

**YTL Corporation  
Berhad**



**BUILDING THE RIGHT THING**

Annual Report **2017**

**YTL Corporation  
Berhad**



## **BUILDING THE RIGHT THING**

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.

# C O N T

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# CHAIRMAN'S STATEMENT

## OVERVIEW

YTL Corporation Berhad ("YTL Corp") and its subsidiaries ("Group") performed well for the 2017 financial year in view of the adverse conditions that have persisted in some of the main markets in which the Group operates.

The Malaysian economy grew at a slower pace with gross domestic product (GDP) growth of 4.2% for the 2016 calendar year, compared to 5.0% in 2015 driven by domestic demand, supported mainly by sustained private sector spending. The economy registered stronger GDP growth of 5.7% for the first half of 2017, mainly resulting from more robust expansion in domestic demand. Meanwhile, in other major economies where the Group operates, the United Kingdom (UK) registered growth of approximately 1.8% during 2016, with the first and second quarters of the 2017 calendar year showing growth of 0.2% and 0.3%, respectively. Singapore's economy grew 1.8% in 2016, with growth of approximately 2.5% for the first half of the 2017 calendar year (sources: Ministry of Finance Malaysia, Bank Negara Malaysia, Singapore Ministry of Trade & Industry, UK Office for National Statistics updates & reports).

The Group recorded revenue of RM14.73 billion for the financial year ended 30 June 2017, decreasing from RM15.38 billion for the financial year ended 30 June 2016. Profit before tax stood at RM1.73 billion for the financial year under review compared to RM2.26 billion last year, whilst net profit attributable to shareholders decreased to RM813.3 million this year compared to RM916.4 million last year.

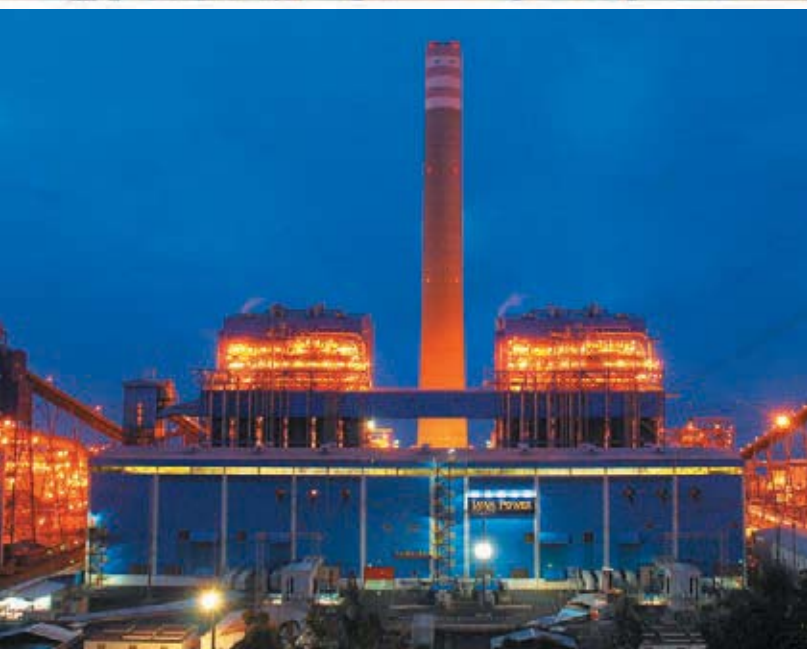
YTL Corp declared an interim cash dividend of 5 sen per ordinary share for the financial year ended 30 June 2017, together with a share dividend on the basis of 1 treasury share for every 50 ordinary shares held. The combined dividend yield of the cash and share dividends amounts to 5.2% based on the volume weighted average price during the financial year of RM1.56 per share.



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



## CHAIRMAN'S STATEMENT



### UTILITIES

The Group's key utilities segment saw a decrease in revenue and profit before tax due mainly to the strengthening of the Ringgit against the British Pound in the water and sewerage division which operates in the UK, in addition to the absence of the one-off gain from the arbitration award recorded last year in the contracted power generation sub-segment.

The division's merchant multi-utilities operations in Singapore continued to see the impact of the ongoing over-supply in generation capacity in Singapore's wholesale electricity market, outstripping market demand. However, the division made good strides in its ongoing strategy of diversifying its income streams beyond its core activities, into integrated multi-utilities supply and non-regulated ancillary businesses in steam sales, oil storage tank leasing, bunkering services and potable water sales.

The Group's water and sewerage business in the UK performed well, driven primarily by its outstanding customer service standards, which are of key importance given its existing base of 2.8 million customers across its operating region in the south west of England.

In the contracted power generation sub-segment in Malaysia, the power purchase agreement for the supply of 585 megawatts of capacity from the Group's existing power station in Paka, Terengganu, for an increased term of 3 years 10 months (from 2 years and 10 months previously), was finalised during the year under review and supply from Paka Power Station under the new power purchase agreement commenced on 1 September 2017.

In the Group's projects under development, in March 2017, Attarat Power Company PSC, which is developing a 554 megawatt oil shale fired power generation project in Jordan, achieved financial close and the Group increased its equity stake to 45%, from 30%. The Group is also working towards financial close of its 80%-owned Tanjung Jati A project, a 2 x 660 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.

## CHAIRMAN'S STATEMENT



Meanwhile, the Group's mobile broadband network segment continued to grow its subscriber base during the financial year under review, supported by the launch in June 2016 of its Yes 4G LTE and VoLTE services, together with the launch this year of the new Huddle XS LTE mobile hotspot device, enhanced brand development initiatives and new marketing campaigns.

### **CEMENT MANUFACTURING & TRADING AND CONSTRUCTION**

The cement division registered lower revenue and profit before tax owing to lower demand for cement in the construction industry, competitive pricing and higher production costs. However, the Group's construction division registered improved performance for the financial year under review benefiting from its pipeline of property development and infrastructure works generated by the Group's other core activities.

### **PROPERTY INVESTMENT & DEVELOPMENT**

Progress is well underway on The Fennel at Sentul East, as well as the Dahlia, Shorefront and U-Thant Place residential developments, whilst developments completed during the financial year under review included Midfields 2, comprising high-rise condominiums in Sungei Besi.

In the Group's property investment sub-segment, profit was impacted by a net fair value loss on the revaluation of its investment properties recorded by Starhill Global REIT, which is listed in Singapore. Nevertheless, the trust has continued to be supported by the resilient performance of its assets in Singapore, comprising stakes in Ngee Ann City and Wisma Atria in Orchard Road, and Malaysia, comprising Starhill Gallery and parcels in Lot 10 Shopping Centre in the heart of Bukit Bintang.

### **HOTEL OPERATIONS**

The division benefited from better performances by the Group's hotels in Hokkaido, Bath, Sabah and Kuala Lumpur. New additions during the year under review included Hotel Stripes in Kuala Lumpur, Threadneedles Hotel, which is a five-star boutique hotel in London, and The Glasshouse Hotel, located in the heart of Edinburgh, all of which are part of Marriott International's Autograph Collection, as well as Monkey Island in Berkshire, and the Academy Hotel, comprising five restored Georgian townhouses in London's West End.

### **MANAGEMENT SERVICES & OTHERS**

Performance declined due to lower contributions from the Group's operation and maintenance (O&M) activities relating to the operation of its power stations in Malaysia, higher interest expenses and the absence of a one-off deferred tax credit recorded last year by an associate on the revaluation of power plant assets.



## CHAIRMAN'S STATEMENT



### SUSTAINABILITY

In June 2017, YTL Corp became a member of the FTSE4Good Bursa Malaysia Index, which is designed to measure the performance of companies demonstrating good Environmental, Social and Governance (ESG) practices. Earning a place in the index requires a sustained commitment to responsible business practices and the Group remains committed to its ongoing efforts to continuously assess and improve on its operating structures.

For the eleventh consecutive year, YTL Corp has issued the **YTL Group Sustainability Report 2017** as a separate report, to enable its shareholders and stakeholders to better assess the Group's sustainability record. Meanwhile, YTL Corp's new Sustainability Statement and statements on corporate governance, risk management and internal control, which elaborate further on its systems and controls, can be found in this Annual Report.

### OUTLOOK

Looking ahead, the Group's performance is expected to remain stable. In the utilities division, whilst the outlook for Singapore's electricity market remains highly competitive, the Group's operating efficiency ensures that the business is well-positioned to meet this challenge, whilst its water and sewerage division in the UK will continue to pursue improvements in customer services standards and outperformance of its regulatory targets. On the Malaysian front, the power generation segment will

benefit from the commencement of the new power purchase agreement for the supply from Paka Power Station, whilst in the mobile broadband business, the successful launch of 4G LTE and VoLTE services bodes well for the growth and expansion of the network's subscriber base.

The Group's cement division continues to face a highly competitive market but its track record in developing and delivering a high quality range of products and managing its operating and production costs should stand the business in good stead to weather these conditions. The outlook for the Group's construction business is similarly stable particularly owing to its pipeline of property development and infrastructure works.

The domestic property market and the high-end residential market in Singapore are expected to continue to bear the impact of various cooling measures over recent years stemming from efforts in both Malaysia and Singapore to manage rising property prices. Nevertheless, the Group is committed to its long-running stance of conceptualising, timing and pricing its launches with a view to meeting the needs of genuine buyers, attracted by the Group's proven track record of delivering capital returns, as well as high-quality, well-designed homes and living environments.

Meanwhile, the outlook for the Group's hotel operations remains positive, bolstered by the diverse geographic market and hospitality segments encompassed by the division's hotel assets.

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

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

# MANAGING DIRECTOR'S REVIEW

The Group recorded lower revenue of RM14.7 billion and net profit of RM813.3 million for the financial year ended 30 June 2017 on the back of testing conditions in our main operating markets. We undertook a number of strategic developments to enhance our Group's development and positioning, and to streamline our operating efficiency.

The new power purchase agreement for the supply from our Paka Power Station was signed with Tenaga Nasional Berhad on 9 May 2017 and the new supply of 585 MW of capacity commenced on 1 September 2017, reinitialising the income stream for our contracted power generation business in Malaysia. The extension is for a revised term of 3 years 10 months, an additional 12 months from the original period of 2 years and 10 months previously. Our Group completed its original 21-year power purchase agreement in September 2015 and 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.



**TAN SRI DATO' (DR) FRANCIS YEOH SOCK PING, CBE, FICE**  
*Managing Director*



## MANAGING DIRECTOR'S REVIEW

Our Group acquired an additional 15% equity interest in Attarat Power Company PSC (APCO) for a total stake of 45% following the project's financial close in March 2017. APCO is developing a 554 MW oil shale fired power generation project in the Hashemite Kingdom of Jordan that will cover a substantial portion of the country's energy needs, thereby reducing its import of oil products for power generation. The project is a key milestone in the Jordanian Government's goal of furthering its energy independence, and has a 30-year power purchase agreement for the plant's entire electrical capacity with Jordan's state-owned power utility, with an option for the utility to extend the operating period to 40 years. The plant is scheduled to come on-line in 2020.

We are also working towards financial close of our 80%-owned Tanjung Jati A project, a 2 x 660 MW 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.

In January 2017, our listed subsidiary, YTL Land & Development Berhad acquired the remaining 30% in Sentul Raya Sdn Bhd which it did not already own, for a total consideration of RM252.4 million. The Sentul Masterplan, the award-winning and visionary plan for the urban regeneration and redevelopment of Sentul in Kuala Lumpur is undertaken under Sentul Raya and this acquisition enables us to fully control the future business and direction of the entire development, which spans a 294-acre precinct in the heart of Kuala Lumpur.

In May this year, YTL Corp and YTL Hospitality REIT embarked on the acquisition of The Majestic Hotel Kuala Lumpur by YTL Hospitality REIT. The hotel is currently indirectly owned by YTL Hotels and Properties Sdn Bhd, a wholly-owned subsidiary of YTL Corp, and the proposed acquisition is pending unitholders' approval. The transaction is well in line with our strategy of developing assets for injection into YTL Hospitality REIT once they reach maturity, which benefits the trust in terms of its pipeline of stable and well-performing assets suitable for expansion, whilst freeing up capital to be deployed in viable new opportunities.

YTL Hospitality REIT also implemented a previously-announced placement of units in December 2016. The issue price for 380 million placement units was fixed at RM1.06 per unit, representing a discount of approximately 9.25% to the 5-day volume weighted average market price of the units prior to the price-fixing date. A total of 190 million units were placed to YTL Corp and 190 million

units were placed to placees identified through the placement agents, AmlInvestment Bank Berhad, Credit Suisse (Singapore) Limited and Maybank Investment Bank Berhad. The placement raised total gross proceeds of RM402.8 million for the trust.

Last year, YTL Corp extended a voluntary share exchange offer to acquire the existing shares of YTL e-Solutions Berhad that it did not already own, in exchange for shares in YTL Corp. The offer represented a homecoming opportunity for the shareholders of YTL e-Solutions, providing an avenue to better realise the value of their investments, whilst enabling YTL Corp to further streamline our business segments for the benefit of the wider Group. YTL e-Solutions was delisted from the ACE Market of Bursa Malaysia Securities Berhad on 4 November 2016 and the compulsory acquisition of the remaining outstanding shares in YTL e-Solutions was completed on 16 December 2016, following which YTL e-Solutions became a wholly-owned subsidiary of YTL Corp.

YTL Corp and YTL Power both declared cash and share dividends in respect of the current financial year to return value to shareholders and reward them for their ongoing support. YTL Corp declared an interim cash dividend of 5 sen share and a share dividend of 1 treasury share for every 50 ordinary shares held, representing a dividend yield of approximately 5.2%. YTL Power similarly declared an interim cash dividend of 5 sen per share, together with a share dividend of 1 treasury share for every 50 ordinary shares held, for a resulting yield of 5.4%.

Whilst we continue to see some tough operating conditions ahead, our Group will continue to pursue the growth and development strategies on which our foundation has been built to ensure that our businesses remain strong and sustainable and that we can continue to build and return value to our shareholders. We thank God for blessing us over the years and, of course, extend our gratitude to all our shareholders and stakeholders, as well as the Board of Directors and colleagues of our Group who have worked to contribute to every achievement to date.

**TAN SRI DATO' (DR) FRANCIS YEOH SOCK PING**

PSM, FICE, CBE, SIMP, DPMS, DPMP, JMN, JP

# MANAGEMENT DISCUSSION & ANALYSIS



## GROUP OVERVIEW

### OVERVIEW

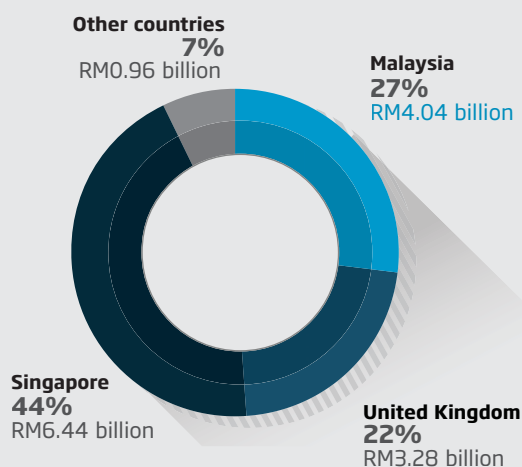
The principal activities of YTL Corporation Berhad (“YTL Corp” or “Company”) are those of an investment holding and management company. The key reporting segments of YTL Corp and its subsidiaries (“YTL Corp Group” or “Group”) are Utilities, Cement Manufacturing and Trading, Construction, Property Investment and Development, Hotel Operations, Management Services and Others, and Information Technology and e-Commerce Related Business.

YTL Corp is an integrated infrastructure developer domiciled in Malaysia, with extensive international operations in the United Kingdom (UK) and Singapore, as well as businesses and projects under development in other countries including Indonesia, Australia, Japan, Jordan and China.

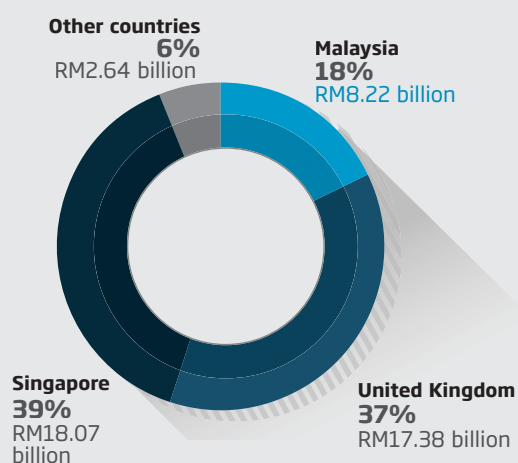


## MANAGEMENT DISCUSSION & ANALYSIS GROUP OVERVIEW

### Revenue by Country - 2017



### Non-Current Assets by Country - 2017



YTL Corp is amongst the largest companies listed on the Main Market of Bursa Malaysia Securities Berhad (“Bursa Securities”) and is one of the component companies of the FTSE Bursa Malaysia KLCI, the stock exchange’s primary benchmark index. YTL Corp has also had a secondary listing on the Tokyo Stock Exchange since 1996 and was the first non-Japanese Asian company to list on the Tokyo exchange.

In 2017, YTL Corp became a member of the FTSE4Good Bursa Malaysia Index, which is designed to measure the performance of companies demonstrating good Environmental, Social and Governance (ESG) practices.

YTL Corp’s subsidiaries listed on the Main Market of Bursa Securities are YTL Power International Berhad, YTL Land & Development Berhad and YTL Hospitality REIT, and the Group also has a stake in Starhill Global Real Estate Investment Trust, which is listed on the Mainboard of the SGX-ST, the Singapore stock exchange.



## MANAGEMENT DISCUSSION & ANALYSIS

### GROUP OVERVIEW

#### OBJECTIVES & STRATEGIES

The YTL Corp 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 of cement, construction, property development and hotel operations, with the goal of maximising shareholder value and building and operating strong businesses that are viable and sustainable on a long-term basis.

The YTL Corp Group derives the bulk of its revenue from operating various regulated utility assets under long-term concessions globally, enabling the Group to achieve stable earnings and mitigate the effects of challenging operating conditions and economic uncertainties, both domestically and globally.

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

- **Diversification and expansion of the Group's revenue base through greenfield developments and strategic acquisitions overseas, particularly in the area of regulated utilities.** The YTL Corp Group intends to continue to pursue its strategy of acquiring regulated assets operating under long-term concessions and other businesses correlated to its core competencies. 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 risks.

- **Growth and enhancement of the YTL Corp Group's core businesses in Malaysia.** The Group intends to continue to grow its businesses by leveraging on its expertise in its core competencies, particularly in the areas of power generation (in both contracted and merchant markets), water and sewerage services, merchant multi-utility services, communications, construction contracting, property development and investment, manufacturing of cement and other industrial products and supplies, hotel development and management (including restaurant operations), and the provision of consultancy, incubating and advisory services for internet businesses and internet-based education solutions and services.
- **Ongoing optimisation of the Group's capital structure.** The YTL Corp Group intends to maintain 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 expand its customer base.** The Group believes that its cement and power plants on average operate within the highest efficiency levels of their industries and intends to further enhance operational efficiencies where possible through the application of new technologies, production techniques and information technology.



## MANAGEMENT DISCUSSION & ANALYSIS GROUP OVERVIEW

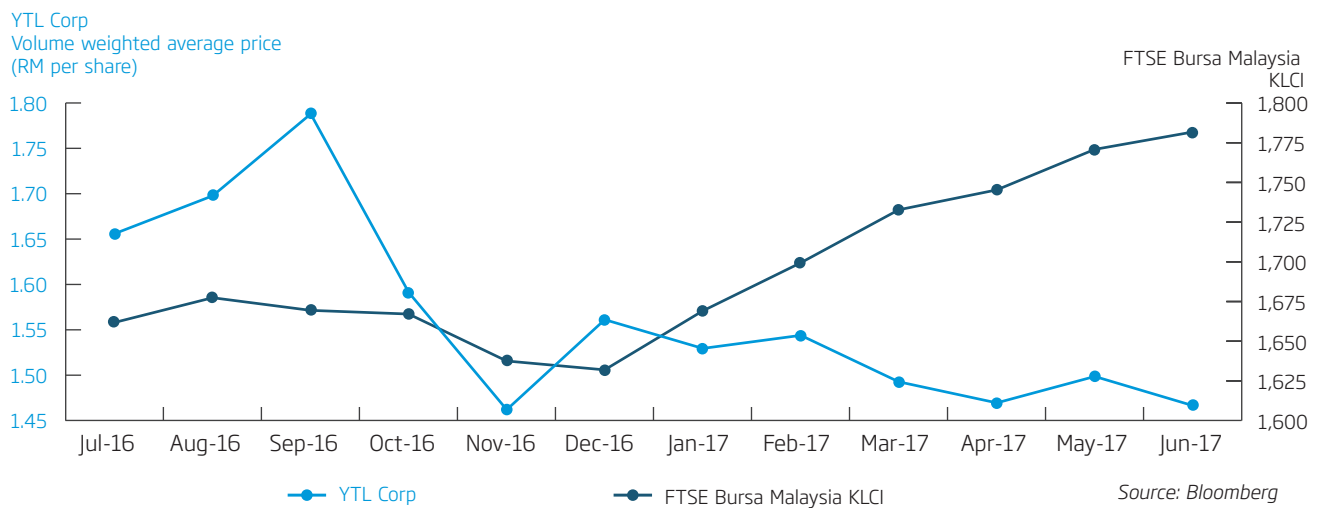


### PERFORMANCE INDICATORS

YTL Corp has been listed on the Main Market of Bursa Securities, the Kuala Lumpur stock exchange, since 3 April 1985. YTL Corp is listed under the Trading/Services sector of the exchange.

The graph below illustrates the performance of YTL Corp's share price compared with the FTSE Bursa Malaysia KLCI during the financial year ended 30 June 2017.

#### PERFORMANCE OF YTL CORP'S SHARE PRICE VS FTSE BURSA MALAYSIA KLCI



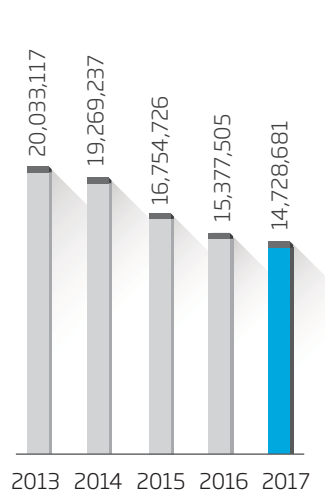
## MANAGEMENT DISCUSSION &amp; ANALYSIS

## FINANCIAL REVIEW

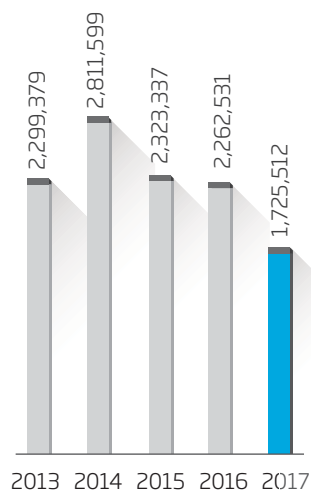
## FINANCIAL HIGHLIGHTS

	2017	2016	2015	2014	2013
			<i>(Restated)</i>	<i>(Restated)</i>	<i>(Restated)</i>
Revenue (RM'000)	<b>14,728,681</b>	15,377,505	16,754,726	19,269,237	20,033,117
Profit Before Taxation (RM'000)	<b>1,725,512</b>	2,262,531	2,323,337	2,811,599	2,299,379
Profit After Taxation (RM'000)	<b>1,442,050</b>	1,886,958	1,721,032	2,604,930	1,830,905
Profit for the Year Attributable to Owners of the Parent (RM'000)	<b>813,308</b>	916,431	1,017,645	1,554,980	1,266,665
Total Equity Attributable to Owners of the Parent (RM'000)	<b>14,873,910</b>	14,603,479	14,620,578	14,377,029	13,142,113
Earnings per Share (Sen)	<b>7.74</b>	8.80	9.80	15.00	12.20
Dividend per Share (Sen)	<b>9.5</b>	9.5	9.5	2.5	2.5
Total Assets (RM'000)	<b>74,682,570</b>	67,266,819	66,708,656	61,051,655	53,603,401
Net Assets per Share (RM)	<b>1.41</b>	1.40	1.40	1.39	1.27

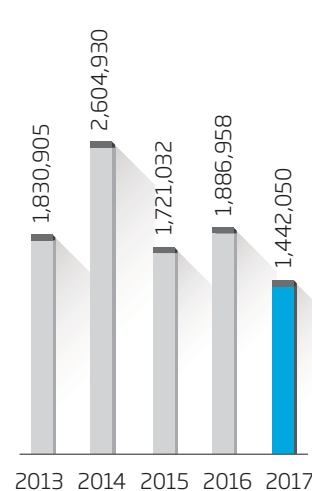
**Revenue**  
(RM'000)



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



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

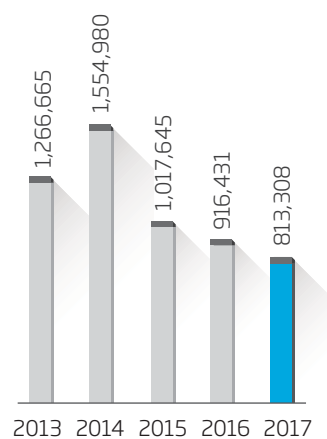




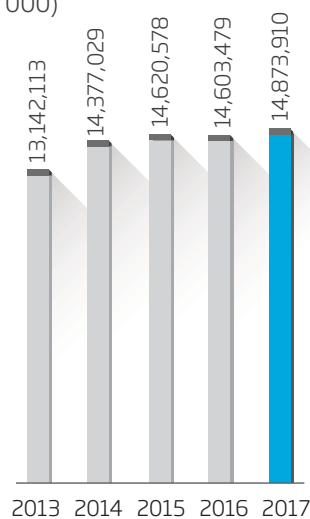
## MANAGEMENT DISCUSSION & ANALYSIS

### FINANCIAL REVIEW

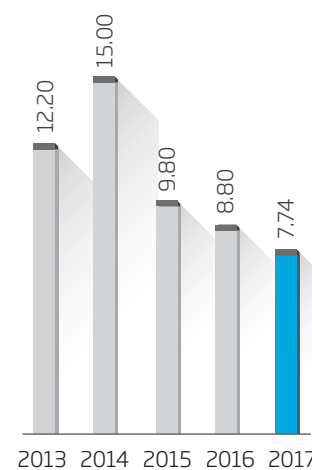
**Profit for the Year Attributable to Owners of the Parent**  
(RM'000)



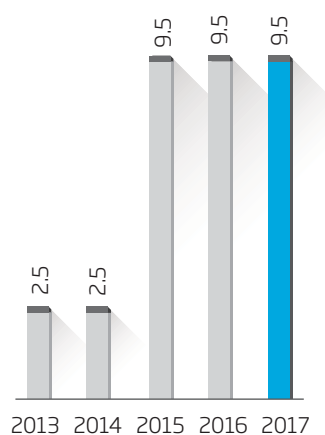
**Total Equity Attributable to Owners of the Parent**  
(RM'000)



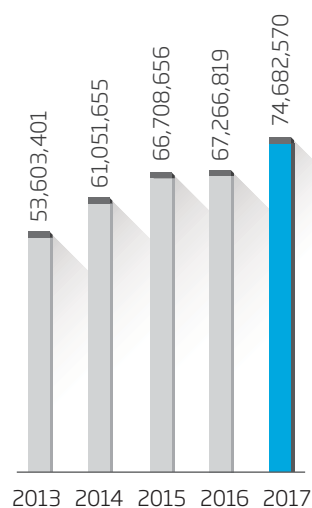
**Earnings per Share**  
(sen)



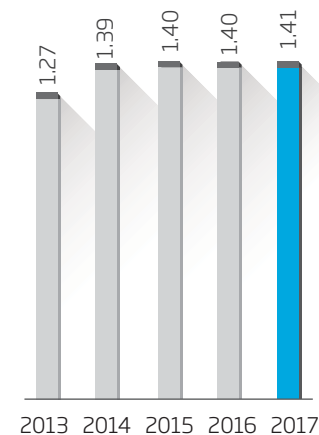
**Dividend per Share**  
(sen)



**Total Assets**  
(RM'000)



**Net Assets per Share**  
(RM)



## MANAGEMENT DISCUSSION & ANALYSIS

### FINANCIAL REVIEW

#### REVIEW OF FINANCIAL PERFORMANCE

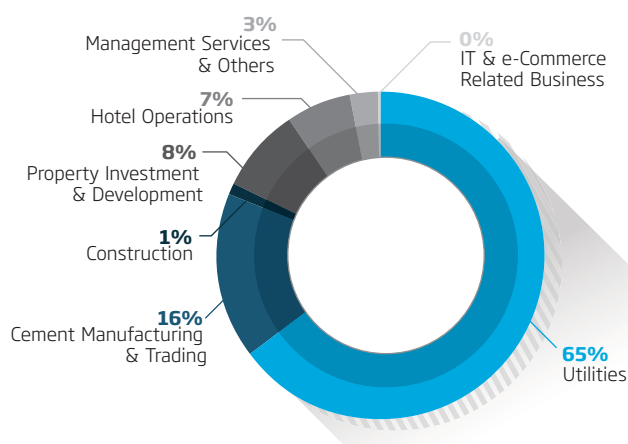
##### GROUP FINANCIAL PERFORMANCE

The YTL Corp Group recorded revenue of RM14,728.7 million for the financial year ended 30 June 2017 compared to RM15,377.5 million for the financial year ended 30 June 2016. The decrease in revenue was due mainly to the Utilities and Cement Manufacturing and Trading segments, partially offset by higher revenue in the Construction, Hotel Operations and Property Investment and Development divisions.

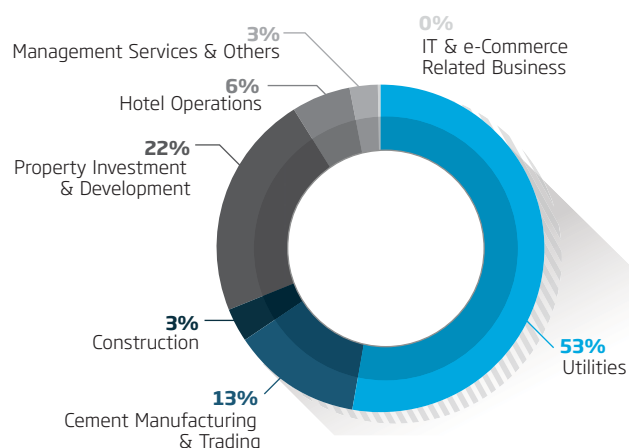
The Group recorded a profit before taxation of RM1,725.5 million for the financial year under review. This represents a decrease of 4.8% over RM1,811.8 million (after adjusting for the one-off gain from an arbitration award on the recovery of impairment of receivables before tax of RM152.6 million and interest income of RM38.0 million in the Power Generation (Contracted) sub-segment of the Utilities division and a deferred tax credit of RM260.1 million by an associated company, PT Jawa Power, on the revaluation of the plants assets in the Management Services and Others segment) recorded in the previous financial year ended 30 June 2016.

##### SEGMENTAL FINANCIAL PERFORMANCE

##### Breakdown of Segment Revenue – 2017



##### Breakdown of Segment Profit Before Tax – 2017



	Segment Revenue		Segment Profit Before Tax	
	2017 RM million	2016 RM million	2017 RM million	2016 RM million
Utilities	9,551.7	10,015.6	913.5	1,030.9
Cement Manufacturing & Trading	2,425.5	2,788.3	220.9	544.8
Construction	144.6	112.4	57.2	17.0
Property Investment & Development	1,228.2	1,009.2	385.2	433.1
Hotel Operations	967.5	873.2	100.5	9.2
Management Services & Others	408.0	575.3	47.3	226.0
IT & e-Commerce Related Business	3.2	3.5	0.9	1.5
	<b>14,728.7</b>	15,377.5	<b>1,725.5</b>	2,262.5

## MANAGEMENT DISCUSSION & ANALYSIS

### FINANCIAL REVIEW

#### Utilities

The Utilities segment recorded revenue of RM9,551.7 million and a segment profit of RM913.5 million for the financial year ended 30 June 2017 compared to higher revenue of RM10,015.6 million and profit of RM1,030.9 million for the financial year ended 30 June 2016. The decrease in revenue and profit before taxation for the current financial year was mainly due to the strengthening of Malaysian Ringgit against British Pound in the Water and Sewerage sub-segment and absence of the one-off gain from the arbitration award on the recovery of impairment of receivables before tax of RM152.6 million and interest income of RM38.0 million recognised by Power Generation (Contracted) sub-segment for the previous financial year ended 30 June 2016.

The Utilities segment continues to be the Group's largest operating segment, contributing 64.9% of revenue and 52.9% of profit before taxation for the financial year ended 30 June 2017, compared to 65.1% of revenue and 45.6% of profit before tax last year.

#### Cement Manufacturing & Trading

The Cement Manufacturing and Trading segment recorded revenue of RM2,425.5 million and profit before taxation of RM220.9 million for the financial year ended 30 June 2017 compared to higher revenue of RM2,788.3 million and profit of RM544.8 million for the financial year ended 30 June 2016. Reduced sales volumes resulting from lower demand for cement in the construction industry, competitive pricing in the industry and higher costs of production led to the decrease in revenue and profit before taxation for the financial year under review compared to better performance achieved by the division for the previous financial year ended 30 June 2016.

For the current financial year, the Cement Manufacturing and Trading segment was the Group's second largest operating segment in terms of revenue and third largest operating segment in terms of profit before tax, contributing 16.5% of revenue and 12.8% of profit before taxation for the financial year ended 30 June 2017, compared to 18.1% of revenue and 24.1% of profit before tax last year.



#### Construction

The Construction segment recorded higher revenue of RM144.6 million and profit before taxation of RM57.2 million for the financial year ended 30 June 2017 compared to revenue of RM112.4 million and profit of RM17.0 million for the financial year ended 30 June 2016. The increase in revenue for the financial year under review was principally due to better site progress recorded on ongoing construction developments, whilst the increase in profit before tax was mainly due to the recognition of an arbitration award that gave rise to a gain of RM34.1 million recorded by Syarikat Pembinaan Yeoh Tiong Lay Sdn Bhd ("SPYTL"), a wholly-owned subsidiary of YTL Corp.

#### Property Investment & Development

The Property Investment and Development segment recorded higher revenue of RM1,228.2 million and profit before taxation of RM385.2 million for the financial year ended 30 June 2017 compared to revenue of RM1,009.2 million and profit of RM433.1 million for the financial year ended 30 June 2016. The increase in revenue was mainly attributable to the Dahlia and U-Thant Place residential projects currently under development by subsidiaries of YTL Land & Development Berhad and the Midfields 2 project undertaken by SPYTL.

Meanwhile, the decline in profit before taxation was mainly due to a net fair value loss on investment properties recorded by Starhill Global Real Estate Investment Trust, a REIT listed on the Singapore stock exchange in which the Group holds an effective interest of 36.46%, and partially offset by the better site progress on The Fennel, Dahlia, U-Thant Place and Midfields 2 projects.



## MANAGEMENT DISCUSSION & ANALYSIS

### FINANCIAL REVIEW

#### Hotel Operations

The Hotel Operations segment recorded higher revenue of RM967.5 million and profit before taxation of RM100.5 million for the financial year ended 30 June 2017 compared to revenue of RM873.2 million and profit of RM9.2 million for the financial year ended 30 June 2016.

The increases in revenue and profit before tax for the financial year under review were mainly attributable to better performance of the Group's hotel assets, namely Niseko Village KK (the owner of the Niseko Village development in Hokkaido Japan), Thermae Development Company Ltd (which owns Thermae Bath Spa in the UK), Magna Boundary Sdn Bhd (which owns Gaya Island Resort in Sabah) and YTL Majestic Hotel Sdn Bhd (which owns The Majestic Hotel Kuala Lumpur), as well as lower unrealised foreign exchange losses on intercompany balances relating to the division's hotel assets in Japan following the weakening of Malaysian Ringgit against Japanese Yen.

#### Management Services & Others

The Management Services and Others segment recorded lower revenue of RM408.0 million and profit before taxation of RM47.3 million for the financial year ended 30 June 2017 compared to revenue of RM575.3 million and profit of RM226.0 million for the financial year ended 30 June 2016. The decreases in revenue and profit before tax for the financial year under review were mainly due to lower revenue contributed by YTL Power Services Sdn Bhd, a wholly-owned subsidiary of YTL Corp which carries out operation and maintenance services for the Group's power stations in Malaysia, following the completion of the power purchase agreement in September 2015, higher interest expenses incurred and the absence of the one-off deferred tax credit recorded by YTL Power International Berhad last year on the revaluation of PT Jawa Power's plant assets in Indonesia.

#### Information Technology (IT) & e-Commerce Related Business

The IT and e-Commerce Related Business segment recorded marginally lower revenue of RM3.2 million and profit before taxation of RM0.9 million for the financial year ended 30 June 2017 compared to revenue of RM3.5 million and profit of RM1.5 million for the financial year ended 30 June 2016. The decreases in revenue and profit before taxation were mainly due to lower income from software sales activities and maintenance services for the financial year under review compared to the previous financial year ended 30 June 2016.

#### DIVIDENDS

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

	RM'000
In respect of the financial year ended 30 June 2016:	
- Interim single tier dividend of 9.5 sen per ordinary share paid on 15 November 2016	<b>1,000,031</b>

On 29 August 2017, the Board of Directors declared an interim single tier dividend of 5 sen per ordinary share for the financial year ended 30 June 2017, with book closure and payment dates of 26 October 2017 and 10 November 2017, respectively. Therefore, the Board of Directors did not recommend the payment of a final dividend for the financial year ended 30 June 2017.

This is the 33rd consecutive year that YTL Corp has declared dividends to shareholders since its listing on the Main Market of Bursa Securities in 1985.

#### DIVIDEND POLICY

The Board of Directors of YTL Corp 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 Corp and other factors, including the profit and cash flow position of the YTL Corp Group, restrictions imposed by law or under credit facilities on the payment of dividends by members of YTL Corp Group and the availability of funds.

#### DISTRIBUTION OF TREASURY SHARES

On 29 August 2017, YTL Corp announced a distribution of treasury shares on the basis of 1 treasury share for every 50 ordinary shares held. The book closure date for the distribution was 26 October 2017 and the treasury shares will be credited into the CDS accounts of entitled shareholders within 10 market days of the book closure date.

## MANAGEMENT DISCUSSION & ANALYSIS

### FINANCIAL REVIEW

#### CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. There were no changes in the Group's approach to capital management during the year.

The Group monitors capital using a debt-to-equity ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, total borrowings less cash and cash equivalents. Capital includes equity attributable to the owners of the parent.

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Bonds	<b>19,966,528</b>	15,776,191	<b>2,500,000</b>	1,500,000
Borrowings	<b>23,163,101</b>	21,286,001	<b>1,469,034</b>	1,468,225
Loans and borrowings	<b>43,129,629</b>	37,062,192	<b>3,969,034</b>	2,968,225
Less: Cash and cash equivalents	<b>(13,320,248)</b>	(13,745,837)	<b>(855,421)</b>	(617,585)
Net debt	<b>29,809,381</b>	23,316,355	<b>3,113,613</b>	2,350,640
Equity attributable to owners of the parent	<b>14,873,910</b>	14,603,479	<b>7,116,361</b>	7,391,014
Capital and net debt	<b>44,683,291</b>	37,919,834	<b>10,229,974</b>	9,741,654
Debt-to-equity ratio	<b>67%</b>	61%	<b>30%</b>	24%

Under the requirement of Bursa Malaysia Securities Berhad Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity equal to or not less than the 25 percent of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less RM40 million. The Company has complied with this requirement.

## MANAGEMENT DISCUSSION & ANALYSIS

# SIGNIFICANT CORPORATE DEVELOPMENTS

### ACQUISITION OF NEW UNITS IN YTL HOSPITALITY REIT

As reported previously, on 14 June 2013, Pintar Projek Sdn Bhd ("PPSB"), the Manager of YTL Hospitality REIT ("YTL REIT" or "Trust"), announced, amongst others, a proposed placement of new units in YTL REIT to raise gross proceeds of up to RM800 million and a proposed increase in YTL REIT's existing approved fund size from 1.324 billion units to a maximum of 2.125 billion units. On 30 December 2013, Securities Commission Malaysia ("SC") granted its approval for the listing of and quotation for the placement units on the Main Market of Bursa Securities and the proposed increase in fund size.

Subsequently, on 10 January 2014, Bursa Securities approved the listing of and quotation for up to 800.61 million placement units to be issued pursuant to the proposed placement. YTL REIT received approval for the proposals and the proposed subscription of new units of up to RM310 million by YTL Corp, as an existing major unitholder of the Trust, at a meeting of unitholders held on 11 February 2014. On 5 July 2016 and 21 July 2016, respectively, the Trust received approvals from the SC and Bursa Securities for a final extension of time until 29 December 2016 to implement the proposals.

On 1 December 2016, the Board of Directors of PPSB resolved to fix the issue price of 380 million placement units in YTL REIT at RM1.06 per unit, representing a discount of approximately 9.25% to the 5-day volume weighted average market price of the units in YTL REIT up to and including 30 November 2016, being the last trading day immediately preceding the price fixing date, of RM1.168 per unit.

The placees for the entire 380 million placement units comprised: (i) 190 million placement units issued to YTL Corp; and (ii) 190 million placement units issued to placees identified through the placement agents, AmlInvestment Bank Berhad, Credit Suisse (Singapore) Limited and Maybank Investment Bank Berhad. The placement raised total gross proceeds of RM402.8 million, and was completed on 16 December 2016 following the listing of and quotation for the 380 million placement units on the Main Market of Bursa Securities.



### SHARE EXCHANGE OFFER FOR YTL E-SOLUTIONS BERHAD

As reported last year, on 25 July 2016, YTL Corp announced a voluntary share exchange offer to acquire the remaining ordinary shares (excluding treasury shares) in YTL e-Solutions Berhad ("YTL e-Solutions") not already held by YTL Corp ("Offer Shares"), at an offer price of RM0.55 for each Offer Share, to be satisfied through the issuance of new ordinary shares in YTL Corp at an issue price of RM1.65 ("Consideration Shares"), based on an exchange ratio of approximately 0.333 Consideration Share for each Offer Share tendered ("Offer").

The Offer closed on 14 October 2016. Bursa Securities suspended trading in YTL e-Solutions' shares with effect from 24 October 2016 and the shares of YTL e-Solutions were removed from the Official List of Bursa Securities with effect from 9.00 am on 4 November 2016. On 16 December 2016, YTL e-Solutions became a wholly-owned subsidiary of the Company following the completion of the compulsory acquisition of the remaining YTL e-Solutions shares by YTL Corp in accordance with Section 222(1) of the Capital Markets and Services Act, 2007.



## MANAGEMENT DISCUSSION & ANALYSIS SIGNIFICANT CORPORATE DEVELOPMENTS



### ACQUISITION OF REMAINING STAKE IN SENTUL RAYA SDN BHD

On 29 November 2016, YTL Land & Development Berhad ("YTL L&D"), a subsidiary of the Company announced the proposed acquisition of the remaining 30% equity interest in Sentul Raya Sdn Bhd ("SRSB") from KTMB (Sentul) Sdn Bhd and Keretapi Tanah Melayu Berhad for a total consideration of RM252,424,000 ("SRSB Acquisition"). Bursa Securities, vide its letter dated 6 December 2016, approved YTL L&D's application for variation in complying with Paragraph 10.07(1)(b) of the Main Market Listing Requirements of Bursa Securities by way of shareholders' ratification via an Extraordinary General Meeting to be convened within three months from the completion of the SRSB Acquisition. The SRSB Acquisition was completed on 16 January 2017. Consequent thereto, SRSB has become a wholly-owned subsidiary of YTL L&D and an indirect subsidiary of the Company.

### ACQUISITION OF THE MAJESTIC HOTEL KUALA LUMPUR BY YTL REIT

On 26 May 2017, PPSB announced that Maybank Trustees Berhad, as the trustee for YTL REIT ("Trustee"), had entered into a sale and purchase agreement ("SPA") for the acquisition of The Majestic Hotel Kuala Lumpur ("The Majestic KL") from YTL Majestic Hotel Sdn Bhd an indirect wholly-owned subsidiary of YTL Corp ("Vendor"), for a cash consideration of RM380 million ("Proposed Acquisition"). The Trustee, upon completion of the Proposed Acquisition will sub-lease The Majestic KL to the Vendor under a sub-lease agreement for a lease period of 15 years with an option granted to the Vendor to renew for a further term of 15 years ("Proposed Lease"). Both the Proposed Acquisition and the Proposed Lease are pending unitholders' approval.



## MANAGEMENT DISCUSSION & ANALYSIS

# SEGMENTAL REVIEW

### SEGMENT OVERVIEW

The Utilities segment of the YTL Corp Group comprises the activities undertaken through its subsidiary, YTL Power International Berhad ("YTL Power") and its subsidiaries ("YTL Power Group"). The YTL Power Group has utilities businesses and investments in Malaysia, the UK, Singapore, Indonesia and Australia.

# UTILITIES

As at 30 June 2017, YTL Corp held a 53.54% stake in YTL Power, which is listed on the Main Market of Bursa Securities under the Infrastructure Project Companies (IPC) sector.

The YTL Power Group owns Wessex Water Limited ("Wessex Water"), a water and sewerage provider in the UK, YTL PowerSeraya Pte Ltd ("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 a 60% stake in YTL Communications Sdn Bhd ("YTL Comms"), the operator of the Yes 4G 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

### SEGMENTAL REVIEW



#### OPERATIONAL REVIEW

##### POWER GENERATION (CONTRACTED)

##### YTLPG

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. YTLPG was the first IPP (independent power producer) in Malaysia in 1993, 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 ("EC").

On 20 April 2017, pursuant to negotiations with the Malaysian Government, the EC issued a revised Letter of Award to YTLPG accepting YTLPG's bid for the supply of 585 MW of capacity from Paka Power Station for a term of 3 years 10 months (an additional 12 months from the original award of 2 years 10 months) commencing from the commercial operation date of the project.

Pursuant to the Letter of Award, YTLPG and Tenaga Nasional Berhad entered into a Power Purchase Agreement and a Land Lease Agreement both dated 9 May 2017. The Land Lease Agreement supersedes the existing land lease for Paka Power Station and is for a term of 5 years 10 months from the commercial operation date, which commenced on 1 September 2017. On 22 May 2017, YTLPG and Petroliaam Nasional Berhad entered into the Gas Supply Agreement for the supply of natural gas to the power station. Supply from Paka Power Station commenced on 1 September 2017.





## 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, which was amended and restated in December 2015. The project is currently in the development stage and progress is underway towards achieving financial close.

#### APCO

During the year under review, the Group completed the increase in its equity interest in APCO to 45% (from 30% previously) upon the project achieving financial close on 16 March 2017. APCO is developing a 554 MW 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 in mid-2020.

The 554 MW oil shale fired power plant will cover a substantial portion of Jordan's energy needs, thereby reducing 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. APCO is indirectly owned by YTL Power (45%), Yudean Group (45%) and Eesti Energia AS (10%).

#### MULTI UTILITIES BUSINESS (MERCHANT)

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.

For the financial year under review, YTL PowerSeraya sold 8,620 gigawatt hours ("GWh") of electricity, whilst its generation market share saw a slight dip to 17.7% this year as compared to 18.7% for the last financial year. This was attributed mainly to an over-supply in generation capacity in Singapore's wholesale electricity market, which continued to outstrip market demand.

At the same time, the company gained momentum in its three-year potable water sales agreement (which commenced in June 2016) to supply up to 1,000 cubic metres of potable water daily – an increase of 30% as compared to the previous financial year.





## MANAGEMENT DISCUSSION & ANALYSIS

### SEGMENTAL REVIEW



Within the last financial year, YTL PowerSeraya also proved its resilience and quality management capabilities following a joint review exercise with its regulator, Singapore's Energy Market Authority ("EMA"), in early 2017 to assess the resilience of its gas and electricity systems. The audit process covered various areas including Standing Operating Procedures for operations and maintenance, maintenance practices, technical manpower training, as well as emergency preparedness and response to gas and electricity emergencies.

YTL PowerSeraya's retail arm, Seraya Energy Pte Ltd ("Seraya Energy"), held a market share of 17.8% in the contestable retail electricity sector for the financial year under review, a decrease from 19.2% last year. Correspondingly, sales volume was 5,924 GWh for the year ended 30 June 2017. However, even as intense competition persists, Seraya Energy maintained a top-three position among private electricity retailers.

The retail division also gained a steady foothold with small businesses as more industrial and commercial consumers

became eligible for contestability. Since March 2013, the EMA has progressively lowered the electricity consumption threshold for contestability from 10 megawatt hours ("MWh") to 2 MWh per entity, thereby giving small businesses the ability to choose their preferred electricity provider. Seraya Energy has grown in tandem with this industry move and successfully secured a share of this market segment by offering various customised financial electricity packages to meet different needs of customers, mapping out their switch-out and on-board journey for a smooth transition and working to provide the best customer service and experience.

PetroSeraya Pte Ltd ("PetroSeraya"), YTL PowerSeraya's trading and fuel management arm, continued to lease out all of its 18 storage tanks, which have a combined storage capacity of 810,000 cubic metres, during the financial year under review. PetroSeraya handled 12.97 million metric tonnes of fuel oil and diesel for the financial year ended 30 June 2017, a 5.2% decrease compared to the previous financial year, due mainly to prolonged challenging market conditions.

At the same time, 1,209 vessels berthed at the terminal this year, compared to 1,161 vessels last year, with an average berth utilisation rate of more than 57%.

Despite prevailing uncertainties in the oil market, PetroSeraya will continue to focus on tank leasing and fuel management activities to boost its presence in this area, as well as explore opportunities to further optimise and strengthen its jetty and oil terminal performance.

The Process and Innovation division continued to review its existing infrastructure and systems to support various business activities, with emphasis placed on growing and keeping pace with updated technology developments within the energy industry. With an increasingly mobile applications- and technology-dependent environment, the facets of cybersecurity have evolved. To help protect critical data and customer privacy, the division worked closely with internal and external stakeholders, including regulatory agencies, to develop more efficient and robust cybersecurity initiatives.

As part of YTL PowerSeraya's aim to drive a technology-enabled user experience, the division is working towards implementing a new Customer Information System which will help boost the efficiency and competitiveness of the retail business. When completed, the flexibility of the system will also help support the needs of mass consumers and build their experience and confidence in the brand when YTL PowerSeraya enters a fully contestable market in 2018.

## MANAGEMENT DISCUSSION & ANALYSIS

### SEGMENTAL REVIEW

#### WATER & SEWERAGE

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 recognised by the Water Services Regulation Authority (known as Ofwat), the economic regulator for the UK water industry, as one of the most efficient water and sewerage operators in England and Wales. Wessex Water holds an appointment 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.

Wessex Water's performance this year continued to lead the industry, achieving the highest ever customer service score for a water and sewerage company in Ofwat's service incentive measure (SIM), and remaining industry leading for environmental performance according to the UK Environment Agency. The division met or exceeded most of its targets for the year, including those that were of most importance to its customers, including minimising internal sewer flooding.

The division's biggest ever project, a major integrated water supply grid, remains on track for completion in 2018. All the major pipelines have been laid and work is well advanced on the final parts of the scheme at Black Lane in Blandford and Codford, near Warminster. For the first time ever, Wessex Water transferred water between its southern and northern



resource zones, thus delivering some of the benefits of the scheme in advance of the target date.

Sewage treatment has also been upgraded to avoid adverse effects from contaminants such as ammonia and excessive nutrients. In addition, the number of pollution incidents from sewers, usually caused by blockages, has been reduced, and Wessex Water continued to work with the Environment Agency and local councils to address water pollution caused by misconnected domestic plumbing.

In April 2017, the UK retail market opened to enable 1.2 million non-household customers to choose their retailer for water services. To meet this challenge Wessex Water delivered its Open Water programme to ensure the division operated effectively, compliantly and on budget in the new market.

Once again, Wessex Water topped Ofwat's league table for satisfaction surveys. This year, the division implemented its real time feedback tool, allowing it to seek feedback on service from more customers than ever. Under the guidance of its customer experience group, the company uses this information for continuous improvement of policies, processes, systems and training. In September 2016, the Consumer Council for Water confirmed that Wessex Water continues to have the lowest number of complaints in the water industry, and the company has had no referrals this year to the UK water ombudsman, WATRS.

## MANAGEMENT DISCUSSION & ANALYSIS

### SEGMENTAL REVIEW



Wessex Water is in the second year of its customer excellence programme and, during year under review, focused on reviewing customer journeys from the customer's perspective and fixing any problem areas, improving communications, developing better feedback tools and metrics, improving self-service offerings, reviewing all community work and extending opening hours.

Wessex Water prides itself on treating customers as individuals and tailoring its service to suit their needs, with a view to being inclusive and accessible to all. The division engages extensively with customers and stakeholders, both in its day to-day business and for specific programmes of work, such as preparation of the next five-yearly business plan. The Wessex Water Partnership, Wessex Water's challenge group which oversees all its engagement, met six times during the year and is independently chaired by Dan Rogerson, formerly water minister in the UK's previous coalition government.

On the sustainability front, Wessex Water was the industry leading performer this year according to the Environment Agency's Annual Environmental Performance Assessment. All projects within its capital investment programme are subject to detailed environmental screening to avoid harming wildlife. One of Wessex Water's long-term sustainability goals is to be carbon neutral in its operations. Its net greenhouse gas emissions fell to 123 kilotonnes carbon dioxide equivalent in 2016-17, the lowest since 1999-2000, and meant the company met its performance commitment for the year. The reduction was the result of work to improve energy efficiency, increase and diversify renewable energy generation and the falling carbon dioxide intensity of UK grid electricity.

The division has extended its efforts to promote the more efficient use of water by customers and during the year visited more than 5,000 homes, fitting water saving devices and offering advice, resulting in a saving of approximately 50 litres per person.

Following installation of advanced anaerobic digestion and associated electricity generation at Trowbridge sewage treatment works in 2015-16, Wessex Water is now making good progress with a scheme to improve digestion at Berry Hill, near Bournemouth. Meanwhile, Wessex Water's operating division, GENeco Limited, has finalised an agreement with Unilever for a certified supply of biomethane originating from anaerobic digesters at Bristol sewage treatment works.



## MANAGEMENT DISCUSSION & ANALYSIS

### SEGMENTAL REVIEW

#### MOBILE BROADBAND NETWORK

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 4,300 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 has built a global partnership with industry leaders, including Samsung, Qualcomm, China Mobile and Google, to deliver its mobile internet experience.

YTL Comms continued to make good progress in growing its subscriber base during the financial year under review, bolstered by the launch in June 2016 of the Yes 4G LTE and VoLTE services for high definition voice and video calls and high-speed Internet access.

Despite being amongst the youngest national networks in Malaysia, Yes is recognised globally as one of the most advanced 4G networks in the world with its unique all-IP infrastructure. In recognition of its leadership as the first mobile operator in Malaysia to offer nationwide VoLTE services, YTL Comms was awarded with the "Most Innovative

Voice Service" at the prestigious Telecoms Asia Awards 2017, a testament to the division's commitment to delivering innovative 4G mobile experiences.

The Yes postpaid and prepaid data plans continue to offer amongst the best value-for-money plans in the market, with high data quotas at low monthly commitment costs. Plans are also bundled with some of the top tier smartphone brands such as Samsung, Huawei and Xiaomi, enabling customers to enjoy the benefits of mobile 4G Internet at lower device costs. These include a partnership with Samsung Malaysia Electronics, where selected Samsung J series smartphones come bundled with a free Yes prepaid SIM pack and a free data allocation of 10GB. YTL Comms also collaborated with Proton Malaysia to introduce in-car connectivity in Malaysia via the Proton Yes Altitude Plan, where customers who purchase selected Proton car variants also receive a Yes Altitude smartphone and a 12-month prepaid data plan with a free quota of 16GB per month.





## MANAGEMENT DISCUSSION & ANALYSIS

### SEGMENTAL REVIEW



Yes also introduced the new Huddle XS LTE in 2017, an enhanced version of its best-selling 4G mobile hotspot device. Upgraded with LTE capabilities, the Huddle XS LTE is capable of providing faster Internet speeds, and higher quality connectivity. The pocket-sized device can connect up to 10 WiFi-enabled devices or users simultaneously, with an improved battery life of up to 8 hours on a one-time charge.

YTL Comms continued to focus on its brand development initiatives during the year with new consumer marketing campaigns and activities centred around its core message, 'Amazing Things Happen When You Say Yes', to drive positive changes at a national level. New brand ambassadors joining the brand this year included, football legend Eric Cantona, as the global brand ambassador, as well as local celebrity radio host and TV personality Jack Lim, and Malaysian actress, television host, model and business entrepreneur, Noor Neelofa Mohd Noor, as the newest local brand ambassadors. Through these various initiatives, Yes garnered a boost to its brand image and positive momentum in its subscriber growth for the year under review.

In its drive to champion the use of Internet technology to empower Malaysian students and equip them with a culture of lifelong learning and technology know-how to succeed in the global knowledge economy, YTL Comms continued to work with various partners to digitally transform the national education landscape across Malaysia. The Group continued to make good progress in its implementation of the 1BestariNet project, a key feature of which is the development of content provided through the Frog VLE (Virtual Learning Environment). The Frog VLE is a digital learning platform made available to all government schools across Malaysia by the Ministry of Education under the 1BestariNet project.



## MANAGEMENT DISCUSSION & ANALYSIS SEGMENTAL REVIEW

# CEMENT MANUFACTURING & TRADING

### SEGMENT OVERVIEW

The YTL Corp Group's Cement Manufacturing and Trading activities are undertaken through its subsidiary, YTL Cement Berhad ("YTL Cement") and its subsidiaries ("YTL Cement Group"), which are in the business of the manufacture, supply and sale of ordinary portland cement, ready-mixed concrete, slag cement and other blended cement, aggregates and other industrial products. As at 30 June 2017, YTL Corp held an effective interest of 97.97% in YTL Cement.

