pure Voice-over LTE (VoLTE) calls from as low as RM46 per month – hailed as the most affordable postpaid plan in the market. YES also continues to provide the cheapest prepaid plan in the market with the *YES Konfem Unlimited Prepaid* where users can enjoy unlimited 4G data for only RM1 per day and has also introduced *Konfem Family Unlimited* plans with the flexibility to add up to four unlimited data plans at just RM30 per plan.

YTL Comms continues to strive to ensure world class Internet for all Malaysians, with significant effort dedicated to driving the 4G device ecosystem in Malaysia. This effort has paid off with over 300 models of smartphones supporting the YES network, including flagship phones from global brands and exciting new segment leaders. This includes the inaugural global launch in Kuala Lumpur of the Samsung A series, of which YES was honoured to be a part.

YTL Comms' comprehensive IoT (Internet of Things) platform is a highly scalable and secure private cloud essential for mission-critical IoT solutions. The platform, along with the division's in-house device development and system integration capabilities, enables advanced telematics for next-generation fleet management that provide real-time diagnostics and driver behaviour analysis. Some of the largest manufacturers and warehouses in Malaysia are relying on the division's IoT platform for advanced tracking and sensing capabilities to improve production efficiency and to stamp out fraud and leakage, in addition to its application of advanced video analytics and artificial intelligence to improve safety and security for buildings and townships.

INVESTMENT HOLDING ACTIVITIES

SEGMENT OVERVIEW

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

OPERATIONAL REVIEW

ElectraNet

ElectraNet owns and operates the high voltage electricity transmission system throughout South Australia under a 200-year concession, transporting power from regional generators and interstate sources over long distances to metropolitan and regional areas including large, direct-connect industrial customers. The transmission network is one of the most extensive regional transmission systems in Australia and consists of 96 high-voltage substations and approximately 5,650 circuit kilometres of transmission lines covering a total area of 200,000 square kilometres.

ElectraNet is in the second year of its 2018-2023 regulatory period. On 30 April 2018, it received approval from the Australian Energy Regulator (AER) to recover AUD1.6 billion of revenue on its regulated electricity transmission network over the current 5-year regulatory period.

System security and reliability are critically important as Australia's energy supply transitions to a lower carbon emissions future and South Australia is at the forefront of this energy transformation with world-leading levels of intermittent renewable energy compared to energy demand. ElectraNet has been exploring options to support this energy transformation, while helping to lower electricity prices and improve system security. Current projects (some of which are still subject to regulatory approval) include:

- Constructing a new, high capacity interconnector between South Australia, Victoria and New South Wales. The proposed 920km 330kV transmission line will deliver economic benefits to customers by better sharing of energy resources in the National Electricity Market (NEM). The AUD1.5 billion project, Project EnergyConnect, would be jointly delivered with TransGrid, the manager and operator of the New South Wales transmission network.
- Installing four large synchronous condensers to raise the existing cap on non-synchronous generation and ensure ongoing system security with adequate levels of system strength, system inertia and voltage control for South Australia's electricity transmission system. The synchronous condensers will be installed during 2020 and commissioned in early 2021.
- Building a new transmission line to improve reliability for customers on Eyre Peninsula. Construction work is expected to start in August 2020.

ElectraNet is currently undertaking the Prominent Hill/Upper North connection project, which is the largest contracted revenue project it has ever undertaken. The project includes the construction of about 300 kilometres of 132kV and 275kV transmission lines and two substations to connect and supply about 100 MW of power to OZ Minerals' Carrapateena and Prominent mine sites. The Carrapateena mine site was energised in mid-2019 with Prominent Hill to follow in late 2020.

The division is also positioning itself to pursue potential contestable revenue investment opportunities which may include building, owning and operating new electricity transmission services.

Jawa Power

Jawa Power's 1,220 MW power station supplies power to Indonesia's national utility company, PT PLN (Persero) ("PLN"), under a 30-year power purchase agreement. O&M for Jawa Power is carried out by PT YTL Jawa Timur, a wholly-owned subsidiary of YTL Power, under a 30-year agreement.

Jawa Power achieved average availability of 91.32% for its financial year ended 31 December 2018 and 89.32% availability for the six months ended 30 June 2019. The station generated 8,748 GWh of electricity for its financial year compared to 7,645 GWh for its previous financial year, for its sole offtaker, PLN.

RISK MANAGEMENT

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

FINANCIAL RISK MANAGEMENT

Foreign currency exchange risk

Foreign currency exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group is exposed to risks arising from various currency exposures primarily with respect to the British Pound and the Singapore Dollar. The Group has investments in foreign operations whose net assets are exposed to foreign currency translation risk. Such exposures are mitigated through borrowings denominated in the respective functional currencies. Where necessary, the Group enters into forward foreign currency exchange contracts to limit its exposure on foreign currency receivables and payables and on cash flows generated from anticipated transactions denominated in foreign currencies.

Interest rate risk

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

The excess funds of the Group and the Company are invested in bank deposits and other short-term instruments. The Group and the Company manage their liquidity risks by placing such excess funds on short-term maturities to match its cash flow needs.

Price risk

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

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

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

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

Credit risk

Credit risk is the potential financial loss resulting from the failure of a counter party to settle their obligations to the Group and the Company. The Group's exposures to credit risk arise primarily from trade receivables, contract assets and other receivables. Meanwhile, the Company's exposures to credit risk arise from other receivables. For other financial assets (including short-term investment securities, fixed deposits and derivative financial instruments), the Group and the Company minimise credit risk by dealing with creditworthy counterparties.

Due to the nature of the Group's business, customers are mainly segregated according to business segments. In the Group's power generation business in Malaysia, trade receivables are solely from its offtaker, a national electricity utility company, and the counterparty risk is considered to be minimal. As for the Group's power generation business in Singapore, credit reviews are performed on all customers with established credit limits and generally supported by collateral in the form of guarantees. For the Group's water and sewerage business, the credit risk of receivables is mitigated through strict collection procedures.

The Directors are of the view that credit risk arising from these businesses is limited due to the large customer base.

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

The Group and the Company place its cash and bank balances with a number of creditworthy financial institutions. The Group's and the Company's policy limit the concentration of financial exposure to any single financial institution.

Liquidity risk

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

OPERATIONAL RISK MANAGEMENT

Concessions and key contracts

A number of the Group's businesses and projects are reliant, in some cases to a significant extent, on concessions or other key contracts. Cancellation, expiration, termination or renegotiation of any such concession or key contract or the imposition of restrictive regulatory controls could have an adverse effect on the financial condition and results of operations of certain subsidiaries of YTL Power and accordingly the Group as a whole.

However, the Group's strategy of investing in regulated assets with long-term concessions or contracts has enabled it to establish a solid track record and operating performance to date, and is a measure to mitigate the vagaries of short-term contracts or more cyclical industries. Furthermore, the Group addresses these risks by investing in assets operating in stable economies and/or established markets or sectors with strong legal protections.

Industry risk

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

Dependence on key management

The continued success of YTL Power is, to a significant extent, dependent on the abilities and continued efforts of the Board of Directors and senior management of YTL Power. The loss of any key member of the Board or senior management personnel could affect YTL Power's ability to compete in the sectors in which it operates.

The future success of YTL Power also depends on its ability to attract and retain skilled personnel for smooth business operations of the Group to continue without undue disruption. Therefore, appropriate measures are taken which include the provision of training programmes, the offering of attractive incentives such as employees' share option schemes and competitive remuneration packages, and efforts to ensure smooth succession in the management team.

Political, economic, environmental and regulatory considerations

Like all other businesses, adverse developments in political, economic and regulatory conditions (including changes in environmental legislation and regulations) in Malaysia, Singapore, the UK, Indonesia, Australia, Jordan and other overseas markets in which the Group from time to time has operations could materially and adversely affect the financial and business prospects of the Group and the markets for its products and/or services which may result in a loss or reduction in revenue to Group.

Whilst it is not possible to prevent the occurrence of these events, the Group attempts to mitigate the effects of these risks through thorough due diligence assessments prior to the commitment to any project, ensuring compliance with applicable laws and regulations, as well as its strategy of maintaining the geographic diversity of its operations, and remaining vigilant in monitoring events and conducting ongoing assessments of any operational and financial impacts of such external developments.

Management Discussion & Analysis

OUTLOOK

Global growth is expected to soften, constrained by the slower growth expected in both advanced and major emerging market economies due to re-escalating trade tensions, declining confidence and heightened policy uncertainties. Overall, the Malaysian economy is expected to grow by 4.3% to 4.8% for the full 2019 calendar year, anchored by domestic demand, underpinned by the continued expansion in private sector activity. Private consumption growth is expected to moderate, but remain firm, supported by stable labour market conditions and continued growth in wages *(source: Bank Negara Malaysia)*.

The generation oversupply in Singapore's wholesale electricity market continues to present a structural challenge across the industry, although the sector shows signs that consolidation, which is expected to have a stablising effect, may be forthcoming. The Group has made good progress in elevating awareness of its Geneco brand and will continue to focus on enhancing its product and service offerings through innovative digital solutions and strategic alliances to amplify its overall customer value proposition.

In the UK, the regulatory process is currently ongoing for Wessex Water's next price review, which will cover the 2020-2025 period. A draft determination was published on 18 July 2019, with the final determinations expected to be published towards the end of the 2019 calendar year. The Group remains committed to delivering high quality, reliable and resilient services that are affordable to all customers, and is confident it will continue to deliver outperformance of its regulatory targets.

The outlook for the Group's main operations in Malaysia remains stable. The supply of capacity from Paka Power Station is regulated under its PPA until June 2021 and the division is expected to perform well.

Meanwhile, YTL Comms will continue to expand its telecommunications infrastructure business and is well-positioned to grow its subscriber base with the prospective allocation by the MCMC of the low band 700MHz spectrum, which will further enhance network coverage and reach, enabling customers to enjoy better connectivity. YTL Comms also has the unique prerequisites to deliver next-generation IoT solutions nationally. The division will focus on establishing itself as Malaysia's champion to help local businesses transform and facilitate Malaysia's transformation into a digital economy, as well as continuing to play a crucial role in bridging the digital divide between rural and urban communities.

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

Managing Sustainability

YTL Power International Berhad ("YTLPI" or "Company") is listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Malaysia") under the Gas, Water and Multi-Utilities sub-sector of the Utilities sector. YTLPI has a market capitalisation of approximately RM6.30 billion (as at 30 June 2019) and is an international multi-utility provider with operations, investments and projects under development in Malaysia, Singapore, the United Kingdom (UK), Indonesia, Jordan and Australia.

As sustainability issues are increasingly affecting communities, corporations have a duty to ensure that broader strategies for development and profitability are carried out in a sustainable manner. Driven by this commitment, we often exceed regulatory requirements. We continue to impart this accountability into each of our subsidiaries as we strive to develop our businesses responsibly to protect the environment and the wider communities in which we operate.

SUSTAINABILITY COMMITMENT

YTLPI is a 55.21%-owned subsidiary of YTL Corporation Berhad ("YTL Corp"), which has also been included in the FTSE4Good Bursa Malaysia Index for the second year running. YTLPI's sustainability focus is aligned with YTL Group's credo, ***'Making A Good Future Happen'***, and this is integrated into our business strategies, daily operations, management and stakeholder engagement. There is regular assessment, review and feedback of Environmental, Social and Governance (ESG) issues in line with YTL Group's practices.

We recognise that the planet provides limited resources, and as such the onus is on us to mitigate impacts on air, land and water through the responsible use of natural resources and sustainable operations. Our future success and reputation is not only shaped and measured by our economic performance, but it is also influenced by the social and environmental consequences of our decisions and actions for all our stakeholders.

We continue to place a strong emphasis on managing our businesses responsibly and with integrity. Our sustainability commitment is engrained in creating lasting value for all stakeholders and enables us to move towards achieving our growth objectives, balancing business opportunities and risks in the economic, environmental and social realms.

Managing Sustainability

REPORTING PERIOD AND SCOPE

This sustainability statement covers YTLPI and its wholly-owned subsidiaries, YTL PowerSeraya Pte Limited, Wessex Water Limited and PT YTL Jawa Timur for the reporting period from 1 July 2018 to 30 June 2019, aligned with YTLPI's financial year.

We have excluded YTL Power Generation Sdn Bhd, YTL Communications Sdn Bhd, ElectraNet Pty Ltd, PT Tanjung Jati Power Company and Attarat Power Company PSC from this year's reporting due to the following reasons – short-term power purchase agreement, minority ownership levels, and projects still under development.

YTLPI and our subsidiaries are also part of the wider network of YTL Group under the umbrella of its parent company, YTL Corp. The sustainability initiatives, performance and achievements of YTLPI are outlined in greater detail in the consolidated ***YTL Group Sustainability Report 2019*** which is issued as a separate report, and can be downloaded at http://www.ytl.com/sustainability/.

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

OUR APPROACH TO SUSTAINABILITY

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

YTL Group Sustainability Framework

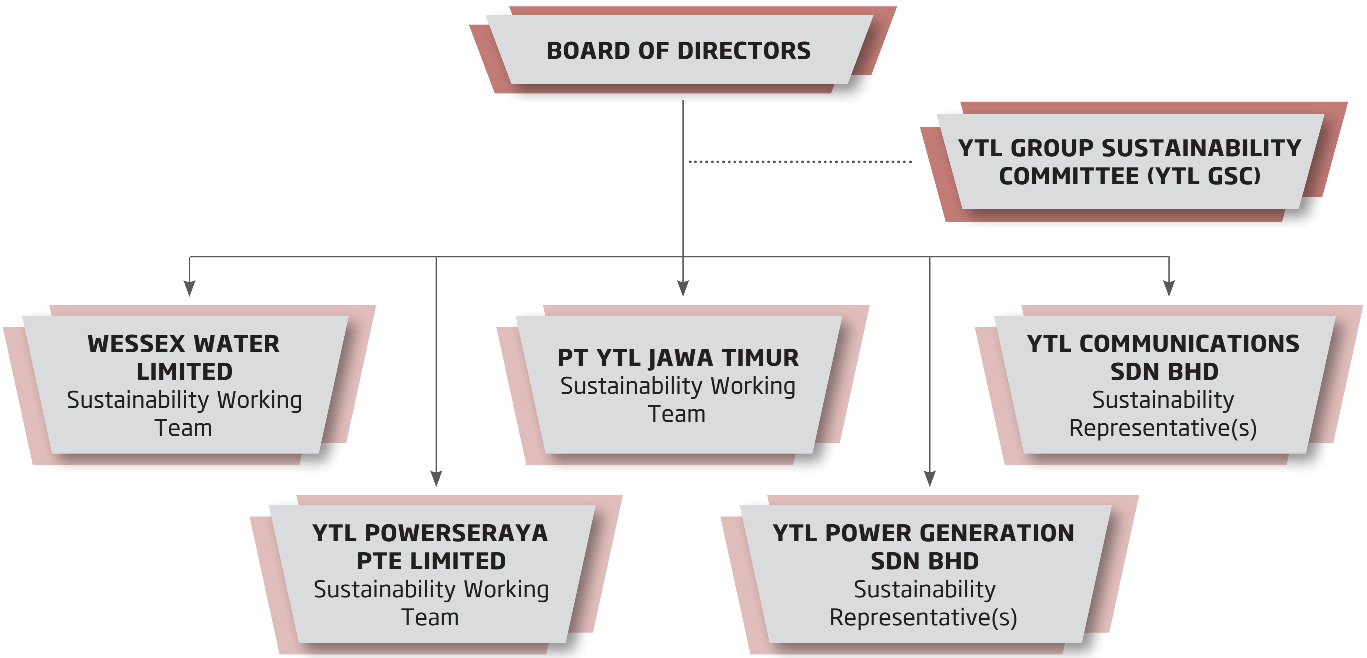
Where applicable to YTLPI, our efforts towards incorporating sustainability into the day-to-day management of YTLPI are aligned with six of the seventeen (17) United Nations Sustainable Development Goals (SDGs), YTL Group Corporate Statements (Human Rights and Ethics, Environment, Health and Safety,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

SUSTAINABILITY GOVERNANCE

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

More information on our governance and internal control systems can be found in the ***Corporate Governance Overview Statement*** and the ***Statement on Risk Management and Internal Control*** set out separately in this Annual Report. The Annual Report and YTLPI's Corporate Governance Report 2019 can also be downloaded from our website at www.ytlpowerinternational.com, as well as the website of Bursa Malaysia at www.bursamalaysia.com.

YTL Group Sustainability Governance Structure



Board of Directors

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

YTL Group Sustainability Committee

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

Sustainability Working Team/Representative(s)

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

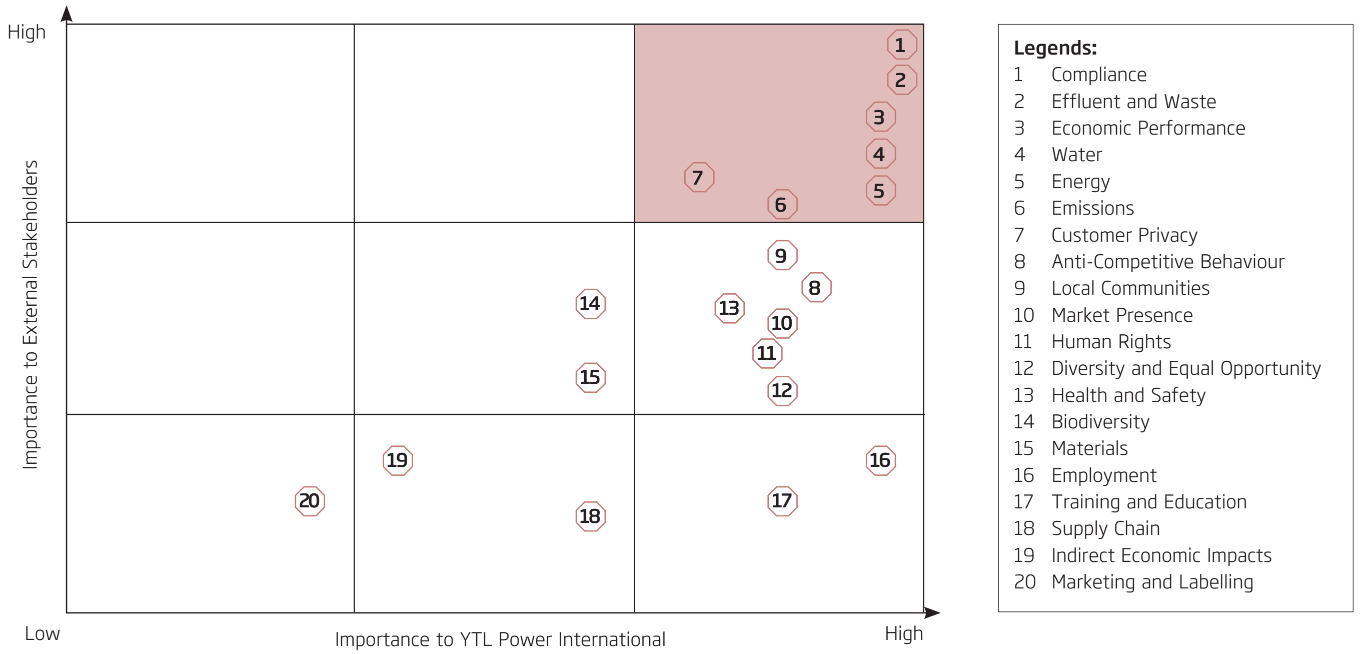
Managing Sustainability

MATERIALITY

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

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

YTL Power International Materiality Matrix



MOVING FORWARD

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

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Twenty-Third Annual General Meeting of YTL Power International Berhad ("the Company") will be held at Majestic Ballroom, Level 2, The Majestic Hotel Kuala Lumpur, 5, Jalan Sultan Hishamuddin, 50000 Kuala Lumpur on Thursday, the 12th day of December, 2019 at 10.00 a.m. to transact the following business:-

AS ORDINARY BUSINESS

1. To lay before the meeting the Audited Financial Statements for the financial year ended 30 June 2019 together with the Reports of the Directors and Auditors thereon. **Please refer Explanatory Note A**

2. To re-elect the following Directors who retire pursuant to Article 84 of the Company's Constitution:-
   (i) Tan Sri Dato' (Dr) Francis Yeoh Sock Ping **Resolution 1**
   (ii) Syed Abdullah Bin Syed Abd. Kadir **Resolution 2**
   (iii) Faiz Bin Ishak **Resolution 3**

3. To re-elect the following Directors who retire pursuant to Article 90 of the Company's Constitution:-
   (i) Datuk Seri Long See Wool **Resolution 4**
   (ii) Datuk Loo Took Gee **Resolution 5**

4. To approve the payment of Directors' fees amounting to RM744,356 for the financial year ended 30 June 2019. **Resolution 6**

5. To approve the payment of meeting attendance allowance of RM1,000 per meeting for each Non-Executive Director for the period from January 2020 to December 2020. **Resolution 7**

6. 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:-

7. **CONTINUING IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTOR**

   "THAT approval be and is hereby given to Tan Sri Datuk Dr. Aris Bin Osman @ Othman, who has served as Independent Non-Executive Director of the Company for a cumulative term of more than twelve years, to continue to serve as an Independent Non-Executive Director of the Company." **Resolution 9**

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

   "THAT pursuant to Sections 75 and 76 of the Companies Act, 2016, the Directors be and are hereby empowered to allot and issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad." **Resolution 10**

Notice of Annual General Meeting

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

"THAT subject to the Company's compliance with all applicable rules, regulations, orders and guidelines made pursuant to the Companies Act, 2016, the provisions of the Company's Constitution and the Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("Main LR") and the approvals of all relevant authorities, the Company be and is hereby authorised, to the fullest extent permitted by law, to buy back and/or hold from time to time and at any time such amount of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interests of the Company ("the Proposed Share Buy-Back") provided that:-

(i) The maximum number of shares which may be purchased and/or held by the Company at any point of time pursuant to the Proposed Share Buy-Back shall not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being quoted on Bursa Securities provided always that in the event that the Company ceases to hold all or any part of such shares as a result of, amongst others, cancellation of shares, sale of shares on the market of Bursa Securities or distribution of treasury shares to shareholders as dividend in respect of shares bought back under the previous shareholder mandate for share buy-back which was obtained at the Annual General Meeting held on 12 December 2018, the Company shall be entitled to further purchase and/or hold such additional number of shares as shall (in aggregate with the shares then still held by the Company) not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being quoted on Bursa Securities;

(ii) The maximum amount of funds to be allocated by the Company pursuant to the Proposed Share Buy-Back shall not exceed the sum of Retained Profits of the Company based on its latest audited financial statements available up to the date of a transaction pursuant to the Proposed Share Buy-Back; and

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

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

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

    (c) part of the shares so purchased may be retained as treasury shares with the remainder being cancelled; and/or

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

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

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

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

AND THAT the Directors of the Company be and are hereby authorised to take all steps as are necessary or expedient to implement or to give effect to the Proposed Share Buy-Back with full powers to amend and/or assent to any conditions, modifications, variations or amendments (if any) as may be imposed by the relevant governmental/regulatory authorities from time to time and with full power to do all such acts and things thereafter in accordance with the Companies Act, 2016, the provisions of the Company's Constitution and the Main LR and all other relevant governmental/regulatory authorities." **Resolution 11**

10. **PROPOSED RENEWAL OF SHAREHOLDER MANDATE FOR EXISTING 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) of the Circular to Shareholders dated 31 October 2019 subject to the following:-

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

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

THAT the mandate given by the shareholders of the Company shall only continue to be in force until the conclusion of the next Annual General Meeting of the Company or the expiry of the period within which the next Annual General Meeting is required to be held pursuant to Section 340(2) of the Companies Act, 2016 (the "Act") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); unless revoked or varied by Ordinary Resolution of the shareholders of the Company in general meeting, whichever is the earlier;

AND THAT the Directors of the Company be authorised to complete and do such acts and things as they may consider expedient or necessary to give full effect to the shareholder mandate." **Resolution 12**

SPECIAL RESOLUTION:-

11. **PROPOSED ADOPTION OF NEW CONSTITUTION**

"THAT approval be and is hereby given for the Company to alter or amend the whole of the existing Constitution of the Company by the replacement thereof with a new Constitution as set out in Appendix A of the Circular to Shareholder dated 31 October 2019 with immediate effect AND THAT the Directors of the Company be and are hereby authorised to do all acts and things and take all such steps as may be considered necessary to give full effect to the foregoing." **Resolution 13**

By Order of the Board,

HO SAY KENG
Company Secretary

Kuala Lumpur
31 October 2019

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

The instrument appointing a proxy, in the case of an individual, shall be signed by the appointor or his attorney and in the case of a corporation, either under seal or under the hand of an officer or attorney duly authorised in writing. The original instrument appointing a proxy shall be deposited at the office of the appointed share registrar for the Annual General Meeting, Tricor Investor & Issuing House Services Sdn Bhd, at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than 48 hours before the time appointed for holding the meeting. For the purpose of determining a member who shall be entitled to attend the Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd, in accordance with Article 60(2) of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors as at 5 December 2019. Only a depositor whose name appears on the General Meeting Record of Depositors as at 5 December 2019 shall be entitled to attend the said meeting or appoint proxy to attend and/or vote in his stead.

Explanatory Notes to Ordinary Business –

Note A

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

Payment of Directors' Benefits

In accordance with the requirements of Section 230(1) of the Companies Act, 2016, approval of the members is sought for the payment of meeting attendance allowance (a benefit) to the Non-Executive Directors of the Company. If Resolution 7 is passed, the meeting attendance allowance will be payable for such period at the quantum specified.

Explanatory Notes to Special Business –

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

In line with Practice 4.2 of the Malaysian Code on Corporate Governance, Resolution 9 is to enable Tan Sri Datuk Dr. Aris Bin Osman @ Othman to continue serving as Independent Director of the Company to fulfil the requirements of Paragraph 3.04 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements. The justifications of the Board of Directors for recommending and supporting the resolution for his continuing in office as Independent Director are set out under the Nominating Committee Statement in the Company's Annual Report 2019. The shareholders' approval for Resolution 9 will be sought on a single-tier voting process.

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

Resolution 10 is a renewal of the general authority given to the Directors of the Company to allot and issue shares as approved by the shareholders at the Twenty-Second Annual General Meeting ("AGM") held on 12 December 2018 ("Previous Mandate").

As at the date of this Notice, the Company has not issued any new shares pursuant to the Previous Mandate which will lapse at the conclusion of this AGM.

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

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

For Resolution 11, further information on the Share Buy-Back is set out in Part A of the Statement to Shareholders dated 31 October 2019 which is despatched together with the Company's Annual Report 2019.

Resolution pertaining to the Recurrent Related Party Transactions

For Resolution 12, further information on the Recurrent Related Party Transactions is set out in Part B of the Circular to Shareholders dated 31 October 2019 which is despatched together with the Company's Annual Report 2019.

Resolution pertaining to the Adoption of New Constitution

For Resolution 13, further information on the adoption of new Constitution of the Company is set out in Part C of the Circular to Shareholders dated 31 October 2019 which is despatched together with the Company's Annual Report 2019.

Statement Accompanying Notice of Annual General Meeting

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

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

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

2. GENERAL MANDATE FOR ISSUE OF SECURITIES IN ACCORDANCE WITH PARAGRAPH 6.03(3) OF BURSA MALAYSIA SECURITIES BERHAD MAIN MARKET LISTING REQUIREMENTS

Details of the general mandate/authority for Directors to allot and issue shares in the Company pursuant to Sections 75 and 76 of the Companies Act, 2016 are set out in the Explanatory Notes to Special Business of the Notice of Twenty-Third Annual General Meeting.

Corporate Information

BOARD OF DIRECTORS

Executive Chairman

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

Managing Director

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

Directors

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

Datuk Seri Long See Wool
SMW
Bachelor of Arts (Hons) Degree, Diploma in Public Administration

Datuk Loo Took Gee
PJN, DMSM, JSM
Master Degree in Policy Science, Bachelor of Arts (Honours) Degree, Diploma in Public Administration

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

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

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

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

Dato' Mark Yeoh Seok Kah
DSSA
LLB (Hons)

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

Faiz Bin Ishak
Fellow of the Association of Chartered Certified Accountants

COMPANY SECRETARY

Ho Say Keng

REGISTERED OFFICE

11th Floor, Yeoh Tiong Lay Plaza
55 Jalan Bukit Bintang
55100 Kuala Lumpur
Tel : 603-2117 0088
603-2142 6633
Fax : 603-2141 2703

BUSINESS OFFICE

7th Floor, Yeoh Tiong Lay Plaza
55 Jalan Bukit Bintang
55100 Kuala Lumpur
Tel : 603-2117 0088
603-2142 6633
Fax : 603-2141 2703

REGISTRAR

YTL Corporation Berhad
11th Floor, Yeoh Tiong Lay Plaza
55 Jalan Bukit Bintang
55100 Kuala Lumpur
Tel : 603-2117 0088
603-2142 6633
Fax : 603 2141 2703

AUDIT COMMITTEE

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

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

Datuk Seri Long See Wool
(Independent Non-Executive Director)

NOMINATING COMMITTEE

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

Datuk Loo Took Gee
(Independent Non-Executive Director)

Faiz Bin Ishak
(Independent Non-Executive Director)

AUDITORS

PricewaterhouseCoopers PLT
(LLP0014401 - LCA & AF 1146)
Chartered Accountants
Level 10, 1 Sentral, Jalan Rakyat
Kuala Lumpur Sentral
50470 Kuala Lumpur

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
Main Market (23.5.1997)

Profile of the Board of Directors

Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, Malaysian, male, aged 65, was appointed to the Board on 18 October 1996 as an Executive Director and has been the Managing Director of the Company till 29 June 2018 when he was redesignated as Executive Chairman. Tan Sri Francis studied at Kingston University in the United Kingdom, where he obtained a Bachelor of Science (Hons) Degree in Civil Engineering and was conferred an Honorary Doctorate of Engineering in 2004. In July 2014, Tan Sri Francis was conferred an Honorary Degree of Doctor of Laws from University of Nottingham. He became the Managing Director of YTL Corporation Berhad Group in 1988 which, under his stewardship, has grown from a single listed company into a global integrated infrastructure developer, encompassing multiple listed entities ie. YTL Corporation Berhad, YTL Power International Berhad, YTL Hospitality REIT, Malayan Cement Berhad (formerly known as Lafarge Malaysia Berhad) and Starhill Global Real Estate Investment Trust.

He was the Managing Director of YTL Corporation Berhad and YTL Land & Development Berhad until 29 June 2018 when he was redesignated as Executive Chairman of these companies. He is also the Executive Chairman of Malayan Cement Berhad (formerly known as Lafarge Malaysia Berhad), which is listed on the Main Market of Bursa Malaysia Securities Berhad. He is the Executive Chairman and Managing Director of YTL e-Solutions Berhad. He is also the Chairman of YTL Starhill Global REIT Management Limited, the manager of Starhill Global Real Estate Investment Trust, a vehicle listed on the Main Board of the Singapore Exchange Securities Trading Limited (SGX-ST). Tan Sri Francis is Executive Chairman of YTL Cement Berhad and Pintar Projek Sdn Bhd, the manager for YTL Hospitality REIT. He is the Chairman of private utilities corporations, Wessex Water Services Limited in England and Wales, and YTL PowerSeraya Pte Limited in Singapore. Tan Sri Francis is also an Independent Non-Executive Director of The Hong Kong and Shanghai Banking Corporation Limited and is a director of YTL Industries Berhad. He also sits on the board of trustees of YTL Foundation. He also serves on the board of directors of Suu Foundation, a humanitarian organisation committed to improving healthcare and education in Myanmar.

He is a Founder Member of the Malaysian Business Council and The Capital Markets Advisory Council, member of The Nature Conservancy Asia Pacific Council and the Asia Business Council, Trustee of the Asia Society and Chairman for South East Asia of the International Friends of Louvre. He is also a member of the Advisory Council of London Business School, Wharton School and INSEAD. He is the first non-Italian board member of the historic Rome Opera House and helped fund its restoration to keep it from closing. He served as a member of the Barclays Asia-Pacific Advisory Committee from 2005 to 2012. Tan Sri Francis was made a board member of Global Child Forum by His Majesty King Carl XVI Gustaf in May 2016.

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

In 2006, he was awarded the Commander of the Most Excellent Order of the British Empire (CBE) by Her Majesty Queen Elizabeth II, and in 2019, received the Knight Commander of the Order of the British Empire (KBE). Tan Sri Francis received a prestigious professional accolade when made a Fellow of the Institute of Civil Engineers in London in 2008. He was the Primus Inter Pares Honouree of the 2010 Oslo Business for Peace Award, for his advocacy of socially responsible business ethics and practices. The Award was conferred by a panel of Nobel Laureates in Oslo, home of the Nobel Peace Prize. He also received the Corporate Social Responsibility Award at CNBC's 9th Asia Business Leaders Awards 2010. He received the Lifetime Achievement Award for Leadership in Regulated Industries at the 7th World Chinese Economic Summit held in London in 2015. He was also awarded the prestigious Muhammad Ali Celebrity Fight Night Award at the 2016 Celebrity Fight Night in Arizona. In 2017, he was honoured with the Kuala Lumpur Mayor's Award for Outstanding Contribution at the Kuala Lumpur Mayor Tourism Awards. This was in recognition of his efforts in the transformation of Kuala Lumpur into one of the top shopping and tourist destinations in the world. He was named CEO of the Year at the Asian Power Awards in 2017. The Japanese Government bestowed upon him the Order of the Rising Sun, Gold Rays with Rosette, in 2018 and in the same year the Italian government conferred upon him the honour of Grande Officiale of the Order of the Star of Italy.

Profile of the Board of Directors

Dato' Yeoh Seok Hong, Malaysian, male, aged 60, was appointed to the Board on 18 October 1996 as an Executive Director. Dato' was redesignated to the position of Managing Director on 29 June 2018. He serves as Executive Director of YTL Corporation Berhad and Malayan Cement Berhad (formerly known as Lafarge Malaysia Berhad), both listed on the Main Market of Bursa Malaysia Securities Berhad. 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 and serves as the Managing Director of Syarikat Pembenaan Yeoh Tiong Lay Sdn Bhd, the YTL Group's flagship construction arm. 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) network by YTL Communications Sdn Bhd, where he serves as the Managing Director. Dato' Yeoh Seok Hong sits on the boards of other public companies such as YTL Cement Berhad, YTL Land & Development Berhad and YTL Industries Berhad, and private utilities corporations, Wessex Water Limited and Wessex Water Services Limited in England and Wales and YTL PowerSeraya Pte Limited in Singapore. He also sits on the board of trustees of YTL Foundation.

Tan Sri Datuk Dr. Aris Bin Osman @ Othman, Malaysian, male, aged 75, was appointed to the Board on 12 June 2006 as an Independent Non-Executive Director. He is also the Chairman of the Nominating Committee and a member of the Audit Committee. Tan Sri Datuk Dr. Aris holds a PhD in Development Economics and a MA in Political Economy from Boston University, a MA in Development Economics from Williams College, Massachusetts, U.S.A., and a Bachelor of Arts (Hons) in Analytical Economics from University of Malaya.

Tan Sri Datuk Dr. Aris had served in various positions in the Economic Planning Unit, Prime Minister's Department from 1966 to 1986. He was seconded to Bank Bumiputra Malaysia Berhad (now known as CIMB Bank Berhad), Kuala Lumpur as Chief General Manager (Corporate Planning, Financial Subsidiaries, Treasury, Human Resources) from 1986 to 1989. From 1989 to 1999, Tan Sri Datuk Dr. Aris was with the Ministry of Finance during which he served as Executive Director (South-East Asia Group) of the World Bank, Washington D.C. from 1991 to 1994 and Secretary General to the Treasury from 1998 to mid-1999. This was followed by an illustrious career in banking where he held the positions of Executive Chairman and Managing Director/Chief Executive Officer of Bank Pembangunan dan Infrastruktur Malaysia Berhad. He was the Chairman of Malaysia Airports Holdings Berhad until his retirement in June 2012. He retired from his positions as director of AMMB Holdings Berhad and AmInvestment Bank Berhad in August 2015. He is currently a member of the board of trustees of YTL Foundation.

Datuk Seri Long See Wool, Malaysian, male, aged 64, was appointed to the Board on 28 December 2018 as an Independent Non-Executive Director. He is also a member of the Audit Committee. He graduated with a Bachelor of Arts (Hons) Degree from University of Malaya and holds a Diploma in Public Administration from the National Institute of Public Administration (INTAN).

Datuk Seri Long See Wool served more than 34 years in the Ministry of Transport ("MOT") where he specialised in aviation. During his time with MOT, he served as Assistant Secretary (Air Transport) and Principal Assistant Secretary (Airport Development) of Aviation division, MOT. He was subsequently appointed as Under Secretary of the Aviation Division, MOT from 16 May 2002 to 1 November 2006 and was appointed as the Deputy Secretary-General (Planning). He was the Secretary-General of MOT before his retirement in November 2014.

He was involved in the bilateral and multilateral negotiations of air traffic rights, planning and development of public transport infrastructure and air transport economics.

He has been a commissioner of Malaysia Aviation Commission ("MAVCOM") since 2016. He is the chairman of the Licensing and Air Traffic Rights Committee, and a member of the Consumer Protection Committee and Competition and Economics Committee, all of which are held under MAVCOM.

Profile of the Board of Directors

Datuk Loo Took Gee, Malaysian, female, aged 62, was appointed to the Board on 28 December 2018 as an Independent Non-Executive Director. She is also a member of Nominating Committee. She holds a Master Degree in Policy Science from Saitama University, Japan, a postgraduate Diploma in Public Administration from National Institute of Public Administration (INTAN) and Bachelor of Arts (Honours) Degree from University of Malaya.

Datuk Loo Took Gee served the Federal Government of Malaysia for 37 years as an officer of the Administrative and Diplomatic Service (ADS). She was appointed as the Secretary-General of the Ministry of Energy, Green Technology and Water, Malaysia, from 1 August 2010 until her retirement on 4 August 2016. Subsequently, she was appointed as the Advisor to Minister of Energy, Green Technology and Water, Malaysia, for one year from 1 September 2016 until 30 September 2017. One of her principal tasks as the Advisor was her secondment to Astana, Kazakhstan to take charge of the Malaysia Pavilion at the Future Energy Expo from June 2017.

Her previous positions include Deputy Secretary-General (2), Ministry of Energy, Water and Communications, Malaysia from 9 April 2007 to July 2010; Undersecretary (International and Sustainable Energy), Energy Division, Ministry of Energy, Water and Communications, Malaysia from 1 January 2006 to 8 April 2007; Undersecretary (Policy and Industry Development), Energy Division, Ministry of Energy, Water and Communications, Malaysia from August 2002 to 31 December 2005; Principal Assistant Secretary (Energy), Ministry of Energy, Communications and Multimedia, Malaysia from October 1999 to August 2002; Principal Assistant Secretary, Ministry of Works, Malaysia from November 1990 to October 1999; Principal Assistant Director, Public Services Department, Malaysia from February 1983 to September 1988; and Assistant Director, Public Services Department, Malaysia from November 1979 to February 1983.

She is a board member of Media Prima Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad. She is the Chairman of Primeworks Studios Sdn Bhd, a subsidiary of Media Prima Berhad, and sits on the boards of a few private companies.

Dato' Yeoh Seok Kian, Malaysian, male, aged 62, was appointed to the Board on 21 October 1996 as an Executive Director. He graduated from Heriot-Watt University, Edinburgh, United Kingdom in 1981 with a Bachelor of Science (Hons) Degree in Building and was conferred an Honorary Degree of Doctor of the University in 2017. He attended the Advance Management Programme conducted by Wharton Business School, University of Pennsylvania in 1984. Dato' Yeoh is a Fellow of the Faculty of Building, United Kingdom as well as a Member of the Chartered Institute of Building (UK). He served as Deputy Managing Director of YTL Corporation Berhad, which is listed on the Main Market of Bursa Malaysia Securities Berhad and Executive Director of YTL Land & Development Berhad, until 29 June 2018 when he was redesignated as Managing Director of these companies. He is also an Executive Director of Malayan Cement Berhad (formerly known as Lafarge Malaysia Berhad), which is listed on the Main Market of Bursa Malaysia Securities Berhad. He is also an Executive Director of Pintar Projek Sdn Bhd, the manager of YTL Hospitality REIT. Dato' Yeoh Seok Kian also sits on the boards of other public companies such as YTL Cement Berhad, YTL Industries Berhad and The Kuala Lumpur Performing Arts Centre, and private utilities corporations, Wessex Water Limited in England and Wales, YTL PowerSeraya Pte Limited in Singapore, as well as YTL Starhill Global REIT Management Limited, the manager of Starhill Global Real Estate Investment Trust, a vehicle listed on the Main Board of the Singapore Exchange Securities Trading Limited (SGX-ST).

Dato' Yeoh Soo Min, Malaysian, female, aged 63, has been 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 gained vast experience in accounting and management. She was responsible for the setting up of the Travel and Accounting Division of the YTL Group in December 1990. Dato' Yeoh Soo Min is currently responsible for the accounting and finance systems for the YTL Group. She is a member of The Court Of Emeritus Fellows of the Malaysian Institute of Management and Life Member of the Women's Institute of Management, Malaysia. Dato' Yeoh Soo Min is a member of the Advisory Council for Action Learning, Asia School of Business, and also sits on the board of trustees of Asia School of Business Trust Fund. She is currently an Honorary Fellow of the Governors of International Students House, London, and Sir Thomas Pope, Trinity College, University of Oxford, UK, and member of the Vice-Chancellor's Circle of University of Oxford, UK. She is also a Trustee of Yayasan Tuanku Fauziah, IJN Foundation

Profile of the Board of Directors

and Women's Leadership Centre, University Kebangsaan Malaysia. She also holds directorships in YTL Corporation Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad and YTL Industries Berhad. She also sits on the board of trustees of YTL Foundation.

Dato' Sri Michael Yeoh Sock Siong, Malaysian, male, aged 59, 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 Managing Director of Malayan Cement Berhad (formerly known as Lafarge Malaysia Berhad) and Executive Director of YTL Corporation Berhad, both listed on the Main Market of Bursa Malaysia Securities Berhad, and Managing Director of YTL Cement Berhad. He also sits on the boards of other public companies such as YTL Land & Development Berhad, YTL e-Solutions Berhad, YTL Industries Berhad, Kedah Cement Holdings Berhad and a private utilities corporation, YTL PowerSeraya Pte Limited in Singapore.

Dato' Yeoh Soo Keng, Malaysian, female, aged 56, was appointed to the Board on 2 June 1997 as an Executive Director. She graduated with a Bachelor of Science (Hons) in Civil Engineering from Leeds University, United Kingdom in 1985. She started her career as the project director for the construction of the British High Commissioner's residence, Kuala Lumpur; the Design & Build of the National Art Gallery in Kuala Lumpur and the Selangor Medical Centre in Shah Alam. She was also in charge of a few turnkey projects such as the construction and completion of Yeoh Tiong Lay Plaza, Pahang Cement plant in Pahang and Slag Cement plants in Selangor and Johor. She heads the sales and marketing of the mobile internet of YTL Communications Sdn Bhd. She is also the purchasing director responsible for bulk purchases of building materials and related items for construction, hotels and resorts, and property development divisions of the YTL Group. She is instrumental in the sales and marketing of cement and related products for YTL Cement Berhad and Perak-Hanjoong Simen Sdn Bhd. She was the Chairman of Cement and Concrete Association from year 2013 to 2015. She is also a director of YTL Corporation Berhad and Malayan Cement Berhad (formerly known as Lafarge Malaysia Berhad), both listed on the Main Market of Bursa Malaysia Securities Berhad, YTL e-Solutions Berhad, YTL Cement Berhad and Kedah Cement Holdings Berhad. She is actively engaged in community work and is currently President of the Federal Territory Kuala Lumpur Branch of the Girl Guides Association Malaysia, and member of the boards of the World Scout Foundation and YTL Foundation.

Dato' Mark Yeoh Seok Kah, Malaysian, male, aged 54, 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, which is listed on the Main Market of Bursa Malaysia Securities Berhad. He is also an Executive Director and Chief Executive Director of Pintar Projek Sdn Bhd, the manager of YTL Hospitality REIT. He is a board member of YTL Land & Development Berhad, YTL Cement Berhad and private utilities corporations, Wessex Water Limited and Wessex Water Services Limited in England and Wales, and YTL PowerSeraya Pte Limited in Singapore.

Syed Abdullah Bin Syed Abd. Kadir, Malaysian, male, aged 65, was appointed to the Board on 18 February 1997 as an Executive Director. He graduated from the University of Birmingham in 1977 with a Bachelor of Science (Engineering Production) and a Bachelor of Commerce (Economics) Double Degree. He has extensive experience in banking and financial services, having been with Bumiputra Merchant Bankers Berhad from 1984 to 1994, holding the position of general manager immediately prior to his departure from the bank. Prior to joining YTL Corporation Berhad Group, he was, from November 1994 to February 1996, the general manager of Amanah Capital Partners Berhad (now known as MIDF Amanah Capital Berhad), a company which has interests in, inter alia, discount, money broking, unit trusts, finance and fund management operations. He currently also serves on the boards of YTL Corporation Berhad which is listed on Bursa Malaysia Securities Berhad, and YTL e-Solutions Berhad.

Profile of the Board of Directors

Faiz Bin Ishak, Malaysian, male, aged 61, was appointed to the Board on 26 November 2015 as an Independent Non-Executive Director. He is also the Chairman of Audit Committee and a member of Nominating Committee. He became a graduate member of the Association of Chartered Certified Accountants (ACCA), United Kingdom, in 1982. He was admitted to Associateship and Fellowship of ACCA in 1993 and 1999, respectively.