YTL Cement manufactures and supplies the full range of blended cement products. In Malaysia, the YTL Cement Group owns 100% stakes Perak-Hanjoong Simen Sdn Bhd and Pahang Cement Sdn Bhd, which own and operate integrated cement plants, as well as slag grinding plants and ready-mixed concrete batching plants in strategic locations across the Peninsula. The YTL Cement Group also owns Batu Tiga Quarry Sdn Bhd and its group of companies, one of the largest quarry operators in the country. The YTL Cement Group's operations also extend to China and to Singapore, where it owns and operates the country's largest cement terminal.

### OPERATIONAL REVIEW

The Group's Cement Manufacturing and Trading division continued to weather the challenging conditions facing the domestic cement market, registering reduced sales volumes on the back of lower demand for cement in the construction industry, competitive pricing and higher costs of production. Nevertheless, the division made good strides in maintaining its market share for the year under review, supplying a range of commercial and residential developments, as well as large-scale infrastructure and other niche projects. These included significant projects, such as developments in the new Tun Razak Exchange (TRX), ongoing supply to Kuala Lumpur's Light Rail Transit (LRT) extension and the Klang Valley Mass Rapid Transport (MRT) projects, as well as a number of other in-house and external commercial and residential developments and high-rise buildings across the country.



## MANAGEMENT DISCUSSION & ANALYSIS

### SEGMENTAL REVIEW



The Group's cement terminal in Singapore continued to perform well during the financial year under review. Located in the Jurong Port industrial hub, the advanced cement terminal facility is the largest in Singapore, with an annual throughput capacity of 3.0 million metric tonnes for various cementitious products and a blending plant capable of producing a range of blended cement products.

In China, the Group's plant, which has annual production capacities for 1.55 million tonnes of clinker and 2.00 million tonnes of cement, continued to maintain its position as one of the major suppliers in the Hangzhou market. In line with local and national government environmental objectives, the division has continued to invest in emissions-reduction programmes and initiatives to improve plant efficiency and utilisation of alternative fuel sources.

The Group's ready-mixed concrete subdivision, carried out mainly under Buildcon Concrete Sdn Bhd ("Buildcon"), a wholly-owned subsidiary of YTL Cement, has a 20-year track record of utilising supplementary cementitious material in addition to Ordinary Portland Cement ("OPC") to produce eco-friendly concrete, developing a leadership role in the local ready-mixed concrete industry for the promotion of green concrete and environmental sustainability.

Supplementary cementitious materials used comprise ground granulated blastfurnace slag ("GGBS") and pulverized fuel ash ("PFA"). Blastfurnace slag is processed into GGBS with hydraulic properties making it suitable for use as cementitious material in the construction industry. The special qualities of GGBS, including low heat, high durability, high performance and low permeability, have



proven particularly suitable in meeting the challenging requirements of the construction industry for increasingly more innovative and sustainable construction solutions.

In 2016, Buildcon successfully completed the largest continuous concrete pour in Malaysia, and one of the largest continuous concrete pours by a single supplier in the world, for the raft foundation of the TRX Signature Tower. Upon completion in 2018, the TRX Signature Tower located in Kuala Lumpur's TRX development, at 92 storeys above ground and a height of 424 metres, will be the second tallest building in Malaysia, after the KLCC Twin Towers. The TRX Signature Tower raft foundation required 19,500 cubic metres of concrete to be poured within 48 hours and required about 3,000 metric tonnes of PFA supplementing OPC to meet the exacting requirements for the building.

## MANAGEMENT DISCUSSION & ANALYSIS SEGMENTAL REVIEW

# CONSTRUCTION

### SEGMENT OVERVIEW

The Construction segment of the YTL Corp Group comprises the activities undertaken by its wholly-owned subsidiary, SPYTL, which is principally involved in the construction of large scale infrastructure including railway lines, highways and power plants, as well as commercial and residential properties.

### OPERATIONAL REVIEW

In February 2017, the Group completed construction of the new Hotel Stripes Kuala Lumpur, a 20-storey 184-room boutique hotel in Jalan Kamunting in the heart of Kuala Lumpur. Located a stone's throw away from the famous Asian Heritage Row (now known as The Row), the architecture and construction of Hotel Stripes was designed to ensure the property would blend with the area's distinct, eclectic and historic shophouse architecture and pedestrian walkways unique to the region.

On the residential front, the Group's Midfields 2 development in Sungei Besi, comprising high-rise condominium blocks, was completed on schedule in May 2017.

Work is nearing completion on Shorefront in Penang, the Group's newest residential development. The low-rise, low-density development is made up of 115 units housed in three 5-storey blocks. Construction commenced in 2015 and is scheduled for completion by late 2017.



## MANAGEMENT DISCUSSION & ANALYSIS

### SEGMENTAL REVIEW

The Fennel at Sentul East is also progressing well, with construction works scheduled for completion in late 2017. Comprising 916 units built over four 38-storey towers, The Fennel is the latest phase of the Group's expansive Sentul urban renewal project, and features exceptional design and architectural elements, including suspended swimming pools and tropical verandas, all of which will transform the silhouette of the Kuala Lumpur skyline.

Meanwhile, U-Thant Place, which features 18 units of luxury condominiums (including 2 double-storey units) located along Kuala Lumpur's Embassy Row, is also nearing completion and expected to be handed over in late 2017.

Construction has commenced on Dahlia, which comprises 216 units of 2-storey terrace houses in Pakatan Jaya, Ipoh, and scheduled for completion in mid-2018.

Meanwhile, in Singapore, the Group's luxury residential development on Orchard Boulevard, 3 Orchard By-The-Park, a 25-storey block with 77 exclusive residences, has been completed and the development received its Temporary Occupation Permit in mid-2017. The building has been recognised with the Green Mark Gold Plus award by Singapore's Building and Construction Authority, owing to its unique design elements and green initiatives in engineering and construction.

The division embarked on various initiatives during the year under review as part of its longstanding commitment to the creation of better built environments adhering to the highest standards in quality and service. Midfields 2 in Sungai Besi, Shorefront in Penang and Reed (part of the Group's Lake Fields development in Sungai Besi) were all certified to Singapore's Construction Quality Assessment System ("CONQUAS"). CONQUAS is assessed by BCA Singapore and is a quantitative measure of the overall quality of a building's workmanship during the various stages of construction. It is widely recognised and accepted internationally as a benchmarking tool for quality.

As part of the assessment, measures undertaken during the various stages of construction include regular reviews to identify work performance anomalies and variances, together with the adoption of appropriate corrective or preventive actions, as well as a rigorous, regular inspection and testing regime to ensure work complies with relevant building standards and specifications. The division is also working towards obtaining certifications under the ISO 14001 and OHSAS 18001 standards, with certification targeted for late 2017.



## MANAGEMENT DISCUSSION & ANALYSIS SEGMENTAL REVIEW

# PROPERTY INVESTMENT & DEVELOPMENT

### SEGMENT OVERVIEW

The Property Investment and Development segment of the YTL Corp Group comprises the activities undertaken by its subsidiary, YTL L&D and its subsidiaries ("YTL L&D Group"), its wholly-owned subsidiary, SPYTL, and Starhill Global Real Estate Investment Trust ("Starhill Global REIT").

As at 30 June 2017, YTL Corp held a 65.26% stake in YTL L&D, which is listed on the Main Market of Bursa Securities under the Properties sector, and an

effective interest of 36.46% in Starhill Global REIT, which is listed on the Mainboard of the SGX-ST, the Singapore stock exchange.

The Group's key ongoing and centrepiece property development projects in Malaysia include Sentul, Shorefront, Pantai Hillpark, Lake Edge, Lake Fields and Midfields. In Singapore, the YTL Land Group developed the Sandy Island Collection and Kasara, The Lake, in Sentosa Cove, and 3 Orchard By-The-Park, comprising exclusive luxury condominiums on Orchard Boulevard.





## MANAGEMENT DISCUSSION & ANALYSIS

### SEGMENTAL REVIEW

#### OPERATIONAL REVIEW

##### PROPERTY DEVELOPMENT

###### The Fennel at Sentul East

The Fennel at Sentul East is undertaken by SRSB, a wholly-owned subsidiary of the Group following the acquisition of the remaining 30% of SRSB not held by YTL L&D on 16 January 2017, under the Sentul Masterplan covering a 294-acre development area in Sentul in Kuala Lumpur. Construction is ongoing on The Fennel and progressing well towards completion of the construction works, scheduled in late 2017. The Fennel comprises 916 condominium units ranging from 1,081 sq ft to 1,690 sq ft which are spread across its four 38-storey residential towers. The Fennel's new dual-key concept, available only in Block C, features innovatively designed units with 2 bedrooms and a connecting studio with separate entrances.

Sentul East, favoured for its diversity in local culture and vibrant city life, enjoys excellent rail links to all parts of the Klang Valley via the KTM Komuter and LRT Lines from all three train stations in the area. The entire Sentul development has benefited from enhanced connectivity with the completion of the extensions of the Sri Petaling Line and Ampang Line in July 2016, as well as the MRT Line 1, which became fully operational in July 2017.

###### Dahlia

The Dahlia is undertaken by PYP Sendirian Berhad, a wholly-owned subsidiary of YTL L&D. Dahlia is a collection of contemporary double-storey link homes in Pakatan Jaya Ipoh. Designed along clean, well-conceptualised lines with spacious layouts, these structured, well-built terrace homes are designed with room to grow, ideal for young couples and growing families. The development comprises 216 units of terraced homes, complemented with a park which features green spaces and outdoor areas for family recreation. Progress is well underway and the development is scheduled for completion in 2018.



###### U-Thant Place

U-Thant Place is undertaken by Budaya Bersatu Sdn Bhd, a wholly-owned subsidiary of YTL L&D. U-Thant Place is a low-density, upscale development set along Kuala Lumpur's Embassy Row. The development comprises 18 units built over 10 floors and is scheduled for completion in late 2017.



## MANAGEMENT DISCUSSION & ANALYSIS

### SEGMENTAL REVIEW

#### Shorefront

Shorefront is undertaken by Shorefront Development Sdn Bhd, a joint venture company which is 50% owned by YTL L&D. Shorefront is nearing completion, scheduled for late 2017. The Group's Shorefront development is located within George Town's heritage zone, and is one of its last remaining freehold seafront sites. The property is a niche, upmarket, low-rise, low-density development which comprises of three blocks with a total of just 115 units on a freehold site neighboured by the historic E&O hotel. Selected units feature sky terraces and private gardens, and a private lift lobby which creates a sense of added exclusivity and privacy.

#### Midfields 2

Midfields 2 is undertaken by SPYTL and was completed ahead of schedule, in June 2017. Offering a new generation of urban homeowners lifestyle-conscious residences set within a prime city location, Midfields 2 in Sungei Besi, the successor to the hugely-successful Midfields 1, comprises practical, functional condominium units. The surrounding environment of Midfields 2 is also designed to be a sanctuary for the senses despite its proximity to the big city and emphasis has been placed on preserving nature, with almost 40 per cent of the development allocated for parks and rooftop gardens.

#### 3 Orchard By-The-Park

3 Orchard By-The-Park is undertaken by YTL Westwood Properties Pte Ltd, a wholly-owned subsidiary of YTL L&D. Located along the tree-lined Orchard Boulevard in Singapore, 3 Orchard-By-The-Park obtained its Temporary Occupation Permit in mid-2017.

Designed by world renowned Italian architect and product designer Antonio Citterio who is famed for his design of Bvlgari Hotels in Milan, London and Bali, 3 Orchard By-The-Park is a contemporary and monumental 25-storey tower. The architecture and landscape merge seamlessly, integrating the building with the site's natural environment, while affording panoramic views of the city skyline.

The three distinctive entities of 3 Orchard By-The-Park, namely, Wood, Wilderness and Water, are within the tropical park, opening towards north and south with green terraces, screened by pavilions and trees which filter natural light throughout the units, whilst the facades are draped in vertical louvers capable of creating shade and of framing the views towards the urban cityscape.

The development offers a mix of mainly 2-, 3- and 4-bedroom apartments. The Water stack features 3- and 4-bedroom loft units with double-volume living areas, private pools or balconies; the Wood stack features a mix of 2- and 4-bedroom units; and the Wilderness stack features 3-bedroom "Sky Villas" with garden terraces leading to an exclusive private lift lobby to each unit.

Located in the prime central district of Singapore along Orchard Boulevard - Singapore's premium residential address, the freehold development is strategically positioned on the Orchard Road shopping and entertainment belt, and is within immediate access of the upcoming Orchard Boulevard MRT Station. It is within the vicinity of iconic premium shopping malls, renowned international hotels such as St Regis, Four Seasons and the Regent Singapore, and medical centres including Camden Medical Centre and Gleneagles Hospital.

A much sought-after address amongst Singaporeans and foreigners, 3 Orchard By-The-Park is sited near prime residential districts of Good Class Bungalows and prestigious condominiums, as well as several embassies.





## MANAGEMENT DISCUSSION & ANALYSIS

### SEGMENTAL REVIEW



#### PROPERTY INVESTMENT

The Group has an effective interest of 36.46% in Starhill Global REIT which owns retail and office assets in Singapore, Malaysia, Australia, Japan and China. YTL Starhill Global REIT Management Limited, the manager of Starhill Global REIT, is a wholly-owned subsidiary of the Group. Starhill Global REIT's property portfolio comprises stakes in Ngee Ann City and Wisma Atria in Singapore, the David Jones building, Plaza Arcade and Myer Centre in Australia, Starhill Gallery and parcels in Lot 10 Shopping Centre in Malaysia, boutique retail properties in Tokyo and a retail property in China.

Starhill Global REIT's property portfolio was valued at SGD3.14 billion as at 30 June 2017, stable from the previous valuation as at 30 June 2016. The higher valuations of the trust's assets in Singapore and Australia, as well as positive net foreign currency movements, were offset by the divestment of Harajuku Secondo and lower valuations of its assets in China and Malaysia. Harajuku Secondo in Tokyo, Japan was divested in May 2017 as part of the strategy to refine the portfolio.

Performance of the trust's properties in Singapore and Malaysia remained resilient but was offset mainly by the disruption in revenue largely from the mall repositioning in China, asset redevelopment in Australia, weaker office performance, as well as loss of income from the divestments in Japan.

The retail operating environment has rapidly evolved over the past decade. During this period, an influx of new mega malls and the emergence of e-commerce

have inadvertently disrupted traditional retail businesses. Despite these challenges, new opportunities have emerged. Changing shopper behaviour and the entry of more international brands will likely alter the global retail scene. Starhill Global REIT has taken steps to rejuvenate some of its assets so as to be ready to take advantage of this evolving environment.

The Lot 10 property in Bukit Bintang is currently undergoing a RM20 million transformation to upgrade the mall's hardware and software to better engage Generation Y and Millennial consumers. The opening of the new Sungai Buloh-Kajang MRT line in July 2017 is also expected to uplift the vibrancy at Lot 10, and a new entrance to the mall is currently being built, directly linking the mall to the new MRT station.

In Perth, Plaza Arcade is also undergoing redevelopment of approximately AUD10 million to accommodate a new international anchor tenant. When completed, the retail floor space of the mall will increase by one-third and the renovation will enhance the appearance and positioning of Plaza Arcade.

Meanwhile, Starhill Global REIT's property in China has recently been repositioned, converting from a high-end luxury department store model to a long-term tenant model, intended to stabilise the property's rental income and provide upside through periodic rental step-up over the tenure of the lease.

## MANAGEMENT DISCUSSION & ANALYSIS SEGMENTAL REVIEW

# HOTEL OPERATIONS



### SEGMENT OVERVIEW

The YTL Corp Group's hotel management and development activities are undertaken primarily through its listed entity, YTL REIT, and through its wholly-owned subsidiary, YTL Hotels & Properties Sdn Bhd, and its subsidiaries ("YTL Hotels Group"). As at 30 June 2017, YTL Corp held a 56.90% stake in YTL REIT, which is listed on the Main Market of Bursa Securities under the Real Estate Investment Trust (REIT) sector.

### OPERATIONAL REVIEW

#### YTL HOTELS GROUP

This has been a year of growth and the YTL Hotels Group has added four properties to its UK portfolio.

#### The Glasshouse Hotel, Edinburgh

This award-winning 77-room luxury boutique hotel was acquired in September 2016. With a secret rooftop garden, the iconic hotel with its Category C Listed weathered stone facade was once the Lady Glenorchy Church, built in the mid-19th century. The Glasshouse Hotel with its unique 230-year history sits at the heart of the city centre, providing easy access for business and leisure travellers. The hotel is part of Autograph Collection Hotels, an ensemble of unique luxury independent hotels by Marriott International.





## MANAGEMENT DISCUSSION & ANALYSIS

### SEGMENTAL REVIEW

#### Threadneedles, London

The elegant boutique hotel in the City of London was formerly the head offices of City and Midland Bank from the 1880s. The Grade-II listed Victorian building was immaculately restored to a 74-room luxury hotel in 2002 while retaining many of its historic features. Threadneedles sits in the midst of London's financial heart, with many of the major financial institutions within walking distance, including The Bank of England. The hotel is the YTL Hotels Group's second UK property to be a member of Marriott International's Autograph Collection Hotels.

#### The Academy, London

The Academy was added to the portfolio in October 2016. This 4-star hotel with 49 rooms across five Georgian townhouses has a superb location in the fashionable Bloomsbury area of London close to Tottenham Court Road, the British Museum and the transport hubs of Euston, St Pancras and Kings Cross. Major refurbishment began in September 2017. The re-launch is scheduled for spring 2018 when The Academy will become a member of the portfolio of Small Luxury Hotels of the World.

#### Monkey Island Estate

Monkey Island Estate occupies a picturesque island on the River Thames in Bray, Berkshire, England. The YTL Hotels Group has commissioned the award-winning Champalimaud Design firm to restore the property and its stunning landscaped gardens. When Monkey Island Estate re-opens in the spring of 2018, it will feature a luxurious selection of guest rooms and suites as well as specially designed facilities to host corporate events and special occasions. The property will be a member



of the portfolio of Small Luxury Hotels of the World.

#### The Gainsborough Bath Spa

The hotel has gone from strength-to-strength and established itself as Bath's premier 5 star hotel. The Gainsborough won one of the travel industry's most prestigious accolades, the AA Hotel of the Year. The hotel's restaurant, Dan Moon at The Gainsborough Restaurant, was also commended with three AA Rosettes. The Gainsborough was listed within the Top UK Spa Hotels and Top UK Holiday Hotels and included in the World's Top 100.

#### Thermae Bath Spa

Thermae Bath Spa in Bath is the UK's most popular day spa and benefits from having access to the city's natural thermal waters, including a spectacular open-air rooftop pool. In March 2017, the old steam rooms were replaced with an innovative new Wellness Suite featuring a Roman and Georgian Steam Room, a state-of-the-art Infrared Room, an Ice Chamber and a Celestial Relaxation Room. Feedback from customers relating to the Wellness Suite has been very positive.

#### MUSE Hôtel St. Tropez, France

Now in its eighth season, Muse Hotel continues to gather rave reviews from distinguished travel writers including

Mary Gostelow and Ted Thornhill. Its vintage architecture and its dreamy, timeless atmosphere have combined to create a truly unique destination. The Muse Hotel was presented with its 5 stars status last year by the official French Ministry of Tourism.

#### Hotel Stripes Kuala Lumpur

Hotel Stripes opened in February 2017 with a street party featuring the award-winning band Shakatak. The 184 room hotel's distinctive design with vibes of urban chic in the historic Jalan Kamunting neighbourhood has been very well received. The hotel features a stunning rooftop pool and Man Tao Bar; The Snug, an all-day dining restaurant; and Brasserie 25, a French-style restaurant which draws inspiration from its sister hotel MUSE St. Tropez. Hotel Stripes has been recognised for its originality by being accepted into Marriott International's Autograph Collection.

#### The JW Marriott Kuala Lumpur

Renovation works for the entire hotel are being completed. The Lobby has been totally refreshed, with a sleek contemporary look and stunning chandelier. The new Starhill Spa Village features 9 treatment rooms, a relaxation lounge and a gymnasium with state of the art equipment.

## MANAGEMENT DISCUSSION & ANALYSIS

### SEGMENTAL REVIEW

#### The Ritz-Carlton, Kuala Lumpur

The hotel's complete renovation and refurbishment has been very well received by guests. Afternoon Tea in the new Lobby Lounge is very popular while elegant dinner venue The Library features international menus prepared by Guest Chefs. TripAdvisor's Travellers' Choice Awards 2017 listed The Ritz-Carlton, Kuala Lumpur in the Top 25 Hotels in Malaysia as well in the Top 25 Hotels for Luxury and Service.

#### YTL Luxury Resorts

Pangkor Laut Resort, Tanjong Jara Resort and Gaya Island Resort are well established as leading destinations in their respective regions. Spa Village Pangkor Laut was named Spa of The Year at the 12th Annual AsiaSpa Awards 2016 and listed in the Top 20 Overseas Hotel Spas in the Condé Nast Traveller Readers' Travel Awards 2016. The Resort was also selected in DestinAsian Readers' Choice Awards 2017 as in the Top Ten Best Hotels and Resorts in Malaysia. Gaya Island Resort received a Recognition of Excellence from HotelsCombined. TripAdvisor's Travellers' Choice Awards 2017 listed Pangkor Laut Resort and Tanjong Jara Resort in the Top 25 Hotels in Malaysia. The list of Top 25 Luxury Hotels and Top 25 Hotels for Romance included Pangkor Laut Resort and Gaya Island Resort, while Pangkor Laut Resort and Tanjong Jara Resort were awarded for Service.

#### YTL Classic Hotels

The Majestic Hotel Kuala Lumpur, Cameron Highlands Resort and The Majestic Malacca continue to build on their outstanding reputations. TripAdvisor's Travellers' Choice Awards 2017 listed The Majestic Hotel Kuala Lumpur and Cameron Highlands Resort in

the Top 25 Hotels in Malaysia, while The Majestic Hotel Kuala Lumpur was also named in the Top 25 Hotels for Luxury and Service. The Majestic Malacca was listed in the Top 25 Hotels for Luxury and Romance.

#### Vistana Group of Hotels

The Vistanas are a successful brand of regional business traveller hotels in Kuala Lumpur, Penang and Kuantan. The Vistana Penang Bukit Jambul and The Vistana Kuantan City Centre have added an Executive Lounge where guests in Club rooms and suites enjoy additional privileges.

#### The Ritz-Carlton, Koh Samui, Thailand

This new luxury resort is now open and set to have its official launch in the first quarter of 2018. Just 20 minutes by car from Samui International Airport, it is located on the north-eastern shore of the island of Koh Samui. The resort with its private bay and pristine beach is an idyllic haven for an island escape. The resort has 175 suites and pool villas, and features a wide variety of recreational, culinary and wellness activities. The Spa Village Koh Samui will feature 8 treatment suites, 3 outdoor treatment pavilions, yoga and relaxation pavilions as well as a lap pool with cabanas.

#### The Surin Phuket, Thailand

This marks the seventh consecutive year that The Surin Phuket has received the Certificate of Excellence from TripAdvisor, the world's largest online hotel review site. The Surin has been named gold winner of Phuket's Best Hotel Restaurant from Exotiq Thailand Best of the Best awards 2017.

#### Eastern & Oriental Express

The Eastern & Oriental Express is maintaining its rationalisation and consolidation of its operations, taking advantage of demand trends. Excellence of product and service continue to receive rave reviews. This year a new concept in luxury train travel, Art in Motion, was introduced, with a rolling canvas from Rajesh Kumar, a Singaporean Artist, which was widely covered by the media.

#### Spa Village Resort, Tembok, Bali

Spa Village Resort Tembok, Bali is firmly established as a quality spa retreat on the northeast coast of this famous Indonesian island. Customer comments frequently include excellent reviews of service.

#### Australian Portfolio

In Australia, the Group owns the Sydney Harbour Marriott, the Brisbane Marriott and the Melbourne Marriott Hotels under YTL REIT. The Sydney Harbour Marriott Hotel completed renovations this year, resulting in a fresh contemporary look, with a new lobby and reception area as well as new restaurants and bars. Silvester's is a restaurant with live food stations serving fresh, seasonal produce; Three Bottle Man is a laneway café by day, cocktail bar by night; and the famous Customs House Bar has also been refurbished.





## MANAGEMENT DISCUSSION & ANALYSIS

### SEGMENTAL REVIEW



#### Niseko Village, Hokkaido, Japan

Niseko Village continues to grow in reputation as an internationally recognised year-round haven for outdoor enthusiasts. The Group owns The Hilton Niseko Village, The Green Leaf Niseko Village, and Kasara Niseko Village. Niseko Village has been named Japan's Best Ski Resort for four consecutive years by the World Ski Awards as part of the Niseko United resort destination. For the 2017-18 season, Niseko has been selected for inclusion as a global affiliate of The Mountain Collective, an international alliance of premier ski destinations. Niseko Village is the sixth destination outside of North America to be included in The Mountain Collective.

#### YTL REIT

YTL REIT's investment portfolio was valued at RM3.91 billion as at 30 June 2017 compared to RM3.50 billion as at 30 June 2016, contributed mainly by the increase in the valuation of the Sydney Harbour Marriott in Australia, with smaller increases also contributed by The Ritz-Carlton Suite Wing (formerly known as The Residences at The Ritz-Carlton, Kuala Lumpur), The Ritz-Carlton Hotel Wing (formerly known as The Ritz-Carlton, Kuala Lumpur), Hilton Niseko Village, the Brisbane Marriott and the Melbourne Marriott.

#### Malaysian Portfolio

YTL REIT maintains fixed lease arrangements for the properties and benefits from the stable income produced by this revenue structure. The Trust's portfolio in Kuala Lumpur consists of luxury properties situated in the Golden Triangle commercial precinct, namely the JW Marriott Hotel Kuala Lumpur, The Ritz-Carlton Hotel Wing and The Ritz-Carlton Suite Wing. The three luxury assets operate in close proximity to Starhill Gallery, the Feast Village fine dining pavilion, the Carlton Conference Centre and Spa Village Kuala Lumpur, offering guests a comprehensive and exclusive range of luxury amenities and services.

The ongoing MRT works in and around the Golden Triangle area began coming on-stream progressively from July 2017, and these properties are expected to benefit from the improved tourist and traffic flows in the area. YTL REIT has also benefited from the recent renovation and rebranding of The Ritz-Carlton Hotel Wing and The Ritz-Carlton Suite Wing via the contracted additional rentals generated from these two assets for the Trust.

YTL REIT's resort portfolio comprises Pangkor Laut Resort, Tanjung Jara Resort and Cameron Highlands Resort. Each resort offers a unique range of luxury services and experiences, including the award-winning Spa Village, distinctive to each resort. The resorts continued to see consistently good guest numbers for the year under review, drawing visitors from across the globe.

The Trust's domestic business product comprises the Vistana hotels, operating in Kuala Lumpur, Kuantan and Penang. Local and regional business travellers continue to be drawn to the blend of practical, modern amenities in comfortable rooms and refined service standards which set the Vistana hotels apart in this competitive segment of the hospitality industry.



## MANAGEMENT DISCUSSION & ANALYSIS

### SEGMENTAL REVIEW



#### **International Portfolio - Japan**

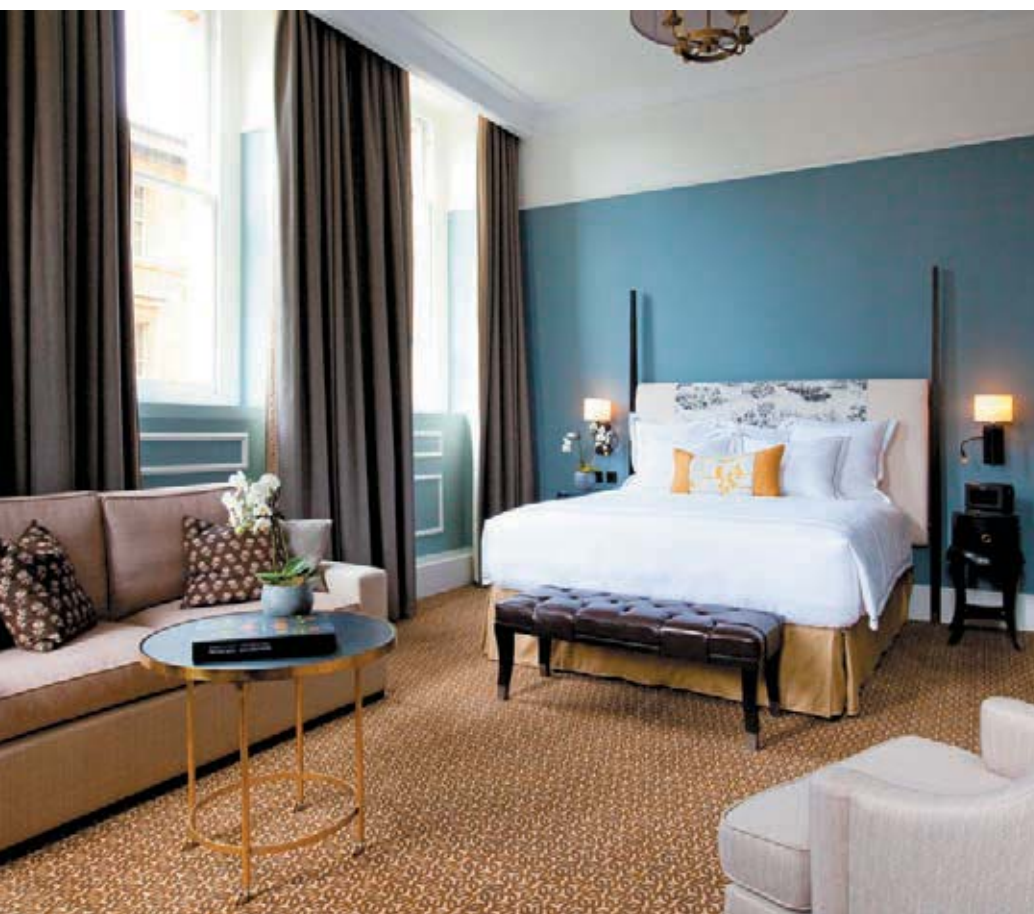
In Japan, YTL REIT owns the Hilton Niseko Village situated in Hokkaido, which operates under a fixed lease arrangement, ensuring a stable level of income for the Trust. The Niseko region's tourism industry has healthy local support from domestic visitors from within Japan, as well as a large contingent of international tourists, including a growing number of visitors from Asian countries particularly China, South Korea and Taiwan.

Hilton Niseko Village continued to benefit from its reputation as one of the most well-known ski resorts in Japan due to its excellent powder snow, ski-in/ski-out location and onsite Onsen (hot springs) facilities, and occupancy levels remained healthy during the year under review. Despite weather conditions which saw the premature melting of snow in the region, leading to a drop in the number of skiers, Hilton Niseko Village's focus on offering a well-rounded suite of high quality summer facilities has enabled it to draw tourists throughout the year.



## MANAGEMENT DISCUSSION & ANALYSIS

### SEGMENTAL REVIEW



#### International Portfolio - Australia

In Australia, YTL REIT owns the Sydney Harbour Marriott, Brisbane Marriott and Melbourne Marriott, and the Trust is afforded the benefit of a variable source of income from the operation of these hotel assets.

The Sydney Harbour Marriott performed well during the year under review due to its well-established position and the quality of its service offerings. Occupancy at the Sydney Harbour Marriott eased marginally to 85.7% compared to 86.8% last year due to refurbishments undertaken during the financial year.

Asset enhancements included reconfigurations of the ground floor lobby and food and beverage areas, which were completed in March 2017. The Sydney Harbour Marriott is a 5-star, 595-room hotel set in the heart of Circular Quay, overlooking iconic landmarks including Harbour Bridge and the Sydney Opera House.

The Melbourne Marriott recorded a slightly higher occupancy level of 89.21% for the financial year under review compared to 88.65% for the 2016 financial year. The 186-room hotel has

continued to achieve solid occupancy levels, despite the increase in room supply in the Victoria area in recent years. The Melbourne Marriott is located close to the city's theatre precinct and within minutes of the Bourke and Collins street shopping districts, Chinatown, the Melbourne Museum and the Royal Exhibition Building.

The Brisbane Marriott, which consists of 263 rooms and 4 suites, registered higher occupancy of 87.90% for the 2017 financial year compared to 84.10% last year. The overall market continues to be impacted by increases in supply whilst demand has been relatively soft due to reduced corporate business associated with the mining industry. In response to changing market conditions, the Brisbane Marriott successfully diversified its market mix of corporate accounts allowing it to secure more business from a variety of companies as well as more group business. The Brisbane Marriott is located between Brisbane's central business district and the Fortitude Valley hub, close to shopping, riverside dining, and the city's corporate and cultural locales.

## MANAGEMENT DISCUSSION & ANALYSIS SEGMENTAL REVIEW

# MANAGEMENT SERVICES & OTHERS

### SEGMENT OVERVIEW

The Management Services and Others segment carries out investment holding activities and other services of the YTL Corp Group, including operation and maintenance (“O&M”) activities for power stations, cement plants and other related businesses.

These mainly comprise YTL Power Services Sdn Bhd (“YTLPS”), a wholly-owned subsidiary of YTL Corp, Express Rail Link Sdn Bhd (“ERL”), a 45%-owned associated company, and its wholly-owned subsidiary, ERL Maintenance Support Sdn Bhd, and the investment holding activities of the YTL Power Group, namely its 33.5% indirect investment in ElectraNet Pty Ltd (“ElectraNet”) and its effective interest of 20% in PT Jawa Power (“Jawa Power”).



### OPERATIONAL REVIEW

#### ERL

ERL owns and operates the KLIA Ekspres high-speed rail link connecting Kuala Lumpur International Airport (KLIA) with KL Sentral Station. ERL welcomed its 75 millionth passenger in August 2016 and, by the end of June 2017, had clocked over 82 million passengers.

During the financial year under review, ERL continued to focus on ridership recovery initiatives to recapture lost customers and attract new customers following its first ever fare increase in January 2016. Key strategies centred mainly around fare-driven promotions targeted at price-sensitive customers, including a “RM40 per trip” online promotion in collaboration with Mastercard, “10% off” for purchases through the KLIA Ekspres website, app and self-service kiosks, and a Special Family Package & Group Saver for leisure travellers during school and festive holidays.



## MANAGEMENT DISCUSSION & ANALYSIS

### SEGMENTAL REVIEW

ERL also stepped up its awareness activities with ongoing advertising in print publications, outdoor billboards, at the airport and ERL stations and increased media exposure, digital marketing and social media engagement, as well as entering into technology-driven smart partnerships with airlines and online travel agents to target a broader pool of customers. Improving overall customer experience at all contact points has also been a key ongoing priority with initiatives including providing better signage and notices at stations, upgrading lift facilities, the opening of Salak Tinggi Park & Ride facility and improving service updates to the customers through social media.

On 20 October 2016, the new KLIA Transit train was unveiled, officiated by YB Dato' Sri Liow Tiong Lai, Malaysia's Minister of Transport at the Salak Tinggi Depot. The trains, which are manufactured by CRRC Changchun Railway Vehicles Company Limited, will increase ERL's capacity by 50%, and are expected to be in service by late 2017 after undergoing extensive testing and commissioning. Each train set has an improved redundancy system with two compressors, more powerful traction and additional sensors to increase safety standards. In addition, the new trains will improve passenger comfort with better air-conditioning, added handrails and more spacious legroom for facing seats.

In December 2016, Malindo Air's city centre check-in service was launched, enabling Malindo Air passengers to check in and drop their bags at KL Sentral Station before taking the train to the airport. ERL has maintained a 100% security and delivery record for checked-in luggage in the last 15 years of operations.

ERL continues to be recognised locally and internationally for consistently providing high standards in the air-rail service industry. In November 2016, ERL was named *AirRail Link of the Year* for the fourth time by London-based Global AirRail Alliance (GARA) and received the *Social Responsibility Award* for its Frog Classroom Makeover project. ERL also received *Best Customer Service and Best Safety Practices Awards* at the Suruhanjaya Pengangkutan Awam Darat (SPAD) Land Public Transport Symposium 2016 and, in May 2017, was awarded the *Outstanding Green Air-Rail Transport Award* in conjunction with the Malaysia Canada Business Council's 25th Anniversary Business Excellence Awards 2017.

#### YTLPS

YTLPS is the O&M provider for the Group's power stations in Paka, Terengganu, and Pasir Gudang, Johor, which have an installed generating capacity of 1,212 MW and are owned by YTLPG. YTLPG's 21-year power purchase agreement for the power stations was completed in September 2015. Subsequently, YTLPG was awarded the project for the supply of power from Paka Power Station under a short term capacity bid called by the Malaysian Energy Commission.

In May 2017, YTLPG and Tenaga Nasional Berhad entered into a new power purchase agreement for the supply of 585 MW of capacity from Paka Power Station for a term of 3 years 10 months and supply from Paka Power Station commenced on 1 September 2017.

#### ELECTRANET

ElectraNet operates and manages the high voltage electricity transmission system throughout South Australia under a 200-year concession, providing the high capacity link that connects South Australian electricity generators to the distribution network operated by local utilities and to other major end users. Extending across approximately 200,000 square kilometres, ElectraNet's transmission network provides electricity to over 99% of South Australia's population, through approximately 5,700 circuit kilometres of transmission lines and 88 high voltage substations.

ElectraNet is subject to a revenue cap set by the Australian Energy Regulator which generally applies for a five-year regulatory period before adjustment. The current revenue cap became effective on 1 January 2013 and is valid for a period of five and a half years until 30 June 2018.

#### 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 90.73% for its financial year ended 31 December 2016 and 93.05% availability for the six months ended 30 June 2017. The station generated 7,603 gigawatt hours ("GWh") of electricity for its financial year compared to 8,220 GWh for its previous financial year, for its sole off-taker, PLN.

## MANAGEMENT DISCUSSION & ANALYSIS SEGMENTAL REVIEW

### SEGMENT OVERVIEW

The YTL Corp Group's information technology ("IT") and e-commerce activities are undertaken by its wholly-owned subsidiary, YTL e-Solutions Berhad, and its subsidiaries, ("YTL e-Solutions Group"). The YTL e-Solutions Group undertakes technology incubation investments, as well as the provision of IT consultancy services and digital media content. The YTL e-Solutions Group also owns a controlling interest in Y-Max Networks Sdn Bhd which was granted one of four Worldwide Interoperability for Microwave Access ("WiMAX") licenses in Malaysia.

# IT & E-COMMERCE

# RELATED BUSINESS





## MANAGEMENT DISCUSSION & ANALYSIS SEGMENTAL REVIEW



### OPERATIONAL REVIEW

The division's performance remained stable for the financial year under review, supported mainly by its 2.3 gigahertz (GHz) WiMAX spectrum and digital media advertising sales in the content and digital media division. The spectrum is utilised by YTL Comms, a subsidiary of the Group, which operates the Yes mobile internet platform.

The content and digital media division, which operates an integrated Out of Home ("OOH") digital network and provides OOH digital media solutions, performed well, continuing to engage renowned brand names despite more difficult conditions in the advertising market.

The division provides proprietary content management solutions and content production, and delivers advertising on its digital narrowcast media networks in the Bintang Walk area of Kuala Lumpur, the digital "cube" fronting Lot 10 shopping centre and the large LED screen adjacent to the centre's main entrance. In addition, services are also provided via digital networks in other retail and commercial areas such as Starhill Gallery and on the Kuala Lumpur Express Rail Link (KLIA Ekspres and Transit) trains, including the service operating between Kuala Lumpur International Airport (KLIA) and the KLIA2 low-cost carrier terminal.

## MANAGEMENT DISCUSSION & ANALYSIS

# RISK MANAGEMENT

The overall risk management objective of the YTL Corp 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 Corp 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 values 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 risk is the risk that the fair value or future cash flows of the Group's and of the Company's financial instruments will fluctuate because of changes in market interest rates. The exposure of the Group and the Company to interest rate risk arises primarily from their floating rate bonds and borrowings, which is partially offset by the deposits and short term investments held at variable rates. The Group and the Company manage their cash flow interest rate risk by using a mix of fixed and variable rate debts. Derivative financial instruments are used, where appropriate, to generate the desired interest rate profile.

#### PRICE RISK

The exposure of the Group and the Company to equity price risk arises primarily from their investments in quoted securities. To manage their price risk arising from investments in equity securities, the Group and the Company diversify their portfolio. Meanwhile, 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 (those meeting a minimum average monthly consumption) 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 gas are substantially managed via swaps where the price of fuel indexed to a benchmark fuel price index.

#### CREDIT RISK

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The exposure of the Group and the Company to credit risk arises primarily from trade and other receivables. For other financial assets (including investment securities, cash and cash equivalents and derivatives), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

As for the Group's Power Generation business in Singapore, credit review are performed on all customers with established credit limits and supported by collateral in the form of guarantees. For the Group's Water and Sewerage business, the credit risk of receivables is mitigated through strict collection procedures. In addition, the Directors are of the view that credit risk arising from the Water and Disposal of Waste Water businesses is limited due to its large customer base. Transactions involving derivative financial instruments are allowed only with counterparties that are of high credit quality.



## MANAGEMENT DISCUSSION & ANALYSIS

### RISK MANAGEMENT

As such, management does not expect any counterparties to fail to meet their obligations. The Group considers the risk of material loss in the event of non-performance by a financial counter party to be unlikely. Receivable balances are monitored continually with the result that the Group's exposure to credit risk is minimised.

#### LIQUIDITY RISK

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The exposure of the Group and the Company to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The objective of the Group and the Company is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

#### OPERATING RISK MANAGEMENT

##### CONCESSIONS AND KEY CONTRACTS

A number of the YTL Corp 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 a material adverse effect on the financial condition and results of operations of certain subsidiaries of YTL Corp and accordingly the YTL Corp 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.

##### BUSINESS RISK

The YTL Corp 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 Corp is, to a significant extent, dependent on the abilities and continued efforts of the Board and senior management of YTL Corp. The loss of any key member of the Board or senior management personnel could affect YTL Corp's ability to compete in the sectors in which it operates. The future success of YTL Corp will also depend 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, China, Australia, Japan and other overseas markets in which the YTL Corp Group from time to time has operations could materially and adversely affect the financial and business prospects of the YTL Corp 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 continue to improve at a modest pace for the rest of the 2017 calendar year, although downside risks arising from political uncertainties remain. Overall, the Malaysian economy is projected to grow by 4.3% to 4.8% in 2017 with domestic demand as the main driver of growth, underpinned primarily by private sector expenditure. Despite indications of further expenditure adjustments in response to increasing inflationary pressures, private consumption is anticipated to remain sustained, supported by continued employment and wage growth (sources: Ministry of Finance, Bank Negara Malaysia updates).

In the Group's key Utilities segment, the electricity market in Singapore will remain competitive, driven by volatilities across global markets and generation capacity oversupply in the wholesale electricity market. YTL PowerSeraya will continue to focus on customer service, diversification beyond the core business into integrated multi-utilities supply and non-regulated ancillary businesses in steam sales, oil storage tank leasing, bunkering services and potable water sales, whilst on the retail front, its extensive experience will stand the business in good stead in preparation for the advent of full retail competition, which will give mass consumers the ability to choose their preferred electricity provider.



In the UK, the ongoing uncertainty over the economic and political impacts of the country's withdrawal from European Union is expected to continue for the foreseeable future. However, Wessex Water, which operates within a localised region in the south west of England under a regulatory concession granted by the UK government, is not expected to be materially affected, and the division is confident of delivering or outperforming its 2015-2020 regulatory targets by improving its business processes and continuing to provide customers with the highest levels of service.

The outlook for the contracted power generation sub-segment remains stable with the commencement of the new power purchase agreement for the supply from Paka Power Station, coupled with projects under development, Tanjung Jati Power in Indonesia and APCO in Jordan.

The domestic cement industry is expected to remain highly competitive but the Group remains committed to delivering its high quality range of products and managing its operating and production costs. The outlook for the Group's Construction segment is similarly stable particularly owing to its pipeline of property development and infrastructure works.

## MANAGEMENT DISCUSSION & ANALYSIS OUTLOOK



Despite challenging market conditions in both the domestic property market and the high-end property market in Singapore, which continues to see the impact of regulatory cooling measures over recent years as efforts continue to manage rising property prices in the country, the Group will continue to adhere to its long-running stance of conceptualising, timing and pricing its launches to meet the demands of genuine buyers, underscoring the Group's commitment to high-quality developments, with demonstrated track records in capital returns.

Meanwhile, the Hotel Operations segment is expected to continue to perform well, backed by the diverse geographic market and wide range of product offerings catering to different market segments encompassed by the Group's hotel assets.





# SUSTAINABILITY STATEMENT

## SUSTAINABILITY AT YTL

Embedding sustainability across the YTL Group has been a long standing commitment, and we have embraced a culture of socially responsible and sustainable business practices since our humble beginnings in 1955. For us, it's a continuous process of value creation across our stakeholders, business operations, and society at large, that will carry us through the next 60 years and beyond.

This sustainability statement provides an overview of how we operate sustainably and how we manage our strategy and day-to-day businesses to address our sustainability commitments and performance - including achievements, progress, challenges and setbacks we faced during the reporting period.

The YTL Group's approach to sustainability, the performance and achievements during the financial year ending 30 June 2017 are outlined in greater detail in our standalone **YTL Group Sustainability Report 2017**. The report focuses on the YTL Group's key businesses in Malaysia and globally.



The PDF version of YTL Group Sustainability Report 2017 is available at [www.ytl.com](http://www.ytl.com)



## SUSTAINABILITY STATEMENT

### OUR APPROACH TO SUSTAINABILITY

At YTL, we are first and foremost committed to our Group’s brand values of Honesty, Hard Work, Moral Responsibility, Togetherness and Vitality, and remain focused on the four pillars of our Sustainability Framework.

#### YTL GROUP SUSTAINABILITY FRAMEWORK



**EMBRACING THE MARKETPLACE**

- Risk Management & Compliance
- Supply Chain & Procurement
- Products & Services
- Innovation & Creativity
- Caring about Customers



**PROTECTION OF THE ENVIRONMENT**

- Climate Change
- Energy Efficiency & Renewable Energy
- Water Consumption
- Raw Materials Use
- Waste Management
- Biodiversity & Conservation



**EMPOWERING OUR PEOPLE**

- Diversity & Inclusiveness
- Attracting & Retaining
- Development & Benefits
- Well-balanced Workplace
- Employee Engagement



**ENRICHING COMMUNITIES**

- Arts & Culture
- Education
- Local Communities



In 2016, the United Nations adopted the 17 Sustainable Development Goals (SDGs) in the belief that businesses should play an important role to end poverty, fight inequality and injustice, and address climate change along with other economic, social and environmental issues by 2030. Early this year, we reviewed how our diverse businesses could contribute to the SDGs as well as prioritising the five SDGs that are most relevant to our Group and provide a supportive context to our sustainability framework, where appropriate and relevant.



## SUSTAINABILITY STATEMENT

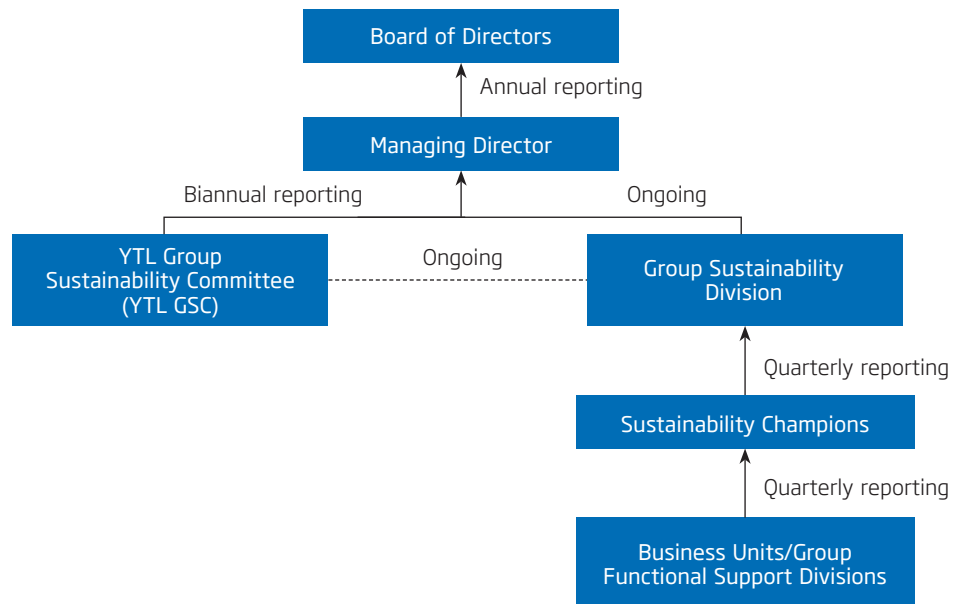
### GOVERNANCE STRUCTURE AND PRINCIPLES

This rewarding yet challenging journey is championed by our Board of Directors (the Board), whose roles include setting the strategy and tone, and laying down the foundation for sustainability to thrive across the YTL Group.

The Board's purview includes assessing and managing the impacts of our operations on economic, environmental and social capital underpinned by the Group's core governance principles spanning the Group's operations.

As we work towards integrating sustainability into all business practices, strategy and operations, the Board launched the Corporate Statement in 2016 as the guiding principles for responsible business, awareness and advocacy within the Group, available online at [www.ytl.com/sustainability](http://www.ytl.com/sustainability).

### YTL Group Sustainability Governance Structure



More information on our governance and internal control systems can be found in the Statement on Corporate Governance and the Statement on Risk Management and Internal Control set out separately in this Annual Report.





## SUSTAINABILITY STATEMENT

### MATERIALITY

Determining materiality helps us to identify and prioritise which issues to focus our collective efforts on. We define material issues as those that are relevant to our key stakeholders and would likely have a significant impact, be it positive or negative, on the YTL Group.

During the year under review, we embarked on reviewing and streamlining our key sustainability risks and opportunities through our materiality assessment exercise, and we are in the process of establishing a group-wide data management system to collate baseline data.

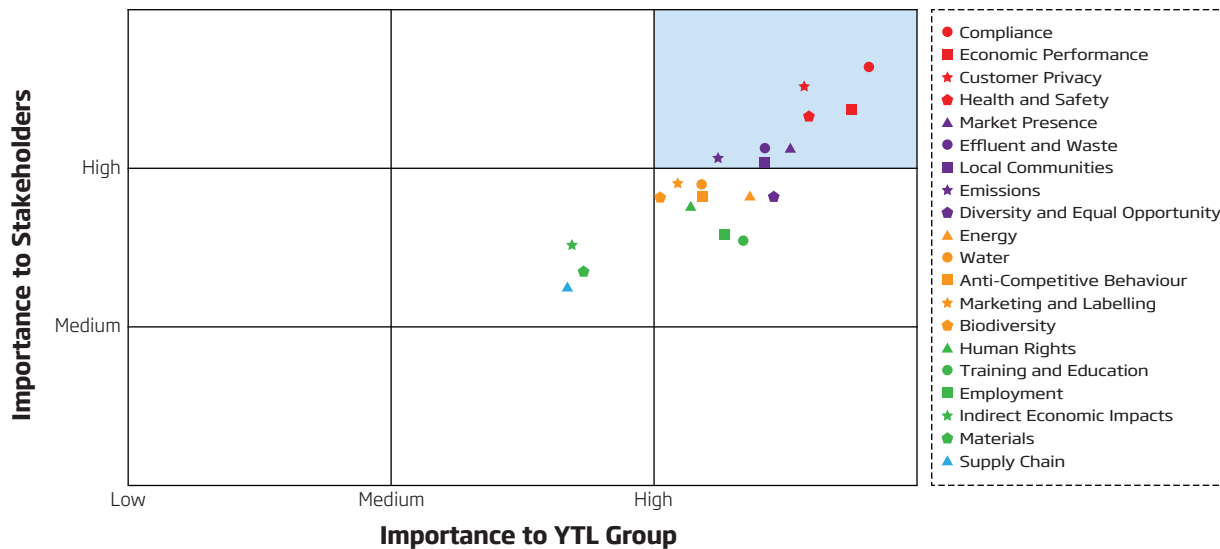
In early 2017, we conducted an online survey to reassess the material issues, with input from 33 leaders and senior managers from all of our significant functional and operational business

units. These sustainability matters were subsequently prioritised, evaluated and approved by top management.

The blue quadrant in the diagram below illustrates the most relevant material issues to both stakeholders and the YTL Group, which fall within our Sustainability Framework and serve as guidance for the Group’s future sustainability direction and reporting.

The scope of our reporting, along with a more detailed description of our materiality and stakeholder engagement as well as how we contribute to the five SDGs through our business operations and programmes can be found in our standalone **YTL Group Sustainability Report 2017**.

**YTL Group Materiality Matrix**



### MOVING FORWARD

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



# PROMOTION OF ARTS & CULTURE

"Music can communicate in a few notes a message that would take a thousand speeches to deliver. Music is the literature of the heart and gives us joy where words cannot reach."

- Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE, Managing Director of YTL Corporation Berhad







## CORPORATE EVENTS

**20 OCT 2016**

### UNVEILING OF NEW KLIA TRANSIT TRAINS

Express Rail Link Sdn Bhd, a 45% associate of YTL Corporation Berhad, unveiled its new KLIA Transit train at its depot in Salak Tinggi, officiated by Malaysia's Minister of Transport, YB Dato' Sri Liow Tiong Lai. The six new train-sets, manufactured by CRRC Changchun Railway Vehicles Company Limited, will increase total service capacity by fifty percent.



From left to right, Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay, Executive Chairman of YTL Corporation Berhad; YB Dato' Sri Liow Tiong Lai, Minister of Transport; YB Datuk Ab Aziz Kaprawi, Deputy Minister of Transport; Tan Sri Mohd Nadzmi Mohd Salleh, Executive Chairman of Express Rail Link Sdn Bhd; and Puan Noormah Mohd Noor, Chief Executive Officer of Express Rail Link Sdn Bhd.

**27 OCT 2016**

### ISETAN'S 1ST INTERNATIONAL FLAGSHIP JAPAN STORE OPENS IN LOT 10 SHOPPING CENTRE

Isetan Mitsukoshi Holdings Ltd, Japan's largest department store group, launched its first flagship Japan Store outside of Tokyo in Lot 10 Shopping Centre. Based on the 'Cool Japan' concept and occupying the store's six floors, with a total floor area of about 11,000 square meters, the store features a range of high-quality and designer products from around Japan.



From left to right, Mr Kazumi Murose, Japanese Human National Treasure & Lacquer artist; Ms Atsuko Nishigaki, Japan's Economy, Trade & Industry-Creative Industries Ministry Director; Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, Managing Director of YTL Corporation Berhad; Mr Hiroshi Ohnishi, President & Chief Executive Officer of Isetan Mitsukoshi Holdings Ltd; HE Dr Makio Miyagawa, Ambassador of Japan to Malaysia; Ms Aiko Shimajiri, Former Japanese Minister; Mr Nobuyuki Ota, Chief Executive Officer of Cool Japan Fund Inc; and Ms Maya Furuie, Store Manager of Isetan The Japan Store KL.

## CORPORATE EVENTS



From left to right, Mr Richard Higgins, Head of Surface Access Strategy, Gatwick Airport; Mr Yeow Wei Wen, Senior Vice President, Marketing & Sales Management, Express Rail Link Sdn Bhd; and Ms Milda Manomaityte, Director of the Global AirRail Alliance.

**15 NOV 2016**

### EXPRESS RAIL LINK SDN BHD WINS AIR RAIL LINK OF THE YEAR 2016

Express Rail Link Sdn Bhd, a 45% associate of YTL Corporation Berhad, won the coveted title of North Star Air Rail Link of the Year for the third time in a row at the Global AirRail Awards 2016 held in Helsinki, Finland. Express Rail Link Sdn Bhd, which owns and operates the KLIA Ekspres and KLIA Transit services operating between Kuala Lumpur International Airport and KL Sentral Station, first received this coveted award in 2012, and again in 2014 and 2015.

**30 NOV 2016**

### FROGASIA SDN BHD LAUNCHES FREE VIRTUAL LEARNING EDUCATION CONTENT PARTNERSHIP

FrogAsia Sdn Bhd and YTL Communications Sdn Bhd, both subsidiaries of YTL Corporation Berhad, entered into a partnership with Pelangi Publishing Group Berhad to equip students and teachers with free content on the Frog Virtual Learning Environment (Frog VLE) platform. Announced at the latest Leaps of Knowledge event series sponsored by YTL Foundation, over 600 educators, parents, students and members of the public were present to find more about 21st century learning on the Frog VLE platform.



From left to right, Ms Yeoh Pei Lou, Executive Director of FrogAsia Sdn Bhd; YB Dato' Kamalanathan Panchanathan, Malaysia's Deputy Minister of Education; Datuk Sum Kown Cheek, Executive Chairman & Group Managing Director of Pelangi Publishing Group Berhad; and Mr Wing K Lee, Chief Executive Officer of YTL Communications Sdn Bhd.



**15 JAN 2017**

### LAUNCH OF THE 'PROTON YES ALTITUDE PLAN'

Proton Holdings Bhd and YTL Communications Sdn Bhd, a subsidiary of YTL Corporation Berhad, teamed up to provide the 'Proton YES Altitude Plan' Package, available free to purchasers of selected Proton car variants, who receive a Yes Altitude smartphone and 4G LTE data usage of up to 16GB monthly for a year.

From left to right, Dato' Ahmad Fuaad Kenali, Chief Executive Officer of Proton Holdings Bhd; Dato' Yeoh Soo Keng, Executive Director of YTL Corporation Berhad; Mr Rohime Shafie, Chief Executive Officer of Proton Edar Sdn Bhd; Datuk Radzaif Mohamed, Deputy Chief Executive Officer of Proton Holdings Berhad; Mr Wing K Lee, Chief Executive Officer of YTL Communications Sdn Bhd; and Mr Jacob Yeoh Keong Yeow, Deputy Chief Executive Officer of YTL Communications Sdn Bhd.





# PROTECTION OF THE ENVIRONMENT

*"We are deeply aware that we are borrowing this world from our children. If we do not make concerted efforts to invest in our world, in education, the environment, the arts, then our children will already have a bleak future to inherit. This is why our efforts to reverse the tide, and push our world towards sustainability and moral responsibility, must be greater so that we can help to create greater momentum for change in corporate mind-sets and practices."*

*- Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE, Managing Director of YTL Corporation Berhad*







## CORPORATE EVENTS

**18 FEB 2017**

### GRAND OPENING OF HOTEL STRIPES KUALA LUMPUR

YTL Hotels & Properties Sdn Bhd, a wholly-owned subsidiary of YTL Corporation Berhad, celebrated the official opening of Hotel Stripes Kuala Lumpur, part of Marriott International's Autograph Collection and the YTL Group's second Autograph hotel in Malaysia.



From left to right, Mr Raj Menon, Chief Operating Officer-Asia-Pacific, Marriott International; Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, Managing Director, YTL Corporation Berhad; and Dato' Mark Yeoh Sock Kah, Executive Director, YTL Corporation Berhad.

**16 MAR 2017**

### ATTARAT POWER COMPANY PSC ACHIEVES FINANCIAL CLOSE & YTL POWER INTERNATIONAL BERHAD INCREASES EQUITY INTEREST TO 45%

Attarat Power Company PSC (APCO) achieved financial close for its 554 MW power generation project, which involves the construction of the first oil shale fired power station and open cast mine in Jordan. YTL Power International Berhad, a listed subsidiary of YTL Corporation Berhad, increased its stake in APCO to 45% (from 30% previously), whilst Guangdong Yudean Group Co Limited of China completed its acquisition of a 45% stake in APCO, with the remaining 10% held by Estonia's Eestie Energia AS.



From left to right, Mr Andres Anijalg, Project Director, Eestie Energia AS; Dato' Yeoh Seok Hong, Executive Director, YTL Corporation Berhad; HE Mr Hani Mulki, Prime Minister of the Hashemite Kingdom of Jordan; HE Dr Ibrahim Saif, Jordan's then Minister of Energy & Mineral Resources; and Dr Bassam Kakish, Adviser, APCO, at the signing ceremony.

## CORPORATE EVENTS

**31 MAR 2017**

### YTL GROUP WINS THREE AWARDS AT GLOBAL CSR AWARDS 2017

At the Global CSR Awards 2017, FrogAsia Sdn Bhd, a subsidiary of YTL Corporation Berhad, won the Platinum Award in Excellence in the Provision of Literacy & Education Category for its Hubs by FrogAsia initiative. YTL Hotels & Properties Sdn Bhd, a subsidiary of YTL Corporation Berhad, won the Platinum Award in the Best Environmental Excellence Category for its collective biodiversity conservation initiatives and programmes. PT Jawa Power, an associate of YTL Corporation Berhad, won the Gold Award in the Best Environmental Excellence Category for its water conservation programme.



Mr Ramesh Kana (left), President, UN Global Contract Network; and Mr Ralph Dixon (right), Director of Environmental Investments, YTL Corporation Berhad.



Mr Lachlan Colquhoun, Telecom Asia Editor-in-Chief (left); and Mr Wing K Lee (right), Chief Executive Officer of YTL Communications Sdn Bhd.

**11 MAY 2017**

### YTL COMMUNICATIONS SDN BHD WINS MOST INNOVATIVE VOICE SERVICE AWARD

YTL Communications Sdn Bhd, a subsidiary of YTL Corporation Berhad, won the Most Innovative Voice Service award at the Telecoms Asia Awards 2017, in recognition of its nationwide Voice-over-LTE (VoLTE) service, the first in Malaysia. The award recognises a service provider that demonstrates outstanding innovation in voice call functionality in this highly competitive industry.

**24 MAY 2017**

### OUTSTANDING CONTRIBUTION AWARD & PLATINUM AWARD FOR BEST FOOD COURT AT KL MAYOR TOURISM AWARDS

YTL Corporation Berhad's Managing Director, Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, was honoured with the Mayor's Award for Outstanding Contribution at the Kuala Lumpur Mayor's Tourism Awards 2017. The award recognises individuals who strive to promote Kuala Lumpur as an international tourist destination, offering world-class tourist facilities with excellent level of services. In addition, Lot 10 Hutong, located in Lot 10 Shopping Centre, won the Platinum Award in the Food Court category.



Tan Sri Dato' (Dr) Francis Yeoh Sock Ping (fourth from left), Managing Director of YTL Corporation Berhad, alongside the presenters and other winners of the awards.



## CORPORATE EVENTS

**25 MAY 2017**

### OUTSTANDING GREEN AIR RAIL TRANSPORT AWARD

Express Rail Link Sdn Bhd, a 45% associate of YTL Corporation Berhad, won the award for Outstanding Green Air Rail Transport, at the Malaysia Canada Business Council's Business Excellence Awards.



From left to right, HE Ms Judith St George, High Commissioner for Canada; Puan Noormah Mohd Noor, Chief Executive Officer of Express Rail Link Sdn Bhd; and YB Datuk Chua Tee Yong, Malaysia's Deputy Minister of International Trade.

**6 SEP 2017**

### PWC MALAYSIA BUILDING TRUST AWARDS 2017

YTL Corporation Berhad was a finalist at PwC Malaysia's Building Trust Awards 2017, which recognise Malaysian companies that are making efforts to build trust.



From left to right, Datuk Mohammad Faiz Azmi, Executive Chairman, PwC Malaysia; Ms Ho Say Keng, Group Company Secretary/Accountant, YTL Corporation Berhad; and Mr Faris Hadad-Zervos, Country Manager, Malaysia, The World Bank.

**19 SEP 2017**

### PROJECT BRIEFING TO THE PRIME MINISTER OF JORDAN

The Prime Minister of Jordan, His Excellency Mr Hani Mulki, met with Tan Sri Dato' (Seri) Dr Yeoh Tiong Lay, Executive Chairman of YTL Corporation Berhad, to discuss the progress of the 554 MW power generation project in Jordan being developed by Attarat Power Company PSC, which is 45% owned by YTL Power International Berhad, a listed subsidiary of YTL Corporation Berhad. The Prime Minister noted the importance of the strategic venture, which will increase reliance on local sources to diversify energy sources.



From left to right, Mr Mohammad Maaitah, Director of Attarat Power Company PSC; Mr Yeoh Keong Hann, Director, YTL Power Generation Sdn Bhd; Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay, Executive Chairman, YTL Corporation Berhad; HE Mr Hani Mulki, Prime Minister of the Hashemite Kingdom of Jordan; Dato' Yeoh Seok Hong, Executive Director, YTL Corporation Berhad; Dr Bassam Kakish, Adviser, Attarat Power Company PSC; HE Mr Saleh Kharabsheh, Jordan's Minister of Energy and Mineral Resources; and Mr Joseph Tan Choong Min, Director of Projects, YTL Power International Berhad.

## CORPORATE EVENTS

**21 SEP 2017**

### ASIAN POWER AWARDS 2017

YTL Power International Berhad, a listed subsidiary of YTL Corporation Berhad, and its 45% owned associate, Attarat Power Company PSC, won three awards at the Asian Power Awards 2017. Tan Sri Dato' (Dr) Francis Yeoh Sock Ping won the award for CEO of the Year for YTL Power International Berhad, whilst Attarat Power Company PSC, won awards for Innovative Power Technology of the Year and Coal Power Project of the Year (Silver) for its 554 MW oil shale mine-mouth power project at Attarat Um Ghudran in the Hashemite Kingdom of Jordan.



The team from YTL Power International Berhad with event sponsors, Charlton Media, at the awards ceremony.



Tan Sri Dato' (Dr) Francis Yeoh Sock Ping (left), Managing Director of YTL Corporation Berhad and YTL Power International Berhad, receives the award for CEO of the Year from Mr Tim Charlton, Editor-in-Chief of Charlton Media.

**27 SEP 2017**

### FORBES GLOBAL CEO CONFERENCE

The annual Forbes Global CEO Conference was held in Hong Kong, gathering some of the world's top visionaries, CEOs, tycoons and investors under the theme 'The Next Century'.



From left to right, Mr Douglas Hsu, Chairman, Far Eastern Group; Ms Francine LeFrak, Founder, Same Sky; Mr Dikembe Mutombo, Dikembe Mutombo Foundation; Mr S D Shibulal, Co-Founder, Infosys & Axilor Ventures; Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, Managing Director, YTL Corporation Berhad; and Ms Moira Forbes, Executive Vice President, Forbes Media, at the panel discussion entitled 'Good Values'.



Mr Michael Strobaek, Global CIO, Credit Suisse, and Tan Sri Dato' (Dr) Francis Yeoh Sock Ping.



Tan Sri Dato' (Dr) Francis Yeoh Sock Ping and Mr Steve Forbes, Chairman & Editor-in-Chief, Forbes Media.



teaching is a work of heart

Education is L

P. James James

YB P. Kamalanā  
Deputy Minister of E



A teacher takes  
a hand, opens a mind  
and touches a heart



IF U CAN READ THIS



# SUPPORTING EDUCATION & COMMUNITY DEVELOPMENT

"A comprehensive and inclusive education system is vital to the development of any community and country, and in today's world, this means bridging the digital divide between the urban and rural communities to ensure all our children have access to the best minds the world has to offer."

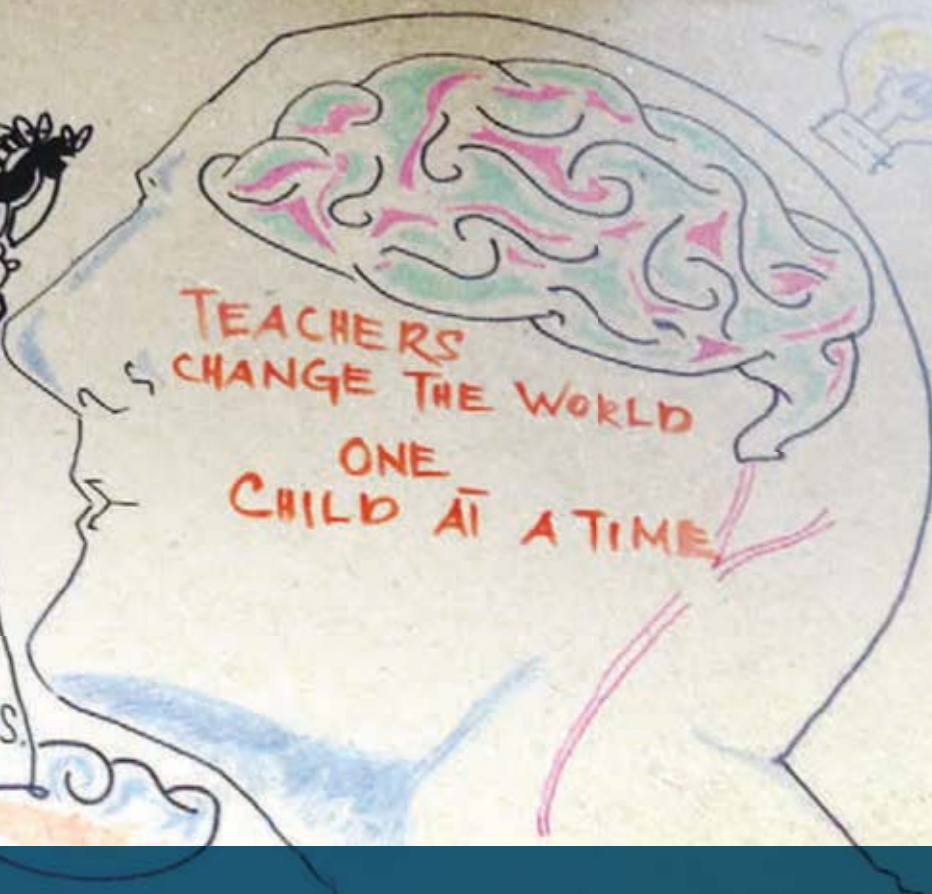
- Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE, Managing Director of YTL Corporation Berhad



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Education II



**TEACH**  
What You Love  
**SHARE** WHAT YOU  
KNOW  
You open EYES, minds  
Hearts & SOULS  
TO UNEXPLORED WORLDS.



TEACHERS  
CHANGE THE WORLD  
ONE  
CHILD AT A TIME

# NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Thirty-Fourth Annual General Meeting of YTL Corporation Berhad (“the Company”) will be held at Mayang Sari Grand Ballroom, Lower Level 3, JW Marriott Hotel Kuala Lumpur, 183 Jalan Bukit Bintang, 55100 Kuala Lumpur on Tuesday, the 12th day of December, 2017 at 12.45 p.m. to transact the following business:-

## AS ORDINARY BUSINESS

- |    |  |                                    |
|----|--|------------------------------------|
| 1. | To lay before the meeting the Audited Financial Statements for the financial year ended 30 June 2017 together with the Reports of the Directors and Auditors thereon.  | Please refer<br>Explanatory Note A |
| 2. | To re-elect the following Directors who retire pursuant to Article 84 of the Company’s Constitution:-  |                                    |
|    | (i) Dato’ Yeoh Soo Min   | Resolution 1                       |
|    | (ii) Dato’ Yeoh Seok Hong  | Resolution 2                       |
|    | (iii) Syed Abdullah Bin Syed Abd. Kadir  | Resolution 3                       |
|    | (iv) Dato’ Cheong Keap Tai   | Resolution 4                       |
| 3. | To re-appoint Eu Peng Meng @ Leslie Eu as Director of the Company.   | Resolution 5                       |
| 4. | To approve the payment of Directors’ fees amounting to RM720,000 for the financial year ended 30 June 2017.  | Resolution 6                       |
| 5. | To approve the payment of meeting attendance allowance of RM1,000 per meeting for each Non-Executive Director with effect from February 2017 until otherwise resolved. | 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. | <b>CONTINUING IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTORS</b>   |               |
|    | (i) “THAT subject to the passing of the Ordinary Resolution 4, approval be and is hereby given to Dato’ Cheong Keap Tai, who has served as Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to serve as an Independent Non-Executive Director of the Company.”     | Resolution 9  |
|    | (ii) “THAT subject to the passing of the Ordinary Resolution 5, approval be and is hereby given to Eu Peng Meng @ Leslie Eu, who has served as Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to serve as an Independent Non-Executive Director of the Company.” | Resolution 10 |

## NOTICE OF ANNUAL GENERAL MEETING

### 8. **PROPOSED AUTHORITY TO ALLOT SHARES PURSUANT TO SECTION 75 OF THE COMPANIES ACT, 2016**

“THAT pursuant to Section 75 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 11

### 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 22 November 2016, 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 dividend to the shareholders and/or resold on the market of Bursa Securities and/or subsequently cancelled; and/or
  - (c) part of the shares so purchased may be retained as treasury shares with the remainder being cancelled; and/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;



## NOTICE OF ANNUAL GENERAL MEETING

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 12

### 10. **PROPOSED RENEWAL OF SHAREHOLDER MANDATE FOR EXISTING RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("RRPT") AND PROPOSED NEW SHAREHOLDER MANDATE FOR ADDITIONAL RRPT**

"THAT the Company and/or its subsidiaries be and is/are hereby authorised to enter into recurrent related party transactions from time to time with Related Parties who may be a Director, a major shareholder of the Company and/or its subsidiaries or a person connected with such a Director or major shareholder, as specified in section 2.1.2 (a) & (b) of the Circular to Shareholders dated 30 October 2017 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 13

By Order of the Board,

### **HO SAY KENG**

Company Secretary

KUALA LUMPUR  
30 October 2017

## 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 and 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 2017. Only a depositor whose name appears on the General Meeting Record of Depositors as at 5 December 2017 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.

#### Re-appointment of Director

Eu Peng Meng @ Leslie Eu was re-appointed as a Director of the Company at the Thirty-Third Annual General Meeting ("AGM") of the Company held on 22 November 2016 pursuant to Section 129(6) of the Companies Act, 1965, to hold office until the conclusion of this AGM.

The Companies Act, 2016 which came into force on 31 January 2017, abolished the 70-year age limit for directors and the corresponding requirement for the continuing in office of directors of or over the age of 70 to be subject to members' approval at each annual general meeting. As such, Resolution 5, if passed, will enable Eu Peng Meng @ Leslie Eu to continue in office until such time that he is subject to retire by rotation in accordance with the requirements of the Company's Constitution.

#### 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 payment of meeting attendance allowance at the quantum specified will continue until such time a revision is proposed.

### EXPLANATORY NOTES TO SPECIAL BUSINESS

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

In line with Recommendation 3.3 of the Malaysian Code on Corporate Governance 2012, Resolutions 9 and 10 are to enable Dato' Cheong Keap Tai and Eu Peng Meng @ Leslie Eu to continue serving as Independent Directors 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 resolutions for their continuing in office as Independent Directors are set out under the Nominating Committee Statement in the Company's Annual Report 2017.

#### Resolution pursuant to Section 75 of the Companies Act, 2016

Resolution 11 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 Thirty-Third AGM held on 22 November 2016 ("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 11, 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 share of the Company for the time being without convening a general meeting which will be both time and cost consuming. The mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to placement of shares, for purpose of funding future investment project(s), working capital and/or acquisitions.

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

For Resolution 12, further information on the Share Buy-Back is set out in Part A of the Statement/Circular dated 30 October 2017 which is despatched together with the Company's Annual Report 2017.

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

For Resolution 13, further information on the Recurrent Related Party Transactions is set out in Part B of the Statement/Circular dated 30 October 2017 which is despatched together with the Company's Annual Report 2017.

## 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 Thirty-Fourth 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 Section 75 of the Companies Act, 2016 are set out in the Explanatory Notes to Special Business of the Notice of Thirty-Fourth Annual General Meeting.

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### EXECUTIVE CHAIRMAN

#### Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay

PSM, SPMS, SPDK, DPMS, KMN, PPN, PJK  
Hon DEng (Heriot-Watt), DBA (Hon) (UMS), Chartered Builder  
FCIOB, FAIB, FFB, FBIM, FSIET, FBGAM, FMID

### MANAGING DIRECTOR

#### Tan Sri Dato' (Dr) Francis Yeoh Sock Ping

PSM, CBE, FICE, SIMP, DPMS, DPMP, JMN, JP  
Hon LLD (Nottingham), Hon DEng (Kingston), BSc (Hons) Civil Engineering  
FFB, F Inst D, MBIM, RIM

### DEPUTY MANAGING DIRECTOR

#### Dato' Yeoh Seok Kian

DSSA  
BSc (Hons) Bldg, MCIQB, FFB

### DIRECTORS

#### Dato' Cheong Keap Tai

#### Dato' Yeoh Soo Min

DSPN, DPMP, DIMP  
BA (Hons) Accounting

#### Dato' Yeoh Seok Hong

DSPN, JP  
BEng (Hons) Civil & Structural Engineering, FFB

#### 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)

#### Dato' Ahmad Fuaad Bin Mohd Dahalan

ABS, DIMP, SIMP  
BA (Hons)

#### Eu Peng Meng @ Leslie Eu

BCom, FCILT

#### 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

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

## REGISTRAR

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

#### Eu Peng Meng @ Leslie Eu

(Chairman and Independent Non-Executive Director)

#### Dato' Cheong Keap Tai

(Independent Non-Executive Director)

#### Dato' Ahmad Fuaad Bin Mohd Dahalan

(Independent Non-Executive Director)

## NOMINATING COMMITTEE

#### Faiz Bin Ishak

(Chairman and Independent Non-Executive Director)

#### Dato' Cheong Keap Tai

(Independent Non-Executive Director)

#### Eu Peng Meng @ Leslie Eu

(Independent Non-Executive Director)

## AUDITORS

HLB Ler Lum (AF 0276)  
Chartered Accountants  
(A member of HLB International)

## STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad  
Main Market (3.4.1985)

Tokyo Stock Exchange  
Foreign Section (29.2.1996)



## PROFILE OF THE BOARD OF DIRECTORS

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

Malaysian, male, aged 87, was appointed to the Board on 24 June 1984 and has been the Executive Chairman since 24 January 1985. His contributions are well recognised with the conferment of the title of Doctor of Engineering by Heriot-Watt University, Edinburgh and his appointment as Honorary Life President of the Master Builders Association of Malaysia in 1988. He is the co-founder and the first Chairman of the ASEAN Constructors' Federation. On 26 October 2002, Tan Sri Yeoh Tiong Lay was conferred the Honorary Doctorate in Philosophy (Business Administration) by Universiti Malaysia Sabah. He was installed as Pro-Chancellor for Universiti Malaysia Sabah on 1 July 2005. He is the past President and Lifetime member of the International Federation of Asian and Western Pacific Contractors Association. On 19 January 2008, Tan Sri Yeoh Tiong Lay was conferred the prestigious Order of the Rising Sun, Gold Rays with Neck Ribbon by the Emperor of Japan in recognition of his outstanding contribution towards the economic co-operation and friendship between Japan and Malaysia, including his efforts as an executive member and Vice President of the Malaysia-Japan Economic Association. On 20 August 2009, Tan Sri Yeoh Tiong Lay was accorded a Lifetime Achievement Award at the Asia Pacific Entrepreneurship Awards 2009 (APEA 2009) in recognition of his outstanding entrepreneurial achievements and contribution towards the development of the nation. He is also the Honorary Chairman of Tung Shin Hospital and is on the Board of Governors for several schools. Tan Sri Yeoh Tiong Lay is also the Executive Chairman of YTL Power International Berhad, a

company listed on the Main Market of Bursa Malaysia Securities Berhad. He is also a board member of other public companies such as YTL Cement Berhad and YTL Industries Berhad, and a private utilities corporation, Wessex Water Limited in England and Wales. He also sits on the board of trustees of YTL Foundation.

### TAN SRI DATO' (DR) FRANCIS YEOH SOCK PING

Malaysian, male, aged 63, was appointed to the Board on 6 April 1984 as an Executive Director and has been the Managing Director of the Company since April 1988. 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 Land & Development Berhad, YTL Hospitality REIT and Starhill Global REIT.

He is presently the Managing Director of YTL Power International Berhad and YTL Land & Development Berhad which are listed on the Main Market of Bursa Malaysia Securities Berhad. He is the Executive Chairman and Managing Director of YTL e-Solutions Berhad. He is also the Executive Chairman of YTL

Starhill Global REIT Management Limited, the manager of Starhill Global REIT, a vehicle listed on the Main Board of the Singapore Exchange Securities Trading Limited (SGX-ST). Tan Sri Francis sits on the boards of several public companies such as YTL Industries Berhad and YTL Cement Berhad. 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 and Chief Executive Officer of Pintar Projek Sdn Bhd, the manager of YTL Hospitality REIT. 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 the 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.

## PROFILE OF THE BOARD OF DIRECTORS

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

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

### **DATO' YEOH SEOK KIAN**

Malaysian, male, aged 60, was appointed to the Board on 24 June 1984 as an Executive Director. He is currently the Deputy Managing Director of the Company. He graduated from Heriot-Watt University, Edinburgh, United Kingdom in 1981 with a Bachelor of Science (Hons) Degree in Building 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 serves as Deputy Managing Director of YTL Power International Berhad and Executive Director of YTL Land & Development Berhad, both listed on the Main Market of Bursa Malaysia Securities Berhad. Dato' Yeoh also sits on the boards of other public companies such as YTL Cement Berhad, YTL Industries Berhad and The Kuala Lumpur Performing Arts Centre, and private utilities 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 REIT, a vehicle listed on the Main Board of the Singapore Exchange Securities Trading Limited (SGX-ST). He is also an Executive Director of Pintar Projek Sdn Bhd, the manager of YTL Hospitality REIT.

### **DATO' CHEONG KEAP TAI**

Malaysian, male, aged 69, was appointed to the Board on 30 September 2004 as an Independent Non-Executive Director. He is also a member of the Audit Committee and Nominating Committee. Dato' Cheong graduated from the University of Singapore with a Bachelor of Accountancy. He is a Chartered Accountant of Malaysian Institute of Accountants, a member of the Malaysian Institute of Certified Public Accountants, member of Malaysian Institute of Taxation and member of the Institute of Chartered Secretaries and Administrators. Dato' Cheong is also a Licensed Tax Agent and a Licensed Goods & Service Tax Agent. Dato' Cheong was the Executive Director and Partner of Coopers & Lybrand and upon its merger with Price Waterhouse was the Executive Director, Partner and Chairman of the Governance Board of PricewaterhouseCoopers until his retirement in December 2003. He is currently also a director of YTL Land & Development Berhad, YTL e-Solutions Berhad, Gromutual Berhad, Tanah Makmur Berhad and several private limited companies.

### **DATO' YEOH SOO MIN**

Malaysian, female, aged 61, was appointed to the Board on 24 June 1984 as an Executive Director. She graduated with a Bachelor of Art (Hons) Degree in Accounting. She did her Articleship at Leigh Carr and Partners, London and has gained vast experience in accounting and management. She was responsible for the setting up of the Travel and Accounting Division of the YTL Group in December 1990. Dato' Yeoh Soo Min is currently responsible for the accounting

## PROFILE OF THE BOARD OF DIRECTORS

and finance systems for the YTL Group. She is an Associate Fellow member of the Malaysian Institute of Management. She was the past President of the Women in Travel Industry. She is currently a Fellow of the Governors of International Students House, London and is a Trustee of Yayasan Tuanku Fauziah, IJN Foundation, and Women's Leadership Endowment Fund. She also holds directorships in YTL Power International Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad and YTL Industries Berhad.

### **DATO' YEOH SEOK HONG**

Malaysian, male, aged 58, was appointed to the Board on 19 June 1985 as an Executive Director. He obtained his Bachelor of Engineering (Hons) Civil & Structural Engineering Degree from the University of Bradford, United Kingdom in 1982. He is a member of the Faculty of Building, United Kingdom. In 2010, he was conferred an Honorary Doctor of Science degree by Aston University in the United Kingdom. Dato' Yeoh Seok Hong has vast experience in the construction industry, being the Executive Director responsible for the YTL Group construction division. He was the project director responsible for the development and the construction of the two Independent Power Producer power stations owned by YTL Power Generation Sdn Bhd. His other achievements include the construction of the Express Rail Link between the Kuala Lumpur International Airport and the Kuala Lumpur Sentral Station. He is also responsible for developing the power and utility businesses of the YTL Power International Berhad Group and the building of the fourth generation (4G)

Worldwide Interoperability for Microwave Access (WiMAX) network by YTL Communications Sdn Bhd. He serves as an Executive Director of YTL Power International Berhad and YTL Land & Development Berhad, both listed on the Main Market of Bursa Malaysia Securities Berhad. Dato' Yeoh Seok Hong also sits on the boards of other public companies such as YTL Cement Berhad and YTL Industries Berhad, and 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.

### **DATO' SRI MICHAEL YEOH SOCK SIONG**

Malaysian, male, aged 57, was appointed to the Board on 19 June 1985 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 the YTL Group Manufacturing Division which activities involve cement manufacturing and other building material industries. He serves as an Executive Director of YTL Power International Berhad and YTL Land & Development Berhad, both listed on the Main Market of Bursa Malaysia Securities Berhad. He also sits on the boards of other public companies such as YTL e-Solutions Berhad, YTL Cement Berhad, YTL Industries Berhad, and a private utilities corporation, YTL PowerSeraya Pte Limited in Singapore.

### **DATO' YEOH SOO KENG**

Malaysian, female, aged 54, was appointed to the Board on 16 May 1996 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 the 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 Power International Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad, YTL e-Solutions Berhad and YTL Cement 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 board of the World Scout Foundation.



## PROFILE OF THE BOARD OF DIRECTORS

### **DATO' MARK YEOH SEOK KAH**

Malaysian, male, aged 52, was appointed to the Board on 22 June 1995 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 Power International Berhad and YTL Land & Development Berhad, both listed on the Main Market of Bursa Malaysia Securities Berhad. He is also a board member of 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. He is also an Executive Director of Pintar Projek Sdn Bhd, the manager of YTL Hospitality REIT.

### **DATO' AHMAD FUAAD BIN MOHD DAHALAN**

Malaysian, male, aged 67, was appointed to the Board on 26 November 2015 as an Independent Non-Executive Director. He is also a member of the Audit Committee. Dato' Ahmad Fuaad holds a Bachelor of Arts (Hons) degree from the University of Malaya. He was attached with Wisma Putra, Ministry of Foreign Affairs as

Malaysian Civil Service ("MCS") Officer in April 1973 before joining Malaysia Airlines in July 1973. While in Malaysia Airlines, Dato' Ahmad Fuaad served various posts and his last position was as the Managing Director. He was formerly a director of Lembaga Penggalakan Pelancongan Malaysia, Malaysia Industry-Government Group for High Technology and Malaysia Airports Holdings Berhad. He was the Chairman of Tokyo Marine Insurans (Malaysia) Berhad from 6 June 2008 to 23 March 2017. Currently, Dato' Ahmad Fuaad is a director of YTL e-Solutions Berhad, Hong Leong Capital Berhad and Pintar Projek Sdn Bhd, the manager of YTL Hospitality REIT.

### **EU PENG MENG @ LESLIE EU**

Malaysian, male, aged 82, was appointed to the Board on 31 March 2003 as an Independent Non-Executive Director. He is also the Chairman of the Audit Committee and a member of Nominating Committee. Mr Leslie Eu graduated with the degree of Bachelor of Commerce from the University College Dublin, Ireland in 1959. He was nominated by Bank Negara Malaysia to be one of the founding directors of Global Maritime Ventures Berhad to undertake the expansion and direct investment in the maritime industry in 1994. He has been in the shipping business for over 50 years and was the first Chief Executive Officer of Malaysian International Shipping Corporation Berhad from the company's inception in 1969 until his early retirement in 1985. Mr Leslie Eu was a board member of Lembaga Pelabuhan Kelang from 1970 to 1999 and is a Member Emeritus of the American Bureau of Shipping. He was appointed by the United Nations

Conference on Trade and Development as one of 13 experts to assist developing nations in establishing their maritime fleets. Mr Leslie Eu presently serves on the boards of YTL Land & Development Berhad and YTL Cement Berhad. He is also a director of Pintar Projek Sdn Bhd, the manager of YTL Hospitality REIT.

### **SYED ABDULLAH BIN SYED ABD. KADIR**

Malaysian, male, aged 63, was appointed to the Board on 20 October 1999 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 Power International Berhad which is listed on the Bursa Malaysia Securities Berhad and YTL e-Solutions Berhad.

## PROFILE OF THE BOARD OF DIRECTORS

### FAIZ BIN ISHAK

Malaysian, male, aged 59, was appointed to the Board on 1 December 2011 as an Independent Non-Executive Director. He is also the Chairman of the Nominating Committee. He graduated from the Association of Chartered Certified Accountants (ACCA) in the United Kingdom in 1982. He was admitted as associateship and fellowship of the association in 1993 and 1998 respectively.

He served in various posts in The New Straits Times Press (M) Berhad since 1982 and was appointed as the Managing Director in 1999 till 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. Encik Faiz is presently a business entrepreneur in retail food and beverage. He also serves on the board of YTL Power International Berhad which is listed on the Main Market of Bursa Malaysia Securities Berhad.

### DETAILS OF ATTENDANCE OF DIRECTORS AT BOARD MEETINGS

During the financial year, a total of 6 Board meetings were held and the details of attendance are as follows:-

	Attendance
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	5
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping	6
Dato' Yeoh Seok Kian	6
Dato' Cheong Keap Tai	5
Dato' Yeoh Soo Min	5
Dato' Yeoh Seok Hong	6
Dato' Sri Michael Yeoh Sock Siong	6
Dato' Yeoh Soo Keng	5
Dato' Mark Yeoh Seok Kah	6
Eu Peng Meng @ Leslie Eu	6
Syed Abdullah Bin Syed Abd. Kadir	6
Faiz Bin Ishak	6
Dato' Ahmad Fuaad Bin Mohd Dahalan	6

#### Notes:

#### 1. Family Relationship with Director and/or Major Shareholder

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

#### 2. Conflict of Interest

None of the Directors has any conflict of interest with the Company.

#### 3. Conviction of Offences (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 72, 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 40 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 the Venturers' Academy, a specialist autism free school. He chairs 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.

### CHAN SWEE HUAT

Singaporean, male, aged 61, was appointed to the board of directors of YTL PowerSeraya Pte Ltd on 16 October 2013.

He was also appointed the Chief Executive Officer of the YTL PowerSeraya Pte Limited Group on 16 October 2013.

Prior to his current appointment, he was Senior Vice President of the Trading & Fuel Management Group, where he was responsible for the planning, development and implementation of effective business strategies in the areas of physical oil storage, bunkering and chartering.

Swee Huat is trained as a mechanical engineer with over 25 years of experience in business development, planning, and management of power plant assets. He initially joined YTL PowerSeraya Pte Limited in 2001 and headed the Business Development Group. He had also served as Vice President of the Power Generation group for three years where he played a pivotal role in ensuring high plant efficiency and availability and maintained the competitive standing of the company in the new Electricity Market from 2004 to 2006.

### LEE WING KUI

American, male, aged 50, 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 22 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.



## PROFILE OF KEY SENIOR MANAGEMENT

### HO SING

Singaporean, male, aged 51, was appointed the Executive Director and Chief Executive Officer of YTL Starhill Global REIT Management Limited ("YSGRM"), the manager of Starhill Global REIT, on 20 April 2010. He works with the Chairman and the Board of YSGRM in formulating strategies for Starhill Global REIT and is responsible for the day-to-day operations of Starhill Global REIT.

He has over 25 years of leadership and management experience with multi-national companies in engineering, medical, infrastructure, and real estate. These included senior positions in the Singapore Technologies Group, Dornier Medical, Sembcorp Industries and Guocoland Limited. He is currently an Independent Non-Executive Director of Daiman Development Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad.

Mr Ho holds a Bachelor of Science degree in Aerospace Engineering from the University of Texas, Austin, USA. He also completed the Stanford Executive Program at Stanford University in 2002.

### TAN CHECK HONG

Malaysian, male, aged 70, was appointed Executive Director - International Operations (Cement) of YTL Cement Berhad in 2009.

He graduated with a Bachelor of Science (Hons) degree in Applied Geology from the University of Malaya in 1970. He first worked as a Field Geologist in Rompin Mining Sdn Bhd for 6 months before joining Associated Pan Malaysia Cement Sdn Bhd and began his career in the cement industry. He worked in the company's two integrated cement plants in Rawang and Kanthan, in ascending roles, from Production Executive, Production Superintendent to Production Manager. He was then promoted to Works Manager of the Kanthan plant in 1989, and two years later transferred to head office as Production Controller, responsible for the efficient operation of both plants. In 1993, Mr Tan was made the General Manager of Simen Utama Sdn Bhd, a cement marketing company.

He joined YTL Group in 1996 as General Manager of Pahang Cement Sdn Bhd. He built up the initial cement division team and initiated a culture of dedication and excellence in plant operation, that enabled the cement division to expand and acquire other cement plants. Whilst he continues to support and advise the new management team, in recent years, he has focussed on overseas opportunities to expand the cement division's footprint in the Asean region, leveraging on his 45 years' experience in the industry.

#### Notes:

Save as disclosed, 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 2017, 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 and Financial Reporting Standards in Malaysia.

# AUDIT COMMITTEE REPORT

## COMPOSITION

### Eu Peng Meng @ Leslie Eu

(Chairman/Independent Non-Executive Director)

### Dato' Cheong Keap Tai

(Member/Independent Non-Executive Director)

### Dato' Ahmad Fuaad Bin Mohd Dahalan

(Member/Independent Non-Executive Director)

## TERMS OF REFERENCE

The terms of reference can be found under the "Governance" section on the Company's website at [www.ytl.com](http://www.ytl.com).

## NUMBER OF MEETINGS HELD AND DETAILS OF ATTENDANCE

During the financial year, a total of 6 Audit Committee Meetings were held and the details of attendance are as follows:-

	Attendance
Eu Peng Meng @ Leslie Eu	6
Dato' Cheong Keap Tai	6
Dato' Ahmad Fuaad Bin Mohd Dahalan	5

## SUMMARY OF WORK CARRIED OUT DURING FINANCIAL YEAR

The Audit Committee carried out the following work during the financial year ended 30 June 2017 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 their recommendation to the Board of Directors for approval:
  - Quarterly financial results for the fourth quarter of financial year ended 30 June 2016, and the annual audited financial statements for the financial year ended 30 June 2016 at the Audit Committee meetings held in 25 August 2017 and 21 September 2016, respectively;

- First, second and third quarters of the quarterly results for the financial year ended 30 June 2017 at the Audit Committee meetings held 16 November 2016, 22 February 2017 and 24 May 2017, respectively.

(b) At the Audit Committee meetings, the Financial Reports were presented by the Senior Finance Manager wherein the following matters were reviewed and confirmed, with clarification and/or additional information provided wherever required by the Managing Director/Executive 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, carrying value of investment, and retirement benefits were prudent and the underlying assumptions and/or estimates used were reasonable in accordance with the requirements of the Financial Reporting Standards ("FRS");
- Adequate processes and controls were in place for effective and efficient financial reporting and disclosures under the FRS 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, Messrs HLB Ler Lum:-
  - their final report on the audit of the financial statements for financial year ended 30 June 2016



## AUDIT COMMITTEE REPORT

setting out their comments and conclusions on the significant audit and accounting matters highlighted, including management's judgements, estimates and/or assessments made, and adequacy of disclosures in the financial statements;

- the audit plan for the financial year ended 30 June 2017 outlining, amongst others, their scope of work, and areas of audit emphasis and multi-location audit, and development in laws and regulations affecting financial reporting and the roles and responsibilities of directors/audit committee members and auditors;
  - the profiles of the audit engagement team which enabled the Audit Committee to assess their qualifications, expertise, resources, and independence, as well as the effectiveness of the audit process. The external auditors also confirmed their independence in each of the reports presented to the Audit Committee.
- (b) Reviewed the audit fees proposed by the external auditors together with management and recommended the negotiated fees agreed with the external auditors to the Board of Directors for approval;
- (c) Had discussions with the external auditors twice during the financial year, namely on 21 September 2016 and 24 May 2017, without the presence of management, to discuss matters concerning the audit for the financial year ended 30 June 2016;
- (d) Arising from the new international standards of auditing relating to key audit matters and going concern which took effect on 15 December 2016, and to facilitate a better understanding of the requirements, a draft illustrative new auditors' report prepared based on the audit of the financial statements of the Group and of the Company for the financial year ended 30 June 2016 was reviewed by the Audit Committee.

### 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;
- (b) Reviewed and adopted the internal audit risk analysis reports for 2017. 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;
- (c) Reviewed and adopted the risk-based internal audit plan for financial year ending 30 June 2018 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 the right calibre of resource in place.

### 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 2016 circular to shareholders in relation to the renewal of shareholder mandate for RRPT, prior to its recommendation to the Board of Directors for approval.

## AUDIT COMMITTEE REPORT

### 5. 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 2016 Annual Report.

### INTERNAL AUDIT FUNCTION

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

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 recommending 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, 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 RM2,732,007 were incurred in relation to the internal audit function for the financial year ended 30 June 2017.

# NOMINATING COMMITTEE STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

## NOMINATING COMMITTEE (“NC”)

The NC assists the Board of Directors of YTL Corporation 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 Corp Group”).

The terms of reference of the NC can be found under the “Governance” section on the Company’s website at [www.ytl.com](http://www.ytl.com).

Members of the NC are as follows:-

- Faiz Bin Ishak (*Chairman*)
- Eu Peng Meng @ Leslie Eu
- Dato’ Cheong Keap Tai

The NC met twice during financial year ended 30 June 2017, attended by all members at every meeting.

## ACTIVITIES OF THE NC FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

### (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 re-election/re-appointment

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.

Although the 70-year age limit for directors had been abolished under the Companies Act, 2016, directors who were appointed by the members at the last annual general meeting pursuant to Section 129 of the Companies Act, 1965 (“Section 129 CA65”) to hold office until the conclusion of the next annual general meeting, are required to be re-appointed in order to continue in office. If re-appointed, these directors will then be subject to retirement by rotation in accordance with the Company’s Constitution.

In June 2017, based on the results of the assessment undertaken for the financial year, the NC resolved to recommend to the Board that:-

- Dato’ Yeoh Soo Min, Dato’ Yeoh Seok Hong, Syed Abdullah Bin Syed Abd. Kadir and Dato’ Cheong Keap Tai, who are due to retire pursuant to Article 84 at the Thirty-Fourth Annual General Meeting of the Company (“AGM”), stand for re-election;
- Tan Sri Dato’ Seri (Dr) Yeoh Tiong Lay, and Eu Peng Meng @ Leslie Eu, who were re-appointed at the Thirty-Third AGM of the Company pursuant to Section 129 CA65 to hold office until the conclusion of the Thirty-Fourth AGM, stand for re-appointment.

Both Eu Peng Meng @ Leslie Eu and Dato’ Cheong Keap Tai abstained from deliberations at the NC meeting on their own re-election and re-appointment, respectively.

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



## NOMINATING COMMITTEE STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

### ii. 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 Bursa Malaysia Securities Berhad Main Market Listing Requirements and Practice Note 13, the INED were assessed on their ability and commitment to continue to bring independent and objective judgement to board deliberations.

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

The Board, save for Eu Peng Meng @ Leslie Eu and Dato’ Cheong Keap Tai who had abstained from deliberations on the matter, is satisfied with the skills, contributions and independent judgement that Eu Peng Meng @ Leslie Eu and Dato’ Cheong Keap Tai, who have served for 9 years or more, bring to the Board. For these reasons, the Board, save for Eu Peng Meng @ Leslie Eu and Dato’ Cheong Keap Tai, recommends and supports the resolutions for their continuing in office as INED of the Company which will be tabled for shareholders’ approval at the forthcoming AGM.

### (B) ANNUAL ASSESSMENT

In May 2017, 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/theirs 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 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 Form.

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.

Results of the assessment were summarised and discussed at the NC meeting held in June 2017 and reported to the Board by the NC. The evaluation results confirmed that 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 2017 were satisfactory. These results form the basis of the NC’s recommendations to the Board for the re-election and re-appointment of Directors at the AGM.

### (C) REVIEW OF THE NC STATEMENT FOR FINANCIAL YEAR ENDED 30 JUNE 2016

The NC Statement was reviewed by the NC prior to its recommendation to the Board for approval for inclusion in 2016 Annual Report.

## NOMINATING COMMITTEE STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

### 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, two or 22% of the Company's Executive Directors are women and they make up 15% of the full Board. Although it has not set any specific measurable objectives, the Board intends to continue its current approach to diversity in all aspects while at the same time seeking Board members of the highest calibre, and with the necessary strength, experience and skills to meet the needs of the Company.

### 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 Corp Group as well as an ongoing reference.

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.

During the financial year ended 30 June 2017, the following four in-house training programmes were organised for the Directors:-

- YTL Leadership Conference 2016;
- Organisation for Economic Co-operation and Development ("OECD") - Base Erosion and Profit Shifting ("BEPS") Initiative;
- Cybersecurity in the Boardroom;
- Establishing effective Governance, Risk and Compliance ("GRC") practices to drive Strategy, Performance and Sustainability.

All the Directors have undergone training programmes during the financial year ended 30 June 2017. The conferences, seminars and training programmes attended by one or more of the Directors covered the following areas:-

Seminars/Conferences/Training	Attended by
<p>► <b>Corporate Governance ("CG")/Risk Management &amp; Internal Controls/ Taxation/Financial/Legal/Technology</b></p>	
• National Tax Conference 2016 (9 & 10 August 2016)	Dato' Cheong Keap Tai
• Case Study Workshop for Independent Directors: <i>"Rethinking - Independent Directors: A New Frontier"</i> (22 August 2016)	Syed Abdullah Bin Syed Abd. Kadir
• Common Breaches of the Listing Requirements with Case Studies (30 August 2016)	Syed Abdullah Bin Syed Abd. Kadir
• MIT Insights Series #9 by Dr Douglas T. Breeden - <i>"Central Bank Policy Impacts on the Distribution of Future Interest Rates &amp; Behavioural Decision Making and Risk Management in Recent Financial Crises"</i> (28 September 2016)	Dato' Yeoh Soo Min
• Role of the Chairman & Independent Directors (28 September 2016)	Eu Peng Meng @ Leslie Eu Faiz Bin Ishak

**NOMINATING COMMITTEE  
STATEMENT**  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

Seminars/Conferences/Training	Attended by
<b>► Corporate Governance (“CG”)/Risk Management &amp; Internal Controls/ Taxation/Financial/Legal/Technology</b>	
• Qualcomm 4G/5G Summit 2017 (17 October 2016 – 19 October 2016)	Dato’ Yeoh Soo Keng
• MIA International Accountants Conference 2016 (15 & 16 November 2016)	Dato’ Cheong Keap Tai
• National Tax Seminar 2016 (17 November 2016)	Dato’ Cheong Keap Tai
• OECD – BEPS Initiative (23 February 2017)	Tan Sri Dato’ Seri (Dr) Yeoh Tiong Lay (“Tan Sri Yeoh Tiong Lay”) Tan Sri Dato’ (Dr) Francis Yeoh Sock Ping (“Tan Sri Francis Yeoh”) Dato’ Yeoh Seok Kian Dato’ Cheong Keap Tai Dato’ Yeoh Soo Min Dato’ Yeoh Seok Hong Dato’ Sri Michael Yeoh Sock Siong Dato’ Yeoh Soo Keng Dato’ Mark Yeoh Seok Kah Dato’ Ahmad Fuaad Bin Mohd Dahalan Eu Peng Meng @ Leslie Eu Syed Abdullah Bin Syed Abd. Kadir Faiz Bin Ishak
• National GST Conference 2017 (28 February 2017 & 1 March 2017)	Dato’ Cheong Keap Tai
• Mobile World Congress 2017 (27 February 2017 – 2 March 2017)	Dato’ Yeoh Soo Keng
• Cybersecurity in the Boardroom (17 April 2017)	Tan Sri Yeoh Tiong Lay Tan Sri Francis Yeoh Dato’ Yeoh Seok Kian Dato’ Cheong Keap Tai Dato’ Yeoh Soo Min Dato’ Sri Michael Yeoh Sock Siong Dato’ Yeoh Soo Keng Dato’ Mark Yeoh Seok Kah Dato’ Ahmad Fuaad Bin Mohd Dahalan Eu Peng Meng @ Leslie Eu Syed Abdullah Bin Syed Abd. Kadir Faiz Bin Ishak
• Impact of the Companies Act 2016 on Directors and Shareholders (25 & 26 April 2017)	Dato’ Cheong Keap Tai Dato’ Ahmad Fuaad Bin Mohd Dahalan
• 4th Industrial Revolution: Impact and Opportunities for Manufacturing and Financial Services (19 May 2017)	Dato’ Ahmad Fuaad Bin Mohd Dahalan
• Establishing effective GRC practices to drive Strategy, Performance and Sustainability (2 June 2017)	Tan Sri Yeoh Tiong Lay Tan Sri Francis Yeoh Dato’ Mark Yeoh Seok Kah Syed Abdullah Bin Syed Abd. Kadir Faiz Bin Ishak



## NOMINATING COMMITTEE STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

Seminars/Conferences/Training	Attended by
<b>► Trade/Economic Development, Sustainability</b>	
• MIT Insights Series #8 by Professor Richard Schmalensee - <i>"Matchmakers: The New Economics of Multi-sided Platforms"</i> (7 September 2016)	Dato' Yeoh Soo Min
• London School of Economics Insights dinner talk - <i>"After Brexit - Britain, Europe and the World"</i> (26 September 2016)	Dato' Ahmad Fuaad Bin Mohd Dahalan Syed Abdullah Bin Syed Abd. Kadir
• An Evening of Stimulating Dialogue with Singapore Management University (SMU) President, Professor Arnoud De Meyer - <i>"The Future Economy: Digital, Jobs &amp; Education"</i> (21 October 2016)	Dato' Yeoh Soo Min
• MIT Insights Series #10 by Professor Danny Quah - <i>"The Economic Case for a New World Order"</i> (22 November 2016)	Dato' Yeoh Soo Min
• Business Breakfast Roundtable with The Hon. Julie Bishop MP, Minister for Foreign Affairs of Australia (15 March 2017)	Dato' Yeoh Soo Min
• Hong Leong Capital Berhad Sustainability Reporting: Awareness Session (20 April 2017)	Dato' Ahmad Fuaad Bin Mohd Dahalan
<b>► Leadership, Corporate Social Responsibility, and Business Management</b>	
• Leaps of Knowledge: Creating Connections (30 November 2016)	Dato' Yeoh Soo Min
• YTL Leadership Conference 2016 (19 December 2016)	Tan Sri Francis Yeoh 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 Faiz Bin Ishak
• Global Transformation Forum 2017 (22 March 2017 & 23 March 2017)	Dato' Yeoh Seok Hong Dato' Yeoh Soo Min Dato' Yeoh Soo Keng Syed Abdullah Bin Syed Abd. Kadir
• The Inaugural Business Leaders Brunch with The World Bank Group & 30% Club Malaysia - <i>"Tackling Sustainability Together"</i> (26 March 2017)	Dato' Yeoh Soo Min

# STATEMENT ON CORPORATE GOVERNANCE

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

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

The YTL Corp 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 Corp Group, whilst taking into account the interests of all stakeholders.

In implementing its governance system and ensuring compliance with the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”), the Board has been guided by the principles and recommendations of the Malaysian Code on Corporate Governance, which was first issued in 2000 and subsequently revised in 2007 and 2012 (“2012 Code”). In April 2017, the Securities Commission Malaysia released the new Malaysian Code on Corporate Governance, a key feature of which is the introduction of the Comprehend, Apply and Report (CARE) approach, and the shift from “comply or explain” to “apply or explain an alternative”, to encourage listed companies to put more thought and consideration into the adoption of and reporting on their corporate governance practices. Companies are expected to report their application of the practices in the new code from the financial year ending 31 December 2017 and, as such, the Board and the Company are in the process of determining the necessary changes to its practices and procedures and will report on compliance with the new code in YTL Corp’s next annual report for the financial year ending 30 June 2018.

The Board is satisfied that the Company has, in all material aspects, complied with the principles and recommendations of the 2012 Code for the financial year ended 30 June 2017. This statement explains the Company’s application of the principles and compliance with the recommendations as set out in the 2012 Code for the financial year under review, including, where otherwise indicated, explanations of its alternative measures and processes.

## ROLES & RESPONSIBILITIES OF THE BOARD

YTL Corp 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 Corp Group’s operations. This broad spectrum of skills and experience ensures the YTL Corp 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 Corp Group. Key elements of the Board’s stewardship responsibilities include those set out in the 2012 Code:

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

The Managing Director and Executive Directors are accountable to the Board for the profitability and development of the YTL Corp 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 Corp 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 judgement to bear on issues of strategy, performance and resources brought before the Board. The Executive Directors are collectively accountable for the running and management of

## STATEMENT ON CORPORATE GOVERNANCE

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

the YTL Corp 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 Corp Group conducts its business.

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

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

The Board believes sustainability is integral to the long-term success of the YTL Corp Group. Further information on the YTL Corp Group's sustainability activities can be found in the *YTL Group Sustainability Report 2017*, a separate report published in conjunction with this Annual Report.

The Board's functions are governed and regulated by 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.ytl.com](http://www.ytl.com).

Board meetings are scheduled with due notice in advance at least 5 times in a year in order to review and approve the annual and interim financial results. Additional meetings may also be convened on an ad-hoc basis when significant issues arise relating to the YTL Corp Group and when necessary to review the progress of its operating subsidiaries in achieving their strategic goals. The Board met 6 times during the financial year ended 30 June 2017.

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

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

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



## STATEMENT ON CORPORATE GOVERNANCE

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

The Company Secretary 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. 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.

### COMPOSITION & INDEPENDENCE OF THE BOARD

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

In accordance with the Company's Constitution, at least one-third of the Directors are required to retire from office at each Annual General Meeting ("AGM") and may offer themselves for re-election by rotation. Directors who are appointed by the Board during the financial year are subject to re-election by shareholders at the next AGM held following their appointments. 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.ytl.com](http://www.ytl.com).

The Nominating Committee, which was established by the Board on 23 May 2013, is responsible for assessing suitable candidates for appointment to the Board for approval, taking into account the required mix of skills, experience and expertise of members of the Board before submitting its recommendation to the Board for decision. Further information on the activities of the Nominating Committee can be found in the *Nominating Committee Statement* set out in this Annual Report. This information is also available under the "Governance" section on the Company's website at [www.ytl.com](http://www.ytl.com).

Directors' remuneration is decided in line with the objective recommended by the 2012 Code to determine the remuneration

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

Details of the aggregate remuneration of Directors categorised into appropriate components and the range of remuneration for each Director can be found in *Note 6* in the *Notes to the Financial Statements* in this Annual Report. Details are not shown with reference to Directors individually, both for security reasons and because the Board believes that such information will not add significantly to the understanding and evaluation of the YTL Corp Group's standards of corporate governance.

In order to ensure balance of authority and accountability, the roles of the Executive Chairman and the Managing Director are separate and distinct, and these positions are held by separate members of the Board. The Executive Chairman is primarily responsible for the orderly conduct and effectiveness of the Board whereas the Managing Director oversees the day-to-day running of the business, implementation of Board policies and making of operational decisions, in addition to advancing relationships with regulators and all other stakeholders. Whilst the 2012 Code recommends that the Chairman should be a non-executive member, the Board is of the view that its existing measures, including the delineation of the roles and duties of the Managing Director and the Executive Chairman and the presence of independent oversight by the Independent Non-Executive Directors, are sufficient to ensure the balance of accountability and authority within the Board.

### BOARD COMMITMENT

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

## STATEMENT ON CORPORATE GOVERNANCE

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

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.ytl.com](http://www.ytl.com).

### INTEGRITY IN FINANCIAL REPORTING

The Company has in place an Audit Committee which comprises 3 Non-Executive Directors, in compliance with the Listing Requirements which require all the members of the Audit Committee to be non-executive members. The Audit Committee holds quarterly meetings to review matters including the YTL Corp 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 6 times during the financial year ended 30 June 2017. 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.ytl.com](http://www.ytl.com).

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

Details of the audit and non-audit fees paid/payable to HLB for the financial year ended 30 June 2017 are as follows:-

	Company	Group
	RM'000	RM'000
Statutory audit fees paid/payable to HLB	240	2,076
Non-audit fees paid/payable to:-		
- HLB	15	57
- Affiliates of HLB	13	317
Total	28	374

The Directors are responsible for ensuring that financial statements are drawn up in accordance with the Listing Requirements, 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 judgements 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.

### RISK MANAGEMENT

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

## STATEMENT ON CORPORATE GOVERNANCE FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

### CORPORATE DISCLOSURE & COMMUNICATION WITH SHAREHOLDERS

The YTL Corp 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 Corp 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.ytl.com](http://www.ytl.com) and the YTL Corp Group's community website at [www.ytlcommunity.com](http://www.ytlcommunity.com), in addition to prescribed information, including its interim financial results, announcements, circulars, prospectuses and notices, which is released through the official website of Bursa Securities.

The Managing Director and the Executive Directors meet with analysts, institutional shareholders and investors throughout the year not only to promote the dissemination of the YTL Corp Group's financial results but to provide updates on strategies and new developments to ensure better understanding of the YTL Corp Group's operations and activities. Presentations based on permissible disclosures are made to explain the YTL Corp 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 Corp Group is not disclosed to any party until after the prescribed announcement to Bursa Securities has been made.

The AGM is the principal forum for dialogue with shareholders. The Board provides opportunities for shareholders to raise questions pertaining to issues in the Annual Report, corporate developments in the YTL Corp Group, the resolutions being proposed and the business of the YTL Corp Group in general at every general meeting of the Company. The notice of the AGM and a circular to shareholders in relation to the renewal of the Company's share buy-back and recurrent related party transactions mandates, if applicable, are sent to shareholders at least 21 days prior to the AGM in accordance with the Listing Requirements and the Companies Act 2016 in order to enable shareholders to review the YTL Corp Group's financial and operational performance for the financial year and to fully evaluate new resolutions being proposed.

The Managing Director and Executive Directors take the opportunity to present a comprehensive review of the progress and performance of the YTL Corp 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 Corp Group's business operations, strategy and goals. Each item of special business included in the notice of the meeting is accompanied by an explanatory statement for the proposed resolution to facilitate full understanding and evaluation of the issues involved.

The rights of shareholders, including the right to demand for a poll, are found in the Constitution of the Company. At the 33rd AGM of the Company, held on 22 November 2016, the resolutions put forth for shareholders' approval were voted on by way of a poll.

This statement was approved by the Board of Directors on 29 August 2017.



# STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

During the financial year under review, YTL Corporation Berhad ("YTL Corp" or "Company") and its subsidiaries ("YTL Corp Group") continued to enhance the YTL Corp 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 Malaysia Securities") and the principles and recommendations of the Malaysian Code on Corporate Governance, which was first issued in 2000 and subsequently revised in 2007 and 2012. In April 2017, the Securities Commission Malaysia released the new Malaysian Code on Corporate Governance and companies are expected to report their application of the practices in the new code from the financial year ending 31 December 2017. As such, the Board and the Company are in the process of determining the necessary changes to its practices and procedures and will report on compliance with the new code in YTL Corp's next annual report for the financial year ending 30 June 2018.

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 Corp 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 Corp 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 Corp 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 Corp 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 CORP 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 Corp Group and its staff conduct themselves. The principal features which formed part of the YTL Corp Group's system of internal control can be summarised as follows:-

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

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

- **Financial Performance:** Interim financial results are reviewed by the Audit Committee and approved by the Board upon recommendation of the Audit Committee before

## STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

release to Bursa Securities. The full year financial results and analyses of the YTL Corp Group's state of affairs are disclosed to shareholders after review and audit by the external auditors.

- **Internal Compliance:** The YTL Corp 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 Corp 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 CORP 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 Corp Group's internal audit function is carried out by its Internal Audit department ("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* set out in this Annual Report. This information is also available under the "Governance" section on the Company's website at [www.ytl.com](http://www.ytl.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 of the Wessex Water Group's parent company, YTL Power International Berhad ("YTL Power"), a listed subsidiary of YTL Corp.