He served in various roles related to finance in The New Straits Times Press (M) Berhad ("NSTP") from 1982 and his last appointment with NSTP was as Managing Director, which he held from 1999 to 2003. He joined Commerce Assurance Berhad (a licensed general insurance underwriter, now part of Allianz General Insurance Berhad) as Executive Director in 2003 and assumed the role of Chief Executive Officer from 2006 to 2007. He presently serves on the board of YTL Corporation Berhad which is listed on the Main Market of Bursa Malaysia Securities Berhad. He is also an entrepreneur in the retail food and beverages industry.

DETAILS OF ATTENDANCE OF DIRECTORS AT BOARD MEETINGS

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

	Attendance
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping	5
Dato' Yeoh Seok Hong	5
Tan Sri Datuk Dr. Aris Bin Osman @ Othman	5
Datuk Seri Long See Wool *(appointed on 28 December 2018)*	2
Datuk Loo Took Gee *(appointed on 28 December 2018)*	2
Dato' Yeoh Seok Kian	5
Dato' Yeoh Soo Min	5
Dato' Sri Michael Yeoh Sock Siong	5
Dato' Yeoh Soo Keng	4
Dato' Mark Yeoh Seok Kah	5
Syed Abdullah Bin Syed Abd. Kadir	4
Faiz Bin Ishak	4

Notes:

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

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

3. **Conviction of Offences (other than traffic offences)**
   None of the Directors has been convicted of any offences within the past five (5) years.

4. **Public Sanction or Penalty imposed**
   None of the Directors has been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

Profile of Key Senior Management

Colin Frank Skellett, British, male, aged 74, was appointed to the board of directors of Wessex Water Services Limited on 1 September 1988.

Colin is a chartered chemist and engineer by training. He has been working in the water industry for more than 45 years, holding a number of positions in the management and control of both water supply and sewage treatment.

He joined Wessex Water in 1974 and was appointed its Chief Executive in 1988. Colin oversaw the move from the public to the private sector and the transformation of Wessex Water into a highly rated UK public limited company.

Colin is currently Group Chief Executive of Wessex Water, Chairman of The Gainsborough Bath Spa Hotel and Thermae Bath Spa, non-executive Chairman of European Connoisseurs Travel and Chair of Merchants' Academy secondary school. He recently chaired the Bath Abbey Appeal Board and is also the chair of the new YTL Land and Property UK business.

Colin was awarded an OBE for services to business and WaterAid in the 2012 Queen's Birthday Honours and has an Honorary Doctorate in Engineering from the University of the West of England, awarded in 2015. He was also awarded an Honorary Doctorate in Engineering from Bristol University in February 2019.

John Ng Peng Wah, Singaporean, male, aged 60, was appointed to the board of directors and the Chief Executive Officer of YTL PowerSeraya Pte Limited ("YTL PowerSeraya") on 15 January 2019. He holds a Bachelor of Mechanical Engineering degree from Nanyang Technological Institute in Singapore, a Master of Science in Systems Engineering from National University of Singapore and a Master of Science in Material Science from Carnegie Mellon University, USA.

He joined the Public Utilities Board, which was established by the Singapore Government to be sole supplier of electricity, gas and water in Singapore, as an Engineer in 1985 and transitioned with the company following the restructuring of the Public Utilities Board which resulted in the creation of various entities, including YTL PowerSeraya. He was promoted to Deputy General Manager (Business) in 2001 and Senior Vice President (Retail & Regulation) in 2004 before assuming the position of Chief Executive Officer in 2009. He left YTL PowerSeraya in 2013, taking on the role of Chief Executive Officer of Singapore LNG Corporation Pte Ltd.

In January 2019, he re-joined YTL PowerSeraya as the Chief Executive Officer. He is currently the Chairman of the Workplace Safety and Health Council, as well as Vice-President of the Singapore National Employers Federation (SNEF) Board. He also serves as a board member of the Public Utilities Board and the Energy Studies Institute.

Lee Wing Kui, American, male, aged 52, was appointed the Chief Executive Officer of YTL Communications Sdn Bhd ("YTL Communications") on 1 November 2009 and subsequently appointed as a member of the board of directors of YTL Communications on 3 March 2011.

As the CEO of YTL Communications, Wing maximises his expertise in innovative product development with a deep understanding of communications and internet technologies to deliver affordable, world-class quality products and services that improve the way people in Malaysia live, learn, work and play.

Prior to joining YTL Communications, Wing led next-generation mobile internet product development at Clearwire in the United States. Earlier, he spent 15 years at Sprint Nextel, where he held senior management positions leading product development, led Sprint's Innovation Program, and spearheaded IT Architecture for the launch of the first nationwide wireless data network in the United States.

Wing holds 33 U.S. patents in wireless and distributed systems and was recognised as the Asian American Engineer of the Year during the 2002 U.S. National Engineers Week.

A graduate of the University of Texas at Austin, Wing also holds an Executive Certificate in Management and Leadership from MIT's Sloan School of Management.

Notes:

None of the Key Senior Management has –

- any directorship in public companies and/or listed issuers;
- any family relationship with any Director and/or major shareholder of the Company;
- any conflict of interest with the Company;
- been convicted of any offences (other than traffic offences) within the past five (5) years; and
- been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

Statement of Directors' Responsibilities

The Directors are required by the Companies Act, 2016 ("the Act") and the Bursa Malaysia Securities Berhad Main Market Listing Requirements ("Listing Requirements") to prepare financial statements for each financial year which give a true and fair view of the financial position of the Group and of the Company as at the end of the financial year and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

In preparing the financial statements for the financial year ended 30 June 2019, the Directors have:

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

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

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

Audit Committee Report

COMPOSITION

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

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

Datuk Seri Long See Wool (appointed on 28 December 2019)
(Member/Independent Non-Executive Director)

TERMS OF REFERENCE

The terms of reference of the Audit Committee can be found under the "Governance" section on the Company's website at www.ytlpowerinternational.com.

NUMBER OF MEETINGS HELD AND DETAILS OF ATTENDANCE

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

	Attendance
Faiz Bin Ishak	5
Tan Sri Datuk Dr. Aris Bin Osman @ Othman	5
Datuk Seri Long See Wool	2

SUMMARY OF WORK CARRIED OUT DURING FINANCIAL YEAR

The Audit Committee carried out the following work during the financial year ended 30 June 2019 in the discharge of its functions and duties:-

1. Overseeing Financial Reporting

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

- Quarterly financial results for the fourth quarter of financial year ended 30 June 2018, and the annual audited financial statements for the financial year ended 30 June 2018 at the Audit Committee meetings held on 29 August 2018 and 27 September 2018, respectively;
- First, second and third quarters of the quarterly results for the financial year ended 30 June 2019 at the Audit Committee meetings held on 23 November 2018, 27 February 2019 and 30 May 2019, respectively.

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

- Appropriate accounting policies had been adopted and applied consistently, and other statutory and regulatory requirements had been complied with;
- The Company has adequate resources to continue in operation for the foreseeable future and that there are no material uncertainties that could lead to significant doubt as to the Group's ability to continue as a going concern;
- Significant judgements made by management in respect of matters such as impairment assessment on goodwill, investment, property, plant and equipment and trade receivables, capitalisation policy of infrastructure assets in property, plant and equipment and post-employment benefit obligations and the underlying assumptions and/or estimates used were reasonable and appropriate in accordance with the requirements of the Malaysian Financial Reporting Standards ("MFRS");
- Adequate processes and controls were in place for effective and efficient financial reporting and disclosures under the MFRS and Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("Main LR");

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

2. External Audit

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

- their status report, and final report on the audit of the financial statements for financial year ended 30 June 2018 setting out their comments and conclusions on the significant audit and accounting matters highlighted and adequacy of disclosures in the financial statements. The review also covered the report on the IT General Controls review conducted on YTL Communications Sdn Bhd and an update on the prior financial year's findings, and internal control matters highlighted by the external auditors that arose during the course of their audit;

- the audit plan for the financial year ended 30 June 2019 outlining, amongst others, their scope of work, areas of audit emphasis, multi-location audit, and development in laws and regulations affecting financial reporting and the roles and responsibilities of directors/audit committee members and auditors.

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

(c) Had discussions with PwC twice on 29 August 2018 and 27 September 2018, without the presence of management, to apprise on matters in regard to the audit and financial statements. The Audit Committee also enquired about the assistance and co-operation given by management to PwC.

(d) Reviewed the profiles of the audit engagement team from PwC Malaysia, specialised audit support (taxation, advisory, and IT risk assurance), and component auditors from Singapore, Indonesia and Jordan to assess their qualifications, expertise, resources, and independence, as well as the effectiveness of the audit process. PwC also provided written confirmation of their independence in all of the reports presented to the Audit Committee.

The Audit Committee also reviewed on a regular basis, the nature and extent of the non-audit services provided by PwC and was satisfied with the suitability, performance, independence and objectivity of PwC.

(e) Assessed performance of PwC for the financial year ended 30 June 2018 and recommended to the Board of Directors that shareholders' approval be sought for PwC's re-appointment at the annual general meeting held on 12 December 2018.

3. Internal Audit

(a) Reviewed with the internal auditors the internal audit reports (including follow-up review reports), the audit findings and recommendations, management's responses and/or actions taken thereto and ensured that material findings were satisfactorily addressed by management. Also took note of the salient findings set out in the internal audit reports reviewed by the audit committees of Wessex Water Limited group and YTL PowerSeraya Pte Limited group;

(b) Reviewed and adopted the internal audit risk analysis reports for 2019. Internal audit would leverage on the Group's risk analysis to focus on the business processes and relevant areas that address the key risks identified. Also received reports from the risk management committee of YTL PowerSeraya Pte Limited which included the risk register update. Risk management and internal control reports of the significant associated corporations, P.T. Jawa Power and ElectraNet Pty Ltd were also submitted to the Audit Committee;

(c) Reviewed and adopted the risk-based internal audit plan for financial year ending 30 June 2020 to ensure sufficient scope and coverage of activities of the Company and the Group;

(d) Reviewed internal audit resourcing, with focus on ensuring that the function has sufficient resources together with the right calibre of personnel to perform effectively and that the head of internal audit has adequate authority to discharge his functions objectively and independently.

Audit Committee Report

4. **Recurrent Related Party Transactions of a Revenue or Trading Nature ("RRPT")**

   (a) Reviewed, on a quarterly basis, the RRPT entered into by the Company and/or its subsidiaries with related parties to ensure that the Group's internal policies and procedures governing RRPT are adhered to, the terms of the shareholder mandate are not contravened, and disclosure requirements of the Main LR are observed;

   (b) Received updates on the directorships and shareholdings held by the Directors of the Company and persons connected with them via the general notices given under and in accordance with Section 221 of the Companies Act, 2016. These disclosures enabled an assessment of the potential or actual conflicts of interest which may arise in relation to related party transactions or RRPT;

   (c) Reviewed the 2018 circular to shareholders in relation to the renewal of shareholder mandate for RRPT and new shareholder mandate for additional RRPT, prior to its recommendation to the Board of Directors for approval.

5. **Policy on Auditor Independence**

   (a) Reviewed the Policy on Auditor Independence including the 'External Auditor Evaluation Form' to assess the suitability, objectivity and independence of the external auditors as recommended under the Malaysian Code on Corporate Governance ("MCCG"), prior to its recommendation to the Board of Directors for adoption.

6. **Annual Report**

   (a) Reviewed the Audit Committee Report, and Statement on Risk Management and Internal Control before recommending these to the Board of Directors for approval for inclusion in 2018 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 MCCG, the IA is in charge of supervising internal control activities. IA's goal is to focus mainly on risk-based audits related to operations and compliance that are aligned with the risks of the Company and the Group to ensure that the relevant controls addressing those risks are reviewed.

During the year, the IA Department evaluated the adequacy and effectiveness of key controls in responding to risks within the organisation's governance, operations and information systems regarding:-

- Reliability and integrity of financial and operational information;
- Effectiveness and efficiency of operations;
- Safeguarding of assets; and
- Compliance with relevant laws, regulations and contractual obligations.

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

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

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

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

4. Presented significant audit findings and areas for improvements raised by the IA to the Audit Committee for consideration on the recommended corrective measures together with the management's response.

5. Conducted recurrent related party transactions reviews to assess accuracy and completeness of reporting for presentation to the Audit Committee, and ensure compliance with the Main LR.

6. Conducted discussions with management in identifying significant concerns and risk areas perceived by management for inclusion in the internal audit plan.

Costs amounting to RM1,805,243 were incurred in relation to the internal audit function for the financial year ended 30 June 2019.

Nominating Committee Statement

for the financial year ended 30 June 2019

NOMINATING COMMITTEE ("NC")

The NC assists the Board of Directors of YTL Power International Berhad (the "Company") ("Board") in discharging its responsibilities by overseeing the selection and assessment of Directors to ensure that the composition of the Board meets the needs of the Company and its subsidiaries ("YTL Power Group").

The terms of reference of the NC can be found under the "Governance" section on the Company's website at www.ytlpowerinternational.com.

Members of the NC are as follows:-

- Tan Sri Datuk Dr. Aris Bin Osman @ Othman *(Chairman)*
- Datuk Loo Took Gee (appointed on 28 December 2018)
- Encik Faiz Bin Ishak

The NC met three times during financial year ended 30 June 2019.

ACTIVITIES OF THE NC FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

(a) Board nomination and election process and criteria used

The NC is responsible for considering and making recommendations to the Board candidates for directorship when the need arises such as to fill a vacancy arising from resignation or retirement or to close any skills, competencies, experience or diversity gap that has been identified. Candidates may be proposed by the Managing Director or any Director or shareholder and must fulfil the requirements prescribed under the relevant laws and regulations for appointment as director. In assessing the suitability of a candidate, the NC will take into consideration a number of factors including but not limited to the candidate's skills, knowledge, expertise, competence and experience, time commitment, character, professionalism and integrity. For the position of independent non-executive director, the NC will evaluate the candidate's ability to discharge such responsibilities as expected from an independent non-executive director.

i. Review of Directors proposed for appointment or redesignation

Following the resignation of Dato' Yusli Bin Mohamed Yusoff and Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng on 6 September 2018 and 1 October 2018 respectively, the NC was tasked with assessing and recommending to the Board the appointment/redesignation of new/existing independent directors to fulfil the requirements of Paragraphs 15.02(1), 15.09(1)(a) and 15.10 of Bursa Malaysia Securities Berhad Main Market Listing Requirements ("Main LR") and the minimum number of members set out in the NC's terms of reference.

To assist in identifying whether additional skills and competencies required representation on the Board as a result of the vacancies created, a summary of the Board composition and its balance of skills, knowledge, experience and diversity was reviewed. Several potential candidates were considered and it was suggested as follows:-

(a) Encik Faiz Bin Ishak's name be put forward to the NC for evaluation on his suitability to fill the vacancy in the NC and redesignate him as chairman of the Audit Committee ("AC")("Appointment/Redesignation").

(b) Datuk Seri Long See Wool and Datuk Loo Took Gee's name be put forward to the NC for evaluation on their suitability to fill the vacancies in the Board and Board Committee(s).

The NC evaluated their background, knowledge, experience, skills, and external appointments and the associated time commitments of these roles to ensure that they would not impact their commitment to the Company. As Encik Faiz Bin Ishak is also a member of the AC, the NC already has some insights into his character, integrity and attributes and whether he would be a right fit to and complement the Board Committees. The NC was also assured of Datuk Seri Long See Wool and Datuk Loo Took Gee's independence through a signed confirmation of their fulfilment of the criteria for an independent director as prescribed in the

Nominating Committee Statement

for the financial year ended 30 June 2019

Main LR. Having completed these processes, the NC was confident that Datuk Seri Long See Wool, Datuk Loo Took Gee and Encik Faiz Bin Ishak will contribute positively to the work of the Board/Board Committee(s) and recommended Encik Faiz Bin Ishak's Appointment/Redesignation and the candidacies of Datuk Seri Long See Wool and Datuk Loo Took Gee to the Board.

ii. Review of Directors proposed for re-election

In accordance with Article 84 of the Company's Constitution ("Article 84"), Directors are to be elected at every annual general meeting when one-third of the Directors longest in office shall retire, subject always to the requirement that all Directors shall retire from office once at least in each three years, and if eligible, may offer themselves for re-election.

Further, a director who was appointed during the year to fill a casual vacancy is required under Article 90 of the Company's Constitution ("Article 90"), to retire from office, and if eligible, may offer himself/herself for re-election.

In June 2019, based on the results of the assessment undertaken for the financial year, the NC resolved to recommend to the Board that:-

- Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, Tuan Syed Abdullah Bin Syed Abd. Kadir and Encik Faiz Bin Ishak who are due to retire pursuant to Article 84 at the Twenty-Third Annual General of the Company ("AGM"), stand for re-election;
- Datuk Seri Long See Wool and Datuk Loo Took Gee, who are due to retire pursuant to Article 90 at the AGM, stand for re-election.

Both Datuk Loo Took Gee and Encik Faiz Bin Ishak abstained from deliberations at the NC meeting on their own re-election.

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

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

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

The Board is of the view that there are significant advantages to be gained from Tan Sri Datuk Dr. Aris Bin Osman @ Othman who has served on the Board for more than 12 years as he possesses 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.

Tan Sri Datuk Dr. Aris Bin Osman @ Othman abstained from deliberation at the NC meeting on his continuing in office as Independent Non-Executive Director.

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

(b) Annual assessment

In May 2019, the annual assessment of the effectiveness of the Board as a whole, the Board Committees and individual Directors was carried out with the objectives of assessing whether the Board and the Board Committees, as well as the Directors have effectively performed its/their roles and fulfilled its/their responsibilities, and devoted sufficient time commitment to the Company's affairs; and to recommend areas for improvement. The assessment exercise was facilitated by the Company Secretary and took the form of completion of questionnaires/evaluation forms.

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

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

Results of the assessment were summarised and discussed at the NC meeting held in June 2019 and reported to the Board by the Chairman of the NC. No evident weakness or shortcoming was identified which require mitigating measure. The Board and the Board Committees continue to operate effectively and that the performance of the Directors and the time commitment in discharging their duties as Directors of the Company for the year ended 30 June 2019 were satisfactory. These results form the basis of the NC's recommendations to the Board for the re-election of Directors at the AGM.

(c) Review of the NC Statement for financial year ended 30 June 2018

The NC Statement was reviewed by the NC prior to its recommendation to the Board for approval for inclusion in 2018 Annual Report.

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

The NC reviewed and revised the evaluation criteria in the assessment forms to ensure consistency with the Malaysian Code on Corporate Governance ("MCCG") and the Main LR.

POLICY ON BOARD COMPOSITION

As the Board's overriding aim is to maintain a strong and effective Board, it seeks to ensure that all appointments are made on merit, taking into account the collective balance of elements such as skills, experience, age, gender, ethnicity, background and perspective. The Board recognises the importance of encouraging and developing female talent at all levels. Currently, three of the Company's Directors are women and they make up 25% 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, including an ongoing assessment of board composition to have a majority of independent directors and at least 30% women directors as recommended under Practice 4.1 and Practice 4.5 of MCCG respectively, while at the same time seeking Board members of the highest calibre, and with the necessary strength, experience and skills to meet the needs of the Company.

INDUCTION, TRAINING AND DEVELOPMENT OF DIRECTORS

Upon joining the Board, a newly appointed Director will be given an induction pack containing the Company's annual report, Constitution, and schedule of meetings of the Board and Committee (if the Director is also a Committee member) which will serve as an initial introduction to the YTL Power Group as well as an ongoing reference. Visits to the YTL Power Group's operational sites and meetings with senior management may also be arranged as practicable and appropriate.

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.

Nominating Committee Statement

for the financial year ended 30 June 2019

During the financial year ended 30 June 2019, the following three in-house training programmes were organised for the Directors:

- YTL Leadership Conference 2018;
- Evolving Expectations for Board;
- Directors Guide to Risk Maturity Frameworks.

All the Directors have undergone training programmes during the financial year ended 30 June 2019. The conferences, seminars and training programmes attended by one or more of the Directors covered the following areas:-

Seminars/Conferences/Training	Attended by
Corporate Governance ("CG")/Risk Management & Internal Controls/Legal	
• Independent Directors' Programme "The Essence of Independence" (29 October 2018)	Tan Sri Datuk Dr. Aris Bin Osman @ Othman
• Evolving Expectations for Board (11 March 2019)	Tan Sri Dato' (Dr) Francis Yeoh Sock Ping Datuk Seri Long See Wool Datuk Loo Took Gee Dato' Sri Michael Yeoh Sock Siong Dato' Yeoh Soo Keng Dato' Mark Yeoh Seok Kah Encik Faiz Bin Ishak
• Audit Committee Institute (ACI) Breakfast Roundtable 2019 – (1) Evolving Global and Local Landscape of Anti-Money Laundering & Sanction – Should I be concerned? & (2) Tax Risk Management and Board Responsibility (3 April 2019)	Tan Sri Datuk Dr. Aris Bin Osman @ Othman
• Directors Guide to Risk Maturity Frameworks (9 April 2019)	Tan Sri Dato' (Dr) Francis Yeoh Sock Ping Datuk Seri Long See Wool Datuk Loo Took Gee Dato' Sri Michael Yeoh Sock Siong Dato' Yeoh Soo Keng Dato' Mark Yeoh Seok Kah Tuan Syed Abdullah Bin Syed Abd. Kadir Encik Faiz Bin Ishak
• MIA's Engagement Session with Audit Committee Members on Integrated Reporting (30 April 2019)	Tan Sri Datuk Dr. Aris Bin Osman @ Othman
• CG Advocacy Programme – Cyber Security in the Boardroom: "Accelerating from Acceptance to Action" (27 June 2019)	Tan Sri Datuk Dr. Aris Bin Osman @ Othman Datuk Loo Took Gee

Nominating Committee Statement
for the financial year ended 30 June 2019

Seminars/Conferences/Training	Attended by
Trade/Economic Development/Technology/ Sustainability	
• 36th JAMECA-MAJECA Joint Conference – Moving towards a renewed Japan-Malaysia Collaboration in High-Technology for the Digital Economy (6 November 2018)	Dato' Yeoh Seok Kian
• Reimagining Southeast Asia 2018 Forum (29 November 2018)	Dato' Yeoh Soo Min
• Bursa Malaysia Breakfast Series: "Non-Financials – Does It Matter?" (5 December 2018)	Tan Sri Datuk Dr. Aris Bin Osman @ Othman Dato' Yeoh Soo Min Tuan Syed Abdullah Bin Syed Abd. Kadir
• Ring the Bell for Gender Equality 2019 – Empower Women for Sustainable Results (14 March 2019)	Datuk Loo Took Gee
Leadership, Corporate Social Responsibility and Business Management	
• Plasticity Malaysia, the Plastic Circular Economics Conference (25 October 2018)	Dato' Yeoh Soo Min
• YTL Leadership Conference 2018 (2 November 2018)	Tan Sri Dato' (Dr) Francis Yeoh Sock Ping Tan Sri Datuk Dr. Aris Bin Osman @ Othman 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 Tuan Syed Abdullah Bin Syed Abd. Kadir
• Leaps of Knowledge – Power Up! (29 November 2018)	Dato' Yeoh Soo Min

Corporate Governance Overview Statement

for the financial year ended 30 June 2019

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

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

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

An overview of the Board's implementation of the practices set out in the Code during the financial year ended 30 June 2019 is detailed in this statement, together with targeted timeframes for measures expected to be implemented in the near future, where applicable. The Company's Corporate Governance Report ("CG Report") for the financial year ended 30 June 2019 is available at the Company's website at www.ytlpowerinternational.com and has been released via the website of Bursa Securities at www.bursamalaysia.com in conjunction with the Annual Report.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

Responsibilities of the Board

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

Key elements of the Board's stewardship responsibilities include:

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

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

There is a balance of power, authority and accountability between the Executive Chairman, Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, and the Managing Director, Dato' Yeoh Seok Hong, with a clear division of responsibility between the running of the Board and the Company's business respectively. The positions of Executive Chairman and Managing Director are separate and clearly defined, and are held by different members of the Board.

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

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

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

The roles of Executive and Non-Executive Directors are differentiated, both having fiduciary duties towards shareholders. Executive Directors have a direct responsibility for business operations whereas Non-Executive Directors have the necessary skill and experience to bring an independent judgment to bear on issues of strategy, performance and resources brought before the Board. The Executive Directors are collectively accountable for the running and management of the YTL Power Group's operations and for ensuring that strategies are fully discussed and examined, and take account of the long-term interests of shareholders, employees, customers, suppliers and the many communities in which the YTL Power Group conducts its business.

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

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

Board Meetings and Procedures

Board meetings are scheduled with due notice in advance at least 5 times in a year in order to review and approve the annual and interim financial results. Additional meetings may also be convened on an ad-hoc basis when significant issues arise relating to the YTL Power Group and when necessary to review the progress of its operating subsidiaries in achieving their strategic goals. The Board met 5 times during the financial year ended 30 June 2019.

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

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

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

Corporate Governance Overview Statement

for the financial year ended 30 June 2019

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

Company Secretary

The Board is supported by a professionally qualified and competent Company Secretary. The Company Secretary, Ms Ho Say Keng, is a Fellow of the Chartered Association of Certified Accountants, a registered member of the Malaysian Institute of Accountants and an affiliate member of the Malaysian Institute of Chartered Secretaries and Administrators, and is qualified to act as Company Secretary under Section 235(2)(a) of the Companies Act 2016.

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

During the financial year under review, the Company Secretary attended training, seminars and regulatory briefings and updates relevant for the effective discharge of her duties. The Company Secretary also carried out an ongoing review of existing practices in comparison with the new measures introduced in the Code.

Board Charter

The Board's functions are governed and regulated by its Charter, the Constitution of the Company and the various applicable legislation, Listing Requirements and other regulations and codes. The Board's Charter was formalised during the financial year ended 30 June 2014 and a copy can be found under the "Governance" section on the Company's website at www.ytlpowerinternational.com. The Board Charter clearly sets out the role and responsibilities of the Board, Board committees, Directors and Management and the issues and decisions reserved for the Board. The Board Charter is reviewed and updated periodically when necessary.

Business Conduct and Ethics

The Directors observe and adhere to the Code of Ethics for Company Directors established by the Companies Commission of Malaysia, which encompasses the formulation of corporate accountability standards in order to establish an ethical corporate environment. YTL Power has an established track record for good governance and ethical conduct and is also guided by the corporate culture of its parent company, YTL Corporation Berhad ("YTL Corp"). During the financial year under review, the Code of Conduct and Ethics, which also sets out the whistleblowing policy and procedures, was formalised by the YTL Group of Companies and a copy can be found on the Company's website at www.ytlpowerinternational.com.

Composition of the Board

During the financial year under review, there were two resignations from the Board, namely, Dato' Yusli Bin Mohamed Yusoff and Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng. Subsequently, on 28 December 2018, two new Independent Directors were appointed to the Board, namely, Datuk Seri Long See Wool and Datuk Loo Took Gee.

The Board currently has 12 Directors, comprising 8 executive members and 4 independent non-executive members. The Independent Directors comprised 33.3% of the Board, providing an effective check and balance in the functioning of the Board, and in compliance with the Listing Requirements, which require one-third of the Board to be independent.

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

There is currently one Independent Non-Executive Director, Tan Sri Datuk Dr. Aris Bin Osman @ Othman, who has served on the Board for a period exceeding the nine-year term limit recommended in the Code. In accordance with current practice, approval through a vote of all shareholders via the single-tier voting process will continue to be sought at the forthcoming twenty-third Annual

General Meeting ("AGM") of YTL Power for Tan Sri Datuk Dr. Aris Bin Osman @ Othman to continue to serve as an Independent Non-Executive Director. Further information on the review and assessment process can be found in the *Nominating Committee Statement*, whilst details of the resolution, together with the rationale for approval sought, can be found in the *Notice of Annual General Meeting* in this Annual Report.

In accordance with the Company's Constitution, at least one-third of the Directors are required to retire from office at each AGM and may offer themselves for re-election by rotation. Directors who are appointed by the Board during the financial year are subject to re-election by shareholders at the next AGM held following their appointments.

The names of Directors seeking re-election at the forthcoming AGM are disclosed in the *Notice of Annual General Meeting*, which can be found in this Annual Report. The details of the Directors can be found in the *Profile of the Board of Directors* set out in this Annual Report and this information is also available under the "Governance" section on the Company's website at www.ytlpowerinternational.com.

Board and Senior Management Appointments

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

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

As the Board's overriding aim is to maintain a strong and effective Board, it seeks to ensure that all appointments are made on merit, taking into account the collective balance of elements such as skills, experience, age, gender, ethnicity, background and perspective. The Board recognises the importance of encouraging and developing female talent at all levels. Currently, there are three female directors on the Board comprising 25% of the Board and, therefore, the Board has not met the target of 30% women directors set out in the Code. However, the Directors understand the importance of having a diverse Board to leverage on varying perspectives, experience and expertise required to achieve effective stewardship and management. The Board intends to continue its current approach to support diversity in all aspects while at the same time seeking Board members of the highest calibre, and with the necessary strength, experience and skills to meet the needs of the YTL Power Group.

Evaluation of the Board

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

The assessment exercise was facilitated by the Company Secretary and took the form of completion of questionnaires/evaluation forms comprising a Board and Nominating Committee Effectiveness Evaluation Form, Individual Director Performance Evaluation Form, Independent Directors' Evaluation Form, Audit Committee Effectiveness Evaluation Form and Audit Committee Members Evaluation by Nominating Committee Form. As recommended in the Code, the Board will endeavour to utilise independent experts to facilitate the evaluation process, as and when appropriate. Further information on the activities of the Nominating Committee can be found in the *Nominating Committee Statement* set out in this Annual Report. This information is also available under the "Governance" section on the Company's website at www.ytlpowerinternational.com.

Corporate Governance Overview Statement

for the financial year ended 30 June 2019

Remuneration

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

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

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

Board Commitment

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

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

The details of each Director's attendance of Board meetings can be found in the *Profile of the Board of Directors* whilst details of the training programmes attended during the year under review are disclosed in the *Nominating Committee Statement* in this Annual Report. This information is also available under the "Governance" section on the Company's website at www.ytlpowerinternational.com.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Integrity in Financial Reporting

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

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

Audit Committee

The Company has in place an Audit Committee which comprises solely Independent Non-Executive Directors, in compliance with the Listing Requirements and the Code, namely En Faiz Bin Ishak, Tan Sri Datuk Dr. Aris Bin Osman @ Othman and Datuk Seri Long See Wool. The Chairman of the Audit Committee is En Faiz Bin Ishak, in accordance with the recommendations of the Code that the chairman of the audit committee should not be the chairman of the Board.

The members of the Audit Committee possess a wide range of necessary skills to discharge their duties, and are financially literate and able to understand matters under the purview of the Audit Committee including the financial reporting process. The members of the Audit Committee also intend to continue to undertake professional development by attending training to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

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

The Audit Committee met 5 times during the financial year ended 30 June 2019. Full details of the composition and a summary of the work carried out by the Audit Committee during the financial year can be found in the *Audit Committee Report* set out in this Annual Report. This information and the terms of reference of the Audit Committee are available under the "Governance" section on the Company's website at www.ytlpowerinternational.com.

The Audit Committee has established formal and professional arrangements for maintaining an appropriate relationship with the Company's external auditors, PricewaterhouseCoopers PLT ("PwC Malaysia"). The external auditors also attend each AGM in order to address clarifications sought pertaining to the audited financial statements by shareholders.

The Terms of Reference of the Audit Committee include the establishment of policies to assess the suitability, objectivity and independence of external auditors. During the financial year under review, formal policies to assess the suitability, objectivity and independence of the external auditors were established. These policies also include a requirement that a former key audit partner must observe a cooling-off period of two years before being appointed as a member of the Audit Committee. However, none of the Audit Committee members were formerly audit partners of YTL Power's external auditors.

Details of the audit and non-audit fees paid/payable to PwC Malaysia and its affiliates for the financial year ended 30 June 2019 are as follows:-

	Company RM'000	**Group RM'000**
Statutory audit fees paid/payable to:-		
- PwC Malaysia	**697**	**757**
- Affiliates of PwC Malaysia*	**-**	**725**
Total	**697**	**1,482**
Non-audit fees paid/payable to:-		
- PwC Malaysia	**24**	**65**
- Affiliates of PwC Malaysia*	**-**	**649**
Total	**24**	**714**

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

Risk Management & Internal Control

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

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

Corporate Governance Overview Statement

for the financial year ended 30 June 2019

Internal Audit

YTL Power's internal audit function is carried out by the Internal Audit department within the YTL Corp Group ("YTLIA"), which reports directly to the Audit Committee. The Head of YTLIA, Mr Choong Hon Chow, is a member of the Malaysian Institute of Accountants and a fellow member of the Association of Chartered Certified Accountants (ACCA) UK. He started his career with the external audit division of a large public accounting firm before moving on to the internal audit profession in public listed companies and gained valuable and extensive internal audit experiences covering many areas of diversified commercial businesses and activities. He has a total of 36 years of internal and external audit experience.

YTLIA comprises 7 full-time personnel. The personnel of YTLIA are free from any relationships or conflicts of interest which could impair their objectivity and independence.

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

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

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

Further details of the YTL Power Group's internal audit function are contained in the *Statement on Risk Management & Internal Control* and the *Audit Committee Report* as set out in this Annual Report.

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

Communication with Shareholders

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

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

The Executive Chairman, Managing Director and the Executive Directors meet with analysts, institutional shareholders and investors throughout the year not only to promote the dissemination of the YTL Power Group's financial results but to provide updates on strategies and new developments to ensure better understanding of the YTL Power Group's operations and activities. Presentations based on permissible disclosures are made to explain the YTL Power Group's performance and major development programs.

Whilst efforts are made to provide as much information as possible to its shareholders and stakeholders, the Directors are cognisant of the legal and regulatory framework governing the release of material and sensitive information so as to not mislead its shareholders. Therefore, the information that is price-sensitive or that may be regarded as undisclosed material information about the YTL Power Group is not disclosed to any party until after the prescribed announcement to Bursa Securities has been made.

Conduct of General Meetings

The AGM is the principal forum for dialogue with shareholders. The Board provides opportunities for shareholders to raise questions pertaining to issues in the Annual Report, corporate developments in the YTL Power Group, the resolutions being proposed and the business of the YTL Power Group in general at every general meeting of the Company.

The Notice of the AGM and a circular to shareholders in relation to the renewal of the Company's share buy-back and recurrent related party transactions mandates, if applicable, are sent to shareholders at least 28 days prior to the AGM in accordance with the Code, which also meets the criteria of the Listing Requirements and Companies Act 2016, which require the Notice of AGM to be sent 21 days prior to the AGM. This provides shareholders with sufficient time to review the YTL Power Group's financial and operational performance for the financial year and to fully evaluate new resolutions being proposed to make informed voting decisions at the AGM.

The Executive Chairman, Managing Director and Executive Directors take the opportunity to present a comprehensive review of the progress and performance of the YTL Power Group and provide appropriate answers in response to shareholders' questions during the meeting, thereby ensuring a high level of accountability, transparency and identification with the YTL Power Group's business operations, strategy and goals. The Directors are mindful of the recommendation under the Code that all directors must attend general meetings and fully appreciate the need for their attendance at all such meetings.

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

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

Where applicable, each item of special business included in the notice of the meeting is accompanied by an explanatory statement for the proposed resolution to facilitate full understanding and evaluation of the issues involved. All resolutions are put to vote by electronic poll voting and an independent scrutineer is appointed to verify poll results. The results of the electronic poll voting are announced in a timely manner, usually within half an hour of the voting process to enable sufficient time for the results to be tabulated and verified by the independent scrutineer.

The rights of shareholders, including the right to demand for a poll, are found in the Constitution of the Company. At the 22nd AGM of the Company, held on 12 December 2018, the resolutions put forth for shareholders' approval were voted on by way of a poll.

This statement and the Corporate Governance Report were approved by the Board of Directors on 29 August 2019.

Statement on Risk Management & Internal Control

for the financial year ended 30 June 2019

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

The 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 Managing Director/Executive Directors. The approval of capital and revenue proposals above certain limits is reserved for decision by the Board. Other investment decisions are delegated for approval in accordance with authority limits. Comprehensive appraisal and monitoring procedures are applied to all major investment decisions.

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

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

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

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

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

- **Internal Audit Function:** The YTL Power Group's internal audit function is carried out by the Internal Audit department within the YTL Corporation Berhad Group ("YTLIA"), which provides assurance on the efficiency and effectiveness of the internal control systems implemented by management, and reports directly to the Audit Committee. A description of the work of the internal audit function can be found in the *Audit Committee Report*, whilst additional details about the personnel and resources of YTLIA are contained in the *Corporate Governance Overview Statement* set out in this Annual Report. This information is also available under the "Governance" section on the Company's website at www.ytlpowerinternational.com.

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

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

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

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

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

Statement on Risk Management & Internal Control

for the financial year ended 30 June 2019

- **Senior Management Meetings:** The YTL Power Group conducts regular meetings of the senior management which comprises the Executive Chairman/Managing Director/Executive Directors and divisional heads. The purpose of these meetings is to deliberate and decide upon urgent company matters. Decisions can then be effectively communicated to relevant staff levels in a timely manner. From these meetings, the management is able to identify significant operational and financial risks of the business units concerned.

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

- **Site Visits:** The Managing Director/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 Managing Director/Executive Directors maintain a transparent and open channel of communication for effective operation.

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

The YTL Power Group's strong financial profile is the result of a system of internal control and risk management designed to mitigate risks which arise in the course of business. This is exemplified by the YTL Power Group's strategy of acquiring regulated assets and financing acquisitions on a non-recourse basis. These include Wessex Water and YTL PowerSeraya, as well as its interests in ElectraNet Pty Ltd, P.T. Jawa Power and Attarat Power Company PSC. 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 Managing Director/Executive Directors through their participation in management meetings to ensure the adequacy and integrity of the system of internal control. Emphasis is placed on reviewing and updating the process for identifying and evaluating the significant risks affecting the business, and policies and procedures by which these risks are managed.

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

Statement on Risk Management & Internal Control

for the financial year ended 30 June 2019

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

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

REVIEW BY EXTERNAL AUDITORS

As required under Paragraph 15.23 of the Listing Requirements, the external auditors, PricewaterhouseCoopers PLT, have reviewed this Statement on Risk Management & Internal Control. Their review was performed in accordance with Audit and Assurance Practice Guide ("AAPG") 3 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. AAPG 3 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 is primarily responsible for the financial management of YTL Power and has 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 26 September 2019.

Analysis of Shareholdings

as at 23 September 2019

Class of shares : Ordinary Shares

Voting rights : One vote per shareholder on a show of hands or one vote per ordinary share on a poll

DISTRIBUTION OF SHAREHOLDINGS

Size of holding	No. of Shareholders	%	No. of Shares#	%
Less than 100	5,727	13.48	199,011	0.00
100 - 1,000	4,248	10.00	1,906,493	0.03
1,001 - 10,000	21,917	51.61	81,883,476	1.07
10,001 - 100,000	9,194	21.65	255,100,574	3.32
100,001 to less than 5% of issued shares	1,382	3.25	2,283,414,053	29.75
5% and above of issued shares	5	0.01	5,052,797,419	65.83
Total	**42,473**	**100.00**	**7,675,301,026**	**100.00**

 # Excluding 482,907,712 shares bought back and retained by the Company as treasury shares.

THIRTY LARGEST SHAREHOLDERS

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

	Name	No. of Shares	%
1	YTL Corporation Berhad	3,168,929,699	41.29
2	YTL Corporation Berhad	565,849,050	7.37
3	Cornerstone Crest Sdn Bhd	494,999,998	6.45
4	Yeoh Tiong Lay & Sons Holdings Sdn Bhd	435,697,049	5.68
5	Amanahraya Trustees Berhad - Amanah Saham Bumiputera	387,321,623	5.05
6	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board	349,461,502	4.55
7	RHB Capital Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Yeoh Tiong Lay & Sons Holdings Sdn Bhd	289,680,000	3.77
8	HSBC Nominees (Asing) Sdn Bhd - Credit Suisse (Hong Kong) Limited	238,265,609	3.10
9	Dato' Yeoh Seok Hong	80,637,821	1.05
10	Amanahraya Trustees Berhad - Amanah Saham Malaysia 2 - Wawasan	77,791,696	1.01
11	Amanahraya Trustees Berhad - Amanah Saham Malaysia	58,854,000	0.77
12	HSBC Nominees (Asing) Sdn Bhd - JPMCB NA for Vanguard Emerging Markets Stock Index Fund	50,799,533	0.66
13	HSBC Nominees (Asing) Sdn Bhd - JPMCB NA for Vanguard Total International Stock Index Fund	49,438,969	0.64
14	Urusharta Jamaah Sdn Bhd	49,017,630	0.64
15	Citigroup Nominees (Tempatan) Sdn Bhd - Valuecap Sdn Bhd	45,746,602	0.60
16	Kumpulan Wang Persaraan (Diperbadankan)	38,563,889	0.50

Analysis of Shareholdings
as at 23 September 2019

	Name	No. of Shares	%
17	Amanahraya Trustees Berhad - Amanah Saham Malaysia 3	29,907,174	0.39
18	Puan Sri Datin Seri Tan Kai Yong @ Tan Kay Neong	23,803,162	0.31
19	Maybank Nominees (Tempatan) Sdn Bhd - Maybank Asset Management Sdn Bhd for Malayan Banking Berhad (N14011200618)	23,310,965	0.30
20	Dato' Yeoh Seok Hong	22,307,398	0.29
21	Amanahraya Trustees Berhad - Amanah Saham Bumiputera 3 - Didik	20,564,732	0.27
22	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board (AFFIN-HWG)	17,495,173	0.23
23	Dato' Yeoh Soo Min	17,199,678	0.22
24	RHB Capital Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Hasil Mayang Sdn Bhd	14,336,235	0.19
25	Dato' Yeoh Soo Keng	13,939,576	0.18
26	DB (Malaysia) Nominee (Asing) Sdn Bhd - SSBT Fund Wtau for Wisdomtree Emerging Markets Smallcap Dividend Fund	13,681,100	0.18
27	Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, KBE, CBE, FICE	11,715,443	0.15
28	HSBC Nominees (Asing) Sdn Bhd - Exempt An for Credit Suisse (SGBR-TST-ASING)	11,330,242	0.15
29	Citigroup Nominees (Asing) Sdn Bhd - CBNY for Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc	11,218,459	0.15
30	Yeoh Tiong Lay & Sons Holdings Sdn Bhd	11,103,080	0.14
	Total	**6,622,967,087**	**86.28**

SUBSTANTIAL SHAREHOLDERS
(as per register of substantial shareholders)

	No. of Shares Held			
Name	**Direct**	**%**	**Indirect**	**%**
Cornerstone Crest Sdn Bhd	494,999,998	6.45	-	-
YTL Corporation Berhad	3,742,729,828	48.76	495,015,838[(1)]	6.45
Yeoh Tiong Lay & Sons Holdings Sdn Bhd	755,671,605	9.85	4,237,745,666[(2)]	55.21
Yeoh Tiong Lay & Sons Family Holdings Limited	-	-	4,993,417,271[(3)]	65.06
Yeoh Tiong Lay & Sons Trust Company Limited	-	-	4,993,417,271[(4)]	65.06
Puan Sri Datin Seri Tan Kai Yong @ Tan Kay Neong	23,803,162	0.31	4,993,417,271[(5)]	65.06

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

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

(3) *Deemed interests by virtue of interests held through Yeoh Tiong Lay & Sons Holdings Sdn Bhd, YTL Corporation Berhad, YTL Power Services Sdn Bhd and Cornerstone Crest Sdn Bhd pursuant to Section 8 of the Companies Act, 2016 arising from its ownership of 100% of Yeoh Tiong Lay & Sons Holdings Sdn Bhd.*

(4) *Deemed interests by virtue of interests held through Yeoh Tiong Lay & Sons Holdings Sdn Bhd, YTL Corporation Berhad, YTL Power Services Sdn Bhd and Cornerstone Crest Sdn Bhd pursuant to Section 8 of the Companies Act, 2016 arising from its ownership of 100% of Yeoh Tiong Lay & Sons Family Holdings Limited in its capacity as trustee.*

(5) *Deemed interests by virtue of interests held through Yeoh Tiong Lay & Sons Holdings Sdn Bhd, YTL Corporation Berhad, YTL Power Services Sdn Bhd and Cornerstone Crest Sdn Bhd pursuant to Section 8 of the Companies Act, 2016 arising from her beneficial interest (held through Yeoh Tiong Lay & Sons Trust Company Limited in its capacity as trustee) in Yeoh Tiong Lay & Sons Family Holdngs Limited.*

Statement of Directors' Interests

in the Company and Related Corporations as at 23 September 2019

THE COMPANY

YTL Power International Berhad

	No. of Shares Held			
Name	Direct	%	Indirect	%
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, KBE, CBE, FICE	20,013,596	0.26	90,780[1]	*
Tan Sri Datuk Dr. Aris Bin Osman @ Othman	-	-	107,701[1]	*
Datuk Seri Long See Wool	-	-	47,217[1]	*
Dato' Yeoh Seok Kian	10,612,987	0.14	11,809,578[1]	0.15
Dato' Yeoh Soo Min	17,199,678	0.22	3,829,577[1][2]	0.05
Dato' Yeoh Seok Hong	102,945,219	1.34	5,115,520[1]	0.07
Dato' Sri Michael Yeoh Sock Siong	-	-	17,047,448[1][3]	0.22
Dato' Yeoh Soo Keng	15,939,576	0.21	185,818[1]	*
Dato' Mark Yeoh Seok Kah	9,575,718	0.12	1,443,626[1]	0.02
Syed Abdullah Bin Syed Abd. Kadir	2,429,425	0.03	561[1]	*