Similarly, the companies of the YTL PowerSeraya Pte Limited group ("YTL PowerSeraya"), which are subsidiaries of YTL Power, 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 functions to a reputable professional firm which reports to its audit committee, and its findings are also presented to YTL Power's 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 Corp Group is effective to safeguard its interests.

## STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

- **Senior Management Meetings:** The YTL Corp Group conducts regular meetings of the senior management which comprises Executive Directors and divisional heads. The purpose of these meetings is to deliberate and decide upon urgent company matters. Decisions can then be effectively communicated to all 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 Corp 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 Corp Group Managing Director, Executive Directors and senior managers.
- **Site Visits:** The Executive Directors undertake site visits to production and operating units and communicate with various levels of staff to gauge first-hand the effectiveness of strategies discussed and implemented. This is to ensure that management and the Executive Directors maintain a transparent and open channel of communication for effective operation.

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

The YTL Corp 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 Corp Group's strategy of acquiring regulated assets and financing acquisitions on a non-recourse basis. These include YTL Power's wholly-owned subsidiaries, Wessex Water and YTL PowerSeraya, as well as its interests in ElectraNet Pty Ltd and P.T. Jawa Power. These assets share common characteristics of highly predictable operating costs and revenue streams, which in turn generate stable and predictable cash flows and profits, underpinned by an established regulatory environment in their respective markets of operation.

The Board acknowledges that all areas of the YTL Corp Group's business activities involve some degree of risk. The YTL Corp 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 Corp Group's operations in order to enhance shareholder value.

The Board assumes overall responsibility for the YTL Corp Group's risk management framework. Identifying, evaluating and managing any significant risks faced by the YTL Corp 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 Corp Group and report these findings to the Audit Committee. During the financial year under review, the Board's functions in the risk management framework were exercised primarily by the Executive Directors through their participation in management meetings to ensure the adequacy and integrity of the system of internal control. Emphasis is placed on reviewing and updating the process for identifying and evaluating the significant risks affecting the business, and policies and procedures by which these risks are managed.

The YTL Corp 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 Corp Group's overall financial risk management objective is to ensure that the YTL Corp Group creates value for its shareholders. The YTL Corp 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 Corp 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 Corp 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 2017

Management is responsible for creating a risk-aware culture within the YTL Corp 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 Corp 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

The external auditors, Messrs HLB Ler Lum, have reviewed this Statement on Risk Management & Internal Control for inclusion in the Annual Report for the financial year ended 30 June 2017, in compliance with Paragraph 15.23 of the Listing Requirements, and reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal controls.

### CONCLUSION

The Board is of the view that the system of risk management and internal control being instituted throughout the YTL Corp 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 Corp Group's operations and that risks are at an acceptable level throughout its businesses. The Managing Director and the Executive Director primarily responsible for the financial management of YTL Corp have provided assurance to the Board that the YTL Corp 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 Corp Group's assets.

This statement was approved by the Board of Directors on 29 August 2017.

# ANALYSIS OF SHAREHOLDINGS

AS AT 19 SEPTEMBER 2017

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	2,310	7.93	69,839	0.00
100 - 1,000	4,351	14.95	2,605,559	0.03
1,001 - 10,000	14,208	48.81	62,306,766	0.59
10,001 - 100,000	6,798	23.35	205,858,841	1.95
100,001 to less than 5% of issued shares	1,441	4.95	4,900,568,380	46.52
5% and above of issued shares	2	0.01	5,363,800,905	50.91
Total	29,110	100.00	10,535,210,290	100.00

# Excluding 375,349,139 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 Yeoh Tiong Lay & Sons Holdings Sdn Bhd	4,748,275,858	45.07
2 Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board	615,525,047	5.84
3 RHB Capital Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Yeoh Tiong Lay & Sons Holdings Sdn Bhd	300,000,000	2.85
4 Amanahraya Trustees Berhad - Amanah Saham Bumiputera	273,232,200	2.59
5 Jamaican Gold Limited	253,342,004	2.40
6 Tien Shia International Limited	212,821,959	2.02
7 Orchestral Harmony Limited	192,937,603	1.83
8 Water City Limited	189,793,132	1.80
9 Steeloak International Limited	179,497,793	1.70
10 Velvet Properties Limited	155,165,753	1.47
11 Windchime Developments Limited	135,644,176	1.29
12 Cartaban Nominees (Asing) Sdn Bhd - Exempt An for State Street Bank & Trust Company (West CLT OD67)	125,079,038	1.19
13 Bara Aktif Sdn Bhd	112,958,688	1.07
14 Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	97,477,545	0.93
15 State Secretary, Pahang	94,697,451	0.90

**ANALYSIS OF  
SHAREHOLDINGS**  
AS AT 19 SEPTEMBER 2017

Name	No. of Shares	%
16 HSBC Nominees (Asing) Sdn Bhd - BBH and Co Boston for Vanguard Emerging Markets Stock Index Fund	91,689,956	0.87
17 Citigroup Nominees (Asing) Sdn Bhd - CBNY for Dimensional Emerging Markets Value Fund	83,500,450	0.79
18 Valuecap Sdn Bhd	65,000,000	0.62
19 HSBC Nominees (Asing) Sdn Bhd - JPMCB NA for Vanguard Total International Stock Index Fund	60,641,986	0.58
20 Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	58,340,667	0.55
21 Dato' Yeoh Seok Kian	55,481,889	0.53
22 Dato' Yeoh Soo Keng	54,083,300	0.51
23 Dato' Sri Michael Yeoh Sock Siong	53,652,534	0.51
24 Dato' Yeoh Soo Min	51,797,932	0.49
25 Yeoh Tiong Lay & Sons Holdings Sdn Bhd	45,711,529	0.43
26 Puan Sri Datin Seri Tan Kai Yong @ Tan Kay Neong	44,294,664	0.42
27 Citigroup Nominees (Asing) Sdn Bhd - CBNY for Emerging Market Core Equity Portfolio DFA Investment Dimensions Group INC	38,032,953	0.36
28 Yeoh Tiong Lay & Sons Holdings Sdn Bhd	37,814,090	0.36
29 Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	35,523,671	0.34
30 Maybank Nominees (Tempatan) Sdn Bhd - Maybank Trustees Berhad for Public Regular Savings Fund (N14011940100)	35,081,600	0.33
<b>Total</b>	<b>8,497,095,468</b>	<b>80.64</b>

### SUBSTANTIAL SHAREHOLDERS

(as per register of substantial shareholders)

Name	No. of Shares Held			
	Direct	%	Indirect	%
Yeoh Tiong Lay & Sons Holdings Sdn Bhd	5,136,606,467	48.76	-	-
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	90,561,164	0.86	5,136,606,467*	48.76
Employees Provident Fund Board	675,274,847	6.41	-	-

\* Deemed interests by virtue of interests held by Yeoh Tiong Lay & Sons Holdings Sdn Bhd pursuant to Section 8 of the Companies Act, 2016



# STATEMENT OF DIRECTORS' INTERESTS

IN THE COMPANY AND RELATED CORPORATIONS AS AT 19 SEPTEMBER 2017

## THE COMPANY

### YTL CORPORATION BERHAD

Name	No. of Shares Held			
	Direct	%	Indirect	%
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	90,561,164	0.86	5,180,901,131 <sup>(1)(2)</sup>	49.18
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	133,001,216	1.26	-	-
Dato' Yeoh Seok Kian	55,481,889	0.53	11,419,183 <sup>(1)</sup>	0.11
Dato' Yeoh Soo Min	51,797,932	0.49	1,876,871 <sup>(1)(5)</sup>	0.02
Dato' Yeoh Seok Hong	44,535,079	0.42	23,549,759 <sup>(1)</sup>	0.22
Dato' Sri Michael Yeoh Sock Siong	53,652,534	0.51	19,967,788 <sup>(1)</sup>	0.19
Dato' Yeoh Soo Keng	54,083,300	0.51	758,214 <sup>(1)</sup>	0.01
Dato' Mark Yeoh Seok Kah	20,081,152	0.19	4,005,597 <sup>(1)</sup>	0.04
Syed Abdullah Bin Syed Abd Kadir	9,404,133	0.09	19,642 <sup>(1)</sup>	*

Name	No. of Share Options	
	Direct	Indirect
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	7,000,000	5,000,000 <sup>(1)</sup>
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	7,000,000	2,000,000 <sup>(1)</sup>
Dato' Yeoh Seok Kian	5,000,000	-
Dato' Chong Keap Thai @ Cheong Keap Tai	1,000,000	-
Dato' Yeoh Soo Min	5,000,000	-
Dato' Yeoh Seok Hong	5,000,000	3,000,000 <sup>(1)</sup>
Dato' Sri Michael Yeoh Sock Siong	5,000,000	-
Dato' Yeoh Soo Keng	5,000,000	-
Dato' Mark Yeoh Seok Kah	5,000,000	-
Eu Peng Meng @ Leslie Eu	1,000,000	-
Syed Abdullah Bin Syed Abd Kadir	1,000,000	-

## HOLDING COMPANY

### YEOH TIONG LAY & SONS HOLDINGS SDN BHD

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

## STATEMENT OF DIRECTORS' INTERESTS

IN THE COMPANY AND RELATED CORPORATIONS AS AT 19 SEPTEMBER 2017

### SUBSIDIARY COMPANIES

#### YTL CEMENT BERHAD

Name	No. of Shares Held			
	Direct	%	Indirect	%
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	-	-	737,672,290 <sup>(3)</sup>	99.60

#### YTL E-SOLUTIONS BERHAD

Name	No. of Shares Held			
	Direct	%	Indirect	%
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	-	-	1,345,324,000 <sup>(7)</sup>	100.00

#### YTL LAND & DEVELOPMENT BERHAD

Name	No. of Shares Held			
	Direct	%	Indirect	%
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	-	-	558,976,534 <sup>(6)</sup>	67.41
Dato' Yeoh Seok Kian	61,538	0.01	-	-
Dato' Yeoh Soo Min	-	-	625,582 <sup>(5)</sup>	0.08
Dato' Yeoh Soo Keng	100,000	0.01	-	-

Name	No. of Irredeemable Convertible Unsecured Loan Stocks 2011/2021 Held			
	Direct	%	Indirect	%
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	-	-	793,717,049 <sup>(6)</sup>	80.03
Dato' Yeoh Seok Kian	37,000	*	-	-
Dato' Yeoh Soo Keng	60,000	0.01	-	-

## STATEMENT OF DIRECTORS' INTERESTS

IN THE COMPANY AND RELATED CORPORATIONS AS AT 19 SEPTEMBER 2017

### YTL POWER INTERNATIONAL BERHAD

Name	No. of Shares Held			
	Direct	%	Indirect	%
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	21,599,262	0.28	4,870,176,657 <sup>(1)(4)</sup>	62.77
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	14,719,213	0.19	89,000 <sup>(1)</sup>	*
Dato' Yeoh Seok Kian	10,404,890	0.13	4,421,155 <sup>(1)</sup>	0.06
Dato' Yeoh Soo Min	16,862,430	0.22	3,754,488 <sup>(1)(5)</sup>	0.05
Dato' Yeoh Seok Hong	45,845,216	0.59	5,015,218 <sup>(1)</sup>	0.06
Dato' Sri Michael Yeoh Sock Siong	14,055,133	0.18	2,658,052 <sup>(1)</sup>	0.03
Dato' Yeoh Soo Keng	13,666,251	0.18	182,175 <sup>(1)</sup>	*
Dato' Mark Yeoh Seok Kah	9,387,959	0.12	1,415,320 <sup>(1)</sup>	0.02
Syed Abdullah Bin Syed Abd Kadir	2,381,613	0.03	550 <sup>(1)</sup>	*

Name	No. of Warrants 2008/2018 Held			
	Direct	%	Indirect	%
Dato' Yeoh Soo Min	-	-	2,000 <sup>(1)</sup>	*
Dato' Yeoh Soo Keng	-	-	87,054 <sup>(1)</sup>	0.08

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

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

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



## STATEMENT OF DIRECTORS' INTERESTS

IN THE COMPANY AND RELATED CORPORATIONS AS AT 19 SEPTEMBER 2017

### YTL CORPORATION (UK) PLC

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

### YTL CONSTRUCTION (THAILAND) LIMITED

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

### SAMUI HOTEL 2 CO. LTD

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

\* Negligible

- (1) Deemed interests by virtue of interests held by spouse and/or children pursuant to Section 59(1)(c) of the Companies Act, 2016.
- (2) Deemed interests by virtue of interests held by Yeoh Tiong Lay & Sons Holdings Sdn Bhd pursuant to Section 8 of the Companies Act, 2016.
- (3) Deemed interests by virtue of interests held by YTL Corporation Berhad and YTL Power International Berhad pursuant to Section 8 of the Companies Act, 2016.
- (4) Deemed interests by virtue of interests held by Yeoh Tiong Lay & Sons Holdings Sdn Bhd, YTL Corporation Berhad, YTL Power Services Sdn Bhd and Cornerstone Crest Sdn Bhd pursuant to Section 8 of the Companies Act, 2016.
- (5) Deemed interests by virtue of interests held by Tan & Yeoh Properties Sdn Bhd pursuant to Section 8 of the Companies Act, 2016.
- (6) Deemed interests by virtue of interests held by Yeoh Tiong Lay & Sons Holdings Sdn Bhd and YTL Corporation Berhad pursuant to Section 8 of the Companies Act, 2016.
- (7) Deemed interests by virtue of interests held by YTL Corporation Berhad pursuant to Section 8 of the Companies Act, 2016.

By virtue of Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay's deemed interests in the shares of the Company under Section 8 of the Companies Act, 2016 he is deemed to have interests in the shares of the subsidiaries of the Company to the extent the Company has an interest.

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 2017

Location	Tenure	Land Area	Description and Existing Use	Built up Area (sq. m.)	Approximate Age of Building (years)	Lease Expiry Date	Net Book Value as at 30 June 2017 (RM'000)	Date of Acquisition
Ngee Ann City Property, 391/391B Orchard Road, Singapore 238874 <sup>^</sup>	Leasehold	26,846.4 sq.m.	4 strata lots in Ngee Ann City representing 27.23% of the total share value of the strata lots in Ngee Ann City, located on: a) Part of Basement 1, Basement 2 and Level 1 to Level 5 of the retail podium block; b) Part of Level 13 and the whole of Level 14 to Level 19 of Tower B (office); and c) Whole of Level 21 to Level 24 of Tower B (office)	40,210	24	31.3.2072	3,587,024	20.9.2005
Wisma Atria Property, 435 Orchard Road, Singapore 238877 <sup>^</sup>	Leasehold	8,218.7 sq.m.	257 strata lots in Wisma Atria representing 74.23% of the total share value of the strata lots in Wisma Atria. Wisma Atria is a building comprising a podium block with 4 levels and 1 basement level of retail space, 3 levels of car parking space and 13 levels of office space in the office block	21,161	31	31.3.2061	3,109,794	20.9.2005
Lot 1070N of Town Subdivision 24, Orchard Boulevard	Freehold	1.427 acres	Residential development	-	-	-	2,145,415	22.11.2007
Lot 1 in Deposited Plan 804285 in the Local Government Area of Sydney, Parish of St James, County of Cumberland <sup>®</sup>	Freehold	3,084 sq.m.	33-storey hotel building with central atrium comprising 595 rooms including 3 levels of basement with car parking bays	47,276	28	-	1,383,660	29.11.2012

**LIST OF  
PROPERTIES**  
AS AT 30 JUNE 2017

Location	Tenure	Land Area	Description and Existing Use	Built up Area (sq. m.)	Approximate Age of Building (years)	Lease Expiry Date	Net Book Value as at 30 June 2017 (RM'000)	Date of Acquisition
Myer Centre Adelaide, 14-38 Rundle Mall, Adelaide, Australia <sup>^</sup>	Freehold	10,451 sq.m.	An 8-storey retail centre with 4 basement levels, and office component which includes a 6-storey office tower and 2 heritage buildings	55,746.4 (Net Lettable Area)	26	Freehold	989,036	18.5.2015
Starhill Gallery, 181, Jalan Bukit Bintang, 55100 Kuala Lumpur, Malaysia <sup>^</sup>	Freehold	12,338 sq.m.	Shopping centre comprising part of a 7-storey building with 5 basements and a 12-storey annex building with 3 basements	76,208	22	Freehold	690,000	28.6.2010
David Jones Building, 622-648 Hay Street Mall, Perth, Australia <sup>^</sup>	Freehold	6,640 sq.m.	4-storey heritage-listed building for retail use	24,069.3 (Gross Lettable Area)	15	Freehold	527,486	20.1.2010
Avonmouth STW, Kings Weston Lane, Avonmouth, Bristol BS11 0YS	Freehold	394,600 sq.m.	Sewerage treatment works	-	-	-	453,653	21.5.2002
HS (D) 460/88 PT 1122 <sup>#</sup>	Leasehold	59.79 acres	Cement plant	-	-	Year 2087	437,932	30.7.1998
HS (D) 461/88 PT 1123 <sup>#</sup>	Leasehold	0.9864 acres	Cement plant	-	-	Year 2087		30.7.1988
HS (D) 2675 PT 1327 <sup>#</sup>	Leasehold	22.21 acres	Cement plant	-	-	Year 2095		17.4.1996
HS (D) 3705 PT 1417 <sup>#</sup>	Leasehold	1.46 acres	Warehouse & depot	-	-	Year 2096		29.12.1997
HS (D) 3706 PT 1418 <sup>#</sup>	Leasehold	14.55 acres	Cement plant	-	-	Year 2096		29.12.1997
HS (D) 2676 PT 1328 <sup>#</sup>	Leasehold	8.20 acres	Cement plant	-	-	Year 2095		17.4.1996
HS (D) 2677 PT 1329 <sup>#</sup>	Leasehold	30.25 acres	Cement plant	-	-	Year 2095		17.4.1996
HS (D) 2678 PT 1330 <sup>#</sup>	Leasehold	102.33 acres	Cement plant	-	-	Year 2095		17.4.1996
HS (D) 2679 PT 1331 <sup>#</sup>	Leasehold	130.97 acres	Cement plant	-	-	Year 2026		17.4.1996
HS (D) 2680 PT 1332 <sup>#</sup>	Leasehold	14.41 acres	Cement plant	-	-	Year 2026		17.4.1996
HS (D) 2735 PT 1326 <sup>#</sup>	Leasehold	28.24 acres	Staff quarter building	-	-	Year 2095		29.5.1996
HS (D) 2737 PT 417 <sup>#</sup>	Leasehold	28.17 acres	Cement plant	-	-	Year 2095		27.6.1996
HS (D) 2681 PT 1333 <sup>#</sup>	Leasehold	278.24 acres	Cement plant	-	-	Year 2026		17.4.1996
HS (D) 4170 PT 1419 <sup>#</sup>	Leasehold	30.06 acres	Cement plant	-	-	Year 2097		15.9.1998
HS (D) 4171 PT 1420 <sup>#</sup>	Leasehold	3.54 acres	Cement plant	-	-	Year 2097		15.9.1998
HS (D) 8804 PT 1421 <sup>#</sup>	Leasehold	13.38 acres	Cement plant	-	-	Year 2102		1.10.2003
PN 00108181, Lot 2764 <sup>#</sup>	Leasehold	49.57 acres	Cement plant	-	-	Year 2886		1.11.1996
Lot 10 Property, 50, Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia <sup>^</sup>	Leasehold	10,139 sq.m.	137 strata parcels and 2 accessory parcels within Lot 10 shopping centre	39,984	27	29.7.2076	425,000	28.6.2010

<sup>#</sup> Mukim Kampung Buaya, Daerah Kuala Kangsar, Negeri Perak Darul Ridzuan

<sup>@</sup> Based on valuation on 31 May 2017

<sup>^</sup> Based on independent valuation on 30 June 2017

# FINANCIAL STATEMENTS

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## DIRECTORS' REPORT

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 2017.

### PRINCIPAL ACTIVITIES

The principal activities of the Company are those of an investment holding and management company.

The principal activities of the subsidiaries are set out in Note 13 to the Financial Statements.

There have been no significant changes in the nature of these activities during the financial year.

### FINANCIAL RESULTS

	Group RM'000	Company RM'000
Profit for the year	1,442,050	533,117
Attributable to:-		
Owners of the parent	813,308	533,117
Non-controlling interests	628,742	-
	1,442,050	533,117

### DIVIDENDS

The amount of dividend paid since the end of the last financial year was as follows:-

	RM'000
In respect of the financial year ended 30 June 2016:-	
An interim single tier dividend of 95% or 9.5 sen per ordinary share of 10 sen each paid on 15 November 2016	1,000,031

On 29 August 2017, the Board of Directors declared an interim single tier dividend of 5 sen per ordinary share for the financial year ended 30 June 2017. The book closure and payment dates in respect of the aforesaid dividend are 26 October 2017 and 10 November 2017, respectively.

The Board of Directors does not recommend the payment of a final dividend for the financial year ended 30 June 2017.

### RESERVES AND PROVISIONS

All material transfers to or from reserves and provisions during the financial year are shown in the financial statements.

## DIRECTORS' REPORT

### TREASURY SHARES

The shareholders of the Company granted a mandate to the Company to repurchase its own shares at the Annual General Meeting held on 22 November 2016. The Directors of the Company are committed to enhance the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interest of the Company and its shareholders.

On 29 August 2017, the Board of Directors declared a share dividend on the basis of one (1) treasury share for every fifty (50) ordinary shares held. The book closure date for share dividends is on 26 October 2017 and will be credited to entitled shareholders within 10 market days of the book closure date.

Details of treasury shares are set out in Note 28(a) to the financial statements.

### EMPLOYEES' SHARE OPTION SCHEME

The Employees Share Option Scheme ("ESOS") for employees and Executive Directors of the Company and its subsidiaries who meet the criteria of eligibility for participation was governed by the by-laws approved by the shareholder at an Extraordinary General Meeting ("EGM") 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 28(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 30.6.2017
Key management personnel	4.44%*	-

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

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

Details of options granted to Non-Executive Director of the Company is as follows:

Name of Director	Number of share options over ordinary shares			
	Balance at 1.7.2016	Granted	Exercised	Balance at 30.6.2017
Dato' Chong Keap Thai @ Cheong Keap Tai	1,000,000	-	-	1,000,000
Eu Peng Meng @ Leslie Eu	1,000,000	-	-	1,000,000

## DIRECTORS' REPORT

### DIRECTORS

The Directors who served on the Board of the Company during the financial year until the date of this report are:-

Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay  
 Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE  
 Dato' Yeoh Seok Kian  
 Dato' Chong Keap Thai @ Cheong Keap Tai  
 Dato' Ahmad Fuaad Bin Mohd Dahalan  
 Dato' Yeoh Soo Min  
 Dato' Yeoh Seok Hong  
 Dato' Sri Michael Yeoh Sock Siong  
 Dato' Yeoh Soo Keng  
 Dato' Mark Yeoh Seok Kah  
 Eu Peng Meng @ Leslie Eu  
 Syed Abdullah Bin Syed Abd. Kadir  
 Faiz Bin Ishak

### 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:

Abdul Latiff Bin Abd Aziz	Achmad Amri Aswono Putro ( <i>Appointed on 7 April 2017</i> )
Ahmad Janwal ( <i>Appointed on 30 April 2017</i> )	Ali Reza Tabassi
Alan Derek Morgan	Andrew Fraser Pymer
Andrew Jordan	Ang Lay Leng
Ang Meng Hee	Baldip Singh A/L Pall Singh ( <i>Appointed on 21 June 2017</i> )
Bui Chung Keung Edmund	Bui Cathy Wai-Ying
Chan Chor Yook	Chan Swee Huat
Charlotte Tamsyn Maher	Cheah Poh Weng
Chhoa Kwang Hua	Ching Yew Chye
Chong Shao Siew	Christopher Antony Chambers
Chung Siew Leng	Colin Frank Skellett
Dato' Sri Haji Abd Rahim Bin Haji Abdul	Dato' Anuar bin Ahmed
Dato' Daing A Malek bin Daing A Rahaman	Dato' Hamidah Binti Maktar
Dato' Hj Mohamed Zainal Abidin Bin Hj Abdul Kadir	Dato' Haji Mohamed Bin Haji Hussein
Dato' Halimah Binti Hassan	Dato' Ikhwan Salim bin Dato' Hj Sujak
Datin Kathleen Chew Wai Lin	Datin Lim Lee Lee
Dato' Norzaity Binti Othman	Dato' Shahrom Bin Mohamed
Dato' Suleiman Bin Abdul Manan	Dato' Tan Guan Cheong
Dato' Yoogalingam A/L Vyramuttu	Dato' Yusli bin Mohamed Yusoff
Datuk Aziyah Binti Mohamed	Datuk Lim Sue Beng
Datuk Zainal Bin Hussin	David Alan Knaggs
David Huw Davies	David John Elliott
David Martin Barclay	Ding Hock Hing
Djoko Leksono Sugiarto	Eddie Low Hong Beng

## DIRECTORS' REPORT

### DIRECTORS OF SUBSIDIARIES (CONTINUED)

Eoon Whai San  
 Francis William Sweeting  
 Gareth John Davies  
 Gunther Axel Reinder Warris  
 Hee Kang Yow  
 Hj Safian Bin Tan Sri Dato' Hj Ibrahim  
 Insinyur Gafur Sulistyo Umar  
 Ionics Directors Limited  
 Jammula Bala Venkateswara Rao  
 Jeremy Robert Bryan  
 Joseph Benjamin Seaton  
 Julian Okoye  
 Kenneth Khaw Jin Teck  
 Koh Kah Hock  
 Laurent Andre Marie Myter  
 Lee Milton Montgomery  
 Lee Liam Chye  
 Lim Kok Hong  
 Luke Martin de Vial  
 Mark Timothy Watts  
 Martin Franz Rudolf Metzger  
 Melinda Voon Ching Mee  
 Michael Moriarty  
 Mochammad Fazri Yulianto  
 Mohamad Ziad Bin Mohamed Zainal Abidin  
 Mohammed Habedat Saddiq  
 Nigel Lynn Evans  
 Norhamidi bin Abdul Rahman (*Appointed on 23 August 2017*)  
 Puan Sri Datin Seri Tan Kai Yong @ Tan Kay Neong  
 Patrick Chew Wai Yen  
 Pearly Poussier  
 PhastabeWek B.V.  
 Pieter Oosthoek  
 Raja Dato' Wahid Bin Raja Kamaral Zaman  
 Richard John Keys  
 Romeo Hilot Baguio  
 Sam Yau Weng  
 Sarah Elizabeth Johnson  
 Steven John Holt  
 Suban Bushnell  
 Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng  
 Tan Sri Datuk Asmat Bin Kamaludin  
 Tok Puan Norzieta Zakaria  
 Fiona Clare Reynolds  
 Gareth Alan King  
 Gillian Elizabeth Camm  
 Gunter Galster  
 Ho Sing  
 Intertrust (Netherlands) B.V.  
 James Andrew Rider  
 Jeremy John Lavis  
 John Simon Hugh Crane  
 Juliana Goh Hong Gaik  
 Kamaruzzaman Bin Abdol  
 Kenneth Wong Kit Kay  
 Lord Stewart Ross Sutherland  
 Lee Chak Hui (*Appointed 1 August 2017*)  
 Lee Wing Kui  
 Lim Khoon Hai  
 Long Shiau Wee  
 Mej Jen Dato' Hj Abdul Shukor Bin Haji Jaafar (B)  
 Marilyn Elizabeth Smith  
 Martin John Bushnell  
 Michael Luke Wilkinson  
 Mittelmeer Directors Limited  
 Mohamad Zaid Bin Mohamed Zainal Abidin  
 Mohammad Zuhannes Bin Dzulkifli  
 Mohd Bazid Bin Hj Abd Kahar  
 Ng Choon Seang  
 Owen Michael D'Oliveiro  
 Panchanath Mahalingam Ratnavale  
 Patrick James Pereira  
 Phan Gaik Cher  
 Pierre Ong Yan Hong  
 Poon Pooay Huang  
 Ralph Justin Dixon  
 Richard John Talbott  
 Ryota Kobayashi  
 Sandra Herawati Widjaja  
 Stephen Charles Harle Smith  
 Somvonk Poshyananda  
 Tan Sri Datuk Seri Panglima Dr. Abu Hassan Bin Othman  
 Tan Sri Datuk Dr. Aris bin Osman @ Othman  
 Toh Muda Rizal Ashram Bin Tan Sri Ramli  
 Tan Check Hong



## DIRECTORS' REPORT

### DIRECTORS OF SUBSIDIARIES (CONTINUED)

Tan Chee Keong	Tan Chien Yih
Tan Choong Min	Tan Woon Hum
Takehiko Fukuoka	Voon Sui Liong @ Paul Voon
Wan Kam Choon	Wong Poh Kun
YTM Dato' Seri Diraja Tan Sri Tengku Abdul Hamid Thani Ibni Almarhum Sultan Badlishah	Yeap Kian Bin
Yeoh Keong Junn	Yeoh Keong Hann
Yeoh Keong Yeow	Yeoh Keong Shyan
Yeoh Pei Cheen	Yeoh Keong Yuan
Yeoh Pei Lou	Yeoh Pei Leeng
Yeoh Pei Teeng ( <i>Appointed on 1 July 2017</i> )	Yeoh Pei Nee
Yutaka Hayash	Yeoh Soo Len
	Zhang Yugen

### DIRECTORS' INTERESTS

The following Directors of the Company who held office at the end of the financial year had, according to the register required to be kept under Section 59 of the Companies Act 2016, interests in the shares of the Company and related companies as follows:-

The Company	Number of ordinary shares			Balance at 30.6.2017
	Balance at 1.7.2016	Acquired	Disposed	
<b>Direct interests</b>				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	90,561,164	-	-	90,561,164
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	133,001,216	-	-	133,001,216
Dato' Yeoh Seok Kian	55,481,889	-	-	55,481,889
Dato' Yeoh Soo Min	51,797,932	-	-	51,797,932
Dato' Yeoh Seok Hong	44,535,079	-	-	44,535,079
Dato' Sri Michael Yeoh Sock Siong	53,652,534	-	-	53,652,534
Dato' Yeoh Soo Keng	53,916,634	166,666	-	54,083,300
Dato' Mark Yeoh Seok Kah	20,081,152	-	-	20,081,152
Syed Abdullah Bin Syed Abd. Kadir	9,304,133	100,000	-	9,404,133
<b>Deemed interests</b>				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	5,180,207,231 <sup>(1)(2)</sup>	693,900	-	5,180,901,131 <sup>(1)(2)</sup>
Dato' Yeoh Seok Kian	11,352,517 <sup>(1)</sup>	66,666	-	11,419,183 <sup>(1)</sup>
Dato' Yeoh Soo Min	1,525,605 <sup>(1)(5)</sup>	351,266	-	1,876,871 <sup>(1)(5)</sup>
Dato' Yeoh Seok Hong	23,549,759 <sup>(1)</sup>	-	-	23,549,759 <sup>(1)</sup>
Dato' Sri Michael Yeoh Sock Siong	19,332,622 <sup>(1)</sup>	635,166	-	19,967,788 <sup>(1)</sup>
Dato' Yeoh Soo Keng	758,214 <sup>(1)</sup>	-	-	758,214 <sup>(1)</sup>
Dato' Mark Yeoh Seok Kah	4,005,597 <sup>(1)</sup>	-	-	4,005,597 <sup>(1)</sup>
Syed Abdullah Bin Syed Abd. Kadir	19,642 <sup>(1)</sup>	-	-	19,642 <sup>(1)</sup>

## DIRECTORS' REPORT

### DIRECTORS' INTERESTS (CONTINUED)

The Company	Number of share options over ordinary shares			Balance at 30.6.2017
	Balance at 1.7.2016	Granted	Exercised	
<b>Direct interests</b>				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	7,000,000	–	–	7,000,000
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	7,000,000	–	–	7,000,000
Dato' Yeoh Seok Kian	5,000,000	–	–	5,000,000
Dato' Chong Keap Thai @ Cheong Keap Tai	1,000,000	–	–	1,000,000
Dato' Yeoh Soo Min	5,000,000	–	–	5,000,000
Dato' Yeoh Seok Hong	5,000,000	–	–	5,000,000
Dato' Sri Michael Yeoh Sock Siong	5,000,000	–	–	5,000,000
Dato' Yeoh Soo Keng	5,000,000	–	–	5,000,000
Dato' Mark Yeoh Seok Kah	5,000,000	–	–	5,000,000
Eu Peng Meng @ Leslie Eu	1,000,000	–	–	1,000,000
Syed Abdullah Bin Syed Abd. Kadir	1,000,000	–	–	1,000,000
<b>Deemed interests</b>				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	5,000,000 <sup>(1)</sup>	–	–	5,000,000 <sup>(1)</sup>
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	2,000,000 <sup>(1)</sup>	–	–	2,000,000 <sup>(1)</sup>
Dato' Yeoh Seok Hong	3,000,000 <sup>(1)</sup>	–	–	3,000,000 <sup>(1)</sup>

Holding company - Yeoh Tiong Lay & Sons Holdings Sdn. Bhd.	Number of ordinary shares			Balance at 30.6.2017
	Balance at 1.7.2016	Acquired	Disposed	
<b>Direct interests</b>				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	8,220,004	–	–	8,220,004
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	5,000,000	–	–	5,000,000
Dato' Yeoh Seok Kian	5,000,000	–	–	5,000,000
Dato' Yeoh Soo Min	1,250,000	–	–	1,250,000
Dato' Yeoh Seok Hong	5,000,000	–	–	5,000,000
Dato' Sri Michael Yeoh Sock Siong	5,000,000	–	–	5,000,000
Dato' Yeoh Soo Keng	1,250,000	–	–	1,250,000
Dato' Mark Yeoh Seok Kah	5,000,000	–	–	5,000,000
<b>Deemed interests</b>				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	5,000,004 <sup>(1)</sup>	–	–	5,000,004 <sup>(1)</sup>

## DIRECTORS' REPORT

## DIRECTORS' INTERESTS (CONTINUED)

Subsidiary	Number of ordinary shares			Balance at 30.6.2017
	Balance at 1.7.2016	Acquired	Disposed	
<b>- YTL Cement Berhad</b>				
<b>Deemed interests</b>				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	737,668,130 <sup>(3)</sup>	4,160	–	737,672,290 <sup>(3)</sup>

Subsidiary	Number of ordinary shares			Balance at 30.6.2017
	Balance at 1.7.2016	Acquired	Disposed	
<b>- YTL Power International Berhad</b>				
<b>Direct interests</b>				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	21,599,262	–	–	21,599,262
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	14,719,213	–	–	14,719,213
Dato' Yeoh Seok Kian	10,404,890	–	–	10,404,890
Dato' Yeoh Soo Min	16,862,430	–	–	16,862,430
Dato' Yeoh Seok Hong	45,845,216	–	–	45,845,216
Dato' Sri Michael Yeoh Sock Siong	14,055,133	–	–	14,055,133
Dato' Yeoh Soo Keng	13,666,251	–	–	13,666,251
Dato' Mark Yeoh Seok Kah	9,387,959	–	–	9,387,959
Syed Abdullah Bin Syed Abd. Kadir	2,381,613	–	–	2,381,613
<b>Deemed interests</b>				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	4,870,179,657 <sup>(1)(4)</sup>	123,000	–	4,870,302,657 <sup>(1)(4)</sup>
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	89,000 <sup>(1)</sup>	–	–	89,000 <sup>(1)</sup>
Dato' Yeoh Seok Kian	4,421,155 <sup>(1)</sup>	–	–	4,421,155 <sup>(1)</sup>
Dato' Yeoh Soo Min	3,754,488 <sup>(1)(5)</sup>	–	–	3,754,488 <sup>(1)(5)</sup>
Dato' Yeoh Seok Hong	5,015,218 <sup>(1)</sup>	–	–	5,015,218 <sup>(1)</sup>
Dato' Sri Michael Yeoh Sock Siong	2,658,052 <sup>(1)</sup>	–	–	2,658,052 <sup>(1)</sup>
Dato' Yeoh Soo Keng	140,175 <sup>(1)</sup>	42,000	–	182,175 <sup>(1)</sup>
Dato' Mark Yeoh Seok Kah	1,415,320 <sup>(1)</sup>	–	–	1,415,320 <sup>(1)</sup>
Syed Abdullah Bin Syed Abd. Kadir	550 <sup>(1)</sup>	–	–	550 <sup>(1)</sup>

Subsidiary	Number of Warrants 2008/2018			Balance at 30.6.2017
	Balance at 1.7.2016	Acquired	Exercised/ Disposed	
<b>- YTL Power International Berhad</b>				
<b>Deemed interests</b>				
Dato' Yeoh Soo Min	2,000 <sup>(1)</sup>	–	–	2,000 <sup>(1)</sup>
Dato' Yeoh Soo Keng	87,054 <sup>(1)</sup>	–	–	87,054 <sup>(1)</sup>

## DIRECTORS' REPORT

### DIRECTORS' INTERESTS (CONTINUED)

Subsidiary	Number of share options over ordinary shares			Balance at 30.6.2017
	Balance at 1.7.2016	Granted	Exercised	
<b>- YTL Power International Berhad</b>				
<b>Direct interests</b>				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	7,000,000	-	-	7,000,000
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	7,000,000	-	-	7,000,000
Dato' Yeoh Seok Kian	5,000,000	-	-	5,000,000
Dato' Yeoh Soo Min	3,000,000	-	-	3,000,000
Dato' Sri Michael Yeoh Sock Siong	5,000,000	-	-	5,000,000
Dato' Yeoh Soo Keng	3,000,000	-	-	3,000,000
Dato' Mark Yeoh Seok Kah	5,000,000	-	-	5,000,000
Syed Abdullah Bin Syed Abd. Kadir	3,000,000	-	-	3,000,000
<b>Deemed interests</b>				
Dato' Yeoh Seok Hong	500,000 <sup>(1)</sup>	-	-	500,000 <sup>(1)</sup>

Subsidiary	Number of ordinary shares			Balance at 30.6.2017
	Balance at 1.7.2016	Acquired	Disposed	
<b>- YTL Land &amp; Development Berhad</b>				
<b>Direct interests</b>				
Dato' Yeoh Seok Kian	61,538	-	-	61,538
Dato' Yeoh Soo Keng	100,000	-	-	100,000
<b>Deemed interests</b>				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	558,976,534 <sup>(6)</sup>	-	-	558,976,534 <sup>(6)</sup>
Dato' Yeoh Soo Min	625,582 <sup>(5)</sup>	-	-	625,582 <sup>(5)</sup>

Subsidiary	Number of Irredeemable Convertible Unsecured Loan Stocks 2011/2021			Balance at 30.6.2017
	Balance at 1.7.2016	Acquired	Converted/ Disposed	
<b>- YTL Land &amp; Development Berhad</b>				
<b>Direct interests</b>				
Dato' Yeoh Seok Kian	37,000	-	-	37,000
Dato' Yeoh Soo Keng	60,000	-	-	60,000
<b>Deemed interests</b>				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	793,717,049 <sup>(6)</sup>	-	-	793,717,049 <sup>(6)</sup>



## DIRECTORS' REPORT

## DIRECTORS' INTERESTS (CONTINUED)

Subsidiary	Number of ordinary shares			
	Balance at 1.7.2016	Acquired	Disposed	Balance at 30.6.2017
<b>- YTL e-Solutions Berhad <sup>Ω</sup></b>				
<b>Direct interests</b>				
Dato' Yeoh Soo Keng	500,000	–	(500,000)	–
Syed Abdullah Bin Syed Abd. Kadir	300,000	–	(300,000)	–
<b>Deemed interests</b>				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	999,172,000 <sup>(6)</sup>	348,233,700	(2,081,700)	1,345,324,000 <sup>(7)</sup>
Dato' Yeoh Seok Kian	200,000 <sup>(4)</sup>	–	(200,000)	–
Dato' Yeoh Soo Min	1,053,800 <sup>(5)</sup>	–	(1,053,800)	–
Dato' Sri Michael Yeoh Sock Siong	1,905,500 <sup>(4)</sup>	–	(1,905,500)	–

Ω YTL e-Solutions Berhad was delisted from the Official List of Bursa Malaysia Securities Berhad on 4 November 2016 and became a wholly-owned subsidiary of the Company on 16 December 2016.

Subsidiary	Number of ordinary shares of £0.25 each			
	Balance at 1.7.2016	Acquired	Disposed	Balance at 30.6.2017
<b>- YTL Corporation (UK) PLC*</b>				
<b>Direct interests</b>				
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	1	–	–	1

\* Incorporated in England & Wales

Subsidiary	Number of ordinary shares of THB100 each			
	Balance at 1.7.2016	Acquired	Disposed	Balance at 30.6.2017
<b>- YTL Construction (Thailand) Limited <sup>+</sup></b>				
<b>Direct interests</b>				
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	1	–	–	1
Dato' Yeoh Seok Kian	1	–	–	1
Dato' Yeoh Seok Hong	1	–	–	1
Dato' Sri Michael Yeoh Sock Siong	1	–	–	1
Dato' Mark Yeoh Seok Kah	1	–	–	1

+ Incorporated in Thailand

## DIRECTORS' REPORT

### DIRECTORS' INTERESTS (CONTINUED)

Subsidiary	Number of ordinary shares of THB10 each			Balance at 30.6.2017
	Balance at 1.7.2016	Acquired	Disposed	
<b>- Samui Hotel 2 Co., Ltd <sup>+</sup></b>				
<b>Direct interests</b>				
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	1	-	-	1
Dato' Mark Yeoh Seok Kah	1	-	-	1

+ Incorporated in Thailand

Related company	Number of ordinary shares			Balance at 30.6.2017
	Balance at 1.7.2016	Acquired	Disposed	
<b>- Syarikat Pelancongan Seri Andalan (M) Sdn. Bhd.</b>				
<b>Direct interests</b>				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	1	-	-	1
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	1	-	-	1

- (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 Yeoh Tiong Lay & Sons Holdings Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.
- (3) Deemed interests by virtue of interests held by YTL Corporation Berhad and YTL Power International Berhad pursuant to Section 8 of the Companies Act 2016.
- (4) Deemed interests by virtue of interests held by Yeoh Tiong Lay & Sons Holdings Sdn. Bhd., YTL Corporation Berhad, YTL Power Services Sdn. Bhd. and Cornerstone Crest Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.
- (5) Deemed interests by virtue of interests held by Tan & Yeoh Properties Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.
- (6) Deemed interests by virtue of interests held by Yeoh Tiong Lay & Sons Holdings Sdn. Bhd. and YTL Corporation Berhad pursuant to Section 8 of the Companies Act 2016.
- (7) Deemed interests by virtue of interests held by YTL Corporation Berhad pursuant to Section 8 of the Companies Act 2016.

By virtue of Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay's deemed interests in the shares of the Company under Section 8 of the Companies Act 2016, Tan Sri Dato' Seri is deemed to have interests in the shares of the subsidiaries of the Company to the extent that the Company has an interest.

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

### INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

The Company maintains a Directors' and Officers' liability insurance in respect of any legal action taken against the directors and officers in the discharge of their duties while holding office for the Company and the Group. The total amount of insurance premium effected for any director and officer of the Company as at the financial year ended was RM350,000. The directors and officers shall not be indemnified by such insurance for any deliberate negligence, fraud, intentional breach of law or breach of trust proven against them.

There were no indemnity given to or insurance affected for the auditors of the Company in accordance with Section 284 of the Companies Act 2016.

## DIRECTORS' REPORT

### DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangement subsisted to which the Company is a party, with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than those arising from the share options granted pursuant to the ESOS.

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of remuneration received or due and receivable by Directors as shown in the Note 6 to the Financial Statements of the Group and of the Company) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he/she is a member, or with a company in which he/she has a substantial financial interest except as disclosed in the Notes to the Financial Statements.

### STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps:-

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts have been written off and that adequate allowance has been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records of the Group and of the Company in the ordinary course of business have been written down to an amount which they might be expected so to realise.

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

- (a) which would render the amount 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 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 as and when they fall due.

## DIRECTORS' REPORT

### OTHER STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

The Directors state that:-

At the date of this Report, they 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 their opinion,

- (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.

### HOLDING COMPANY

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

### SUBSIDIARY/SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 13 to the Financial Statements.

### AUDITORS

The auditors, Messrs. HLB Ler Lum, Chartered Accountants, have expressed their willingness to continue in office.

The auditors' remuneration is disclosed in Note 6 to the Financial Statements.

Signed on behalf of the Board in accordance with a resolution of the Directors,

**Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay**

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

Dated: 21 September 2017



## STATEMENT BY DIRECTORS

We, TAN SRI DATO' SERI (DR) YEOH TIONG LAY and TAN SRI DATO' (DR) FRANCIS YEOH SOCK PING, CBE, FICE, being two of the Directors of YTL CORPORATION BERHAD, do hereby state that, in the opinion of the Directors, the accompanying financial statements are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2017 and of their financial performance and cash flows for the financial year then ended.

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

Signed on behalf of the Board in accordance with a resolution of the Directors, dated 21 September 2017.

**Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay**

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

## STATUTORY DECLARATION

I, TAN SRI DATO' (DR) FRANCIS YEOH SOCK PING, CBE, FICE, being the Director primarily responsible for the financial management of YTL CORPORATION BERHAD, do solemnly and sincerely declare that to the best of my knowledge and belief the accompanying financial statements are 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**

Subscribed and solemnly declared by the abovenamed  
TAN SRI DATO' (DR) FRANCIS YEOH SOCK PING, CBE, FICE  
at Kuala Lumpur on 21 September 2017

Before me,

**Tan Seok Kett**

Commissioner for Oaths

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF YTL CORPORATION BERHAD

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of YTL Corporation Berhad, which comprise the Statements of Financial Position as at 30 June 2017 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 124 to 284.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2017, and of their financial performance and their cash flows for the year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

### 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.

### 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.

#### 1. Valuation of investment properties

##### The risk

We refer to Note 11 to the Financial Statements.

The Group's investment portfolio mainly comprises of properties which are retail and office assets in prime locations. The investment properties of the Group amounted to RM10,517 million which represented 14% of the Group's total assets and is measured at fair value.

The investment properties are stated at their fair values based on independent external valuations using the income capitalisation approach, which capitalise the estimate rental income stream, net projected operating costs, using a discount rate derived from market yield. Valuation of the properties was carried out once a year.

We focused on this area due to the magnitude of the balance and the complexities in determining the fair value of the investment properties, which involves significant judgement in determining the appropriate valuation methodology to be used, and in estimating the underlying assumptions to be applied. A small change in the assumptions may have a significant impact to the valuation.

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF YTL CORPORATION BERHAD

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

#### Key Audit Matters (continued)

##### 1. Valuation of investment properties (continued)

###### Our response:

Ours and the component auditors audit procedures include the following:

- evaluated the qualifications and competence of the external valuers based on their membership of recognised professional body;
- checked the accuracy and relevance of the input data used in the valuations;
- obtained independent confirmation from the valuers;
- performed site visits to major properties; and
- evaluated the Group's disclosures on those assumptions to which the outcome of the valuation is most sensitive, that is, those that have the most significant effect on the determination of the fair value of the investment properties, by comparing them to the information disclosed in the valuation reports and re-computing the sensitivity analysis disclosed.

##### 2. Impairment assessment of goodwill

###### The risk

We refer to Note 17 to the Financial Statements.

As at 30 June 2017, goodwill arising on consolidation amounted to RM6,170.7 million after an accumulated impairment charge of RM118.9 million, which represents 8.3% of the Group's total assets.

The annual impairment testing of goodwill is considered to be a key audit matter due to the complexity of the accounting requirements and the significant judgement required in determining the assumptions to be used to estimate the recoverable amount. The recoverable amount of the cash-generating unit ("CGU"), which is based on the higher of the fair value less costs to sell or value in use ("VIU"), has been derived from fair value models or discounted forecast cash flow models. These models use several key assumptions, including estimates of revenue growth rate, pre-tax discount rate, terminal growth rate and earnings before interest, tax, depreciation and amortisation ("EBITDA") growth rate.

###### Our response:

We focused our testing of the impairment assessment of goodwill on the key assumptions made by the management. Our audit procedures included:

- discussed with management the key assumptions used in the respective VIU cash flows and compared the revenue growth rates and EBITDA growth rates to the historical performance of the respective CGUs;
- checked the reasonableness of the pre-tax discount rates and terminal growth rates with the assistance of our valuation expert by benchmarking to the respective industries; and
- checked the sensitivity analysis performed by management over pre-tax discount rates, terminal growth rates, and EBITDA growth rates, used in deriving the respective VIU cash flows.

## INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF YTL CORPORATION BERHAD

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

#### Key Audit Matters (continued)

#### 3. Classification of costs between operating expenditure and capital expenditure

##### The risk

We refer to Note 10 to the Financial Statements.

As at 30 June 2017, the net book value of the infrastructure assets of the water and sewerage segment of RM7,465.2 million represented 26% of the Group's property, plant and equipment. This infrastructure assets comprised of capital expenditure incurred by the segment to meet the development and regulatory requirement of the business, employee and overhead costs that are directly attributable to the construction of the assets.

There is significant judgement involved in determining whether costs incurred, specifically employee and overhead costs meet the relevant criteria for capitalisation in accordance with FRS 116, Property, Plant and Equipment ("FRS 116").

##### Our response:

Ours and the component auditors' audit procedures include the following:

- 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 nature 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 FRS 116; and
- compared the level of employee and overhead costs capitalised against prior year balances and current year budget information to identify material changes in the nature or quantum of costs capitalised, with any significant variances corroborated with management.

#### 4. Impairment assessment of property, plant and equipment of YTL Communications Sdn. Bhd. ("YTL Comm")

##### The risk

We refer to Note 10 to the Financial Statements.

YTL Comm's property, plant and equipment accounts for 7.8% of the Group's property, plant and equipment which relates to the mobile and broadband segment.

As at 30 June 2017, the subsidiary is loss making which is an impairment indicator. Given that there is indication of impairment, management had performed an impairment assessment on the property, plant and equipment.

The impairment assessment was performed by management using VIU cash flows which requires significant judgement as the timing and quantum of the cash flows is dependent on the achievement of the next five years' business plans and financial budgets which 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 property, plant and equipment is required.



## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF YTL CORPORATION BERHAD

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

#### Key Audit Matters (continued)

#### 4. Impairment assessment of property, plant and equipment of YTL Communications Sdn. Bhd. ("YTL Comm") (continued)

Our response:

Our audit procedures include the following:

- checked the assumptions used, in particular the 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 historical experience; and
- assessed reasonableness of the discount rate which reflects the specific risk relating to the PPE based on inputs that are publicly available.

#### 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 the information included in the annual report, but 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, 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 financial statements of the Group and of the Company that give a true and fair view in accordance with 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.

## INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF YTL CORPORATION BERHAD

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

#### Auditor's 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:

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

## **INDEPENDENT AUDITORS' REPORT**

TO THE MEMBERS OF YTL CORPORATION BERHAD

### **REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)**

#### **Auditor's Responsibilities for the Audit of the Financial Statements (Continued)**

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 REPORTING RESPONSIBILITIES**

The supplementary information set out on page 285 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

### **OTHER MATTERS**

This report is made solely to the members of the Company, as a body, in accordance with Section 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.

#### **HLB LER LUM**

AF 0276

Chartered Accountants

#### **LUM TUCK CHEONG**

01005/03/2019 J

Chartered Accountant

Dated: 21 September 2017

Kuala Lumpur

# INCOME STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Revenue	3	<b>14,728,681</b>	15,377,505	<b>803,424</b>	839,326
Cost of sales	4	<b>(10,579,754)</b>	(10,925,811)	–	–
Gross profit		<b>4,148,927</b>	4,451,694	<b>803,424</b>	839,326
Other operating income		<b>422,886</b>	740,334	<b>6,610</b>	5,114
Selling and distribution costs		<b>(341,916)</b>	(348,407)	–	–
Administration expenses		<b>(1,316,697)</b>	(1,390,183)	<b>(99,210)</b>	(90,666)
Other operating expenses		<b>(340,285)</b>	(518,092)	–	–
Finance costs	5	<b>(1,317,509)</b>	(1,317,897)	<b>(155,246)</b>	(126,427)
Share of results of associated companies and joint ventures, net of tax		<b>470,106</b>	645,082	–	–
<b>Profit before tax</b>	6	<b>1,725,512</b>	2,262,531	<b>555,578</b>	627,347
Income tax expenses	7	<b>(283,462)</b>	(375,573)	<b>(22,461)</b>	(4,688)
<b>Profit for the year</b>		<b>1,442,050</b>	1,886,958	<b>533,117</b>	622,659
<b>Attributable to:-</b>					
Owners of the parent		<b>813,308</b>	916,431	<b>533,117</b>	622,659
Non-controlling interests		<b>628,742</b>	970,527	–	–
		<b>1,442,050</b>	1,886,958	<b>533,117</b>	622,659
<b>Earnings per share (sen)</b>					
Basic/diluted	8	<b>7.74</b>	8.80		
Dividend per ordinary shares (sen)	9	<b>9.50</b>	9.50		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.



# STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Profit for the year	<b>1,442,050</b>	1,886,958	<b>533,117</b>	622,659
<b>Other comprehensive income/(loss):</b>				
Items that may not be reclassified subsequently to income statement:				
- re-measurement of post-employment benefit obligations	<b>(162,639)</b>	(196,822)	-	-
Items that may be reclassified subsequently to income statement:				
- available-for-sale financial assets				
- fair value changes	<b>4,346</b>	(4,074)	<b>1,035</b>	96
- reclassification	-	-	<b>(296)</b>	(1,165)
- cash flow hedges	<b>260,355</b>	33,296	-	-
- foreign currency translation	<b>1,149,586</b>	659,706	-	-
<b>Other comprehensive income/(loss) for the year, net of tax</b>	<b>1,251,648</b>	492,106	<b>739</b>	(1,069)
<b>Total comprehensive income for the year</b>	<b>2,693,698</b>	2,379,064	<b>533,856</b>	621,590
<b>Total comprehensive income attributable to:-</b>				
Owners of the parent	<b>1,423,216</b>	1,150,254	<b>533,856</b>	621,590
Non-controlling interests	<b>1,270,482</b>	1,228,810	-	-
	<b>2,693,698</b>	2,379,064	<b>533,856</b>	621,590

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2017

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	10	<b>28,516,788</b>	26,637,266	<b>5,363</b>	4,293
Investment properties	11	<b>10,517,010</b>	9,637,514	–	–
Development expenditures	12	<b>894,886</b>	771,733	–	–
Investment in subsidiaries	13	–	–	<b>8,172,788</b>	7,807,048
Investment in associated companies	14	<b>2,421,890</b>	2,172,723	<b>205,241</b>	205,241
Joint ventures	15	<b>58,493</b>	48,192	–	–
Investments	16	<b>845,165</b>	302,389	<b>31,565</b>	29,089
Intangible assets	17	<b>6,386,034</b>	6,064,975	–	–
Biological assets	18	<b>1,798</b>	1,798	–	–
Trade and other receivables	19	<b>953,544</b>	251,374	–	–
Other non-current assets	20	<b>201,736</b>	143,287	–	–
Derivative financial instruments	21	<b>13,629</b>	30,855	–	–
		<b>50,810,973</b>	46,062,106	<b>8,414,957</b>	8,045,671
<b>Current assets</b>					
Inventories	22	<b>799,825</b>	759,889	–	–
Property development costs	23	<b>2,475,214</b>	2,650,186	–	–
Trade and other receivables	19	<b>3,390,904</b>	2,774,608	<b>11,126</b>	14,511
Other current assets	20	<b>423,857</b>	394,033	<b>360</b>	569
Derivative financial instruments	21	<b>52,124</b>	64,965	–	–
Income tax assets		<b>80,116</b>	44,813	<b>39,119</b>	41,324
Amounts due from related parties	25	<b>87,497</b>	62,255	<b>1,147,171</b>	1,001,553
Investments	16	<b>2,503,011</b>	–	–	–
Short term investments	26	<b>738,801</b>	708,127	<b>738,801</b>	708,127
Fixed deposits	27	<b>12,145,557</b>	12,664,529	<b>853,092</b>	614,087
Cash and bank balances	27	<b>1,174,691</b>	1,081,308	<b>2,329</b>	3,498
		<b>23,871,597</b>	21,204,713	<b>2,791,998</b>	2,383,669
<b>Total assets</b>		<b>74,682,570</b>	67,266,819	<b>11,206,955</b>	10,429,340

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

## STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2017

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to owners of the parent</b>					
Share capital	28	<b>3,340,111</b>	1,079,399	<b>3,340,111</b>	1,079,399
Share premium	29	–	2,069,188	–	2,069,188
Other reserves	29	<b>1,523,559</b>	827,630	<b>46,900</b>	47,061
Retained earnings		<b>10,606,817</b>	11,223,837	<b>4,325,927</b>	4,791,941
Treasury shares, at cost	28	<b>(596,577)</b>	(596,575)	<b>(596,577)</b>	(596,575)
		<b>14,873,910</b>	14,603,479	<b>7,116,361</b>	7,391,014
Non-controlling interests		<b>8,051,734</b>	7,408,598	–	–
<b>Total equity</b>		<b>22,925,644</b>	22,012,077	<b>7,116,361</b>	7,391,014
<b>Non-current liabilities</b>					
Long term payables	30	<b>932,394</b>	937,860	–	–
Other non-current liabilities	31	–	67,696	–	–
Bonds	32	<b>19,966,528</b>	15,745,189	<b>2,500,000</b>	1,500,000
Borrowings	33	<b>14,166,295</b>	18,226,421	<b>978</b>	200,705
Grants and contributions	34	<b>547,775</b>	427,843	–	–
Deferred tax liabilities	35	<b>2,068,379</b>	2,118,308	<b>113</b>	186
Post-employment benefit obligations	36	<b>1,115,512</b>	874,272	–	–
Provision for liabilities and charges	37	<b>7,077</b>	40,331	–	–
Derivative financial instruments	21	<b>44,008</b>	155,141	–	–
<b>Total non-current liabilities</b>		<b>38,847,968</b>	38,593,061	<b>2,501,091</b>	1,700,891
<b>Current liabilities</b>					
Trade and other payables	38	<b>3,304,385</b>	2,959,590	<b>19,373</b>	12,408
Other current liabilities	39	<b>72,078</b>	30,208	–	–
Derivative financial instruments	21	<b>128,772</b>	248,330	–	–
Amounts due to related parties	25	<b>8,486</b>	9,203	<b>101,593</b>	57,090
Bonds	32	–	31,002	–	–
Borrowings	33	<b>8,996,806</b>	3,059,580	<b>1,468,056</b>	1,267,520
Provision for liabilities and charges	37	<b>181,272</b>	127,789	–	–
Post-employment benefit obligations	36	<b>6,685</b>	5,887	<b>481</b>	417
Income tax liabilities		<b>210,474</b>	190,092	–	–
<b>Total current liabilities</b>		<b>12,908,958</b>	6,661,681	<b>1,589,503</b>	1,337,435
<b>Total liabilities</b>		<b>51,756,926</b>	45,254,742	<b>4,090,594</b>	3,038,326
<b>Total equity and liabilities</b>		<b>74,682,570</b>	67,266,819	<b>11,206,955</b>	10,429,340

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

Group 2017	Attributable to Owners of the Parent						Non- controlling Interests RM'000	Total Equity RM'000
	Non-distributable			Distributable				
	Share Capital RM'000	Share Premium RM'000	Other Reserves RM'000	Retained Earnings RM'000	Treasury Shares RM'000	Total RM'000		
At 1 July 2016	1,079,399	2,069,188	827,630	11,223,837	(596,575)	14,603,479	7,408,598	22,012,077
Profit for the year	-	-	-	813,308	-	813,308	628,742	1,442,050
Other comprehensive income/(loss) for the year	-	-	697,000	(87,092)	-	609,908	641,740	1,251,648
Total comprehensive income for the year	-	-	697,000	726,216	-	1,423,216	1,270,482	2,693,698
Changes in composition of the Group	-	-	-	(344,424)	-	(344,424)	147,324	(197,100)
Dividends paid	-	-	-	(1,000,031)	-	(1,000,031)	(774,670)	(1,774,701)
Issue of share capital	11,657	179,867	-	-	-	191,524	-	191,524
Share option lapsed	-	-	(900)	900	-	-	-	-
Subsidiary's share option lapsed	-	-	(171)	319	-	148	-	148
Transition to no par value regime	2,249,055	(2,249,055)	-	-	-	-	-	-
Treasury shares	-	-	-	-	(2)	(2)	-	(2)
<b>At 30 June 2017</b>	<b>3,340,111</b>	<b>-</b>	<b>1,523,559</b>	<b>10,606,817</b>	<b>(596,577)</b>	<b>14,873,910</b>	<b>8,051,734</b>	<b>22,925,644</b>

Group 2016	Attributable to Owners of the Parent						Non- controlling Interests RM'000	Total Equity RM'000
	Non-distributable			Distributable				
	Share Capital RM'000	Share Premium RM'000	Other Reserves RM'000	Retained Earnings RM'000	Treasury Shares RM'000	Total RM'000		
At 1 July 2015	1,079,399	2,069,188	489,086	11,579,479	(596,574)	14,620,578	6,152,419	20,772,997
Profit for the year	-	-	-	916,431	-	916,431	970,527	1,886,958
Other comprehensive income/(loss) for the year	-	-	339,783	(105,960)	-	233,823	258,283	492,106
Total comprehensive income for the year	-	-	339,783	810,471	-	1,150,254	1,228,810	2,379,064
Changes in composition of the Group	-	-	(850)	(177,931)	-	(178,781)	827,556	648,775
Conversion of ICULS	-	-	(191)	-	-	(191)	-	(191)
Dividends paid	-	-	-	(989,771)	-	(989,771)	(800,187)	(1,789,958)
Issue of ICULS/bonus issue	-	-	66	(90)	-	(24)	-	(24)
Share option lapsed	-	-	(1,467)	1,679	-	212	-	212
Share option expenses	-	-	660	-	-	660	-	660
Subsidiary's share option exercise	-	-	543	-	-	543	-	543
Treasury shares	-	-	-	-	(1)	(1)	-	(1)
<b>At 30 June 2016</b>	<b>1,079,399</b>	<b>2,069,188</b>	<b>827,630</b>	<b>11,223,837</b>	<b>(596,575)</b>	<b>14,603,479</b>	<b>7,408,598</b>	<b>22,012,077</b>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.