	No. of Share Options	
Name	Direct	Indirect
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, KBE, CBE, FICE	17,000,000	-
Tan Sri Datuk Dr. Aris Bin Osman @ Othman	1,000,000	-
Dato' Yeoh Seok Kian	15,000,000	-
Dato' Yeoh Soo Min	13,000,000	-
Dato' Yeoh Seok Hong	10,000,000	4,500,000[1]
Dato' Sri Michael Yeoh Sock Siong	15,000,000	-
Dato' Yeoh Soo Keng	13,000,000	-
Dato' Mark Yeoh Seok Kah	15,000,000	-
Syed Abdullah Bin Syed Abd. Kadir	4,000,000	-

HOLDING COMPANY

YTL Corporation Berhad

	No. of Shares Held			
Name	Direct	%	Indirect	%
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, KBE, CBE, FICE	142,661,239	1.34	-	-
Datuk Seri Long See Wool	-	-	293,690[1]	*
Dato' Yeoh Seok Kian	56,621,344	0.53	13,447,566[1]	0.13
Dato' Yeoh Soo Min	52,833,890	0.50	2,111,960[1][2]	0.02
Dato' Yeoh Seok Hong	52,425,780	0.49	24,020,752[1]	0.23
Dato' Sri Michael Yeoh Sock Siong	-	-	75,092,727[1][3]	0.70
Dato' Yeoh Soo Keng	56,213,386	0.53	773,378[1]	0.01
Dato' Mark Yeoh Seok Kah	20,482,775	0.19	4,085,708[1]	0.04
Syed Abdullah Bin Syed Abd. Kadir	9,592,215	0.09	20,034[1]	*

Statement of Directors' Interests

in the Company and Related Corporations as at 23 September 2019

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

RELATED CORPORATIONS

Malayan Cement Berhad (formerly known as Lafarge Malaysia Berhad)

Name	No. of Shares Held			
	Direct	%	Indirect	%
Dato' Sri Michael Yeoh Sock Siong	–	–	2,100(1)	*

Syarikat Pelancongan Seri Andalan (M) Sdn Bhd

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

YTL Corporation (UK) PLC

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

Statement of Directors' Interests

in the Company and Related Corporations as at 23 September 2019

YTL Construction (Thailand) Limited

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

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

* *Negligible*

(1) *Deemed interests by virtue of interests held by spouse and/or children pursuant to Section 59(11)(c) of the Companies Act, 2016.*

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

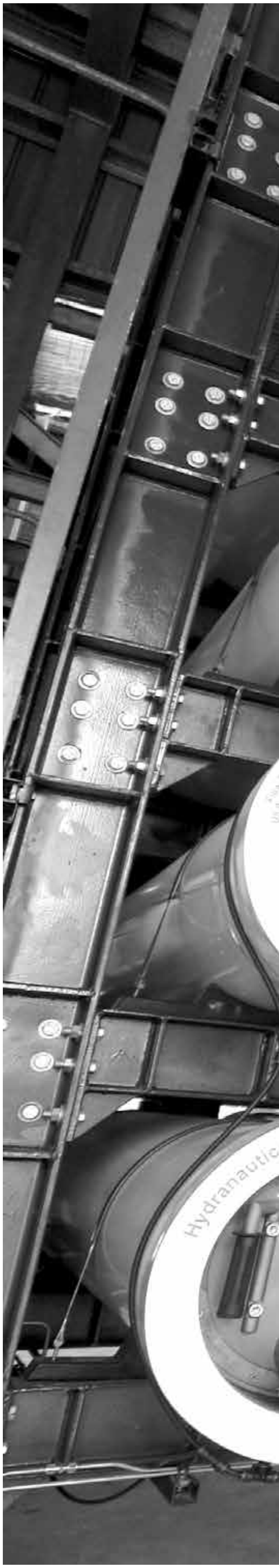
(3) *Deemed interests by virtue of interests held by Hasil Mayang Sdn Bhd pursuant to Section 8 of the Companies Act, 2016.*

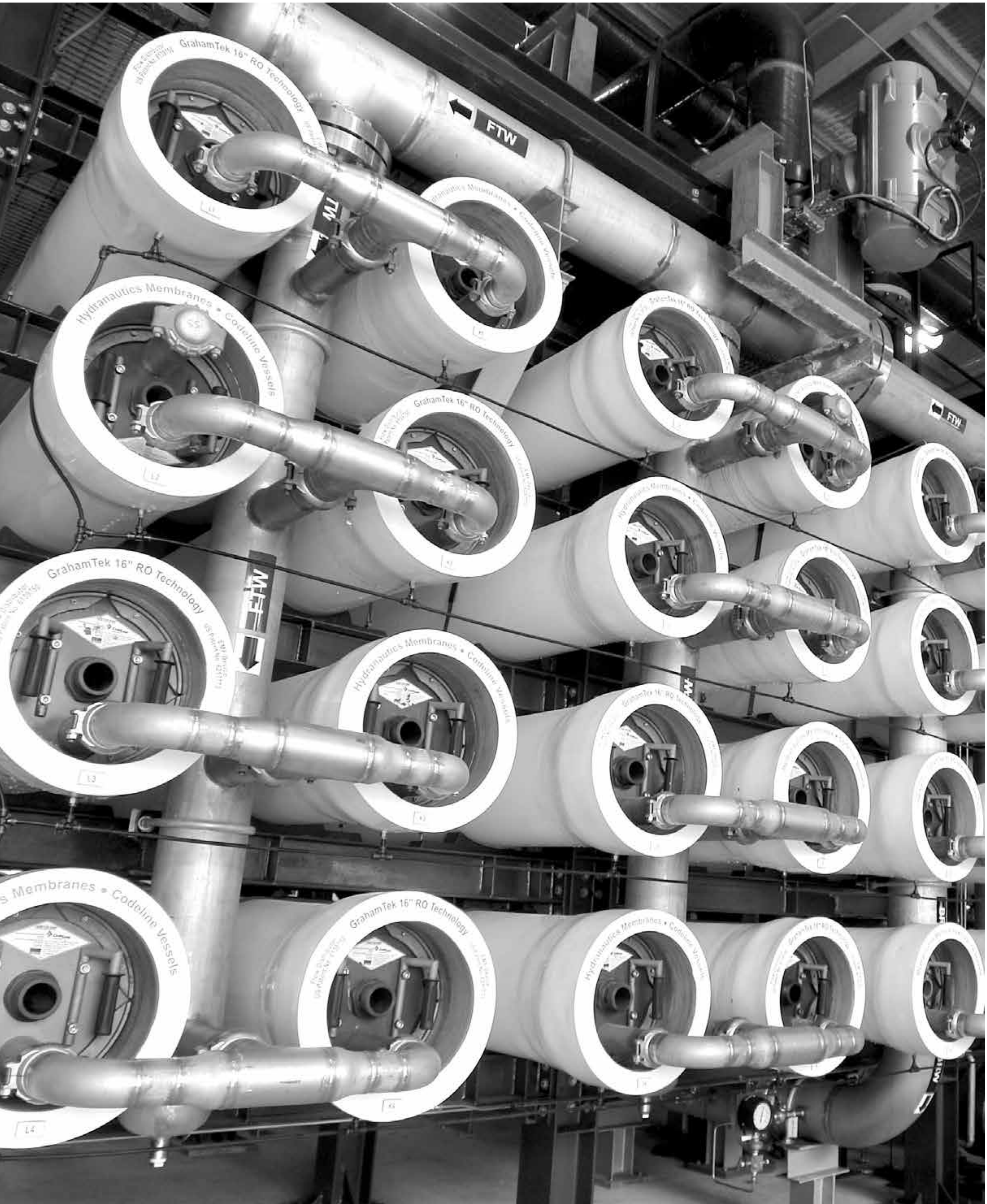
Other than as disclosed above, none of the other Directors held any interest in shares of the Company or its related corporations.

List of Properties
as at 30 June 2019

Location	Tenure	Land Area (sq. m.)	Description and Existing Use	Built up Area (sq. m.)	Approximate Age of Building (years)	Lease Expiry Date	Net Book Value as at 30 June 2019 RM'000	Date of Acquisition
Filton Airfield, Filton, Bristol	Freehold	1,416,400	Disused Airfield & Hangars	-	-	-	501,228	1.12.2015
Avonmouth STW, Kings Weston Lane, Avonmouth, Bristol BS11 OYS	Freehold	394,600	Water Recycling Centre	-	-	-	399,898	21.5.2002
W-S-Mare STW, Accomodation Road, Bleadon, Weston Super Mare, BS24 OAP	Freehold	157,500	Water Recycling Centre	-	-	-	208,098	21.5.2002
Poole STW, Cabot Lane, Poole, Dorset, BH17 7BX	Freehold	91,800	Water Recycling Centre	-	-	-	172,505	21.5.2002
Ham Lane STW, Creech St. Michael, Taunton, Somerset TA3 5NU	Freehold	120,000	Water Recycling Centre	-	-	-	138,739	21.5.2002
Operations Centre, Claverton Down Road, Claverton Down, Bath BA2 7WW	Freehold	27,100	Head Office	5,640	17	-	129,522	21.5.2002
Maundown Water Treatment Works, Maundown, Wiveliscombe, Taunton, TA4 2UN	Freehold	68,500	Water treatment works	-	-	-	115,906	21.5.2002
Trowbridge STW, Bardford Road, Trowbridge, West Wilts, BA14 9 AX	Freehold	60,000	Water Recycling Centre	-	-	-	107,765	21.5.2002
Sutton Bingham WTW, Sutton Bingham, Yeovil, South Somerset, BA22 9QL	Freehold	21,000	Water treatment works	-	-	-	88,150	21.5.2002
Sturminster Marshall, Green Lane, Sturminster Marshall, Wimborne, Dorset, BH21 4AJ	Freehold	16,043	Water treatment works	-	-	-	71,737	21.5.2002

FINANCIAL STATEMENTS




GrahamTek 16" RO Technology
Hydranautics Membranes • Codeline Vessels
FTW

Directors' Report

for the financial year ended 30 June 2019

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2019.

PRINCIPAL ACTIVITIES

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

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

FINANCIAL RESULTS

	Group	Company
	RM'000	RM'000
Profit for the financial year	**613,528**	**320,927**
Attributable to:		
- Owners of the parent	476,751	320,927
- Non-controlling interests	136,777	-
	613,528	320,927

DIVIDENDS

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

	RM'000
In respect of the financial year ended 30 June 2018:	
- Interim dividend of 5 sen per ordinary share paid on 13 November 2018	383,765

On 29 August 2019, the Board of Directors declared an interim dividend of 5 sen per ordinary share for the financial year ended 30 June 2019. The book closure and payment dates in respect of the aforesaid dividend are 29 October 2019 and 13 November 2019, respectively.

The Board of Directors do not recommend a final dividend for the financial year ended 30 June 2019.

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 is 8,158,208,738 ordinary shares. There were no new shares issuance during the financial year.

TREASURY SHARES

The shareholders of the Company, by way of a resolution passed in the 22nd Annual General Meeting held on 12 December 2018, approved the Company's plan to repurchase its own shares. The Directors of the Company are committed to enhance the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

Details of treasury shares are set out in Note 24(b) to the financial statements.

EMPLOYEES' SHARE OPTION SCHEME

The Employees' Share Option Scheme ("ESOS") for employees and Directors of the Company and its subsidiaries who meet the criteria of eligibility for participation is governed by the by-laws approved by the shareholders of the Company at an Extraordinary General Meeting held on 30 November 2010. The scheme was implemented on 1 April 2011. The salient features and terms of the ESOS are set out in Note 23(b) to the financial statements.

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

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

	Actual Allocation	
	Since 1.4.2011	**Financial Year 30.6.2019**
Key management personnel	**13.85%***	-

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

Directors' Report
for the financial year ended 30 June 2019

EMPLOYEES' SHARE OPTION SCHEME (CONT'D.)

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

	Number of share options over ordinary shares in the Company			
Name of Director	**At 1 July 2018**	**Granted**	**Exercised**	**At 30 June 2019**
Tan Sri Datuk Dr. Aris Bin Osman @ Othman	1,000,000	–	–	**1,000,000**

DIRECTORS

The Directors who have held office during the financial year until the date of this report are as follows:

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 *(resigned on 1 October 2018)*
Dato' Yeoh Seok Kian
Dato' Yusli Bin Mohamed Yusoff *(resigned on 6 September 2018)*
Dato' Yeoh Soo Min
Dato' Yeoh Seok Hong
Dato' Sri Michael Yeoh Sock Siong
Dato' Yeoh Soo Keng
Dato' Mark Yeoh Seok Kah
Syed Abdullah Bin Syed Abd. Kadir
Faiz Bin Ishak
Datuk Seri Long See Wool *(appointed on 28 December 2018)*
Datuk Loo Took Gee *(appointed on 28 December 2018)*

DIRECTORS OF SUBSIDIARIES

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

Achmad Amri Aswono Putro
Ahmad Janwal
Alan Derek Morgan
Ali Reza Tabassi
Andrew Fraser Pymer
Ang Meng Hee
Armandus Martijn Lustig
Brian McNicol *(appointed on 27 November 2018)*
Chan Chor Yook
Chan Swee Huat *(resigned on 15 January 2019)*
Colin Frank Skellett
Cheah Poh Weng
Charlotte Tamsyn Maher
Dato' Anuar Bin Ahmed
Dato' Daing A Malek Bin Daing A Rahaman
Dato' Ikhwan Salim Bin Dato' Hj Sujak
Datin Kathleen Chew Wai Lin
David Alan Knaggs
David Huw Davies
David John Elliott
David Martin Barclay
Dominic Hua Shi Hao
Eoon Whai San
Fiona Clare Reynolds
Francis William Sweeting
Gareth Alan King
Gareth John Davies
Gillian Elizabeth Camm
Gunther Axel Reinder Warris
Gunter Galster
Hee Kang Yow
Insinyur Gafur Sulistyo Umar
Intertrust (Netherlands) B.V.
Ionics Directors Limited
James Andrew Rider *(resigned on 31 December 2018)*
Jammula Bala Venkateswara Rao
Jason Mills *(resigned on 28 September 2018)*
Jeremy John Lavis
Jeremy Robert Bryan
Kenta Kawano *(resigned on 21 August 2019)*
Lee Anthony Derrick *(appointed on 17 August 2018)*
Lee Chak Hui *(resigned on 15 July 2019)*
Lee Wing Kui
Lee Liam Chye
Luke Martin de Vial
Mark John Nicholson
Mark Timothy Watts
Marilyn Elizabeth Smith
Martin Franz Rudolf Metzger
Martin John Bushnell
Michael Moriarty
Michael Luke Wilkinson *(resigned on 8 August 2019)*
Mittelmeer Directors Limited
Mohamad Suhaimi Bin Mohamad Tahir *(appointed on 3 July 2018)*
Mohammed Habedat Saddiq
Ng Peng Wah *(appointed on 15 January 2019)*
Norhamidi Bin Abdul Rahman
Pearly Chooi Gim Poussier
Raja Shahreen Bin Raja Othman *(appointed on 3 July 2018)*
Richard John Keys
Sarah Elizabeth Johnson
Steven John Holt
Tan Choong Min
Yeoh Keong Hann
Yeoh Keong Junn
Yeoh Keong Yeen
Yeoh Keong Yeow
Yeoh Keong Yuan
Yeoh Pei Lou
Yudai Kato *(appointed on 21 August 2019)*
Yutaka Hayashi

Directors' Report
for the financial year ended 30 June 2019

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016, the interests of the Directors who held office at the end of the financial year in shares of the Company and its related corporations are as follows:

	Number of ordinary shares in the Company			
	At 1 July 2018 or date of appointment	**Acquired**	**Disposed**	**At 30 June 2019**
Direct interests				
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	20,013,596	-	-	**20,013,596**
Dato' Yeoh Seok Kian	10,612,987	-	-	**10,612,987**
Dato' Yeoh Soo Min	17,199,678	-	-	**17,199,678**
Dato' Yeoh Seok Hong	102,945,219	-	-	**102,945,219**
Dato' Sri Michael Yeoh Sock Siong	14,336,235	-	(14,336,235)	**-**
Dato' Yeoh Soo Keng	15,939,576	-	-	**15,939,576**
Dato' Mark Yeoh Seok Kah	9,575,718	-	-	**9,575,718**
Syed Abdullah Bin Syed Abd. Kadir	2,429,245	-	-	**2,429,245**
Deemed interests				
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	90,780[(1)]	-	-	**90,780[(1)]**
Tan Sri Datuk Dr. Aris Bin Osman @ Othman	107,701[(1)]	-	-	**107,701[(1)]**
Datuk Seri Long See Wool	47,217[(1)]	-	-	**47,217[(1)]**
Dato' Yeoh Seok Kian	9,409,578[(1)]	-	-	**9,409,578[(1)]**
Dato' Yeoh Soo Min	3,829,577[(1)(2)]	-	-	**3,829,577[(1)(2)]**
Dato' Yeoh Seok Hong	5,115,520[(1)]	72,000	(72,000)	**5,115,520[(1)]**
Dato' Sri Michael Yeoh Sock Siong	2,711,213[(1)]	14,336,235	-	**17,047,448[(1)(3)]**
Dato' Yeoh Soo Keng	185,818[(1)]	-	-	**185,818[(1)]**
Dato' Mark Yeoh Seok Kah	1,443,626[(1)]	-	-	**1,443,626[(1)]**
Syed Abdullah Bin Syed Abd. Kadir	561[(1)]	-	-	**561[(1)]**

DIRECTORS' INTERESTS (CONT'D.)

	Number of share options over ordinary shares in the Company			
	At 1 July 2018	Granted	Exercised	At 30 June 2019
Direct interests				
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	17,000,000	-	-	**17,000,000**
Tan Sri Datuk Dr. Aris Bin Osman @ Othman	1,000,000	-	-	**1,000,000**
Dato' Yeoh Seok Kian	15,000,000	-	-	**15,000,000**
Dato' Yeoh Soo Min	13,000,000	-	-	**13,000,000**
Dato' Yeoh Seok Hong	10,000,000	-	-	**10,000,000**
Dato' Sri Michael Yeoh Sock Siong	15,000,000	-	-	**15,000,000**
Dato' Yeoh Soo Keng	13,000,000	-	-	**13,000,000**
Dato' Mark Yeoh Seok Kah	15,000,000	-	-	**15,000,000**
Syed Abdullah Bin Syed Abd. Kadir	4,000,000	-	-	**4,000,000**
Deemed interest				
Dato' Yeoh Seok Hong	4,500,000[1]	-	-	**4,500,000[1]**

	Number of ordinary shares			
Immediate Holding Company YTL Corporation Berhad	At 1 July 2018 or date of appointment	Acquired	Disposed	At 30 June 2019
Direct interests				
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	142,661,239	-	-	**142,661,239**
Dato' Yeoh Seok Kian	56,591,526	-	-	**56,591,526**
Dato' Yeoh Soo Min	52,833,890	-	-	**52,833,890**
Dato' Yeoh Seok Hong	52,425,780	-	-	**52,425,780**
Dato' Sri Michael Yeoh Sock Siong	54,725,584	-	(54,725,584)	**-**
Dato' Yeoh Soo Keng	56,164,966	-	-	**56,164,966**
Dato' Mark Yeoh Seok Kah	20,482,775	-	-	**20,482,775**
Syed Abdullah Bin Syed Abd. Kadir	9,592,215	-	-	**9,592,215**
Deemed interests				
Datuk Seri Long See Wool	293,690[1]	-	-	**293,690[1]**
Dato' Yeoh Seok Kian	13,447,566[1]	-	-	**13,447,566[1]**
Dato' Yeoh Soo Min	1,914,408[1][2]	-	-	**1,914,408[1][2]**
Dato' Yeoh Seok Hong	24,020,752[1]	260,000	(260,000)	**24,020,752[1]**
Dato' Sri Michael Yeoh Sock Siong	20,367,143[1]	54,725,584	-	**75,092,727[1][3]**
Dato' Yeoh Soo Keng	773,378[1]	-	-	**773,378[1]**
Dato' Mark Yeoh Seok Kah	4,085,708[1]	-	-	**4,085,708[1]**
Syed Abdullah Bin Syed Abd. Kadir	20,034[1]	-	-	**20,034[1]**

Directors' Report
for the financial year ended 30 June 2019

DIRECTORS' INTERESTS (CONT'D.)

Immediate Holding Company YTL Corporation Berhad	Number of share options over ordinary shares At 1 July 2018	Granted	Exercised	At 30 June 2019
Direct interests				
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	17,000,000	–	–	**17,000,000**
Dato' Yeoh Seok Kian	15,000,000	–	–	**15,000,000**
Dato' Yeoh Soo Min	15,000,000	–	–	**15,000,000**
Dato' Yeoh Seok Hong	15,000,000	–	–	**15,000,000**
Dato' Sri Michael Yeoh Sock Siong	15,000,000	–	–	**15,000,000**
Dato' Yeoh Soo Keng	15,000,000	–	–	**15,000,000**
Dato' Mark Yeoh Seok Kah	15,000,000	–	–	**15,000,000**
Syed Abdullah Bin Syed Abd. Kadir	2,000,000	–	–	**2,000,000**
Deemed interests				
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	12,000,000(1)	–	–	**12,000,000(1)**
Tan Sri Datuk Dr. Aris Bin Osman @ Othman	50,000(1)	–	–	**50,000(1)**
Dato' Yeoh Seok Kian	6,000,000(1)	–	–	**6,000,000(1)**
Dato' Yeoh Soo Min	2,000,000(1)	–	–	**2,000,000(1)**
Dato' Yeoh Seok Hong	12,000,000(1)	–	–	**12,000,000(1)**

Penultimate Holding Company Yeoh Tiong Lay & Sons Holdings Sdn. Bhd.	Number of ordinary shares At 1 July 2018	Acquired	Disposed	At 30 June 2019
Direct interests				
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	5,000,000	–	(5,000,000)	**-**
Dato' Yeoh Seok Kian	5,000,000	–	(5,000,000)	**-**
Dato' Yeoh Soo Min	1,250,000	–	(1,250,000)	**-**
Dato' Yeoh Seok Hong	5,000,000	–	(5,000,000)	**-**
Dato' Sri Michael Yeoh Sock Siong	5,000,000	–	(5,000,000)	**-**
Dato' Yeoh Soo Keng	1,250,000	–	(1,250,000)	**-**
Dato' Mark Yeoh Seok Kah	5,000,000	–	(5,000,000)	**-**

Related Company YTL Land & Development Berhad	Number of ordinary shares At 1 July 2018	Acquired	Disposed	At 30 June 2019
Direct interests				
Dato' Yeoh Seok Kian	61,538	–	–	**61,538**
Dato' Yeoh Soo Keng	100,000	–	–	**100,000**
Deemed interest				
Dato' Yeoh Soo Min	625,582 (2)	–	–	**625,582(2)**

DIRECTORS' INTERESTS (CONT'D.)

	Number of Irredeemable Convertible Unsecured Loan Stocks 2011/2021			
Related Company **YTL Land & Development Berhad**	**At 1 July 2018**	**Acquired**	**Converted/ Disposed**	**At 30 June 2019**
Direct interests				
Dato' Yeoh Seok Kian	37,000	–	–	**37,000**
Dato' Yeoh Soo Keng	60,000	–	–	**60,000**

	Number of ordinary shares			
Related Company **Malayan Cement Berhad (formerly known as Lafarge Malaysia Berhad)^**	**At 17 May 2019**	**Acquired**	**Disposed**	**At 30 June 2019**
Deemed interest				
Dato' Sri Michael Yeoh Sock Siong	2,100[(1)]	–	–	**2,100[(1)]**

	Number of ordinary shares			
Related Company **Syarikat Pelancongan Seri Andalan (M) Sdn. Bhd.**	**At 1 July 2018**	**Acquired**	**Disposed**	**At 30 June 2019**
Direct interest				
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	1	–	–	**1**

	Number of ordinary shares of £0.25 each			
Related Corporation *** YTL Corporation (UK) Plc.**	**At 1 July 2018**	**Acquired**	**Disposed**	**At 30 June 2019**
Direct interest				
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	1	–	–	**1**

	Number of ordinary shares of THB100 each			
Related Corporation **† YTL Construction (Thailand) Limited**	**At 1 July 2018**	**Acquired**	**Disposed**	**At 30 June 2019**
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**

Directors' Report
for the financial year ended 30 June 2019

DIRECTORS' INTERESTS (CONT'D.)

Related Corporation † Samui Hotel 2 Co., Ltd.	Number of ordinary shares of THB10 each At 1 July 2018	Acquired	Disposed	At 30 June 2019
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.*

^ *Became a related company on 17 May 2019.*

(1) *Deemed interests by virtue of interests held by spouse and/or children pursuant to Section 59(11)(c) of the Companies Act 2016.*

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

(3) *Deemed interests by virtue of interests held by Hasil Mayang Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.*

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

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

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

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than Directors' remuneration disclosed in Note 6 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest except that certain Directors received remuneration from the Company's related corporations.

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

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:

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

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

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

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

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

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

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

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

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

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

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

In the opinion of the Directors:

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

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

Directors' Report
for the financial year ended 30 June 2019

ULTIMATE HOLDING COMPANY

The Directors regard Yeoh Tiong Lay & Sons Family Holdings Limited, a company incorporated in Jersey, as the ultimate holding company.

AUDITORS

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

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

This report was approved by the Board of Directors on 26 September 2019.

Signed on behalf of the Board of Directors:

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

Dato' Yeoh Seok Hong
Director

Statement by Directors

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

We, Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE and Dato' Yeoh Seok Hong, two of the Directors of YTL Power International Berhad, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 95 to 250 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2019 and financial performance of the Group and of the Company for the financial year ended 30 June 2019 in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 26 September 2019.

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

Dato' Yeoh Seok Hong
Director

Statutory Declaration

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

I, Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE, the Director primarily responsible for the financial management of YTL Power International Berhad, do solemnly and sincerely declare that, the financial statements set out on pages 95 to 250 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

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

Subscribed and solemnly declared by the abovenamed
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE
at Kuala Lumpur on 26 September 2019.

Before me:

Tan Seok Kett
Commissioner for Oaths

Independent Auditors' Report

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of YTL Power International Berhad ("the Company") and its subsidiaries ("the Group") give a true and fair view of the financial position of the Group and of the Company as at 30 June 2019, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

What we have audited

We have audited the financial statements of the Group and of the Company, which comprise the statements of financial position as at 30 June 2019 of the Group and of the Company, and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 95 to 250.

Basis for opinion

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

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

Independence and other ethical responsibilities

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

Our audit approach

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

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

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

Key audit matters

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

Key audit matters	How our audit addressed the key audit matters
Impairment review of goodwill *Refer to Note 2(d)(ii) - significant accounting policies, Note 3(a) - critical accounting estimates and judgements, and Note 12(a) - intangible assets*	
The Group recorded goodwill of RM8,142.5 million as at 30 June 2019, primarily allocated to the multi utilities business segment in Singapore and water and sewerage segment in the United Kingdom. The goodwill for these segments comprises 97.7% or RM7,955.7 million of total goodwill. The recoverable amounts of the cash generating units ("CGU") are determined based on value-in-use ("VIU") calculations. Based on the annual impairment test performed, the Directors concluded that no impairment is required for goodwill. The key assumptions and sensitivities are disclosed in Note 12(a)(i) and 12(a)(ii) to the financial statements. We focused on this area as the estimation of the recoverable amounts is inherently uncertain and requires significant judgement on the future cash flows, terminal growth rate and the discount rate applied to the projected cash flows.	We performed the following audit procedures: • Agreed the VIU cash flows of each CGU to the financial budgets approved by the Directors; • Discussed with management the key assumptions used in the respective VIU cash flows and compared the revenue growth rates to the historical performance and relevant data published by the authorities of the respective CGUs; • Checked the reasonableness of the discount rates and terminal growth rates with the assistance of our valuation expert by benchmarking to the respective industries; • Compared historical forecasting for the current financial year to actual results achieved to ascertain the reasonableness of management's estimates; and • Checked the sensitivity analysis performed by management over discount rates, terminal growth rates, and revenue growth rates, used in deriving the respective VIU cash flows. Based on the procedures performed, no material exceptions were noted.

Independent Auditors' Report

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

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

Key audit matters (cont'd.)

Key audit matters	How our audit addressed the key audit matters
Capitalisation policy on infrastructure assets of the water and sewerage segment *Refer to Note 2(b) - significant accounting policies, Note 3(b) - critical accounting estimates and judgements, and Note 10 - property, plant and equipment ("PPE")*	
As at 30 June 2019, the net book value of infrastructure assets of the Group amounting to RM7,506.7 million, comprising primarily the water and sewerage segment are recorded based on capital expenditure incurred by the segment to meet the development and regulatory requirements of the business, employee and overhead costs that are directly attributable to the construction of the asset. There is significant judgement involved in determining whether costs incurred, specifically employee and overhead costs meet the relevant criteria for capitalisation in accordance with MFRS 116, Property, Plant and Equipment ("MFRS 116").	We performed the following audit procedures: • Tested the operating effectiveness of the controls over authorisation of selected projects' infrastructure assets and identification of capital expenditures attributable to the infrastructure assets; • Understood the element of costs incurred in relation to employee and overhead costs through discussion with management and checked whether the costs incurred met the capitalisation criteria in accordance with MFRS 116 on a sample basis; and • Assessed management's assumptions used in allocating certain costs between capital and operating expenditure including the appropriateness of capitalising overheads, interest and infrastructure maintenance. Based on the procedures performed, no material exceptions were noted.

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

Key audit matters (cont'd.)

Key audit matters	How our audit addressed the key audit matters
Impairment assessment on trade receivables of the Group's water and sewerage segment *Refer to Note 2(m)(iv) - significant accounting policies, Note 3(f) - critical accounting estimates and judgements and Note 17 - receivables, deposits and prepayments*	
Trade receivables of the water and sewerage segment of the Group of RM445.3 million is net of impairment charges of RM226.8 million as at 30 June 2019. As this segment operates in the United Kingdom ("UK"), there is a statutory requirement to continue to provide water to all customers who has defaulted in payment. Therefore, the Group has estimated the impairment of trade receivables on a portfolio basis for the year based on the historical cash collection trends and economic trends, which are subjective in nature. We focused on this area given the use of significant estimates and judgement in determining the appropriate level of impairment for trade receivables.	We performed the following audit procedures: • Tested the operating effectiveness of controls over how management made the accounting estimate of trade receivables impairment including the operating effectiveness of the key IT systems used for generating billings and cash collection data used; • Obtained and checked the historical cash collection trends of each ageing bracket of the trade receivables and payment methods, and the appropriateness of the forward-looking forecasts assumptions to corroborate the percentage of impairment used by management in each ageing bracket and payment methods; and • Compared the level of impairment applied against similar companies within the industry in the UK. Based on the procedures performed, no material exceptions were noted.

Independent Auditors' Report

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

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

Key audit matters (cont'd.)

Key audit matters	How our audit addressed the key audit matters
Assumptions used in determining the present value of the funded defined benefit obligations of the water and sewerage segment *Refer to Note 2(x)(ii) – significant accounting policies, Note 3(e) – critical accounting estimates and judgements, and Note 27(b) – post-employment benefit obligations*	
The water and sewerage segment of the Group recorded RM687.9 million of post-employment benefit obligations as at 30 June 2019, net of fair value of planned assets. The present value of the funded defined benefit obligations depends on a number of assumptions determined on an actuarial basis. The key assumptions are disclosed in Note 27(b) to the financial statements. We focused to this area due to the key assumptions used in determining the present value of the funded defined benefit obligations and any changes in these assumptions will materially impact the carrying amounts of the post-employment benefit obligations.	We performed the following audit procedures: • Understand and assess the scope of work by the external actuary engaged by the management; • Assessed the competencies, objectivity and capabilities of the external actuary; • Obtained the external actuarial report and understood the key assumptions used in determining the present value of the funded defined benefit obligations; • Compared the key assumptions used by the actuary on discount rate, expected rate of increase in pension payment, and price inflation against external market data and similar schemes with assistance of an actuary specialist; • Compared the expected rate of salary increases used by the actuary against historical trend; and • Checked the disclosures in respect of the sensitivity of the carrying amounts of the post-employment benefit obligations to changes in key assumptions, performed by the actuary. Based on the procedures performed, no material exceptions were noted.

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

Key audit matters (cont'd.)

Key audit matters	How our audit addressed the key audit matters
Metered income accrual *Refer to Note 2(m) and Note 2(v)(ii) – significant accounting policies, Note 3(g) – critical accounting estimates and judgements, Note 4 – revenue and Note 17 – receivables, deposits and prepayments*	
The Group has recorded a metered income accrual of RM545.5 million as at 30 June 2019 relating to revenue from the provision of water services to customers on water meters that had not been read at the year-end date. Revenue recognition in respect of the accrued income is particularly judgemental. It arises in relation to the unbilled income accrual from metered water services. This income accrual requires an estimation of the amount of unbilled charges at the period end. It is calculated using system generated information based on previous customer volume usage. Given the range of factors underlying the estimate, there is a risk that the metered income accrual and revenue could be misstated.	We performed the following audit procedures: • Obtained an understanding of the process for the supply of measured services, meter reading and related billing; • Tested the key controls linked to system generated information and around the estimation process for measured revenue; • Compared the accrued income to bills raised post year end and compared management's history of estimating the accrued income balance to bills raised in the subsequent year to assess the accuracy of accrual income balance; and • Recomputed the accrued income based on customers' historical usage data. Based on the procedures performed, no material exceptions were noted.

Independent Auditors' Report

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

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

Key audit matters (cont'd.)

Key audit matters	How our audit addressed the key audit matters
Impairment assessment of property, plant and equipment and investment in the subsidiary *Refer to Note 2(b) and Note 2(g) - significant accounting policies, Note 3(c) - critical accounting estimates and judgements, Note 10 - PPE and Note 13 - investment in subsidiaries*	
a) Impairment assessment of property, plant and equipment ("PPE") The Group has PPE related to its mobile broadband network segment with aggregate carrying values of RM2,235.8 million as at 30 June 2019. The Group performed an impairment assessment on the carrying values of the PPE due to the losses recorded by the segment which is an impairment indicator. The impairment assessment was performed by management using fair value less costs of disposal ("FVLCD") cash flows which requires significant judgement as the timing and quantum of the cash flows are dependent on the achievement of the business plans in the financial budgets. The financial budgets are dependent on the use of key assumptions comprising its growth targets, and sourcing contract renewals. Based on the annual impairment test performed, the Directors concluded that no impairment of PPE is required.	a) Impairment assessment of PPE We performed the following audit procedures: • Checked the assumptions used, in particular average revenue growth rate and useful life of the assets and benchmarked against the comparable companies within the industry; • Discussed with management the rationale applied on the assumption of sourcing contract renewals by considering the Company's current circumstances and market expectations; • Assessed reasonableness of the discount rate which reflects the specific risk relating to the PPE based on inputs that are publicly available; • Checked that the above assumptions are appropriately included in the FVLCD cash flows of the CGU approved by the Directors; and • Checked sensitivity analysis performed by management on the discount rate used in deriving the FVLCD.

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

Key audit matters (cont'd.)

Key audit matters	How our audit addressed the key audit matters
Impairment assessment of property, plant and equipment and investment in the subsidiary (cont'd.)	
b) Impairment assessment on cost of investment in the separate financial statements of the Company The cost of investment of the mobile broadband network segment in the separate financial statement of the Company as at 30 June 2019 amounted to RM2,933.3 million. Given the impairment indicator as described in (a) above, the Group has performed an impairment assessment and estimated the recoverable amount based on FVLCD cash flows and the Directors have concluded that no impairment on the cost of investment is required. We focused on (a) and (b) above as the estimation of the recoverable amounts is inherently uncertain and requires significant judgement on the future cash flows, terminal growth rate and the discount rate applied to the calculation of the FVLCD.	b) Impairment assessment on cost of investment in the separate financial statements of the Company In addition to the procedures performed on the cash flows from the underlying PPE of the subsidiary as described above, we have performed the following audit procedures: • Checked that the FVLCD cash flows of the underlying PPE had been adjusted for financing and tax cash flows; • Assessed the reasonableness of the discount rate which reflects the specific risk relating to the investment in the subsidiary based on inputs that are publicly available with the assistance of our valuation expert; • Checked the reasonableness of the terminal growth rate with the assistance of our valuation expert by benchmarking to industry reports; and • Checked sensitivity analysis performed by management on terminal growth rate and discount rate used in deriving the FVLCD. Based on the procedures performed in (a) and (b) above, no material exceptions were noted.

Independent Auditors' Report

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

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

Information other than the financial statements and auditors' report thereon

The Directors of the Company are responsible for the other information. The other information comprises Chairman's Statement, Management Discussion & Analysis, Managing Sustainability, Corporate Information, Statement of Directors' Responsibilities, Audit Committee Report, Corporate Governance Overview Statement, Statement on Risk Management & Internal Control, and Directors' Report, which we obtained prior to the date of this auditors' report, and other sections in 2019 Annual Report, which is expected to be made available to us after that date. Other information does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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

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

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

Responsibilities of the Directors for the financial statements

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

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

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

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

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

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

Independent Auditors' Report

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

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

Auditors' responsibilities for the audit of the financial statements (cont'd.)

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

OTHER MATTERS

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

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

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

Kuala Lumpur
26 September 2019

Income Statements

for the financial year ended 30 June 2019

	Note	Group 2019 RM'000	Group 2018 RM'000 (Restated)	Company 2019 RM'000	Company 2018 RM'000
Revenue	4	**11,732,716**	10,605,950	**798,911**	386,664
Cost of sales		**(9,705,562)**	(8,300,495)	**-**	-
Gross profit		**2,027,154**	2,305,455	**798,911**	386,664
Other operating income		**143,185**	41,187	**21,961**	47,033
Administrative expenses		**(558,246)**	(549,266)	**(64,006)**	(74,264)
Other operating expenses		**(128,936)**	(183,982)	**(7,792)**	(34,088)
Finance cost		**(1,130,885)**	(1,077,502)	**(427,510)**	(443,406)
Share of profits of investments accounted for using the equity method	14	**401,156**	404,703	**-**	-
Profit/(Loss) before taxation	6	**753,428**	940,595	**321,564**	(118,061)
Taxation	7	**(139,900)**	(222,268)	**(637)**	(662)
Profit/(Loss) for the financial year		**613,528**	718,327	**320,927**	(118,723)
Attributable to:					
- Owners of the parent		**476,751**	619,685	**320,927**	(118,723)
- Non-controlling interests		**136,777**	98,642	**-**	-
		613,528	718,327	**320,927**	(118,723)
Earnings per share for profit attributable to the owners of the parent:					
- Basic (sen)	8	**6.20**	7.88		
- Diluted (sen)	8	**6.19**	7.88		

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

Statements of Comprehensive Income

for the financial year ended 30 June 2019

	Note	Group 2019 RM'000	Group 2018 RM'000 (Restated)	Company 2019 RM'000	Company 2018 RM'000
Profit/(Loss) for the financial year		**613,528**	718,327	**320,927**	(118,723)
Other comprehensive income/(loss):					
Items that will not be reclassified subsequently to income statement:					
- re-measurement of post-employment benefit obligations		**(50,742)**	150,319	**-**	-
- subsidiaries		**(43,965)**	148,624	**-**	-
- associates and joint ventures		**(6,777)**	1,695	**-**	-
Items that may be reclassified subsequently to income statement:					
- financial assets at fair value through other comprehensive income ("FVOCI")/ available-for-sale financial assets	24(a)	**(34,891)**	(14,558)	**(34,891)**	(14,556)
- cash flow hedges	24(a)	**(348,621)**	313,345	**-**	-
- subsidiaries		**(206,004)**	303,984	**-**	-
- associates and joint ventures		**(142,617)**	9,361	**-**	-
- currency translation differences		**235,100**	(891,828)	**-**	-
- subsidiaries		**203,503**	(739,602)	**-**	-
- associates and joint ventures		**31,597**	(152,226)	**-**	-
Other comprehensive loss for the financial year, net of tax		**(199,154)**	(442,722)	**(34,891)**	(14,556)
Total comprehensive income/(loss) for the financial year		**414,374**	275,605	**286,036**	(133,279)
Attributable to:					
- Owners of the parent		**260,271**	221,099	**286,036**	(133,279)
- Non-controlling interests		**154,103**	54,506	**-**	-
		414,374	275,605	**286,036**	(133,279)

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

Statements of Financial Position

as at 30 June 2019

	Note	Group 30.6.2019 RM'000	Group 30.6.2018 RM'000 (Restated)	Group 1.7.2017 RM'000 (Restated)
Assets				
Non-current assets				
Property, plant and equipment	10	**21,631,567**	21,251,157	21,358,892
Investment properties	11	**477,749**	452,112	432,935
Project development costs	16	**228,952**	196,891	166,841
Intangible assets	12	**8,278,649**	8,029,565	8,359,723
Investments accounted for using the equity method	14	**2,188,956**	2,137,331	2,245,363
Investments	15	**242,100**	1,063,418	822,780
Derivative financial instruments	19	**18,722**	44,049	13,502
Receivables, deposits and prepayments	17	**1,102,127**	955,622	971,418
		34,168,822	34,130,145	34,371,454
Current assets				
Inventories	18	**416,006**	397,904	411,568
Investments	15	**1,490,865**	1,883,669	2,503,011
Receivables, deposits and prepayments	17	**2,556,442**	2,313,855	2,217,189
Derivative financial instruments	19	**63,388**	197,681	51,859
Amounts owing by immediate holding company and ultimate holding company	20	**14**	5	2
Amounts owing by fellow subsidiaries	32	**17,125**	15,837	17,942
Cash and bank balances	22	**7,560,316**	7,337,927	8,946,301
		12,104,156	12,146,878	14,147,872
Total assets		**46,272,978**	46,277,023	48,519,326

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

Statements of Financial Position

as at 30 June 2019

		Group		
	Note	30.6.2019 RM'000	30.6.2018 RM'000 (Restated)	1.7.2017 RM'000 (Restated)
Equity and liabilities				
Capital and reserves				
Share capital	23	**7,038,587**	7,038,587	7,019,847
Reserves		**5,605,795**	5,924,012	6,188,680
Equity attributable to owners of the parent		**12,644,382**	12,962,599	13,208,527
Non-controlling interests		**226,280**	111,616	230,778
Total equity		**12,870,662**	13,074,215	13,439,305
Liabilities				
Non-current liabilities				
Deferred taxation	25	**1,872,441**	1,860,651	1,833,759
Borrowings	26	**19,071,117**	23,780,022	23,807,374
Post-employment benefit obligations	27	**704,080**	685,509	1,115,512
Grants and contributions	28	**560,828**	548,493	547,775
Derivative financial instruments	19	**19,131**	21,077	24,437
Payables	29	**1,154,792**	811,879	862,118
		23,382,389	27,707,631	28,190,975
Current liabilities				
Payables and accrued expenses	30	**2,158,743**	2,005,455	1,843,249
Derivative financial instruments	19	**48,906**	19,229	121,980
Provision for liabilities and charges	31	**39,903**	35,382	35,035
Post-employment benefit obligations	27	**1,408**	1,637	3,007
Amounts owing to immediate holding company and ultimate holding company	20	**376**	134	87
Amounts owing to fellow subsidiaries	32	**78,685**	29,272	36,332
Taxation		**49,263**	113,142	129,068
Borrowings	26	**7,642,643**	3,290,926	4,720,288
		10,019,927	5,495,177	6,889,046
Total liabilities		**33,402,316**	33,202,808	35,080,021
Total equity and liabilities		**46,272,978**	46,277,023	48,519,326

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

Statements of Financial Position

as at 30 June 2019

		Company		
	Note	30.6.2019 RM'000	30.6.2018 RM'000	1.7.2017 RM'000
Assets				
Non-current assets				
Property, plant and equipment	10	**1,545**	1,826	1,141
Investment in subsidiaries	13	**18,022,521**	18,236,290	18,163,777
Investments	15	**238,395**	273,286	287,842
Amounts owing by a subsidiary	21	**871,752**	–	–
		19,134,213	18,511,402	18,452,760
Current assets				
Investments	15	**631,707**	1,883,669	2,503,011
Receivables, deposits and prepayments	17	**1,791**	1,830	1,823
Amounts owing by subsidiaries	21	**1,898,279**	2,795,966	3,000,607
Amounts owing by fellow subsidiaries	32	**33**	–	–
Cash and bank balances	22	**20,005**	86,140	35,165
		2,551,815	4,767,605	5,540,606
Total assets		**21,686,028**	23,279,007	23,993,366
Equity and liabilities				
Capital and reserves				
Share capital	23	**7,038,587**	7,038,587	7,019,847
Reserves		**5,529,293**	5,824,294	6,432,093
Total equity		**12,567,880**	12,862,881	13,451,940
Liabilities				
Non-current liabilities				
Deferred taxation	25	**74**	97	63
Borrowings	26	**8,215,061**	7,673,617	10,028,514
Derivative financial instruments	19	**2,665**	18,579	–
		8,217,800	7,692,293	10,028,577
Current liabilities				
Payables and accrued expenses	30	**67,844**	87,498	81,934
Derivative financial instruments	19	**668**	–	–
Post-employment benefit obligations	27	**634**	645	681
Amounts owing to immediate holding company and ultimate holding company	20	**142**	–	–
Amounts owing to subsidiaries	21	**2,332**	436,194	429,553
Amounts owing to fellow subsidiaries	32	**55**	124	373
Taxation		**148**	71	184
Borrowings	26	**828,525**	2,199,301	124
		900,348	2,723,833	512,849
Total liabilities		**9,118,148**	10,416,126	10,541,426
Total equity and liabilities		**21,686,028**	23,279,007	23,993,366