**STATEMENTS OF CHANGES IN EQUITY**

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

Company	Non-distributable			Distributable		Total RM'000
	Share Capital RM'000	Share Premium RM'000	Other Reserves RM'000	Retained Earnings RM'000	Treasury Shares RM'000	
At 1 July 2015	1,079,399	2,069,188	48,690	5,157,833	(596,574)	7,758,536
Profit for the year	-	-	-	622,659	-	622,659
Other comprehensive loss	-	-	(1,069)	-	-	(1,069)
Total comprehensive (loss)/ income	-	-	(1,069)	622,659	-	621,590
Dividends paid	-	-	-	(989,771)	-	(989,771)
Share option expenses	-	-	660	-	-	660
Share option lapsed	-	-	(1,220)	1,220	-	-
Treasury shares	-	-	-	-	(1)	(1)
<b>At 30 June 2016</b>	1,079,399	2,069,188	47,061	4,791,941	(596,575)	7,391,014
Profit for the year	-	-	-	<b>533,117</b>	-	<b>533,117</b>
Other comprehensive income	-	-	<b>739</b>	-	-	<b>739</b>
Total comprehensive income	-	-	<b>739</b>	<b>533,117</b>	-	<b>533,856</b>
Issue of share capital	<b>11,657</b>	<b>179,867</b>	-	-	-	<b>191,524</b>
Dividends paid	-	-	-	<b>(1,000,031)</b>	-	<b>(1,000,031)</b>
Share option lapsed	-	-	<b>(900)</b>	<b>900</b>	-	-
Transition to no par value regime	<b>2,249,055</b>	<b>(2,249,055)</b>	-	-	-	-
Treasury shares	-	-	-	-	<b>(2)</b>	<b>(2)</b>
<b>At 30 June 2017</b>	<b>3,340,111</b>	-	<b>46,900</b>	<b>4,325,927</b>	<b>(596,577)</b>	<b>7,116,361</b>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Cash flows from operating activities</b>				
Profit before tax	<b>1,725,512</b>	2,262,531	<b>555,578</b>	627,347
Adjustments for:-				
Adjustment on fair value of investment properties	<b>30,891</b>	(233,795)	-	-
Amortisation of deferred income	<b>(8,846)</b>	(4,277)	-	-
Amortisation of grants and contributions	<b>(14,774)</b>	(17,005)	-	-
Amortisation of intangible assets	<b>87,028</b>	101,065	-	-
Bad debts recovered	<b>(31)</b>	(171)	-	-
Bad debts written off	<b>8,205</b>	16,473	-	2,581
Depreciation	<b>1,478,819</b>	1,593,533	<b>1,283</b>	1,116
Dividend income	<b>(47,320)</b>	(6,035)	<b>(732,141)</b>	(763,843)
Fair value changes of derivatives	<b>(4,394)</b>	17,852	-	-
Fair value changes of investments	<b>(264)</b>	-	-	-
Gain on disposal of investments	<b>(34,429)</b>	(1,200)	<b>(583)</b>	(1,200)
(Gain)/Loss on disposal of investment properties	<b>(2,578)</b>	208	-	-
Gain on disposal of land/property	-	(359)	-	-
Gain on disposal of property, plant and equipment	<b>(18,338)</b>	(23,919)	<b>(13)</b>	-
Impairment losses	<b>122,020</b>	34,711	<b>31,565</b>	28,351
Interest expense	<b>1,317,509</b>	1,317,897	<b>155,246</b>	126,427
Interest income	<b>(263,524)</b>	(339,422)	<b>(71,017)</b>	(75,234)
Inventories write down - net	<b>3,875</b>	1,065	-	-
Investment written off	<b>5</b>	250	-	250
Loss on disposal of investment in subsidiary	-	-	-	911
Negative goodwill	<b>(14,430)</b>	-	-	-
Property, plant and equipment written off	<b>37,431</b>	18,948	-	-
Provision for post-employment benefit	<b>71,990</b>	73,125	-	-
Provision for liabilities and charges	<b>6,470</b>	71,761	-	-
Share option expenses	-	432	-	278
Share of results of associated companies and joint ventures	<b>(470,106)</b>	(645,082)	-	-
Unrealised loss on foreign exchange - net	<b>17,493</b>	35,387	-	-
Operating profit/(loss) before changes in working capital	<b>4,028,214</b>	4,273,973	<b>(60,082)</b>	(53,016)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

**STATEMENTS OF CASH FLOWS**  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Changes in working capital:-				
Inventories	<b>(23,610)</b>	17,211	-	-
Property development costs	<b>(53,375)</b>	(558,517)	-	-
Receivables	<b>(698,037)</b>	572,593	<b>7,919</b>	1,090
Other assets	<b>(49,929)</b>	(90,018)	-	-
Other liabilities	<b>(6,895)</b>	77,381	-	-
Payables	<b>100,443</b>	(149,515)	<b>(8,685)</b>	(38)
Related parties balances	<b>(25,958)</b>	(20,550)	<b>(105,739)</b>	6,658
Cash generated from/(used in) operations	<b>3,270,853</b>	4,122,558	<b>(166,587)</b>	(45,306)
Dividends received	<b>448,322</b>	414,473	<b>732,141</b>	763,843
Interest paid	<b>(1,285,489)</b>	(1,319,195)	<b>(139,532)</b>	(126,427)
Interest received	<b>261,850</b>	336,898	<b>66,692</b>	74,264
Payment to a retirement benefits scheme	<b>(89,207)</b>	(107,792)	-	-
Income tax paid	<b>(419,331)</b>	(587,865)	<b>(20,329)</b>	(22,474)
Income tax refunded	<b>760</b>	7,638	-	-
Net cash from operating activities	<b>2,187,758</b>	2,866,715	<b>472,385</b>	643,900
<b>Cash flows from investing activities</b>				
Acquisition of additional shares in existing subsidiaries	<b>(201,416)</b>	(181,570)	<b>(201,413)</b>	(185,086)
Acquisition of new subsidiaries (net of cash acquired)	<b>15,762</b>	(40)	-	(500)
Additional investments accounted for using the equity method	<b>(21,412)</b>	(3,097)	-	-
Development expenditure incurred	<b>(183,638)</b>	(55,721)	-	-
Grants received in respect of infrastructure assets	<b>54,570</b>	59,578	-	-
Net proceeds from disposal of subsidiaries	-	186	-	89
Proceeds from disposal of investment properties	<b>15,656</b>	86,408	-	-
Proceeds from disposal of property, plant and equipment	<b>42,578</b>	275,784	<b>22</b>	-
Proceeds from disposal of land/property	-	412	-	-
Proceeds from disposal of investments	<b>44,934</b>	-	<b>2,519</b>	-
Purchase of intangible assets	<b>(54,445)</b>	(90,837)	-	-
Purchase of investment properties	<b>(90,807)</b>	(19,761)	-	-
Purchase of property, plant and equipment	<b>(1,976,453)</b>	(1,836,213)	<b>(419)</b>	(733)
Purchase of investments	<b>(3,053,484)</b>	(115,249)	<b>(34,090)</b>	(76,021)
Shareholder loans	<b>(686,251)</b>	-	-	-
Net cash used in investing activities	<b>(6,094,406)</b>	(1,880,120)	<b>(233,381)</b>	(262,251)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

## STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Cash flows from financing activities</b>				
Dividends paid	<b>(1,000,031)</b>	(989,771)	<b>(1,000,031)</b>	(989,771)
Dividends paid to non-controlling interests by subsidiaries	<b>(774,670)</b>	(800,187)	-	-
Repurchase of own shares by the company (at net)	<b>(2)</b>	(1)	<b>(2)</b>	(1)
Repurchase of subsidiaries' shares by subsidiaries	<b>(2)</b>	(3)	-	-
Proceeds from bonds	<b>3,500,000</b>	-	<b>1,000,000</b>	-
Proceeds from borrowings	<b>2,156,146</b>	3,121,936	-	-
Proceeds from issue of shares	-	-	-	-
Proceeds from issue of shares in subsidiaries to non-controlling interests	<b>257,010</b>	769,079	-	-
Proceeds from exercise of subsidiary's ESOS	-	7,507	-	-
Repayment of borrowings	<b>(1,082,151)</b>	(3,638,811)	<b>(1,135)</b>	(784)
Upfront fees and discounts on borrowings	<b>(31,218)</b>	-	-	-
Net cash from/(used in) financing activities	<b>3,025,082</b>	(1,530,251)	<b>(1,168)</b>	(990,556)
Net changes in cash and cash equivalents	<b>(881,566)</b>	(543,656)	<b>237,836</b>	(608,907)
Effects of exchange rate changes	<b>518,974</b>	191,674	-	-
Cash and cash equivalents at beginning of the financial year	<b>13,679,430</b>	14,031,412	<b>617,585</b>	1,226,492
Cash and cash equivalents at the end of the financial year (Note 27)	<b>13,316,838</b>	13,679,430	<b>855,421</b>	617,585
<b>NOTES TO THE STATEMENTS OF CASH FLOWS</b>				
Analysis of acquisition of property, plant and equipment:-				
Cash	<b>1,976,453</b>	1,836,213	<b>419</b>	733
Finance lease arrangement	<b>5,985</b>	257,332	<b>1,943</b>	1,470
Interest expense paid/payable	<b>9,098</b>	9,045	-	-
Transfer of assets from customers	-	158,515	-	-
Transfer from prepayments	<b>63,056</b>	-	-	-
Payables	<b>48,949</b>	(19,985)	-	-
Provision for liabilities and charges	-	4,600	-	-
	<b>2,103,541</b>	2,245,720	<b>2,362</b>	2,203

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.



# NOTES TO THE FINANCIAL STATEMENTS

## 1. GENERAL INFORMATION

The principal activities of the Company are those of an investment holding and management company. The principal activities of the subsidiaries are set out in Note 13 to the Financial Statements.

The Company is a limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Market of Bursa Malaysia Securities Berhad and the foreign section of the Tokyo Stock Exchange.

The address of the registered office and principal place of business of the Company are as follows:-

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

## 2. SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of preparation

The financial statements of the Group and of the Company have been prepared under historical cost convention (unless stated otherwise in the significant accounting policies below) and in accordance with Financial Reporting Standards ("FRS") and the requirements of the Companies Act 2016 in Malaysia.

The preparation of financial statements in conformity with the FRS and the Companies Act 2016 requires the Directors to make 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 revenue and expenses during the reported period. It also requires the Directors to exercise their judgements in the process of applying the Group's accounting policies. Although these estimates and judgements are based on Directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 45 to the Financial Statements.

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

## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (b) Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 July 2016, the Group and the Company have adopted the following new and amendments to FRSs and IC Interpretation which are mandatory for annual financial year beginning on or after 1 January 2016.

Annual Improvements to FRSs 2012 - 2014 Cycle

Amendments to FRS 116 and FRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation

Amendments to FRS 116 and FRS 141: Agriculture: Bearer Plants

Amendments to FRS 11: Accounting for Acquisitions of Interests in Joint Operations

Amendments to FRS 127: Equity Method in Separate Financial Statements

Amendments to FRS 101: Disclosure Initiatives

Amendments to FRS 10, FRS 12 and FRS 128: Investment Entities: Applying the Consolidation Exception

FRS 14 Regulatory Deferral Accounts

Adoption of the above new and amended FRSs and IC Interpretation did not have any effect on the financial position and policy of the Group and of the Company.

#### (c) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The specific recognition criteria for revenue are as follows:-

##### (i) Sale of goods and rendering of services

Revenue from sale of goods is measured at the fair value of the consideration receivable and is recognised when the significant risks and rewards of ownership of the goods have passed to the buyers.

Revenue from rendering of services is recognised in the profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to the proportion that costs incurred to date that reflect services performed bear to the total estimated costs of the transaction. Where the outcome of the transaction cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

##### (ii) Sale of electricity

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

##### (iii) Sale of clean water and the treatment and disposal of waste water

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

## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (c) Revenue recognition (continued)

##### **(iv) Sale of fuel oil**

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

##### **(v) Sale of steam**

Revenue is recognised upon delivery of steam.

##### **(vi) Property development projects**

Revenue from property development projects is accounted for by the stage of completion method as described in Note 2(w) to the Financial Statements.

##### **(vii) Construction contracts**

Revenue from construction contracts is accounted for by the stage of completion method as described in Note 2(t) to the Financial Statements.

##### **(viii) Interest income**

Interest income is recognised as the interest income accrues, taking into account the effective yield on the asset.

##### **(ix) Dividend income**

Dividend income is recognised when the right to receive the payment is established.

##### **(x) 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.

##### **(xi) Hotel operations**

Revenue from room rental is recognised on the accrual basis. Revenue from the sale of food and beverages is recognised based on invoiced value of goods sold. Rendering of other services is recognised when the services are rendered.

##### **(xii) Broadband and telecommunications revenue**

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

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

## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (d) Employee benefits

##### (i) Short term employee benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are recognised as an expense in the financial year when employees have rendered their services to the Group.

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

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

##### **Defined contribution plan**

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

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

##### **Defined benefit plan**

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

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

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

Remeasurement gains and losses are recognised outside the Income Statements in retained earnings and presented in the Statements of Comprehensive Income.

Past-service costs are recognised immediately in profit or loss.



## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (d) Employee benefits (continued)

##### (iii) Share-based compensation

The Company and certain subsidiaries operate 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 profit or loss 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 profit or loss, with a corresponding adjustment to equity. For options granted by the Company to its subsidiaries' employees, the expense will be recognised in the subsidiaries' financial statements over the vesting periods of the grant.

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

#### (e) Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

#### (f) Income tax and deferred tax

Income tax on the profit or loss for the financial year comprises current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the financial year and is measured using the tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in full, using the liability method, on temporary differences arising between the amounts attributable 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 that at the time of the transaction affects neither accounting nor taxable profit or loss.

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

## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (g) Property, plant and equipment and depreciation

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

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

Certain freehold land and buildings were revalued by the Directors in 1983 based on valuations carried out by independent professional valuers on the open market basis. In accordance with the transitional provisions issued by FRS 116 'Property, Plant and Equipment', the valuation of these properties, plant and equipment have not been updated and they continue to be stated at their previously revalued amounts less depreciation and impairment losses.

Property, plant and equipment retired from active use and held for disposal are stated at the lower of net book value and net realisable value.

Freehold land and freehold oil palm plantation are not amortised.

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 and depreciation commences when they are ready for their intended use.

Depreciation on all other property, plant and equipment is calculated on the straight line basis at rates required to write off the cost of the property, plant and equipment over their estimated useful life.

The principal annual rates of depreciation used are as follows:-

	%
Buildings	1 - 10
Leasehold land	1 - 3
Infrastructure & site facilities	0.9 - 20
Plant & machinery	4 - 20
Telecommunication equipment	4 - 20
Furniture, fixtures & equipment	10 - 50
Vehicles	10 - 33½

Residual value, useful life and depreciation method of assets are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

Gains and losses on disposals are determined by comparing net disposal proceeds with net carrying amount and are recognised in the profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (h) 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 profit or loss 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.

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 profit or loss in the period in which the item is derecognised.

#### (i) Development expenditure

##### (i) Land held for property development

Land held for property development is stated at cost of acquisition including the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other related costs incurred subsequent to the acquisition on activities necessary to prepare the land for its intended use.

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less any accumulated impairment losses. Where the Group had previously recorded the land at revalued amount, it continues to retain this amount as its surrogate cost as allowed by FRS 201. Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(j) to the Financial Statements.

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

##### (ii) Project development expenditure

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

Development costs previously recognised as an expense are not recognised as an asset in subsequent periods.

Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (j) Impairment of non-financial assets

The carrying amounts of assets, other than investments properties, property development costs, inventories, assets arising from construction contracts and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, an asset's recoverable amount is estimated to determine the amount of impairment loss.

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

An impairment loss is charged to the profit or loss immediately, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of previously recognised revaluation surplus for the same asset.

Impairment losses on goodwill are not reversed. In respect of other assets, any subsequent increase in the recoverable amount of an asset is treated as reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the profit or loss immediately, unless the asset is carried at revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the profit or loss, a reversal of that impairment loss is recognised as income in the profit or loss.

#### (k) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The Group controls an investee if and only if the Group has all the following:-

- Power over the investee (i.e existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its investment with the investee; and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting rights of an investee, the Group considers the following in assessing whether or not the Group's voting rights in an investee are sufficient to give it power over the investee:-

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.



## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (k) Basis of consolidation (continued)

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statements of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- derecognises the assets (including goodwill) and liabilities of the subsidiary;
- derecognises the carrying amount of any non-controlling interests;
- derecognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss;
- reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

Acquisitions of subsidiaries are accounted for by applying the purchase method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in other comprehensive income.

The cost of a business combination is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the business combination. Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill in the statements of financial position. The accounting policy for goodwill is set out in Note 2(p) to the financial statements. Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in profit or loss on the date of acquisition. When the Group acquires a business, embedded derivatives separated from the host contract by the acquiree are reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (l) Transactions with non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant shares 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.

#### (m) Investment in subsidiaries

A subsidiary is an entity over which the Group has all the following:-

- Power over the investee (i.e existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its investment with the investee; and
- The ability to use its power over the investee to affect its returns.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less accumulated impairment losses. On disposal of investments in subsidiaries, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

#### (n) Investment in associated companies

Associated companies are entities in which the Group is in a position to exercise significant influence but which is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions, but not control over their policies. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has significant influence over another entity.

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

In applying the equity method of accounting, the Group's share of its associated companies' post-acquisition profits or losses are recognised in profit or loss and its share of post-acquisition movements in reserves is recognised in other comprehensive income. The cumulative post-acquisition movements and distributions received from the associated companies are adjusted against the carrying amount of the investment. When the Group's share of losses in an associated company equals or exceeds its interest in the associated company, including any other unsecured obligations, the Group does not recognise further losses, unless it has obligations or has made payments on behalf of the associated company.

The most recent available audited financial statements of the associated companies are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not coterminous with those of the Group, the share of results is arrived at from the last audited financial statements available and management financial statements to the end of the accounting period. Where necessary, adjustments are made to the financial statements of associated companies to ensure consistency of accounting policies with those of the Group.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (n) Investment in associated companies (continued)

Unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the associated companies. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Gains and losses arising from partial disposals or dilutions in investments in associated companies are recognised in profit or loss.

Investments in associated companies are derecognised when the Group loses significant influence. Any retained interest in the entity is remeasured at its fair value. The difference between the carrying amount of the retained investment at the date when significant influence is lost and its fair value is recognised in profit or loss.

In the Company's separate financial statements, investments in associated companies are stated at cost less accumulated impairment losses. On disposal of investments in associated companies, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

#### (o) 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 venturers 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.

The Group's interests in joint ventures are accounted for by the equity method of accounting based on the audited financial statements of the joint ventures made up to the end of the financial year.

Equity accounting involves recognising in the profit or loss the Group's share of the results of joint ventures for the financial year. The Group's investments in joint ventures are carried in the Statements of Financial Position at an amount that reflects its share of the net assets of the joint ventures and includes goodwill on acquisition.

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 on impairment of the asset transferred. Where necessary, in applying the equity method, adjustments are made to the financial statements of joint ventures to ensure consistency of accounting policies with those of the Group.

In the Company's separate financial statements, investments in joint ventures are stated at cost less impairment losses.

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (p) Intangible assets

##### (i) Customer acquisition costs

Customer acquisition costs which pertains to commission payment made to a dealer intermediary as consideration for signing up a new customer and the expenditures incurred in providing the customer a free or subsidised device, provided the customer signs a non-cancellable contract for a predetermined contractual period, are capitalised as intangible assets and amortised over the contractual period on a straight line basis. Customer acquisition costs are assessed at each reporting date whether there is any indication that the customer acquisition costs may be impaired. See accounting policy Note 2(j) to the financial statements on impairment of non-financial assets.

##### (ii) Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

##### (iii) Others

###### **Contract rights**

Acquired contracts and rights to contracts arises 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 other intangible assets may be impaired.

###### **Quarry rights**

Quarry rights are amortised on the straight-line basis over the lease term less impairment losses.

###### **Emission rights**

The emission rights that are acquired by the Group are measured at cost less any accumulated impairment losses.

The policy for the recognition and measurement of impairment losses is in accordance with Note 2(j).



## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (q) Biological assets

##### ***Plantation development expenditure***

New planting expenditure, which represents total cost incurred from land clearing to the point of harvesting, is capitalised under plantation development expenditure under biological assets and is not amortised. Replanting expenditure, which represents cost incurred in replanting old planted areas, is charged to the profit or loss in the financial year in which it is incurred.

#### (r) Financial assets

Financial assets are recognised in the Statements of Financial Position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

##### ***(i) Financial assets at fair value through profit or loss***

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current whereas financial assets that are not held primarily for trading purposes are presented as current or non-current based on the settlement date.

##### ***(ii) Loans and receivables***

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (r) Financial assets (continued)

##### (ii) Loans and receivables (continued)

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

##### (iii) Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are designated as available-for-sale or are not classified in any of the other categories.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group and the Company's right to receive payment is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

#### (s) Impairment of financial assets

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

##### (i) 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.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (s) Impairment of financial assets (continued)

##### (i) *Assets carried at amortised cost (continued)*

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

##### (ii) *Available-for-sale financial assets*

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

#### (t) Construction contracts

Where the outcome of a construction contract can be reliably estimated, contract revenue and contract costs are recognised as revenue and expenses, respectively by using the stage of completion method. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

Where the outcome of a construction contract cannot be reliably estimated, contract revenue is recognised to the extent of contract costs incurred that is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

When the total of costs incurred on construction contracts plus, recognised profits (net of recognised losses), exceeds progress billings, the balance is classified as amount due from customers on contracts. When progress billings exceed costs incurred plus, recognised profits (net of recognised losses), the balance is classified as amount due to customers on contracts.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (u) Derivatives financial instruments and hedging activities

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

- (i) Hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or
- (ii) Hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge); or
- (iii) Embedded derivatives in exchangeable bonds

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

The fair values of various derivative instruments used for hedging purposes are disclosed in Note 21. Movements on the hedging reserve in other comprehensive income are shown in Note 29(b). The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining 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. Trading derivatives are 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 profit or loss, 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 profit or loss within 'finance costs'. The gain or loss relating to the ineffective portion is recognised in profit or loss within 'other gains/(losses) - net'. Changes in the fair value of the hedge fixed rate borrowings attributable to interest rate risk are recognised in profit or loss 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 profit or loss over the period to maturity.

#### (ii) Cash flow hedge

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

## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (u) Derivatives financial instruments and hedging activities (continued)

##### (ii) Cash flow hedge (continued)

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in within 'revenue'. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory or fixed assets), the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognised in cost of goods sold in the case of inventory or in depreciation in the case of fixed 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 profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to profit or loss within 'other gains/ (losses) - net'.

##### (iii) Embedded derivatives in exchangeable bonds

The fair values of the derivative financial instrument component embedded in the exchangeable bonds are determined at issuance of the exchangeable bonds with the residual amounts being allocated to the values of the liability component of the bonds. The derivative financial instrument components are remeasured at each reporting date. Resulting gains or losses arising from subsequent fair value measurements of derivative financial instruments are taken to profit or loss. The fair values of derivative financial instruments are determined by using valuation techniques with assumptions mainly based on market conditions at each reporting date.

#### (v) Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is determined on the weighted average or first in, first out basis and includes the cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

The cost of finished goods and work-in-progress consists of raw materials, direct labour, other direct charges and an appropriate proportion of production overheads (based on normal operating capacity).

The cost of developed properties comprises costs associated with the acquisition of land, direct costs and appropriate proportions of common costs.

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



## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (w) Property development costs

Property development costs 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.

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Where the financial outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on properties sold are recognised as an expense in the period in which they are incurred.

#### (x) Cash and cash equivalents

Cash and cash equivalents consist of cash and bank balances, bank overdrafts, deposits held at call with financial institutions and highly liquid investments which have an insignificant risk of changes in value. For the purpose of the Statements of Cash Flows, cash and cash equivalents are presented net of bank overdrafts.

#### (y) Share capital

Ordinary shares are equity instruments and recorded at the proceeds received, net of directly attributable incremental transaction costs.

Dividends on ordinary shares are recognised in equity in the period in which they are declared.

#### (z) Treasury 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.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (aa) Irredeemable Convertible Unsecured Loan Stocks (“ICULS”)

The ICULS are regarded as compound instruments, consisting of a liability component and an equity component. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar instrument. The difference between the proceeds of issue of the ICULS and the fair value assigned to the liability component, representing the conversion option is included in equity. The liability component is subsequently stated at amortised cost using the effective interest rate method until extinguished on conversion or cancellation, whilst the value of the equity component is not adjusted in subsequent periods. Attributable transaction costs are apportioned and deducted directly from the liability and equity components based on their carrying amounts at the date of issue.

Under the effective interest rate method, the interest expense on the liability component is calculated by applying the prevailing market interest rate for a similar non-convertible instrument at the date of issue. The difference between this amount and the interest paid is added to the carrying amount of the ICULS.

The value of the conversion option is not adjusted in subsequent periods, except in times of ICULS conversion into ordinary shares. Upon conversion of the instrument into ordinary shares, the amount credited to share capital is the aggregate of the amounts classified within liability and equity at the time of conversion. No gain or loss is recognised in profit or loss.

#### (bb) Deferred income

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

#### (cc) Bonds and borrowings

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

Bonds and 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.

Upon issuance of exchangeable bonds, the proceeds are allocated between the derivative financial instrument component arising from the conversion option, and the liability component of the bond. The derivative financial instrument component is recognised at its fair value using the method mentioned in Note 2(u)(i). The liability component is recognised as the difference between total proceeds and the fair value of the derivative financial instrument component. The liability component is subsequently carried at amortised cost until the liability is extinguished on conversion or redemption. When a conversion option is exercised, the carrying amounts of the liability component and the derivative financial instrument component are derecognised with a corresponding recognition of share capital.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (dd) Leases

##### (i) *Finance leases - the Group as lessee*

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

The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the balance sheet as plant and equipment and borrowings respectively, at the inception of the leases based on the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognised in profit or loss on a basis that reflects a constant periodic rate of interest on the finance lease liability.

##### (ii) *Operating leases - the Group as lessee*

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

##### (iii) *Operating leases - the Group as lessor*

Leases of investment properties where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

#### (ee) 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 profit or loss over the expected economic useful lives of the related assets.

#### (ff) Provisions

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

#### (gg) Financial liabilities

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

Financial liabilities, within the scope of FRS 139, are recognised in the Statements of Financial Position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (gg) Financial liabilities (continued)

##### (i) *Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

##### (ii) *Other financial liabilities*

The Group's and the Company's other financial liabilities include trade and other payables and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting date.

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

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another 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 profit or loss.

#### (hh) Foreign currencies

##### (i) *Functional and presentation currency*

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

##### (ii) *Foreign currency transactions*

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

## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (hh) Foreign currencies (continued)

##### (iii) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into RM as follows:

- assets and liabilities are translated at the rate of exchange ruling at the reporting date;
- income and expenses are translated at exchange rates at the dates of the transactions; and
- all exchange differences arising on the translation are recognised as other comprehensive income.

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

Goodwill and fair value adjustments arising on the acquisition of a foreign entity on or after 1 July 2006 are treated as assets and liabilities of the foreign entity and translated at the closing rate. For acquisition of foreign entities completed prior to 1 July 2006, goodwill and fair value adjustments continued to be recorded at the exchange rate at the respective date of acquisitions.

#### (ii) Segment reporting

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

#### (jj) Financial guarantee

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

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

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.



## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (kk) 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 uncertain future events beyond the control of the Group and the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. When a change in the probability of an outflow of economic resources occurs and the outflow is probable, it will then be recognised as a provision.

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

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

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

#### (ll) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the Statements 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.

## NOTES TO THE FINANCIAL STATEMENTS

## 3. REVENUE

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Sale of electricity	<b>5,075,843</b>	5,463,590	-	-
Sale of clean water, treatment and disposal of waste water	<b>3,104,838</b>	3,342,458	-	-
Sale of goods	<b>2,565,823</b>	2,936,603	-	-
Hotel operations	<b>927,251</b>	791,506	-	-
Broadband and telecommunications revenue	<b>815,867</b>	694,713	-	-
Rental income				
- investment properties	<b>676,607</b>	667,634	-	-
- other properties	<b>3,998</b>	5,427	-	-
Rendering of services	<b>227,412</b>	448,633	<b>266</b>	249
Property development projects	<b>526,440</b>	317,544	-	-
Sale of fuel oil	<b>278,789</b>	261,004	-	-
Sale of steam	<b>150,864</b>	127,166	-	-
Construction contracts revenue	<b>144,609</b>	112,411	-	-
Interest income				
- loan stocks, in Malaysia, quoted	-	-	<b>17,618</b>	15,687
- subsidiaries	-	-	<b>2,602</b>	2,458
- others	<b>183,835</b>	203,458	<b>50,797</b>	57,089
Dividends				
- quoted investments				
- subsidiaries, in Malaysia	-	-	<b>433,079</b>	467,200
- subsidiaries, outside Malaysia	-	-	<b>11,466</b>	11,499
- other investments, in Malaysia	<b>46,505</b>	5,358	<b>424</b>	484
- unquoted investments				
- subsidiaries, in Malaysia	-	-	<b>287,172</b>	284,660
	<b>14,728,681</b>	15,377,505	<b>803,424</b>	839,326

## NOTES TO THE FINANCIAL STATEMENTS

**4. COST OF SALES**

Included in cost of sales are the following:-

	Group	
	2017 RM'000	2016 RM'000
Cost of inventories	<b>1,789,201</b>	1,828,249
Construction contracts costs	<b>52,710</b>	67,526
Energy costs	<b>4,922,419</b>	4,948,390
Property development costs	<b>342,404</b>	201,423

**5. FINANCE COSTS**

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Interest expense				
- Bonds	<b>731,691</b>	723,302	<b>97,112</b>	66,126
- Borrowings	<b>619,328</b>	635,490	<b>58,134</b>	60,301
- Post-employment benefits obligation	<b>25,621</b>	28,153	-	-
	<b>1,376,640</b>	1,386,945	<b>155,246</b>	126,427
Less: Amount capitalised in				
- Property developments costs	<b>(46,377)</b>	(49,641)	-	-
- Property, plant and equipment	<b>(12,754)</b>	(19,407)	-	-
Interest expense of financial liabilities carried at amortised cost	<b>1,317,509</b>	1,317,897	<b>155,246</b>	126,427

## NOTES TO THE FINANCIAL STATEMENTS

## 6. PROFIT BEFORE TAX

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Profit before tax is stated after charging (other than those disclosed in Note 4 &amp; 5 to the Financial Statements):-</b>				
Amortisation of intangible assets (Note 17)	<b>87,028</b>	101,065	-	-
Auditors' remuneration				
- statutory audit				
- current financial year	<b>10,029</b>	8,500	<b>238</b>	238
- under-provision in prior financial year	<b>(18)</b>	39	-	-
- others	<b>993</b>	1,192	<b>14</b>	14
Bad debts written off				
- receivables	<b>8,205</b>	16,473	-	2,581
Depreciation (Note 10)	<b>1,478,819</b>	1,593,533	<b>1,283</b>	1,116
Directors' remuneration				
- emoluments	<b>88,203</b>	91,286	<b>49</b>	280
- fees	<b>2,540</b>	2,921	<b>720</b>	720
- benefits in kind	<b>538</b>	506	-	-
Hiring of plant and machinery	<b>12,769</b>	13,026	-	-
Impairment losses on				
- amount due from subsidiaries	-	-	<b>4,625</b>	-
- development expenditure (Note 12)	<b>382</b>	2,274	-	-
- goodwill (Note 17)	<b>13,557</b>	57,765	-	-
- receivables - net of reversal (Note 19)	<b>65,031</b>	-	-	-
- investments	<b>6,792</b>	511	<b>319</b>	511
- investment in subsidiaries (Note 13)	-	-	<b>26,621</b>	27,840
- investment in associates	<b>31,393</b>	-	-	-
- property development costs (Note 23)	-	5,192	-	-
- property, plant and equipment (Note 10)	<b>4,865</b>	30,922	-	-
Investment written off	<b>5</b>	250	-	250
Inventories write down - net	<b>3,875</b>	1,065	-	-
Loss on disposal of investment in subsidiary	-	-	-	911
Loss on foreign exchange - net				
- realised	<b>18,321</b>	21,432	-	-
- unrealised	<b>96,692</b>	108,718	-	-
Net fair value loss on derivatives	-	17,852	-	-
Property, plant and equipment written off	<b>37,431</b>	18,948	-	-
Provision for liabilities and charges - net (Note 37)	<b>6,470</b>	71,761	-	-
Rental of land and buildings	<b>166,166</b>	136,806	<b>1,015</b>	946

## NOTES TO THE FINANCIAL STATEMENTS

## 6. PROFIT BEFORE TAX (CONTINUED)

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>And crediting (other than those disclosed in Note 3 to the Financial Statements):-</b>				
Adjustment on fair value of investment properties (Note 11)	<b>(30,891)</b>	233,795	-	-
Amortisation of deferred income	<b>8,846</b>	4,277	-	-
Amortisation of grants and contributions (Note 34)	<b>14,774</b>	17,005	-	-
Bad debts recovered	<b>31</b>	171	-	-
Gain/(loss) on disposal of				
- investments - net	<b>34,429</b>	1,200	<b>583</b>	1,200
- investment properties	<b>2,578</b>	(208)	-	-
- land held for property development	-	359	-	-
- property, plant and equipment	<b>18,338</b>	23,919	<b>13</b>	-
Gain on foreign exchange - net				
- realised	<b>15,210</b>	7,519	<b>1,630</b>	1,168
- unrealised	<b>79,199</b>	73,331	-	-
Gross dividend from quoted investments				
- within Malaysia	<b>815</b>	677	-	-
Hiring income from plant, machinery and equipment	<b>25,460</b>	4,021	-	-
Interest income	<b>79,689</b>	135,964	-	-
Liquidated assets damages income	<b>90,005</b>	8,612	-	-
Negative goodwill	<b>14,430</b>	-	-	-
Net deposits recognised	-	104,780	-	-
Net fair value gains on derivatives	<b>4,394</b>	-	-	-
Net fair value gain on investments	<b>264</b>	-	-	-
Rental income				
- other properties	<b>22,904</b>	12,985	-	-
Write back of impairment loss on				
- receivables - net of reversal (Note 19)	-	61,953	-	-

Direct operating expenses from investment properties in respect of income and non-income generating properties of the Group during the financial year amounted to RM124,240,000 (2016: RM117,786,000) and RM81,000 (2016: RM73,000), respectively.



## NOTES TO THE FINANCIAL STATEMENTS

## 6. PROFIT BEFORE TAX (CONTINUED)

The aggregate remuneration of Directors categorised into appropriate components for the financial year ended are as follows:-

	<b>Fees RM'000</b>	<b>Salaries RM'000</b>	<b>Bonus RM'000</b>	<b>Others* RM'000</b>	<b>Total RM'000</b>
<b>Group - 2017</b>					
Executive Directors	<b>1,780</b>	<b>47,814</b>	<b>31,218</b>	<b>9,587</b>	<b>90,399</b>
Non-Executive Directors	<b>760</b>	<b>-</b>	<b>-</b>	<b>122</b>	<b>882</b>
<b>Company - 2017</b>					
Executive Directors	<b>450</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>450</b>
Non-Executive Directors	<b>270</b>	<b>-</b>	<b>-</b>	<b>49</b>	<b>319</b>
<b>Group - 2016</b>					
Executive Directors	2,142	50,173	30,373	10,611	93,299
Non-Executive Directors	779	-	-	635	1,414
<b>Company - 2016</b>					
Executive Directors	450	-	-	219	669
Non-Executive Directors	270	-	-	61	331

\* Included in the remuneration of Directors are the following:-

	<b>Group</b>		<b>Company</b>	
	<b>2017 RM'000</b>	<b>2016 RM'000</b>	<b>2017 RM'000</b>	<b>2016 RM'000</b>
Defined contribution plan	<b>8,869</b>	8,957	-	-
Share option expenses	-	1,108	-	233

## NOTES TO THE FINANCIAL STATEMENTS

**6. PROFIT BEFORE TAX (CONTINUED)**

The number of Directors of the Group and of the Company whose total remuneration fall within the following bands are as follows:-

Range of remuneration	Group No. of Directors		Company No. of Directors	
	Executive	Non-Executive	Executive	Non-Executive
<b>2017</b>				
RM1 - RM50,000	-	-	9	-
RM50,001 - RM100,000	-	-	-	4
RM100,001 - RM150,000	-	1	-	-
RM150,001 - RM200,000	1	-	-	-
RM200,001 - RM250,000	-	2	-	-
RM250,001 - RM300,000	-	1	-	-
RM1,150,001 - RM1,200,000	1	-	-	-
RM10,000,001 - RM10,050,000	1	-	-	-
RM10,200,001 - RM10,250,000	1	-	-	-
RM10,300,001 - RM10,350,000	1	-	-	-
RM11,500,001 - RM11,550,000	2	-	-	-
RM12,650,001 - RM12,700,000	1	-	-	-
RM22,700,001 - RM22,750,000	1	-	-	-
<b>2016</b>				
RM1 - RM50,000	-	-	-	2
RM50,001 - RM100,000	-	-	9	3
RM100,001 - RM150,000	-	1	-	-
RM150,001 - RM200,000	-	1	-	-
RM200,001 - RM250,000	1	-	-	-
RM250,001 - RM300,000	-	2	-	-
RM550,001 - RM600,000	-	1	-	-
RM1,150,001 - RM1,200,000	1	-	-	-
RM9,850,001 - RM9,900,000	1	-	-	-
RM10,350,001 - RM10,400,000	1	-	-	-
RM11,500,001 - RM11,550,000	2	-	-	-
RM12,300,001 - RM12,350,000	1	-	-	-
RM12,350,001 - RM12,400,000	1	-	-	-
RM23,850,001 - RM23,900,000	1	-	-	-

## NOTES TO THE FINANCIAL STATEMENTS

## 6. PROFIT BEFORE TAX (CONTINUED)

## EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Employees compensation (excluding Directors' remuneration)				
Salaries, wages and bonus	<b>1,104,579</b>	1,082,674	<b>18,345</b>	16,837
Defined contribution plan	<b>88,370</b>	87,158	<b>2,189</b>	1,992
Defined benefit plan	<b>71,990</b>	73,125	–	–
Share option expenses	–	760	–	45
Other benefits	<b>22,937</b>	35,683	<b>1,329</b>	976
	<b>1,287,876</b>	1,279,400	<b>21,863</b>	19,850

## 7. INCOME TAX EXPENSE

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Current income tax				
– Malaysian income tax	<b>140,302</b>	265,553	<b>22,534</b>	4,602
– Foreign income tax	<b>266,428</b>	238,137	–	–
Deferred tax (Note 35)	<b>(123,268)</b>	(128,117)	<b>(73)</b>	86
	<b>283,462</b>	375,573	<b>22,461</b>	4,688
Current income tax				
– Current financial year	<b>415,587</b>	545,709	<b>19,825</b>	13,264
– (Over)/Under provision in prior financial years	<b>(8,857)</b>	(42,019)	<b>2,709</b>	(8,662)
Deferred tax				
– Origination and reversal of temporary differences	<b>(123,268)</b>	(128,117)	<b>(73)</b>	86
	<b>283,462</b>	375,573	<b>22,461</b>	4,688

## NOTES TO THE FINANCIAL STATEMENTS

**7. INCOME TAX EXPENSE (CONTINUED)**

A reconciliation of income tax expense applicable to profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:-

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Profit before tax	<b>1,725,512</b>	2,262,531	<b>555,578</b>	627,347
Income tax using Malaysian tax rate of 24% (2016: 24%)	<b>414,123</b>	543,007	<b>133,339</b>	150,563
Non-deductible expenses	<b>269,189</b>	361,865	<b>53,537</b>	39,620
Income not subject to tax	<b>(154,017)</b>	(172,602)	<b>(167,124)</b>	(176,833)
Different tax rates in other countries including re-measuring of deferred tax *	<b>(140,774)</b>	(225,186)	–	–
Double deductible expenses	<b>(1,074)</b>	(3,163)	–	–
(Over)/Under provision in prior financial years	<b>(8,857)</b>	(42,019)	<b>2,709</b>	(8,662)
Tax effect on share of profits of associated companies	<b>(112,826)</b>	(154,820)	–	–
Tax effect of over provision of deferred tax	<b>(2,216)</b>	(2,672)	–	–
Tax effect of unrecognised deferred tax assets	<b>39,396</b>	84,722	–	–
Utilisation of reinvestment allowances	<b>(19,482)</b>	(13,559)	–	–
	<b>283,462</b>	375,573	<b>22,461</b>	4,688

\* The re-measurement of deferred tax during the financial year of RM75.5 million was due to a reduction in the United Kingdom corporation tax rate from 18% to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016. This reduction will reduce the subsidiary's future current tax charge accordingly. The deferred tax liability at 30 June 2017 has been calculated based on the rate of 17% substantively enacted at the financial year ended 30 June 2017.

**8. EARNINGS PER SHARE ("EPS")****Basic/diluted EPS**

Basic EPS of the Group is calculated by dividing the profit for the year attributable to owners of the parent by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2017	2016
Profit for the financial year attributable to owners of the parent (RM'000)	<b>813,308</b>	916,431
Weighted average number of ordinary shares in issue for basic EPS ('000)	<b>10,513,117</b>	10,418,644
Basic/diluted EPS (sen)	<b>7.74</b>	8.80

129,580,000 (2016: 132,150,000) share options granted to employees under ESOS have not been included in the calculation of diluted earnings per share because they are anti-dilutive.

## NOTES TO THE FINANCIAL STATEMENTS

## 9. DIVIDENDS

	Group/Company			
	2017		2016	
	Gross dividend per share (sen)	Amount of dividend, net of tax RM'000	Gross dividend per share (sen)	Amount of dividend, net of tax RM'000
Dividend paid in respect of:-				
Financial year ended 30 June 2016				
- Interim, single tier	9.5	1,000,031	-	-
Financial year ended 30 June 2015				
- Interim, single tier	-	-	9.5	989,771
Dividend recognised as distribution to ordinary equity holders of the Company	9.5	1,000,031	9.5	989,771

Subsequent to the financial year ended 30 June 2017, the Directors of the Company had on 29 August 2017 declared an interim single tier dividend 5 sen per ordinary share, with the total amounting to approximately RM526,761,000 computed based on the total issued and paid-up share capital of 10,535,211,290 ordinary shares of the Company, excluding treasury shares, in respect of the financial year ended 30 June 2017. The financial statements for the current financial year do not reflect these dividends. The dividend will be accounted for in equity as an appropriation of retained earnings during the financial year ending 30 June 2018.

The Directors do not propose any final dividend in respect of the financial year ended 30 June 2017.

**Distribution of treasury shares ("Share Dividend")**

On 29 August 2017, a Share Dividend of one (1) treasury shares for every fifty (50) existing ordinary share of RM0.10 each was declared and the book closure date for the Share Dividend was 26 October 2017.



## NOTES TO THE FINANCIAL STATEMENTS

## 10. PROPERTY, PLANT AND EQUIPMENT

Group - 2017	Land & Building*	Infra-structure & site facilities	Plant & machinery	Furniture, fixtures & equipment	Vehicles	Telecom-munication equipment	Assets under construction	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Cost/Valuation</b>								
At 1.7.2016	9,565,111	7,510,806	18,311,508	1,508,319	627,288	2,241,281	1,308,146	41,072,459
Acquisition of subsidiaries	325,730	60,931	70,266	18,720	-	-	196	475,843
Additions	76,289	207,300	426,986	96,265	22,325	8,670	1,265,706	2,103,541
Disposals	(3,977)	-	(25,107)	(19,186)	(33,501)	(10)	(849)	(82,630)
Written off	(34,186)	(8,310)	(119,385)	(24,218)	(761)	(179)	(3,148)	(190,187)
Reversal of Impairment loss (Note 6)	49	-	-	-	-	-	-	49
Transfer on commissioning	74,690	159,908	252,554	(21,215)	-	415,257	(881,194)	-
Transfer from development expenditures (Note 12)	34,993	-	17,092	280	6,894	-	-	59,259
Currency translation differences	281,497	286,320	517,259	65,086	8,732	-	54,486	1,213,380
At 30.6.2017	10,320,196	8,216,955	19,451,173	1,624,051	630,977	2,665,019	1,743,343	44,651,714
<b>Accumulated depreciation and impairment</b>								
At 1.7.2016	2,679,199	519,991	9,578,831	728,967	372,448	512,431	43,326	14,435,193
Acquisition of subsidiaries	20,399	-	40,492	14,743	-	-	-	75,634
Charge for the financial year	207,577	63,270	907,653	89,778	64,153	153,007	-	1,485,438
Disposals	(8)	-	(22,642)	(5,862)	(29,873)	(5)	-	(58,390)
Written off	(23,975)	(2)	(107,905)	(20,119)	(608)	(147)	-	(152,756)
Impairment loss (Note 6)	-	-	4,889	-	23	2	-	4,914
Currency translation differences	59,680	18,876	233,991	26,873	5,473	-	-	344,893
At 30.6.2017	2,942,872	602,135	10,635,309	834,380	411,616	665,288	43,326	16,134,926
<b>Net Book Value</b>								
At 30.6.2017	7,377,324	7,614,820	8,815,864	789,671	219,361	1,999,731	1,700,017	28,516,788

## NOTES TO THE FINANCIAL STATEMENTS

## 10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group - 2016	Land & Building*	Infra-structure & site facilities	Plant & machinery	Furniture, fixtures & equipment	Vehicles	Telecom-munication equipment	Assets under construction	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Cost/Valuation</b>								
At 1.7.2015	9,416,755	7,863,879	17,594,553	1,529,276	571,363	2,200,708	1,909,778	41,086,312
Acquisition of subsidiaries	4,794	-	-	-	-	-	48	4,842
Additions	205,071	268,066	351,999	37,341	68,743	4,638	1,309,862	2,245,720
Disposals	(1,964)	(3)	(30,658)	(5,492)	(10,344)	(272,138)	(295)	(320,894)
Written off	(4,334)	(9,324)	(219,275)	(10,848)	(1,214)	(3,765)	(207)	(248,967)
Impairment loss (Note 6)	(30,915)	-	-	-	-	-	-	(30,915)
Transfer on commissioning	242,477	177,747	1,050,695	36,254	52	311,838	(1,819,063)	-
Transfer to project development expenditures (Note 12)	(142)	-	-	-	-	-	-	(142)
Currency translation differences	(266,631)	(789,559)	(435,806)	(78,212)	(1,312)	-	(91,977)	(1,663,497)
At 30.6.2016	9,565,111	7,510,806	18,311,508	1,508,319	627,288	2,241,281	1,308,146	41,072,459
<b>Accumulated depreciation and impairment</b>								
At 1.7.2015	2,540,285	505,189	9,040,369	675,399	307,413	404,586	43,326	13,516,567
Charge for the financial year	222,481	68,360	997,042	96,663	72,982	143,486	-	1,601,014
Disposals	(856)	(2)	(23,216)	(2,885)	(7,427)	(34,643)	-	(69,029)
Written off	(665)	(88)	(217,491)	(9,796)	(978)	(1,001)	-	(230,019)
Impairment loss (Note 6)	-	-	-	4	-	3	-	7
Transfer on commissioning	-	-	528	(528)	-	-	-	-
Transfer to project development expenditures (Note 12)	(101)	-	-	-	-	-	-	(101)
Currency translation differences	(81,945)	(53,468)	(218,401)	(29,890)	458	-	-	(383,246)
At 30.6.2016	2,679,199	519,991	9,578,831	728,967	372,448	512,431	43,326	14,435,193
<b>Net Book Value</b>								
At 30.6.2016	6,885,912	6,990,815	8,732,677	779,352	254,840	1,728,850	1,264,820	26,637,266

## NOTES TO THE FINANCIAL STATEMENTS

## 10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

\*Land and buildings of the Group are as follows:-

	Freehold land RM'000	Long term leasehold land RM'000	Short term leasehold land RM'000	Freehold oil palm plantation RM'000	Building on freehold land RM'000	Building on long term leasehold land RM'000	Building on short term leasehold land RM'000	Factory & other buildings RM'000	Total RM'000
<b>Group - 2017</b>									
<b>Cost/Valuation</b>									
At 1.7.2016									
At cost	893,024	457,936	186,090	-	6,528,873	1,073,540	414,064	2,635	9,556,162
At valuation	4,271	200	-	2,000	2,478	-	-	-	8,949
Acquisition of subsidiaries	897,295	458,136	186,090	2,000	6,531,351	1,073,540	414,064	2,635	9,565,111
Additions	81,823	-	-	-	243,907	-	-	-	325,730
Disposal	3,547	-	9,670	-	30,442	3,680	28,950	-	76,289
Written off	-	-	-	-	(3,977)	-	-	-	(3,977)
Impairment	-	-	-	-	(34,186)	-	-	-	(34,186)
Transfers	-	-	-	-	49	-	-	-	49
Transfers	35	41	-	-	30,911	20,185	58,511	-	109,683
Currency translation differences	40,447	(67)	(7,055)	-	235,667	8,149	4,356	-	281,497
At 30.6.2017	1,023,147	458,110	188,705	2,000	7,034,164	1,105,554	505,881	2,635	10,320,196
<b>Representing:-</b>									
At cost	1,018,876	457,910	188,705	-	7,031,686	1,105,554	505,881	2,635	10,311,247
At valuation	4,271	200	-	2,000	2,478	-	-	-	8,949
At 30.6.2017	1,023,147	458,110	188,705	2,000	7,034,164	1,105,554	505,881	2,635	10,320,196
<b>Accumulated depreciation and impairment</b>									
At 1.7.2016									
At cost	-	43,362	56,466	-	2,148,569	332,254	95,886	2,033	2,678,570
At valuation	-	26	-	-	603	-	-	-	629
Acquisition of subsidiaries	-	43,388	56,466	-	2,149,172	332,254	95,886	2,033	2,679,199
Charge for the financial year	-	-	-	-	20,399	-	-	-	20,399
Disposal	-	5,954	11,012	-	147,160	24,692	18,723	36	207,577
Written off	-	-	-	-	(8)	-	-	-	(8)
Currency translation differences	-	-	-	-	(23,975)	-	-	-	(23,975)
Currency translation differences	-	160	(21)	-	53,560	3,831	2,150	-	59,680
At 30.6.2017	-	49,502	67,457	-	2,346,308	360,777	116,759	2,069	2,942,872
<b>Net Book Value:-</b>									
At cost	1,018,876	408,436	121,248	-	4,686,030	744,777	389,122	566	7,369,055
At valuation	4,271	172	-	2,000	1,826	-	-	-	8,269
At 30.6.2017	1,023,147	408,608	121,248	2,000	4,687,856	744,777	389,122	566	7,377,324

## NOTES TO THE FINANCIAL STATEMENTS

## 10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

\*Land and buildings of the Group are as follows:-

Group - 2016	Freehold land RM'000	Long term leasehold land RM'000	Short term leasehold land RM'000	Freehold oil palm plantation RM'000	Building on freehold land RM'000	Building on long term leasehold land RM'000	Building on short term leasehold land RM'000	Factory & other buildings RM'000	Total RM'000
<b>Cost/Valuation</b>									
At 1.7.2015									
At cost	775,287	432,982	175,649	-	6,615,891	1,069,202	336,160	2,635	9,407,806
At valuation	4,271	200	-	2,000	2,478	-	-	-	8,949
	779,558	433,182	175,649	2,000	6,618,369	1,069,202	336,160	2,635	9,416,755
Acquisition of subsidiaries	4,794	-	-	-	-	-	-	-	4,794
Additions	101,254	25,643	-	-	46,015	2,004	30,155	-	205,071
Disposal	(464)	-	-	-	(1,500)	-	-	-	(1,964)
Written off	-	-	-	-	(4,334)	-	-	-	(4,334)
Write back/(impairment)	9,734	-	-	-	(40,649)	-	-	-	(30,915)
Transfers	81	(142)	956	-	231,075	2,097	8,268	-	242,335
Currency translation differences	2,338	(547)	9,485	-	(317,625)	237	39,481	-	(266,631)
At 30.6.2016	897,295	458,136	186,090	2,000	6,531,351	1,073,540	414,064	2,635	9,565,111
<b>Representing:-</b>									
At cost	893,024	457,936	186,090	-	6,528,873	1,073,540	414,064	2,635	9,556,162
At valuation	4,271	200	-	2,000	2,478	-	-	-	8,949
At 30.6.2016	897,295	458,136	186,090	2,000	6,531,351	1,073,540	414,064	2,635	9,565,111
<b>Accumulated depreciation and impairment</b>									
At 1.7.2015									
At cost	-	37,547	43,182	-	2,068,591	307,455	81,286	1,997	2,540,058
At valuation	-	24	-	-	203	-	-	-	227
	-	37,571	43,182	-	2,068,794	307,455	81,286	1,997	2,540,285
Charge for the financial year	-	5,947	11,162	-	170,642	25,418	9,276	36	222,481
Disposal	-	-	-	-	(856)	-	-	-	(856)
Written off	-	-	-	-	(665)	-	-	-	(665)
Transfers	-	(101)	-	-	-	-	-	-	(101)
Currency translation differences	-	(29)	2,122	-	(88,743)	(619)	5,324	-	(81,945)
At 30.6.2016	-	43,388	56,466	-	2,149,172	332,254	95,886	2,033	2,679,199
<b>Net Book Value:-</b>									
At cost	893,024	414,574	129,624	-	4,380,304	741,286	318,178	602	6,877,592
At valuation	4,271	174	-	2,000	1,875	-	-	-	8,320
At 30.6.2016	897,295	414,748	129,624	2,000	4,382,179	741,286	318,178	602	6,885,912

## NOTES TO THE FINANCIAL STATEMENTS

## 10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Furniture, fittings & equipment RM'000	Vehicles RM'000	Total RM'000
<b>Company - 2017</b>			
<b>Cost</b>			
At 1.7.2016	6,783	6,808	13,591
Additions	194	2,168	2,362
Disposals	-	(559)	(559)
At 30.6.2017	6,977	8,417	15,394
<b>Accumulated Depreciation</b>			
At 1.7.2016	5,513	3,785	9,298
Charge for the financial year	410	873	1,283
Disposals	-	(550)	(550)
At 30.6.2017	5,923	4,108	10,031
<b>Net Book Value</b>			
At 30.6.2017	1,054	4,309	5,363
<b>Company - 2016</b>			
<b>Cost</b>			
At 1.7.2015	6,168	5,220	11,388
Additions	615	1,588	2,203
At 30.6.2016	6,783	6,808	13,591
<b>Accumulated Depreciation</b>			
At 1.7.2015	5,115	3,067	8,182
Charge for the financial year	398	718	1,116
At 30.6.2016	5,513	3,785	9,298
<b>Net Book Value</b>			
At 30.6.2016	1,270	3,023	4,293



## NOTES TO THE FINANCIAL STATEMENTS

## 10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Depreciation charge for the financial year is allocated as follows:-

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Profit or loss (Note 6)	<b>1,478,819</b>	1,593,533	<b>1,283</b>	1,116
Amount due from contract customers	<b>6,619</b>	7,481	-	-
	<b>1,485,438</b>	1,601,014	<b>1,283</b>	1,116

(b) Assets under finance lease

The net book value of the property, plant and equipment as at reporting date held under finance leases are as follows:-

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Plant and machinery	<b>287,151</b>	387,384	-	-
Vehicles	<b>7,415</b>	14,664	<b>3,128</b>	1,919
	<b>294,566</b>	402,048	<b>3,128</b>	1,919

(c) Security

The net book value of the Group's property, plant and equipment that have been pledged as security for the bank facilities and bonds by way of fixed and floating charges are as follows:-

	Group	
	2017 RM'000	2016 RM'000
Land	<b>154,062</b>	139,342
Buildings	<b>2,340,857</b>	2,237,262
	<b>2,494,919</b>	2,376,604

(d) Borrowing cost

Borrowing costs of RM12,754,000 (2016: RM19,407,000) arising on financing specifically entered into for the construction of property, plant and equipment was capitalised during the financial year.

## NOTES TO THE FINANCIAL STATEMENTS

## 11. INVESTMENT PROPERTIES

	Freehold land & buildings RM'000	Long term leasehold land & buildings RM'000	Total RM'000
<b>Group - 2017</b>			
At beginning of the financial year	2,468,409	7,169,105	9,637,514
Additions	73,258	17,549	90,807
Currency translation differences	163,120	300,171	463,291
Change in fair value recognised in profit or loss (Note 6)	7,177	(38,068)	(30,891)
Disposal	(13,078)	-	(13,078)
Transfer from property development costs (Note 23) #	369,367	-	369,367
At end of the financial year	<b>3,068,253</b>	<b>7,448,757</b>	<b>10,517,010</b>
<b>Group - 2016</b>			
At beginning of the financial year	2,357,924	6,656,952	9,014,876
Additions	17,948	1,813	19,761
Currency translation differences	93,089	354,695	447,784
Change in fair value recognised in profit or loss (Note 6)	78,150	155,645	233,795
Disposal	(86,616)	-	(86,616)
Transfer from inventories	7,914	-	7,914
At end of the financial year	2,468,409	7,169,105	9,637,514

# During the year the development land at Filton Airfield, shown as Property development costs in previous financial year was transferred to investment properties. This follows an internal restructuring into two companies, the asset owner and the development company. Due to the length of time of the development and the use of land between residential, commercial and public usage the asset owner will hold the assets as an investor and look to derive income from letting of the site. During the project, parcels of land will be released to the development company and be recorded in that company as either investment property or held for development, depending on the actual plan for each parcel of land.

The Group has considered and assessed that the cost approximates fair value at 30 June 2017.

Investment properties with carrying amount of RM2,795 million (2016: RM2,613 million) are charged as security for a borrowing granted to the Group as disclosed in Note 32 and Note 33 to the Financial Statements.

## NOTES TO THE FINANCIAL STATEMENTS

## 11. INVESTMENT PROPERTIES (CONTINUED)

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>Group - 2017</b>				
Recurring fair value measurements:				
Investment properties				
- Commercial properties	-	-	9,348,143	9,348,143
- Hotel properties	-	-	646,200	646,200
- Other properties	-	522,667	-	522,667
<b>Total</b>	<b>-</b>	<b>522,667</b>	<b>9,994,343</b>	<b>10,517,010</b>
<b>Group - 2016</b>				
Recurring fair value measurements:				
Investment properties				
- Commercial properties	-	-	8,913,307	8,913,307
- Hotel properties	-	-	621,000	621,000
- Other properties	-	103,207	-	103,207
<b>Total</b>	<b>-</b>	<b>103,207</b>	<b>9,534,307</b>	<b>9,637,514</b>

Investment properties are stated at fair value based on valuations performed by independent professional valuers having appropriate recognised professional qualifications and recent experience in the location and category of property being valued.

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 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.

The valuers have considered the capitalisation approach and/or discounted cash flows in arriving at the open market value as at the reporting date. The capitalisation approach capitalises an income stream into a present value using single-year capitalisation rates. The income stream used is adjusted to market rentals currently being achieved within comparable investment properties and recent leasing transactions achieved within the investment property. The discounted cash flow method involves the estimation and projection of an income stream over a period and discounting the income stream with an internal rate of return to arrive at the market value. The discounted cash flow method requires the valuer to assume a rental growth rate indicative of market and the selection of a target internal rate of return consistent with current market requirements.

## NOTES TO THE FINANCIAL STATEMENTS

### 11. INVESTMENT PROPERTIES (CONTINUED)

#### Fair value information

The Group's investment properties are valued based on sale comparison approach and unobservable inputs and classified in Level 2 and Level 3 respectively of the fair value hierarchy. The different levels of the fair value hierarchy are defined in Note 41(b) to the Financial Statements.

During the current financial year, there were no transfers between Level 1, Level 2 and Level 3 fair value measurements.

#### Valuation techniques used to derive Level 2 fair values

Level 2 fair values of the Group's properties have been generally derived using the sales comparison approach. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is selling price per square meter.

#### Fair value measurements using significant unobservable inputs (Level 3)

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation models.

Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Discounted cash flow method is the total of discounted income stream and present value of the properties' anticipated sale value in arriving at the total present market value.	Discount rate of 3.75% to 8.50% (2016: 3.70% to 8.50%)	The higher the discount rate, the lower the fair value.
	Capitalisation rate of 3.80% to 8.50% (2016: 3.90% to 8.25%)	The higher the capitalisation rate, the lower the fair value.

Key unobservable inputs correspond to:

- Capitalisation rates derived from specialised publications from the related markets and comparable transactions.
- Discount rate, based on the risk-free rate for 10-year bonds issued by the government in the relevant market, adjusted for a risk premium to reflect both the increased risk of investing in the asset class.

## NOTES TO THE FINANCIAL STATEMENTS

## 12. DEVELOPMENT EXPENDITURES

The movement in development expenditures of the Group during the financial year is as follows:-

<b>Group - 2017</b>	<b>Freehold land RM'000</b>	<b>Leasehold land RM'000</b>	<b>Development costs RM'000</b>	<b>Total RM'000</b>
<b>(a) Land held for property development</b>				
<b>Cost</b>				
At beginning of the financial year	377,078	104,893	280,309	762,280
Additions	6,040	129,948	7,043	143,031
Transfer from project development expenditure	-	-	3,117	3,117
Transfer to property, plant and equipment (Note 10)	-	(41)	-	(41)
Reclassification to trade and other receivables (Note 19)	-	-	(2,274)	(2,274)
At end of the financial year	<b>383,118</b>	<b>234,800</b>	<b>288,195</b>	<b>906,113</b>
<b>Accumulated impairment losses</b>				
At beginning of the financial year	-	(21,066)	(2,274)	(23,340)
Impairment losses (Note 6)	-	-	(382)	(382)
Reclassification to trade and other receivables (Note 19)	-	-	2,274	2,274
At end of the financial year	-	(21,066)	(382)	(21,448)
Total land held for property development	<b>383,118</b>	<b>213,734</b>	<b>287,813</b>	<b>884,665</b>
<b>(b) Project development expenditure</b>				
At beginning of the financial year	-	-	32,793	32,793
Additions	-	-	40,607	40,607
Charge to profit or loss	-	-	(763)	(763)
Transfer to land held for property development	-	-	(3,117)	(3,117)
Transfer to property, plant and equipment (Note 10)	-	-	(59,218)	(59,218)
Currency translation difference	-	-	(81)	(81)
At end of the financial year	-	-	10,221	10,221
Total development expenditure	<b>383,118</b>	<b>213,734</b>	<b>298,034</b>	<b>894,886</b>



## NOTES TO THE FINANCIAL STATEMENTS

## 12. DEVELOPMENT EXPENDITURES (CONTINUED)

The movement in development expenditures of the Group during the financial year is as follows:- (continued)

<b>Group - 2016</b>	<b>Freehold land RM'000</b>	<b>Leasehold land RM'000</b>	<b>Development costs RM'000</b>	<b>Total RM'000</b>
<b>(a) Land held for property development</b>				
<b>Cost</b>				
At beginning of the financial year	453,560	101,771	284,755	840,086
Additions	760	3,725	25,415	29,900
Transfer to property development costs (Note 23)	(76,459)	(242)	(30,993)	(107,694)
Transfer from property, plant and equipment (Note 10)	-	41	-	41
Disposal of land	-	(52)	(1)	(53)
Reclassification	(783)	(350)	1,133	-
At end of the financial year	377,078	104,893	280,309	762,280
<b>Accumulated impairment losses</b>				
At beginning of the financial year	-	(21,066)	-	(21,066)
Impairment losses (Note 6)	-	-	(2,274)	(2,274)
At end of the financial year	-	(21,066)	(2,274)	(23,340)
Total land held for property development	377,078	83,827	278,035	738,940
<b>(b) Project development expenditure</b>				
At beginning of the financial year	-	-	15,251	15,251
Additions	-	-	25,821	25,821
Charge to profit or loss	-	-	(12,436)	(12,436)
Currency translation difference	-	-	4,157	4,157
At end of the financial year	-	-	32,793	32,793
Total development expenditure	377,078	83,827	310,828	771,733

Land held for property development with carrying amount of RM163,678,000 (2016: Nil) are charged as security for borrowing granted to the Group as disclosed in Note 33 to the Financial Statements.

## NOTES TO THE FINANCIAL STATEMENTS

## 12. DEVELOPMENT EXPENDITURES (CONTINUED)

Development expenditure of the Group at the end of the financial year can be analysed as follows:-

	Freehold land RM'000	Leasehold land RM'000	Development costs RM'000	Total RM'000
<b>Group - 2017</b>				
<b>Cost</b>				
Land held for property development	383,118	234,800	288,195	906,113
Project development expenditure	-	-	49,301	49,301
	<b>383,118</b>	<b>234,800</b>	<b>337,496</b>	<b>955,414</b>
<b>Accumulated amortisation</b>				
Project development expenditure	-	-	(3,877)	(3,877)
<b>Accumulated impairment losses</b>				
Land held for property development	-	(21,066)	(382)	(21,448)
Project development expenditure	-	-	(35,203)	(35,203)
	-	(21,066)	(35,585)	(56,651)
<b>Net book value</b>				
Land held for property development	383,118	213,734	287,813	884,665
Project development expenditure	-	-	10,221	10,221
	<b>383,118</b>	<b>213,734</b>	<b>298,034</b>	<b>894,886</b>
<b>Group - 2016</b>				
<b>Cost</b>				
Land held for property development	377,078	104,893	280,309	762,280
Project development expenditure	-	-	71,873	71,873
	377,078	104,893	352,182	834,153
<b>Accumulated amortisation</b>				
Project development expenditure	-	-	(3,877)	(3,877)
<b>Accumulated impairment losses</b>				
Land held for property development	-	(21,066)	(2,274)	(23,340)
Project development expenditure	-	-	(35,203)	(35,203)
	-	(21,066)	(37,477)	(58,543)
<b>Net book value</b>				
Land held for property development	377,078	83,827	278,035	738,940
Project development expenditure	-	-	32,793	32,793
	377,078	83,827	310,828	771,733

## NOTES TO THE FINANCIAL STATEMENTS

## 13. INVESTMENT IN SUBSIDIARIES

	Company	
	2017 RM'000	2016 RM'000
Quoted shares, at cost	3,972,484	3,873,679
Unquoted shares, at cost	3,863,263	3,569,707
* Quoted ICULS, at cost	391,502	391,502
Less: Accumulated impairment losses	(54,461)	(27,840)
	<b>8,172,788</b>	7,807,048
Market value		
- Quoted shares	6,946,149	7,034,005
- Quoted ICULS	371,927	360,182

**\* Quoted ICULS, at cost**

These are related to ten (10) years ICULS issued by YTL Land & Development Berhad, a subsidiary of the Group, on 31 October 2011. These ICULS bear a step-up coupon rate ranging from 3% to 6% per annum until its maturity date. The interest is payable semi-annually. The conversion price of the ICULS is fixed at a step-down basis. In the first four (4) years, the conversion price is at RM1.32 for one (1) ordinary share in YTL Land & Development Berhad, after which it is at RM0.99 in the next three (3) years and at RM0.66 for the remaining three (3) years.

The ICULS are quoted on Bursa Securities.

Details of the subsidiaries are as follows:-

Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest	
			2017 %	2016 %
<b>Held by the Company:</b>				
Arah Asas Sdn. Bhd.	Malaysia	Property development	100.00	100.00
Business & Budget Hotels Sdn. Bhd.	Malaysia	Management & Investment holding	100.00	100.00
Cane Creations Sdn. Bhd.	Malaysia	Investment holding	100.00	100.00
Cornerstone Crest Sdn. Bhd.	Malaysia	Investment holding	100.00	100.00
Divine View Sdn. Bhd.	Malaysia	Commercial trading, property dealing & investment holding	100.00	100.00
Dynamic Project Development Sdn. Bhd. (In members' voluntary liquidation)	Malaysia	Inactive	100.00	100.00

## NOTES TO THE FINANCIAL STATEMENTS

## 13. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows:- (continued)

Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest	
			2017 %	2016 %
<b>Held by the Company (continued):</b>				
Intellectual Mission Sdn. Bhd.	Malaysia	Education & training using advanced technology	<b>100.00</b>	100.00
Prisma Tulin Sdn. Bhd.	Malaysia	Hotel operator	<b>100.00</b>	100.00
Spectacular Corner Sdn. Bhd.	Malaysia	Dormant	<b>100.00</b>	100.00
*Starhill Global Real Estate Investment Trust ("SGREIT")	Singapore	Investment in prime real estate	<b>36.46</b>	36.46
Syarikat Pembinaan Yeoh Tiong Lay Sdn. Bhd.	Malaysia	Civil engineering works, construction, property development & real estate investment, investment holding & related services	<b>100.00</b>	100.00
Titiwangsa Development Sdn. Bhd.	Malaysia	Inactive	<b>100.00</b>	100.00
†YTL Cayman Limited	Cayman Islands	Investment holding, ownership & chartering of yachts & vessels	<b>100.00</b>	100.00
YTL Cement Berhad	Malaysia	Investment holding, management services & hiring of vehicles	<b>97.97</b>	97.98
YTL Charters Sdn. Bhd.	Malaysia	Chartering of aircrafts, helicopters, ships & vehicles	<b>100.00</b>	100.00
*YTL Corporation (UK) Plc.	England & Wales	Inactive	<b>100.00</b>	100.00
†YTL Corp Finance (Cayman) Ltd.	Cayman Islands	Inactive	<b>100.00</b>	100.00
†YTL Corp Finance (Labuan) Limited	Malaysia	Special purpose vehicle for issuance of securities & investment holding	<b>100.00</b>	100.00
YTL e-Solutions Berhad	Malaysia	Investment holding, provision and maintenance of information technology hardware and software systems, network and internet connectivity infrastructure, web hosting services, content development, provision of e-commerce systems, hardware sales and other related services	<b>100.00</b>	74.12

## NOTES TO THE FINANCIAL STATEMENTS

## 13. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows:- (continued)

Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest	
			2017 %	2016 %
<b>Held by the Company (continued):</b>				
YTL Energy Sdn. Bhd.	Malaysia	Investment holding	100.00	100.00
†YTL (Guernsey) Limited	Guernsey	Investment & property holding	100.00	100.00
YTL Hospitality REIT ("YTL REIT")	Malaysia	Real estate investment	56.90	58.90
†YTL Hotel Management Saint Tropez SARL	France	Hotel operator & management services	100.00	100.00
YTL Hotels & Properties Sdn. Bhd.	Malaysia	Investment holding & management services	100.00	100.00
YTL Industries Berhad	Malaysia	Investment holding, property development and property investment	100.00	100.00
YTL Land Sdn. Bhd.	Malaysia	Property investment and property management	100.00	100.00
*YTL Land & Development Berhad	Malaysia	Investment holding & provision of financial, treasury & secretarial services	65.26	65.26
*YTL Power International Berhad ("YTL Power")	Malaysia	Investment holding & provision of administrative & technical support services	53.54	53.84
*YTL Singapore Pte. Ltd.	Singapore	Investment holding & management company	100.00	100.00
YTL-SV Carbon Sdn. Bhd.	Malaysia	Providing consultancy services	90.00	90.00
<b>Held through Business &amp; Budget Hotels Sdn. Bhd.:</b>				
Business & Budget Hotels (Penang) Sdn. Bhd.	Malaysia	Hotel & resort operator	51.00	51.00
Business & Budget Hotels (Seberang Jaya) Sdn. Bhd.	Malaysia	Inactive	51.00	51.00



## NOTES TO THE FINANCIAL STATEMENTS

## 13. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows:- (continued)

Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest	
			2017 %	2016 %
<b>Held through Cane Creations Sdn. Bhd.:</b>				
Cane Creations (Marketing) Sdn. Bhd.	Malaysia	Trading in cane furniture, local handicrafts, accessories & related services	100.00	100.00
Natural Adventure Sdn. Bhd.	Malaysia	Inactive	100.00	100.00
Niche Retailing Sdn. Bhd.	Malaysia	Retailing of fashion apparels and related accessories	100.00	100.00
Star Hill Living.Com Sdn. Bhd.	Malaysia	Project management services, trading of paintings, furniture, accessories & related services	100.00	100.00
Trendy Retailing Sdn. Bhd.	Malaysia	Retailing of ready to wear	100.00	100.00
<b>Held through Divine View Sdn. Bhd.:</b>				
*SCI YTL Hotels Saint Tropez	France	Acquisition, management, renting & administration and/or resale of real estate	100.00	100.00
<b>Held through Starhill Global Real Estate Investment Trust ("SGREIT"):</b>				
*Ara Bintang Berhad	Malaysia	Property investment	36.46	36.46
*Renhe Spring Department Store Co., Ltd.	The People's Republic of China	Property investment	36.46	36.46
*SG REIT (M) Pte. Ltd.	Singapore	Investment holding	36.46	36.46
*SG REIT (WA) Pte. Ltd.	Singapore	Investment holding	36.46	36.46
*SG REIT (WA) Trust	Australia	Property investment	36.46	36.46
*SG REIT (WA) Sub-Trust1	Australia	Property investment	36.46	36.46
*SG REIT (SA) Sub-Trust2	Australia	Property investment	36.46	36.46

## NOTES TO THE FINANCIAL STATEMENTS

## 13. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows:- (continued)

Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest	
			2017 %	2016 %
<b>Held through Starhill Global Real Estate Investment Trust (continued):</b>				
*Starhill Global REIT Japan SPC One Pte. Ltd.	Singapore	Investment holding	<b>36.46</b>	36.46
*Starhill Global REIT Japan SPC Two Pte. Ltd.	Singapore	Investment holding	<b>36.46</b>	36.46
*Starhill Global REIT MTN Pte. Ltd.	Singapore	Issuer of notes under the Medium Term Note Programme	<b>36.46</b>	36.46
*Starhill Global REIT One TMK	Japan	Property investment	<b>36.46</b>	36.46
†Starhill Global ML K.K.	Japan	Master lessee of Japan properties	<b>36.46</b>	36.46
*Top Sure Investment Limited	Hong Kong	Investment holding	<b>36.46</b>	36.46
<b>Held through Syarikat Pembinaan Yeoh Tiong Lay Sdn. Bhd.:</b>				
*Austasia Metal Sdn. Bhd.	Malaysia	Inactive	<b>100.00</b>	100.00
Austasia Timbers Malaysia Sdn. Bhd.	Malaysia	Inactive	<b>100.00</b>	100.00
Builders Brickworks Sdn. Bhd.	Malaysia	Inactive	<b>93.80</b>	93.80
Construction Lease (M) Sdn. Bhd.	Malaysia	Leasing, hire purchase & credit	<b>100.00</b>	100.00
Dynamic Marketing Sdn. Bhd.	Malaysia	Trading of building & construction materials	<b>100.00</b>	100.00
Hotel 25 Sdn. Bhd. (formerly known as Dynamic Property Management Sdn. Bhd.)	Malaysia	Hotel operator	<b>100.00</b>	100.00
First Commercial Development Sdn. Bhd.	Malaysia	Property investment	<b>100.00</b>	100.00
Kampung Tiong Development Sdn. Bhd.	Malaysia	Property development	<b>70.00</b>	70.00
Lay Seng Oil Palm Plantations Sdn. Bhd.	Malaysia	Cultivation of oil palms	<b>100.00</b>	100.00
Permai Property Management Sdn. Bhd.	Malaysia	Property management & related services	<b>100.00</b>	100.00
†P.T. YTL Construction Makmur	Indonesia	Dormant	<b>67.00</b>	67.00
Suri Travel & Tours Sdn. Bhd.	Malaysia	Rental of motor vehicles, air ticketing & other related services	<b>100.00</b>	100.00

## NOTES TO THE FINANCIAL STATEMENTS

## 13. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows:- (continued)

Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest	
			2017 %	2016 %
<b>Held through Syarikat Pembinaan Yeoh Tiong Lay Sdn. Bhd. (continued):</b>				
Transportable Camps Sdn. Bhd.	Malaysia	Trading & rental of transportable cabins & wood based products	<b>100.00</b>	100.00
Yap Yew Hup Brickworks (Perak) Sdn. Bhd.	Malaysia	Inactive	<b>93.80</b>	93.80
Yeoh Tiong Lay Realty Sdn. Bhd.	Malaysia	Realty, investment & management services	<b>100.00</b>	100.00
†YTL Construction International (Cayman) Ltd.	Cayman Islands	Investment holding in construction related activities	<b>100.00</b>	100.00
*YTL Construction (S) Pte. Ltd.	Singapore	Construction related activities & real estate developer	<b>100.00</b>	100.00
YTL Civil Engineering Sdn. Bhd.	Malaysia	Civil engineering works & construction	<b>90.00</b>	90.00
YTL Development Sdn. Bhd.	Malaysia	Property development	<b>70.00</b>	70.00
YTL Project Management Services Sdn. Bhd.	Malaysia	Provision of management services for construction projects	<b>100.00</b>	100.00
YTL Technologies Sdn. Bhd.	Malaysia	Servicing & hiring of equipment	<b>99.19</b>	99.20
<b>Held through YTL Cayman Limited:</b>				
*Just Heritage Sdn. Bhd.	Malaysia	Investment holding	<b>100.00</b>	100.00
†Starhill Global REIT Investments Limited	Cayman Islands	Investment holding	<b>100.00</b>	100.00
†Starhill Global REIT Management Limited	Cayman Islands	Investment holding	<b>100.00</b>	100.00
*YTL Construction (Thailand) Limited	Thailand	Construction activities	<b>74.89</b>	74.89
YTL Power Services Sdn. Bhd.	Malaysia	Operation & maintenance of power station	<b>100.00</b>	100.00
†YTL Property Investments Limited	Cayman Islands	Investment holding	<b>100.00</b>	100.00
*YTL Starhill Global Property Management Pte. Ltd.	Singapore	Property management services	<b>100.00</b>	100.00
*YTL Starhill Global REIT Management Holdings Pte. Ltd.	Singapore	Investment holding	<b>100.00</b>	100.00

## NOTES TO THE FINANCIAL STATEMENTS

## 13. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows:- (continued)

Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest	
			2017 %	2016 %
<b>Held through YTL Cayman Limited (continued):</b>				
*YTL Starhill Global REIT Management Limited	Singapore	Investment advisor, property fund management services and to act as the Manager of SGREIT	<b>100.00</b>	100.00
<b>Held through YTL Cement Berhad:</b>				
Batu Tiga Quarry Sdn. Bhd.	Malaysia	Quarry business & trading of granite aggregates	<b>97.97</b>	97.98
Batu Tiga Quarry (Sg. Buloh) Sdn. Bhd.	Malaysia	Quarry business & related services	<b>97.97</b>	97.98
Bentara Gemilang Industries Sdn. Bhd.	Malaysia	Quarry business & related services	<b>48.99</b>	48.99
Buildcon-Cimaco Concrete Sdn. Bhd.	Malaysia	Manufacture & sale of ready-mixed concrete	<b>97.97</b>	97.98
Buildcon Concrete Enterprise Sdn. Bhd.	Malaysia	Investment holding	<b>97.97</b>	97.98
Buildcon Concrete Sdn. Bhd.	Malaysia	Manufacture & sale of ready-mixed concrete	<b>97.97</b>	97.98
Buildcon Desa Sdn. Bhd.	Malaysia	Inactive	<b>97.97</b>	97.98
C.I. Quarrying & Marketing Sdn. Bhd.	Malaysia	Quarry business and related services	<b>97.97</b>	97.98
C.I. Readymix Sdn. Bhd.	Malaysia	Manufacture & sale of ready-mixed concrete	<b>97.97</b>	97.98
Competent Teamwork Sdn. Bhd.	Malaysia	Investment holding	<b>97.97</b>	97.98
*Concrete Industries Pte. Ltd.	Singapore	Relating to manufacture of ready-mixed concrete	<b>97.97</b>	97.98
Equity Corporation Sdn. Bhd.	Malaysia	Quarry business and related services	<b>97.97</b>	97.98
Gemilang Pintar Sdn. Bhd.	Malaysia	Marketing & trading of quarry products	<b>68.58</b>	68.59
*Hopefield Enterprises Limited	Hong Kong	Investment holding	<b>97.97</b>	97.98
†Industrial Procurement Limited	Cayman Islands	Dormant	<b>97.97</b>	97.98
Jaksa Quarry Sdn. Bhd.	Malaysia	Quarry business & related services	<b>97.97</b>	97.98

## NOTES TO THE FINANCIAL STATEMENTS

## 13. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows:- (continued)

Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest	
			2017 %	2016 %
<b>Held through YTL Cement Berhad (continued):</b>				
Kenneison Construction Materials Sdn. Bhd.	Malaysia	Inactive	<b>97.97</b>	97.98
Kenneison Northern Quarry Sdn. Bhd.	Malaysia	Manufacturing, selling & distribution of premix products, construction & building materials	<b>97.97</b>	97.98
*Linan Lu Hong Transport Co., Ltd.	The People's Republic of China	Inactive	<b>97.97</b>	97.98
Madah Seloka Sdn. Bhd.	Malaysia	Quarry business & related services	<b>97.97</b>	97.98
Mini-Mix Sdn. Bhd.	Malaysia	Manufacture & sale of ready-mix concrete & hiring of vehicles	<b>97.97</b>	97.98
Mobjack Sea Sdn. Bhd.	Malaysia	Quarry business & related services	<b>97.97</b>	97.98
Mutual Prospect Sdn. Bhd.	Malaysia	Quarry business & related services	<b>97.97</b>	97.98
*Nanyang Cement Pte. Ltd.	Singapore	Cement terminal operation, bulk breaking activities and trading in cement	<b>97.97</b>	97.98
Oasis Vision Sdn. Bhd.	Malaysia	Production, selling & distribution of construction & building materials	<b>34.8</b>	34.98
Pahang Cement Sdn. Bhd.	Malaysia	Manufacture & sale of ordinary portland cement, clinker and related products	<b>97.97</b>	97.98
Pahang Cement Marketing Sdn. Bhd.	Malaysia	Inactive	<b>97.97</b>	97.98
Permodalan Hitec Sdn. Bhd.	Malaysia	Quarry business & related services	<b>97.97</b>	97.98
Perak-Hanjoong Simen Sdn. Bhd.	Malaysia	Manufacture & sale of ordinary portland cement, clinker and related products	<b>97.97</b>	97.98
PHS Trading Sdn. Bhd.	Malaysia	Marketing of cement products & management of plant	<b>97.97</b>	97.98
*P.T. YTL Semen Indonesia	Indonesia	Manufacture & sale of ordinary portland cement and ready-mixed concrete	<b>97.97</b>	97.98



## NOTES TO THE FINANCIAL STATEMENTS

## 13. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows:- (continued)

Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest	
			2017 %	2016 %
<b>Held through YTL Cement Berhad (continued):</b>				
Sino Mobile and Heavy Equipment Sdn. Bhd.	Malaysia	Trading & maintenance of trucks & parts & heavy equipments	<b>97.97</b>	97.98
Slag Cement Sdn. Bhd.	Malaysia	Manufacture & sale of ordinary portland cement and blended cement	<b>97.97</b>	97.98
Slag Cement (Southern) Sdn. Bhd.	Malaysia	Manufacture & sale of ordinary portland cement and blended cement	<b>97.97</b>	97.98
SMC Mix Sdn. Bhd.	Malaysia	Inactive	<b>97.97</b>	97.98
Solaris Concept Sdn. Bhd.	Malaysia	Production, selling & distribution of construction & building materials	<b>49.96</b>	49.97
Straits Cement Sdn. Bhd.	Malaysia	Production & sale of cement	<b>97.97</b>	97.98
Tugas Sejahtera Sdn. Bhd.	Malaysia	Investment holding	<b>97.97</b>	97.98
*YTL Cement (Cambodia) Holdings Pte. Ltd.	Singapore	Investment holding	<b>97.97</b>	97.98
YTL Cement Enterprise Sdn. Bhd.	Malaysia	Investment holding	<b>97.97</b>	97.98
*YTL Cement (Hong Kong) Limited	Hong Kong	Investment holding	<b>97.97</b>	97.98
YTL Cement Marketing Sdn. Bhd.	Malaysia	Sale & marketing of cementitious products	<b>97.97</b>	97.98
*YTL Cement Marketing Singapore Pte. Ltd.	Singapore	Sale & marketing of cement, cementitious products & other related construction products	<b>97.97</b>	97.98
*YTL Cement Myanmar Company Limited	Myanmar	Manufacture & sale of ordinary Portland cement & related products	<b>97.97</b>	97.98
*YTL Cement (Myanmar) Holdings Pte. Ltd.	Singapore	Investment holding	<b>97.97</b>	97.98
*YTL Cement (Philippines) Holdings Pte. Ltd.	Singapore	Investment holding	<b>97.97</b>	97.98
YTL Cement (Sabah) Sdn. Bhd.	Malaysia	Investment holding	<b>97.97</b>	97.98
*YTL Cement Singapore Pte. Ltd.	Singapore	Investment holding, general importers & exporters of construction materials	<b>97.97</b>	97.98

## NOTES TO THE FINANCIAL STATEMENTS

## 13. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows:- (continued)

Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest	
			2017 %	2016 %
<b>Held through YTL Cement Berhad (continued):</b>				
*YTL Cement Terminal Services Pte. Ltd.	Singapore	Operation of port terminal & handling of cementitious products	<b>97.97</b>	97.98
*YTL Cement (Vietnam) Pte. Ltd.	Singapore	Investment holding	<b>97.97</b>	97.98
*YTL Concrete (S) Pte. Ltd.	Singapore	Manufacture of ready-mixed concrete, wholesale of structural clay & concrete products & mixed construction activities	<b>97.97</b>	97.98
Green Enable Technologies Sdn. Bhd. (formerly known as YTL Eco Solutions Sdn. Bhd.)	Malaysia	Consultancy service in relation to the promotion of the gasification of municipal solid waste for disposal in cement kilns	<b>97.97</b>	97.98
YTL Premix Sdn. Bhd.	Malaysia	Trading of building materials & related services	<b>97.97</b>	97.98
RC Aggregates Sdn. Bhd. (formerly known as YTL Quarry Sdn. Bhd.)	Malaysia	Dormant	<b>97.97</b>	97.98
*Zhejiang Hangzhou Dama Cement Co., Ltd.	The People's Republic of China	Manufacture & sale of cement & cementitious products	<b>97.97</b>	97.98
*Zhejiang YTL Cement Marketing Co., Ltd.	The People's Republic of China	Sale & marketing of cement & cementitious products	<b>97.97</b>	97.98
<b>Held through YTL Charters Sdn. Bhd.:</b>				
Island Air Sdn. Bhd.	Malaysia	Chartering of aircrafts	<b>80.00</b>	80.00
Nusantara Sakti Sdn. Bhd.	Malaysia	Carriage of passengers & air carriers	<b>80.00</b>	80.00
<b>Held through YTL e-Solutions Berhad:</b>				
Airzed Services Sdn. Bhd.	Malaysia	Inactive	<b>56.00</b>	41.50

## NOTES TO THE FINANCIAL STATEMENTS

## 13. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows:- (continued)

Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest	
			2017 %	2016 %
<b>Held through YTL e-Solutions Berhad (continued):</b>				
Airzed Broadband Sdn. Bhd.	Malaysia	Providing wired line & wireless broadband internet access services & developing, producing, marketing, selling & maintaining software applications, research & development, consultancy & related services	<b>70.00</b>	51.88
Bizsurf MSC Sdn. Bhd.	Malaysia	Inactive	<b>60.00</b>	44.47
*Infoscreen Networks Ltd.	England & Wales	Investment holding	<b>100.00</b>	74.12
PropertyNetAsia (Malaysia) Sdn. Bhd.	Malaysia	Inactive	<b>100.00</b>	74.12
YTL Info Screen Sdn. Bhd.	Malaysia	Creating, providing & advertising content, media, web media & up to date information via electronic media	<b>100.00</b>	74.12
YMax Sdn. Bhd.	Malaysia	Inactive	<b>100.00</b>	74.12
Y-Max Networks Sdn. Bhd.	Malaysia	Providing computer networking & related information technology services	<b>60.00</b>	44.47
Y-Max Solutions Holdings Sdn. Bhd.	Malaysia	Investment holding	<b>100.00</b>	74.12
<b>Held through YTL (Guernsey) Limited:</b>				
†YTL Construction (SA) (Proprietary) Ltd.	South Africa	Inactive	<b>100.00</b>	100.00
<b>Held through YTL Hospitality REIT ("YTL REIT"):</b>				
*Starhill Hospitality (Australia) Pty. Ltd.	Australia	Trustee company	<b>56.90</b>	58.90
*Starhill Hospitality REIT (Australia) Trust	Australia	Real estate investment	<b>56.90</b>	58.90
*Starhill Hospitality REIT (Brisbane) Trust	Australia	Real estate investment	<b>56.90</b>	58.90

## NOTES TO THE FINANCIAL STATEMENTS

## 13. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows:- (continued)

Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest	
			2017 %	2016 %
<b>Held through YTL Hospitality REIT ("YTL REIT") (continued):</b>				
*Starhill Hospitality REIT (Melbourne) Trust	Australia	Real estate investment	<b>56.90</b>	58.90
*Starhill Hospitality REIT (Sydney) Trust	Australia	Real estate investment	<b>56.90</b>	58.90
Starhill Hospitality REIT (Australia) Sdn. Bhd.	Malaysia	Investment holding	<b>56.90</b>	58.90
Starhill Hotel (Australia) Sdn. Bhd.	Malaysia	Investment holding	<b>56.90</b>	58.90
*Starhill Hotel (Brisbane) Pty. Ltd.	Australia	Hotel operator	<b>56.90</b>	58.90
*Starhill Hotel (Melbourne) Pty. Ltd.	Australia	Hotel operator	<b>56.90</b>	58.90
*Starhill Hotel (Sydney) Pty. Ltd.	Australia	Hotel operator	<b>56.90</b>	58.90
*Starhill REIT (Australia) Pty. Ltd.	Australia	Trustee company	<b>56.90</b>	58.90
*Starhill REIT Niseko G.K.	Japan	Purchase, possession, disposal, lease and management of real properties	<b>56.90</b>	58.90
YTL REIT MTN Sdn. Bhd.	Malaysia	Undertake the issuance of medium term notes	<b>56.90</b>	58.90
<b>Held through YTL Hotels &amp; Properties Sdn. Bhd.:</b>				
Autodome Sdn. Bhd.	Malaysia	Operator of food & beverage outlets & sub-letting of premises	<b>100.00</b>	100.00
*Bath Hotel & SPA B.V.	Netherlands	Investment holding	<b>100.00</b>	100.00
*Bath Hotel and SPA Limited	England & Wales	Hotel developer and operator	<b>100.00</b>	100.00
Borneo Cosmeceutical Sdn. Bhd.	Malaysia	Development of holiday resorts	<b>90.00</b>	90.00
Borneo Island Villas Sdn. Bhd.	Malaysia	Dormant	<b>80.00</b>	80.00
Cameron Highlands Resort Sdn. Bhd.	Malaysia	Hotel & resort operator	<b>100.00</b>	100.00
Diamond Recipe Sdn. Bhd.	Malaysia	Operator of food & beverage outlet	<b>51.00</b>	51.00
*Gainsborough Hotel (Bath) Limited	England & Wales	Hotel operations	<b>100.00</b>	100.00

## NOTES TO THE FINANCIAL STATEMENTS

## 13. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows:- (continued)

Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest	
			2017 %	2016 %
<b>Held through YTL Hotels &amp; Properties Sdn. Bhd. (continued):</b>				
*Glasshouse Hotel (Cayman) Limited	Cayman Islands	Investment holding	100.00	–
*Glasshouse Hotel Limited	England & Wales	Investment holding	100.00	–
Happy Steamboat Sdn. Bhd.	Malaysia	Inactive	100.00	100.00
Magna Boundary Sdn. Bhd.	Malaysia	Hotel & resort operator	90.00	90.00
Marble Valley Sdn. Bhd.	Malaysia	Management & investment holding	80.00	80.00
Marble Valley Two Sdn. Bhd.	Malaysia	Hotel operator	64.00	64.00
*M Hotel Management Pte. Ltd.	Singapore	Hotel management services	51.00	51.00
*Monkey Island Properties Limited	England & Wales	Investment & property holding	100.00	100.00
*New Architecture (Bray) Limited	England & Wales	Hotel operator	100.00	100.00
†Niseko Village K.K.	Japan	Owning, managing, maintaining and developing the Niseko Village Resort	100.00	100.00
*Niseko Village (S) Pte. Ltd.	Singapore	Investment holding	100.00	100.00
†N.V. Land G.K.	Japan	Construction, development, sale & purchase of real properties	100.00	100.00
†P.T. Jepun Bali	Indonesia	Managing & operating a hotel	100.00	100.00
Restoran Kisap Sdn. Bhd.	Malaysia	Inactive	100.00	100.00
*RW Gower Street Limited	England & Wales	Hotel operations	100.00	–
*RW Greenside Place Limited	England & Wales	Hotel operations	100.00	–
*RW Threadneedle Street Limited	England & Wales	Hotel operations	100.00	–
*Samui Hotel 2 Co., Ltd.	Thailand	Hotel operator	100.00	100.00
Sentul Park Koi Centre Sdn. Bhd.	Malaysia	Breeders, wholesalers, retailers & distributors of <i>koi</i> fish	100.00	100.00



## NOTES TO THE FINANCIAL STATEMENTS

## 13. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows:- (continued)

Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest	
			2017 %	2016 %
<b>Held through YTL Hotels &amp; Properties Sdn. Bhd. (continued):</b>				
Star Hill Hotel Sdn. Bhd.	Malaysia	Hotel operator	100.00	100.00
*Thermae Development Company Limited	England & Wales	Licence to operate the Thermae Bath Spa complex	100.00	100.00
*Threadneedles Hotel Limited	England & Wales	Investment holding	100.00	–
YTL Heritage Hotels Sdn. Bhd.	Malaysia	Dormant	100.00	100.00
†YTL Hotels B.V.	Netherlands	Investment holding	100.00	100.00
†YTL Hotels (Cayman) Limited	Cayman Islands	Hotel operator & hotel management services	100.00	100.00
YTL Hotels Central Services Sdn. Bhd.	Malaysia	Dormant	100.00	100.00
YTL Hotel Management Services Sdn. Bhd.	Malaysia	Providing professional & commercial education & training in hospitality	70.00	70.00
*YTL Hotels (Singapore) Pte. Ltd.	Singapore	Travel and hospitality related business	100.00	100.00
@YTL Majestic Hotel Sdn. Bhd.	Malaysia	Hotel operator	100.00	–
<b>Held through YTL Industries Berhad:</b>				
Yeoh Tiong Lay Brickworks Sdn. Bhd.	Malaysia	Inactive	100.00	100.00
Yeoh Tiong Lay Management Sdn. Bhd.	Malaysia	Dormant	100.00	100.00
<b>Held through YTL Land Sdn. Bhd.:</b>				
Katagreen Development Sdn. Bhd.	Malaysia	Property leasing management	100.00	100.00
Pintar Projek Sdn. Bhd.	Malaysia	Management of real estate investment trust funds, licensing of trademarks & brand management	70.00	70.00
Puncak Serunding Sdn. Bhd.	Malaysia	Dormant	100.00	100.00
Heritage Journey Sdn. Bhd.	Malaysia	Dormant	100.00	100.00
YTL Design Services Sdn. Bhd.	Malaysia	Dormant	100.00	100.00

## NOTES TO THE FINANCIAL STATEMENTS

## 13. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows:- (continued)

Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest	
			2017 %	2016 %
<b>Held through YTL Land Sdn. Bhd. (continued):</b>				
YTL Majestic Hotel Sdn. Bhd.	Malaysia	Hotel operator	–	100.00
<b>Held through YTL Land &amp; Development Berhad:</b>				
Amanresorts Sdn. Bhd.	Malaysia	Dormant	<b>65.26</b>	65.26
Bayumaju Development Sdn. Bhd.	Malaysia	Property development	<b>65.26</b>	65.26
*#Boom Time Strategies Sdn. Bhd.	Malaysia	Inactive	<b>65.26</b>	65.26
Budaya Bersatu Sdn. Bhd.	Malaysia	Property development	<b>65.26</b>	65.26
Emerald Hectares Sdn. Bhd.	Malaysia	Dormant	<b>45.68</b>	45.68
*Lakefront Pte. Ltd.	Singapore	Real estate development	<b>65.26</b>	65.26
*Lot Ten Security Sdn. Bhd.	Malaysia	Inactive	<b>65.26</b>	65.26
*Mayang Sari Sdn. Bhd.	Malaysia	Inactive	<b>65.26</b>	65.26
Noriwasa Sdn. Bhd.	Malaysia	Dormant	<b>65.26</b>	65.26
Pakatan Perakbina Sdn. Bhd.	Malaysia	Property development	<b>65.26</b>	65.26
Pinnacle Trend Sdn. Bhd.	Malaysia	Property development	<b>65.26</b>	65.26
PYP Sendirian Berhad	Malaysia	Property development	<b>65.26</b>	65.26
*Sandy Island Pte. Ltd.	Singapore	Real estate development	<b>65.26</b>	65.26
Satria Sewira Sdn. Bhd.	Malaysia	Dormant	<b>65.26</b>	65.26
*Sentul Raya Sdn. Bhd.	Malaysia	Property development & property investment	<b>65.26</b>	45.68
*Sentul Raya Golf Club Berhad	Malaysia	Inactive	<b>65.26</b>	45.68
*Sentul Raya City Sdn. Bhd.	Malaysia	Property development	<b>65.26</b>	45.68
*Sentul Park Management Sdn. Bhd.	Malaysia	Park management	<b>65.26</b>	45.68
*SR Property Management Sdn. Bhd.	Malaysia	Provision of property management services	<b>65.26</b>	65.26

## NOTES TO THE FINANCIAL STATEMENTS

## 13. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows:- (continued)

Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest	
			2017 %	2016 %
<b>Held through YTL Land &amp; Development Berhad (continued):</b>				
Syarikat Kemajuan Perumahan Negara Sdn. Bhd.	Malaysia	Property development	65.26	65.26
Trend Acres Sdn. Bhd.	Malaysia	Property development	65.26	65.26
Udapakat Bina Sdn. Bhd.	Malaysia	Property development	65.26	65.26
*YTL Land & Development (MM2H) Sdn. Bhd.	Malaysia	Dormant	65.26	65.26
*YTL Land & Development Management Pte. Ltd.	Singapore	Provision of financial and management consultancy services	65.26	65.26
*YTL Westwood Properties Pte. Ltd.	Singapore	Real estate development	65.26	65.26
<b>Held through YTL Power International Berhad ("YTL Power"):</b>				
<sup>Q</sup> Attarat Operation and Maintenance Company B.V.	Netherlands	Dormant	–	40.38
*Albion Water Limited	England & Wales	Water and sewerage inset appointments	27.31	–
*Cellular Structures Sdn. Bhd.	Malaysia	Inactive	25.70	25.84
*Enterprise Laundry Services Limited	England & Wales	Laundry services	53.54	53.84
Extiva Communications Sdn. Bhd.	Malaysia	Developing and marketing VoIP telephony and other advanced network media appliance for the service provider and enterprise telephony market. Ceased operation during the year	32.12	32.30
FrogAsia Sdn. Bhd.	Malaysia	Licence reseller focused on providing virtual learning education platform	53.54	53.84
*Frog Education Limited	England & Wales	Sales into the education market and further development of the web environment product	31.16	31.33

## NOTES TO THE FINANCIAL STATEMENTS

## 13. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows:- (continued)

Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest	
			2017 %	2016 %
<b>Held through YTL Power International Berhad (continued):</b>				
*Frog Education Group Limited	England & Wales	Investment holding	<b>31.16</b>	31.33
Frog Education Sdn. Bhd.	Malaysia	License reseller focused on providing virtual learning educational platform	<b>31.16</b>	31.33
*Geneco Limited	England & Wales	Waste water services	<b>53.54</b>	53.84
*Geneco (South West) Limited	England & Wales	Waste water services	<b>53.54</b>	53.84
†Granite Investments (Cayman Islands) Limited	Cayman Islands	Dormant	<b>53.54</b>	53.84
*Konsortium Jaringan Selangor Sdn. Bhd.	Malaysia	Planning, implementation and maintenance of telecommunication towers and telecommunication related services	<b>25.70</b>	25.84
*PetroSeraya Pte. Ltd.	Singapore	Oil trading & oil tank leasing	<b>53.54</b>	53.84
*P.T. YTL Jawa Timur	Indonesia	Construction management, consultancy services and power station operation services	<b>53.54</b>	53.84
*P.T. Tanjung Jati Power Company	Indonesia	Design and construction of a coal-fired power generating facility and obtaining necessary financing requirement	<b>42.83</b>	43.07
*Seraya Energy and Investment Pte. Ltd.	Singapore	Investment holding	<b>53.54</b>	53.84
*Seraya Energy Pte. Ltd.	Singapore	Sale of electricity	<b>53.54</b>	53.84
*SC Technology Deutschland GmbH	Germany	Waste treatment	<b>53.54</b>	53.84
*SC Technology GmbH	Switzerland	Waste treatment processes	<b>53.54</b>	53.84
*SC Technology Nederlands B.V.	Netherlands	Waste treatment	<b>53.54</b>	53.84
SIPP Power Sdn. Bhd.	Malaysia	Dormant	<b>37.48</b>	37.69
*Sword Bidco (Holdings) Limited	England & Wales	Dormant	<b>53.54</b>	53.84

## NOTES TO THE FINANCIAL STATEMENTS

## 13. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows:- (continued)

Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest	
			2017 %	2016 %
<b>Held through YTL Power International Berhad (continued):</b>				
*Sword Bidco Limited	England & Wales	Dormant	<b>53.54</b>	53.84
†Sword Holdings Limited	Cayman Islands	Dormant	<b>53.54</b>	53.84
*Sword Midco Limited	England & Wales	Dormant	<b>53.54</b>	53.84
*Water 2 Business Limited	England & Wales	Billing services	<b>37.48</b>	37.69
†Wessex Concierge Limited	England & Wales	Energy switching	<b>53.54</b>	–
†§Wessex Concierge Services Limited	England & Wales	Energy switching	<b>53.54</b>	–
*Wessex Electricity Utilities Limited	England & Wales	Dormant	<b>53.54</b>	53.84
*Wessex Engineering & Construction Services Ltd.	England & Wales	Engineering services	<b>53.54</b>	53.84
*Wessex Logistics Limited	England & Wales	Dormant	<b>53.54</b>	53.84
*Wessex Promotions Limited	England & Wales	Dormant	<b>53.54</b>	53.84
*Wessex Property Services Limited	England & Wales	Dormant	<b>53.54</b>	53.84
*Wessex Spring Water Limited	England & Wales	Dormant	<b>53.54</b>	53.84
*Wessex Water Commercial Limited	England & Wales	Dormant	<b>53.54</b>	53.84
*Wessex Water Engineering Services Limited	England & Wales	Dormant	<b>53.54</b>	53.84
*Wessex Water Enterprises Limited	England & Wales	Water supply and waste water services	<b>53.54</b>	53.84
†Wessex Water International Limited	Cayman Islands	Dormant	<b>53.54</b>	53.84



## NOTES TO THE FINANCIAL STATEMENTS

## 13. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows:- (continued)

Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest	
			2017 %	2016 %
<b>Held through YTL Power International Berhad (continued):</b>				
*Wessex Water Limited	England & Wales	Water supply and waste water services	<b>53.54</b>	53.84
*Wessex Water Pension Scheme Trustee Limited	England & Wales	Dormant	<b>53.54</b>	53.84
*Wessex Water Services Finance Plc.	England & Wales	Issue of bonds	<b>53.54</b>	53.84
*Wessex Water Services Limited	England & Wales	Water supply and waste water services	<b>53.54</b>	53.84
*Wessex Water Trustee Company Limited	England & Wales	Dormant	<b>53.54</b>	53.84
*Wessex Utility Solutions Limited	England & Wales	Engineering services	<b>53.54</b>	53.84
YTL Broadband Sdn. Bhd.	Malaysia	Provision of wired, line and wireless broadband access and other related services	<b>25.70</b>	25.84
†YTL Communications International Limited	Cayman Islands	Investment holding	<b>32.12</b>	32.30
YTL Communications Sdn. Bhd.	Malaysia	Provision of wired line and wireless broadband access and other related services	<b>32.12</b>	32.30
*YTL Communications (S) Pte. Ltd.	Singapore	Computer systems integration activities and system integration services	<b>32.12</b>	32.30
*YTL Development (UK) Limited	England & Wales	Housing development	<b>53.54</b>	–
YTL Digital Sdn. Bhd.	Malaysia	Retail and marketing of telecommunication devices	<b>32.12</b>	32.30
*YTL Water (Singapore) Pte. Ltd. (formerly known as YTL ECOGreen Pte. Ltd.)	Singapore	Invest, develop, construct, operate and to maintain water utilities assets	<b>53.54</b>	53.84
*YTL Education (UK) Limited	England & Wales	Providing advisory and management services to educational institutions in the UK and abroad	<b>53.54</b>	53.84

## NOTES TO THE FINANCIAL STATEMENTS

## 13. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows:- (continued)

Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest	
			2017 %	2016 %
<b>Held through YTL Power International Berhad (continued):</b>				
YTL Energy Holdings Sdn. Bhd.	Malaysia	Investment holding	<b>53.54</b>	53.84
*YTL Engineering Limited	England & Wales	Dormant	<b>53.54</b>	53.84
*YTL Events Limited	England & Wales	Concert promotion	<b>53.54</b>	53.84
†YTL Global Networks Limited	Cayman Islands	Dormant	<b>32.12</b>	32.30
†YTL Homes Ltd.	England & Wales	Housing development	<b>53.54</b>	53.84
†YTL Infrastructure Limited	Cayman Islands	Dormant	<b>53.54</b>	53.84
*YTL Jawa Energy B.V.	Netherlands	Investment holding	<b>53.54</b>	53.84
*YTL Jawa O & M Holdings B.V.	Netherlands	Investment holding	<b>53.54</b>	53.84
*YTL Jawa O & M Holdings Limited	Cyprus	Investment holding	<b>53.54</b>	53.84
*YTL Jawa Power B.V.	Netherlands	Investment holding	<b>30.59</b>	30.76
YTL Jawa Power Finance Limited	Cayman Islands	Investment holding	<b>53.54</b>	53.84
*YTL Jawa Power Holdings B.V.	Netherlands	Investment holding	<b>30.59</b>	30.76
*YTL Jawa Power Holdings Limited	Cyprus	Investment holding & financing activities	<b>53.54</b>	53.84
*YTL Jawa Power Services B.V.	Netherlands	Investment holding	<b>53.54</b>	53.84
*YTL Jordan Power Holdings Limited	Cyprus	Investment holding & financing activities	<b>53.54</b>	53.84
*YTL Jordan Services Holdings Limited ("YTLJSH")	Cyprus	Investment holding	<b>53.54</b>	53.84
YTL Jordan Services Sdn. Bhd.	Malaysia	Dormant	<b>53.54</b>	53.84
†YTL Land & Property (UK) Ltd.	England & Wales	Housing development	<b>53.54</b>	53.84
†YTL Places Limited	England & Wales	Housing development	<b>53.54</b>	-

## NOTES TO THE FINANCIAL STATEMENTS

## 13. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows:- (continued)

Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest	
			2017 %	2016 %
<b>Held through YTL Power International Berhad (continued):</b>				
YTL Power Australia Limited	Cayman Islands	Investment holding	<b>53.54</b>	53.84
†YTL Power Finance (Cayman) Limited	Cayman Islands	Dormant	<b>53.54</b>	53.84
*YTL Power Generation Sdn. Bhd.	Malaysia	Developing, constructing, completing, maintaining & operating power plants	<b>53.54</b>	53.84
YTL Power Holdings Sdn. Bhd. (formerly known as YTL Power Holdings (Indonesia) Sdn. Bhd.)	Malaysia	Dormant	<b>53.54</b>	53.84
YTL Power Investments Limited	Cayman Islands	Investment holding	<b>53.54</b>	53.84
†YTL Power International Holdings Limited	Cayman Islands	Investment holding	<b>53.54</b>	53.84
*YTL PowerSeraya Pte. Limited.	Singapore	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)	<b>53.54</b>	53.84
†YTL Power (Thailand) Limited	Cayman Islands	Dormant	<b>53.54</b>	53.84
YTL Power Trading (Labuan) Limited	Malaysia	Dormant	<b>53.54</b>	53.84
*YTL Property Holdings (UK) Limited	England & Wales	Housing development	<b>53.54</b>	53.84
YTL Seraya Limited	Cayman Islands	Investment holding	<b>53.54</b>	53.84
*YTL Services Limited	England & Wales	Dormant	<b>53.54</b>	53.84
YTL SIPP Power Holdings Sdn. Bhd.	Malaysia	Investment holding	<b>37.48</b>	37.69
YTL Utilities Limited	Cayman Islands	Investment holding	<b>53.54</b>	53.84
†YTL Utilities Finance Limited	Cayman Islands	Financial services	<b>53.54</b>	53.84
YTL Utilities Finance 2 Limited	Cayman Islands	Investment holding	<b>53.54</b>	53.84

## NOTES TO THE FINANCIAL STATEMENTS

## 13. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows:- (continued)

Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest	
			2017 %	2016 %
<b>Held through YTL Power International Berhad (continued):</b>				
†YTL Utilities Finance 3 Limited	Cayman Islands	Investment holding	<b>53.54</b>	53.84
†YTL Utilities Finance 4 Limited	Cayman Islands	Inactive	<b>53.54</b>	53.84
†YTL Utilities Finance 5 Limited	Cayman Islands	Inactive	<b>53.54</b>	53.84
†YTL Utilities Finance 6 Limited	Cayman Islands	Financial services	<b>53.54</b>	53.84
†YTL Utilities Finance 7 Limited	Cayman Islands	Inactive	<b>53.54</b>	53.84
YTL Utilities Holdings Limited	Cayman Islands	Investment holding	<b>53.54</b>	53.84
*YTL Utilities Holdings (S) Pte. Limited	Singapore	Investment holding	<b>53.54</b>	53.84
*YTL Utilities (S) Pte. Limited	Singapore	Investment holding	<b>53.54</b>	53.84
*YTL Utilities (UK) Limited	England & Wales	Investment holding	<b>53.54</b>	53.84
<b>Held through YTL Power Services Sdn Bhd:</b>				
†YTL Power Services (Cayman) Ltd.	Cayman Islands	Investment holding & provision of operations & maintenance services of power plants	<b>100.00</b>	100.00
*YTL Power Services (Leb) SARL	Lebanon	Operation & maintenance of power station	<b>100.00</b>	100.00
*YTL Power Services (S) Pte. Ltd.	Singapore	Operation & maintenance of power station	<b>100.00</b>	100.00
<b>Held through YTL Singapore Pte. Ltd.:</b>				
*Ideal World Pte. Ltd.	Singapore	Wholesale of furniture	<b>51.00</b>	51.00
*Genesis-Alliance Retail Pte. Ltd.	Singapore	Retailing of furniture	<b>51.00</b>	51.00
^Guangzhou Autodome Food & Beverage Management Co., Ltd.	The People's Republic of China	Dormant	<b>100.00</b>	100.00

## NOTES TO THE FINANCIAL STATEMENTS

## 13. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows:- (continued)

Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest	
			2017 %	2016 %
<b>Held through YTL Singapore Pte. Ltd. (continued):</b>				
Prestige Lifestyles & Living Sdn. Bhd.	Malaysia	Trading of furniture, accessories & related services	<b>51.00</b>	51.00
*Shanghai Autodome Food & Beverage Co., Ltd.	The People's Republic of China	Operator of food & beverage outlets	<b>100.00</b>	100.00
*Shanghai YTL Hotels Management Co., Ltd.	The People's Republic of China	Dormant	<b>100.00</b>	100.00

\* Subsidiaries not audited by HLB Ler Lum

^ Dissolved during the financial year

† Entities are either exempted or not statutorily required to be audited

# The subsidiary had been struck off from the register of the Companies Commission of Malaysia and dissolved following the publication of the notice off pursuant to section 308 of the Companies Act, 1965 in the Gazette dated 24 February 2017.