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

Statements of Changes in Equity

for the financial year ended 30 June 2019

Group	Note	Share Capital	Merger Reserve	Currency Translation Reserve	Other Reserves	Treasury Shares	Retained Earnings	Total	Non-controlling Interests	Total Equity
		Attributable to Owners of the Parent								
		RM'000 (Note 23)	RM'000	RM'000	RM'000 (Note 24(a))	RM'000 (Note 24(b))	RM'000	RM'000	RM'000	RM'000
At 30 June 2018, as previously reported		7,038,587	(2,138,533)	276,046	427,472	(509,634)	7,919,190	13,013,128	111,386	13,124,514
Adjustments from adoption of MFRS 15	37(c)(i)	-	-	139	-	-	(2,572)	(2,433)	230	(2,203)
Acquisition accounting and consolidation elimination restatements	37(c)(i)	-	-	-	-	-	(48,096)	(48,096)	-	(48,096)
At 30 June 2018, as restated		7,038,587	(2,138,533)	276,185	427,472	(509,634)	7,868,522	12,962,599	111,616	13,074,215
Adjustments from adoption of MFRS 9	37(c)(i)	-	-	-	-	-	(1,371)	(1,371)	(916)	(2,287)
At 1 July 2018, as restated		7,038,587	(2,138,533)	276,185	427,472	(509,634)	7,867,151	12,961,228	110,700	13,071,928
Profit for the financial year		-	-	-	-	-	476,751	476,751	136,777	613,528
Other comprehensive income/(loss) for the financial year		-	-	217,769	(383,512)	-	(50,737)	(216,480)	17,326	(199,154)
Total comprehensive income/(loss) for the financial year		-	-	217,769	(383,512)	-	426,014	260,271	154,103	414,374
Transactions with owners										
Acquisition of a subsidiary		-	-	-	-	-	-	-	53	53
Changes in composition of the Group		-	-	-	-	-	(80)	(80)	112	32
Dividends paid		-	-	-	-	-	(383,765)	(383,765)	(38,688)	(422,453)
Share option expenses	24(a)	-	-	-	5,353	-	-	5,353	-	5,353
Share option lapsed	24(a)	-	-	-	(1,146)	-	1,146	-	-	-
Share repurchased	24(b)	-	-	-	-	(198,625)	-	(198,625)	-	(198,625)
Exchange differences	24(a)	-	-	(8,281)	8,281	-	-	-	-	-
At 30 June 2019		7,038,587	(2,138,533)	485,673	56,448	(708,259)	7,910,466	12,644,382	226,280	12,870,662

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

Statements of Changes in Equity

for the financial year ended 30 June 2019

Group	Note	Share Capital	Merger Reserve	Currency Translation Reserve	Other Reserves	Treasury Shares	Retained Earnings	Total	Non-controlling Interests	Total Equity
		← Attributable to Owners of the Parent →								
		RM'000 (Note 23)	RM'000	RM'000	RM'000 (Note 24(a))	RM'000 (Note 24(b))	RM'000	RM'000	RM'000	RM'000
At 30 June 2017, as previously reported		7,019,847	(2,138,533)	1,123,402	149,269	(711,308)	7,816,148	13,258,825	230,855	13,489,680
Adjustments from adoption of MFRS 15	37(c)(i)	-	-	-	-	-	(2,202)	(2,202)	(77)	(2,279)
Acquisition accounting and consolidation elimination restatements	37(c)(i)	-	-	-	-	-	(48,096)	(48,096)	-	(48,096)
At 1 July 2017, as restated		7,019,847	(2,138,533)	1,123,402	149,269	(711,308)	7,765,850	13,208,527	230,778	13,439,305
Profit for the financial year		-	-	-	-	-	619,685	619,685	98,642	718,327
Other comprehensive (loss)/income for the financial year		-	-	(847,692)	298,787	-	150,319	(398,586)	(44,136)	(442,722)
Total comprehensive (loss)/income for the financial year		-	-	(847,692)	298,787	-	770,004	221,099	54,506	275,605
Transactions with owners										
Changes in composition of the Group		-	-	(363)	-	-	(1,842)	(2,205)	(25,641)	(27,846)
Exercise of warrants	23	17,224	-	-	-	-	-	17,224	-	17,224
Expiry of warrants	24(a)	-	-	-	(10,099)	-	10,099	-	-	-
Warrant reserve	24(a)	1,516	-	-	(1,516)	-	-	-	-	-
Dividends paid		-	-	-	-	-	(388,585)	(388,585)	(148,027)	(536,612)
Share dividend		-	-	-	-	287,705	(287,705)	-	-	-
Share option expenses	24(a)	-	-	-	1,612	-	-	1,612	-	1,612
Share option lapsed	24(a)	-	-	-	(701)	-	701	-	-	-
Share repurchased	24(b)	-	-	-	-	(86,031)	-	(86,031)	-	(86,031)
Share of reserve of a joint venture	24(a)	-	-	-	(9,042)	-	-	(9,042)	-	(9,042)
Exchange differences	24(a)	-	-	838	(838)	-	-	-	-	-
At 30 June 2018, as restated		7,038,587	(2,138,533)	276,185	427,472	(509,634)	7,868,522	12,962,599	111,616	13,074,215

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

Statements of Changes in Equity

for the financial year ended 30 June 2019

Company	Note	Share Capital RM'000 (Note 23)	Other Reserves RM'000 (Note 24(a))	Treasury Shares RM'000 (Note 24(b))	Retained Earnings* RM'000	Total RM'000
At 1 July 2018, as previously reported		**7,038,587**	**160,071**	**(509,634)**	**6,173,857**	**12,862,881**
Adjustments from adoption of MFRS 9	37(c)(i)	**-**	**-**	**-**	**(4,000)**	**(4,000)**
At 1 July 2018, as restated		**7,038,587**	**160,071**	**(509,634)**	**6,169,857**	**12,858,881**
Profit for the financial year		**-**	**-**	**-**	**320,927**	**320,927**
Other comprehensive loss for the financial year		**-**	**(34,891)**	**-**	**-**	**(34,891)**
Total comprehensive (loss)/ income for the financial year		**-**	**(34,891)**	**-**	**320,927**	**286,036**
Transactions with owners						
Dividend paid	9	**-**	**-**	**-**	**(383,765)**	**(383,765)**
Share option expenses	24(a)	**-**	**5,353**	**-**	**-**	**5,353**
Share option lapsed	24(a)	**-**	**(1,146)**	**-**	**1,146**	**-**
Share repurchased	24(b)	**-**	**-**	**(198,625)**	**-**	**(198,625)**
At 30 June 2019		**7,038,587**	**129,387**	**(708,259)**	**6,108,165**	**12,567,880**
At 1 July 2017		7,019,847	185,331	(711,308)	6,958,070	13,451,940
Loss for the financial year		-	-	-	(118,723)	(118,723)
Other comprehensive loss for the financial year		-	(14,556)	-	-	(14,556)
Total comprehensive loss for the financial year		-	(14,556)	-	(118,723)	(133,279)
Transactions with owners						
Exercise of warrants	23	17,224	-	-	-	17,224
Warrant reserve	24(a)	1,516	(1,516)	-	-	-
Expiry of warrants	24(a)	-	(10,099)	-	10,099	-
Dividend paid	9	-	-	-	(388,585)	(388,585)
Share dividend		-	-	287,705	(287,705)	-
Share option expenses	24(a)	-	1,612	-	-	1,612
Share option lapsed	24(a)	-	(701)	-	701	-
Share repurchased	24(b)	-	-	(86,031)	-	(86,031)
At 30 June 2018		7,038,587	160,071	(509,634)	6,173,857	12,862,881

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

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

Statements of Cash Flows

for the financial year ended 30 June 2019

	Note	Group		Company	
		2019 RM'000	**2018 RM'000 (Restated)**	**2019 RM'000**	**2018 RM'000**
Cash flows from operating activities					
Profit/(Loss) for the financial year		**613,528**	718,327	**320,927**	(118,723)
Adjustments for:					
Allowance for impairment of associates		**-**	428	**-**	-
Allowance for impairment of inventories		**4,582**	120	**-**	-
Allowance for impairment of investments		**-**	50	**-**	-
Allowance for impairment of property, plant and equipment		**4,347**	-	**-**	-
Allowance for impairment of receivables (net of reversals)		**146,089**	68,722	**-**	-
Amortisation of contract costs		**11,569**	21,119	**-**	-
Amortisation of deferred income		**(4,579)**	(3,968)	**-**	-
Amortisation of grants and contributions		**(15,973)**	(20,100)	**-**	-
Amortisation of intangible assets		**9,859**	8,827	**-**	-
Bad debts (recovered)/written off		**(4,122)**	4,301	**-**	-
Depreciation of property, plant and equipment		**1,075,234**	1,113,191	**269**	247
Fair value (gain)/loss on derivatives		**(15,590)**	18,747	**(15,590)**	18,747
Fair value (gain)/loss on investments		**(32,753)**	29,410	**(3,222)**	(2,028)
Fair value gain on investment properties		**(53,016)**	-	**-**	-
Interest expense		**1,130,885**	1,077,502	**427,510**	443,406
Interest income		**(8,077)**	(8,408)	**-**	-
Net (gain)/loss on disposal of property, plant and equipment		**(4,462)**	1,395	**(26)**	-
Net gain on disposal of investments		**-**	(4)	**-**	(4)
Property, plant and equipment written off		**22,291**	20,203	**-**	-
Provision for liabilities and charges		**8,219**	1,981	**-**	-
Share of profits of investments accounted for using the equity method		**(401,156)**	(404,703)	**-**	-
Share option expenses		**5,294**	1,612	**4,056**	1,192
Taxation		**139,900**	222,268	**637**	662
Unrealised (gain)/loss on foreign exchange		**(313)**	6,397	**(2,011)**	(803)
Write back of impairment of a subsidiary		**-**	-	**-**	(45,000)
Provision for/(Write back of) post-employment benefit		**63,962**	(124,496)	**-**	-
		2,695,718	2,752,921	**732,550**	297,696

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

Statements of Cash Flows

for the financial year ended 30 June 2019

	Note	Group		Company	
		2019 **RM'000**	**2018** **RM'000** **(Restated)**	**2019** **RM'000**	**2018** **RM'000**
Changes in working capital:					
Inventories		**27,931**	(5,398)	**-**	-
Receivables, deposits and prepayments		**(645,384)**	(416,282)	**(30,160)**	(73,666)
Payables and accrued expenses		**410,541**	177,698	**(4,758)**	3,897
Subsidiaries		**-**	-	**(98,889)**	(222,180)
Fellow subsidiaries		**46,491**	(5,690)	**(102)**	(249)
Holding company		**227**	49	**142**	-
Cash flows from operations		**2,535,524**	2,503,298	**598,783**	5,498
Interest paid		**(992,328)**	(915,427)	**(427,168)**	(415,403)
Payment for provision and liabilities		**(3,619)**	(1,622)	**-**	-
Payment to post-employment benefit obligations		**(111,007)**	(108,103)	**-**	-
Tax paid		**(180,170)**	(190,340)	**(583)**	(740)
Net cash flows from/(used in) operating activities		**1,248,400**	1,287,806	**171,032**	(410,645)
Cash flows from investing activities					
Acquisition of subsidiaries, net of cash acquired		**519**	(91,156)	**-**	-
Additional investments accounted for using the equity method		**-**	(428)	**-**	-
Development expenditure incurred on investment properties		**(15,558)**	(43,463)	**-**	-
Dividends received		**385,772**	392,694	**-**	-
Grants received		**29,432**	50,593	**-**	-
Interest received		**7,614**	8,478	**-**	-
Maturities of income funds		**1,285,382**	385,045	**1,285,382**	695,000
Net (advances to)/repayment from subsidiaries		**-**	-	**(38,109)**	225,079
Prepayment for land acquisition		**(12,133)**	(22,540)	**-**	-
Proceeds from disposal of investments		**-**	4	**-**	4
Proceeds from disposal of property, plant and equipment		**10,113**	9,320	**91**	-
Purchase of intangible assets		**(4,215)**	(4,618)	**-**	-
Purchase of property, plant and equipment		**(1,489,209)**	(1,733,593)	**(53)**	(932)
Shareholder loans		**(60,305)**	(69,683)	**-**	-
Net cash flows from/(used in) investing activities		**137,412**	(1,119,347)	**1,247,311**	919,151

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

Statements of Cash Flows

for the financial year ended 30 June 2019

	Note	Group 2019 RM'000	Group 2018 RM'000 (Restated)	Company 2019 RM'000	Company 2018 RM'000
Cash flows from financing activities					
Additional investment in subsidiaries		**-**	(27,838)	**-**	-
Dividend paid		**(383,765)**	(388,585)	**(383,765)**	(388,585)
Dividends paid to non-controlling interests		**(38,688)**	(148,027)	**-**	-
Proceeds from borrowings		**2,490,134**	6,355,725	**1,300,000**	-
Upfront fees on borrowings		**(1,950)**	-	**(1,950)**	-
Proceeds from issue of shares		**-**	17,224	**-**	17,224
Repayment of borrowings		**(3,134,668)**	(6,870,711)	**(2,200,139)**	(139)
Repurchase of own shares		**(198,625)**	(86,031)	**(198,625)**	(86,031)
Repayment of loans owing to former shareholder	13(c)(i)	**-**	(192,996)	**-**	-
Net cash flows used in financing activities		**(1,267,562)**	(1,341,239)	**(1,484,479)**	(457,531)
Net changes in cash and cash equivalents		**118,250**	(1,172,780)	**(66,136)**	50,975
Effects of exchange rate changes		**116,350**	(465,162)	**1**	-
Cash and cash equivalents:					
- At beginning of the financial year		**7,305,091**	8,943,033	**86,140**	35,165
- At end of the financial year	22	**7,539,691**	7,305,091	**20,005**	86,140
The principal non-cash transactions of property, plant and equipment are disclosed as below:					
Finance lease		**-**	484	**-**	-
Interest expense paid/payable		**8,348**	13,803	**-**	-
Transfer of assets from customers		**56,766**	-	**-**	-
Other payables and accrued expenses		**2,444**	31,391	**-**	-
		67,558	45,678	**-**	-

Reconciliation of liabilities arising from financing activities:

	Group 2019 RM'000	Group 2018 RM'000 (Restated)	Company 2019 RM'000	Company 2018 RM'000
Borrowings				
At 1 July	**27,070,948**	28,527,662	**9,872,918**	10,028,638
Changes from financing cash flow				
Proceeds from borrowings	**2,490,134**	6,355,725	**1,300,000**	-
Upfront fees on borrowings	**(1,950)**	-	**(1,950)**	-
Repayment of borrowings	**(3,134,668)**	(6,870,711)	**(2,200,139)**	(139)
Other changes in borrowings				
Amortisation of issuance cost/Unwinding of premium	**137,650**	133,114	**5,795**	9,510
Bank overdrafts	**(12,120)**	30,815	**-**	-
Finance lease	**-**	484	**-**	-
Foreign exchange movement	**163,766**	(1,106,141)	**66,962**	(165,091)
At 30 June	**26,713,760**	27,070,948	**9,043,586**	9,872,918

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

Notes to the Financial Statements

for the financial year ended 30 June 2019

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 Family Holdings Limited, companies incorporated in Malaysia and Jersey respectively. YTL Corporation Berhad is listed on the Main Market of Bursa Malaysia Securities Berhad.

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

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

The financial statements of the Group and the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires the Directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3 to the financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

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

(i) Standards and amendments to published standards that are effective and applicable for the Group's and the Company's financial year beginning on or after 1 July 2018 are as follows:

	Effective for financial periods beginning on or after
MFRS 9 'Financial Instruments'	1 January 2018
MFRS 15 'Revenue from Contracts with Customers'	1 January 2018
Amendments to MFRS 2 'Share-based Payment – Classification and Measurement of Share-based Payment Transactions'	1 January 2018
Amendments to MFRS 140 'Investment Property – Transfers of Investment Property'	1 January 2018
Annual Improvements to MFRSs 2014-2016 Cycle: MFRS 128 'Investments in Associates and Joint Ventures'	1 January 2018
IC Interpretation 22 'Foreign Currency Transactions and Advance Consideration'	1 January 2018

The adoption of the above applicable new standards, IC Interpretations, annual improvements and amendments to published standards have not given rise to any material impact on the financial statements of the Group and the Company, except for changes arising from the adoption of MFRS 9 and 15 as disclosed in Note 37 to the financial statements.

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

a) *Financial year beginning on/after 1 July 2019*

- MFRS 16 'Leases' (effective from 1 January 2019) supersedes MFRS 117 'Leases' and the related interpretations.

  Under MFRS 16, a lease is a contract (or part of a contract) that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

  MFRS 16 eliminates the classification of leases by the lessee as either finance leases (on balance sheet) or operating leases (off balance sheet). MFRS 16 requires a lessee to recognise a "right-of-use" of the underlying asset and a lease liability reflecting future lease payments for most leases.

  The right-of-use asset is depreciated in accordance with the principle in MFRS 116 'Property, Plant and Equipment' and the lease liability is accreted over time with interest expense recognised in the Income Statement.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

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

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

For lessors, MFRS 16 retains most of the requirements in MFRS 117. Lessors continue to classify all leases as either operating leases or finance leases and account for them differently.

The Group and the Company will apply MFRS 16 by using the modified retrospective approach, therefore the comparative information will not be restated and continues to be reported under MFRS 117 Leases ("MFRS 117") and IC Interpretation 4 Determining Whether an Arrangement Contain a Lease ("IC 4"). The retrospective impact of applying MFRS 16 for the leasing contracts assessed to be relevant to MFRS 16 as at 1 July 2019 shall be adjusted to the Group and Company's retained earnings as at 1 July 2019.

The purchases and sales of rights to access and rights to use licenses of intellectual property are excluded from the scope of MFRS 16.

As a lessee, the Group and the Company recognise a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of cost to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's and the Company's incremental borrowing rate. Generally, the Group and the Company use its incremental borrowing rate as the discount rate. Subsequently, the lease liability is measured at amortised cost using the effective interest rate method, re-measured when there is a change in the Group's and the Company's estimates of future lease payments arising from changes in circumstances relating to the contractor if the Group and the Company changes its assessment of whether it will exercise a purchase, extension or termination options.

In such re-measurements, a corresponding adjustment is made to the carrying amount of the right-to-use asset, or is recorded in Income Statement if the carrying value of the right-of-use asset has been reduced to zero.

The Group and the Company have elected to not recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less at inception or at initial application of MFRS 16 and low-value assets. The Group and Company would recognise the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

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

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

The Group and the Company anticipate:

(i) In future, depreciation and interest expense will be recognised instead of leasing expenses, which will improve Earnings before Interest, Tax, Depreciation and Amortisation ("EBITDA").

(ii) Payment obligations for operating leases will be separately reported as right-of-use assets and lease liabilities. Hence, there will be moderate increase in total assets and liabilities on the first-time adoption due to the capitalisation of right-of-use assets and the recognition of lease liabilities. The increase in lease liabilities will lead to a corresponding increase in gross borrowings.

(iii) Net cash flow is not impacted by MFRS 16, both net cash inflows from operating activities and payments classified within cash flow from financing activities will increase, as payments made at lease inception or subsequently will be characterised as a repayment of lease liabilities.

(iv) Off balance sheet operating leases commitments disclosed in Note 35 under MFRS 117 will be recognised as assets and liabilities on the Statement of Financial Position.

- Amendments to MFRS 3 'Business Combinations' (effective from 1 January 2019) clarify that when a party obtains control of a business that is a joint operation, the acquirer should account the transaction as a business combination achieved in stages. Accordingly it should remeasure its previously held interest in the joint operation (rights to the assets and obligations for the liabilities) at fair value on the acquisition date.

- Amendments to MFRS 9 'Prepayment Features with Negative Compensation' (effective 1 January 2019) allow companies to measure some prepayable financial assets with negative compensation at amortised cost. Negative compensation arises where the contractual terms permit the borrower to prepay the instrument before its contractual maturity, but the prepayment amount could be less than the unpaid amounts of principal and interest. To qualify for amortised cost measurement, the negative compensation must be reasonable compensation for early termination of the contract, and the asset must be held within a 'held to collect' business model. The amendments will be applied retrospectively.

- Amendments to MFRS 11 'Joint Arrangements' (effective from 1 January 2019) clarify that when a party obtains joint control of a business that is a joint operation, the party should not remeasure its previously held interest in the joint operation.

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

Notes to the Financial Statements

for the financial year ended 30 June 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

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

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

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

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

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

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

b) Financial year beginning on/after 1 July 2020

- Amendments to References to the Conceptual Framework in MFRS Standards (MFRS 2, 3, 6, 101, 108, 134, 137, 138 & IC Interpretations 12, 19, 20, 22 and 132)

  The Amendments to References to the Conceptual Framework in MFRS Standards (effective from 1 January 2020) comprise a comprehensive set of concepts for financial reporting. Built on the previous version of the Conceptual Framework for Financial Reporting issued in 2011, the changes to the chapters on the objective of financial reporting and qualitative characteristics of useful financial information are limited, but with improved wording to give more prominence to the importance of providing information needed to assess management's stewardship of an entity's economic resources. Other improvements of the revised Conceptual Framework include a new chapter on measurement, guidance on reporting financial performance, improved definitions and guidance - in particular the definition of a liability - and clarifications in important areas, such as the role of prudence and measurement uncertainty in financial reporting.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

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

b) *Financial year beginning on/after 1 July 2020 (cont'd.)*

- Amendments to MFRS 3 'Definition of a Business' (effective from 1 January 2020) revise the definition of a business. To be considered a business, an acquisition would have to include an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments provide guidance to determine whether an input and a substantive process are present, including situation where an acquisition does not have outputs. To be a business without outputs, there will now need to be an organised workforce. It is also no longer necessary to assess whether market participants are capable of replacing missing elements or integrating the acquired activities and assets. In addition, the revised definition of the term 'outputs' is narrower, focusses on goods or services provided to customers, generating investment returns and other income but excludes returns in the form of cost savings. The amendments introduce an optional simplified assessment known as 'concentration test' that, if met, eliminates the need for further assessment. Under this concentration test, if substantially all of the fair value of gross assets acquired is concentrated in a single identifiable asset (or a group of similar assets), the assets acquired would not represent a business. The amendments shall be applied prospectively.

- Amendments to MFRS 101 'Presentation of Financial Statements' and MFRS 108 'Accounting Policies, Changes in Accounting Estimates and Errors' (effective from 1 January 2020). The amendments refine the definition by including 'obscuring information' in the definition of material to respond to concerns that the effect of including immaterial information should not reduce the understandability of a company's financial statements. The prior definition focuses only on information that cannot be omitted (material information) and does not also consider the effect of including immaterial information. Other refinements to the definition include incorporating some existing wording in MFRS 101 and the Conceptual Framework for Financial Reporting. Consequently, the amendments align the definition of material across MFRS Standards and other publications. The amendments shall be applied prospectively.

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

- Amendments to MFRS 10 and MFRS 128, 'Sale or Contribution of Assets between an Investor and its Associate or Joint Venture' resolve a current inconsistency between MFRS 10 and MFRS 128. The accounting treatment depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a 'business'. Full gain or loss shall be recognised by the investor where the non-monetary assets constitute a 'business'. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor to the extent of the other investors' interests. The amendments will only apply when an investor sells or contributes assets to its associate or joint venture. They are not intended to address accounting for the sale or contribution of assets by an investor in a joint operation.

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

Notes to the Financial Statements
for the financial year ended 30 June 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(b) Property, plant and equipment

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

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

Where items of property, plant and equipment are transferred to the Group from customers/developers, the fair value of the assets transferred is recognised as property, plant and equipment in the Statement of Financial Position. Where the transfer is exchanged for connection to the network and no further obligation is required, the corresponding credit is revenue. Where the transfer is linked to the provision of ongoing services, the corresponding entry is deferred income as disclosed in Note 29 and released to the Income Statement over the expected useful lives of the assets.

Infrastructure assets comprise eight components whose weighted average life is 108 years: impounding reservoirs 150 years, raw water mains 100 years, treated water mains 100 years, communication pipes 60 years, sewers 125 years, sewage pumping stations 60 years, combined sewer overflows 80 years and sea outfalls 60 years.

Freehold land is not depreciated as it has an infinite life. Leasehold land classified as finance lease is amortised over its lease period.

All other property, plant and equipment are depreciated on a straight line basis to write off the cost of each asset to its residual value over its estimated useful lives, summarised as follows:

	Years
Leasehold land	18-30
Buildings	10-80
Plant and machinery	3-30
Mains and lines	20
Equipment, furniture and fittings	3-10
Motor vehicles and aircraft	5-10
Telecommunications equipment	5-25

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

At each reporting date, the Group and the Company assess whether there is any indication of impairment. If such indication exists, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amounts exceed the recoverable amounts. See accounting policy Note 2(f) to the financial statements on impairment of non-financial assets.

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

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

(c) Leases

(i) Accounting by lessee

Finance leases

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

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

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

Operating leases

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

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

(ii) Accounting by lessor

Operating leases

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

Notes to the Financial Statements

for the financial year ended 30 June 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(d) Intangible assets

(i) Contract rights

Contract rights comprise acquired contracts and rights to contracts from business combination. These are amortised over the contractual period on a straight line basis and are assessed at each reporting date whether there is any indication that the contract rights may be impaired. See accounting policy Note 2(f) to the financial statements on impairment of non-financial assets.

(ii) Goodwill

Goodwill arises on the acquisitions of subsidiaries and it represents the excess of the cost of the acquisition over the Group's share of the fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree at the date of acquisition. If the fair value of consideration transferred, the amount of non-controlling interest and the fair value of previously held interest in the acquiree are less than the fair value of the net identifiable assets of the acquiree, the resulting gain is recognised in the Income Statement.

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

Goodwill acquired in a business combination is allocated to cash-generating units for the purpose of impairment testing and is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired. The carrying value of goodwill is compared to the recoverable amount, which is the higher of fair value less costs of disposal and value-in-use. Any impairment is recognised immediately as an expense and is not subsequently reversed. See accounting policy Note 2(f) to the financial statements on impairment of non-financial assets.

(iii) Other intangible assets

Other intangible assets comprise customer lists. Other intangible assets are amortised over the contractual period on a straight line basis and are assessed at each reporting date whether there is any indication that the other intangible assets may be impaired. See accounting policy Note 2(f) to the financial statements on impairment of non-financial assets.

(e) Investment properties

Investment properties include those portions of buildings that are held for long term rental yields and/or for capital appreciation and freehold land and/or land under operating leases that is held for long-term capital appreciation or for a currently indeterminate use. Investment properties include properties that are being constructed or developed for future use as investment properties.

Investment properties are measured initially at cost and subsequently at fair value with any change therein recognised in Income Statement for the period in which they arise. Where the fair value of the investment property under construction is not reliably determinable, the investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is complete, whichever is earlier.

Cost included expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(e) Investment properties (cont'd.)

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in Income Statement in the period in which the item is derecognised. The amount of consideration to be included in the gain or loss arising from the derecognition of investment property is determined in accordance with the requirements for determining the transaction price in MFRS 15.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property/inventories, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

(f) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or as and when events or circumstances occur indicating that an impairment may exist. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

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

(g) Subsidiaries

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

Subsidiaries are consolidated using the acquisition method of accounting except for subsidiaries that were consolidated prior to 1 July 2002 in accordance with Malaysian Accounting Standard 2 'Accounting for Acquisitions and Mergers', the generally accepted accounting principles prevailing at that time.

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

Notes to the Financial Statements
for the financial year ended 30 June 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(g) Subsidiaries (cont'd.)

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

(i) Acquisition method

Under the acquisition method of accounting, subsidiaries are fully consolidated from the date on which control is transferred to the Group and are deconsolidated from the date that control ceases. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred.

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

The excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the fair value of net identifiable assets acquired and liabilities assumed is recorded as goodwill. If this consideration is lower than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the gain is recognised in the Income Statement (refer to significant accounting policies Note 2(d)(ii) on goodwill).

(ii) Merger method

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

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

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

(iii) Transactions with non-controlling interests

The Group treats transactions with non-controlling interests that do not result in loss of control as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(g) Subsidiaries (cont'd.)

(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 financial asset depending on the level of influence retained.

(h) Associates

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

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

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

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

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

When the Group losses significant influence, any retained interest in the entity is re-measured to its fair value with the change in carrying amount recognised in the Income Statement. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as a financial asset. Any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

Notes to the Financial Statements
for the financial year ended 30 June 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(i) Joint arrangements

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

Joint ventures

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

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

(j) Investments in subsidiaries, joint arrangements and associates

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

On disposal of investments in subsidiaries, joint arrangements and associates, the difference between disposal proceeds and the carrying amounts of the investments are recognised in the Income Statement.

(k) Development expenditure

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(l) Inventories

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

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

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(m) Financial assets and financial liabilities

Financial assets (Accounting policies applied from 1 July 2018)

(i) Classification

From 1 July 2018, the Group and the Company classify its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income ("OCI") or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

The Group and the Company reclassify debt investments when and only when its business model for managing those assets changes.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group and the Company commit to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group and the Company have transferred substantially all the risks and rewards of ownership.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

Financial assets (Accounting policies applied from 1 July 2018) (cont'd.)

(iii) Measurement

At initial recognition, the Group and the Company measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in the Income Statement.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest ("SPPI").

a) Debt instruments

Subsequent measurement of debt instruments depends on the Group's and the Company's business model for managing the asset and the cash flow characteristics of the asset.

There are three measurement categories into which the Group and the Company classify its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent SPPI are measured at amortised cost. Interest income from these financial assets is included in the Income Statement using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in the Income Statement and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the Income Statement.
- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent SPPI, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in the Income Statement. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in the Income Statement using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the Income Statement.
- FVTPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. The Group and the Company may also irrevocably designate financial assets at FVTPL if doing so significantly reduces or eliminates a mismatch created by assets and liabilities being measured on different bases. Fair value changes is recognised in the Income Statement and presented net within other gains/(losses) in the period which it arises.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

Financial assets (Accounting policies applied from 1 July 2018) (cont'd.)

(iii) Measurement (cont'd.)

b) Equity instruments

The Group and the Company subsequently measure all equity investments at fair value. Where the Group's and the Company's management have elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in the Income Statement when the Group's and the Company's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in other gains/(losses) in the Income Statement as applicable.

(iv) Impairment

The Group and the Company assess on a forward-looking basis the expected credit loss ("ECL") associated with its debt instruments carried at amortised cost and at FVOCI and financial guarantee contracts issued. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group has five types of financial instruments that are subject to the ECL model:

- Trade receivables
- Contract assets
- Other receivables (including deposits, interest receivables, unbilled receivables and receivables from associate/ joint venture)
- Amounts owing by related companies (fellow subsidiaries, immediate holding company and ultimate holding company)
- Financial guarantee contracts

The Company has three types of financial instruments that are subject to the ECL model:

- Other receivables (including deposits and interest receivables)
- Amounts owing by related companies (fellow subsidiaries, immediate holding company, ultimate holding company and subsidiaries)
- Financial guarantee contracts

While cash and cash equivalents are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial.

Notes to the Financial Statements
for the financial year ended 30 June 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

Financial assets (Accounting policies applied from 1 July 2018) (cont'd.)

(iv) Impairment (cont'd.)

ECL represent a probability-weighted estimate of the difference between present value of cash flows according to the contracts and present value of cash flows the Group and the Company expect to receive, over the remaining life of the financial instrument. For financial guarantee contracts, the ECL is the difference between the expected payments to reimburse the holder of the guaranteed debt instrument less any amounts that the Group and the Company expect to receive from the holder, the debtor or any other party.

The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

a) *General 3-stage approach for other receivables and financial guarantee contracts issued*

At each reporting date, the Group and the Company measure ECL through loss allowance at an amount equal to 12 month ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition. For all other financial instruments, a loss allowance at an amount equal to lifetime ECL is required. Note 33(b) sets out the measurement details of ECL.

b) *Simplified approach for trade receivables, contract assets and amounts owing by related companies which is trade in nature*

The Group applies the MFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables, contract assets and amounts owing by related companies which is trade in nature. Note 33(b) sets out the measurement details of ECL.

Significant increase in credit risk

The Group and the Company consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group and the Company compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. The Group and the Company consider available reasonable and supportable forward-looking information.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

Financial assets (Accounting policies applied from 1 July 2018) (cont'd.)

(iv) Impairment (cont'd.)

Significant increase in credit risk (cont'd.)

The following indicators are incorporated:

- external credit rating (as far as available)
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations
- significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtor in the Group and changes in the operating results of the debtor.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

Definition of default and credit-impaired financial assets

The Group and the Company define a financial instrument as default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

a) *Quantitative criteria*

The Group and the Company define a financial instrument as default, when the counterparty fails to make contractual payment within 30 days to 1460 days after they fall due.

b) *Qualitative criteria*

The debtor meets unlikeliness to pay criteria, which indicates the debtor is in significant financial difficulty. The Group and the Company consider the following instances:

- the debtor is in breach of financial covenants
- concessions have been made by the lender relating to the debtor's financial difficulty
- it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation
- the debtor is insolvent.

Financial instruments that are credit-impaired are assessed on individual basis.

Notes to the Financial Statements

for the financial year ended 30 June 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

Financial assets (Accounting policies applied from 1 July 2018) (cont'd.)

(iv) Impairment (cont'd.)

Groupings of instruments for ECL measured on collective basis

a) *Collective assessment*

To measure ECL, trade receivables, contract assets and amounts owing by related companies which is trade in nature have been grouped based on shared credit risk characteristics of customer's behaviour and the days past due. The contract assets relate to unbilled amounts and amounts owing by related companies which is trade in nature have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets and amounts owing by related companies which is trade in nature.

b) *Individual assessment*

Trade receivables, contract assets, other receivables and amounts owing by related companies which are in default or credit-impaired are assessed individually.

(v) Write-off

a) *Trade receivables, contract assets and amounts owing by related companies which is trade in nature*

Trade receivables, contract assets and amounts owing by related companies which is trade in nature are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, uneconomic collection and court orders.

Impairment losses are presented within 'other operating expenses' in the Income Statement. Subsequent recoveries of amounts previously written off are credited against the same line item.

b) *Other receivables and amounts owing by related companies*

The Group write-off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount. The Group may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in impairment gains.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

Financial assets (Accounting policies applied until 30 June 2018)

(i) Classification

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

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

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

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

b) Loans and Receivables

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

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

c) Available-for-sale Financial Assets

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

(ii) Measurement

a) Recognition and initial measurement

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

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

Notes to the Financial Statements

for the financial year ended 30 June 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

Financial assets (Accounting policies applied until 30 June 2018) (cont'd.)

(ii) Measurement (cont'd.)

a) *Recognition and initial measurement (cont'd.)*

Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the Income Statement.

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest methods less provision for impairment, if any.

b) *Subsequent measurement – Gains and losses*

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

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

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

(iii) Derecognition

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

(iv) Impairment of financial assets

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

a) *Assets carried at amortised cost*

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

Financial assets (Accounting policies applied until 30 June 2018) (cont'd.)

(iv) Impairment of financial assets (cont'd.)

a) Assets carried at amortised cost (cont'd.)

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

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

b) Assets classified as available-for-sale

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is taken as evidence that the securities are impaired. If any such evidence exists, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss previously recognised in the Income Statement, is reversed from equity and recognised in the Income Statement. Impairment losses recognised in the Income Statement on equity instruments is not reversed through Income Statement in subsequent periods.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the Income Statement, the impairment loss is reversed through the Income Statement.

Financial liabilities

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

The Group's financial liabilities include trade payables, other payables and borrowings (see Note 2(r)). The Company's financial liabilities include other payables and borrowings (see Note 2(r)). These are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the Statement of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy.

(n) Derivative financial instruments and hedging activities

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

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

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

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

The fair values of various derivative financial instruments used for hedging purposes are disclosed in Note 19 to the financial statements. Movements on the hedging reserve in shareholders' equity are shown in Note 24(a) to the financial statements. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. The fair value of a trading derivative is classified as a current asset or liability.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

(ii) Cash flow hedge

The fair value changes on the effective portion of the derivatives that are designated and qualify as cash flow 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). When the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory or fixed assets), the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognised in cost of goods sold in the case of inventory or in depreciation in the case of property, plant and equipment.

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

(o) Financial guarantee

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

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value.

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.

Accounting policies applied from 1 July 2018

Financial guarantee contracts are subsequently measured at the higher of the amount determined in accordance with the expected credit loss model under MFRS 9 "Financial instruments" and the amount initially recognised less cumulative amount of income recognised in accordance with the principles of MFRS 15 "Revenue from Contracts with Customers", where appropriate.

Accounting policies applied until 30 June 2018

Financial guarantee contracts are subsequently measured 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.

Notes to the Financial Statements
for the financial year ended 30 June 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(p) Cash and cash equivalents

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

(q) Share capital

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

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

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

Purchase of own shares

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

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

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

(r) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Subsequently, borrowings are carried 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 borrowings.

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

Borrowings are classified as current liabilities unless the Group and the Company have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(s) Grants and contributions

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

(t) Deferred income

The deferred income comprise assets transferred from customers in respect of services which are yet to be provided and shareholder loan interest revenue. Such amounts are recorded as liabilities in the Statement of Financial Position and are amortised to the Income Statement over the expected economic useful lives of the related assets.

(u) Provisions

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

(v) Revenue recognition

Revenue which represents income arising in the course of the Group's ordinary activities is recognised by reference to each distinct performance obligation promised in the contract with customer. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of goods and service tax, returns, rebates and discounts. Transaction price is allocated to each performance obligation on the basis of the relative stand-alone selling prices of each distinct good or services promised in the contract. Depending on the substances of the respective contract with the customer, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

(i) Sale of electricity

The Group's electricity is generated and sold into national electricity company or market in the respective countries in which the Group operates.

Revenue from sale of electricity is recognised over time upon delivery of the electricity to the customers at a single point within the electricity grid.

Revenue are presented, net of goods and service tax, penalties, rebates and discounts. Collection of the contract consideration from customers is considered probable. No element of financing is deemed present as the sales are made with specified credit terms.

Electricity revenue includes an estimated value of the electricity consumed by customer from the date of the last meter reading available and reporting period end. Accrued unbilled revenue is recognised as receivables and is reversed the following month when actual billings occur.

Notes to the Financial Statements

for the financial year ended 30 June 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(v) Revenue recognition (cont'd.)

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

The Group, under the license granted by the UK Government, has the right to supply water and sewerage services to customers, together with an obligation to maintain and develop the network and ensure its continued availability.

The nature of the water industry in the UK is such that revenue recognition is subject to a degree of estimation. The assessment of water sales to customers is based on internal data where final settlement data is not yet available. At the end of each period, amounts of water delivered to customers are estimated and the corresponding billed and unbilled revenue is assessed and recorded in revenue. For the purpose of the judgement, various factors are considered such as seasonality, historic billing profiles, leakage data and general economic conditions.

For metered customers, revenue is determined by the meter reading. For unmetered customers, the amount to which the Group has a right to receive is determined by the passage of time during which the customer occupies a property within the Group's licenced region.

Developer services related to the obligation under statute to allow property developers to establish an authorised connection to the water and/or sewerage network. In obtaining the connection, the developer may require the Group to undertake one or more of the following:

(i) Connections and meter installation in exchange for payment;

(ii) Requisitions of water mains in exchange for payment; and

(iii) Adoptions of water and wastewater mains.

The developer is also required to pay infrastructure charges being a contribution to network reinforcement.

These activities are not separable nor distinct and instead form a bundle of activities necessary to establish an authorised connection from which the network access can be obtained. Also, the Group has an additional obligation under statute to keep the connection in place for all current and future occupiers and facilitate ongoing access to the network for as long as the property requires service provision. Consequently, revenue from developer services will be deferred over the shorter of expected period of service provision or the need to replace the assets at the end of their useful life (typically in the range 60 to 125 years).

No element of financing is deemed present as the Group has adopted the practical expedient available in MFRS 15 where the interval between transfer of the promised goods or services and payment by the customer is expected to be less than 12 months.

Unbilled receivables are considered to be a variable consideration which is not constrained as the Group considers it to be highly probable that a significant amount will not be reversed after year end. Unbilled receivables and the variable consideration are estimated using the most likely outcome approach.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(v) Revenue recognition (cont'd.)

(iii) Broadband and telecommunications

The Group generates revenue from providing telecommunication services, such as access to the network, airtime usage, messaging, and internet services as well as from sales of products. Products and services may be sold separately or in bundled packages. The typical length of a contract for bundled packages is 11 months to 24 months.

For bundled packages, the Group accounts for individual products and services separately if they are distinct, i.e. if a product or service is separately identifiable from other items in the bundled package and if a customer can benefit from it. The consideration is allocated between separate products and services in a bundle based on their Relative Stand-alone Selling Prices ("RSSP"). The RSSP are determined based on the list prices at which the Group sells the products and telecommunication services. RSSP are based on observable sales prices; however, where RSSP are not directly observable, estimates will be made maximising the use of observable inputs.

a) Telecommunication services

Telecommunication revenue from postpaid and prepaid services provided by the Group is recognised over time, as the benefits of telecommunication services are simultaneously received and consumed by the customer.

Revenue from prepaid services is recognised when services are rendered. Starter packs with a sim card and reload voucher is accounted for as a single performance obligation as the sim card can only be used together with the services provided by the Group. Prepaid credits are recognised as contract liability in the statement of financial position. Revenue is recognised when the credits are utilised or up to the point of customer churn or upon expiry, whichever is earlier.

Postpaid services are provided in postpaid packages which consist of various services (i.e. call minutes, internet data, sms and etc.). These postpaid packages have been assessed to meet the definition of a series of distinct services that are substantially the same and have the same pattern of transfer and as such the Group treats these packages as a single performance obligation.

Postpaid packages are either sold separately or bundled together with the sale of device to a customer. As postpaid packages and device are capable of being distinct and separately identifiable, there are two performance obligations within a bundled transaction. Accordingly, the Group allocates the transaction price based on the RSSP of the postpaid packages and devices.

b) Sale of devices

Devices may be sold separately or in bundled packages. The Group recognises revenue when control of the device has transferred to the customer upon delivery and acceptance of the device at the point of sale.

Notes to the Financial Statements
for the financial year ended 30 June 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(v) Revenue recognition (cont'd.)

(iii) Broadband and telecommunications (cont'd.)

b) Sale of devices (cont'd.)

For devices sold separately, the consideration is received in full at the point of sale. The amount of revenue recognised is measured at the consideration specified in the contract. For devices sold in bundled packages, the customers usually offered to pay at a discounted price on the device. The amount of revenue recognised for devices sold in bundled packages is measured at the allocated consideration based on the RSSP as explained previously.

Devices that the Group promises to transfer as part of a bundled package with network service plans are considered distinct and thus accounted for as a separate performance obligation. Devices that are transferred as part of a fixed line telecommunication services bundled package which can only be used together with the services provided by the Group, are considered as a single performance obligation in telecommunications service revenue.

A contract asset is recognised when the Group delivers the devices before the payment is due. If the payment happens before the delivery of device, then a contract liability is recognised. Contract assets and contract liabilities are presented within receivables and payables respectively in the statement of financial position.

The Group generates revenue from telecommunication infrastucture business. Telecommunication infrastructure business revenue is generated from the leasing of space on the Group's telecommunication towers, where the customers install and maintain their individual communication network equipment. The revenue is recognised on a straight-line basis over the fixed and non-cancellable term of the lease agreement, irrespective of when payments are due.

(iv) Sale of steam

The Group's sale of steam is mainly derived from wholesale market customers. Revenue from sales of steam is recognised as and when the Group's customers simultaneously receive and consume the benefits (i.e. the customers are able to utilise the steam for their benefit as and when the steam is being supplied) arising from the Group performing its obligations based on the terms of the contracts with the customers. Accordingly, revenue from the supply of steam is recognised over time; i.e. as and when the steam supplied is consumed by the customers.

No element of financing is deemed present as the sales are made with specified credit terms.

(v) Investment income

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(v) Revenue recognition (cont'd.)

(vi) Others

Other income earned by the Group is recognised on the following bases:

Sale of natural gas	–	Revenue from sale of natural gas is recognised as and when the Group's customers simultaneously receive and consume the benefits (i.e. the customers are able to utilise the gas for their benefit as and when the gas is being supplied) arising from the Group performing its obligations based on the terms of the contracts with the customers. Accordingly, revenue from the supply of gas is recognised over time; i.e. as and when the gas supplied is consumed by the customers. No element of financing is deemed present as the sales are made with specified credit terms.
Sale of fuel oil	–	Sale of fuel oil is recognised when control of the products has transferred, being when the products are delivered to the customer and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been transported to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.
	–	Revenue from these sales is recognised based on the price specified in the contract and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. No element of financing is deemed present as the sales are made with specified credit term.
	–	A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.
Tank leasing fees	–	Tank leasing fees from operating leases are recognised on a straight line basis over the lease term.
Management, operation and maintenance fees	–	Management, operation and maintenance fees are recognised over the period in which the services are rendered.
Rental income	–	Rental income from operating leases (net of any incentives given to the lessees) is recognised on the straight line basis over the lease term.
Hotel operations	–	Hotel room revenue is recognised over time during the period of stay for the hotel guests. Revenue from food, beverage and other ancillary services are generally recognised at the point in time when the services are rendered.

Notes to the Financial Statements
for the financial year ended 30 June 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(w) Contracts with Customers

(i) Contract assets

Contract asset is the right to consideration in exchange for goods and services that the Group has transferred to a customer. If the Group transfers goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment based on the ECL model. Contract assets are presented within "Receivables, deposits, and prepayments" of the statement of financial position.

(ii) Contract liabilities

Contract liability is the unsatisfied obligation by the Group to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs the services under the contract. Contract liabilities are presented within "Payables and accrued expenses" and "Payables" of the statement of financial position.

(iii) Contract cost assets

The Group capitalises sales commissions as costs to obtain a contract with a customer when they are incremental and expected to be recovered over more than a year. The Group expects to recover these costs in the future through telecommunication services revenue earned from the customer. The Group also capitalises the expenditure on assets such as water mains/sewers or new connections relating to contracts as they are incurred to fulfil the contract.

Sales commissions are amortised on a straight-line basis over the term of the specific contract to which the cost relates to. Amortisation of contract costs are included as part of direct cost within "Cost of sales" in the Income Statement. While, the expenditure on assets are treated as cost of sales when the contract is complete.

An impairment loss is recognised to the Income Statement to the extent that the carrying amount of the contract cost asset recognised exceeds the remaining amount of considerations that the Group expects to receive for the specific contract that the cost relates to less additional costs required to complete the specific contract.

(x) Employee benefits

(i) Short-term employee benefits

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

(ii) Post-employment benefits

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(x) Employee benefits (cont'd.)

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

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

a) Defined contribution plan

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

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

b) Defined benefit plan

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

The liability in respect of a defined benefit plan is the present value of the defined benefit obligation at the reporting date minus the fair value of plan assets.

The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

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

Past-service costs are recognised immediately in the Income Statement.

(iii) Share-based compensation

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

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

Notes to the Financial Statements
for the financial year ended 30 June 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(x) Employee benefits (cont'd.)

(iii) Share-based compensation (cont'd.)

The proceeds received net of any directly attributable transaction costs are credited to share capital when the options are exercised.

(y) Income taxes

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

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

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

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.

(z) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(z) Foreign currencies (cont'd.)

(iii) Group companies

The results and financial position of all the Group's entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

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

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

Goodwill and fair value adjustments arising on the acquisition of a foreign entity on or after 1 July 2011 are treated as assets and liabilities of the foreign entity and translated at the closing rate. For acquisition of foreign entities completed prior to 1 July 2011, goodwill and fair value adjustments continued to be recorded at the exchange rate at the respective date of acquisitions. This is in accordance to the adoption of MFRS 1.

(aa) Contingent liabilities and contingent assets

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

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group and the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or it cannot be measured reliably. However, contingent liabilities do not include financial guarantee contracts.

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

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

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

Notes to the Financial Statements
for the financial year ended 30 June 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(ab) Segment reporting

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

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

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

(a) Impairment assessment of goodwill

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

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

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

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

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

The Group assesses impairment of the assets or cash-generating units ("CGUs") whenever the events or changes in circumstances indicate that the carrying amount of an asset or CGU may not be recoverable i.e. the carrying amount of the asset is more than the recoverable amount. Recoverable amount is measured at the higher of the fair value less costs of disposal ("FVLCD") for that asset or CGU and its value-in-use ("VIU"). Projected future cash flows used in impairment testing of the assets or CGUs are based on Group's estimates calculated using historical, sector and industry trends, general market and economic conditions, changes in technology and other available information.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D.)

(c) Impairment assessment of property, plant and equipment ("PPE") and investment (cont'd.)

The recoverable amounts of the asset or CGUs are determined based on VIU or FVLCD calculations. These calculations require the use of estimates. The calculations are inherently judgmental and susceptible to change from period to period because they require the Group to make assumptions about revenue growth rate, discount rate and terminal multiple.

The assumptions used and results of the impairment assessment of investment in a subsidiary and PPE are disclosed in Note 13(d) and Note 10 to the financial statements, respectively.

(d) Estimated useful lives of property, plant and equipment ("PPE")

The Group reviews the useful lives of its PPE at each reporting date and any adjustments are made on a prospective basis as changes in accounting estimates. The useful lives of the plant and machinery are assessed periodically based on the conditions of the plant and machinery, market conditions and other regulatory requirements. During the financial year, the Group has reviewed the operational conditions of the power generators in multi utilities business segment and revised the estimated useful lives of these plant and machinery from 25 to 30 years with effect from 1 July 2018 to better reflect the economic useful lives. This change is also in-line with industry standards in Singapore.

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

The present value of the post-employment benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost/income are disclosed in Note 27 to the financial statements. Any changes in these assumptions will impact the carrying amount of post-employment benefit obligations.

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

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

(g) Revenue recognition from accrued income

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

Notes to the Financial Statements

for the financial year ended 30 June 2019

4. REVENUE

(a) Revenue comprises the following:

	Group		Company	
	2019 RM'000	**2018 RM'000 (Restated)**	**2019 RM'000**	**2018 RM'000**
Revenue from contracts with customers	**11,494,974**	10,355,079	**-**	-
Revenue from other sources	**237,742**	250,871	**798,911**	386,664
Total revenue	**11,732,716**	10,605,950	**798,911**	386,664

(i) Disaggregation of revenue from contracts with customers and other sources:

	Group		Company	
	2019 RM'000	**2018 RM'000 (Restated)**	**2019 RM'000**	**2018 RM'000**
Power generation (Contracted)				
- Sale of electricity	**798,480**	614,486	**-**	-
Multi utilities business (Merchant)				
- Sale of electricity	**5,908,123**	5,176,016	**-**	-
- Sale of steam	**211,048**	190,120	**-**	-
- Others	**154,830**	187,304	**-**	-
	6,274,001	5,553,440	**-**	-
Water and sewerage				
- Supply of clean water and treatment and disposal of waste water	**3,437,435**	3,365,346	**-**	-
Mobile broadband network				
- Sale of devices	**16,166**	24,741	**-**	-
- Telecommunication services	**810,392**	700,127	**-**	-
- Telecommunication infrastructure business	**45,389**	47,322	**-**	-
	871,947	772,190	**-**	-
Investment holding activities				
- Investment income	**188,130**	199,238	**795,577**	383,288
- Management, operation and maintenance fees	**93,516**	97,874	**-**	-
- Others	**69,207**	3,376	**3,334**	3,376
	350,853	300,488	**798,911**	386,664
	11,732,716	10,605,950	**798,911**	386,664

4. REVENUE (CONT'D.)

(a) Revenue comprises the following: (cont'd.)

(ii) Timing of revenue recognition for revenue from contracts with customers:

	Group	
	2019 RM'000	**2018 RM'000 (Restated)**
- at a point in time	**178,590**	151,656
- over time	**11,316,384**	10,203,423
	11,494,974	10,355,079

(b) Contract assets and liabilities related to contracts with customers

	Note	Group		
		30.6.2019 RM'000	**30.6.2018 RM'000 (Restated)**	**1.7.2017 RM'000 (Restated)**
Non-current				
Contract assets	17	**2,486**	1,472	1,969
Contract cost assets	17	**3,129**	4,653	712
Contract liabilities	29	**(26,264)**	(6,618)	(1,964)
Current				
Contract assets	17	**156,080**	76,699	155,660
Contract cost assets	17	**33,592**	34,700	56,501
Contract liabilities	30	**(287,789)**	(315,478)	(289,737)

(i) Significant changes in contract assets and liabilities

	Group	
	2019 RM'000	**2018 RM'000 (Restated)**
Contract assets		
At 1 July	**78,171**	157,629
Exchange differences	**15**	(34)
Additions due to revenue recognised during the financial year	**157,263**	80,861
Transfer to trade receivables	**(76,495)**	(160,285)
Allowance for impairment of contract assets	**(388)**	-
At 30 June	**158,566**	78,171

Notes to the Financial Statements
for the financial year ended 30 June 2019

4. REVENUE (CONT'D.)

(b) Contract assets and liabilities related to contracts with customers (cont'd.)

(i) Significant changes in contract assets and liabilities (cont'd.)

	Group	
	2019 RM'000	**2018 RM'000 (Restated)**
Contract liabilities		
At 1 July	**322,096**	291,701
Exchange differences	**(2,872)**	(14,755)
Revenue recognised that was included in the contract liability balance at the beginning of the financial year	**(319,806)**	(280,365)
Increases due to cash received, excluding amounts recognised as revenue during the financial year	**314,635**	325,515
At 30 June	**314,053**	322,096

(ii) Assets recognised from costs to obtain or fulfil a contract

The Group capitalises costs to obtain or fulfil a contract which include sales commissions when they are incremental and expected to be recovered over more than a year. The Group also capitalises expenditure on assets such as water mains/sewers or new connections relating to contracts as they are incurred to fulfil the contract. This is presented within contract cost assets within "Receivables, deposits, and prepayments" in the statement of financial position.

	Group	
	2019 RM'000	**2018 RM'000 (Restated)**
Assets recognised from costs to obtain or fulfil a contract during the financial year	**35,889**	28,701
Amortisation recognised during the financial year	**11,569**	21,119
Contract cost assets charged to cost of sales during the financial year	**26,688**	23,597

(iii) Unsatisfied performance obligations

As at 30 June 2019, the aggregate amount of the transaction price allocated to unsatisfied performance obligations resulting from contracts with customers is RM382.6 million. This will be recognised as revenue as the services are provided to customer, which is expected to occur over the next 1 to 15 years. As permitted under the transitional provision of MFRS 15, the transaction price allocated to unsatisfied performance obligations as at 30 June 2018 is not disclosed.

The Group applied the practical expedient in MFRS 15 and did not disclose information about unsatisfied performance obligation for certain contracts, where the transaction price corresponds directly with the Group's level of performance in the future.

5. SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES

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

	Group		Company	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Key management compensation:				
- Wages, salaries and bonus	**39,746**	51,406	**27,356**	38,898
- Defined contribution plan	**3,289**	4,662	**3,234**	4,634
- Fees	**743**	725	**743**	725
- Share options expenses	**3,181**	930	**3,181**	930
- Other emoluments*	**273**	253	**46**	50
- Estimated money value of benefits in kind	**604**	832	**419**	374

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

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

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

In addition to related party transactions and balances mentioned elsewhere in the financial statements, set out below are significant related party transactions and balances which were carried out on terms and conditions negotiated amongst the related parties. Fellow subsidiaries are subsidiaries of immediate holding company and ultimate holding company of the Company.

	Group		Company	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Sale of goods and services:				
- Fellow subsidiaries	**16,058**	16,250	**-**	-
Dividend income:				
- Subsidiaries	**-**	-	**647,090**	212,453
- Fellow subsidiaries	**3,511**	7,023	**3,511**	7,023
Interest income:				
- Subsidiaries - in respect of loan and advances	**-**	-	**110,721**	85,688
Other income:				
- Fellow subsidiaries	**3,334**	3,376	**3,334**	3,376

Notes to the Financial Statements

for the financial year ended 30 June 2019

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

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Interest expense:				
- Subsidiaries - in respect of loan and advances	**-**	-	**9,452**	16,860
Purchases of goods and services from fellow subsidiaries:				
- Advertising and promotion	**970**	2,334	**-**	-
- Building infrastructure	**4,789**	2,913	**-**	-
- Hotel and accommodation	**3,675**	5,288	**595**	1,908
- Operating and maintenance	**54,332**	41,420	**-**	-
- Telecommunications related charges	**75,535**	75,488	**-**	-
Purchases of goods and services from joint venture companies:				
- Information technology consultancy and related services	**26,552**	32,995	**-**	-
Purchases of goods and services from subsidiary of associated company of immediate holding company:				
- Commission, incentives and/or reimbursement of bundle device sold	**4,475**	5,325	**-**	-
Expenses paid on behalf of:				
- Subsidiaries	**-**	-	**5,942**	4,590
- Fellow subsidiaries	**132**	473	**121**	253
Expenses paid on behalf by:				
- Subsidiaries	**-**	-	**80,655**	74,781
- Fellow subsidiaries	**1,208**	2,702	**575**	841
- Immediate holding company and ultimate holding company	**4,868**	5,261	**464**	683
Year-end balances owing by:				
- Subsidiaries	**-**	-	**2,770,031**	2,795,966
- Fellow subsidiaries	**17,125**	15,837	**33**	-
Year-end balances owing to:				
- Subsidiaries	**-**	-	**(2,332)**	(436,194)
- Fellow subsidiaries	**(78,685)**	(29,272)	**(55)**	(124)

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

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

	Company	
	2019 RM'000	2018 RM'000
Advances to subsidiaries		
At 1 July, as previously reported	**2,325,866**	2,647,465
Adoption of MFRS 9 (Note 37(c)(i))	**(4,000)**	-
At 1 July, as restated	**2,321,866**	2,647,465
Net (repayment from)/advances to subsidiaries		
- Advances	**(28,265)**	173,675
- Repayment of principals	**158,298**	(318,627)
- Payment of interests	**(91,924)**	(80,127)
	38,109	(225,079)
Foreign currency translation	**69,903**	(165,348)
Capitalisation of advances to a subsidiary (Note 13(f))	**(166,231)**	-
Capital reduction in a subsidiary (Note 13(e))	**380,000**	-
Net of interest income and expenses	**101,269**	68,828
At 30 June	**2,744,916**	2,325,866

6. PROFIT/(LOSS) BEFORE TAXATION

	Group		Company	
	2019 RM'000	2018 RM'000 (Restated)	2019 RM'000	2018 RM'000
Profit/(Loss) before taxation is stated after charging/(crediting):				
Allowance for impairment of associates	**-**	428	**-**	-
Allowance for impairment of inventories	**4,582**	120	**-**	-
Allowance for impairment of investments	**-**	50	**-**	-
Allowance for impairment of property, plant and equipment	**4,347**	-	**-**	-
Allowance for impairment of receivables (net of reversals)	**146,089**	68,722	**-**	-
Amortisation of contract costs	**11,569**	21,119	**-**	-
Amortisation of deferred income	**(4,579)**	(3,968)	**-**	-
Amortisation of grants and contributions	**(15,973)**	(20,100)	**-**	-
Amortisation of intangible assets	**9,859**	8,827	**-**	-

Notes to the Financial Statements

for the financial year ended 30 June 2019

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

	Group		Company	
	2019 RM'000	**2018 RM'000 (Restated)**	**2019 RM'000**	**2018 RM'000**
Auditors' remuneration				
- Statutory audit fees payable/paid to PwC Malaysia				
- current financial year	**757**	677	**697**	617
- Statutory audit fees payable/paid to member firms of an organisation which are separate and independent legal entities from PwC Malaysia	**725**	810	**-**	-
- Statutory audit fees payable/paid to other audit firms	**2,826**	2,600	**-**	-
- Non-audit fees payable/paid to PwC Malaysia	**65**	88	**24**	29
- Non-audit fees payable/paid to member firms of an organisation which are separate and independent legal entities from PwC Malaysia	**649**	1,182	**-**	-
Bad debts (recovered)/written off	**(4,122)**	4,301	**-**	-
Cash flow hedges, reclassified from hedging reserve to cost of sales	**(144,316)**	(86,838)	**-**	-
Depreciation of property, plant and equipment	**1,075,234**	1,113,191	**269**	247
Development expenditure	**1,248**	1,779	**1,248**	1,779
Directors' remuneration	**35,286**	45,965	**34,560**	45,237
Energy cost	**6,748,448**	5,522,534	**-**	-
Fair value (gain)/loss on derivatives	**(15,590)**	18,747	**(15,590)**	18,747
Fair value (gain)/loss on investments	**(32,753)**	29,410	**(3,222)**	(2,028)
Fair value gain on investment properties	**(53,016)**	-	**-**	-
Interest income	**(8,077)**	(8,408)	**-**	-
Interest expense - borrowings	**1,112,203**	1,049,515	**427,510**	443,406
Interest expense - post-employment benefit obligations	**18,682**	27,987	**-**	-
Net (gain)/loss on disposal of property, plant and equipment	**(4,462)**	1,395	**(26)**	-
Net gain on disposal of investments	**-**	(4)	**-**	(4)
Property, plant and equipment written off	**22,291**	20,203	**-**	-
Provision for liabilities and charges	**8,219**	1,981	**-**	-
Realised loss/(gain) on foreign exchange	**7,698**	(3,668)	**(1,111)**	1,764
Rental of land and building	**145,335**	146,616	**360**	360
Rental of plant, equipment and machinery	**8,250**	4,663	**-**	-
Staff costs:				
- Wages, salaries and bonus	**629,850**	600,857	**19,511**	18,176
- Defined contribution plan	**49,798**	45,292	**1,960**	1,828
- Defined benefit plan - net pension cost/(credit)	**63,962**	(124,496)	**-**	-
- Share option expenses	**2,113**	682	**875**	262
Unrealised (gain)/loss on foreign exchange	**(313)**	6,397	**(2,011)**	(803)
Write back of impairment of a subsidiary	**-**	-	**-**	(45,000)

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

Details of the total remuneration of each Director of the Company received from YTL Power International Berhad Group of Companies, categorised into appropriate components for the financial year ended 30 June 2019, are as follows:

2019	Salaries	Fees	Bonus	Defined contribution plan	Share option expenses	Others*	Estimated money value of benefits in kind	Total
Group	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Executive Directors								
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	4,824	-	1,206	724	448	1	180	7,383
Dato' Yeoh Seok Kian	2,412	-	603	362	448	1	69	3,895
Dato' Yeoh Soo Min	3,756	-	939	563	448	1	41	5,748
Dato' Yeoh Seok Hong	4,947	-	1,146	688	448	1	35	7,265
Dato' Sri Michael Yeoh Sock Siong	-	-	-	-	448	-	-	448
Dato' Yeoh Soo Keng	3,630	-	908	545	448	1	1	5,533
Dato' Mark Yeoh Seok Kah	2,427	-	516	310	448	1	13	3,715
Syed Abdullah Bin Syed Abd. Kadir	648	-	120	42	45	1	80	936
Non-Executive Directors								
Tan Sri Datuk Dr. Aris Bin Osman @ Othman	-	220	-	-	-	14	-	234
Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng	-	55	-	-	-	5	-	60
Dato' Yusli Bin Mohamed Yusoff	-	39	-	-	-	2	-	41
Faiz Bin Ishak	-	217	-	-	-	11	-	228
Datuk Loo Took Gee	-	106	-	-	-	3	-	109
Datuk Seri Long See Wool	-	106	-	-	-	4	-	110
	22,644	743	5,438	3,234	3,181	46	419	35,705
Company								
Executive Directors								
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	4,824	-	1,206	724	448	1	180	7,383
Dato' Yeoh Seok Kian	2,412	-	603	362	448	1	69	3,895
Dato' Yeoh Soo Min	3,756	-	939	563	448	1	41	5,748
Dato' Yeoh Seok Hong	4,584	-	1,146	688	448	1	35	6,902
Dato' Sri Michael Yeoh Sock Siong	-	-	-	-	448	-	-	448
Dato' Yeoh Soo Keng	3,630	-	908	545	448	1	1	5,533
Dato' Mark Yeoh Seok Kah	2,064	-	516	310	448	1	13	3,352
Syed Abdullah Bin Syed Abd. Kadir	648	-	120	42	45	1	80	936
Non-Executive Directors								
Tan Sri Datuk Dr. Aris Bin Osman @ Othman	-	220	-	-	-	14	-	234
Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng	-	55	-	-	-	5	-	60
Dato' Yusli Bin Mohamed Yusoff	-	39	-	-	-	2	-	41
Faiz Bin Ishak	-	217	-	-	-	11	-	228
Datuk Loo Took Gee	-	106	-	-	-	3	-	109
Datuk Seri Long See Wool	-	106	-	-	-	4	-	110
	21,918	743	5,438	3,234	3,181	46	419	34,979

Notes to the Financial Statements

for the financial year ended 30 June 2019

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

2018	Salaries	Fees	Bonus	Defined contribution plan	Share option expenses	Others*	Estimated money value of benefits in kind	Total
Group	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Executive Directors								
The late Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	-	15	-	-	-	-	27	42
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	4,824	50	3,618	1,013	131	1	176	9,813
Dato' Yeoh Seok Kian	2,412	50	1,809	507	131	1	64	4,974
Dato' Yeoh Soo Min	3,756	50	2,817	789	131	1	59	7,603
Dato' Yeoh Seok Hong	4,948	50	3,438	963	131	1	34	9,565
Dato' Sri Michael Yeoh Sock Siong	-	50	-	-	131	-	-	181
Dato' Yeoh Soo Keng	3,630	50	3,630	871	131	1	28	8,341
Dato' Mark Yeoh Seok Kah	2,428	50	1,548	433	131	1	13	4,604
Syed Abdullah Bin Syed Abd. Kadir	648	50	120	58	13	1	76	966
Non-Executive Directors								
Tan Sri Datuk Dr. Aris Bin Osman @ Othman	-	120	-	-	-	13	-	133
Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng	-	70	-	-	-	11	-	81
Dato' Yusli Bin Mohamed Yusoff	-	60	-	-	-	8	-	68
Faiz Bin Ishak	-	60	-	-	-	11	-	71
	22,646	725	16,980	4,634	930	50	477	46,442
Company								
Executive Directors								
The late Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	-	15	-	-	-	-	3	18
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	4,824	50	3,618	1,013	131	1	176	9,813
Dato' Yeoh Seok Kian	2,412	50	1,809	507	131	1	64	4,974
Dato' Yeoh Soo Min	3,756	50	2,817	789	131	1	27	7,571
Dato' Yeoh Seok Hong	4,584	50	3,438	963	131	1	1	9,168
Dato' Sri Michael Yeoh Sock Siong	-	50	-	-	131	-	-	181
Dato' Yeoh Soo Keng	3,630	50	3,630	871	131	1	27	8,340
Dato' Mark Yeoh Seok Kah	2,064	50	1,548	433	131	1	-	4,227
Syed Abdullah Bin Syed Abd. Kadir	648	50	120	58	13	1	76	966
Non-Executive Directors								
Tan Sri Datuk Dr. Aris Bin Osman @ Othman	-	120	-	-	-	13	-	133
Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng	-	70	-	-	-	11	-	81
Dato' Yusli Bin Mohamed Yusoff	-	60	-	-	-	8	-	68
Faiz Bin Ishak	-	60	-	-	-	11	-	71
	21,918	725	16,980	4,634	930	50	374	45,611

* *Others include socso, meeting allowances, etc.*

7. TAXATION

Taxation charge for the financial year:

	Group		Company	
	2019 RM'000	2018 RM'000 (Restated)	2019 RM'000	2018 RM'000
Current tax:				
- Malaysian income tax	**12,735**	2,022	**660**	628
- Foreign income tax	**106,241**	185,103	**-**	-
Deferred taxation (Note 25)	**20,924**	35,143	**(23)**	34
	139,900	222,268	**637**	662
Current tax:				
- Current year	**120,671**	206,039	**708**	708
- Over provision in prior years	**(1,695)**	(18,914)	**(48)**	(80)
Deferred taxation:				
- Originating and reversal of temporary differences	**20,924**	35,143	**(23)**	34
	139,900	222,268	**637**	662

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

	Group		Company	
	2019 RM'000	2018 RM'000 (Restated)	2019 RM'000	2018 RM'000
Numerical reconciliation between taxation and the product of accounting profit multiplied by the Malaysian tax rate				
Profit/(Loss) before taxation	**753,428**	940,595	**321,564**	(118,061)
Taxation calculated at the Malaysian tax rate of 24% (2018: 24%)	**180,823**	225,743	**77,175**	(28,335)
Tax effects of:				
- Share of profits of investments accounted for using the equity method	**(96,277)**	(97,129)	**-**	-
- Different tax rates in other countries	**(27,126)**	(45,743)	**-**	-
- Non-deductible expenses	**158,751**	195,694	**102,951**	110,867
- Income not subject to tax	**(68,078)**	(50,395)	**(179,441)**	(81,790)
- Temporary differences not recognised*	**(6,498)**	13,012	**-**	-
- Over provision in prior years in relation to current tax	**(1,695)**	(18,914)	**(48)**	(80)
Taxation	**139,900**	222,268	**637**	662

7. TAXATION (CONT'D.)

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

	2019 RM'000	2018 RM'000
- Property, plant and equipment	**193,309**	198,299
- Unutilised tax losses	**224,924**	224,924

Under the Malaysia Finance Act 2018 which was gazetted on 27 December 2018, the Group's unutilised tax losses with no expiry period will be imposed with a time limit of utilisation. Any accumulated unutilised tax losses brought forward from year of assessment 2018 can be carried forward for another 7 consecutive years of assessment after the end of pioneer period.

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

	2019 RM'000	2018 RM'000
- Property, plant and equipment	**9,284**	10,552
- Unutilised tax losses	**867**	1,107
- Others	**4,464**	4,464

Under the Malaysia Finance Act 2018 which was gazetted on 27 December 2018, the Group's unutilised tax losses with no expiry period will be imposed with a time limit of utilisation. Any accumulated unutilised tax losses brought forward from year of assessment 2018 can be carried forward for another 7 consecutive years of assessment.

8. EARNINGS PER SHARE ("EPS")

(a) Basic EPS

	Group	
	2019	2018 (Restated)
Profit attributable to owners of the parent (RM'000)	**476,751**	619,685
Weighted average number of ordinary shares in issue ('000)	**7,686,411**	7,866,004
Basic EPS (sen)	**6.20**	7.88

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

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

(b) Diluted EPS

	Group	
	2019	**2018 (Restated)**
Profit attributable to owners of the parent (RM'000)	**476,751**	619,685
Profit used to determine diluted EPS (RM'000)	**476,751**	619,685
Weighted average number of ordinary shares in issue ('000)	**7,686,411**	7,866,004
Adjustment for ESOS ('000)	**12,268**	1,259
Weighted average number of ordinary shares for diluted earnings per share ('000)	**7,698,679**	7,867,263
Diluted EPS (sen)	**6.19**	7.88

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.

9. DIVIDENDS

	Group and Company 2019		Group and Company 2018	
	Gross dividend per share	**Amount of dividend**	**Gross dividend per share**	**Amount of dividend**
	Sen	**RM'000**	**Sen**	**RM'000**
Dividend paid in respect of the financial year ended 30 June 2018:				
- Interim dividend of 5 sen per ordinary share paid on 13 November 2018	**5**	**383,765**	-	-
Dividend paid in respect of the financial year ended 30 June 2017:				
- Interim dividend of 5 sen per ordinary share paid on 10 November 2017	**-**	**-**	5	388,585
	5	**383,765**	5	388,585

On 29 August 2019, the Board of Directors declared an interim dividend of 5 sen per ordinary share for the financial year ended 30 June 2019. The book closure and payment dates in respect of the aforesaid dividend are 29 October 2019 and 13 November 2019, respectively.

The Board of Directors do not recommend a final dividend for the financial year ended 30 June 2019.

10. PROPERTY, PLANT AND EQUIPMENT

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

Group	Land and buildings	Infrastructure assets	Plant and machinery	Mains and lines	Equipment, furniture and fittings	Motor vehicles and aircraft	Telecom-munications equipment	Assets under construction	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2019									
Cost									
At 1 July 2018, as previously reported	5,029,563	8,178,832	15,205,722	22,699	887,188	153,885	2,795,672	1,903,406	34,176,967
Adjustments ^	-	2,504	-	-	-	-	-	-	2,504
At 1 July 2018, as restated	5,029,563	8,181,336	15,205,722	22,699	887,188	153,885	2,795,672	1,903,406	34,179,471
Exchange differences	(25,166)	(74,053)	95,778	-	(6,213)	(654)	-	(29,861)	(40,169)
Additions	105,089	60,731	165,529	-	50,365	60,773	14,589	1,099,691	1,556,767
Disposals	-	-	(12,194)	-	(5,549)	(31,737)	-	-	(49,480)
Written off	(11,878)	-	(97,149)	-	(740)	(622)	(10,044)	(14,410)	(134,843)
Transfer on commissioning	(14,416)	-	61,095	-	742	-	323,000	(370,421)	-
At 30 June 2019	5,083,192	8,168,014	15,418,781	22,699	925,793	181,645	3,123,217	2,588,405	35,511,746
Accumulated depreciation and impairment									
At 1 July 2018, as previously reported	2,121,310	612,446	8,864,433	22,699	429,136	65,301	834,396	-	12,949,721
Adjustments ^	-	(21,407)	-	-	-	-	-	-	(21,407)
At 1 July 2018, as restated	2,121,310	591,039	8,864,433	22,699	429,136	65,301	834,396	-	12,928,314
Exchange differences	(7,240)	(5,410)	44,054	-	(2,597)	(142)	-	-	28,665
Charge for the financial year	96,951	75,721	634,701	-	33,403	41,424	193,034	-	1,075,234
Disposals	-	-	(11,624)	-	(5,548)	(26,657)	-	-	(43,829)
Impairment	-	-	4,347	-	-	-	-	-	4,347
Written off	(6,803)	-	(95,867)	-	(535)	(17)	(9,330)	-	(112,552)
At 30 June 2019	2,204,218	661,350	9,440,044	22,699	453,859	79,909	1,018,100	-	13,880,179
Net book value									
At 30 June 2019	2,878,974	7,506,664	5,978,737	-	471,934	101,736	2,105,117	2,588,405	21,631,567

^ *This is in relation to the acquisition accounting and consolidation elimination restatements as disclosed in Note 37(b).*

Borrowing cost of RM8,348,457 (2018: RM13,803,447) at an interest rate of 4.4% (2018: 4.1%) was capitalised during the financial year 2019.

The Group has revised the useful lives of certain property, plant and equipment during the financial year. The revision was accounted for as a change in accounting estimate and as a result, the depreciation charge for the financial year ended 30 June 2019 has decreased by RM75,496,203.

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

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

Group	Land and buildings	Infrastructure assets	Plant and machinery	Mains and lines	Equipment, furniture and fittings	Motor vehicles and aircraft	Telecom-munications equipment	Assets under construction	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2018									
Cost									
At 1 July 2017, as previously reported	4,959,053	8,042,470	15,468,386	22,699	891,882	158,801	2,670,795	1,612,518	33,826,604
Adjustments ^	-	2,504	-	-	-	-	-	-	2,504
At 1 July 2017, as restated	4,959,053	8,044,974	15,468,386	22,699	891,882	158,801	2,670,795	1,612,518	33,829,108
Exchange differences	(209,821)	(443,203)	(687,114)	-	(44,227)	(2,301)	-	(82,814)	(1,469,480)
Acquisition of a subsidiary*	250,323	-	1,839	-	16,247	-	-	-	268,409
Additions	20,101	92,600	232,520	-	15,204	2,241	7,669	1,408,936	1,779,271
Disposals	(2)	-	(11,738)	-	(288)	(10,218)	(5)	-	(22,251)
Written off	(7,652)	(10,207)	(129,351)	-	(1,688)	(143)	(13,219)	(43,326)	(205,586)
Transfer on commissioning	17,561	497,172	331,180	-	10,058	5,505	130,432	(991,908)	-
At 30 June 2018, as restated	5,029,563	8,181,336	15,205,722	22,699	887,188	153,885	2,795,672	1,903,406	34,179,471
Accumulated depreciation and impairment									
At 1 July 2017, as previously reported	2,094,975	577,287	8,606,395	22,699	426,351	55,304	665,286	43,326	12,491,623
Adjustments ^	-	(21,407)	-	-	-	-	-	-	(21,407)
At 1 July 2017, as restated	2,094,975	555,880	8,606,395	22,699	426,351	55,304	665,286	43,326	12,470,216
Exchange differences	(64,897)	(32,730)	(338,326)	-	(21,116)	(1,105)	-	-	(458,174)
Charge for the financial year	95,086	67,889	723,923	-	25,853	18,761	181,679	-	1,113,191
Disposals	-	-	(3,734)	-	(286)	(7,493)	-	-	(11,513)
Reversals of impairment	-	-	-	-	(370)	(23)	(11,533)	(43,326)	(55,252)
Written off	(3,854)	-	(123,825)	-	(1,296)	(143)	(1,036)	-	(130,154)
At 30 June 2018, as restated	2,121,310	591,039	8,864,433	22,699	429,136	65,301	834,396	-	12,928,314
Net book value									
At 30 June 2018, as restated	2,908,253	7,590,297	6,341,289	-	458,052	88,584	1,961,276	1,903,406	21,251,157

* *This is in relation to the acquisition of Bel Air Den Haag Beheer B.V. ("Bel Air") in 2018 as disclosed in Note 13(c)(i).*

^ *This is in relation to the acquisition accounting and consolidation elimination restatements as disclosed in Note 37(b).*

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

Notes to the Financial Statements

for the financial year ended 30 June 2019

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

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

Group	Leasehold land	Freehold land	Buildings	Total
2019	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Cost				
At 1 July 2018	**96,777**	**132,543**	**4,800,243**	**5,029,563**
Exchange differences	**3,061**	**(492)**	**(27,735)**	**(25,166)**
Additions	**-**	**667**	**104,422**	**105,089**
Written off	**-**	**-**	**(11,878)**	**(11,878)**
Transfer on commissioning/(Reclassification)	**-**	**(15,240)**	**824**	**(14,416)**
At 30 June 2019	**99,838**	**117,478**	**4,865,876**	**5,083,192**
Accumulated depreciation				
At 1 July 2018	**55,618**	**-**	**2,065,692**	**2,121,310**
Exchange differences	**1,726**	**-**	**(8,966)**	**(7,240)**
Charge for the financial year	**5,938**	**-**	**91,013**	**96,951**
Written off	**-**	**-**	**(6,803)**	**(6,803)**
At 30 June 2019	**63,282**	**-**	**2,140,936**	**2,204,218**
Net book value				
At 30 June 2019	**36,556**	**117,478**	**2,724,940**	**2,878,974**
2018				
Cost				
At 1 July 2017	101,586	85,967	4,771,500	4,959,053
Exchange differences	(4,809)	(4,838)	(200,174)	(209,821)
Acquisition of a subsidiary	-	35,228	215,095	250,323
Additions	-	15,719	4,382	20,101
Disposals	-	-	(2)	(2)
Written off	-	-	(7,652)	(7,652)
Transfer on commissioning	-	467	17,094	17,561
At 30 June 2018	96,777	132,543	4,800,243	5,029,563
Accumulated depreciation				
At 1 July 2017	51,945	-	2,043,030	2,094,975
Exchange differences	(2,443)	-	(62,454)	(64,897)
Charge for the financial year	6,116	-	88,970	95,086
Written off	-	-	(3,854)	(3,854)
At 30 June 2018	55,618	-	2,065,692	2,121,310
Net book value				
At 30 June 2018	41,159	132,543	2,734,551	2,908,253

The net book value of assets of the Group held under finance lease amounted RM94,986,716 (2018: RM273,214,918). Leasehold land is short term in nature.

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

Impairment assessment for property, plant and equipment ("PPE") of a subsidiary

The recoverable amounts of the PPE are determined based on the fair value less costs of disposal ("FVLCD") calculation.

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

	2019	2018
Discount rate	**8.2%**	10.8%
Average revenue growth rate	**21.4%**	12.4%

The discount rate applied to the cash flow projections are derived from the cost of capital at the date of the assessment of the PPE.

The cash flow projections used in the FVLCD calculation were based on approved financial budgets and forecasts covering a 5 year period. Cash flows beyond the 5 year period were extrapolated a further 12 years representing the estimated useful lives of the PPE of the subsidiary, using the estimated inflation rate of 2.5% (2018: 2.5%).

The circumstances where a change in key assumptions will result in the recoverable amounts of PPE of the subsidiary to equal the corresponding carrying amounts assuming no change in the other variables are as follows:

	2019	2018
Discount rate	**10.7%**	11.9%
Average revenue growth rate	**20.4%**	12.0%

The subsidiary completed its key contract during the financial year. The subsidiary will participate in any future tenders in this area once details of the next development phase are released. If the contract value changes by 33.4%, the recoverable amounts of the PPE will be equal to the corresponding carrying amounts.

The carrying value of the PPE is RM2.2 billion (2018: RM2.3 billion). No impairment charge for the PPE of the subsidiary was recognised as the recoverable value was in excess of its carrying value.

Notes to the Financial Statements
for the financial year ended 30 June 2019

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

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

Company	Equipment, furniture and fittings	Motor vehicles	Total
2019	**RM'000**	**RM'000**	**RM'000**
Cost			
At 1 July 2018	**501**	**2,482**	**2,983**
Additions	**53**	**-**	**53**
Disposals	**-**	**(295)**	**(295)**
At 30 June 2019	**554**	**2,187**	**2,741**
Accumulated depreciation			
At 1 July 2018	**419**	**738**	**1,157**
Charge for the financial year	**35**	**234**	**269**
Disposals	**-**	**(230)**	**(230)**
At 30 June 2019	**454**	**742**	**1,196**
Net book value			
At 30 June 2019	**100**	**1,445**	**1,545**
2018			
Cost			
At 1 July 2017	466	1,585	2,051
Additions	35	897	932
At 30 June 2018	501	2,482	2,983
Accumulated depreciation			
At 1 July 2017	391	519	910
Charge for the financial year	28	219	247
At 30 June 2018	419	738	1,157
Net book value			
At 30 June 2018	82	1,744	1,826

The net book value of assets of the Company held under finance lease amounted RM330,882 (2018: RM375,856).

11. INVESTMENT PROPERTIES

The details of investment properties are as follows:

	Group	
	2019 RM'000	**2018 RM'000**
At 1 July	**452,112**	432,935
Exchange differences	**(4,530)**	(24,286)
Additions	**15,558**	43,463
Transfer to property, plant and equipment	**(15,182)**	-
Transfer to inventories	**(23,225)**	-
Net gain from fair value adjustment	**53,016**	-
At 30 June	**477,749**	452,112

(a) Amounts recognised in Income Statement for investment properties

	Group	
	2019 RM'000	**2018 RM'000**
Rental income	**4,250**	2,688
Direct operating expenses generating rental income	**(4,204)**	(2,686)
Direct operating expenses that did not generate rental income	**(20,373)**	-
Fair value gain recognised in other operating income	**53,016**	-

(b) Measuring investment properties at fair value

The Group's investment properties consist of land at Filton Airfield, Bristol and the Brabazon Hangars.

The Group re-assessed its accounting for investment properties with respect to measurement after initial recognition. The Group had previously measured all investment properties using the cost model whereby, after initial recognition of the asset classified as investment property, the asset was carried at cost less accumulated depreciation and accumulated impairment losses.

On 1 July 2018, the Group elected to change the method of accounting for investment properties, as the Group believes that the fair value model provides more relevant information to the users of its financial statements. In addition, available valuation techniques provide reliable estimates of the investment properties' fair value. The Group applied the fair value model retrospectively. The Group has considered and assessed that there is no impact to the opening balance as at 1 July 2017 as the cost of the investment properties approximates its fair value.

As at 30 June 2019, the fair values of the properties are based on valuations performed by Savills (UK) Limited, an accredited independent valuer. Savills (UK) Limited is a specialist in valuing these types of investment properties.

Notes to the Financial Statements
for the financial year ended 30 June 2019

11. INVESTMENT PROPERTIES (CONT'D.)

(b) Measuring investment properties at fair value (cont'd.)

	Valuation technique	Significant unobservable inputs	Range
Hangars	Capitalised income	Estimated rental value per sq-ft per annum	£1.75 - £2.25
		Net yield percentage	11%
		Void periods	12 months
Airfield	Transaction prices	Unit density per acre	18-28

In determining the fair value, the valuers have used valuation techniques which involve certain estimates. In relying on the valuation reports, the Group has exercised its judgement and is satisfied that the valuation methods and estimates are reflective of current market conditions. The valuation reports are prepared in accordance with recognised appraisal and International Valuation Standards. The estimates underlying the valuation techniques in the next financial year may differ from current estimates, which may result in valuations that may be materially different from the valuations as at reporting date.

In arriving at their valuation, the valuers have acknowledged the impact of Brexit but believe at a local level sentiment amongst developers and demand for both residential and commercial development land appears to be very strong.

Fair value is held within Level 3 in fair value hierarchy disclosures for investment properties.

(c) Contractual obligations

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties.

12. INTANGIBLE ASSETS

The details of intangible assets are as follows:

Group		Contract rights	Goodwill on consolidation	Others	Total
2019	**Note**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
At 1 July 2018, as previously reported		**120,104**	**7,889,968**	**30,504**	**8,040,576**
Adjustments from adoption of MFRS 15	37(c)(i)	**-**	**-**	**(11,011)**	**(11,011)**
At 1 July 2018, as restated		**120,104**	**7,889,968**	**19,493**	**8,029,565**
Exchange differences		**2,339**	**248,957**	**(99)**	**251,197**
Acquisition of a subsidiary	13(c)(i)	**-**	**3,531**	**-**	**3,531**
Additions		**4,215**	**-**	**-**	**4,215**
Amortisation charge for the financial year		**(7,283)**	**-**	**(2,576)**	**(9,859)**
At 30 June 2019		**119,375**	**8,142,456**	**16,818**	**8,278,649**

12. INTANGIBLE ASSETS (CONT'D.)

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

Group		Contract rights	Goodwill on consolidation	Others	Total
2018	**Note**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
At 1 July 2017, as previously reported		129,335	8,207,701	55,681	8,392,717
Adjustments from adoption of MFRS 15	37(c)(i)	-	-	(32,994)	(32,994)
At 1 July 2017, as restated		129,335	8,207,701	22,687	8,359,723
Exchange differences		(7,598)	(392,335)	(618)	(400,551)
Acquisition of a subsidiary*		-	74,602	-	74,602
Additions		4,618	-	-	4,618
Amortisation charge for the financial year		(6,251)	-	(2,576)	(8,827)
At 30 June 2018, as restated		120,104	7,889,968	19,493	8,029,565

* *The provisional goodwill is in relation to the acquisition of Bel Air Den Haag Beheer B.V. ("Bel Air") in 2018 as disclosed in Note 13(c)(i).*

(a) Impairment test for goodwill

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

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

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

	Group	
	2019 RM'000	**2018 RM'000**
Multi utilities business segment ("Singapore")	**7,515,005**	7,265,766
Water and sewerage segment (United Kingdom ("UK"))	**440,700**	440,700
Others	**186,751**	183,502
Total goodwill	**8,142,456**	7,889,968

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.

Notes to the Financial Statements

for the financial year ended 30 June 2019

12. INTANGIBLE ASSETS (CONT'D.)

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

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

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

	2019		2018	
	Singapore	**UK**	**Singapore**	**UK**
	%	**%**	**%**	**%**
Discount rate	**6.3**	**4.2**	5.9	4.4
Terminal growth rate	**2.0**	**2.7**	2.0	0.1
Revenue growth rate	**4.0**	**(0.9)**	6.0	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.

For multi utilities business segment ("Singapore"), cash flow projections used in the value-in-use calculation were based on approved financial budgets and forecasts covering a five-year period. Cash flows beyond the five-year period were extrapolated using the estimated growth rates stated above. The growth rate did not exceed the long-term average growth rate in which the CGU operates.

The terminal growth rate indicates the expected growth of cash flows after the forecast period of five years.

The revenue growth rate is calculated using the Compound Annual Growth Rate method and applied on the current year's sales figures over the forecast period.

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

12. INTANGIBLE ASSETS (CONT'D.)

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

(ii) Impact of possible change in key assumptions

Changing the assumptions selected by management used in the cash flow projections could significantly affect the Group's result. The Group's review includes performing sensitivity analysis of key assumptions.

The circumstances where a change in key assumptions will result in the recoverable amounts of goodwill on the CGUs to equal the corresponding carrying amounts assuming no change in the other variables are as follows:

	2019		2018	
	Singapore	**UK**	**Singapore**	**UK**
	%	**%**	**%**	**%**
Discount rate	**7.7**	**30.6**	7.3	21.0
Terminal growth rate	**0.3**	**2.5**	0.2	(1.2)
Revenue growth rate	**2.0**	**(88.0)**	3.7	(37.2)

No impairment charge for the goodwill was recognised for the financial year ended 30 June 2019 (2018: Nil) as the recoverable value of the CGUs was in excess of its carrying value.