@ Inter-group restructuring

† First audited financial statements in 2018

Ω YTL Jordan Services Holdings Limited ("YTLJSH") disposed of its 30 ordinary shares, representing 30% of the issued share capital of Attarat Operation & Maintenance Company B.V. ("OMCO"). Consequent thereto, OMCO ceased to be a subsidiary and became a jointly controlled entity as YTLJSH holds a balance of 45 ordinary shares, representing 45% of the issued share capital of OMCO.

§ Wessex Concierge Services Limited changed its name to Flipper Limited on 12 July 2017

**(a) Acquisition of non-controlling interest**

On 16 January 2017, YTL Land & Development Bhd. acquired additional 30% equity interest in Sentul Raya Sdn Bhd ("SRSB") from its non-controlling interest for a total consideration of RM252,424,000. As a result of this acquisition, SRSB became a wholly-owned subsidiary of the Company. On the date of acquisition, the carrying value of the additional interest acquired was RM52,125,000. The difference between the consideration and the carrying value of the interest acquired of RM200,299,000 is reflected in equity as premium paid on acquisition of non-controlling interest.

**(b) Summary of effect of acquisition of new subsidiaries**

There is no significant effect of the newly acquired subsidiaries on the financial results for the current financial year.

If the acquisitions had occurred on 1 July 2016, there is no significant change for the Group's revenue and profit for the financial year.



## NOTES TO THE FINANCIAL STATEMENTS

## 13. INVESTMENT IN SUBSIDIARIES (CONTINUED)

## (c) Non-controlling interests in subsidiaries

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

	YTL Power Group RM'000	SGREIT Group RM'000	YTL REIT Group RM'000	Other individually immaterial subsidiaries RM'000	Total RM'000
<b>Group - 2017</b>					
<i>NCI effective equity interest</i>	<b>46.46%</b>	<b>63.54%</b>	<b>43.10%</b>		
Carrying amount of NCI	<b>2,702,958</b>	<b>3,961,403</b>	<b>736,557</b>	<b>650,816</b>	<b>8,051,734</b>
Profit allocated to NCI	<b>684,717</b>	<b>373,938</b>	<b>39,563</b>	<b>172,264</b>	<b>1,270,482</b>
Summarised financial information before inter-company elimination					
<b>As at 30 June</b>					
Non-current assets	<b>34,377,856</b>	<b>9,780,595</b>	<b>3,862,224</b>		
Current assets	<b>14,120,304</b>	<b>258,918</b>	<b>176,982</b>		
Non-current liabilities	<b>(28,118,980)</b>	<b>(2,374,112)</b>	<b>(1,004,905)</b>		
Current liabilities	<b>(6,889,500)</b>	<b>(1,399,456)</b>	<b>(503,310)</b>		
Net assets	<b>13,489,680</b>	<b>6,265,945</b>	<b>2,530,991</b>		
<b>Year ended 30 June</b>					
Revenue	<b>9,777,912</b>	<b>666,725</b>	<b>449,683</b>		
Profit/(loss) for the year	<b>787,779</b>	<b>308,933</b>	<b>(12,121)</b>		
Total comprehensive income	<b>1,617,714</b>	<b>588,499</b>	<b>331,867</b>		
Cash flows from operating activities	<b>1,091,882</b>	<b>327,008</b>	<b>201,882</b>		
Cash flows used in investing activities	<b>(4,913,619)</b>	<b>(12,830)</b>	<b>(106,496)</b>		
Cash flows from/(used in) financing activities	<b>2,652,364</b>	<b>(313,782)</b>	<b>(75,244)</b>		
Net changes in cash and cash equivalents	<b>(1,169,373)</b>	<b>396</b>	<b>20,142</b>		
Dividend paid to NCI	<b>360,402</b>	<b>209,977</b>	<b>48,425</b>		

## NOTES TO THE FINANCIAL STATEMENTS

## 13. INVESTMENT IN SUBSIDIARIES (CONTINUED)

## (c) Non-controlling interests in subsidiaries (continued)

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

	YTL Power Group RM'000	SGREIT Group RM'000	YTL REIT Group RM'000	Other individually immaterial subsidiaries RM'000	Total RM'000
<b>Group - 2016</b>					
<i>NCI effective equity interest</i>	46.16%	63.54%	41.10%		
Carrying amount of NCI	2,344,438	3,797,443	530,130	736,587	7,408,598
Profit allocated to NCI	498,121	493,798	36,670	200,221	1,228,810
Summarised financial information before inter-company elimination					
<b>As at 30 June</b>					
Non-current assets	30,889,501	9,359,663	3,469,174		
Current assets	12,356,090	247,528	152,744		
Non-current liabilities	(27,943,139)	(3,419,907)	(1,623,536)		
Current liabilities	(2,549,134)	(171,753)	(75,979)		
Net assets	12,753,318	6,015,531	1,922,403		
<b>Year ended 30 June</b>					
Revenue	10,245,174	652,029	426,292		
Profit for the year	1,178,456	486,460	(5,775)		
Total comprehensive income	1,261,843	780,038	244,352		
Cash flows from operating activities	1,685,691	350,285	178,532		
Cash flows (used in)/from investing activities	(884,967)	83,110	(13,841)		
Cash flows used in financing activities	(710,419)	(364,445)	(177,622)		
Net changes in cash and cash equivalents	90,305	68,950	(12,931)		
Dividend paid to NCI	356,259	208,066	43,125		

## NOTES TO THE FINANCIAL STATEMENTS

## 14. INVESTMENT IN ASSOCIATED COMPANIES

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Unquoted shares, at cost	1,243,168	1,174,099	205,241	205,241
Share of post-acquisition reserves	1,245,534	1,027,162	-	-
Allowance for impairment	(66,812)	(28,538)	-	-
	<b>2,421,890</b>	2,172,723	<b>205,241</b>	205,241

Details of the associated companies are as follows:-

Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest	
			2017 %	2016 %
<b>Held by the Company:</b>				
*Express Rail Link Sdn. Bhd.	Malaysia	Operation & maintenance of the Express Rail Link railway system between Kuala Lumpur International Airport and Kuala Lumpur International Airport 2 in Sepang with Kuala Lumpur Sentral Station	<b>45.00</b>	45.00
Trans-Pacific Resorts Sdn. Bhd.	Malaysia	Inactive	<b>50.00</b>	50.00
<b>Held through Business &amp; Budget Hotels Sdn. Bhd.:</b>				
Business & Budget Hotels (Kuantan) Sdn. Bhd.	Malaysia	Hotel operator	<b>50.00</b>	50.00
<b>Held through Syarikat Pembinaan Yeoh Tiong Lay Sdn. Bhd.:</b>				
North South Development Sdn. Bhd.	Malaysia	Realty, investment & management services	<b>49.00</b>	49.00
<b>Held through YTL Cayman Limited:</b>				
*YTL (Thailand) Limited	Thailand	Investment holding	<b>49.90</b>	49.90

## NOTES TO THE FINANCIAL STATEMENTS

## 14. INVESTMENT IN ASSOCIATED COMPANIES (CONTINUED)

Details of the associated companies are as follows (continued):-

Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest	
			2017 %	2016 %
<b>Held through YTL Cement Berhad:</b>				
<sup>Ω</sup> *Cementitious Products Pte. Ltd.	Singapore	General wholesale trade (including general importers and exporters)	<b>48.99</b>	48.99
<sup>Ω</sup> *Linan Herun Construction Materials Co., Ltd.	The People's Republic of China	Quarry business and related services	<b>29.38</b>	–
Superb Aggregates Sdn. Bhd.	Malaysia	Extraction, removal, processing & sale of sand	<b>48.98</b>	48.99
<b>Held through YTL e-Solution Berhad:</b>				
<sup>Ω</sup> Endless Momentum Sdn. Bhd.	Malaysia	Investment holding	<b>30.00</b>	22.24
<b>Held through YTL Hotels &amp; Properties Sdn. Bhd.:</b>				
<sup>Ω</sup> *Eastern & Oriental Express Ltd.	Bermuda	Ownership & management of the luxury train service known as the 'Eastern & Oriental Express'	<b>32.00</b>	32.00
<sup>Ω</sup> *Surin Bay Company Limited	Thailand	Hotel operator	<b>49.00</b>	49.00
Trans-Pacific Hotels Sdn. Bhd.	Malaysia	Inactive	<b>50.00</b>	50.00
<b>Held through YTL Power International Berhad:</b>				
<sup>‡</sup> Attarat Power Holding Company B.V.	Netherlands	Dormant	–	16.15
<sup>+</sup> *ElectraNet Pty. Ltd.	Australia	Principal electricity transmission	<b>17.94</b>	18.04
<sup>‡</sup> Enefit Jordan B.V.	Netherlands	Investment holding	<b>16.06</b>	16.15
<sup>Ω</sup> Jimah Power Generation Sdn. Bhd. (In creditors' voluntary winding-up)	Malaysia	Dormant	<b>26.23</b>	26.38
<sup>+</sup> *P.T. Jawa Power	Indonesia	Operate a coal-fired thermal power station	<b>10.71</b>	10.77

## NOTES TO THE FINANCIAL STATEMENTS

## 14. INVESTMENT IN ASSOCIATED COMPANIES (CONTINUED)

- \* Companies not audited by HLB Ler Lum
- Ω Companies with financial year end of 31 December
- ‡ Entities are either exempted or not statutorily required to be audited
- + The Group's direct interest in ElectraNet Pty. Ltd. and P.T. Jawa Power are 33.5% and 35.0% respectively

As indicated above, the financial year end of certain associated companies are not co-terminous with that of the Group. For the purpose of applying the equity method of accounting, these companies' unaudited financial statements made up to 30 June were used in conjunction with their audited financial statements for the financial year ended 31 December as the case may be.

- (a) 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.	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Non-current assets	<b>4,771,909</b>	4,479,138	<b>9,420,263</b>	8,614,699
Current assets	<b>1,104,305</b>	953,602	<b>262,224</b>	346,529
Non-current liabilities	<b>(629,163)</b>	(536,661)	<b>(7,175,835)</b>	(6,298,997)
Current liabilities	<b>(357,939)</b>	(263,454)	<b>(1,001,043)</b>	(1,378,942)
Net assets	<b>4,889,112</b>	4,632,625	<b>1,505,609</b>	1,283,289
Profit for the financial year	<b>956,287</b>	1,607,299	<b>160,060</b>	195,698
Other comprehensive income/(loss)	<b>-</b>	-	<b>55,109</b>	(23,293)
Total comprehensive income	<b>956,287</b>	1,607,299	<b>215,169</b>	172,405
<b>Included in the total comprehensive income is:</b>				
Revenue	<b>2,431,873</b>	2,201,108	<b>1,221,851</b>	1,088,556
<b>Other information:</b>				
Dividends received from associate	<b>354,353</b>	370,180	<b>43,755</b>	38,259

## NOTES TO THE FINANCIAL STATEMENTS

## 14. INVESTMENT IN ASSOCIATED COMPANIES (CONTINUED)

- (a) 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 (continued):-

## (ii) Reconciliation of net assets to carrying amount:

	P.T. Jawa Power		ElectraNet Pty. Ltd.		Total	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Opening net assets, 1 July	<b>4,632,625</b>	3,855,797	<b>1,283,289</b>	1,190,962	<b>5,915,914</b>	5,046,759
Profit for the financial year	<b>956,287</b>	1,607,299	<b>160,060</b>	195,698	<b>1,116,347</b>	1,802,997
Other comprehensive income/(loss)	–	–	<b>55,109</b>	(23,293)	<b>55,109</b>	(23,293)
Foreign exchange differences	<b>312,637</b>	227,185	<b>137,764</b>	34,127	<b>450,401</b>	261,312
Dividend paid	<b>(1,012,437)</b>	(1,057,656)	<b>(130,613)</b>	(114,205)	<b>(1,143,050)</b>	(1,171,861)
Closing net assets, 30 June	<b>4,889,112</b>	4,632,625	<b>1,505,609</b>	1,283,289	<b>6,394,721</b>	5,915,914
Interest in associates direct hold by subsidiary	<b>35.0%</b>	35.0%	<b>33.5%</b>	33.5%		
Carrying amount	<b>1,711,189</b>	1,621,419	<b>504,379</b>	429,902	<b>2,215,568</b>	2,051,321

Goodwill amounting to RM23,357,000 (2016: RM23,357,000) was included in the carrying amount of investment in associated companies.

The Group has not recognised its share of profit of an associated company amounting to RM Nil (2016: share of profit of RM5,974,000) because the Group's cumulative share of losses exceeds its interest in that entity and the Group has no obligation in respect of those losses. The cumulative unrecognised losses amounted to RM Nil (2016: RM272,521,000) at the reporting date.

The individually immaterial associate's carrying amount is RM206,322,000 (2016: RM121,402,000) and the Group's share of profits, total comprehensive income is RM55,334,000 (2016: RM13,308,000).



## NOTES TO THE FINANCIAL STATEMENTS

## 15. JOINT VENTURES

	Group	
	2017 RM'000	2016 RM'000
Unquoted investments, at cost	23,401	23,401
Share of post-acquisition reserves	35,092	24,791
	<b>58,493</b>	48,192

Details of the joint ventures are as follows:-

Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest	
			2017 %	2016 %
<b>Held through YTL Land &amp; Development Berhad:</b>				
Shorefront Development Sdn. Bhd.	Malaysia	Property development	<b>32.63</b>	32.63
<b>Held through YTL Power International Berhad:</b>				
Attarat Mining Company B.V.	Netherland	Mining & supply of oil shale	<b>24.09</b>	26.92
Attarat Operation and Maintenance Company B.V. <sup>Q</sup>	Netherland	Operation & maintenance of Power Plant	<b>24.09</b>	–
Attarat Power Holding Company B.V.	Netherland	Investment holding and financing activities	<b>24.09</b>	–
Bristol Wessex Billing Services Limited	England & Wales	Billing services	<b>26.77</b>	26.92
Xchanging Malaysia Sdn. Bhd.	Malaysia	Mobile internet and cloud-based technology solutions	<b>16.06</b>	16.15

<sup>Q</sup> Refer Note 13 for the details

## NOTES TO THE FINANCIAL STATEMENTS

## 15. JOINT VENTURES (CONTINUED)

The aggregate amounts of each of the current assets, non-current assets, current liabilities, income and expenses related to the Group's interests in the joint ventures are as follows:-

	Group	
	2017 RM'000	2016 RM'000
Non-current assets	1,719	1,631
Current assets	59,343	54,009
Current liabilities	(12,129)	(17,008)
Net assets	48,933	38,632
Total comprehensive income	10,301	13,436

## 16. INVESTMENTS

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Non-current</b>				
Available-for-sale financial assets	310,348	302,389	31,565	29,089
Financial assets at fair value through profit or loss	534,817	-	-	-
	845,165	302,389	31,565	29,089
<b>Current</b>				
Financial assets at fair value through profit or loss	2,503,011	-	-	-

## (a) Available-for-sale financial assets

The investments are in relation to the following:-

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Quoted equity investments				
- Within Malaysia	13,982	13,425	4,161	4,001
- Outside Malaysia	17,936	19,729	8,171	5,855
Unquoted equity investments				
- Within Malaysia	21,238	20,180	19,233	19,233
- Outside Malaysia	257,192	249,055	-	-
	310,348	302,389	31,565	29,089

## NOTES TO THE FINANCIAL STATEMENTS

### 16. INVESTMENTS (CONTINUED)

#### (a) Available-for-sale financial assets (continued)

A loss arising from the changes in fair values of available-for-sale financial assets during the financial year of RM6,930,000 (2016: RM2,482,000) and a gain of RM739,000 (2016: loss of RM1,069,000) was recognised as other comprehensive income in the Statements of Comprehensive Income of the Group and the Company, respectively.

During the financial year, the Group and the Company recognised an impairment loss of RM6,792,000 (2016: RM511,000) and RM319,000 (2016: RM511,000) against equity investments whose trade prices had been below cost for a prolonged period, respectively.

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

The investments are in relation to the following:-

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Income funds*				
- Quoted within Malaysia	2,503,011	-	-	-
- Quoted outside Malaysia	530,771	-	-	-
Unquoted equity investments				
- Outside Malaysia	4,046	-	-	-
	<b>3,037,828</b>	-	-	-

A gain arising from the changes of financial assets at fair value through profit or loss during the financial year of RM264,000 million (2016: RM Nil) was recognised in the Income Statements of the Group.

\* Financial assets at fair value through profit or loss consist of investment in income funds placed with licensed financial institutions. The income funds in Malaysia are highly liquid and readily convertible to cash.

## NOTES TO THE FINANCIAL STATEMENTS

## 17. INTANGIBLE ASSETS

The details of intangible assets are as follows:-

	Customer acquisition costs RM'000	Goodwill on consolidation RM'000	Others RM'000	Total RM'000
<b>Group - 2017</b>				
<b>At cost</b>				
At beginning of the financial year	299,247	5,924,416	181,730	6,405,393
Additions	42,764	-	11,681	54,445
Acquisition of subsidiaries	-	1,257	-	1,257
Disposal	-	(20)	-	(20)
Reclassification from NCI	-	646	-	646
Currency translation differences	-	363,268	9,436	372,704
At end of the financial year	342,011	6,289,567	202,847	6,834,425
<b>Accumulated amortisation and impairment</b>				
At beginning of the financial year	(230,677)	(98,281)	(11,460)	(340,418)
Amortisation (Note 6)	(78,340)	-	(8,688)	(87,028)
Disposal	-	20	-	20
Impairment loss (Note 6)	-	(13,557)	-	(13,557)
Currency translation differences	-	(7,056)	(352)	(7,408)
At end of the financial year	(309,017)	(118,874)	(20,500)	(448,391)
Net carrying amount At 30 June 2017	32,994	6,170,693	182,347	6,386,034
<b>Group - 2016</b>				
<b>At cost</b>				
At beginning of the financial year	227,102	5,458,676	56,213	5,741,991
Additions	72,145	-	18,692	90,837
Acquisition of subsidiaries	-	7,301	112,165*	119,466
Reclassification from NCI	-	23,661	-	23,661
Currency translation differences	-	434,778	(5,340)	429,438
At end of the financial year	299,247	5,924,416	181,730	6,405,393
<b>Accumulated amortisation and impairment</b>				
At beginning of the financial year	(137,583)	(40,075)	(3,917)	(181,575)
Amortisation (Note 6)	(93,094)	-	(7,971)	(101,065)
Impairment loss (Note 6)	-	(57,765)	-	(57,765)
Currency translation differences	-	(441)	428	(13)
At end of the financial year	(230,677)	(98,281)	(11,460)	(340,418)
Net carrying amount At 30 June 2016	68,570	5,826,135	170,270	6,064,975

## NOTES TO THE FINANCIAL STATEMENTS

### 17. INTANGIBLE ASSETS (CONTINUED)

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

\* Arising from acquisition of P.T. Tanjung Jati Power Company in 2016.

For the purposes of impairment testing, goodwill is allocated to the Group's cash-generating units ("CGUs") identified according to the following business segments:-

	Group	
	2017 RM'000	2016 RM'000
Utilities	<b>5,554,337</b>	5,214,841
Management services	<b>304,100</b>	290,747
Cement manufacturing & trading	<b>126,577</b>	134,820
Property investment & development	<b>87,769</b>	87,852
Hotel & restaurant operations	<b>72,431</b>	73,041
Others	<b>25,479</b>	24,834
	<b>6,170,693</b>	5,826,135

Goodwill is tested for impairment on an annual basis by comparing the carrying amount with the recoverable amount of the CGUs.

The recoverable amount of these CGUs was determined based on value-in-use calculations. Cash flow projections used in these calculations were based on financial budgets approved by management covering a three-year period. Cash flows beyond the three-year period were extrapolated using the estimated growth rate. The growth rate did not exceed the long-term average growth rate for the segment business in which the CGUs operates.

## NOTES TO THE FINANCIAL STATEMENTS

## 17. INTANGIBLE ASSETS (CONTINUED)

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

The following assumption has been applied in the value-in-use calculation for the two of the major goodwill in utilities segment amounting to RM4.7 billion (2016: RM4.3 billion) ("A") and RM820 million (2016: RM819 million) ("B"), respectively, one of the major goodwill in management services ("C") and cement manufacturing & trading ("D") segment amounting to RM304 million (2016: RM291 million) and RM127 million (2016: RM135 million), respectively.

	2017				2016			
	A %	B %	C %	D %	A %	B %	C %	D %
Pre-tax discounts	<b>5.8</b>	<b>4.4</b>	<b>5.3</b>	<b>5.6</b>	6.2	5.5	5.4	4.5
Terminal growth rate	<b>2.0</b>	<b>0.1</b>	<b>6.5</b>	<b>5.0</b>	2.0	(0.6)	6.5	6.5
Revenue growth	<b>-</b>	<b>1.6</b>	<b>2.0</b>	<b>4.0</b>	-	1.9	2.0	3.0
Earnings before interest, tax, depreciation and amortisation (EBITDA) growth rate	<b>1.9</b>	-	-	-	5.6	-	-	-

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 CGU "A", cash flow projections used in the value-in-use calculation were based on approved financial budgets and forecasts covering a six-year period, to conform with the remaining contract period of the gas supply agreements. Cash flows beyond the six-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 six years.

The EBITDA growth rate is calculated using the Compound Annual Growth Rate method and applied on the projected first year's EBITDA over the forecast period. Management determined the current year's EBITDA growth rate assumption based on the changes in the vesting contract regime as published in the "Review of the Vesting Contract Regime Final Determination Paper" published by the Energy Market Authority on 30 September 2016.

For CGU "B", cash flow projections used in the value-in-use calculation were based on approved financial budgets and forecasts covering a three year period, to conform the final determinations approved by OFWAT, the economic regulator of the water sector in England and Wales.



## NOTES TO THE FINANCIAL STATEMENTS

## 17. INTANGIBLE ASSETS (CONTINUED)

## (b) Sensitivity to change in key assumptions

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

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:-

	2017				2016			
	A %	B %	C %	D %	A %	B %	C %	D %
Pre-tax discounts	7.5	15.0	7.5	7.4	8.0	13.0	7.0	5.7
Terminal growth rate	(0.3)	(1.2)	7.4	8.0	(0.5)	(2.3)	7.3	7.3
Revenue growth	-	(8.7)	0.5	2.7	-	(5.9)	0.1	0.9
Earnings before interest, tax, depreciation and amortisation (EBITDA) growth rate	(5.1)	-	-	-	3.9	-	-	-

## 18. BIOLOGICAL ASSETS

	Group	
	2017 RM'000	2016 RM'000
<b>Plantation development expenditure - at cost</b>		
At beginning/end of the financial year	<b>1,798</b>	1,798

## NOTES TO THE FINANCIAL STATEMENTS

## 19. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Non-current</b>				
Trade receivables	436	1,039	-	-
Other receivables	7,160	12,434	-	-
Less: Allowance for impairment	(300)	(200)	-	-
Other receivables (net)	6,860	12,234	-	-
Deposits	1,387	1,332	-	-
Receivables from associate company ^	258,066	236,769	-	-
Shareholder loan <sup>Ω</sup>	686,795	-	-	-
	<b>953,544</b>	251,374	-	-
<b>Current</b>				
Trade receivables	2,153,127	1,922,012	-	-
Shareholder amounts held by solicitors	2,015	20,057	-	-
	<b>2,155,142</b>	1,942,069	-	-
Less: Allowance for impairment	(319,986)	(357,314)	-	-
Trade receivables (net)	1,835,156	1,584,755	-	-
Other receivables **	517,125	455,247	10,636	13,880
Less: Allowance for impairment	(5,906)	(3,563)	-	-
Other receivables (net)	511,219	451,684	10,636	13,880
Accrued income	979,885	665,959	-	-
Deposits	64,644	72,210	490	631
	<b>3,390,904</b>	2,774,608	<b>11,126</b>	14,511

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

Ω Shareholders loans are advances 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 a 30-year power purchase agreement for the plant's entire generating 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 plant is scheduled to commence commercial operations in 2020. The shareholder loans and accrued interest are repayable on demand.

\*\* A foreign subsidiary of the Group has recognised other receivables, arising from liquidity damages for early termination of three electricity retail contracts based on the enforceable rights stipulated in the respective contracts. The amount recognised is based on legal advice and the judgement of management. Legal proceedings are currently on-going to recover the monies owed from the two customers. Additional information is disclosed in Note 48 to the Financial Statements.

## NOTES TO THE FINANCIAL STATEMENTS

### 19. TRADE AND OTHER RECEIVABLES (CONTINUED)

Receivables amounting to RM35.7 million (2016: RM66.4 million) are secured by financial guarantees given by banks and RM17.0 million (2016: RM13.0 million) are secured by cash collateral.

The ageing analysis of the Group's trade receivables is as follows:-

	Group	
	2017 RM'000	2016 RM'000
Neither past due nor impaired	916,136	780,143
1 to 90 days past due not impaired	495,215	340,872
91 to 120 days past due not impaired	33,959	37,920
More than 120 days past due not impaired	389,846	425,820
Total past due not impaired	919,020	804,612
Impaired	319,986	357,314
	<b>2,155,142</b>	1,942,069

#### Receivables that are past due but not impaired

The Group has trade receivables amounting to RM919,020,000 (2016: RM804,612,000) that are past due at the reporting date but not impaired. These include mainly trade receivables past due for technical or strategic reasons and there is no concern on the credit worthiness of the counter parties and the recoverability of these debts, and which management has assessed that there is no recent history of default.

#### Receivables that are impaired

The Group's receivables that are individually impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:-

	Trade receivables	Others	Total
	RM'000	RM'000	RM'000
<b>Group - 2017</b>			
At beginning of the financial year	357,314	3,763	361,077
Charge for the year	83,852	161	84,013
Reversal of impairment losses	(18,982)	-	(18,982)
Bad debts written off	(110,575)	-	(110,575)
Reclassification from development expenditures (Note 12)	-	2,274	2,274
Currency translation differences	8,377	8	8,385
At end of the financial year	<b>319,986</b>	<b>6,206</b>	<b>326,192</b>

## NOTES TO THE FINANCIAL STATEMENTS

## 19. TRADE AND OTHER RECEIVABLES (CONTINUED)

## Receivables that are impaired (continued)

	Trade receivables RM'000	Others RM'000	Total RM'000
<b>Group - 2016</b>			
At beginning of the financial year	361,366	153,135	514,501
Charge for the year	94,886	102	94,988
Reversal of impairment losses	(7,450)	(149,491)	(156,941)
Bad debts written off	(66,058)	-	(66,058)
Currency translation differences	(25,430)	17	(25,413)
At end of the financial year	357,314	3,763	361,077

Receivables that are individually determined to be impaired at the reporting date relate to receivables that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

The fair value of receivables approximates their carrying amounts.

## 20. OTHER ASSETS

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Non-current</b>				
Prepayments	<b>201,736</b>	143,287	-	-
<b>Current</b>				
Prepayments	<b>277,178</b>	283,086	<b>360</b>	569
Accrued billings in respect of property development costs	<b>132,724</b>	101,010	-	-
Amount due from contract customers (Note 24)	<b>13,955</b>	9,937	-	-
	<b>423,857</b>	394,033	<b>360</b>	569

## NOTES TO THE FINANCIAL STATEMENTS

## 21. DERIVATIVE FINANCIAL INSTRUMENTS

	Assets RM'000	Liabilities RM'000	Total RM'000
<b>Group - 2017</b>			
At beginning of the financial year	95,820	(403,471)	(307,651)
Movement during the year	(34,005)	245,792	211,787
Currency translation differences	3,938	(15,101)	(11,163)
At end of the financial year	65,753	(172,780)	(107,027)
<b>Group - 2016</b>			
At beginning of the financial year	139,035	(440,534)	(301,499)
Movement during the year	(51,436)	63,640	12,204
Currency translation differences	8,221	(26,577)	(18,356)
At end of the financial year	95,820	(403,471)	(307,651)

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

	Contract/ notional amount RM'000	Fair values	
		Assets RM'000	Liabilities RM'000
<b>Group - 2017</b>			
Cash-flow hedges			
- fuel oil swaps	1,253,820	43,558	114,185
- currency forwards	1,402,665	20,991	20,937
- interest rate swaps	3,484,015	202	25,826
Fair value through profit or loss			
- fuel oil swaps	89,991	-	9,382
- currency forwards	156,465	1,002	2,450
		65,753	172,780
Current portion		52,124	128,772
Non-current portion		13,629	44,008
		65,753	172,780

## NOTES TO THE FINANCIAL STATEMENTS

**21. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)**

The Group's derivative financial instruments are analysed as follows (continued):-

	Contract/ notional amount RM'000	Fair values	
		Assets RM'000	Liabilities RM'000
<b>Group - 2016</b>			
Cash-flow hedges			
- fuel oil swaps	1,397,561	45,016	324,867
- currency forwards	1,677,797	37,244	26,569
- interest rate swaps	4,305,638	1,032	37,916
Fair value through profit or loss			
- fuel oil swaps	84,839	12,517	14,105
- currency forwards	3,549	11	14
		95,820	403,471
Current portion		64,965	248,330
Non-current portion		30,855	155,141
		95,820	403,471

The changes in fair value that arose from fair value through profit or loss during the financial year that was recognised in the Income Statements amounted to a gain of RM4.4 million (2016: loss of RM17.9 million).

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

**(a) Fuel oil swaps**

Fuel oil swaps are entered into to hedge highly probable forecast fuel purchases that are expected to occur at various dates within 33 months (2016: 39 months) from financial year end. The fuel oil swaps have maturity dates that match the expected occurrence of these transactions. Gains and losses recognised in the hedging reserve prior to the occurrence of these transactions are transferred to the inventory of fuels upon acquisition or cost of sales upon consumption of natural gas. The gains and losses relating to fuel oil inventory are subsequently recognised in profit or loss upon consumption of the underlying fuels.

The fair values of fuel oil swaps are 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 36 months (2016: 44 months) from financial year end. The currency forwards have maturity dates that match the expected occurrence of these transactions.



## NOTES TO THE FINANCIAL STATEMENTS

### 21. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

#### (b) Currency forwards (continued)

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

For those currency forwards used to hedge highly probable forecast foreign currency payments of property, plant and equipment, the gains and losses are included in the cost of the assets and recognised in profit or loss 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 profit or loss over the period of the contracts.

The fair values of forward currency contracts are determined using actively quoted forward currency rates at the reporting date.

#### (c) Interest rate swaps

The Group entered into interest rate swap contracts to manage its interest rate risk arising primarily from interest-bearing borrowings. Borrowings at floating rate expose the Group to fair value interest rates and the derivative financial instruments minimise the fluctuation of cash flow due to changes in the market interest rates. The derivative financial instruments are executed with credit-worthy financial institutions which are governed by appropriate policies and procedures with a view to limit the credit risk exposure of the Group.

The derivative financial instruments are stated at fair value based on banks' quotes. The fair value changes on the effective portion of the derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in Income Statement.

### 22. INVENTORIES

	Group	
	2017 RM'000	2016 RM'000
<b>At cost</b>		
Consumable stores	20,536	18,149
Finished goods	107,165	117,277
Fuel	223,419	225,332
Properties held for sale	77,884	61,424
Raw materials	114,732	100,732
Spare parts	211,338	189,935
Work-in-progress	44,751	47,040
	<b>799,825</b>	759,889

## NOTES TO THE FINANCIAL STATEMENTS

## 23. PROPERTY DEVELOPMENT COSTS

	Freehold land RM'000	Leasehold land RM'000	Development costs RM'000	Total RM'000
<b>Group - 2017</b>				
Cumulative property development costs:-				
At beginning of the financial year	1,642,718	135,279	1,272,973	3,050,970
Cost incurred during the financial year	-	-	468,377	468,377
Transfer to investment properties (Note 11)	(369,367)	-	-	(369,367)
Currency translation differences	58,630	-	34,547	93,177
Transfer to inventories	-	(3,362)	(21,393)	(24,755)
At end of the financial year	1,331,981	131,917	1,754,504	3,218,402
Cumulative cost recognised in profit or loss:-				
At beginning of the financial year				(400,784)
Recognised during the financial year				(342,404)
At end of the financial year				(743,188)
Property development costs at end of the financial year				2,475,214
<b>Group - 2016</b>				
Cumulative property development costs:-				
At beginning of the financial year	1,302,536	134,462	645,547	2,082,545
Cost incurred during the financial year	414,690	-	396,646	811,336
Transfer from land held for property development (Note 12)	76,459	242	30,993	107,694
Reclassification	(172,649)	575	172,074	-
Impairment loss (Note 6)	(5,192)	-	-	(5,192)
Currency translation differences	26,874	-	27,713	54,587
At end of the financial year	1,642,718	135,279	1,272,973	3,050,970
Cumulative cost recognised in profit or loss:-				
At beginning of the financial year				(199,361)
Recognised during the financial year				(201,423)
At end of the financial year				(400,784)
Property development costs at end of the financial year				2,650,186

Included in property development costs of the Group is interest capitalised during the financial year amounting to RM46,377,000 (2016: RM49,641,000).

Included in property development costs of the Group is a freehold land under development with carrying value of RM2,145,415,000 (2016: RM1,919,693,000) pledged as security for a borrowing granted to the Group as disclosed in Note 33 to the Financial Statements.

## NOTES TO THE FINANCIAL STATEMENTS

## 24. CONSTRUCTION CONTRACTS

	Group	
	2017 RM'000	2016 RM'000
Aggregate costs incurred to date	331,128	283,859
Recognised profits less recognised losses	85,468	14,774
	<b>416,596</b>	298,633
Less: Progress billings	<b>(407,023)</b>	(307,610)
Total	<b>9,573</b>	(8,977)
Representing:		
Amount due to contract customers (Note 39)	<b>(4,382)</b>	(18,914)
Amount due from contract customers (Note 20)	<b>13,955</b>	9,937
Total	<b>9,573</b>	(8,977)

Included in aggregate costs incurred to date of the Group is depreciation capitalised during the financial year amounting to RM6,619,000 (2016: RM7,481,000).

## 25. AMOUNTS DUE FROM/TO RELATED PARTIES

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
(a) Amounts due from related parties				
Amounts due from:-				
- Holding company	551	92	-	-
- Subsidiaries	-	-	1,144,650	999,535
- Related companies	28,143	31,824	2,465	1,953
- Associated companies	58,493	29,500	56	65
- Joint ventures	310	839	-	-
	<b>87,497</b>	62,255	<b>1,147,171</b>	1,001,553
(b) Amounts due to related parties				
Amounts due to:-				
- Holding company	-	90	-	-
- Subsidiaries	-	-	101,592	57,051
- Related companies	2,597	5,451	1	39
- Associated companies	1,716	3,150	-	-
- Joint ventures	4,173	512	-	-
	<b>8,486</b>	9,203	<b>101,593</b>	57,090

## NOTES TO THE FINANCIAL STATEMENTS

## 25. AMOUNTS DUE FROM/TO RELATED PARTIES (CONTINUED)

- (c) The amounts due from/to related parties pertain mainly to trade receivables/payables, advances and payments on behalf. The outstanding amounts are unsecured, interest free and payable on demand except for advances given to subsidiaries amounting RM55.0 million (2016: RM48.4 million) which bear interest rate of 4.7% per annum (2016: 4.7% per annum).

The significant related parties' transactions of the Group and the Company are disclosed in Note 42 to the Financial Statements.

## 26. SHORT TERM INVESTMENTS

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Available-for-sale financial assets</b>				
Unquoted unit trusts in Malaysia - at cost	<b>738,801</b>	708,127	<b>738,801</b>	708,127

Unquoted unit trusts are measured at cost less impairment losses at each reporting date because fair values cannot be obtained directly from quoted market price.

## 27. CASH AND CASH EQUIVALENTS

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Deposits with licensed banks	<b>12,145,557</b>	12,664,529	<b>853,092</b>	614,087
Cash and bank balances	<b>1,174,691</b>	1,081,308	<b>2,329</b>	3,498
Cash and cash equivalents	<b>13,320,248</b>	13,745,837	<b>855,421</b>	617,585
Bank overdrafts (Note 33)	<b>(3,410)</b>	(66,407)	-	-
Cash and cash equivalents as per statements of cash flows	<b>13,316,838</b>	13,679,430	<b>855,421</b>	617,585

Cash and bank balances of the Group included amounts totalling RM28,730,000 (2016: RM11,653,000) held pursuant to Section 7A of the Housing Developers (Control and Licensing) Act 1966. Those amounts were restricted from use in other operations.

## NOTES TO THE FINANCIAL STATEMENTS

### 27. CASH AND CASH EQUIVALENTS (CONTINUED)

The range of interest rates of deposits that were effective at the reporting date were as follows:-

	Group		Company	
	2017 %	2016 %	2017 %	2016 %
Deposits with licensed banks	<b>0.09 - 4.20</b>	0.01 - 4.50	<b>3.00 - 3.87</b>	3.20 - 4.50

Deposits of the Group and of the Company have maturities ranging from 1 day to 365 days (2016: 1 day to 365 days). Bank balances are deposits held at call with banks.

Included in the deposits with licensed banks amounting to RM6,242,000 (2016: RM10,706,000) is pledged as a security for a borrowing as disclosed in Note 33.

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

### 28. SHARE CAPITAL

	Group/Company	
	2017 RM'000	2016 RM'000
<b>Authorised:-</b>		
At beginning and end of the financial year		
- 15,000,000,000 ordinary shares of RM0.10 each	-	1,500,000
<b>Issued and fully paid:-</b>		
At beginning of the financial year		
- 10,793,991,262 ordinary shares with no par value (2016: 10,793,991,262 ordinary shares of RM0.10 each)	<b>1,079,399</b>	1,079,399
Share Exchange Offer		
- 107,995,592 (2016: Nil) ordinary shares of RM0.10 each	<b>10,800</b>	-
Compulsory acquisition		
- 8,572,575 (2016: Nil) ordinary shares of RM0.10 each	<b>857</b>	-
Transition to no par value regime*	<b>2,249,055</b>	-
At end of the financial year		
- 10,910,559,429 ordinary shares with no par value (2016: 10,793,991,262 ordinary shares of RM0.10 each)	<b>3,340,111</b>	1,079,399

## NOTES TO THE FINANCIAL STATEMENTS

### 28. SHARE CAPITAL (CONTINUED)

Out of a total of 10,910,559,429 (2016: 10,793,991,262) ordinary shares issued and fully paid-up ordinary shares, the Company holds 375,348,139 (2016: 375,347,139) ordinary shares of RM0.10 as treasury shares. As at 30 June 2017, the number of ordinary shares in issue and fully paid net of treasury shares are 10,535,211,290 (2016: 10,418,644,123).

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share and rank equally with regard to the Company's residual assets.

#### a) Treasury Shares

The shareholders of the Company granted a mandate to the Company to repurchase its own shares at the Annual General Meeting held on 22 November 2016. The Directors of the Company are committed to enhance the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interest of the Company and its shareholders.

During the financial year, the Company repurchased 1,000 ordinary shares (2016: 1,100) ordinary shares of its issued share capital from the open market. The average price paid for the shares repurchased was RM1.60 (2016: RM1.65) per share. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 127(6) of the Companies Act 2016.

As at 30 June 2017, the Company held as treasury shares a total of 375,348,139 (2016: 375,347,139) of its 10,910,559,429 (2016: 10,793,991,262) issued ordinary shares. Such treasury shares are held at a carrying amount of RM596,576,874 (2016: RM596,575,279).

#### b) Employees Share Option Scheme ("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 for eligible 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 ESOS shall be in force for a period of ten (10) years, effective from 1 April 2011.
- (ii) 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.
- (iii) 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 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.



## NOTES TO THE FINANCIAL STATEMENTS

### 28. SHARE CAPITAL (CONTINUED)

#### b) Employees Share Option Scheme ("ESOS") (continued)

The salient terms of the ESOS are as follows (continued):-

- (iv) The subscription price for shares under the ESOS shall be determined by the Board 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 of the options with a discount of not more than ten per cent (10%), if deemed appropriate, or such lower or higher limit in accordance with any prevailing guidelines issued by Bursa Securities or any other relevant authorities as amended from time to time;
- (v) Subject to Clause 13 of the By-Laws, the options committee may, at any time and from time to time, before or after an option is granted, limit the exercise of the option to a maximum number of new ordinary shares of the Company and/or such percentage of the total ordinary shares of the Company comprised in the options during such period(s) within the option period and impose any other terms and/or conditions deemed appropriate by the options committee in its sole discretion including amending/varying any terms and conditions imposed earlier. Notwithstanding the above, and subject to Clauses 10 and 11 of the By-Laws, the options can only be exercised by the grantee no earlier than three (3) years after the Offer Date or such other period as may be determined by the options committee at its absolute discretion, by notice in writing to the options committee, provided however that the options committee may at its discretion or upon the request in writing by the grantee allow the options to be exercised at any earlier or other period.
- (vi) 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.

As at the end of the financial year, no options have been granted under the ESOS.

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

#### Financial year ended 30 June 2017

Grant date	Expiry date	Exercise price RM	Number of share options over ordinary shares			
			At beginning of financial year '000	Granted '000	Lapsed '000	At end of financial year '000
Scheme 16.07.2012	31.03.2021	1.75	132,150	–	(2,570)	129,580
			132,150	–	(2,570)	129,580

## NOTES TO THE FINANCIAL STATEMENTS

## 28. SHARE CAPITAL (CONTINUED)

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

## Financial year ended 30 June 2016

Grant date	Expiry date	Exercise price RM	Number of share options over ordinary shares of RM0.10 each			
			At beginning of financial year '000	Granted '000	Lapsed '000	At end of financial year '000
Scheme 16.07.2012	31.03.2021	1.75	135,635	–	(3,485)	132,150
			135,635	–	(3,485)	132,150

All of the 129,580,000 (2016: 132,150,000) outstanding options are exercisable at the reporting date.

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

	Share options granted on 16.07.2012
Valuation assumptions:-	
Expected volatility	23.6%
Expected dividend yield	4.5%
Expected option life	3 - 4 years
Risk-free interest rate per annum (based on Malaysian securities bonds)	3.1%

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

Value of employee services received for issue of share options:-

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Share option expense				
by the Company	–	660	–	660
by the subsidiary	–	–	–	–
Allocation to subsidiaries	–	–	–	(382)
Total share option expenses	–	660	–	278

## NOTES TO THE FINANCIAL STATEMENTS

## 29. NON-DISTRIBUTABLE RESERVES

## (a) Share premium

	Group/Company	
	2017 RM'000	2016 RM'000
At beginning of the financial year	2,069,188	2,069,188
Share Exchange Offer	167,394	-
Compulsory acquisition	12,473	-
Transition to no par value regime*	(2,249,055)	-
At end of the financial year	-	2,069,188

\* The new Companies Act 2016 ("the Act"), which come into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amounts standing to the credit of the share premium account of RM2,249,055,000 became part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium account of RM2,249,055,000 for purposes as set out in Section 618(3). There is no impact on the number of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

## (b) Other reserves - Group

	Capital reserve RM'000	Equity component of ICULS RM'000	Foreign currency translation reserve RM'000	Share options reserve RM'000	Statutory reserve <sup>1</sup> RM'000	Available- for-sale reserve RM'000	Hedging reserve RM'000	Total other reserves RM'000
2017								
At beginning of the financial year	102,268	73,846	762,795	72,450	18,491	5,418	(207,638)	827,630
Changes in fair value	-	-	-	-	-	(6,930)	147,619	140,689
Exchange differences	-	-	556,311	-	-	-	-	556,311
Total comprehensive income/(loss) for the year	-	-	556,311	-	-	(6,930)	147,619	697,000
Share option lapsed	-	-	-	(900)	-	-	-	(900)
Subsidiary/s share option lapsed	-	-	-	(171)	-	-	-	(171)
Currency translation differences	42	-	15,656	-	1,242	1	(16,941)	-
At end of the financial year	102,310	73,846	1,334,762	71,379	19,733	(1,511)	(76,960)	1,523,559

## NOTES TO THE FINANCIAL STATEMENTS

## 29. NON-DISTRIBUTABLE RESERVES (CONTINUED)

## (b) Other reserves - Group (continued)

<b>2016</b>	<b>Capital reserve RM'000</b>	<b>Equity component of ICULS RM'000</b>	<b>Foreign currency translation reserve RM'000</b>	<b>Share options reserve RM'000</b>	<b>Statutory reserve<sup>1</sup> RM'000</b>	<b>Available- for-sale reserve RM'000</b>	<b>Hedging reserve RM'000</b>	<b>Total other reserves RM'000</b>
At beginning of the financial year	102,165	74,037	428,406	72,714	32,325	7,902	(228,463)	489,086
Changes in fair values loss	-	-	-	-	-	(2,482)	42,902	40,420
Exchange differences	-	-	299,363	-	-	-	-	299,363
Total comprehensive income/(loss) for the year	-	-	299,363	-	-	(2,482)	42,902	339,783
Changes in composition of the group	-	-	(850)	-	-	-	-	(850)
Issue of ICULS/bonus issue	66	-	-	-	-	-	-	66
Conversion of ICULS	-	(191)	-	-	-	-	-	(191)
Share option lapsed	-	-	-	(1,467)	-	-	-	(1,467)
Share option expenses	-	-	-	660	-	-	-	660
Subsidiary's share option exercise	-	-	-	543	-	-	-	543
Currency translation differences	37	-	35,876	-	(13,834)	(2)	(22,077)	-
<b>At end of the financial year</b>	<b>102,268</b>	<b>73,846</b>	<b>762,795</b>	<b>72,450</b>	<b>18,491</b>	<b>5,418</b>	<b>(207,638)</b>	<b>827,630</b>

**Note:**

<sup>1.</sup> This represents a reserve which needs to be set aside pursuant to local statutory requirement of an associated company.

## NOTES TO THE FINANCIAL STATEMENTS

## 29. NON-DISTRIBUTABLE RESERVES (CONTINUED)

## (b) Other reserves - Company

	Share options reserve RM'000	Available-for-sale reserve RM'000	Total other reserves RM'000
<b>2017</b>			
At beginning of the financial year	46,253	808	47,061
Changes in fair values	–	1,035	1,035
Disposal of available-for-sale investment securities	–	(296)	(296)
Share option lapsed	(900)	–	(900)
At end of the financial year	45,353	1,547	46,900
<b>2016</b>			
At beginning of the financial year	46,813	1,877	48,690
Changes in fair values	–	96	96
Disposal of available-for-sale investment securities	–	(1,165)	(1,165)
Share option expenses	(560)	–	(560)
At end of the financial year	46,253	808	47,061

## 30. LONG TERM PAYABLES

	Group	
	2017 RM'000	2016 RM'000
Deferred income	713,334	710,798
Deposits	97,230	90,167
Payable to non-controlling interest	120,635	113,007
Other payables	1,195	23,888
	932,394	937,860

The deferred income in relation to assets transferred from customer and services of the water and sewerage segment which are yet to be provided.

Deposits comprise of amount collected from retail customers in relation to the provision of electricity, deposits received from developers of housing development in relation to the provision of water and sewerage infrastructure and security deposits from property tenants. The fair value of payables approximates their carrying values.

## NOTES TO THE FINANCIAL STATEMENTS

## 31. OTHER NON-CURRENT LIABILITIES

	Group	
	2017 RM'000	2016 RM'000
Amount due to contract customer	–	67,696

This represents the balance of the total purchase consideration of not less than RM105,616,000 for the acquisition of the Sentul Raya Development Project Site from Keretapi Tanah Melayu Berhad ("KTMB"), which will be settled by way of phased development, construction and completion of the Railway Village by Sentul Raya Sdn. Bhd. ("SRSB"), a subsidiary of YTL Land & Development Berhad for KTMB at its sole cost and expense in accordance with the provisions of the Development Agreement dated 8 December 1993 between SRSB and KTMB as amended pursuant to the Supplementary Development Agreement dated 21 December 2000.

The amount due to customer on contract has been reclassified to other current liabilities during the financial year (Note 39).

## 32. BONDS

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Current:-</b>					
Medium Term Notes	32(A)	–	–	–	–
Japan bond	32(J)	–	31,002	–	–
		–	31,002	–	–
<b>Non-current:-</b>					
Medium Term Notes	32(A)	<b>11,074,090</b>	7,262,394	<b>2,500,000</b>	1,500,000
3.52% Retail Price Index Guaranteed Bonds	32(B)	<b>422,115</b>	400,948	–	–
5.75% Guaranteed Unsecured Bonds	32(C)	<b>1,940,301</b>	1,870,231	–	–
5.375% Guaranteed Unsecured Bonds	32(D)	<b>1,111,634</b>	1,071,466	–	–
1.75% Index Linked Guaranteed Bonds	32(E)	<b>1,135,525</b>	1,078,583	–	–
1.369% and 1.374% Index Linked Guaranteed Bonds	32(F)	<b>1,135,525</b>	1,078,583	–	–
1.489%, 1.495% and 1.499% Index Linked Guaranteed Bonds	32(G)	<b>1,073,920</b>	1,018,461	–	–
2.186% Index Linked Guaranteed Bonds Due 2039	32(H)	<b>351,648</b>	328,719	–	–
4.0% Guaranteed Unsecured Bonds	32(I)	<b>1,692,479</b>	1,635,804	–	–
Japan bonds	32(J)	<b>29,291</b>	–	–	–
		<b>19,966,528</b>	15,745,189	<b>2,500,000</b>	1,500,000
Total		<b>19,966,528</b>	15,776,191	<b>2,500,000</b>	1,500,000



## NOTES TO THE FINANCIAL STATEMENTS

## 32. BONDS (CONTINUED)

The bonds are repayable:-

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Not later than 1 year	–	31,002	–	–
Later than 1 year but not later than 5 years	<b>4,205,844</b>	3,320,331	<b>500,000</b>	500,000
Later than 5 years	<b>15,760,684</b>	12,424,858	<b>2,000,000</b>	1,000,000
Total	<b>19,966,528</b>	15,776,191	<b>2,500,000</b>	1,500,000

The weighted average effective interest rates of the bonds of the Group and the Company as at the reporting date are as follows:-

	Group		Company	
	2017 %	2016 %	2017 %	2016 %
Medium Term Notes	<b>2.74</b>	1.82	<b>4.66</b>	4.42
Bonds	<b>4.67</b>	4.19	–	–

The fair values of the bonds of the Group as at the reporting date are as follows:-

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
3.52% Retail Price Index Guaranteed Bonds	<b>548,537</b>	291,122	–	–
5.75% Guaranteed Unsecured Bonds	<b>2,810,758</b>	2,668,006	–	–
5.375% Guaranteed Unsecured Bonds	<b>1,455,438</b>	1,398,749	–	–
1.75% Index Linked Guaranteed Bonds	<b>1,742,405</b>	1,409,517	–	–
1.369% and 1.374% Index Linked Guaranteed Bonds	<b>1,850,380</b>	1,286,352	–	–
1.489%, 1.495% and 1.499% Index Linked Guaranteed Bonds	<b>1,843,126</b>	1,296,905	–	–
2.186% Index Linked Guaranteed Bonds Due 2039	<b>409,754</b>	382,357	–	–
4.0% Guaranteed Unsecured Bonds Due 2021	<b>1,866,534</b>	1,807,980	–	–
Medium Term Notes	<b>11,115,526</b>	6,302,260	<b>2,479,533</b>	1,491,234
Japan Bonds	<b>29,291</b>	31,644	–	–
Total	<b>23,671,749</b>	16,874,892	<b>2,479,533</b>	1,491,234

## NOTES TO THE FINANCIAL STATEMENTS

### 32. BONDS (CONTINUED)

#### (A) MEDIUM TERM NOTES ("MTNs")

- (i) The MTNs of the Company were issued pursuant to:-
- (a) An MTNs issuance programme of up to RM500 million constituted by a Trust Deed and Programme Agreement, both dated 18 June 2004, and the First Supplemental MTNs Trust Deed dated 13 July 2004;

A nominal value of RM500 million of MTNs was issued on 25 June 2014 to refinance the Company's existing RM500 million nominal value MTNs. The coupon rate of the MTNs is 4.47% (2016: 4.47%) per annum, payable semi-annually in arrears and the MTNs are redeemable on 25 June 2019 at nominal value.

- (b) An MTNs issuance programme of up to RM2.0 billion constituted by a Trust Deed and Programme Agreement, both dated 26 March 2013.

A nominal value of RM1,000,000,000 of MTNs was issued under the programme on 25 April 2013 at a coupon rate 4.38% (2016: 4.38%) per annum, payable semi-annually in arrears. The MTNs are redeemable on 25 April 2023 at nominal value.

A nominal value of RM500,000,000 of MTNs was issued under the programme on 11 November 2016 at a coupon rate 5.15% (2016: nil) per annum, payable semi-annually in arrears. The MTNs are redeemable on 11 November 2036 at nominal value.

A nominal value of RM500,000,000 of MTNs was issued under the programme on 11 November 2016 at a coupon rate 4.63% (2016: nil) per annum, payable semi-annually in arrears. The MTNs are redeemable on 11 November 2026 at nominal value.

- (ii) The MTNs of YTL Power International Berhad ("YTLPI") were issued pursuant to:-
- (a) An 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 4.95% (2016: 4.35% to 4.95%) per annum.
- (b) The Islamic MTN of YTLPI 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. During the financial year, YTLPI had drawn down RM2,500,000,000 of Sukuk Murabahah at a profit rate of 5.05% per annum.

- (iii) The MTNs of Starhill Global REIT ("SGREIT") were issued pursuant to:-

- (a) *Singapore MTNs (Series 002 Notes)*

The Group issued SGD100 million unsecured seven-year Singapore MTNs comprised in Series 002 (the "Series 002 Notes") in February 2014 (maturing in February 2021) under its SGD2 billion Multicurrency MTNs Programme. The Series 002 Notes bear a fixed rate interest of 3.50% per annum payable semi-annually in arrears and have a rating of "BBB+" by Standard & Poor's Rating Services.

## NOTES TO THE FINANCIAL STATEMENTS

### 32. BONDS (CONTINUED)

#### (A) MEDIUM TERM NOTES (“MTNs”) (continued)

(iii) The MTNs of Starhill Global REIT (“SGREIT”) were issued pursuant to (continued):-

(b) *Singapore MTNs (Series 003 Notes)*

The Group issued SGD125 million unsecured eight-year Singapore MTNs comprised in Series 003 (the “Series 003 Notes”) in May 2015 (maturing in May 2023) under its SGD2 billion Multicurrency MTNs Programme. The Series 003 Notes bear a fixed rate interest of 3.40% per annum payable semi-annually in arrears and have a rating of “BBB+” by Standard & Poor’s Rating Services.

(c) *Singapore MTNs (Series 004 Notes)*

The Group issued SGD70 million unsecured ten-year Singapore MTNs comprised in Series 004 (the “Series 004 Notes”) in October 2016 (maturing in October 2026) under its SGD2 billion Multicurrency MTNs Programme. The Series 004 Notes bear a fixed rate interest of 3.14% per annum payable semi-annually in arrears and have a rating of “BBB+” by Standard & Poor’s Rating Services.

(d) *Malaysia MTNs*

The Group acquired the Malaysia Properties through an asset-backed securitisation structure in June 2010. Under the structure, the properties were acquired by Ara Bintang Berhad, a subsidiary of the Group (a bankruptcy-remote special purpose vehicle) which issued five-year fixed-rate RM330 million Senior MTN (“First Senior MTN”) to partially fund the acquisition of the Malaysia Properties. A refinancing was undertaken in September 2014 by buying back and cancelling the First Senior MTN and issuing new five-year fixed-rate senior MTN of a nominal value of RM330 million (SGD105.8 million) (“Second Senior MTN”) at a discounted cash consideration of approximately RM325 million. The Second Senior MTN have a carrying amount of approximately RM328 million (SGD105 million) [2016: RM327 million (SGD110 million)] as at 30 June 2017. The Second Senior MTN have an expected maturity in September 2019 and legal maturity in March 2021, and are secured, inter alia, by a fixed and floating charge over all the assets of Ara Bintang Berhad.

#### (B) 3.52% RETAIL PRICE INDEX GUARANTEED BONDS (“RPIG Bonds”)

The RPIG Bonds of Wessex Waters Services Finance Plc, a subsidiary of the Group, 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 2017 is 5.71% (2016: 4.57%) 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.

#### (C) 5.75% Guaranteed Unsecured Bonds

On 15 October 2003, Wessex Water Services Finance Plc (“Issuer”), a subsidiary of the Group, issued GBP350,000,000 nominal value of 5.75% Guaranteed Unsecured Bonds due 2033 (“5.75% GU Bonds”) unconditionally and irrevocably guaranteed by Wessex Water Services Limited (“Guarantor”), 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 2017 GBP347,095,909 (2016: GBP346,917,275) 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 5.75% GU Bonds bear interest at 5.75% per annum, payable annually on 14 October of each year. The 5.75% GU Bonds will be redeemed in full by the Issuer on 14 October 2033 at their nominal value together with all accrued interest.

## NOTES TO THE FINANCIAL STATEMENTS

### 32. BONDS (CONTINUED)

#### (D) 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 GBP198,857,580 (2016: GBP198,750,971) remained outstanding as at 30 June 2017, net of amortised fees and discount. The net proceeds of the 5.375% GU Bonds were used for refinancing of existing financial indebtedness and for general corporate purposes.

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

#### (E) 1.75% INDEX LINKED GUARANTEED BONDS

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

The ILG Bonds 1 bear interest semi-annually on 31 January and 31 July at an interest rate of 1.75% initially, indexed up by the inflation rate every year. The effective interest rate as at 30 June 2017 is 3.94% (2016: 2.80%) per annum. The ILG Bonds 1 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.