13. INVESTMENT IN SUBSIDIARIES

	Company	
	2019	**2018**
	RM'000	**RM'000**
Unquoted shares, at cost	**23,267,554**	23,481,323
Accumulated impairment losses	**(5,245,033)**	(5,245,033)
	18,022,521	18,236,290

Notes to the Financial Statements

for the financial year ended 30 June 2019

13. INVESTMENT IN SUBSIDIARIES (CONT'D.)

Details of the subsidiaries are as follows:

Name	Country of incorporation	Group's effective interest 2019 %	Group's effective interest 2018 %	Principal activities
Subsidiaries held by the Company:				
Geneco EV (S) Pte. Ltd. (formerly known as YTL Water (Singapore) Pte. Ltd.)*	Singapore	**100**	100	Transmission, distribution and sale of electricity
Global Infrastructure Assets Sdn. Bhd.†	Malaysia	**100**	-	Investment holding
Sword Bidco (Holdings) LimitedΩ	England and Wales	**100**	100	Dormant
Sword Bidco LimitedΩ	England and Wales	**100**	100	Dormant
Sword Holdings Limited^	Cayman Islands	**100**	100	Dormant
Sword Midco LimitedΩ	England and Wales	**100**	100	Dormant
SIPP Power Sdn. Bhd.*	Malaysia	**70**	70	Dormant
Wessex Water International Limited^	Cayman Islands	**100**	100	Dormant
YTL Communications Sdn. Bhd.*	Malaysia	**60**	60	Provision of wired line and wireless broadband access and other related services
YTL Energy Holdings Sdn. Bhd.*	Malaysia	**100**	100	Investment holding
YTL Infrastructure Holdings Sdn. Bhd.†	Malaysia	**100**	-	Dormant
YTL Infrastructure Limited^	Cayman Islands	**100**	100	Investment holding
YTL Jawa O & M Holdings Limited*	Cyprus	**100**	100	Investment holding
YTL Jawa Power Holdings Limited*	Cyprus	**100**	100	Investment holding & financing activities
YTL Jordan Power Holdings Limited*	Cyprus	**100**	100	Investment holding & financing activities
YTL Jordan Services Holdings Limited*	Cyprus	**100**	100	Investment holding
YTL Power Resources Sdn. Bhd. (formerly known as YTL Jordan Services Sdn. Bhd.)*	Malaysia	**100**	100	Dormant
YTL Power Australia Limited*	Cayman Islands	**100**	100	Investment holding
YTL Power Finance (Cayman) Limited^	Cayman Islands	**100**	100	Dormant
YTL Power Generation Sdn. Bhd.	Malaysia	**100**	100	Developing, constructing, completing, maintaining and operating power plants
YTL Power Holdings Sdn.Bhd.*	Malaysia	**100**	100	Dormant

13. INVESTMENT IN SUBSIDIARIES (CONT'D.)

Name	Country of incorporation	Group's effective interest 2019 %	Group's effective interest 2018 %	Principal activities
Subsidiaries held by the Company: (cont'd.)				
YTL Power International Holdings Limited^	Cayman Islands	**100**	100	Investment holding
YTL Power Investments Limited*	Cayman Islands	**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)
YTL Power (Thailand) Limited^	Cayman Islands	**100**	100	Dormant
YTL Power Trading (Labuan) Ltd.*	Malaysia	**100**	100	Dormant
YTL Seraya Limited*	Cayman Islands	**100**	100	Investment holding
YTL SIPP Power Holdings Sdn. Bhd.*	Malaysia	**70**	70	Investment holding
YTL Utilities Holdings (S) Pte. Limited*	Singapore	**100**	100	Investment holding
YTL Utilities (S) Pte. Limited*	Singapore	**100**	100	Investment holding
YTL Utilities Limited*	Cayman Islands	**100**	100	Investment holding
YTL Utilities Finance 2 Limited*	Cayman Islands	**100**	100	Investment holding
YTL Utilities Finance 3 Limited^	Cayman Islands	**100**	100	Financial services
YTL Utilities Finance 4 Limited^	Cayman Islands	**100**	100	Inactive
YTL Utilities Finance 5 Limited^	Cayman Islands	**100**	100	Inactive
YTL Utilities Finance 6 Limited^	Cayman Islands	**100**	100	Financial services
YTL Utilities Finance 7 Limited^	Cayman Islands	**100**	100	Inactive
YTL Utilities Finance Limited^	Cayman Islands	**100**	100	Financial services
YTL Utilities Holdings Limited*	Cayman Islands	**100**	100	Investment holding
YTL Utilities (UK) Limited*	England and Wales	**100**	100	Investment holding

Notes to the Financial Statements
for the financial year ended 30 June 2019

13. INVESTMENT IN SUBSIDIARIES (CONT'D.)

Name	Country of incorporation	Group's effective interest 2019 %	Group's effective interest 2018 %	Principal activities
Subsidiaries held by YTL Utilities (UK) Limited:				
Wessex Water Limited*	England and Wales	**100**	100	Investment holding
YTL Events Limited*	England and Wales	**100**	100	Concert promotion
YTL Land and Property (UK) Ltd*	England and Wales	**100**	100	Investment holding
Subsidiaries held by YTL Land and Property (UK) Ltd:				
YTL Developments (UK) Limited*	England and Wales	**100**	100	Housing development
YTL Homes Ltd*	England and Wales	**100**	100	Housing development
YTL Places Limited^	England and Wales	**100**	100	Dormant
YTL Property Holdings (UK) Limited*	England and Wales	**100**	100	Housing development
Subsidiaries held by Wessex Water Limited:				
Albion Water Limited*	England and Wales	**51**	51	Water supply and waste water services
Enterprise Laundry Services Limited*	England and Wales	**100**	100	Laundry services
Flipper Limited*	England and Wales	**65**	65	Utility switching services
Geneco Limited*	England and Wales	**100**	100	Food waste treatment
Geneco (South West) Limited*	England and Wales	**100**	100	Food waste treatment
SC Technology GmbH*	Switzerland	**100**	100	Investment holding
SC Technology Nederland B.V.*	Netherlands	**100**	100	Waste treatment
SC Technology Deutschland GmbH*	Germany	**100**	100	Waste treatment
Water 2 Business Limited*	England and Wales	**70**	70	Non-household water retailer
Wessex Concierge Limited*	England and Wales	**100**	100	Investment holding
Wessex Electricity Utilities Limited[Ω]	England and Wales	**100**	100	Dormant
Wessex Engineering & Construction Services Limited*	England and Wales	**100**	100	Engineering services
Wessex Logistics Limited[Ω]	England and Wales	**100**	100	Dormant

13. INVESTMENT IN SUBSIDIARIES (CONT'D.)

Name	Country of incorporation	Group's effective interest 2019 %	Group's effective interest 2018 %	Principal activities
Subsidiaries held by Wessex Water Limited: (cont'd.)				
Wessex Promotions Limited[Ω]	England and Wales	**100**	100	Dormant
Wessex Property Services Limited[Ω]	England and Wales	**100**	100	Dormant
Wessex Spring Water Limited[Ω]	England and Wales	**100**	100	Dormant
Wessex Utility Solutions Limited*	England and Wales	**100**	100	Engineering services
Wessex Water Commercial Limited[Ω]	England and Wales	**100**	100	Dormant
Wessex Water Engineering Services Limited^	England and Wales	**100**	100	Dormant
Wessex Water Enterprises Limited*	England and Wales	**100**	100	Power generation and waste treatment
Wessex Water Pension Scheme Trustee Limited^	England and Wales	**100**	100	Dormant
Wessex Water Services Finance Plc.*	England and Wales	**100**	100	Issue of bonds
Wessex Water Services Limited*	England and Wales	**100**	100	Water supply and waste water services
Wessex Water Trustee Company Limited^	England and Wales	**100**	100	Dormant
YTL Engineering Limited^	England and Wales	**100**	100	Dormant
YTL Services Limited^	England and Wales	**100**	100	Dormant
Subsidiaries held by YTL Communications Sdn. Bhd.:				
Cellular Structures Sdn. Bhd.*	Malaysia	**60**	60	Inactive
Extiva Communications Sdn. Bhd.*	Malaysia	**60**	60	Inactive
KJS Alunan Sdn. Bhd.*	Malaysia	**42**	60	Investment holding
Konsortium Jaringan Selangor Sdn. Bhd.*	Malaysia	**60**	60	Planning, implementation and maintenance of telecommunication towers and telecommunication related services
Yakin Telesel Sdn. Bhd.*	Malaysia	**29.4**	60	Planning, development, implementation and management of telecommunications infrastructure and information communication technologies services

Notes to the Financial Statements
for the financial year ended 30 June 2019

13. INVESTMENT IN SUBSIDIARIES (CONT'D.)

Name	Country of incorporation	Group's effective interest 2019 %	Group's effective interest 2018 %	Principal activities
Subsidiaries held by YTL Communications Sdn. Bhd.: (cont'd.)				
YesLinc Sdn. Bhd.*	Malaysia	**60**	60	Providing solution & services relating to Internet of Things (IoT) initiative
YTL Broadband Sdn. Bhd.*	Malaysia	**48**	48	Provision of wired line and wireless broadband access and other related services
YTL Communications International Limited^	Cayman Islands	**60**	60	Investment holding
YTL Communications (S) Pte. Ltd.*	Singapore	**60**	60	Computer systems integration activities and system integration services
YTL Digital Sdn. Bhd.*	Malaysia	**60**	60	Retail and marketing of telecommunication devices. Company has ceased operation during the financial year
YTL Global Networks Limited^	Cayman Islands	**60**	60	Dormant
Subsidiaries held by YTL Jawa O & M Holdings Limited:				
P.T. YTL Jawa Timur*	Indonesia	**99**	100	Construction management, consultancy services and power station operation services
P.T. YTL Power Services Indonesia^	Indonesia	**95**	-	Dormant
YTL Jawa O & M Holdings B.V.*	Netherlands	**100**	100	Investment holding
YTL Jawa Power Services B.V.§	Netherlands	**-**	100	Investment holding
Subsidiaries held by YTL Jawa Power Holdings Limited:				
Bel Air Den Haag Beheer B.V.*	Netherlands	**100**	100	Investment holding
B.V. Hotel Bel Air Den Haag*	Netherlands	**100**	100	Hotel business
P.T. Tanjung Jati Power Company**	Indonesia	**80**	80	Design and construction of a coal-fired power generating facility

13. INVESTMENT IN SUBSIDIARIES (CONT'D.)

Name	Country of incorporation	Group's effective interest 2019 %	Group's effective interest 2018 %	Principal activities
Subsidiaries held by YTL Jawa Power Holdings Limited: (cont'd.)				
YTL Jawa Energy B.V.*	Netherlands	**100**	100	Investment holding and financing activities
YTL Jawa Power B.V.*	Netherlands	**57.1**	57.1	Investment holding
YTL Jawa Power Finance Limited*	Cayman Islands	**100**	100	Financial services
YTL Jawa Power Holdings B.V.*	Netherlands	**57.1**	57.1	Investment holding
Subsidiaries held by YTL Power Investments Limited:				
FrogAsia Sdn. Bhd.*	Malaysia	**100**	100	License reseller focused on providing virtual learning educational platform
Frog Education Group Limited*	England and Wales	**68.9**	68.3	Investment holding
Frog Education Limited*	England and Wales	**68.9**	68.3	Sales into the education market and further development of the web environment product
Frog Education Sdn. Bhd.*	Malaysia	**68.9**	68.3	License reseller focused on providing virtual learning educational platform
Granite Investments (Cayman Islands) Limited^	Cayman Islands	**100**	100	Dormant
YTL Education (UK) Limited*	England and Wales	**100**	100	Providing advisory and management services to educational institutions in the UK and abroad
Subsidiaries held by YTL PowerSeraya Pte. Limited:				
PetroSeraya Pte. Ltd.**	Singapore	**100**	100	Oil trading and oil tank leasing
Seraya Energy and Investment Pte. Ltd.**	Singapore	**100**	100	Investment holding
Seraya Energy Pte. Ltd.**	Singapore	**100**	100	Sale of electricity

Notes to the Financial Statements

for the financial year ended 30 June 2019

13. INVESTMENT IN SUBSIDIARIES (CONT'D.)

* *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 PLT, Malaysia*

Ω *Entities are exempted from the requirement of an audit and dissolved subsequent to the financial year*

^ *Entities are either exempted or not statutorily required to be audited*

† *First audited financial statements in 2020*

§ *De-registered from the Netherlands Chamber of Commerce Business Register as from 1 February 2019 following its merger into YTL Jawa O&M Holdings B.V.*

(a) Non-controlling interests in subsidiaries

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

Group	NCI percentage of ownership interest and voting interest	Profit allocated to NCI	Carrying amount of NCI
		RM'000	RM'000
2019			
YTL Jawa Power Holdings B.V.	**42.9%**	**135,712**	**786,600**
YTL Communications Sdn. Bhd.	**40.0%**	**(7,232)**	**(588,750)**
		128,480	**197,850**
2018 (Restated)			
YTL Jawa Power Holdings B.V.	42.9%	136,695	671,756
YTL Communications Sdn. Bhd.	40.0%	(38,705)	(580,290)
		97,990	91,466

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

13. INVESTMENT IN SUBSIDIARIES (CONT'D.)

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

	YTL Jawa Power Holdings B.V.		YTL Communications Sdn. Bhd.	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000 (Restated)**
Non-current assets	**1,552,582**	1,583,414	**2,365,440**	2,478,083
Current assets	**300,361**	1,143	**536,827**	288,453
Non-current liabilities	**(17,309)**	(16,876)	**(19,528)**	(47,790)
Current liabilities	**(167)**	(191)	**(866,577)**	(681,536)
Net assets	**1,835,467**	1,567,490	**2,016,162**	2,037,210
Revenue	**2,995**	-	**856,946**	763,080
Profit/(Loss) for the financial year	**316,673**	318,968	**(17,860)**	(100,884)
Total comprehensive income/(loss)	**356,270**	222,324	**(18,754)**	(99,166)
Cash flow from/(used in) operating activities	**2,075**	(888)	**101,220**	318,191
Cash flow from/(used in) investing activities	**385,772**	346,296	**(102,546)**	(268,091)
Cash flow (used in)/from financing activities	**(89,890)**	(345,409)	**33,748**	(41,323)
Net increase/(decrease) in cash and cash equivalents	**297,957**	(1)	**32,422**	8,777
Dividends paid to NCI	**38,523**	148,027	**-**	-

(c) Acquisition of a subsidiary

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

During previous financial year, YTL Jawa Energy B.V. ("YTLJE"), an indirect wholly-owned subsidiary of the Group acquired the entire issued and outstanding shares of Bel Air. The Group reassessed the fair value of the identified assets acquired and liabilities assumed on the date of acquisition via purchase price allocation exercise.

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

	RM'000
Cash consideration	**287,432**
Repayment of loans owing to former shareholder	**(192,996)**
Purchase consideration excluding transaction costs	**94,436**
Fair value of net assets acquired	**(19,834)**
Provisional goodwill as at 30 June 2018	**74,602**
Adjustment on deferred taxation (Note 25)	**3,531**
Adjusted goodwill	**78,133**

Notes to the Financial Statements
for the financial year ended 30 June 2019

13. INVESTMENT IN SUBSIDIARIES (CONT'D.)

(c) Acquisition of a subsidiary (cont'd.)

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

Details of the identifiable net assets acquired were as follows:

	Fair value
	RM'000
Property, plant and equipment	268,409
Receivables, deposits and prepayments	4,616
Cash and cash equivalents	7,036
Payables and accrued expenses	(11,484)
Loans payable	(192,996)
Deferred taxation	(55,747)
Identifiable net assets acquired as at 30 June 2018	19,834
Adjustment on deferred taxation (Note 25)	(3,531)
Adjusted identifiable net assets acquired	16,303

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

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

(d) Impairment assessment for investment in a subsidiary

The recoverable amounts of the investment in a subsidiary are determined based on the fair value less costs of disposal ("FVLCD") calculation.

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

	2019	2018
Discount rate	8.2%	10.8%
Terminal multiple	14.5x	16.3x
Average revenue growth rate	21.2%	13.1%

13. INVESTMENT IN SUBSIDIARIES (CONT'D.)

(d) Impairment assessment for investment in a subsidiary (cont'd.)

The discount rate applied to the cash flow projections are derived from the cost of capital at the date of the assessment of the investment in the subsidiary. The cash flow projections used in the FVLCD calculation were based on approved financial budgets and forecasts by management.

The circumstances where a change in key assumptions will result in the recoverable amounts of investment in subsidiary to equal the corresponding carrying amounts assuming no change in the other variables are as follows:

	2019	2018
Discount rate	**14.5%**	12.3%
Terminal multiple	**9.8x**	14.5x
Average revenue growth rate	**19.6%**	12.8%

The subsidiary completed its key contract during the financial year. The subsidiary will participate in any future tenders in this area once details of the next development phase are released. If the contract value changes by 64.6%, the recoverable amounts of the investment in the subsidiary will be equal to the corresponding carrying amounts.

The carrying value of the subsidiary is RM2.9 billion (2018: RM2.9 billion). No impairment charge for the cost of investment in the subsidiary was recognised as the recoverable value was in excess of its carrying value.

(e) Capital reduction of ordinary shares by a subsidiary

During the financial year, the issued and paid-up ordinary share capital of YTL Power Generation Sdn. Bhd. ("YTLPG"), a wholly owned subsidiary of the Company had reduced from RM665,790,000 comprising 3,060,000,000 ordinary shares and 1 special share in YTLPG to RM285,790,000 comprising 1,313,676,470 ordinary shares and 1 special share. This reduction of share capital was effected by returning paid up capital of RM380,000,000 to the Company.

(f) Capitalisation of advances to a subsidiary

During the financial year, the Company capitalises the advances to YTL Jordon Power Holdings Limited of RM166,231,364.

14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

(a) Investment in joint ventures

	Group	
	2019 RM'000	2018 RM'000
Unquoted shares, at cost	**224,488**	59,315
Group's share of post-acquisition reserves	**(8,886)**	43,278
Group's share of net assets	**215,602**	102,593

Notes to the Financial Statements
for the financial year ended 30 June 2019

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

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

Details of the joint venture companies are as follows:

Name	Country of incorporation	Group's effective interest 2019 %	Group's effective interest 2018 %	Principal activities
Attarat Mining Company B.V.	Netherlands	**45.0**	45.0	Mining & supply of oil shale
Attarat Operation and Maintenance Company B.V.	Netherlands	**45.0**	45.0	Operation & maintenance of Power Plant
Attarat Power Holding Company B.V.	Netherlands	**45.0**	45.0	Investment holding and financing activities
Bristol Wessex Billing Services Limited	England and Wales	**50.0**	50.0	Billing services
Xchanging Malaysia Sdn. Bhd.	Malaysia	**30.0**	30.0	Mobile internet and cloud-based technology solutions

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

(i) Summarised financial information:

	Attarat Power Holding Company B.V.		Attarat Mining Company B.V.	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Non-current assets	**6,484,153**	3,852,191	**3,251**	2,481
Current assets	**31,528**	91,520	**354,220**	262,396
Non-current liabilities	**(5,731,014)**	(3,332,662)	**-**	-
Current liabilities	**(578,558)**	(551,804)	**(125,313)**	(123,353)
Net assets	**206,109**	59,245	**232,158**	141,524
(Loss)/Profit for the financial year	**(20,135)**	(7,044)	**107,234**	89,411
Other comprehensive (loss)/income	**(198,096)**	31,680	**-**	-
Total comprehensive (loss)/income	**(218,231)**	24,636	**107,234**	89,411
Included in total comprehensive income is:				
Revenue	**-**	-	**475,499**	440,500
Other information:				
Dividend received from joint venture	**-**	-	**9,278**	-

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

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

(ii) Reconciliation of net assets to carrying amount:

	Attarat Power Holding Company B.V.		Attarat Mining Company B.V.		Total	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Opening net assets, 1 July	**59,245**	(12,441)	**141,524**	56,262	**200,769**	43,821
Increase in equity*	**362,924**	–	**-**	–	**362,924**	–
(Loss)/Profit for the financial year	**(20,135)**	(7,044)	**107,234**	89,411	**87,099**	82,367
Other comprehensive (loss)/income	**(198,096)**	31,680	**-**	–	**(198,096)**	31,680
Capital reserve	**-**	(20,094)	**-**	–	**-**	(20,094)
Reclassification of receivable to joint venture	**-**	67,044	**-**	–	**-**	67,044
Dividend paid	**-**	–	**(20,617)**	–	**(20,617)**	–
Foreign exchange differences	**2,171**	100	**4,017**	(4,149)	**6,188**	(4,049)
Closing net assets, 30 June	**206,109**	59,245	**232,158**	141,524	**438,267**	200,769
Interest in joint ventures	**45.0%**	45.0%	**45.0%**	45.0%		
Carrying amount	**92,749**	26,660	**104,471**	63,686	**197,220**	90,346

* *During the financial year, joint venture shareholders of Attarat Power Holding Company B.V. made share premium contribution on its shares in Attarat Power Holding Company B.V. for consideration of RM362.9 million; settlement by way of offsetting the loans owing to the respective joint venture shareholders.*

The individually immaterial joint ventures' carrying amount is RM18.4 million (2018: RM12.2 million), Group's share of gain is RM6.1 million (2018: RM2.2 million) and the Group's share of total comprehensive income is RM6.1 million (2018: RM2.2 million).

(b) Investment in associates

	Group	
	2019 RM'000	**2018 RM'000**
Unquoted shares, at cost	**1,013,442**	1,002,302
Group's share of post-acquisition reserves	**1,021,129**	1,092,121
Accumulated impairment losses	**(61,217)**	(59,685)
Group's share of net assets	**1,973,354**	2,034,738

Notes to the Financial Statements
for the financial year ended 30 June 2019

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

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

Details of the associates are as follows:

Name	Country of incorporation	Group's effective interest 2019 %	Group's effective interest 2018 %	Principal activities
P.T. Jawa Power	Indonesia	**20.0***	20.0*	Operating a coal-fired thermal power station
Enefit Jordan B.V.	Netherlands	**30.0**	30.0	Investment holding
ElectraNet Pty. Ltd.	Australia	**33.5**	33.5	Principal electricity transmission

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

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

(i) Summarised financial information:

	P.T. Jawa Power		ElectraNet Pty. Ltd.	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Non-current assets	**4,446,818**	4,469,905	**9,670,335**	9,149,064
Current assets	**1,074,410**	1,001,835	**127,112**	118,787
Non-current liabilities	**(815,962)**	(682,917)	**(7,087,636)**	(5,693,887)
Current liabilities	**(269,317)**	(264,784)	**(1,453,774)**	(2,226,729)
Net assets	**4,435,949**	4,524,039	**1,256,037**	1,347,235
Profit for the financial year	**899,088**	914,584	**122,925**	135,361
Other comprehensive loss	**-**	-	**(179,855)**	(7,675)
Total comprehensive income/(loss)	**899,088**	914,584	**(56,930)**	127,686
Included in total comprehensive income is:				
Revenue	**2,365,529**	2,449,104	**1,150,574**	1,184,836
Other information:				
Dividends received from associate	**385,772**	346,296	**-**	46,398

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

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

(ii) Reconciliation of net assets to carrying amount:

	P.T. Jawa Power		ElectraNet Pty. Ltd.		Total	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Opening net assets, 1 July	**4,524,039**	4,889,112	**1,347,235**	1,505,609	**5,871,274**	6,394,721
Profit for the financial year	**899,088**	914,584	**122,925**	135,361	**1,022,013**	1,049,945
Other comprehensive loss	**-**	-	**(179,855)**	(7,675)	**(179,855)**	(7,675)
Foreign exchange differences	**115,027**	(290,240)	**(34,268)**	(147,560)	**80,759**	(437,800)
Dividend paid	**(1,102,205)**	(989,417)	**-**	(138,500)	**(1,102,205)**	(1,127,917)
Closing net assets, 30 June	**4,435,949**	4,524,039	**1,256,037**	1,347,235	**5,691,986**	5,871,274
Interest in associates	**35.0%**	35.0%	**33.5%**	33.5%		
Carrying amount	**1,552,582**	1,583,414	**420,772**	451,324	**1,973,354**	2,034,738

15. INVESTMENTS

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Non-current				
Available-for-sale financial assets*	**-**	273,351	**-**	273,286
Financial assets at fair value through profit or loss	**3,640**	790,067	**-**	-
Financial assets at fair value through other comprehensive income*	**238,460**	-	**238,395**	-
	242,100	1,063,418	**238,395**	273,286
Current				
Financial assets at fair value through profit or loss	**1,490,865**	1,883,669	**631,707**	1,883,669

* *Following the adoption of MFRS 9, available-for-sale financial assets were classified as financial assets at FVOCI.*

Notes to the Financial Statements
for the financial year ended 30 June 2019

15. INVESTMENTS (CONT'D.)

(a) Available-for-sale financial assets

The investments are in relation to the following:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Equity investments				
Quoted in Malaysia	**-**	56,102	**-**	56,102
Quoted outside Malaysia	**-**	21	**-**	-
Unquoted outside Malaysia	**-**	44	**-**	-
Unquoted in Malaysia	**-**	217,184	**-**	217,184
	-	273,351	**-**	273,286
Fair value loss recognised in other comprehensive income during the financial year	**-**	(14,558)	**-**	(14,556)

(b) Financial assets at fair value through other comprehensive income

The investments are in relation to the following:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Equity investments				
Quoted in Malaysia	**63,394**	-	**63,394**	-
Quoted outside Malaysia	**20**	-	**-**	-
Unquoted outside Malaysia	**45**	-	**-**	-
Unquoted in Malaysia	**175,001**	-	**175,001**	-
	238,460	-	**238,395**	-
Fair value loss recognised in other comprehensive income during the financial year	**(34,891)**	-	**(34,891)**	-

15. INVESTMENTS (CONT'D.)

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

The investments are in relation to the following:

	Group		Company	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Income funds*				
Quoted in Malaysia	**631,707**	1,883,669	**631,707**	1,883,669
Quoted outside Malaysia	**859,158**	786,234	**-**	-
Equity investment				
Unquoted outside Malaysia	**3,640**	3,833	**-**	-
	1,494,505	2,673,736	**631,707**	1,883,669
Fair value gain/(loss) recognised in the Income Statement during the financial year	**32,753**	(29,410)	**3,222**	2,028

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

16. PROJECT DEVELOPMENT COSTS

The details of project development costs are as follows:

	Group	
	2019 RM'000	**2018 RM'000**
At 1 July	**196,891**	166,841
Exchange differences	**5,167**	(10,288)
Additions	**26,894**	40,338
At 30 June	**228,952**	196,891

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

Notes to the Financial Statements
for the financial year ended 30 June 2019

17. RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Note	Group		
		30.6.2019 RM'000	**30.6.2018 RM'000 (Restated)**	**1.7.2017 RM'000 (Restated)**
Non-current				
Contract assets	4(b)	**2,486**	1,472	1,969
Prepayments		**3,200**	3,840	22,493
Contract cost assets	4(b)	**3,129**	4,653	712
Receivables from associate[#]		**220,204**	229,358	258,066
Deposits		**1,356**	1,311	1,383
Receivables from a joint venture[Ω]		**871,752**	714,988	686,795
		1,102,127	955,622	971,418
Current				
Trade receivables		**1,256,721**	1,105,043	931,437
Less: Allowance for impairment of trade receivables		**(234,809)**	(239,354)	(235,623)
Total trade receivables (net)		**1,021,912**	865,689	695,814
Other receivables		**200,031**	197,342	250,828
Less: Allowance for impairment of other receivables*		**(71,923)**	(75)	(134)
Total other receivables (net)		**128,108**	197,267	250,694
Contract assets	4(b)	**156,080**	76,699	155,660
Unbilled receivables		**962,863**	873,795	834,483
Deposits		**34,784**	47,386	29,698
Interest receivable		**7,364**	5,475	2,580
Prepayments		**211,739**	212,844	191,759
Contract cost assets	4(b)	**33,592**	34,700	56,501
		2,556,442	2,313,855	2,217,189

	Company		
	2019 RM'000	**2018 RM'000**	**2017 RM'000**
Current			
Other receivables	**1,692**	1,142	1,148
Deposits	**75**	663	663
Interest receivable	**24**	25	12
	1,791	1,830	1,823

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

\# *Receivables from associate comprise three loan notes to an associate. The notes have been issued by an associate in accordance to a loan note facility agreement. These receivables will mature in October 2030. Contingent interests are receivable on loan notes to the extent that there is sufficient available cash. In the event that cash is insufficient, interest will be accrued. The interest rate of the loan notes averages at 13.25% per annum.*

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

* *In 2015, a foreign subsidiary of the Group has recognised other receivables, arising from liquidated damages for early termination of three electricity retail contracts based on the enforceable rights stipulated in the respective contracts. The trial was heard at the end of 2017 followed by a further hearing in November 2018. An allowance for impairment of receivables of RM70.7 million (SGD23.4 million) is recognised in the financial year ended 30 June 2019 based on the decision of the High Court on 2 January 2019.*

Credit terms of trade receivables average at 30 days in 2018.

Receivables amounting to RM55.7 million (2018: RM43.0 million) are secured by financial guarantees given by banks and RM34.5 million (2018: RM25.2 million) are secured by cash collateral.

The fair value of receivables approximate their carrying amounts.

Current year's Expected Credit Loss ("ECL") movement analysis is disclosed in Note 33(b) to the financial statements.

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

	Group	Company
	2018 RM'000 (Restated)	**2018 RM'000**
Neither past due nor impaired	2,473,877	1,830
1 to 90 days past due not impaired	225,131	-
91 to 120 days past due not impaired	11,550	-
More than 120 days past due not impaired	302,882	-
Total past due not impaired	539,563	-
	3,013,440	1,830

Balances past due but not impaired relate to a number of customers with no recent history of default.

Notes to the Financial Statements
for the financial year ended 30 June 2019

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

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

	Group	Company
	2018 RM'000 (Restated)	2018 RM'000
With credit ratings (Moody's/RAM):		
- P1	119,472	25
Without external credit ratings	2,354,405	1,805
	2,473,877	1,830

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

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

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

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

18. INVENTORIES

	Group		
	30.6.2019 RM'000	**30.6.2018 RM'000 (Restated)**	**1.7.2017 RM'000 (Restated)**
Finished goods	**15,135**	20,198	20,899
Freehold land held for property development*	**22,839**	-	-
Fuel	**207,225**	214,675	223,418
Spare parts	**148,028**	144,658	147,589
Raw materials	**18,339**	16,417	17,707
Work in progress	**4,440**	1,956	1,955
	416,006	397,904	411,568

* *Freehold land held for property development comprise costs associated with the acquisition of land and all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities. Land held for property development is transferred to property development costs under current assets when development activities have commenced and are expected to be completed within the normal operating cycle. These are measured at the lower of cost and net realisable value. The net realisable value is assessed by considering the expected future revenues and the total costs to complete the development.*

The cost of inventories recognised as an expense and included in 'cost of sales' amounted to RM68 million (2018: RM61 million).

19. DERIVATIVE FINANCIAL INSTRUMENTS

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

	Contract/ Notional amount	**Fair value**	
Group		**Assets**	**Liabilities**
2019	**RM'000**	**RM'000**	**RM'000**
Cash flow hedges:			
- Fuel oil swaps	**1,657,600**	**74,701**	**47,972**
- Currency forwards	**1,830,909**	**6,464**	**10,283**
Fair value through profit or loss:			
- Fuel oil swaps	**273,138**	**657**	**4,942**
- Currency forwards	**213,439**	**288**	**1,507**
- Currency options contracts*	**1,656,800**	**-**	**3,333**
		82,110	**68,037**
Current portion		**63,388**	**48,906**
Non-current portion		**18,722**	**19,131**
		82,110	**68,037**

Notes to the Financial Statements

for the financial year ended 30 June 2019

19. DERIVATIVE FINANCIAL INSTRUMENTS (CONT'D.)

The Group's derivative financial instruments are analysed as follows: (cont'd.)

Group	Contract/ Notional amount	Fair value	
		Assets	Liabilities
2018	**RM'000**	**RM'000**	**RM'000**
Cash flow hedges:			
- Fuel oil swaps	1,617,924	219,059	9,836
- Currency forwards	1,093,246	20,869	8,355
Fair value through profit or loss:			
- Fuel oil swaps	1,180	-	240
- Currency forwards	61,110	1,802	3,296
- Currency options contracts*	1,615,400	-	18,579
		241,730	40,306
Current portion		197,681	19,229
Non-current portion		44,049	21,077
		241,730	40,306

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

Company	Contract/ Notional amount	Fair value
		Liabilities
2019	**RM'000**	**RM'000**
Fair value through profit or loss:		
- Currency options contracts*	**1,656,800**	**3,333**
Current portion		**668**
Non-current portion		**2,665**
		3,333
2018		
Fair value through profit or loss:		
- Currency options contracts*	1,615,400	18,579
Non-current portion		18,579

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

19. DERIVATIVE FINANCIAL INSTRUMENTS (CONT'D.)

Hedging instruments used in the Group's hedging strategy:

		Carrying amount		Changes in fair value used for calculating hedge ineffectiveness				
Group	Contractual notional amount	Assets/ (Liabilities)	Financial statement line item	Hedging instrument	Hedged item	Hedge ineffectiveness recognised in profit or loss*	Weighted average hedged rate	Maturity date
2019	**RM'000**	**RM'000**		**RM'000**	**RM'000**	**RM'000**		
Cash flow hedges								
Fuel oil price risk								
- Fuel oil swap to hedge highly probable transactions ("HSFO")	**1,573,146**	**27,329**	**Derivative financial instruments**	**1,600,475**	**(1,600,475)**	**-**	**RM1,425.0 per metric ton**	**July 2019 - November 2021**
- Fuel oil swap to hedge highly probable transactions ("LNG")	**84,454**	**(600)**	**Derivative financial instruments**	**83,854**	**(83,854)**	**-**	**RM281.9 per bbl**	**July 2019 - December 2019**
Foreign exchange risk								
- Forward contracts to hedge highly probable transactions	**1,830,909**	**(3,819)**	**Derivative financial instruments**	**1,827,090**	**(1,827,090)**	**-**	**RM4.1 : USD1.00**	**July 2019 - January 2022**

* *All hedge ineffectiveness and costs of hedging are recognised in Income Statement.*

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 29 months (2018: 37 months) from financial year end. The fuel oil swaps have maturity dates that match the expected occurrence of these transactions. Gains and losses recognised in the hedging reserve prior to the occurrence of these transactions are transferred to the inventory of fuel upon acquisition or cost of sales upon consumption of natural gas. The gains and losses relating to fuel oil inventory are subsequently recognised in the Income Statement upon consumption of the underlying fuel.

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

(b) Currency forwards

Currency forwards are entered into to hedge highly probable forecast transactions denominated in foreign currency expected to occur at various dates within 31 months (2018: 43 months) from financial year end. The currency forwards have maturity dates that match the expected occurrence of these transactions.

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

19. DERIVATIVE FINANCIAL INSTRUMENTS (CONT'D.)

Period when the cash flows on cash flow hedges are expected to occur or affect the Income Statement: (cont'd.)

(b) Currency forwards (cont'd.)

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

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

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

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

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

21. AMOUNTS OWING BY/(TO) SUBSIDIARIES

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

The amounts owing by/(to) subsidiaries within 12 months are interest free, unsecured, and repayable on demand except for advances of RM2,744,916,126 (2018: RM2,325,865,811) which bear interests at rates ranging from 3.27% to 4.51% (2018: 2.43% to 4.51%). In addition, the amounts receivable within 12 months are also in respect of interests receivable on advances and operational expense payments made on behalf of subsidiaries.

The amounts owing by a subsidiary exceeding 12 months bears interest rate at 15.00% per annum.

Details of the measurement of ECL is similar as other receivables are disclosed in Note 33(b) to the financial statements.

As at 30 June 2019, the Company has given corporate guarantees of RM73,718,642 (2018: RM102,850,391) to financial institutions for trade related financing facilities utilised by its subsidiaries.

22. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the Statements of Cash Flows comprise the following:

		Group		Company	
	Note	**2019 RM'000**	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Deposits with licensed banks		**7,184,832**	6,906,612	**19,287**	85,007
Cash and bank		**375,484**	431,315	**718**	1,133
Cash and bank balances		**7,560,316**	7,337,927	**20,005**	86,140
Bank overdrafts	26(a)	**(20,625)**	(32,836)	**-**	-
Cash and cash equivalents		**7,539,691**	7,305,091	**20,005**	86,140

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

	Group		Company	
	2019 %	**2018 %**	**2019 %**	**2018 %**
Deposits with licensed banks	**0.25 - 3.95**	0.06 - 4.00	**3.05 - 3.35**	3.10 - 3.30

Deposits of the Group and the Company have maturity ranging from 1 day to 90 days (2018: 1 day to 90 days).

Bank balances are deposits held at call with banks.

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

Notes to the Financial Statements

for the financial year ended 30 June 2019

23. SHARE CAPITAL

	Group and Company	
	2019 RM'000	**2018 RM'000**
Issued and fully paid:		
At the beginning of the financial year:		
- 8,158,208,738 (2018: 8,143,041,422) ordinary shares	**7,038,587**	7,019,847
Exercise of warrants		
- Nil (2018: 15,167,316) ordinary shares	**-**	17,224
Warrant reserve	**-**	1,516
At the end of the financial year:		
- 8,158,208,738 (2018: 8,158,208,738) ordinary shares	**7,038,587**	7,038,587

The issued and fully paid up share capital of the Company is 8,158,208,738 ordinary shares. There were no new shares issuance during the financial year.

As at 30 June 2019, the Company holds 482,906,712 (2018: 314,717,412) shares as treasury shares. The number of ordinary shares in issue and fully paid after offsetting treasury shares are 7,675,302,026 (2018: 7,843,491,326).

(a) Warrants 2008/2018

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

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

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

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

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

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

23. SHARE CAPITAL (CONT'D.)

(a) Warrants 2008/2018 (cont'd.)

The movement in the number of Warrants is as follows:

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

(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 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.

Notes to the Financial Statements
for the financial year ended 30 June 2019

23. SHARE CAPITAL (CONT'D.)

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

(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 options of the Company is as follows:

			Number of share options				
Grant date	**Expiry date**	**Exercise price RM/share**	**At start of the financial year '000**	**Granted '000**	**Exercised '000**	**Lapsed '000**	**At end of the financial year '000**
01.06.2012	31.03.2021	1.38*	78,133	-	-	(4,647)	73,486
01.06.2012	31.03.2021	1.65	36,599	-	-	(715)	35,884
14.03.2018	14.03.2021	0.97	123,428	-	-	(2,975)	120,453
			238,160	**-**	**-**	**(8,337)**	**229,823**

* *The exercise price adjusted from RM1.41 during previous financial year.*

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

23. SHARE CAPITAL (CONT'D.)

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

Value of employee services received for issue of share options:

	Group		Company	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Share option expenses	**5,353**	1,612	**5,353**	1,612
Allocation to subsidiaries	**-**	-	**(1,231)**	(420)
Allocation to related companies	**(66)**	-	**(66)**	-
Total share option expenses	**5,287**	1,612	**4,056**	1,192

The principal valuation assumptions used in respect of the Group's and Company's employees' share option scheme were as follows:

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

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

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

Notes to the Financial Statements

for the financial year ended 30 June 2019

24. RESERVES

(a) Other reserves

Group	Capital redemption reserve[3]	Capital reserve	Available-for-sale reserve	FVOCI reserve	Hedging reserve	Statutory reserve[1]	Share option reserve	Total other reserves
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 July 2018, as previously reported	52,200	(7,806)	135,236	-	188,505	34,485	24,852	427,472
Adjustments from adoption of MFRS 9	-	-	(135,236)	135,236	-	-	-	-
At 1 July 2018, as restated	52,200	(7,806)	-	135,236	188,505	34,485	24,852	427,472
Exchange differences	-	(200)	-	-	7,597	884	-	8,281
Fair value loss	-	-	-	(34,891)	(204,305)	-	-	(239,196)
Reclassification to Income Statement	-	-	-	-	(144,316)	-	-	(144,316)
Share option expenses	-	-	-	-	-	-	5,353	5,353
Share option lapsed	-	-	-	-	-	-	(1,146)	(1,146)
At 30 June 2019	52,200	(8,006)	-	100,345	(152,519)	35,369	29,059	56,448

Group	Capital redemption reserve[3]	Capital reserve	Available-for-sale reserve	Hedging reserve	Statutory reserve[1]	Share option reserve	Warrant reserve	Total other reserves
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 July 2017	52,200	1,229	149,795	(126,177)	36,666	23,941	11,615	149,269
Exchange differences	-	7	(1)	1,337	(2,181)	-	-	(838)
Conversion of warrants	-	-	-	-	-	-	(1,516)	(1,516)
Expiry of warrants [2]	-	-	-	-	-	-	(10,099)	(10,099)
Fair value (loss)/gain	-	-	(14,558)	400,183	-	-	-	385,625
Reclassification to Income Statement	-	-	-	(86,838)	-	-	-	(86,838)
Share option expenses	-	-	-	-	-	1,612	-	1,612
Share option lapsed	-	-	-	-	-	(701)	-	(701)
Share of reserve of a joint venture	-	(9,042)	-	-	-	-	-	(9,042)
At 30 June 2018	52,200	(7,806)	135,236	188,505	34,485	24,852	-	427,472

24. RESERVES (CONT'D.)

(a) Other reserves (cont'd.)

Company	Available-for-sale reserve	FVOCI reserve	Share option reserve	Warrant reserve	Total other reserves
	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 July 2018, as previously reported	**135,219**	**-**	**24,852**	**-**	**160,071**
Adjustments from adoption of MFRS 9	**(135,219)**	**135,219**	**-**	**-**	**-**
At 1 July 2018, as restated	**-**	**135,219**	**24,852**	**-**	**160,071**
Fair value loss	**-**	**(34,891)**	**-**	**-**	**(34,891)**
Share option expenses	**-**	**-**	**5,353**	**-**	**5,353**
Share option lapsed	**-**	**-**	**(1,146)**	**-**	**(1,146)**
At 30 June 2019	**-**	**100,328**	**29,059**	**-**	**129,387**
At 1 July 2017	149,775	-	23,941	11,615	185,331
Conversion of warrants	-	-	-	(1,516)	(1,516)
Expiry of warrants[2]	-	-	-	(10,099)	(10,099)
Fair value loss	(14,556)	-	-	-	(14,556)
Share option expenses	-	-	1,612	-	1,612
Share option lapsed	-	-	(701)	-	(701)
At 30 June 2018	135,219	-	24,852	-	160,071

Note:

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

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

[3] *This relates to non-distributable capital redemption reserve of a subsidiary.*

(b) Treasury shares

The shareholders of the Company, by way of a resolution passed in the 22nd Annual General Meeting held on 12 December 2018, 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 168,189,300 (2018: 85,874,700) of its issued share capital from the open market. The average price paid for the shares repurchased was RM1.18 per share (2018: RM1.00 per share). The repurchase transactions were financed by internally generated funds. The repurchased shares are being held as treasury shares in accordance with Section 127(6) of the Companies Act 2016.

Notes to the Financial Statements

for the financial year ended 30 June 2019

25. DEFERRED TAXATION

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

	Group			Company		
	30.6.2019 RM'000	**30.6.2018 RM'000 (Restated)**	**1.7.2017 RM'000 (Restated)**	**30.6.2019 RM'000**	**30.6.2018 RM'000**	**1.7.2017 RM'000**
Deferred tax liabilities, net	**1,872,441**	1,860,651	1,833,759	**74**	97	63

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

		Group		Company	
	Note	**2019 RM'000**	**2018 RM'000 (Restated)**	**2019 RM'000**	**2018 RM'000**
At 1 July, as previously reported		**1,788,657**	1,761,764	**97**	63
Adjustments from adoption of MFRS 15	37(c)(i)	**(13)**	(12)	**-**	-
Acquisition accounting restatements	37(c)(i)	**72,007**	72,007	**-**	-
Adjustments from adoption of MFRS 9	37(c)(i)	**(3)**	-	**-**	-
At 1 July, as restated		**1,860,648**	1,833,759	**97**	63
Exchange differences		**(3,585)**	(94,516)	**-**	-
Acquisition of a subsidiary	13(c)(i)	**3,531**	55,747	**-**	-
Charged/(Credited) to Income Statement					
- Property, plant and equipment		**20,771**	(3,061)	**(23)**	34
- Retirement benefits		**4,700**	33,480	**-**	-
- Provision		**(423)**	(484)	**-**	-
- Tax losses		**(3,239)**	2,217	**-**	-
- Others		**(885)**	2,991	**-**	-
		20,924	35,143	**(23)**	34
(Credited)/Charged to Other Comprehensive Income*		**(9,077)**	30,518	**-**	-
At 30 June		**1,872,441**	1,860,651	**74**	97

* *This is in relation to re-measurement of post-employment benefit obligations.*

25. DEFERRED TAXATION (CONT'D.)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority.

	Group			Company		
	30.6.2019 RM'000	**30.6.2018 RM'000 (Restated)**	**1.7.2017 RM'000 (Restated)**	**30.6.2019 RM'000**	**30.6.2018 RM'000**	**1.7.2017 RM'000**
Subject to income tax						
Deferred tax assets before offsetting:						
- Retirement benefits	**119,932**	116,542	189,663	**-**	-	-
- Provision	**5,632**	5,031	4,589	**-**	-	-
- Tax losses	**16,209**	12,777	14,994	**-**	-	-
- Others	**677**	722	829	**-**	-	-
	142,450	135,072	210,075	**-**	-	-
Offsetting	**(142,450)**	(135,072)	(210,075)	**-**	-	-
Deferred tax assets after offsetting	**-**	-	-	**-**	-	-
Deferred tax liabilities before offsetting:						
- Property, plant and equipment	**1,993,666**	1,973,687	2,024,237	**74**	97	63
- Others	**21,225**	22,036	19,597	**-**	-	-
	2,014,891	1,995,723	2,043,834	**74**	97	63
Offsetting	**(142,450)**	(135,072)	(210,075)	**-**	-	-
Deferred tax liabilities after offsetting	**1,872,441**	1,860,651	1,833,759	**74**	97	63

Notes to the Financial Statements
for the financial year ended 30 June 2019

26. BORROWINGS

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Current					
Bank overdrafts	26(a), 22	**20,625**	32,836	**-**	-
Bonds	26(b)	**-**	2,199,171	**-**	2,199,171
Committed bank loans	26(c)	**-**	52,538	**-**	-
Finance lease	26(d)	**27,888**	75,427	**125**	130
Revolving credit	26(e)	**727,009**	189,500	**-**	-
Term loans	26(f)	**6,867,121**	741,454	**828,400**	-
		7,642,643	3,290,926	**828,525**	2,199,301
Non-current					
Bonds	26(b)	**14,624,478**	13,573,593	**6,061,962**	5,061,146
Committed bank loans	26(c)	**-**	2,648	**-**	-
Finance lease	26(d)	**14,753**	42,634	**-**	125
Revolving credit	26(e)	**405,935**	201,781	**298,858**	-
Term loans	26(f)	**4,025,951**	9,959,366	**1,854,241**	2,612,346
		19,071,117	23,780,022	**8,215,061**	7,673,617
Total					
Bank overdrafts	26(a), 22	**20,625**	32,836	**-**	-
Bonds	26(b)	**14,624,478**	15,772,764	**6,061,962**	7,260,317
Committed bank loans	26(c)	**-**	55,186	**-**	-
Finance lease	26(d)	**42,641**	118,061	**125**	255
Revolving credit	26(e)	**1,132,944**	391,281	**298,858**	-
Term loans	26(f)	**10,893,072**	10,700,820	**2,682,641**	2,612,346
		26,713,760	27,070,948	**9,043,586**	9,872,918

All borrowings of the subsidiaries are unsecured and on a non-recourse basis to the Company save and except for borrowings totalling RM335,653,112 (2018: RM297,567,957), for which the Company has provided corporate guarantees to the financial institutions.

26. BORROWINGS (CONT'D.)

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

	Group		Company	
	2019	**2018**	**2019**	**2018**
	%	**%**	**%**	**%**
Bank overdrafts	**1.75**	1.50	**-**	-
Bonds	**4.82**	4.95	**4.84**	4.70
Committed bank loans	**-**	2.18	**-**	-
Finance lease	**1.60**	1.54	**2.45**	2.45
Revolving credit	**2.94**	2.72	**4.43**	-
Term loans	**3.05**	2.63	**3.56**	3.45

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

Group	**Not later than 1 year**	**Later than 1 year but not later than 5 years**	**Later than 5 years**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**
At 30 June 2019				
Bank overdrafts	**20,625**	**-**	**-**	**20,625**
Bonds	**-**	**3,852,157**	**10,772,321**	**14,624,478**
Finance lease	**27,888**	**14,753**	**-**	**42,641**
Revolving credit	**727,009**	**405,935**	**-**	**1,132,944**
Term loans	**6,867,121**	**2,451,822**	**1,574,129**	**10,893,072**
	7,642,643	**6,724,667**	**12,346,450**	**26,713,760**
At 30 June 2018				
Bank overdrafts	32,836	-	-	32,836
Bonds	2,199,171	3,369,926	10,203,667	15,772,764
Committed bank loans	52,538	2,648	-	55,186
Finance lease	75,427	42,634	-	118,061
Revolving credit	189,500	201,781	-	391,281
Term loans	741,454	8,900,146	1,059,220	10,700,820
	3,290,926	12,517,135	11,262,887	27,070,948

Notes to the Financial Statements

for the financial year ended 30 June 2019

26. BORROWINGS (CONT'D.)

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

Company	Not later than 1 year	Later than 1 year but not later than 5 years	Later than 5 years	Total
	RM'000	RM'000	RM'000	RM'000
At 30 June 2019				
Bonds	**-**	**2,270,000**	**3,791,962**	**6,061,962**
Finance lease	**125**	**-**	**-**	**125**
Revolving credit	**-**	**298,858**	**-**	**298,858**
Term loans	**828,400**	**1,854,241**	**-**	**2,682,641**
	828,525	**4,423,099**	**3,791,962**	**9,043,586**
At 30 June 2018				
Bonds	2,199,171	1,770,000	3,291,146	7,260,317
Finance lease	130	125	-	255
Term loans	-	2,612,346	-	2,612,346
	2,199,301	4,382,471	3,291,146	9,872,918

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

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

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Medium Term Notes	**6,338,620**	7,267,982	**6,338,620**	7,267,982
3.52% Retail Price Index Guaranteed Bonds	**301,271**	313,436	**-**	-
5.75% Guaranteed Unsecured Bonds	**2,661,429**	2,538,182	**-**	-
5.375% Guaranteed Unsecured Bonds	**1,335,425**	1,313,751	**-**	-
1.75% Index Linked Guaranteed Bonds	**1,728,881**	1,668,760	**-**	-
1.369% and 1.374% Index Linked Guaranteed Bonds	**1,737,755**	1,753,143	**-**	-
1.489%, 1.495% and 1.499% Index Linked Guaranteed Bonds	**1,730,838**	1,746,270	**-**	-
2.186% Index Linked Guaranteed Bonds	**424,696**	398,759	**-**	-
4% Guaranteed Unsecured Bonds	**1,671,827**	1,708,469	**-**	-
	17,930,742	18,708,752	**6,338,620**	7,267,982

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

26. BORROWINGS (CONT'D.)

(a) Bank overdrafts

Bank overdrafts of RM20,625,421 (GBP3,929,475) (2018: RM32,835,820 (GBP6,200,000)) are unsecured borrowings of Wessex Water Limited and its subsidiary companies. The overdrafts are repayable in full on demand. All bank overdrafts bear interest rate of 1.75% (2018: 1.50%) per annum.

(b) Bonds

(i) Medium Term Notes ("MTN")

The MTN of the Company were issued pursuant to a Medium Term Notes programme of up to RM5,000,000,000 constituted by a Trust Deed and MTN Agreement, both dated 11 August 2011. The facility bears interest rates ranging from 4.35% to 4.99% (2018: 4.35% to 4.95%) per annum.

On 24 August 2018, the Company issued two tranche of borrowings amounted to RM500,000,000 each totalling RM1,000,000,000 MTN pursuant to the MTN programme. The proceeds were utilised on the same day to partially repay the Company's outstanding MTN of RM2,200,000,000.

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

The Islamic MTN of the Company were issued pursuant to Islamic Medium Term Notes facility of up to RM2,500,000,000 in nominal value under the Shariah principle of Murabahah (via Tawarruq Arrangement) which constituted by a Trust Deed and Facility Agency Agreement, both dated 20 April 2017. The facility bears a profit rate of 5.05% (2018: 5.05%) per annum.

(iii) 3.52% Retail Price Index Guaranteed Bonds ("RPIG Bonds")

The RPIG Bonds of Wessex Water Services Finance Plc. bear interest semi-annually on 30 January and 30 July at an interest rate of 3.52% initially, indexed up by the inflation rate every year. The effective interest rate as at 30 June 2019 is 6.71% (2018: 7.40%) per annum. The RPIG Bonds will be redeemed in full by Issuer on 30 July 2023 at their indexed value together with all accrued interest.

(iv) 5.75% Guaranteed Unsecured Bonds

On 15 October 2003, Wessex Water Services Finance Plc. ("Issuer"), a subsidiary of the Group, issued GBP350,000,000 nominal value 5.75% Guaranteed Unsecured Bonds due 2033 ("5.75% GU Bonds") unconditionally and irrevocably guaranteed by Wessex Water Services Limited, a subsidiary of the Group. The 5.75% GU Bonds are constituted under a Trust Deed dated 15 October 2003. The nominal value of 5.75% GU Bonds issued amounted to GBP350,000,000 and as at 30 June 2019 GBP346,358,915 (2018: GBP347,274,542) 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.

Notes to the Financial Statements

for the financial year ended 30 June 2019

26. BORROWINGS (CONT'D.)

(b) Bonds (cont'd.)

(v) 5.375% Guaranteed Unsecured Bonds

On 10 March 2005, Wessex Water Services Finance Plc. ("Issuer"), a subsidiary of the Group, issued GBP200,000,000 nominal value 5.375% Guaranteed Unsecured Bonds due 2028 ("5.375% GU Bonds") unconditionally and irrevocably guaranteed by Wessex Water Services Limited ("Guarantor"), a subsidiary of the Group. The 5.375% GU Bonds are constituted under a Trust Deed dated 10 March 2005.

The nominal value of 5.375% GU Bonds issued amounted to GBP200,000,000, of which GBP198,708,230 (2018: GBP198,964,188) remained outstanding as at 30 June 2019, net of amortised fees and discount. The net proceeds of the Bonds were used for refinancing of existing financial indebtedness and for general corporate purposes.

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

(vi) 1.75% Index Linked Guaranteed Bonds

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

The ILG Bonds 1 bear interest semi-annually on 31 January and 31 July at an interest rate of 1.75% initially, indexed up by the inflation rate every year. The effective interest rate as at 30 June 2019 is 4.94% (2018: 5.63%) per annum. The Bonds will be redeemed in full by the Issuer on 31 July 2046 for one tranche, and 31 July 2051 for the other tranche at their indexed value together with all accrued interest.

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

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

The ILG Bonds 2 bear interest semi-annually on 31 January and 31 July at an interest rate of 1.369% and 1.374% initially, indexed up by the inflation rate every year. The effective interest rate as at 30 June 2019 is 4.56% (2018: 5.25%) per annum. The Bonds will be redeemed in full by the Issuer on 31 July 2057 at their indexed value together with all accrued interest.

26. BORROWINGS (CONT'D.)

(b) Bonds (cont'd.)

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

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

The ILG Bonds 3 bear interest semi-annually on 29 November and 29 May at an interest rate of 1.489%, 1.495% and 1.499% initially, indexed up by the inflation rate every year. The effective interest rate as at 30 June 2019 is 3.93% (2018: 4.83%) per annum. The ILG Bonds will be redeemed in full by the Issuer on 29 November 2058 at their indexed value together with all accrued interest.

(ix) 2.186% Index Linked Guaranteed Bonds

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

The ILG Bonds 4 bear interest semi-annually on 1 December and 1 June at an interest rate of 2.186% initially, indexed up by the inflation rate every half year. The effective interest rate as at 30 June 2019 is 2.54% (2018: 3.35%) per annum. The ILG Bonds will be redeemed in full by the Issuer on 1 June 2039 at their indexed value together with all accrued interest.

(x) 4% Guaranteed Unsecured Bonds

On 24 January 2012, Wessex Water Services Finance Plc. ("Issuer"), a subsidiary of the Group, issued GBP200,000,000 nominal value 4.00% Guaranteed Unsecured Bonds due 2021 ("4% GU Bonds") unconditionally and irrevocably guaranteed by Wessex Water Services Limited ("Guarantor"), a subsidiary of the Group. The 4% GU Bonds are constituted under a Trust Deed dated 24 January 2012. The nominal value of 4% GU Bonds issued amounted to GBP200,000,000, of which GBP199,400,879 (2018: GBP199,134,603) remained outstanding as at 30 June 2019, net of amortised fees and discount. The net proceeds of the 4% GU Bonds were used for refinancing of existing financial indebtedness and for general corporate purposes.

On 30 August 2012, Wessex Water Services Finance Plc. ("Issuer"), a subsidiary of the Group, issued GBP100,000,000 nominal value 4.00% Guaranteed Unsecured Bonds due 2021 ("4% GU Bonds") unconditionally and irrevocably guaranteed by Wessex Water Services Limited ("Guarantor"), a subsidiary of the Group. The 4% GU Bonds are constituted under a Trust Deed dated 30 August 2012. The nominal value of 4% GU Bonds issued amounted to GBP100,000,000 of which GBP102,025,593 (2018: GBP102,960,481) remained outstanding as at 30 June 2019, net of amortised fees and discount. The net proceeds of the 4% GU Bonds were used for refinancing of existing financial indebtedness and for general corporate purposes.

26. BORROWINGS (CONT'D.)

(b) Bonds (cont'd.)

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

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

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

(c) Committed bank loans

Committed bank loans of RM55,185,701 (GBP10,420,064) of previous year is an unsecured loan of a subsidiary of the Group and bears interest rates ranging from 2.36% to 2.66% (2018: 2.00% to 2.36%) per annum were fully repaid during the financial year.

(d) Finance lease

The Group's and Company's finance lease is repayable in instalments until 27 February 2022 and 9 May 2020, respectively. The Group's finance lease bears interest rates ranging from 1.56% to 4.97% (2018: 0.98% to 2.47%) per annum and the Company's finance lease bears interest rate at 2.45% (2018: 2.45%) per annum.

	Group		Company	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Minimum finance lease payments:				
- Not later than 1 year	**29,143**	78,433	**127**	139
- Later than 1 year but not later than 5 years	**14,967**	44,103	**-**	128
Future finance charges on finance lease	**(1,469)**	(4,475)	**(2)**	(12)
Present value of finance lease	**42,641**	118,061	**125**	255

(e) Revolving credit

(i) Revolving credit denominated in Ringgit Malaysia

RM300,000,000 Revolving Credit

Revolving credit facilities of RM300,000,000 was obtained by the Company during the financial year of which RM298,857,591 remained outstanding as at 30 June 2019, net of amortised fees. The borrowing bears interest rates ranging from 4.32% to 4.53% per annum.

RM4,500,000 Revolving Credit

Revolving credit facilities of RM4,500,000 was obtained by Konsortium Jaringan Selangor Sdn. Bhd., a subsidiary of the Group which is joint guaranteed by the Company. The borrowing bears interest rates ranging from 4.04% to 4.28% (2018: 4.03% to 4.28%) per annum and are renewable on a monthly basis.

26. BORROWINGS (CONT'D.)

(e) Revolving credit (cont'd.)

(i) Revolving credit denominated in Ringgit Malaysia (cont'd.)

RM290,000,000 Revolving Credit

Revolving credit facilities of RM290,000,000 (2018: RM185,000,000) was obtained by YTL Communications Sdn. Bhd., a subsidiary of the Group which is guaranteed by the Company. The borrowing bears interest rates ranging from 4.17% to 4.42% (2018: 4.17% to 4.40%) per annum and are renewable on a monthly basis.

(ii) Revolving credit denominated in Great British Pounds

GBP16,500,000 Revolving Credit

Revolving credit facilities of RM86,606,850 (GBP16,500,000) (2018: RM76,793,450 (GBP14,500,000)) is an unsecured loan of Wessex Water Limited. The borrowing bears interest rates ranging from 1.25% to 1.65% (2018: 1.07% to 1.27%) per annum and is repayable in full on 1 September 2021.

GBP22,400,000 Revolving Credit

Revolving credit facilities of RM117,575,360 (GBP22,400,000) (2018: RM124,987,960 (GBP23,600,000)) is an unsecured loan of Wessex Water Limited. The borrowing bears interest rates ranging from 1.51% to 1.81% (2018: 1.17% to 1.61%) per annum and is repayable in full on 24 March 2020.

GBP3,900,000 Revolving Credit

Revolving credit facilities of RM20,470,710 (GBP3,900,000) is an unsecured loan of Wessex Water Limited. The borrowing bears interest rates ranging from 1.38% to 1.52% per annum and is repayable in full on 25 February 2022.

GBP60,000,000 Revolving Credit

Revolving credit facilities of RM314,934,000 (GBP60,000,000) is an unsecured loan of Wessex Water Services Limited. The borrowing bears interest rates ranging from 1.18% to 1.35% per annum and is repayable in full on 1 April 2020.

(f) Term loans

(i) Term loans denominated in Great British Pounds

GBP75,000,000 Unsecured Term Loan

The term loans of RM393,667,500 (GBP75,000,000) (2018: RM397,207,500 (GBP75,000,000)) are unsecured loans of Wessex Water Services Limited and are guaranteed by Wessex Water Limited. The loans bear interest rates ranging from 1.05% to 1.50% (2018: 0.90% to 1.05%) per annum and are repayable in full on 22 July 2021.

GBP140,000,000 Unsecured Term Loan

The term loans of RM741,454,000 (GBP140,000,000) of previous year were unsecured loans of Wessex Water Services Limited and are guaranteed by Wessex Water Limited. The loans bear interest rates ranging from 0.91% to 1.08% (2018: 0.57% to 0.91%) per annum and were fully repaid during the financial year.

Notes to the Financial Statements

for the financial year ended 30 June 2019

26. BORROWINGS (CONT'D.)

(f) Term loans (cont'd.)

(i) Term loans denominated in Great British Pounds (cont'd.)

GBP200,000,000 Unsecured Term Loan

The term loans of RM1,049,780,000 (GBP200,000,000) (2018: RM1,059,220,000 (GBP200,000,000)) are unsecured loans of Wessex Water Services Limited and are guaranteed by Wessex Water Limited. The first loan of GBP50,000,000 was drawn down on 30 January 2015 bears an interest rate of 2.16% (2018: 2.16%) per annum, the second loan of GBP50,000,000 was drawn down on 9 March 2015 bears interest rates ranging from 1.15% to 1.42% (2018: 0.95% to 1.15%) per annum, the third loan of GBP50,000,000 was drawn down on 9 April 2015 bears an interest rate of 1.99% (2018: 1.99%) per annum, and the fourth loan of GBP50,000,000 was drawn down on 25 May 2016 bears interest rates ranging from 1.49% to 1.77% (2018: 1.21% to 1.49%) per annum. All the loans are repayable in full between 30 January and 25 May 2025.

GBP140,000,000 Unsecured Term Loan

The term loans of RM734,846,000 (GBP140,000,000) was drawn down by Wessex Water Services Limited of which RM728,262,084 (GBP138,745,658) remained outstanding as at 30 June 2019, net of amortised fees. The loans bear interest rates ranging from 1.83% to 2.03% per annum and are repayable with a 60% bullet repayment on 31 January 2026 with the remaining 40% being repaid in equal semi-annual instalments commencing 31 January 2021.

(ii) Term loans denominated in US Dollar

USD200,000,000 Unsecured Term Loan

The term loan of RM828,400,000 (USD200,000,000) (2018: RM807,700,000 (USD200,000,000)) was drawn down by the Company on 28 May 2015 and repayable on 28 May 2020. The borrowing bears interest rates ranging from 3.63% to 4.04% (2018: 2.77% to 3.63%) per annum.

USD200,000,000 Unsecured Term Loan

The term loan of RM828,400,000 (USD200,000,000) (2018: RM807,700,000 (USD200,000,000)) was drawn down by the Company on 17 December 2015 and repayable on 17 December 2020. The borrowing bears interest rates ranging from 3.36% to 3.74% (2018: 2.63% to 3.45%) per annum.

USD250,000,000 Unsecured Term Loan

The term loan of RM1,035,500,000 (USD250,000,000) (2018: RM1,009,625,000 (USD250,000,000)) was drawn down by the Company on 31 March 2017 of which RM1,025,841,237 (USD247,668,092) (2018: RM996,946,206 (USD246,860,519)) remained outstanding as at 30 June 2019, net of amortised fees. The borrowing bears interest rates ranging from 3.27% to 3.72% (2018: 2.43% to 3.29%) per annum and is repayable on 31 March 2022.

(iii) Term loans denominated in Singapore Dollar

SGD1,995,000,000 Unsecured Term Loan

The term loan of RM6,038,721,474 (SGD1,973,180,458) (2018: RM5,890,592,790 (SGD1,990,804,958)) was drawn down by YTL PowerSeraya Pte. Limited on 14 September 2017 and repayable in full on 12 September 2022. The borrowing is an unsecured loan and bears interest rates ranging from 2.83% to 3.44% (2018: 2.27% to 2.79%) per annum.

26. BORROWINGS (CONT'D.)

(f) Term loans (cont'd.)

(iii) Term loans denominated in Singapore Dollar (cont'd.)

The bank borrowings are subject to loan covenant clauses stipulated in the loan agreement. As at 30 June 2019, the Group did not meet the requirement of a certain loan covenant and as a result, the borrowings have been classified as a current liability in the Statement of Financial Position of the Group. On 20 September 2019, the Group received a waiver from the consortium of banks on the requirement to comply with the above loan covenant. Accordingly, the breach that was in existence as at 30 June 2019 has been rectified and the bank borrowings have been re-classified to non-current liability subsequent to 30 June 2019.

27. POST-EMPLOYMENT BENEFIT OBLIGATIONS

	Group		Company	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Defined contribution plan - Current				
Malaysia	**1,408**	1,637	**634**	645
Defined benefit plan - Non-current				
Overseas				
- United Kingdom	**687,942**	671,629	**-**	-
- Indonesia	**16,138**	13,880	**-**	-
	704,080	685,509	**-**	-

(a) Defined contribution plan

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

(b) Defined benefit plan - United Kingdom

A subsidiary of the Group operates final salary defined benefit plans for its employees in the United Kingdom, the assets of which are held in separate trustee-administered funds. The latest actuarial valuation of the plan was undertaken by a qualified actuary as at 30 September 2016. This valuation has been adjusted to the reporting date as at 30 June 2019 taking account of experience over the period since 30 September 2016, changes in market conditions, and differences in the financial and demographic assumptions by the qualified actuary.

(i) Profile of the scheme

The defined benefit obligations include benefits for current employees, former employees and current pensioners. Broadly, about 34% of the liabilities are attributable to current employees, 17% to former employees and 49% to current pensioners. The scheme duration is an indicator of the weighted-average time until benefit payments are made. For the scheme as a whole, the duration is around 20 years reflecting the approximate split of the defined benefit obligation between current employees (duration of 25 years), deferred members (duration of 25 years) and current pensioners (duration of 15 years).

Notes to the Financial Statements
for the financial year ended 30 June 2019

27. POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONT'D.)

(b) Defined benefit plan – United Kingdom (cont'd.)

(ii) Funding requirements

UK legislation requires that pension schemes are funded prudently. The last funding valuation report, 30 September 2016 showed a deficit of GBP160.9 million (RM844.5 million). The subsidiary is paying deficit contributions of:

- GBP11.77 million (RM61.78 million) by 31 March 2020;
- GBP12.04 million (RM63.20 million) by 31 March 2021;
- GBP12.32 million (RM64.67 million) by 31 March 2022;
- GBP12.60 million (RM66.14 million) by 31 March 2023;
- GBP12.90 million (RM67.71 million) by 31 March 2024;
- GBP13.19 million (RM69.23 million) by 31 March 2025;
- GBP13.50 million (RM70.86 million) by 31 March 2026;

which, along with investment returns from return-seeking assets, is expected to make good this shortfall by 31 March 2026.

The next funding valuation is due no later than 30 September 2019 at which progress towards full funding will be reviewed.

The subsidiary also pays contributions of 21.7% of pensionable salaries from April 2018 (18.2% prior to this date) in respect of current accrual and non-investment related expenses, with active members paying a further 7.3% of pensionable salaries on average. A contribution of GBP11.77 million (RM61.78 million) is expected to be paid by the subsidiary during the year ending on 30 June 2020.

(iii) Risks associated with the scheme

Asset volatility – The liabilities are calculated using a discount rate set with reference to corporate bond yields; if assets underperform this yield, this will create a deficit. The scheme holds a significant proportion of growth assets (equities including a diversified growth fund and a global absolute return fund) which, though expected to outperform corporate bonds in the long-term, create volatility and risk in the short-term. The allocation to growth assets is monitored to ensure it remains appropriate given the scheme's long term objectives.

Changes in bond yields – A decrease in corporate bond yields will increase the value placed on the scheme's liabilities for accounting purposes, although this will be partially offset by an increase in the value of the scheme's bond holdings.

Inflation risk – The majority of the scheme's benefit obligations are linked to inflation and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect against extreme inflation). The majority of the assets are either unaffected by or only loosely correlated with inflation, meaning that an increase in inflation will also increase the deficit.

27. POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONT'D.)

(b) Defined benefit plan – United Kingdom (cont'd.)

(iii) Risks associated with the scheme (cont'd.)

Life expectancy – The majority of the scheme's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the liabilities.

The trustees insure certain benefits payable on death before retirement.

On 26 October 2018, the High Court of Justice of England and Wales issued a judgement in a claim regarding the rights of female members of certain pension schemes to equality of treatment in relation to pension benefits (GMP equalisation). The judgement concluded that the claimant is under a duty to amend the schemes in order to equalise benefits for men and women in relation to guaranteed minimum pension benefit. The issues determined by the judgement arise in relation to many other occupational pension schemes. The subsidiary estimates, with advice from the subsidiary's corporate actuary, that scheme liabilities will increase by an estimated GBP0.5 million (RM2.6 million) as a result of the judgement. This cost has been recognised as a past service cost in the current year Income Statement.

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

	2019	2018
	RM'000	RM'000
At 1 July	**671,629**	1,099,962
Exchange differences	**(6,363)**	(44,454)
Pension cost/(credit)	**80,526**	(98,524)
Contributions and benefits paid	**(110,159)**	(107,008)
Re-measurement loss/(gain)	**52,309**	(178,347)
At 30 June	**687,942**	671,629

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

	2019	2018
	RM'000	RM'000
Present value of funded obligations	**4,081,555**	3,922,374
Fair value of plan assets	**(3,393,613)**	(3,250,745)
Liability in the Statement of Financial Position	**687,942**	671,629

Notes to the Financial Statements
for the financial year ended 30 June 2019

27. POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONT'D.)

(b) Defined benefit plan – United Kingdom (cont'd.)

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

	2019	2018
	RM'000	RM'000
At 1 July	**3,922,374**	4,416,568
Exchange differences	**(38,238)**	(222,810)
Interest cost	**111,022**	113,593
Current service cost	**56,506**	67,202
Contributions by scheme participants	**1,068**	1,098
Past service cost	**2,669**	(197,006)
Net benefits paid	**(147,852)**	(130,056)
Re-measurement (gain)/loss:		
- Actuarial gain arising from demographic assumptions	**(146,250)**	-
- Actuarial loss/(gain) arising from financial assumptions	**327,729**	(162,982)
- Actuarial (gain)/loss arising from experience adjustments	**(7,473)**	36,767
Present value of defined benefit obligations, at 30 June	**4,081,555**	3,922,374

Changes in fair value of plan assets are as follows:

	2019	2018
	RM'000	RM'000
At 1 July	**3,250,745**	3,316,606
Exchange differences	**(31,875)**	(178,356)
Interest income	**92,340**	85,606
Contributions by employer	**110,159**	107,008
Contributions by scheme participants	**1,068**	1,098
Net benefits paid	**(147,852)**	(130,056)
Administration expenses	**(2,669)**	(3,293)
Re-measurement gain:		
- Return on plan assets excluding interest income	**121,697**	52,132
Fair value of plan assets, at 30 June	**3,393,613**	3,250,745

27. POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONT'D.)

(b) Defined benefit plan – United Kingdom (cont'd.)

The pension cost recognised is analysed as follows:

	2019	2018
	RM'000	RM'000
Interest cost	**18,682**	27,987
Current service cost	**56,506**	67,202
Past service cost/(credit)*	**2,669**	(197,006)
Administration expenses	**2,669**	3,293
Total charged/(credited) to Income Statement	**80,526**	(98,524)

* *During previous financial year, following the latest actuarial valuation of the pension scheme, a consultation was held with members to discuss the future funding of the scheme. As part of that consultation, the subsidiary, trustees and members agreed that the measurement of inflation for future pension increases would change. From 2020 pension increases for active members will be measured using Consumer Price Index (CPI) rather than Retail Price Index (RPI). The impact of that change is RM180.5 million (GBP32.9 million), a reduction in the MFRS119 measurement of retirement benefit obligations, which has been shown in the Income Statement as a reduction in staff costs within cost of sales. A further change to the scheme in relation to death in service benefits payable to dependents of members came into effect during previous financial year. The effect of this change is an additional RM16.5 million (GBP3.0 million) reduction, making RM197.0 million (GBP35.9 million) in total. The RM197.0 million (GBP35.9 million) reduction in expenses generated a RM33.5 million (GBP6.1 million) deferred tax charge, a net exceptional credit of RM163.5 million (GBP29.8 million).*

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

	2019	2018
	RM'000	RM'000
Cost of sales	**46,383**	(94,883)
Administrative expenses	**15,461**	(31,628)
Interest cost	**18,682**	27,987
Total charged/(credited) to Income Statement	**80,526**	(98,524)

The principal assumptions used in the actuarial calculations were as follows:

	2019	2018
	%	%
Discount rate	**2.30**	2.80
Expected rate of increase in pension payment	**1.90-3.00**	1.90-3.10
Expected rate of salary increases	**1.70**	1.80-3.20
Price inflation – RPI	**3.10**	3.20
Price inflation – CPI	**2.10**	2.20

27. POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONT'D.)

(b) Defined benefit plan – United Kingdom (cont'd.)

Mortality assumptions:

The mortality assumptions are based upon the recent actual mortality experience of scheme members and allow for expected future improvements in mortality rates.

	2019	2019	2018	2018
	Male Years	**Female Years**	**Male Years**	**Female Years**
Life expectancy – current age 60	**26.2**	**28.3**	27.1	29.2
Life expectancy – current age 40	**47.4**	**49.5**	48.3	50.4

The mortality table adopted is based upon 95% of standard tables S2P(M/F)A adjusted to allow for individual years of birth. Future improvements are assumed to be in line with the CMI 2016 core projection, with a long-term improvement rate of 1.0% p.a. for all members.

Sensitivity analysis:

The key assumptions used for MFRS 119 are: discount rate, inflation and mortality. If different assumptions are used, this could have a material effect on the results disclosed. The sensitivity of the results to these assumptions are set out below. For the purposes of these sensitivities, it has been assumed that the change in the discount rate and inflation has no impact on the value of scheme assets.

Key assumptions		Scheme liabilities		Scheme deficit	
	Increase by RM'000	**Increase from RM'000**	**Increase to RM'000**	**Increase from RM'000**	**Increase to RM'000**
A reduction in the discount rate of 0.1% (from 2.3% to 2.2%)	78,734	4,081,555	4,160,289	687,942	766,676
An increase in the inflation assumption of 0.1% (from 2.1% to 2.2% for CPI and 3.1% to 3.2% for RPI)	67,711	4,081,555	4,149,266	687,942	755,653
An increase in life expectancy of 1 year	160,616	4,081,555	4,242,171	687,942	848,558

27. POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONT'D.)

(b) Defined benefit plan – United Kingdom (cont'd.)

The plan assets comprise the following:

	2019		2018	
	RM'000	%	RM'000	%
Equity instrument	**1,335,845**	**39.4**	1,347,856	41.5
Debt instrument	**1,802,472**	**53.1**	1,626,432	50.0
Property	**191,585**	**5.6**	205,489	6.3
Others	**63,711**	**1.9**	70,968	2.2
	3,393,613	**100.0**	3,250,745	100.0

	2019	2018
	RM'000	RM'000
Actual return on plan assets	**214,037**	137,738

(c) Defined benefit plan – Indonesia

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

	2019	2018
	RM'000	RM'000
Obligation relating to post-employment benefits	**14,021**	11,916
Obligation relating to other long-term employee benefits	**2,117**	1,964
	16,138	13,880

A subsidiary of the Group has a defined contribution pension plan covering its qualified permanent national employees in Indonesia. The subsidiary's contribution is 6% of employee basic salary, while the employees' contribution ranges from 3% to 14%.

The contributions made to the defined contribution plan are acceptable for funding the post-employment benefits under the labour regulations.

The obligation for post-employment and other long-term employee benefits were recognised with reference to actuarial report prepared by an independent actuary. The latest actuarial report was dated 30 June 2019.

Notes to the Financial Statements
for the financial year ended 30 June 2019

27. POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONT'D.)

(c) Defined benefit plan – Indonesia (cont'd.)

(i) Post-employment benefit obligations

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

	2019 RM'000	2018 RM'000
At 1 July	**11,916**	13,251
Exchange differences	**220**	(1,530)
Pension cost	**1,689**	1,656
Contributions and benefits paid	**(537)**	(666)
Re-measurement loss/(gain)	**733**	(795)
At 30 June	**14,021**	11,916

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

	2019 RM'000	2018 RM'000
Present value of obligations	**14,021**	11,916

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

	2019 RM'000	2018 RM'000
At 1 July	**11,916**	13,251
Exchange differences	**220**	(1,530)
Interest cost	**911**	823
Current service cost	**778**	833
Net benefits paid	**(537)**	(666)
Re-measurement loss/(gain):		
- Actuarial loss/(gain) arising from financial assumptions	**779**	(1,098)
- Actuarial (gain)/loss arising from experience adjustments	**(46)**	303
Present value of defined benefit obligations, at 30 June	**14,021**	11,916

The pension cost recognised can be analysed as follows:

	2019 RM'000	2018 RM'000
Interest cost	**911**	823
Current service cost	**778**	833
Total charge to Income Statement	**1,689**	1,656

27. POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONT'D.)

(c) Defined benefit plan - Indonesia (cont'd.)

(ii) Other long-term employee benefit obligations

The obligations relating to other long-term employee benefits (i.e. long leave service benefits) recognised in the Statement of Financial Position are as follows:

	2019 RM'000	2018 RM'000
Present value of obligations	**2,117**	1,964

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

	2019 RM'000	2018 RM'000
At 1 July	**1,964**	2,299
Exchange differences	**35**	(265)
Pension cost	**429**	359
Contributions and benefits paid	**(311)**	(429)
At 30 June	**2,117**	1,964

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

	2019 RM'000	2018 RM'000
At 1 July	**1,964**	2,299
Exchange differences	**35**	(265)
Current service cost	**429**	359
Net benefits paid	**(311)**	(429)
At 30 June	**2,117**	1,964

The amounts relating to other long-term employee benefit obligations recognised in the Income Statement are as follows:

	2019 RM'000	2018 RM'000
Current service cost	**429**	359

The charge above was included in the cost of sales.

Notes to the Financial Statements

for the financial year ended 30 June 2019

27. POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONT'D.)

(c) Defined benefit plan – Indonesia (cont'd.)

The principal assumptions used in the actuarial calculations were as follows:

	2019	2018
	%	**%**
Discount rate	**7.3**	8.0
Future salary increase rate	**9.0**	9.0

Sensitivity analysis:

Reasonably possible changes to the key assumptions, would have affected the defined benefit obligations at the reporting date by the following amounts:

	2019	
	RM'000 Increase	**RM'000 Decrease**
Discount rate (1% movement)	**923**	**1,029**
Future salary increase rate (1% movement)	**1,339**	**1,224**

This analysis provides an approximation of the sensitivity of the assumption shown, but does not take account of the variability in the timing of distribution of benefit payments expected under the plan.

28. GRANTS AND CONTRIBUTIONS

	Group	
	2019 RM'000	**2018 RM'000**
At 1 July	**548,493**	547,775
Exchange differences	**(1,124)**	(29,775)
Received during the financial year	**29,432**	50,593
Amortisation	**(15,973)**	(20,100)
At 30 June	**560,828**	548,493

Grants and contributions represents government grant in foreign subsidiaries in respect of specific qualifying expenditure on infrastructure assets and a cogeneration plant.

29. PAYABLES (NON-CURRENT)

		Group		
	Note	30.6.2019 RM'000	30.6.2018 RM'000 (Restated)	1.7.2017 RM'000 (Restated)
Contract liabilities	4(b)	**26,264**	6,618	1,964
Deposits		**53,390**	20,283	26,280
Deferred income		**958,773**	671,521	713,239
Payables to non-controlling interest		**116,365**	113,457	120,635
		1,154,792	811,879	862,118

Deposits comprise amount collected from retail customers in relation to the provision of electricity and deposits received from developers of housing development in relation to the provision of water and sewerage infrastructure. The deferred income is in relation to assets transferred from customers and services of the water and sewerage segment which are yet to be provided and shareholder loan interest revenue. The fair value of payables approximates their carrying values.

30. PAYABLES AND ACCRUED EXPENSES (CURRENT)

	Group			Company		
	30.6.2019 RM'000	30.6.2018 RM'000 (Restated)	1.7.2017 RM'000 (Restated)	30.6.2019 RM'000	30.6.2018 RM'000	1.7.2017 RM'000
Trade payables	**779,844**	664,112	539,169	**-**	-	-
Duties and taxes payable	**31,537**	17,375	15,491	**-**	-	2
Accrued expenses	**608,202**	645,306	605,284	**1,321**	1,222	1,260
Other payables	**375,350**	282,530	313,654	**66,523**	86,276	80,672
Deposits	**76,021**	80,654	79,914	**-**	-	-
Contract liabilities (Note 4(b))	**287,789**	315,478	289,737	**-**	-	-
	2,158,743	2,005,455	1,843,249	**67,844**	87,498	81,934

31. PROVISION FOR LIABILITIES AND CHARGES

	Group	
	2019 RM'000	**2018 RM'000**
At 1 July	**35,382**	35,035
Exchange differences	**(79)**	(12)
Charge during the financial year	**8,219**	1,981
Payment	**(3,619)**	(1,622)
At 30 June	**39,903**	35,382

The provision for liabilities and charges relate to scaling down of operations and asset retirement obligation.

32. AMOUNTS OWING BY/(TO) FELLOW SUBSIDIARIES

The amounts owing by/(to) fellow subsidiaries are unsecured, interest-free and repayable on demand. The amounts owing by/(to) fellow subsidiaries principally relate to operational expenses and expenses paid on behalf by/of the Group and the Company.

33. FINANCIAL RISK MANAGEMENT

The Group's and the Company's activities expose it to a variety of financial risks, including market risk (comprising of foreign currency exchange risk, interest rate risk and price risk), credit risk, liquidity risk and capital risk. The Group's and the Company's overall financial risk management objective is to ensure that adequate resources are available to create value for its shareholders. The Group and the Company focus on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group and the Company.

Financial risk management is carried out through regular risk review analysis, internal control systems and adherence to Group and the Company financial risk management policies. The Board regularly reviews these risks and approves the appropriate control environment frameworks.

(a) Market risk

(i) Foreign currency exchange risk

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

The Group is exposed to risks arising from various currency exposures primarily with respect to the Great British Pounds ("GBP") and Singapore Dollars ("SGD"). The Group has investments in foreign operations whose net assets are exposed to foreign currency translation risk. Such exposures are mitigated through borrowings denominated in the respective functional currencies. Where necessary, the Group enters into forward foreign currency exchange contracts to limit its exposure on foreign currency receivables and payables and on cash flows generated from anticipated transactions denominated in foreign currencies.

There is no significant exposure to foreign currency exchange risk for the Group and the Company.

33. FINANCIAL RISK MANAGEMENT (CONT'D.)

(a) Market risk (cont'd.)

(ii) Interest rate risk

Interest rate exposure arises from the Group's and the Company's borrowings, deposits, short-term investments and interest-bearing advances to subsidiaries of the Company. This exposure is managed through the use of fixed and floating rate debts, as well as through derivative financial instruments, where appropriate, to generate the desired interest rate profile.

Borrowings issued at variable rates expose the Group's and the Company's cash flows to interest rate risk. However, this is partially offset by the interest income accruing on fixed deposits and income funds.

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	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Fixed rate instruments				
Financial assets	**225,784**	246,022	**-**	-
Financial liabilities	**15,191,814**	15,883,062	**6,062,086**	7,260,571
Variable rate instruments				
Financial assets	**8,675,697**	9,576,515	**3,384,433**	4,722,426
Financial liabilities	**11,521,946**	11,187,886	**2,981,500**	3,047,806

At the reporting date, if annual interest rates had been 50 basis points higher/lower respectively, with all other variables in particular foreign exchange rates and tax rates being held constant, the Group's and the Company's profit after tax will be lower/higher by RM57.6 million (2018: RM55.9 million) and RM14.9 million (2018: RM15.2 million), respectively as a result of increase/decrease in interest expense on these variable rate borrowings.

The excess funds of the Group and the Company are invested in bank deposits and other short-term instruments. The Group and the Company manage their liquidity risks by placing such excess funds on short-term maturities to match its cash flow needs. If interest deposit rates increased/decreased by 10 basis points, interest income for the Group and the Company for the financial year would increase/decrease by RM8.7 million (2018: RM9.6 million) and RM3.4 million (2018: RM4.7 million), respectively.

Notes to the Financial Statements

for the financial year ended 30 June 2019

33. FINANCIAL RISK MANAGEMENT (CONT'D.)

(a) Market risk (cont'd.)

(iii) Price risk

Investments

The Group and the Company are exposed to equity securities price risk arising from investments held which are classified on the Statement of Financial Position as financial assets at fair value through other comprehensive income (2018: available-for-sale financial assets) and investments carried at fair value through profit or loss. To manage its price risk arising from investments in equity securities, the Group and the Company diversify their portfolio.

The Group's and the Company's investments are measured at fair value. The Group's and Company's exposure to the fluctuation of fair value is immaterial.

Fuel commodity price risk

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

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

Exposure to price fluctuations arising from the purchase of fuel oil and natural gas are substantially managed via swaps where the price is indexed to a benchmark price index, for example 180 CST fuel oil and Dated Brent. The Group's exposure to the fluctuation of forward price curve is immaterial.

(b) Credit risk

Credit risk is the potential financial loss resulting from the failure of a counter party to settle their obligations to the Group and the Company.

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

Due to the nature of the Group's business, customers are mainly segregated according to business segments. In the Group's power generation business in Malaysia, trade receivables are solely from its off taker, a national electricity utility company and the counterparty risk is considered to be minimal. As for the Group's power generation business in Singapore, credit reviews are performed on all customers with established credit limits and generally supported by collateral in the form of guarantees. For the Group's water and sewerage business, the credit risk of receivables is mitigated through strict collection procedures. The Directors are of the view that credit risk arising from these businesses is limited due to the large customer base.

33. FINANCIAL RISK MANAGEMENT (CONT'D.)

(b) Credit risk (cont'd.)

Trade receivables, contract assets and amounts owing by related companies

The Group applies the MFRS 9 simplified approach to measuring ECL which uses a lifetime expected loss allowance for all trade receivables, contract assets and amounts owing by related companies which is trade in nature. To measure the ECL, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are determined based on between 1 to 13 years of historical ageing profiles and the corresponding historical credit losses experienced within this period as applicable. The historical loss rates are adjusted to reflect forward-looking information on macroeconomic factors affecting the ability of customers to settle the receivables. Some of the factors which the Group has identified include unemployment rates, economic trends, and annual Gross Domestic Product ("GDP") growth. The Group has adjusted the historical loss rates based on expected changes in such factors.

On that basis, the loss allowance as at 30 June 2019 and 1 July 2018 (on first adoption of MFRS 9) was determined as follows for trade receivables, contract assets and amounts owing by related companies:

		Past due			
Group	**Current**	**1-90 days**	**91-120 days**	**> 120 days**	**Total**
30 June 2019	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Expected loss rate (%)[1]	**0 - 17.4**	**0.1 - 3.5**	**2.9 - 94.0**	**9.8 - 95.7**	
Gross carrying amount					
- Trade receivables	**780,484**	**137,504**	**1,420**	**337,313**	**1,256,721**
- Contract assets	**158,954**	**-**	**-**	**-**	**158,954**
- Related companies	**14,291**	**-**	**-**	**-**	**14,291**
	953,729	**137,504**	**1,420**	**337,313**	**1,429,966**
Allowance for impairment					
- Trade receivables	**(61,003)**	**(1,749)**	**(913)**	**(171,144)**	**(234,809)**
- Contract assets	**(388)**	**-**	**-**	**-**	**(388)**
- Related companies	**(637)**	**-**	**-**	**-**	**(637)**
	(62,028)	**(1,749)**	**(913)**	**(171,144)**	**(235,834)**
Net carrying amount	**891,701**	**135,755**	**507**	**166,169**	**1,194,132**

Notes to the Financial Statements

for the financial year ended 30 June 2019

33. FINANCIAL RISK MANAGEMENT (CONT'D.)

(b) Credit risk (cont'd.)

Group	Current	Past due 1-90 days	Past due 91-120 days	Past due > 120 days	Total
1 July 2018	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Expected loss rate (%)[1]	**0 - 13.2**	**0.1 - 45.5**	**6.4 - 89.1**	**5.2 - 90.9**	
Gross carrying amount					
- Trade receivables	645,563	10,828	1,881	446,771	1,105,043
- Contract assets	78,171	-	-	-	78,171
- Related companies	13,646	-	-	-	13,646
	737,380	10,828	1,881	446,771	1,196,860
Allowance for impairment					
- Trade receivables	(32,617)	(1,444)	(322)	(206,791)	(241,174)
- Contract assets	(445)	-	-	-	(445)
- Related companies	(25)	-	-	-	(25)
	(33,087)	(1,444)	(322)	(206,791)	(241,644)
Net carrying amount	704,293	9,384	1,559	239,980	955,216

Note:

[1] *The expected loss rate comprises of customers with different risk profiles.*

At the reporting date, the maximum exposure to credit risk of the financial assets of the Group and the Company are represented by the carrying amounts in the Statement of Financial Position, except for Group's trade receivables on electricity sales and physical fuel transactions where collaterals of RM90.2 million (2018: RM68.2 million) are held in the form of security deposits from customers and banker's guarantees.

Cash and bank balances

The Group and the Company place its cash and bank balances with a number of creditworthy financial institutions. The Group's and the Company's policy limit the concentration of financial exposure to any single financial institution. While cash and bank balances are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial.

Derivative financial instruments

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 and the Company consider the risk of material loss in the event of non-performance by a financial counter party to be unlikely.

Other receivables and amounts owing by related companies

The Group and the Company use the 3-stages approach for ECL on other receivables and amounts owing by related companies. The 3-stages approach reflects their receivables' credit risk and how the loss allowance is determined for each of those categories.

33. FINANCIAL RISK MANAGEMENT (CONT'D.)

(b) Credit risk (cont'd.)

A summary of the assumptions underpinning the Group's and the Company's ECL model is as follows:

Category	Group's and Company's definition of category	Basis for recognising ECL
Performing	Debtors have a low risk of default and a strong capacity to meet contractual cash flows	12 month ECL
Underperforming	Debtors for which there is a significant increase in credit risk or significant increase in credit risk is presumed if interest and/or principal repayments are 30 days past due	Lifetime ECL
Non-performing	Debtors and repayments are more than 365 days past due	Lifetime ECL
Write-off	There is evidence indicating that there is no reasonable expectation of recovery based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount	Asset is written off

Based on the above, loss allowance is measured on either 12 month ECL or lifetime ECL using a PD x LGD x EAD methodology where:

- PD ('probability of default') – the likelihood that the debtor would not be able to repay during the contractual period;
- LGD ('loss given default') – the percentage of contractual cash flows that will not be collected if default happens; and
- EAD ('exposure at default') – the outstanding amount that is exposed to default risk.

In deriving the PD and LGD, the Group and the Company consider historical data by each debtor by category and adjusts for forward-looking macroeconomic data. The Group and the Company have identified the industry and geographical area which the debtor operates in to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors. Loss allowance is measured at a probability-weighted amount that reflects the possibility that a credit loss occurs and the possibility that no credit loss occurs. No significant changes to estimation techniques or assumptions were made during the reporting period.

Notes to the Financial Statements

for the financial year ended 30 June 2019

33. FINANCIAL RISK MANAGEMENT (CONT'D.)

(b) Credit risk (cont'd.)

	Expected credit loss rate	Basis for recognition of expected credit loss provision	Estimated gross carrying amount at default	Loss allowance	Net carrying amount
			RM'000	RM'000	RM'000
Group					
30 June 2019					
Other receivables					
Performing	**-**	**12 month ECL**	**2,217,740**	**-**	**2,217,740**
Underperforming	**99.6%**	**Lifetime ECL**	**72,214**	**(71,923)**	**291**
Related companies					
Performing	**-**	**12 month ECL**	**3,485**	**-**	**3,485**
Company					
30 June 2019					
Other receivables					
Performing	**-**	**12 month ECL**	**1,791**	**-**	**1,791**
Related companies					
Performing	**-**	**12 month ECL**	**2,770,064**	**-**	**2,770,064**
Underperforming	**100.0%**	**Lifetime ECL**	**4,000**	**(4,000)**	**-**
Group					
1 July 2018					
Other receivables					
Performing	-	12 month ECL	2,062,631	-	2,062,631
Underperforming	100.0%	Lifetime ECL	75	(75)	-
Related companies					
Performing	-	12 month ECL	2,196	-	2,196
Company					
1 July 2018					
Other receivables					
Performing	-	12 month ECL	1,830	-	1,830
Related companies					
Performing	-	12 month ECL	2,776,875	-	2,776,875
Underperforming	21.0%	Lifetime ECL	19,091	(4,000)	15,091

33. FINANCIAL RISK MANAGEMENT (CONT'D.)

(b) Credit risk (cont'd.)

Movement on the Group's and the Company's loss allowances are as follows:

Group	Trade receivables RM'000	Contract assets RM'000	Related companies RM'000	Other receivables RM'000	Total RM'000
2019					
At 1 July 2018, as previously reported	**239,354**	**-**	**-**	**75**	**239,429**
Adjustments from adoption of MFRS 9 (Note 37(c)(i))	**1,820**	**445**	**25**	**-**	**2,290**
At 1 July 2018, as restated	**241,174**	**445**	**25**	**75**	**241,719**
Exchange differences	**(4,140)**	**-**	**-**	**875**	**(3,265)**
Written off during the financial year as uncollectible	**(76,786)**	**-**	**-**	**-**	**(76,786)**
Allowance for/(Write back of) impairment of receivables (net of reversals)	**74,561**	**(57)**	**612**	**70,973**	**146,089**
At 30 June 2019	**234,809**	**388**	**637**	**71,923**	**307,757**

Company	Related companies RM'000
2019	
At 1 July 2018, as previously reported	**-**
Adjustments from adoption of MFRS 9 (Note 37(c)(i))	**4,000**
At 1 July 2018, as restated	**4,000**
At 30 June 2019	**4,000**

Notes to the Financial Statements

for the financial year ended 30 June 2019

33. FINANCIAL RISK MANAGEMENT (CONT'D.)

(c) Liquidity risk

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

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

Group	Less than 1 year	Between 1 and 5 years	Over 5 years	Total
2019	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Non-derivative financial liabilities				
Bonds and borrowings	**8,993,930**	**10,161,096**	**22,738,037**	**41,893,063**
Trade and other payables	**1,669,582**	**169,755**	**-**	**1,839,337**
Derivative financial liabilities				
Fuel oil swaps	**38,642**	**14,272**	**-**	**52,914**
Currency forwards	**9,596**	**2,194**	**-**	**11,790**
Currency options contracts	**668**	**2,665**	**-**	**3,333**
	10,712,418	**10,349,982**	**22,738,037**	**43,800,437**
2018 (Restated)				
Non-derivative financial liabilities				
Bonds and borrowings	4,432,254	15,407,939	27,227,698	47,067,891
Trade and other payables	1,451,886	133,740	-	1,585,626
Derivative financial liabilities				
Fuel oil swaps	10,076	-	-	10,076
Currency forwards	9,153	2,498	-	11,651
Currency options contracts	-	18,579	-	18,579
	5,903,369	15,562,756	27,227,698	48,693,823

33. FINANCIAL RISK MANAGEMENT (CONT'D.)

(c) Liquidity risk (cont'd.)

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

Company	Less than 1 year	Between 1 and 5 years	Over 5 years	Total
2019	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Non-derivative financial liabilities				
Bonds and borrowings	**1,231,806**	**5,559,970**	**4,327,444**	**11,119,220**
Trade and other payables	**4,825**	**-**	**-**	**4,825**
Financial guarantee contracts	**703,590**	**-**	**-**	**703,590**
Derivative financial liabilities				
Currency options contracts	**668**	**2,665**	**-**	**3,333**
	1,940,889	**5,562,635**	**4,327,444**	**11,830,968**
2018				
Non-derivative financial liabilities				
Bonds and borrowings	2,584,969	5,501,199	3,880,842	11,967,010
Trade and other payables	444,152	-	-	444,152
Financial guarantee contracts	687,285	-	-	687,285
Derivative financial liabilities				
Currency options contracts	-	18,579	-	18,579
	3,716,406	5,519,778	3,880,842	13,117,026

(d) Capital risk

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

There are external debt covenants, such as gearing ratio applicable to the Group and the Company, which are not onerous and these obligations can be fulfilled. As part of its capital management, the Group rigorously monitors compliance with these covenants. In addition, consistent with others in the industry, the Group and the Company monitor capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the Statement of Financial Position) less cash and bank balances. Total capital is calculated as 'equity' as shown in the Statement of Financial Position plus net debt.

Notes to the Financial Statements

for the financial year ended 30 June 2019

33. FINANCIAL RISK MANAGEMENT (CONT'D.)

(d) Capital risk (cont'd.)

	Group		Company	
	2019 RM'000	**2018 RM'000 (Restated)**	**2019 RM'000**	**2018 RM'000**
Total bonds and borrowings (Note 26)	**26,713,760**	27,070,948	**9,043,586**	9,872,918
Less: Cash and bank balances	**(7,560,316)**	(7,337,927)	**(20,005)**	(86,140)
Net debt	**19,153,444**	19,733,021	**9,023,581**	9,786,778
Total equity	**12,870,662**	13,074,215	**12,567,880**	12,862,881
Total capital	**32,024,106**	32,807,236	**21,591,461**	22,649,659
Gearing ratio	**60%**	60%	**42%**	43%

To strengthen the capital structure of the Company, all borrowings of subsidiaries are undertaken on a non-recourse basis to the Company save and except for those borrowings guaranteed by the Company as set out in Note 26 to the financial statements.

(e) Fair value measurement

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

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

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

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

The financial assets included in the Level 3 of the fair value hierarchy for which its valuation is based on actual performance of the investee entity. The Group and the Company had used valuation model in projecting expected share price of the investment by using share price of companies in similar industry and adjusted for marketability factor.

Although the Group and the Company believe that estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value. For fair value measurement in Level 3, if the discount rate used in the marketability factor is to differ by 10% from management's estimates, the carrying amount of financial assets at fair value through other comprehensive income (2018: available-for-sale financial assets) would be approximately RM20.6 million (2018: RM39.5 million) lower or higher.

33. FINANCIAL RISK MANAGEMENT (CONT'D.)

(e) Fair value measurement (cont'd.)

The following table presents the Group's assets and liabilities that are measured at fair value as at the reporting date:

Group	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
2019				
Assets				
Financial assets at fair value through profit or loss:				
- Trading derivatives	**-**	**945**	**-**	**945**
- Income funds	**-**	**1,490,865**	**-**	**1,490,865**
- Equity investments	**-**	**3,640**	**-**	**3,640**
- Receivables from a joint venture	**-**	**-**	**871,752**	**871,752**
Financial assets at fair value through other comprehensive income	**63,414**	**45**	**175,001**	**238,460**
Derivatives used for hedging	**-**	**81,165**	**-**	**81,165**
Total assets	**63,414**	**1,576,660**	**1,046,753**	**2,686,827**
Liabilities				
Financial liabilities at fair value through profit or loss:				
- Currency options contracts	**3,333**	**-**	**-**	**3,333**
- Trading derivatives	**-**	**6,449**	**-**	**6,449**
Derivatives used for hedging	**-**	**58,255**	**-**	**58,255**
Total liabilities	**3,333**	**64,704**	**-**	**68,037**
2018				
Assets				
Financial assets at fair value through profit or loss:				
- Trading derivatives	-	1,802	-	1,802
- Income funds	-	2,669,903	-	2,669,903
- Equity investments	-	3,833	-	3,833
Available-for-sale financial assets	56,123	44	217,184	273,351
Derivatives used for hedging	-	239,928	-	239,928
Total assets	56,123	2,915,510	217,184	3,188,817
Liabilities				
Financial liabilities at fair value through profit or loss:				
- Currency options contracts	18,579	-	-	18,579
- Trading derivatives	-	3,536	-	3,536
Derivatives used for hedging	-	18,191	-	18,191
Total liabilities	18,579	21,727	-	40,306

Notes to the Financial Statements

for the financial year ended 30 June 2019

33. FINANCIAL RISK MANAGEMENT (CONT'D.)

(e) Fair value measurement (cont'd.)

The following table presents the Company's assets and liabilities that are measured at fair value as at the reporting date:

Company	Level 1	Level 2	Level 3	Total
	RM'000	**RM'000**	**RM'000**	**RM'000**
2019				
Assets				
Financial assets at fair value through profit or loss:				
- Income funds	**-**	**631,707**	**-**	**631,707**
Financial assets at fair value through other comprehensive income	**63,394**	**-**	**175,001**	**238,395**
Total assets	**63,394**	**631,707**	**175,001**	**870,102**
Liabilities				
Financial liabilities at fair value through profit or loss:				
- Currency options contracts	**3,333**	**-**	**-**	**3,333**
2018				
Assets				
Financial assets at fair value through profit or loss:				
- Income funds	-	1,883,669	-	1,883,669
Available-for-sale financial assets	56,102	-	217,184	273,286
Total assets	56,102	1,883,669	217,184	2,156,955
Liabilities				
Financial liabilities at fair value through profit or loss:				
- Currency options contracts	18,579	-	-	18,579

34. FINANCIAL INSTRUMENTS BY CATEGORY

The table below provides an analysis of the Group's financial instruments category:

Group	At amortised cost	Assets at fair value through profit or loss	Derivatives used for hedging	Assets at FVOCI	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
2019					
Assets as per Statement of Financial Position					
Assets at fair value through profit or loss	-	1,494,505	-	-	1,494,505
Assets at fair value through other comprehensive income	-	-	-	238,460	238,460
Derivative financial instruments	-	945	81,165	-	82,110
Trade and other receivables[1]	2,385,330	871,752	-	-	3,257,082
Cash and bank balances	7,560,316	-	-	-	7,560,316
	9,945,646	**2,367,202**	**81,165**	**238,460**	**12,632,473**

Group	Loans and receivables	Assets at fair value through profit or loss	Derivatives used for hedging	Available-for-sale	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
2018 (Restated)					
Assets as per Statement of Financial Position					
Assets at fair value through profit or loss	-	2,673,736	-	-	2,673,736
Available-for-sale financial assets	-	-	-	273,351	273,351
Derivative financial instruments	-	1,802	239,928	-	241,730
Trade and other receivables[1]	2,229,174	714,988	-	-	2,944,162
Cash and bank balances	7,337,927	-	-	-	7,337,927
	9,567,101	3,390,526	239,928	273,351	13,470,906

Notes to the Financial Statements
for the financial year ended 30 June 2019

34. FINANCIAL INSTRUMENTS BY CATEGORY (CONT'D.)

The table below provides an analysis of the Group's financial instruments category: (cont'd.)

Group	Liabilities at fair value through profit or loss	Derivatives used for hedging	Other financial liabilities at amortised cost	Total
	RM'000	RM'000	RM'000	RM'000
2019				
Liabilities as per Statement of Financial Position				
Bonds and borrowings excluding finance lease liabilities	**-**	**-**	**26,671,119**	**26,671,119**
Derivative financial instruments	**9,782**	**58,255**	**-**	**68,037**
Trade and other payables[2]	**-**	**-**	**2,088,233**	**2,088,233**
	9,782	**58,255**	**28,759,352**	**28,827,389**
2018 (Restated)				
Liabilities as per Statement of Financial Position				
Bonds and borrowings excluding finance lease liabilities	-	-	26,952,887	26,952,887
Derivative financial instruments	22,115	18,191	-	40,306
Trade and other payables[2]	-	-	1,835,748	1,835,748
	22,115	18,191	28,788,635	28,828,941

34. FINANCIAL INSTRUMENTS BY CATEGORY (CONT'D.)

The table below provides an analysis of the Company's financial instruments category:

Company	At amortised cost	Assets at fair value through profit or loss	Assets at FVOCI	Total
	RM'000	RM'000	RM'000	RM'000
2019				
Assets as per Statement of Financial Position				
Assets at fair value through profit or loss	**-**	**631,707**	**-**	**631,707**
Assets at fair value through other comprehensive income	**-**	**-**	**238,395**	**238,395**
Trade and other receivables[1]	**2,771,855**	**-**	**-**	**2,771,855**
Cash and bank balances	**20,005**	**-**	**-**	**20,005**
	2,791,860	**631,707**	**238,395**	**3,661,962**

Company	Loans and receivables	Assets at fair value through profit or loss	Available-for-sale	Total
	RM'000	RM'000	RM'000	RM'000
2018				
Assets as per Statement of Financial Position				
Assets at fair value through profit or loss	-	1,883,669	-	1,883,669
Available-for-sale financial assets	-	-	273,286	273,286
Trade and other receivables[1]	2,797,796	-	-	2,797,796
Cash and bank balances	86,140	-	-	86,140
	2,883,936	1,883,669	273,286	5,040,891

Notes to the Financial Statements
for the financial year ended 30 June 2019

34. FINANCIAL INSTRUMENTS BY CATEGORY (CONT'D.)

The table below provides an analysis of the Company's financial instruments category: (cont'd.)

Company	Liabilities at fair value through profit or loss	Other financial liabilities at amortised cost	Total
	RM'000	RM'000	RM'000
2019			
Liabilities as per Statement of Financial Position			
Bonds and borrowings excluding finance lease liabilities	**-**	**9,043,461**	**9,043,461**
Derivative financial instruments	**3,333**	**-**	**3,333**
Trade and other payables[2]	**-**	**70,373**	**70,373**
	3,333	**9,113,834**	**9,117,167**
2018			
Liabilities as per Statement of Financial Position			
Bonds and borrowings excluding finance lease liabilities	-	9,872,663	9,872,663
Derivative financial instruments	18,579	-	18,579
Trade and other payables[2]	-	523,816	523,816
	18,579	10,396,479	10,415,058

Notes:

[1] *Prepayments, contract cost assets, contract assets and tax recoverable are excluded from the trade and other receivables balance, as this analysis is required only for financial instruments.*

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

35. COMMITMENTS AND NON-CANCELLABLE OPERATING LEASE ARRANGEMENTS

(a) Capital commitments

	Group	
	2019 RM'000	2018 RM'000
Contracted, but not provided for	**1,244,143**	1,139,633
Authorised, but not contracted for	**749,378**	647,493

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

35. COMMITMENTS AND NON-CANCELLABLE OPERATING LEASE ARRANGEMENTS (CONT'D.)

(b) Operating lease arrangements

(i) The Group as lessee

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

	Group	
	2019 RM'000	**2018 RM'000**
Lease rental on sublease of office space:		
- Not later than 1 year	**148,724**	123,863
- Later than 1 year but not later than 5 years	**271,950**	324,063
- Later than 5 years	**187,637**	105,412

(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	
	2019 RM'000	**2018 RM'000**
Lease rental income:		
- Not later than 1 year	**28,431**	17,038
- Later than 1 year but not later than 5 years	**673**	1,031

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

	Group	
	2019 RM'000	**2018 RM'000**
Not later than 1 year	**60,779**	60,747
Later than 1 year but not later than 5 years	**65,821**	117,936

36. SEGMENTAL INFORMATION

The Group has five reportable segments as described below:

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

Notes to the Financial Statements

for the financial year ended 30 June 2019

36. SEGMENTAL INFORMATION (CONT'D.)

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

	Power generation (Contracted)	Multi utilities business (Merchant)#	Water and sewerage	Mobile broadband network	Investment holding activities	Group
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 30 June 2019						
Revenue						
Total revenue	798,480	6,274,001	3,437,435	875,105	417,308	11,802,329
Inter-segment elimination	-	-	-	(3,158)	(66,455)	(69,613)
External revenue	798,480	6,274,001	3,437,435	871,947	350,853	11,732,716
Results						
Share of profits of investments accounted for using the equity method	-	-	-	1,887	399,269	401,156
Interest income	3,000	1,237	551	3,123	166	8,077
Finance cost	27	193,826	505,081	13,894	418,057	1,130,885
Segment profit/(loss)	51,389	(242,055)	739,298	2,390	202,406	753,428
Other segment items						
Capital expenditures	490	104,721	1,318,262	106,582	26,712	1,556,767
Depreciation and amortisation	18,668	232,928	589,379	217,818	17,317	1,076,110
Impairment	4,347	71,982	70,060	8,519	110	155,018
Segment assets						
Investments accounted for using the equity method	-	-	1	13,610	2,175,345	2,188,956
Other segment assets	373,475	11,380,037	18,616,358	2,969,513	10,744,639	44,084,022
	373,475	11,380,037	18,616,359	2,983,123	12,919,984	46,272,978
Segment liabilities						
Borrowings	353	6,038,721	11,294,633	336,467	9,043,586	26,713,760
Other segment liabilities	109,531	1,255,167	4,395,991	344,504	583,363	6,688,556
	109,884	7,293,888	15,690,624	680,971	9,626,949	33,402,316

36. SEGMENTAL INFORMATION (CONT'D.)

	Power generation (Contracted)	Multi utilities business (Merchant)#	Water and sewerage	Mobile broadband network	Investment holding activities	Group
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 30 June 2018 (Restated)						
Revenue						
Total revenue	614,486	5,553,440	3,365,346	779,388	361,270	10,673,930
Inter-segment elimination	-	-	-	(7,198)	(60,782)	(67,980)
External revenue	614,486	5,553,440	3,365,346	772,190	300,488	10,605,950
Results						
Share of profits of investments accounted for using the equity method	-	-	-	1,867	402,836	404,703
Interest income	1,647	1,696	2,134	2,801	130	8,408
Finance cost	48	163,793	478,464	8,651	426,546	1,077,502
Segment profit/(loss)	18,962	71,846	991,400	(98,053)	(43,560)	940,595
Other segment items						
Capital expenditures	167	103,366	1,384,024	290,110	1,604	1,779,271
Depreciation and amortisation	19,453	318,874	559,558	216,681	4,503	1,119,069
(Write back)/Impairment	-	(73)	66,316	2,649	428	69,320
Segment assets						
Investments accounted for using the equity method	-	-	1	11,723	2,125,607	2,137,331
Other segment assets	286,686	11,398,336	18,043,068	2,843,917	11,567,685	44,139,692
	286,686	11,398,336	18,043,069	2,855,640	13,693,292	46,277,023
Segment liabilities						
Borrowings	824	5,890,593	11,007,892	298,721	9,872,918	27,070,948
Other segment liabilities	82,773	1,160,901	4,221,695	327,376	339,115	6,131,860
	83,597	7,051,494	15,229,587	626,097	10,212,033	33,202,808

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.

Notes to the Financial Statements
for the financial year ended 30 June 2019

36. SEGMENTAL INFORMATION (CONT'D.)

Geographical information

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

	Revenue		Non-current assets	
	2019 RM'000	**2018 RM'000 (Restated)**	**2019 RM'000**	**2018 RM'000 (Restated)**
Malaysia	**1,693,405**	1,458,906	**2,452,834**	2,592,142
Singapore	**6,274,001**	5,553,440	**10,016,039**	9,815,735
United Kingdom	**3,461,407**	3,382,462	**17,482,082**	16,881,766
Other countries	**303,903**	211,142	**674,777**	650,047
	11,732,716	10,605,950	**30,625,732**	29,939,690

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

	Non-current assets	
	2019 RM'000	**2018 RM'000 (Restated)**
Property, plant and equipment	**21,631,567**	21,251,157
Investment properties	**477,749**	452,112
Project development costs	**228,952**	196,891
Intangible assets	**8,278,649**	8,029,565
Contract assets	**2,486**	1,472
Contract cost assets	**3,129**	4,653
Prepayments	**3,200**	3,840
	30,625,732	29,939,690

Major customers

The following is the major customer with revenue equal or more than 10 per cent of Group's revenue:

	Revenue		
	2019 RM'000	**2018 RM'000**	**Segment**
- Energy Market Company	**3,184,498**	2,883,229	Multi utilities business (Merchant)

37. CHANGES IN ACCOUNTING POLICIES AND ACQUISITION ACCOUNTING AND CONSOLIDATION ELIMINATION RESTATEMENTS

(a) Changes in accounting policies

The Group's and the Company's adoption of MFRS 9 and MFRS 15 from 1 July 2018 (effective from 1 January 2018) resulted in changes in accounting policies and adjustments to the Group's and the Company's financial position as at 1 July 2018. The new accounting policies under MFRS 9 and MFRS 15 have been disclosed under Note 2 to the financial statements. The following describes the impact of the adoption.

(i) Adoption of MFRS 9 "Financial Instruments"

MFRS 9 replaces MFRS 139 "Financial Instruments: Recognition and Measurement". The adoption of MFRS 9 from 1 July 2018 (effective from 1 January 2018) has resulted in changes in the accounting policies for recognition, classification and measurement of financial assets and impairment of financial assets. The new accounting policies are set out in Note 2(m).

As permitted by the transitional provisions of MFRS 9, the Group and the Company have elected not to restate comparative figures and thus adjustments arising from the adoption of MFRS 9 were recognised in the opening Statement of Financial Position as at 1 July 2018.

Classification and measurement of financial instruments

On 1 July 2018, the Group's and the Company's management have assessed which business models apply to the financial assets held by the Group and the Company and have classified its financial instruments into the appropriate MFRS 9 categories.

There are no changes to the classification of financial instruments from the assessment except for the reclassification of equity investments from available-for-sale ("AFS") financial assets to financial assets at FVOCI.

The financial instruments of the Group and the Company on 1 July 2018 together with any reclassifications are as follows:

	Measurement category		Carrying amount		
	Original (MFRS 139)	New (MFRS 9)	Original	New	Difference
Group			RM'000 (Restated)	RM'000	RM'000
Financial assets					
Investments (Equity investment)	AFS	FVOCI	273,351	273,351	-
Investments	FVTPL	FVTPL	2,673,736	2,673,736	-
Receivables and deposits	Amortised cost	Amortised cost	2,213,332	2,211,512	(1,820)[(1)]
Receivables and deposits	Amortised cost	FVTPL	714,988	714,988	-
Derivative financial instruments	FVTPL	FVTPL	241,730	241,730	-

Notes to the Financial Statements

for the financial year ended 30 June 2019

37. CHANGES IN ACCOUNTING POLICIES AND ACQUISITION ACCOUNTING AND CONSOLIDATION ELIMINATION RESTATEMENTS (CONT'D.)

(a) Changes in accounting policies (cont'd.)

(i) Adoption of MFRS 9 "Financial Instruments" (cont'd.)

	Measurement category		Carrying amount		
	Original (MFRS 139)	New (MFRS 9)	Original	New	Difference
Group			RM'000 (Restated)	RM'000	RM'000
Amounts owing by immediate holding company and ultimate holding company	Amortised cost	Amortised cost	5	5	-
Amounts owing by fellow subsidiaries	Amortised cost	Amortised cost	15,837	15,812	(25)[(1)]
Cash and bank balances	Amortised cost	Amortised cost	7,337,927	7,337,927	-
			13,470,906	13,469,061	(1,845)
Financial liabilities					
Payables and accrued expenses	Amortised cost	Amortised cost	1,806,342	1,806,342	-
Derivative financial instruments	FVTPL	FVTPL	40,306	40,306	-
Amounts owing to immediate holding company and ultimate holding company	Amortised cost	Amortised cost	134	134	-
Amounts owing to fellow subsidiaries	Amortised cost	Amortised cost	29,272	29,272	-
Borrowings	Amortised cost	Amortised cost	27,070,948	27,070,948	-
			28,947,002	28,947,002	-
Company					
Financial assets					
Investments (Equity investment)	AFS	FVOCI	273,286	273,286	-
Investments	FVTPL	FVTPL	1,883,669	1,883,669	-
Receivables and deposits	Amortised cost	Amortised cost	1,830	1,830	-
Amounts owing by subsidiaries	Amortised cost	Amortised cost	2,795,966	2,791,966	(4,000)[(1)]
Cash and bank balances	Amortised cost	Amortised cost	86,140	86,140	-
			5,040,891	5,036,891	(4,000)

37. CHANGES IN ACCOUNTING POLICIES AND ACQUISITION ACCOUNTING AND CONSOLIDATION ELIMINATION RESTATEMENTS (CONT'D.)

(a) Changes in accounting policies (cont'd.)

(i) Adoption of MFRS 9 "Financial Instruments" (cont'd.)

	Measurement category		Carrying amount		
	Original (MFRS 139)	New (MFRS 9)	Original	New	Difference
Company			**RM'000**	**RM'000**	**RM'000**
Financial liabilities					
Payables and accrued expenses	Amortised cost	Amortised cost	87,498	87,498	-
Derivative financial instruments	FVTPL	FVTPL	18,579	18,579	-
Amounts owing to subsidiaries	Amortised cost	Amortised cost	436,194	436,194	-
Amounts owing to fellow subsidiaries	Amortised cost	Amortised cost	124	124	-
Borrowings	Amortised cost	Amortised cost	9,872,918	9,872,918	-
			10,415,313	10,415,313	-

Note:

(1) *The difference noted is the result of applying the new ECL model.*

Impairment of financial assets

Until 30 June 2018, the Group and the Company assessed the impairment of loan and receivables and AFS financial assets based on the incurred loss impairment model. Note 2(m) sets out the details of accounting policies for impairment of financial assets under MFRS 139.

From 1 July 2018, the Group and the Company applied the ECL model to determine impairment on investment in debt instruments that are measured at amortised cost and at FVOCI and financial guarantee contracts. The new accounting policies for impairment under MFRS 9 are set out in Note 2(m).

The Group applied the MFRS 9 simplified approach which is to measure the loss allowance at an amount equal to lifetime ECL at initial recognition and throughout its life for all trade receivables, contract assets and amounts owing by related companies which is trade in nature. This has resulted in an increase in the Group's allowance for impairment of RM2.3 million as at 1 July 2018.

The Group and the Company applied a general 3-stage approach when determining ECL for other receivables and amounts owing by related companies. The identified impairment loss was immaterial.

Amounts owing by subsidiaries in the Company's separate financial statements is assessed on individual basis for ECL measurement. This resulted in an increase in the Company's allowance for impairment of RM4.0 million as at 1 July 2018.

37. CHANGES IN ACCOUNTING POLICIES AND ACQUISITION ACCOUNTING AND CONSOLIDATION ELIMINATION RESTATEMENTS (CONT'D.)

(a) Changes in accounting policies (cont'd.)

(i) Adoption of MFRS 9 "Financial Instruments" (cont'd.)

Hedge accounting

The Group applied hedge accounting retrospectively. At the date of initial application, all of the Group's existing hedging relationships were eligible to be treated as continuing hedging relationships.

(ii) Adoption of MFRS 15 "Revenue from Contracts with Customers"

The Group has adopted MFRS 15 in the current financial year. The core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods and services to customers for an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Revenue is recognised when a customer obtains control of goods or services, i.e. when the customer has the ability to direct the use of and obtain the benefits from the goods or services.

MFRS 15 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. The new accounting policies are set out in Note 2(v). The main changes are explained below:

a) Sale of device as part of bundled telecommunication service package

MFRS 15 requires devices which the Group promises to transfer as part of a bundled package with network service plans to be considered distinct and thus accounted for as a separate performance obligation. As a result, total consideration received from such packages are allocated to the service and device based on relative stand-alone selling prices. This results in an allocation and early recognition of a portion of telecommunication service revenue as device revenue, and a corresponding reduction in service revenue throughout the contract period. Loss on device sale which was previously capitalised as customer acquisition cost within intangible assets is now expensed to the Income Statement when the device sale occurs, resulting in an earlier recognition of expenses. For devices sold separately, the consideration is received in full at the point of sale. The amount of revenue recognised is measured at the consideration specified in the contract.

A contract asset is recognised when the Group delivers devices before payment is due. If payment happens before the delivery of device, then a contract liability is recognised. Contract assets and contract liabilities are presented within receivables and payables respectively in the Statements of Financial Position.

b) Costs incurred to obtain or fulfil a contract

Under MFRS 15, the Group capitalises sales commissions as costs to obtain a contract with a customer when they are incremental and expected to be recovered over more than a year. Sales commissions are amortised consistently over the term of the specific contract to which the cost related to. Previously, the sales commissions were capitalised as intangible assets and amortised over the contractual period on a straight-line method.

In addition, the Group also capitalises expenditure on assets such as water mains/sewers or new connections relating to contracts as they are incurred to fulfil the contract. The expenditure on assets are treated as cost of sales when the contract is complete. Previously, the expenditure on assets were classified as inventories (work in progress).

37. CHANGES IN ACCOUNTING POLICIES AND ACQUISITION ACCOUNTING AND CONSOLIDATION ELIMINATION RESTATEMENTS (CONT'D.)

(a) Changes in accounting policies (cont'd.)

(ii) Adoption of MFRS 15 "Revenue from Contracts with Customers" (cont'd.)

Arising from the changes mentioned in Note 37(a)(ii), the de-recognition of intangible assets has resulted in a decrease in net cash outflows for investing activities, and a corresponding decrease in net cash inflows from operating activities.

In accordance with the transitional provisions in MFRS 15, the Group has elected to adopt the full retrospective approach, requiring the restatement of the comparative period presented in the financial statements. The adjustments made to the comparative figures are set out in Note 37(c).

In applying MFRS 15 retrospectively, the Group has applied following practical expedients as allowed by the standard. For all reporting period presented before the date of initial application, the amount of the transaction price allocated to the remaining performance obligations and an explanation of when the revenue is expected to be recognised are not disclosed.

(b) Acquisition accounting and consolidation elimination restatements

During the financial year, it was noted that RM335.4 million (GBP60.0 million) of infrastructure assets had been under depreciated. This under depreciation was with effect from 1 July 2014. The continuance of the depreciation resulted in a charge of RM10.4 million (GBP1.9 million) to the retained earnings brought forward at 1 July 2017. In addition, it was also identified that no deferred tax was recognised on the recognition of these assets and therefore a deferred tax liability has been recognised on the prior year brought forward net book value of the assets with a corresponding impact to the retained earnings brought forward at 1 July 2017 of RM51.0 million (GBP9.1 million).

It was further identified that no deferred tax was recognised in respect of non-qualifying assets recognised on the 2002 historical business combination in the consolidation. This has resulted in a charge of RM21.0 million (GBP3.8 million) to the retained earnings brought forward at 1 July 2017.

Finally, it was noted that RM34.3 million (GBP6.1 million) of intra-group profit on the transfer of assets between group companies had not been correctly depreciated in accordance with the underlying assets transferred. As these assets have substantially reached the end of their useful lives the whole amount has been recognised in the brought forward balances of 1 July 2017. This has resulted in a RM2.5 million (GBP0.5 million) increase in the brought forward cost of property, plant and equipment at 1 July 2017 and a RM31.8 million (GBP5.6 million) reduction in accumulated depreciation and impairment of property, plant and equipment at 1 July 2017. The adjustments have a corresponding impact to retained earnings brought forward at 1 July 2017 of RM34.3 million (GBP6.1 million). The unrealised intra-group profit arising from the transfer of assets was eliminated appropriately. The above restatements did not have a material impact to the Income Statement of 30 June 2018.

Notes to the Financial Statements
for the financial year ended 30 June 2019

37. CHANGES IN ACCOUNTING POLICIES AND ACQUISITION ACCOUNTING AND CONSOLIDATION ELIMINATION RESTATEMENTS (CONT'D.)

(c) Impact on the financial statements

The following tables show the adjustments recognised in financial statements for each individual financial statements line item as a result of the adoption of MFRS 9, MFRS 15 and the restatements arising from acquisition accounting and consolidation elimination. The adoption of MFRS 15 and the restatements arising from acquisition accounting and consolidation elimination have no impact on the financial statements of the Company.

(i) Reconciliation of financial position and equity

	30.6.2018			30.6.2018		1.7.2018
Group	**As previously reported**	**Effects of MFRS 15**	**Acquisition accounting and consolidation elimination restatements**	**As restated**	**Effects of MFRS 9**	**As restated**
Assets	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Non-current assets						
Property, plant and equipment	21,227,246	-	23,911	21,251,157	-	21,251,157
Intangible assets	8,040,576	(11,011)	-	8,029,565	-	8,029,565
Receivables, deposits and prepayments	949,497	6,125	-	955,622	-	955,622
Other non-current assets	3,893,801	-	-	3,893,801	-	3,893,801
	34,111,120	(4,886)	23,911	34,130,145	-	34,130,145
Current assets						
Inventories	430,004	(32,100)	-	397,904	-	397,904
Receivables, deposits and prepayments	2,279,699	34,156	-	2,313,855	(2,265)	2,311,590
Amounts owing by fellow subsidiaries	15,837	-	-	15,837	(25)	15,812
Other current assets	9,419,282	-	-	9,419,282	-	9,419,282
	12,144,822	2,056	-	12,146,878	(2,290)	12,144,588
Total assets	46,255,942	(2,830)	23,911	46,277,023	(2,290)	46,274,733

37. CHANGES IN ACCOUNTING POLICIES AND ACQUISITION ACCOUNTING AND CONSOLIDATION ELIMINATION RESTATEMENTS (CONT'D.)

(c) Impact on the financial statements (cont'd.)

(i) Reconciliation of financial position and equity (cont'd.)

Group	30.6.2018 As previously reported	Effects of MFRS 15	Acquisition accounting and consolidation elimination restatements	30.6.2018 As restated	Effects of MFRS 9	1.7.2018 As restated
Equity and liabilities	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Capital and reserves						
Share capital	7,038,587	-	-	7,038,587	-	7,038,587
Reserves	5,974,541	(2,433)	(48,096)	5,924,012	(1,371)	5,922,641
Equity attributable to owners of the parent	13,013,128	(2,433)	(48,096)	12,962,599	(1,371)	12,961,228
Non-controlling interests	111,386	230	-	111,616	(916)	110,700
Total equity	13,124,514	(2,203)	(48,096)	13,074,215	(2,287)	13,071,928
Liabilities						
Non-current liabilities						
Deferred taxation	1,788,657	(13)	72,007	1,860,651	(3)	1,860,648
Payables	811,875	4	-	811,879	-	811,879
Other non-current liabilities	25,035,101	-	-	25,035,101	-	25,035,101
	27,635,633	(9)	72,007	27,707,631	(3)	27,707,628
Current liabilities						
Payables and accrued expenses	2,005,422	33	-	2,005,455	-	2,005,455
Taxation	113,793	(651)	-	113,142	-	113,142
Other current liabilities	3,376,580	-	-	3,376,580	-	3,376,580
	5,495,795	(618)	-	5,495,177	-	5,495,177
Total liabilities	33,131,428	(627)	72,007	33,202,808	(3)	33,202,805
Total equity and liabilities	46,255,942	(2,830)	23,911	46,277,023	(2,290)	46,274,733

Notes to the Financial Statements

for the financial year ended 30 June 2019

37. CHANGES IN ACCOUNTING POLICIES AND ACQUISITION ACCOUNTING AND CONSOLIDATION ELIMINATION RESTATEMENTS (CONT'D.)

(c) Impact on the financial statements (cont'd.)

(i) Reconciliation of financial position and equity (cont'd.)

Company	30.6.2018 As previously reported	Effects of MFRS 9	1.7.2018 As restated
Assets	**RM'000**	**RM'000**	**RM'000**
Non-current assets	**18,511,402**	**-**	**18,511,402**
Current assets			
Amounts owing by subsidiaries	**2,795,966**	**(4,000)**	**2,791,966**
Other current assets	**1,971,639**	**-**	**1,971,639**
	4,767,605	**(4,000)**	**4,763,605**
Total assets	**23,279,007**	**(4,000)**	**23,275,007**
Equity and liabilities			
Capital and reserves			
Share capital	**7,038,587**	**-**	**7,038,587**
Reserves	**5,824,294**	**(4,000)**	**5,820,294**
Total equity	**12,862,881**	**(4,000)**	**12,858,881**
Liabilities			
Non-current liabilities	**7,692,293**	**-**	**7,692,293**
Current liabilities	**2,723,833**	**-**	**2,723,833**
Total liabilities	**10,416,126**	**-**	**10,416,126**
Total equity and liabilities	**23,279,007**	**(4,000)**	**23,275,007**

37. CHANGES IN ACCOUNTING POLICIES AND ACQUISITION ACCOUNTING AND CONSOLIDATION ELIMINATION RESTATEMENTS (CONT'D.)

(c) Impact on the financial statements (cont'd.)

(i) Reconciliation of financial position and equity (cont'd.)

Group	1.7.2017 As previously reported	Effects of MFRS 15	Acquisition accounting and consolidation elimination restatements	1.7.2017 As restated
Assets	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Non-current assets				
Property, plant and equipment	21,334,981	-	23,911	21,358,892
Intangible assets	8,392,717	(32,994)	-	8,359,723
Receivables, deposits and prepayments	968,737	2,681	-	971,418
Other non-current assets	3,681,421	-	-	3,681,421
	34,377,856	(30,313)	23,911	34,371,454
Current assets				
Inventories	448,947	(37,379)	-	411,568
Receivables, deposits and prepayments	2,152,242	64,947	-	2,217,189
Other current assets	11,519,115	-	-	11,519,115
	14,120,304	27,568	-	14,147,872
Total assets	48,498,160	(2,745)	23,911	48,519,326

Notes to the Financial Statements

for the financial year ended 30 June 2019

37. CHANGES IN ACCOUNTING POLICIES AND ACQUISITION ACCOUNTING AND CONSOLIDATION ELIMINATION RESTATEMENTS (CONT'D.)

(c) Impact on the financial statements (cont'd.)

(i) Reconciliation of financial position and equity (cont'd.)

Group	1.7.2017 As previously reported	Effects of MFRS 15	Acquisition accounting and consolidation elimination restatements	1.7.2017 As restated
Equity and liabilities	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Capital and reserves				
Share capital	7,019,847	-	-	7,019,847
Reserves	6,238,978	(2,202)	(48,096)	6,188,680
Equity attributable to owners of the parent	13,258,825	(2,202)	(48,096)	13,208,527
Non-controlling interests	230,855	(77)	-	230,778
Total equity	13,489,680	(2,279)	(48,096)	13,439,305
Liabilities				
Non-current liabilities				
Deferred taxation	1,761,764	(12)	72,007	1,833,759
Other non-current liabilities	26,357,216	-	-	26,357,216
	28,118,980	(12)	72,007	28,190,975
Current liabilities				
Payables and accrued expenses	1,843,211	38	-	1,843,249
Taxation	129,560	(492)	-	129,068
Other current liabilities	4,916,729	-	-	4,916,729
	6,889,500	(454)	-	6,889,046
Total liabilities	35,008,480	(466)	72,007	35,080,021
Total equity and liabilities	48,498,160	(2,745)	23,911	48,519,326

37. CHANGES IN ACCOUNTING POLICIES AND ACQUISITION ACCOUNTING AND CONSOLIDATION ELIMINATION RESTATEMENTS (CONT'D.)

(c) Impact on the financial statements (cont'd.)

(ii) Reconciliation of income statements

Group	30.6.2018 As previously reported	Effects of MFRS 15	30.6.2018 As restated
	RM'000	RM'000	RM'000
Revenue	10,619,191	(13,241)	10,605,950
Cost of sales	(8,313,480)	12,985	(8,300,495)
Gross profit	2,305,711	(256)	2,305,455
Other operating income	41,187	-	41,187
Administrative expenses	(549,266)	-	(549,266)
Other operating expenses	(183,982)	-	(183,982)
Finance costs	(1,077,502)	-	(1,077,502)
Share of profits of investments accounted for using the equity method	404,703	-	404,703
Profit before taxation	940,851	(256)	940,595
Taxation	(222,461)	193	(222,268)
Profit for the financial year	718,390	(63)	718,327
Attributable to:			
- Owners of the parent	620,055	(370)	619,685
- Non-controlling interests	98,335	307	98,642
	718,390	(63)	718,327
Earnings per share for profit attributable to owners of the parent:			
- Basic (sen)	7.88		7.88
- Diluted (sen)	7.88		7.88

Notes to the Financial Statements

for the financial year ended 30 June 2019

37. CHANGES IN ACCOUNTING POLICIES AND ACQUISITION ACCOUNTING AND CONSOLIDATION ELIMINATION RESTATEMENTS (CONT'D.)

(c) Impact on the financial statements (cont'd.)

(iii) Reconciliation of comprehensive income

Group	30.6.2018 As previously reported	Effects of MFRS 15	30.6.2018 As restated
	RM'000	RM'000	RM'000
Profit for the financial year	718,390	(63)	718,327
Other comprehensive income/(loss):			
Items that will not be reclassified subsequently to income statement:			
- re-measurement of post-employment benefit obligations	150,319	-	150,319
Item that may be reclassified subsequently to income statement:			
- available-for-sale financial assets	(14,558)	-	(14,558)
- cash flow hedges	313,345	-	313,345
- currency translation differences			
- subsidiaries	(739,741)	139	(739,602)
- associates and joint ventures	(152,226)	-	(152,226)
Other comprehensive loss for the financial year, net of tax	(442,861)	139	(442,722)
Total comprehensive income for the financial year	275,529	76	275,605
Attributable to:			
- Owners of the parent	221,330	(231)	221,099
- Non-controlling interests	54,199	307	54,506
	275,529	76	275,605

37. CHANGES IN ACCOUNTING POLICIES AND ACQUISITION ACCOUNTING AND CONSOLIDATION ELIMINATION RESTATEMENTS (CONT'D.)

(c) Impact on the financial statements (cont'd.)

(iv) Reconciliation of cash flows

Group	30.6.2018 As previously reported RM'000	Effects of MFRS 15 RM'000	30.6.2018 As restated RM'000
Cash flows from operating activities			
Profit for the financial year	718,390	(63)	718,327
Adjustments for:			
Amortisation of contract costs	-	21,119	21,119
Amortisation of deferred income	(9,678)	5,710	(3,968)
Amortisation of intangible assets	47,897	(39,070)	8,827
Taxation	222,461	(193)	222,268
Other non-cash items	1,786,348	-	1,786,348
	2,765,418	(12,497)	2,752,921
Changes in working capital:			
Inventories	(1,966)	(3,432)	(5,398)
Receivables, deposits and prepayments	(420,835)	4,553	(416,282)
Payables and accrued expenses	183,409	(5,711)	177,698
Fellow subsidiaries	(5,690)	-	(5,690)
Holding company	49	-	49
Cash flows from operations	2,520,385	(17,087)	2,503,298
Other cash flows used in operating activities	(1,215,492)	-	(1,215,492)
Net cash flows from operating activities	1,304,893	(17,087)	1,287,806
Cash flows from investing activities			
Purchase of intangible assets	(21,705)	17,087	(4,618)
Other cash flows used in investing activities	(1,114,729)	-	(1,114,729)
Net cash flows used in investing activities	(1,136,434)	17,087	(1,119,347)
Cash flows from financing activities			
Net cash flows used in financing activities	(1,341,239)	-	(1,341,239)
Net changes in cash and cash equivalents	(1,172,780)	-	(1,172,780)
Effects of exchange rate changes	(465,162)	-	(465,162)
Cash and cash equivalents at beginning of the financial year	8,943,033	-	8,943,033
Cash and cash equivalents at end of the financial year	7,305,091	-	7,305,091

Notes to the Financial Statements
for the financial year ended 30 June 2019

38. APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 26 September 2019.

Form of Proxy

YTL Power
YTL GROUP

I/We *(full name as per NRIC/company name in block letters)* ______________________

____

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

CDS Account No. *(for nominee companies only)* ______________________ Telephone No. ______________________

of *(full address)* ______________________

____

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

____

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

of *(full address)* ______________________

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the 23rd Annual General Meeting of the Company to be held at Majestic Ballroom, Level 2, The Majestic Hotel Kuala Lumpur, 5, Jalan Sultan Hishamuddin, 50000 Kuala Lumpur on Thursday, 12 December 2019 at 10.00 a.m. and at any adjournment thereof.

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

NO.	RESOLUTIONS	FOR	AGAINST
1.	Re-election of Tan Sri Dato' (Dr) Francis Yeoh Sock Ping		
2.	Re-election of Syed Abdullah Bin Syed Abd. Kadir		
3.	Re-election of Faiz Bin Ishak		
4.	Re-election of Datuk Seri Long See Wool		
5.	Re-election of Datuk Loo Took Gee		
6.	Approval of the payment of Directors' fees		
7.	Approval of the payment of meeting attendance allowance to Non-Executive Directors		
8.	Re-appointment of PricewaterhouseCoopers PLT as Company Auditors		
9.	Approval for Tan Sri Datuk Dr. Aris Bin Osman @ Othman to continue in office as Independent Non-Executive Director		
10.	Authorisation for Directors to Allot and Issue Shares		
11.	Proposed renewal of share buy-back authority		
12.	Proposed renewal of shareholder mandate for existing recurrent related party transactions of a revenue or trading nature		
13.	Proposed adoption of new Constitution		

Number of shares held

Signed this ____________ day of ______________________ 2019 Signature ______________________

Fold this flap for sealing

Notes:–

1. *A member entitled to attend and vote at the meeting may appoint a proxy to vote in his stead. A proxy may but need not be a member of the Company. A member other than an Authorised Nominee shall not be entitled to appoint more than one proxy to attend and vote at the same meeting and where such member appoints more than one proxy to attend and vote at the same meeting, such appointment shall be invalid. Where a member of the Company is an Exempt Authorised Nominee as defined under the Securities Industry (Central Depositories) Act, 1991, which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.*
2. *This original form of proxy and the Power of Attorney or other authority (if any) under which it is signed or notarially certified copy thereof must be lodged at the office of the appointed share registrar for the Annual General Meeting, Tricor Investor & Issuing House Services Sdn Bhd, at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than 48 hours before the time appointed for holding the meeting. Facsimile transmission of such documents will not be accepted.*
3. *In the case of a corporation, this form of proxy should be executed under its Common Seal or under the hand of some officer of the corporation duly authorised in writing on its behalf.*
4. *Unless voting instructions are indicated in the spaces provided above, the proxy may vote as he thinks fit.*
5. *For the purpose of determining a member who shall be entitled to attend the Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd, in accordance with Article 60(2) of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors as at 5 December 2019. Only a depositor whose name appears on the General Meeting Record of Depositors as at 5 December 2019 shall be entitled to attend the said meeting or appoint proxy to attend and/or vote in his stead.*

Then fold here

AFFIX
STAMP

Tricor Investor & Issuing House Services Sdn Bhd

Share Registrar for YTL Power International Berhad's 23rd AGM

Unit 32-01, Level 32, Tower A, Vertical Business Suite

Avenue 3, Bangsar South, No. 8, Jalan Kerinchi

59200 Kuala Lumpur

First fold here

YTL Power
YTL GROUP

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