#### (F) 1.369% AND 1.374% INDEX LINKED GUARANTEED BONDS

On 31 January 2007, Wessex Water Services Finance Plc ("Issuer"), a subsidiary of the Group, issued GBP75,000,000 nominal value of 1.369% Index Linked Guaranteed Bonds and GBP75,000,000 nominal value of 1.374% Index Linked Guaranteed Bonds, both due 2057 ("ILG Bonds 2") unconditionally and irrevocably guaranteed by Wessex Water Services Limited ("Guarantor"), a subsidiary of the Group. 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 2017 is 3.56% (2016: 2.42%) per annum. The ILG Bonds 2 will be redeemed in full by the Issuer on 31 July 2057 at their indexed value together with all accrued interest.

#### (G) 1.489%, 1.495% AND 1.499% INDEX LINKED GUARANTEED BONDS

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

## NOTES TO THE FINANCIAL STATEMENTS

### 32. BONDS (CONTINUED)

#### (G) 1.489%, 1.495% AND 1.499% INDEX LINKED GUARANTEED BONDS (continued)

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 2017 is 4.63% (2016: 2.54%) per annum. The ILG Bonds 3 will be redeemed in full by the Issuer on 29 November 2058 at their indexed value together with all accrued interest.

#### (H) 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 2017 is 3.85% (2016: 2.76%) per annum. The ILG Bonds 4 will be redeemed in full by the Issuer on 1 June 2039 at their indexed value together with all accrued interest.

#### (I) 4.0% GUARANTEED UNSECURED BONDS

On 24 January 2012, Wessex Water Services Finance Plc ("Issuer"), a subsidiary of the Group, issued GBP200,000,000 nominal value 4.0% Guaranteed Unsecured Bonds due 2021 ("4.0% GU Bonds") unconditionally and irrevocably guaranteed by Wessex Water Services Limited ("Guarantor"), a subsidiary of the Group. The 4.0% GU Bonds are constituted under a Trust Deed dated 24 January 2012. The nominal value of 4.0% GU Bonds issued amounted to GBP200,000,000, of which GBP198,868,328 (2016: GBP198,602,052) remained outstanding as at 30 June 2017, net of amortised fees and discount. The net proceeds of the 4.0% 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 4.0% Guaranteed Unsecured Bonds due 2021 ("4.0% GU Bonds") unconditionally and irrevocably guaranteed by Wessex Water Services Limited ("Guarantor"), a subsidiary of the Group. The 4.0% GU Bonds are constituted under a Trust Deed dated 30 August 2012. The nominal value of 4.0% GU Bonds issued amounted to GBP100,000,000 of which GBP103,895,370 (2016: GBP104,830,259) remained outstanding as at 30 June 2017, net of amortised fees and discount. The net proceeds of the 4.0% GU Bonds were used for refinancing of existing financial indebtedness and for general corporate purposes.

The 4.0% GU Bonds bear interest at 4.00% per annum, payable annually on 24 September of each year. The 4.0% GU Bonds will be redeemed in full by the Issuer on 24 September 2021 at their nominal value together with all accrued interest.

The 4.0% GU Bonds GBP100,000,000 due 24 September 2021 were consolidated to form a single series with the 4.0% GU Bonds GBP200,000,000 which was issued on 24 January 2012.

## NOTES TO THE FINANCIAL STATEMENTS

## 32. BONDS (CONTINUED)

## (J) JAPAN BONDS

Starhill Global REIT One TMK ("SGREIT One TMK"), a subsidiary of the Group, has JPY0.8 billion (SGD9.8 million) [2016: JPY0.8 billion (SGD10.5 million)] of Japan bonds outstanding as at 30 June 2017, maturing in August 2021. The interest rate for the Japan bond was hedged via interest rate cap. Whilst no security has been pledged, the bondholders of the Japan bond have a statutory preferred right, under the Japan Asset Liquidation Law, to receive payment of all obligations under the Japan bond prior to other creditors out of the assets of the issuer (SGREIT One TMK).

## 33. BORROWINGS

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Current</b>					
Bankers' acceptances	33(A)	4,395	9,977	–	–
Bank overdrafts	33(B)	3,410	66,407	–	–
Committed bank loans	33(C)	46,094	–	–	–
Finance lease liabilities	33(D)	120,412	132,400	1,201	665
ICULS	33(E)	15,013	13,942	–	–
Revolving credit	33(F)	4,305,911	2,030,798	1,266,855	1,266,855
Term loans	33(G)	4,501,571	806,056	200,000	–
		<b>8,996,806</b>	3,059,580	<b>1,468,056</b>	1,267,520
<b>Non-current</b>					
Finance lease liabilities	33(D)	54,836	168,180	978	705
ICULS	33(E)	12,938	16,947	–	–
Revolving credit	33(F)	188,945	2,079,357	–	–
Term loans	33(G)	13,909,576	15,961,937	–	200,000
		<b>14,166,295</b>	18,226,421	<b>978</b>	200,705
<b>Total</b>					
Bankers' acceptances	33(A)	4,395	9,977	–	–
Bank overdrafts	33(B)	3,410	66,407	–	–
Committed bank loans	33(C)	46,094	–	–	–
Finance lease liabilities	33(D)	175,248	300,580	2,179	1,370
ICULS	33(E)	27,951	30,889	–	–
Revolving credit	33(F)	4,494,856	4,110,155	1,266,855	1,266,855
Term loans	33(G)	18,411,147	16,767,993	200,000	200,000
		<b>23,163,101</b>	21,286,001	<b>1,469,034</b>	1,468,225



## NOTES TO THE FINANCIAL STATEMENTS

## 33. BORROWINGS (CONTINUED)

The borrowings of the Group and the Company are repayable as follows:-

Group	Not later	Later than	Later than	Total
	than 1 year	1 year but	5 years	
	RM'000	not later	RM'000	RM'000
		than 5 years	RM'000	
		RM'000		
<b>At 30 June 2017</b>				
Bankers' acceptances	4,395	-	-	4,395
Bank overdrafts	3,410	-	-	3,410
Committed bank loans	46,094	-	-	46,094
Finance lease liabilities	120,412	54,762	74	175,248
ICULS	15,013	12,938	-	27,951
Revolving credit	4,305,911	188,945	-	4,494,856
Term loans	4,501,571	12,326,677	1,582,899	18,411,147
	<b>8,996,806</b>	<b>12,583,322</b>	<b>1,582,973</b>	<b>23,163,101</b>
<b>At 30 June 2016</b>				
Bankers' acceptances	9,977	-	-	9,977
Bank overdrafts	66,407	-	-	66,407
Finance lease liabilities	132,400	168,180	-	300,580
ICULS	13,942	16,947	-	30,889
Revolving credit	2,030,798	2,079,357	-	4,110,155
Term loans	806,056	14,061,003	1,900,934	16,767,993
	3,059,580	16,325,487	1,900,934	21,286,001
<b>Company</b>				
<b>At 30 June 2017</b>				
Finance lease liabilities	1,201	978	-	2,179
Revolving credit	1,266,855	-	-	1,266,855
Term loan	200,000	-	-	200,000
	<b>1,468,056</b>	<b>978</b>	<b>-</b>	<b>1,469,034</b>
<b>At 30 June 2016</b>				
Finance lease liabilities	665	705	-	1,370
Revolving credit	1,266,855	-	-	1,266,855
Term loan	-	200,000	-	200,000
	1,267,520	200,705	-	1,468,225

## NOTES TO THE FINANCIAL STATEMENTS

**33. BORROWINGS (CONTINUED)**

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

The weighted average effective interest rates of the borrowings of the Group and the Company as at the reporting date are as follows:-

	Group		Company	
	2017 %	2016 %	2017 %	2016 %
Term loans	<b>2.37</b>	2.24	<b>4.55</b>	4.55
Revolving credit	<b>2.71</b>	2.84	<b>3.89</b>	4.03
Committed bank loans	<b>2.04</b>	–	–	–
ICULS	<b>7.49</b>	7.49	–	–
Bankers' acceptances	<b>2.47</b>	4.49	–	–
Bank overdrafts	<b>1.52</b>	1.47	–	–
Finance lease liabilities	<b>1.73</b>	2.39	<b>2.44</b>	2.46

**(A) Bankers' acceptances**

All the bankers' acceptances are unsecured and repayable on demand.

**(B) Bank overdrafts**

All the bank overdraft facilities are unsecured and repayable on demand.

**(C) Committed bank loans**

All committed bank loans are unsecured and repayable in full on 28 February 2020.

**(D) Finance lease liabilities**

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Minimum lease payments:-				
Payable not later than 1 year	<b>125,073</b>	140,246	<b>1,274</b>	718
Payable later than 1 year and not later than 5 years	<b>55,970</b>	173,892	<b>1,005</b>	720
Later than 5 years	<b>316</b>	–	–	–
	<b>181,359</b>	314,138	<b>2,279</b>	1,438
Less: Finance charges	<b>(6,111)</b>	(13,558)	<b>(100)</b>	(68)
Present value of finance lease liabilities	<b>175,248</b>	300,580	<b>2,179</b>	1,370

## NOTES TO THE FINANCIAL STATEMENTS

### 33. BORROWINGS (CONTINUED)

#### (E) Irredeemable convertible unsecured loan stocks ("ICULS")

##### ICULS 2011/2021

On 31 October 2011, YTL Land & Development Berhad ("YTL Land"), a subsidiary of the Group issued 992,378,023 ten (10) years 3% stepping up to 6% ICULS at a nominal value of RM0.50 each, maturing 31 October 2021 ("Maturity Date").

The salient terms of the ICULS 2011/2021 are as follows:-

- (i) The ICULS 2011/2021 bear a coupon rate of 3.0% per annum from date of issue ("Issue Date") up to fourth anniversary of the Issue Date and 4.5% per annum from the date after the fourth anniversary of the Issue Date up to the seventh anniversary of the Issue Date. Thereafter, the ICULS 2011/2021 bear a coupon rate of 6.0% per annum up to the maturity date. The interest is payable semi-annually in arrears.
- (ii) The ICULS 2011/2021 are convertible at any time on or after its issuance date into new ordinary shares of YTL Land at the conversion price, which is fixed on a step-down basis, as follows:-
  - For conversion at any time from the date of issue up to the fourth anniversary, conversion price is RM1.32;
  - For conversion at any time after fourth anniversary of issue up to the seventh anniversary, conversion price is RM0.99; and
  - For conversion at any time after seventh anniversary of issue up to the maturity date, conversion price is RM0.66
- (iii) The ICULS 2011/2021 are not redeemable and any ICULS 2011/2021 remaining immediately after the maturity date shall be mandatorily converted into ordinary shares at the conversion price.
- (iv) The new ordinary shares issued from the conversion of ICULS 2011/2021 will be deemed fully paid-up and rank pari passu in all respects with all existing ordinary shares of YTL Land.

A certain amount of the ICULS 2011/2021 are held by the Company (refer Note 13(a) to the Financial Statements). The relevant amounts have been eliminated in the Statements of Financial Position.

#### (F) Revolving credit

Included in the revolving credit facilities is borrowing of YTL PowerSeraya Pte. Limited of RM2,181,309,168 [SGD699,496,270] (2016: RM2,079,356,683 [SGD697,396,258]) bearing interest rates ranging from 1.31% to 1.80% (2016: 1.72% to 2.72%) per annum and is repayable in full on 14 September 2017.

During the financial year, one of the subsidiary has breached a covenant of a revolving credit. The subsidiary did not fulfil the requirement to maintain gearing ratio at 2.5 for a credit line of RM200,000,000. The bank is contractually entitled to request for immediate repayment of the outstanding loan amount in the event of breach of covenant.

The bank has not requested for immediate repayment of the outstanding loan amount as at date of financial statements. Management commenced renegotiation of the revolving credit terms on 29 June 2017. As of 13 September 2017, Management had obtained an indulgence letter for the waiver of covenant from the lender subject to a payment of an indulgence fee of RM100,000. The said indulgence fee has been settle on 20 September 2017.

All the revolving credit facilities are unsecured and repayable on demand.

## NOTES TO THE FINANCIAL STATEMENTS

### 33. BORROWINGS (CONTINUED)

#### (G) Term loans

- (i) Term loans denominated in Great British Pounds
- a) The term loans of RM419,257,500 [GBP75,000,000] (2016: RM404,325,000 [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 1.00% to 1.21% (2016: 1.16% to 1.23%) per annum and are repayable in full on 22 July 2021.
  - b) The term loans of RM782,614,000 [GBP140,000,000] (2016: RM754,740,000 [GBP140,000,000]) are unsecured loans of Wessex Water Services Limited and are guaranteed by Wessex Water Limited. The loans bear interest rates ranging from 0.57% to 0.85% (2016: 0.85% to 0.87%) per annum and are repayable in full on 15 December 2018.
  - c) The term loans of RM1,118,020,000 [GBP200,000,000] (2016: RM1,078,200,000 [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% (2016: 2.16%) per annum, the second loan of GBP50,000,000 was drawn down on 9 March 2015 bears interest rates ranging from 0.95% to 1.19% (2016: 1.14% to 1.19%) per annum, the third loan of GBP50,000,000 was drawn down on 9 April 2015 bears an interest rate of 1.99% (2016: 1.99%) per annum, and the fourth loan of GBP50,000,000 was drawn down on 25 May 2016 bears interest rates ranging from 1.21% to 1.50% (2016: 1.50%) per annum. All the loans are repayable in full between 30 January and 25 May 2025.
- (ii) Term loans denominated in US Dollars
- a) Term loan of RM858,800,000 [USD200,000,000] (2016: RM804,500,000 [USD200,000,000]) was drawn down by YTL Power International Berhad on 28 May 2015 and repayable on 28 May 2020. The borrowing bears interest rates ranging from 2.33% to 2.77% (2016: 1.39% to 2.33%) per annum.
  - b) Term loan of RM858,800,000 (USD200,000,000) (2016: RM804,500,000 (USD200,000,000)) was drawn down by YTL Power International Berhad on 17 December 2015 and repayable on 17 December 2020. The borrowing bears interest rates ranging from 1.10% to 2.63% (2016: 1.10%) per annum.
  - c) Term loan of RM1,073,500,000 (USD250,000,000) was drawn down by YTL Power International Berhad on 31 March 2017 of which RM1,056,620,973 (USD246,069,160) remained outstanding as at 30 June 2017, net of amortised fees. The borrowing bears interest rates ranging from 2.18% to 2.24% per annum and is repayable on 31 March 2022.
  - d) Term loan of RM1,105,705,000 [USD257,500,000] (2016: RM1,096,131,000 [USD272,500,000]) of YTL Corp. Finance (Cayman) Limited guaranteed by the Company and repayable by 8 semi-annual instalments of USD7.5 million, commencing on 16 March 2016 and a final instalment of USD220 million on 16 March 2020. The loan bears net rate of 2.29% (2016: 1.73%) per annum.
- (iii) Term loans denominated in Ringgit Malaysia
- Included in the term loan is the borrowing of YTL Hospitality REIT amounting to RM416,800,000 (2016: RM811,800,000) secured by first fixed charge over its properties. The facility bears a weighted average interest rate of 4.73% (2016: 4.91%) per annum. The facility is repayable in full on 23 November 2017. During the financial year, RM395,000,000 of term loan has been repaid.

Save for the above and a term loan of RM190,000,000 (2016: Nil) of YTL Land & Development Berhad, all the term loans are unsecured.

## NOTES TO THE FINANCIAL STATEMENTS

### 33. BORROWINGS (CONTINUED)

#### (G) Term loans (continued)

- (iv) Term loans denominated in Singapore Dollars  
Included in the term loan are:-

- Term loan of RM2,368,278,513 [SGD759,453,089] (2016: RM2,257,587,246 [SGD757,173,077]) is unsecured loan of YTL PowerSeraya Pte. Limited. The borrowing bears interest rates ranging from 1.31% to 1.80% (2016: 1.72% to 2.72%) per annum and is repayable in full on 14 September 2017.
- Term loan of RM2,356,079,678 [SGD755,541,200] (2016: RM2,245,794,109 [SGD753,217,772]) is unsecured loan of YTL PowerSeraya Pte. Limited. The borrowing bears interest rates ranging from 1.41% to 1.90% (2016: 1.82% to 2.82%) per annum and is repayable in full on 14 September 2019.
- Term loan of RM1,196,084,000 [SGD383,557,000] (2016: RM1,095,085,000 [SGD367,281,000]) is a secured loan of YTL Westwood Properties Pte. Ltd. ("YTLW"). This term loan bears interest rates ranging from 2.14% to 2.70% (2016: 2.47% to 3.52%) per annum and is secured by legal mortgage of the property of YTLW.

Save for item (c) above, all the term loans are unsecured

- (v) Term loans denominated in Australian Dollars

Included in the term loan is the term loan of RM920,594,187 [AUD278,427,954] (2016: RM791,934,344 [AUD264,869,843]) of YTL Hospitality REIT secured by first fixed charge over the properties of its subsidiaries. The facility bears a weighted average interest rate of 4.57% (2016: 4.52%) per annum and is repayable by bullet payment on 29 June 2020.

### 34. GRANTS AND CONTRIBUTIONS

	Group	
	2017 RM'000	2016 RM'000
At beginning of the financial year	427,843	413,485
Currency translation differences	19,404	(28,215)
Amortisation of grants and contributions (Note 6)	(14,774)	(17,005)
Acquisition of a subsidiary*	60,732	–
Received during the financial year	54,570	59,578
At end of the financial year	547,775	427,843

\* This is in relation to acquisition of Albion Water Limited as disclosed in Note 13.

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

## NOTES TO THE FINANCIAL STATEMENTS

## 35. DEFERRED TAX LIABILITIES

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
At beginning of the financial year	<b>2,118,308</b>	2,396,438	<b>186</b>	100
(Credited)/charged to profit or loss (Note 7)	<b>(123,268)</b>	(128,117)	<b>(73)</b>	86
- Property, plant and equipment	<b>(98,382)</b>	(185,633)	<b>(73)</b>	86
- Property development	<b>(2,016)</b>	4,475	-	-
- Investment properties	<b>(9,444)</b>	(12,453)	-	-
- Retirement benefits	<b>(331)</b>	16,241	-	-
- Provision	<b>535</b>	(611)	-	-
- Unutilised capital allowance	<b>4,980</b>	47,956	-	-
- Unabsorbed tax losses	<b>(16,207)</b>	(2,102)	-	-
- Others	<b>(2,403)</b>	4,010	-	-
Currency translation differences	<b>72,495</b>	(108,023)	-	-
Acquisition of subsidiary	<b>25,420</b>	-	-	-
Credited to other comprehensive income *	<b>(24,576)</b>	(41,990)	-	-
At end of the financial year	<b>2,068,379</b>	2,118,308	<b>113</b>	186

\* This is in relation to re-measurement of post-employment benefit obligations.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off income tax assets against income tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts determined after appropriate offsetting are shown in the Statements of Financial Position:-

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Deferred tax provided are in respect of:-				
<b>Deferred tax assets before offsetting</b>				
Unutilised capital allowances	<b>(45,786)</b>	(50,548)	-	-
Retirement benefits	<b>(189,663)</b>	(158,271)	-	-
Unabsorbed tax losses	<b>(29,387)</b>	(13,398)	-	-
Provisions	<b>(6,128)</b>	(7,163)	-	-
Others	<b>(17,876)</b>	(15,495)	-	-
	<b>(288,840)</b>	(244,875)	-	-
Offsetting	<b>288,840</b>	244,875	-	-
Deferred tax assets after offsetting	-	-	-	-



## NOTES TO THE FINANCIAL STATEMENTS

## 35. DEFERRED TAX LIABILITIES (CONTINUED)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off income tax assets against income tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts determined after appropriate offsetting are shown in the Statements of Financial Position (continued):-

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Deferred tax provided are in respect of:-				
<b>Deferred tax liabilities before offsetting</b>				
Property, plant and equipment				
- capital allowances in excess of depreciation	<b>2,288,576</b>	2,295,311	<b>113</b>	186
Land held for property development	<b>44,249</b>	44,643	-	-
Others	<b>24,394</b>	23,229	-	-
	<b>2,357,219</b>	2,363,183	<b>113</b>	186
Offsetting	<b>(288,840)</b>	(244,875)	-	-
Deferred tax liabilities after offsetting	<b>2,068,379</b>	2,118,308	<b>113</b>	186

Deferred tax assets have not been recognised in respect of the following items:-

	Group	
	2017 RM'000	2016 RM'000
Unabsorbed tax losses	<b>1,357,838</b>	1,232,863
Unutilised capital allowances	<b>1,886,854</b>	1,533,425
Deductible temporary differences	<b>58,068</b>	284,182
Taxable temporary differences - property, plant and equipment	<b>(935,315)</b>	(1,058,036)
	<b>2,367,445</b>	1,992,434

The unabsorbed tax losses and unutilised capital allowances are subject to agreement with the Inland Revenue Board.

## NOTES TO THE FINANCIAL STATEMENTS

## 36. POST-EMPLOYMENT BENEFIT OBLIGATIONS

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Defined contribution plan - Current</b>				
Malaysia (Note a)	<b>6,685</b>	5,887	<b>481</b>	417
<b>Defined contribution plan - Non-current</b>				
Overseas				
- United Kingdom (Note b)	<b>1,099,962</b>	861,832	-	-
- Indonesia (Note c)	<b>15,550</b>	12,440	-	-
	<b>1,115,512</b>	874,272	-	-

**(a) Defined contribution plan**

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

**(b) Defined contribution 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 2013. This valuation was updated as at 30 June 2017 using revised 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).

**(ii) Funding requirements**

UK legislation requires that pension schemes are funded prudently. The last funding valuation report, 30 September 2013 showed a deficit of GBP94.6 million (RM528.0 million). The subsidiary is paying deficit contributions of:

- GBP8.6 million (RM48.1 million) by 31 March 2014 and 31 March 2015;
- GBP7.6 million (RM42.5 million) by each 31 March, from 31 March 2016 to 31 March 2020 inclusive;
- GBP10.2 million (RM57.0 million) by each 31 March, from 31 March 2021 to 31 March 2024 inclusive;

which, along with investment returns from return-seeking assets, is expected to make good this shortfall by 31 March 2024.

## NOTES TO THE FINANCIAL STATEMENTS

### 36. POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONTINUED)

#### (b) Defined contribution plan - United Kingdom (continued)

##### (ii) Funding requirements (continued)

There was a funding valuation at 30 September 2016, which is in the course of being finalised, and during which the progress towards full funding is being reviewed.

The subsidiary also pays contributions of 18.2% of pensionable salaries 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 GBP7.6 million (RM42.5 million) is expected to be paid by the subsidiary during the year ending on 30 June 2018.

##### (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, diversified growth fund and 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.

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.

A contingent liability exists in relation to the equalisation of Guaranteed Minimum Pension ("GMP"). The UK Government intends to implement legislation which could result in an increase in the value of GMP for males. This would increase the defined benefit obligation of the plan. At this stage, it is not possible to quantify the impact of this change.

## NOTES TO THE FINANCIAL STATEMENTS

## 36. POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONTINUED)

## (b) Defined contribution plan - United Kingdom (continued)

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

	Group	
	2017 RM'000	2016 RM'000
At 1 July	861,832	734,028
Pension cost	95,423	99,484
Contributions and benefits paid	(88,311)	(107,104)
Currency translation differences	36,951	(95,920)
Re-measurement loss	194,067	231,344
At 30 June	1,099,962	861,832

The amounts recognised in the Statements of Financial Position are as follows:-

	Group	
	2017 RM'000	2016 RM'000
Present value of funded obligations	4,416,568	3,795,075
Fair value of plan assets	(3,316,606)	(2,933,243)
Liability in the Statements of Financial Position	1,099,962	861,832

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

	Group	
	2017 RM'000	2016 RM'000
At 1 July	3,795,075	3,806,216
Exchange differences	152,110	(406,231)
Interest cost	111,752	147,497
Current service cost	65,441	66,435
Contributions by scheme participants	1,090	1,224
Past service cost	545	612
Net benefits paid	(131,921)	(125,464)
Re-measurement loss/(gain):-		
- Actuarial gain arising from demographic assumptions	(35,433)	(47,738)
- Actuarial loss arising from financial assumptions	548,946	391,693
- Actuarial gain arising from experience adjustments	(91,037)	(39,169)
Present value of defined benefit obligations, at 30 June	4,416,568	3,795,075

## NOTES TO THE FINANCIAL STATEMENTS

## 36. POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONTINUED)

## (b) Defined contribution plan - United Kingdom (continued)

Changes in fair value of plan assets are as follows:-

	Group	
	2017 RM'000	2016 RM'000
At 1 July	2,933,243	3,072,188
Exchange differences	115,159	(310,310)
Interest income	86,131	119,344
Contributions by employer	88,311	107,103
Contributions by scheme participants	1,090	1,224
Net benefits paid	(131,921)	(125,464)
Administration expenses	(3,816)	(4,284)
Re-measurement gain:		
- Return on plan assets excluding interest income	228,409	73,442
Fair value of plan assets, at 30 June	3,316,606	2,933,243

The pension cost recognised is analysed as follows:-

	Group	
	2017 RM'000	2016 RM'000
Current service cost	65,441	66,435
Interest cost	25,621	28,153
Past service cost	545	612
Administration expenses	3,816	4,284
Total charge to Income Statements	95,423	99,484

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

	Group	
	2017 RM'000	2016 RM'000
Cost of sales	52,351	53,498
Administration expenses	17,451	17,833
Interest cost	25,621	28,153
Total charge to Income Statements	95,423	99,484

## NOTES TO THE FINANCIAL STATEMENTS

**36. POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONTINUED)****(b) Defined contribution plan - United Kingdom (continued)**

The principal assumptions used in the actuarial calculations were as follows:-

	Group	
	2017 %	2016 %
Discount rate	<b>2.60</b>	2.90
Expected rate of increase in pension payment	<b>2.20 - 3.10</b>	1.80 - 2.70
Expected rate of salary increases	<b>3.20 - 3.70</b>	1.60 - 3.30
Price inflation - RPI	<b>3.20</b>	2.80
Price inflation - CPI	<b>2.20</b>	1.80

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

The mortality assumptions are based upon the recent actual mortality experience of scheme members, and allow for expected future improvements in mortality rates. The assumptions are that a member currently aged 60 will live, on average, for a further 27.0 years (2016: 27.0 years) if they are male, and for a further 29.1 years (2016: 29.3 years) if they are a female. For a member who retires in 2037 at age 60 the assumptions are that they will live, on average, for a further 28.2 years (2016: 28.4 years) after retirement if they are male, and a further 30.4 years (2016: 30.9 years) after retirement if they are female.

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.



## NOTES TO THE FINANCIAL STATEMENTS

## 36. POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONTINUED)

## (b) Defined contribution plan - United Kingdom (continued)

**Sensitivity analysis:**

The key assumptions used for FRS 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.

	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 2.6% to 2.5%)	84,411	4,416,568	4,500,979	1,099,962	1,184,373
An increase in the inflation of 0.1% (from 2.2% to 2.3% for CPI and 3.2% to 3.3% for RPI)	81,056	4,416,568	4,497,624	1,099,962	1,181,018
An increase in life expectancy of 1 year	181,678	4,416,568	4,598,246	1,099,962	1,281,640

The plan assets are comprised as follow:-

	2017		2016	
	RM'000	%	RM'000	%
Equity instrument	<b>1,457,898</b>	<b>44.0</b>	1,357,992	46.3
Debt instrument	<b>1,518,271</b>	<b>45.8</b>	1,415,138	48.2
Property	<b>200,126</b>	<b>6.0</b>	155,261	5.3
Others	<b>140,311</b>	<b>4.2</b>	4,852	0.2
	<b>3,316,606</b>	<b>100.0</b>	2,933,243	100.0

	Group	
	2017 RM'000	2016 RM'000
Actual return on plan assets	<b>314,540</b>	192,786

## NOTES TO THE FINANCIAL STATEMENTS

**36. POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONTINUED)****(c) Defined benefit plan - Indonesia**

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

	Group	
	2017 RM'000	2016 RM'000
Obligation relating to post-employment benefits	13,251	10,072
Obligation relating to other long term employee benefits	2,299	2,368
<b>Total</b>	<b>15,550</b>	12,440

A subsidiary of the Group has a defined contribution pension fund program for its permanent national employees. The subsidiary's contribution is 6% of employee basic salary, while the employees' contributions range 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 obligations for post-employment and other long term employee benefits were recognised with reference to actuarial reports prepared by an independent actuary. The latest actuarial report was dated 30 June 2017.

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

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

	Group	
	2017 RM'000	2016 RM'000
At 1 July	10,072	7,351
Pension cost	1,632	1,222
Contributions and benefits paid	(106)	(373)
Currency translation differences	709	422
Re-measurement loss	944	1,450
<b>At 30 June</b>	<b>13,251</b>	10,072

## NOTES TO THE FINANCIAL STATEMENTS

## 36. POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONTINUED)

## (c) Defined benefit plan - Indonesia (continued)

## (i) Post-employment benefits obligations (continued)

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

	Group	
	2017 RM'000	2016 RM'000
Present value of obligations	<b>13,251</b>	10,072

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

	Group	
	2017 RM'000	2016 RM'000
At 1 July	<b>10,072</b>	7,351
Currency translation differences	<b>709</b>	422
Interest cost	<b>828</b>	621
Current service cost	<b>804</b>	601
Net benefits paid	<b>(106)</b>	(373)
Re-measurement loss:		
- Actuarial loss arising from financial assumptions	<b>746</b>	1,253
- Actuarial loss arising from experience adjustments	<b>198</b>	197
Present value of defined benefit obligations at 30 June	<b>13,251</b>	10,072

The pension cost recognised can be analysed as follows:-

	Group	
	2017 RM'000	2016 RM'000
Current service cost	<b>804</b>	601
Interest cost	<b>828</b>	621
Total charge to Income Statements	<b>1,632</b>	1,222

## NOTES TO THE FINANCIAL STATEMENTS

**36. POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONTINUED)****(c) Defined benefit plan - Indonesia (continued)****(ii) Other long term employee benefits obligations**

The obligations relating to other long term employee benefits (i.e. long leave service benefits) recognised in the Statements of Financial Position are as follows:-

	Group	
	2017 RM'000	2016 RM'000
Present value of obligations	<b>2,299</b>	2,368

The movements during the financial year in the amount recognised in the Statements of Financial Position are as follows:-

	Group	
	2017 RM'000	2016 RM'000
At 1 July	<b>2,368</b>	1,986
Pension cost	<b>556</b>	572
Contributions and benefits paid	<b>(791)</b>	(315)
Currency translation differences	<b>166</b>	125
At 30 June	<b>2,299</b>	2,368

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

	Group	
	2017 RM'000	2016 RM'000
At 1 July	<b>2,368</b>	1,986
Currency translation differences	<b>166</b>	125
Current service cost	<b>556</b>	572
Net benefits paid	<b>(791)</b>	(315)
At 30 June	<b>2,299</b>	2,368

## NOTES TO THE FINANCIAL STATEMENTS

## 36. POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONTINUED)

## (c) Defined benefit plan - Indonesia (continued)

## (ii) Other long term employee benefits obligations (continued)

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

	Group	
	2017 RM'000	2016 RM'000
Current service cost	556	572

The charge above was included in the cost of sales.

The principal assumptions used in the actuarial calculations were as follows:-

	Group	
	2017 %	2016 %
Discount rate	7.0	7.8
Future salary increase rate	9.0	9.0

**Sensitivity analysis:**

Reasonably possible changes to the key assumptions, would have affected the defined benefit obligations by the amounts shown below:-

	RM'000	RM'000
	Increase	Decrease
Discount rate (1% movement)	1,090	1,224
Future salary increase rate (1% movement)	1,544	1,402

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.

## NOTES TO THE FINANCIAL STATEMENTS

## 37. PROVISION FOR LIABILITIES AND CHARGES

	Housing RM'000	Rectification works RM'000	Restructuring RM'000	Damages claims RM'000	Total RM'000
<b>Group - 2017</b>					
At beginning of the financial year	40,331	–	36,077	91,712	168,120
Currency translation differences	–	–	11	9,025	9,036
Charged to profit or loss (Note 6)	–	–	–	6,470	6,470
Transfer from other current liabilities	–	5,828	–	–	5,828
Payments	–	–	(1,053)	(52)	(1,105)
At end of the financial year	40,331	5,828	35,035	107,155	188,349
Current	33,254	5,828	35,035	107,155	181,272
Non-current	7,077	–	–	–	7,077
Total	40,331	5,828	35,035	107,155	188,349
<b>Group - 2016</b>					
At beginning of the financial year	40,331	–	40,617	19,078	100,026
Currency translation differences	–	–	148	5,679	5,827
Charged to profit or loss (Note 6)	–	–	4,600	67,161	71,761
Payments	–	–	(9,288)	(206)	(9,494)
At end of the financial year	40,331	–	36,077	91,712	168,120
Current	–	–	36,077	91,712	127,789
Non-current	40,331	–	–	–	40,331
Total	40,331	–	36,077	91,712	168,120

**(a) Provision for affordable housing**

This represents a provision for foreseeable losses arising from the present obligation for construction of low cost houses.

**(b) Rectification works**

The provision relates to the estimated cost of rectification works for completed project.

**(c) Restructuring**

The provision for liabilities and charges relates to scaling down of operations, environmental liabilities and asset retirement obligation.

**(d) Damages claims**

The provision of damages claims relate to projects undertaken by subsidiaries and are recognised for expected damages claims based on the term of the applicable agreements.



## NOTES TO THE FINANCIAL STATEMENTS

## 38. TRADE AND OTHER PAYABLES

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Trade payables	<b>1,165,891</b>	961,972	–	–
Other payables	<b>679,669</b>	579,939	<b>1,875</b>	2,190
Receipts in advance	<b>308,029</b>	276,243	–	–
Accruals	<b>955,987</b>	944,691	<b>17,498</b>	10,218
Deferred income	<b>80,573</b>	62,039	–	–
Security deposits	<b>114,236</b>	134,706	–	–
	<b>3,304,385</b>	2,959,590	<b>19,373</b>	12,408

The credit terms of trade payables granted to the Group vary from 30 days to 180 days (2016: 30 days to 180 days). Other credit terms are assessed and approved on a case-by-case basis.

## 39. OTHER CURRENT LIABILITIES

	Group	
	2017 RM'000	2016 RM'000
Progress billings in respect of property development cost	–	3,461
Amount due to contract customers (Note 24)	<b>4,382</b>	18,914
Amount due to customer on contract (Note a)	<b>67,696</b>	–
Accrual for rectification works	–	7,833
	<b>72,078</b>	30,208

**(a) Amount due to customer on contract**

The amount represents the balance of the total purchase consideration of not less than RM105,616,000 for the acquisition of the Sentul Raya Development Project Site from Keretapi Tanah Melayu Berhad ("KTMB"), which is to be settled by way of phased development, construction and completion of the Railway Village by a subsidiary, Sentul Raya Sdn. Bhd. ("SRSB") for KTMB at its sole cost and expense in accordance with the provisions of the Development Agreement dated 8 December 1993 between SRSB and KTMB, as amended pursuant to the Supplementary Development Agreement with KTMB dated 21 December 2000.

## NOTES TO THE FINANCIAL STATEMENTS

### 40. FINANCIAL RISK MANAGEMENT

The Group's and the Company's operations are subject to foreign currency exchange risk, interest rate risk, price risk, credit risk and liquidity risk.

The Group's and the Company's financial risk management policy seeks to ensure that adequate resources are available to manage the above risks and to create value for its shareholders. It is not the Group's and the Company's policy to engage in speculative transactions.

The Board of Directors reviews and agrees policies and procedures for managing each of these risks and they are summarised below:-

#### (a) Foreign currency exchange risk

Foreign currency exchange risk is the risk that the fair values 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.

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

	Increase/Decrease in Net assets	
	2017 RM'000	2016 RM'000
<b>Group</b>		
5% changes on GBP exchange rate	202,767	170,059
5% changes on SGD exchange rate	595,948	570,173

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

## NOTES TO THE FINANCIAL STATEMENTS

### 40. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### (b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and of the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arise primarily from their floating rate bonds and borrowings, which is partially offset by the deposits and short term investments held at variable rates. The Group and the Company manage their cash flow interest rate risk by using a mix of fixed and variable rate debts. Derivative financial instruments are used, where appropriate, to generate the desired interest rate profile.

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

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Fixed rate instruments</b>				
Financial liabilities	<b>21,497,111</b>	17,566,613	<b>2,700,000</b>	1,700,000
<b>Variable rate instruments</b>				
Financial assets	<b>12,884,358</b>	13,372,656	<b>1,591,893</b>	1,322,214
Financial liabilities	<b>21,632,518</b>	19,495,579	<b>1,269,034</b>	1,268,225
	<b>34,516,876</b>	32,868,235	<b>2,860,927</b>	2,590,439

At the reporting date, if the interest rates had been 50 basis points lower/higher, with all other variables held constant, the Group's and the Company's profit after tax would be higher/lower by approximately RM108.2 million (2016: RM97.5 million) and RM6.3 million (2016: RM6.3 million), respectively, as a result of lower/higher interest expense on borrowings.

The Group and the Company do not account for any fixed rate instruments at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect their profit after tax.

The excess funds of the Group and of 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 of the Group and of the Company for the financial year would increase/decrease by RM12.9 million (2016: RM13.4 million) and RM1.6 million (2016: RM1.3 million), respectively.

## NOTES TO THE FINANCIAL STATEMENTS

## 40. FINANCIAL RISK MANAGEMENT (CONTINUED)

## (c) Price risk

Equity price risk

The Group's and the Company's exposure to equity price risk arise primarily from their investments in quoted securities.

To manage their price risk arising from investments in equity securities, the Group and the Company diversify their portfolio.

At the reporting date, the Group's and the Company's exposure to quoted equity investments at fair value are RM3,065,700,000 (2016: RM33,154,000) and RM12,332,000 (2016: RM9,856,000), respectively.

The following table demonstrates the indicative effects on the Group's and the Company's equity applying reasonably foreseeable market movements in the quoted market prices at the reporting date, assuming all other variables remain constant.

	Carrying amounts RM'000	Increase/ Decrease in quoted market prices %	Effect on equity RM'000
<b>Group - 2017</b>			
Local equities	2,516,993	+/- 10	251,699
Foreign equities	548,707	+/- 10	54,871
<b>Group - 2016</b>			
Local equities	13,425	+/- 10	1,343
Foreign equities	19,729	+/- 10	1,973
<b>Company - 2017</b>			
Local equities	4,161	+/- 10	416
Foreign equities	8,171	+/- 10	817
<b>Company - 2016</b>			
Local equities	4,001	+/- 10	400
Foreign equities	5,855	+/- 10	586

## NOTES TO THE FINANCIAL STATEMENTS

### 40. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### (c) Price risk (continued)

##### ***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 (those meeting a minimum average monthly consumption) 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 fuel price index, for example 180 CST fuel oil and Dated Brent. The Group's exposure to the fluctuation of forward price curve is immaterial.

#### (d) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations.

The Group's and the Company's exposure to credit risk arise primarily from trade and other receivables. For other financial assets (including investment securities, cash and cash equivalents and derivatives), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

As for the Group's Power Generation business in Singapore, credit review 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. In addition, the Directors are of the view that credit risk arising from the Water and Disposal of Waste Water businesses is limited due to its large customer base.

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

Receivable balances are monitored continually with the result that the Group's exposure to credit risk is minimised.

The ageing analysis, information regarding impairment, credit quality and significant concentration of credit risk of the Group and of the Company are disclosed in Note 19 to the Financial Statements.

At the reporting date, the maximum exposure to credit risk arising from receivables are represented by their carrying amounts in the Statements of Financial Position, except for trade receivables on electricity sales and physical fuel transactions where collaterals of RM52.7 million (2016: RM79.4 million) are held in the form of security deposits from customers and banker's guarantee.

## NOTES TO THE FINANCIAL STATEMENTS

### 40. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### (D) Credit risk (continued)

##### Financial guarantees

The Company provides financial guarantees to financial institutions in respect of banking facilities granted to certain subsidiaries.

The Company monitors on an ongoing basis the financial results and repayments of the subsidiaries.

A nominal amount of RM2,383,359,000 (2016: RM1,750,764,000) relating to corporate guarantees provided by the Company to the banks is in respect of subsidiaries' banking facilities.

As at the reporting date, there was no indication that any subsidiary would default on repayment.

The financial guarantees have not been recognised as their fair values on initial recognition are insignificant.

##### Inter-company balances

The Company provides advances to subsidiaries and where necessary makes payments for expenses on behalf of its subsidiaries. The Company monitors the results of the subsidiaries regularly. As at 30 June 2017, the maximum exposure to credit risk is represented by their carrying amounts in the Statements of Financial Position.

Management has taken reasonable steps to ensure that intercompany receivables are stated at the realisable values. As at 30 June 2017, there was no indication that the advances extended to the subsidiaries are not recoverable.

#### (e) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arise primarily from mismatches of the maturities of financial assets and liabilities.

The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.



## NOTES TO THE FINANCIAL STATEMENTS

## 40. FINANCIAL RISK MANAGEMENT (CONTINUED)

## (e) Liquidity risk (continued)

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the reporting date based on contractual undiscounted repayment obligations:-

	On demand or within 1 year RM'000	1 to 5 years RM'000	Over 5 years RM'000	Total RM'000
<b>Group - 2017</b>				
<b>Non-derivative</b>				
Bonds and borrowings	9,576,898	19,482,628	27,702,862	56,762,388
Trade and other payables	3,240,798	219,060	–	3,459,858
Related parties	8,486	–	–	8,486
	<b>12,826,182</b>	<b>19,701,688</b>	<b>27,702,862</b>	<b>60,230,732</b>
<b>Derivative</b>				
Net - Interest rate swaps	22,189	10,711	–	32,900
Gross - fuel oil swaps	105,966	17,601	–	123,567
Gross - currency forwards	16,686	6,836	–	23,522
	<b>144,841</b>	<b>35,148</b>	<b>–</b>	<b>179,989</b>
<b>Company - 2017</b>				
<b>Non-derivative</b>				
Bonds and borrowings	1,432,450	894,264	2,521,350	4,848,064
Trade and other payables	19,373	–	–	19,373
Related parties	101,593	–	–	101,593
	<b>1,553,416</b>	<b>894,264</b>	<b>2,521,350</b>	<b>4,969,030</b>
<b>Group - 2016</b>				
<b>Non-derivative</b>				
Bonds and borrowings	4,067,637	22,272,670	20,934,129	47,274,436
Trade and other payables	2,897,551	227,062	–	3,124,613
Related parties	9,203	–	–	9,203
	<b>6,974,391</b>	<b>22,499,732</b>	<b>20,934,129</b>	<b>50,408,252</b>
<b>Derivative</b>				
Net - Interest rate swaps	15,714	17,458	–	33,172
Gross - fuel oil swaps	230,234	108,738	–	338,972
Gross - currency forwards	18,130	8,527	–	26,657
	<b>264,078</b>	<b>134,723</b>	<b>–</b>	<b>398,801</b>
<b>Company - 2016</b>				
<b>Non-derivative</b>				
Bonds and borrowings	1,393,361	939,040	1,087,480	3,419,881
Trade and other payables	12,408	–	–	12,408
Related parties	57,090	–	–	57,090
	<b>1,462,859</b>	<b>939,040</b>	<b>1,087,480</b>	<b>3,489,379</b>

## NOTES TO THE FINANCIAL STATEMENTS

## 41. FINANCIAL INSTRUMENTS

## (a) Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:-

		Financial Assets				
		Loans and receivables	Fair value through profit or loss	Derivatives used for hedging	Available for-sale	Total
		RM'000	RM'000	RM'000	RM'000	RM'000
Note						
<b>Group - 2017</b>						
<b>Non-current</b>						
Investments	16	-	534,817	-	310,348	845,165
Trade and other receivables	19	953,544	-	-	-	953,544
Derivative financial instruments	21	-	-	13,629	-	13,629
<b>Current</b>						
Investments	16	-	2,503,011	-	-	2,503,011
Derivative financial instruments	21	-	1,002	51,122	-	52,124
Trade and other receivables	19	3,390,904	-	-	-	3,390,904
Amount due from related parties	25	87,497	-	-	-	87,497
Short term investments	26	738,801	-	-	-	738,801
Fixed deposits	27	12,145,557	-	-	-	12,145,557
Cash and bank balances	27	1,174,691	-	-	-	1,174,691
Total		18,490,994	3,038,830	64,751	310,348	21,904,923
<b>Group - 2016</b>						
<b>Non-current</b>						
Investments	16	-	-	-	302,389	302,389
Trade and other receivables	19	251,374	-	-	-	251,374
Derivative financial instruments	21	-	-	30,855	-	30,855
<b>Current</b>						
Derivative financial instruments	21	-	12,528	52,437	-	64,965
Trade and other receivables	19	2,774,608	-	-	-	2,774,608
Amount due from related parties	25	62,255	-	-	-	62,255
Short term investments	26	708,127	-	-	-	708,127
Fixed deposits	27	12,664,529	-	-	-	12,664,529
Cash and bank balances	27	1,081,308	-	-	-	1,081,308
Total		17,542,201	12,528	83,292	302,389	17,940,410

## NOTES TO THE FINANCIAL STATEMENTS

## 41. FINANCIAL INSTRUMENTS (CONTINUED)

## (a) Categories of financial instruments (continued)

The table below provides an analysis of financial instruments categorised as follows (continued):-

	Note	Financial Liabilities			Total RM'000
		Fair value through profit or loss RM'000	Derivatives used for hedging RM'000	Other financial liabilities at amortised cost RM'000	
<b>Group - 2017</b>					
<b>Non-current</b>					
Long term payables	30	-	-	219,060	219,060
Bonds	32	-	-	19,966,528	19,966,528
Borrowings	33	-	-	14,166,295	14,166,295
Derivative financial instruments	21	11,833	32,175	-	44,008
<b>Current</b>					
Trade and other payables	38	-	-	3,223,812	3,223,812
Derivative financial instruments	21	-	128,772	-	128,772
Amount due to related parties	25	-	-	8,486	8,486
Bonds	32	-	-	-	-
Borrowings	33	-	-	8,996,806	8,996,806
<b>Total</b>		<b>11,833</b>	<b>160,947</b>	<b>46,580,987</b>	<b>46,753,767</b>
<b>Group - 2016</b>					
<b>Non-current</b>					
Long term payables	30	-	-	227,062	227,062
Bonds	32	-	-	15,745,189	15,745,189
Borrowings	33	-	-	18,226,421	18,226,421
Derivative financial instruments	21	14,119	141,022	-	155,141
<b>Current</b>					
Trade and other payables	38	-	-	2,897,551	2,897,551
Derivative financial instruments	21	-	248,330	-	248,330
Amount due to related parties	25	-	-	9,203	9,203
Bonds	32	-	-	31,002	31,002
Borrowings	33	-	-	3,059,580	3,059,580
<b>Total</b>		<b>14,119</b>	<b>389,352</b>	<b>40,196,008</b>	<b>40,599,479</b>

## NOTES TO THE FINANCIAL STATEMENTS

## 41. FINANCIAL INSTRUMENTS (CONTINUED)

## (a) Categories of financial instruments (continued)

The table below provides an analysis of financial instruments categorised as follows (continued):-

	Note	Financial Assets		
		Loans and receivables RM'000	Available-for-sale RM'000	Total RM'000
<b>Company - 2017</b>				
<b>Non-current</b>				
Investments	16	–	31,565	31,565
<b>Current</b>				
Trade and other receivables	19	11,126	–	11,126
Amount due from related parties	25	1,147,171	–	1,147,171
Short term investments	26	738,801	–	738,801
Fixed deposits	27	853,092	–	853,092
Cash and bank balances	27	2,329	–	2,329
<b>Total</b>		<b>2,752,519</b>	<b>31,565</b>	<b>2,784,084</b>
<b>Company - 2016</b>				
<b>Non-current</b>				
Investments	16	–	29,089	29,089
<b>Current</b>				
Trade and other receivables	19	14,511	–	14,511
Amount due from related parties	25	1,001,553	–	1,001,553
Short term investments	26	708,127	–	708,127
Fixed deposits	27	614,087	–	614,087
Cash and bank balances	27	3,498	–	3,498
<b>Total</b>		<b>2,341,776</b>	<b>29,089</b>	<b>2,370,865</b>

## NOTES TO THE FINANCIAL STATEMENTS

## 41. FINANCIAL INSTRUMENTS (CONTINUED)

## (a) Categories of financial instruments (continued)

The table below provides an analysis of financial instruments categorised as follows (continued):-

	Note	Financial Liabilities	
		Other financial liabilities at amortised cost RM'000	Total RM'000
<b>Company - 2017</b>			
<b>Non-current</b>			
Bonds	32	2,500,000	2,500,000
Borrowings	33	978	978
<b>Current</b>			
Trade and other payables	38	19,373	19,373
Amount due to related parties	25	101,593	101,593
Borrowings	33	1,468,056	1,468,056
<b>Total</b>		<b>4,090,000</b>	<b>4,090,000</b>
<b>Company - 2016</b>			
<b>Non-current</b>			
Bonds	32	1,500,000	1,500,000
Borrowings	33	200,705	200,705
<b>Current</b>			
Trade and other payables	38	12,408	12,408
Amount due to related parties	25	57,090	57,090
Borrowings	33	1,267,520	1,267,520
<b>Total</b>		<b>3,037,723</b>	<b>3,037,723</b>

## (b) Fair value measurement

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:-

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

## NOTES TO THE FINANCIAL STATEMENTS

## 41. FINANCIAL INSTRUMENTS (CONTINUED)

## (b) Fair value measurement (continued)

At the reporting date, the Group and the Company held the following financial instruments carried at fair value on the Statements of Financial Position:-

	Level 1 RM'000	Level 2 RM'000	Total RM'000
<b>Group - 2017</b>			
<b>Assets</b>			
Financial assets at fair value through profit and loss:			
- Trading derivatives	-	1,002	1,002
- Income funds	-	3,033,782	3,033,782
- Equity investments	-	4,046	4,046
Derivative used for hedging	-	64,751	64,751
Available-for-sale financial assets	31,918	-	31,918
<b>Total</b>	<b>31,918</b>	<b>3,103,581</b>	<b>3,135,499</b>
<b>Liabilities</b>			
Financial liabilities at fair value through profit and loss:			
- Trading derivatives	-	11,833	11,833
Derivative used for hedging	-	160,947	160,947
<b>Total</b>	<b>-</b>	<b>172,780</b>	<b>172,780</b>
<b>Group - 2016</b>			
<b>Assets</b>			
Financial assets at fair value through profit and loss:			
- Trading derivatives	-	12,528	12,528
Derivative used for hedging	-	83,292	83,292
Available-for-sale financial assets	33,154	-	33,154
<b>Total</b>	<b>33,154</b>	<b>95,820</b>	<b>128,974</b>
<b>Liabilities</b>			
Financial liabilities at fair value through profit and loss:			
- Trading derivatives	-	14,119	14,119
Derivative used for hedging	-	389,352	389,352
<b>Total</b>	<b>-</b>	<b>403,471</b>	<b>403,471</b>



## NOTES TO THE FINANCIAL STATEMENTS

## 41. FINANCIAL INSTRUMENTS (CONTINUED)

## (b) Fair value measurement (continued)

At the reporting date, the Group and the Company held the following financial instruments carried at fair value on the Statements of Financial Position (continued):-

	Level 1 RM'000	Level 2 RM'000	Total RM'000
<b>Company - 2017</b>			
<b>Assets</b>			
Available-for-sale financial assets	12,332	–	12,332
Total	12,332	–	12,332
<b>Company - 2016</b>			
<b>Assets</b>			
Available-for-sale financial assets	9,856	–	9,856
Total	9,856	–	9,856

During the current financial year, there were no transfers between Level 1 and Level 2 fair value measurements.

## (c) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair values

	Group		Company	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
<b>2017</b>				
Financial assets:				
Unquoted equity investments				
- Within Malaysia	21,238	*	19,233	*
- Outside Malaysia	261,238	*	–	*
Financial liabilities:				
Bonds	19,966,528	^	2,500,000	^
<b>2016</b>				
Financial assets:				
Unquoted equity investments				
- Within Malaysia	20,180	*	19,233	*
- Outside Malaysia	249,055	*	–	*
Financial liabilities:				
Bonds	15,776,191	^	1,500,000	^

## NOTES TO THE FINANCIAL STATEMENTS

### 41. FINANCIAL INSTRUMENTS (CONTINUED)

#### (c) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair values (continued)

##### \* ***Unquoted equity and debt investments carried at cost (Note 16)***

Fair value information has not been disclosed for these unquoted equity and debt instruments as fair value cannot be measured reliably as these instruments are not quoted on any market and does not have any comparable industry peer that is listed. In addition, the variability in the range of reasonable fair value estimates derived from valuation techniques is significant.

##### ^ ***Bonds (Note 32)***

Fair value information regarding these bonds is as disclosed in the Note 32 to the Financial Statements. The fair values of these bonds are estimated using discounted cash flow analysis, based on current incremental lending rates for similar types of lending and borrowing arrangements and of the same remaining maturities.

#### (d) Determination of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair values:-

	Note
Other receivables (non-current)	19
Trade and other receivables (current)	19
Short term investments (current)	26
Fixed deposits (current)	27
Cash and bank balances (current)	27
Long term payables (non-current)	30
Trade and other payables (current)	38
Borrowings (current)	33

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The carrying amounts of the current portion of loans and borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

The fair values of current loans and borrowings are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

#### ***Financial guarantees***

Fair value is determined based on probability weighted discounted cash flow method. The probability has been estimated and assigned for the following key assumptions:

- The likelihood of the guaranteed party defaulting within the guaranteed period;
- The exposure on the portion that is not expected to be recovered due to the-guaranteed party's default;
- The estimated loss exposure if the party guaranteed were to default.

## NOTES TO THE FINANCIAL STATEMENTS

### 42. SIGNIFICANT RELATED PARTY TRANSACTIONS

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group.

#### (a) Significant related party transactions

- i) In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions.

Entity	Relationship	Type of transactions	Group	
			2017 RM'000	2016 RM'000
Business & Budget Hotels (Kuantan) Sdn. Bhd.	Associated company	Management fee, incentive fee and software maintenance cost	<b>1,358</b>	1,484
		Lease rental of investment property	<b>6,188</b>	6,000
Commercial Central Sdn. Bhd.	Subsidiary of holding company	Rental of office and car park	<b>2,876</b>	2,904
Corporate Promotions Sdn. Bhd.	Subsidiary of holding company	Advertising & promotion expenses	<b>7,413</b>	7,923
Express Rail Link Sdn. Bhd.	Associated company	Progress billings related to civil engineering & construction works	<b>29,767</b>	30,742
East West Ventures Sdn. Bhd.	Subsidiary of holding company	Lease rental of investment property	<b>19,917</b>	19,250
		Hotel accommodation & lease rental of equipment	<b>5,300</b>	2,522
Oriental Place Sdn. Bhd.	Subsidiary of holding company	Rental of premises expenses	<b>8,249</b>	7,983
Shorefront Development Sdn. Bhd.	Joint venture company	Progress billing relates to construction works	<b>53,224</b>	69,521

## NOTES TO THE FINANCIAL STATEMENTS

## 42. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

## (a) Significant related party transactions (continued)

- i) In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions (continued).

Entity	Relationship	Type of transactions	Group	
			2017 RM'000	2016 RM'000
Syarikat Pelancongan Pangkor Laut Sdn. Bhd.	Subsidiary of holding company	Lease rental of investment property	8,664	8,400
		Hotel accommodation	2,035	2,922
		Management fees & data processing fees & royalty income	2,342	2,280
Thunder Match Technology Sdn. Bhd.	Subsidiary of associated company	Commission, incentives and/or reimbursement of bundle device sold	8,030	16,872
Xchanging Malaysia Sdn. Bhd.	Joint venture company	IT Consultancy & related services expenses	39,588	36,608
Yeoh Tiong Lay & Sons Holdings Sdn. Bhd.	Holding company	Progress billings for sale of properties	10,939	–
		Advance payment received for purchase of properties	3,646	–
Entity	Relationship	Type of transactions	Company	
			2017 RM'000	2016 RM'000
Autodome Sdn. Bhd.	Subsidiary	YTL Platinum Plus Expenses	2,747	1,899
YTL Majestic Hotel Sdn. Bhd.	Subsidiary	Other interest income	2,132	2,119
YTL Land & Development Berhad	Subsidiary	ICULS interest income	17,618	15,687
Suri Travel & Tours Sdn. Bhd.	Subsidiary	Travelling expenses	2,415	2,145

## NOTES TO THE FINANCIAL STATEMENTS

## 42. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

## (a) Significant related party transactions (continued)

- ii) The following significant transactions which have been transacted with close family members of key management personnel and entities controlled by key management personnel and close family members are as follows:-

	Group	
	2017 RM'000	2016 RM'000
Progress billings related to purchase of properties	35,223	2,700

The Directors are of the opinion that the above transactions have been entered into in the normal course of business and have been established on terms and conditions negotiated and agreed by the related parties.

## (b) Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

Key management personnel of the Group and of the Company includes the Directors of the Company.

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Directors' and key management personnel's remuneration				
- short-term employee benefits	97,108	100,228	769	767
- defined contribution plans	9,150	9,131	-	-
- benefit in kind	538	506	-	-
- share option expenses	-	1,108	-	233
	106,796	110,973	769	1,000

## NOTES TO THE FINANCIAL STATEMENTS

## 42. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

## (c) Significant related party balances

In addition to the information disclosed in Note 25 to the Financial Statements, the outstanding balances due from the related parties as at reporting date are as follows:-

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Key management personnel and close family members				
- Progress billings related to sale of properties	2,421	1,276	-	-
- Advance payment received for purchase of properties	13,204	2,681	-	-

## 43. COMMITMENTS AND OPERATING LEASE ARRANGEMENTS

## (a) Capital commitments:-

	Group	
	2017 RM'000	2016 RM'000
Authorised but not contracted for	847,928	699,277
Contracted but not provided for	1,454,822	1,665,826

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

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Capital commitments in relation to addition investment	6,788	26,742	-	310,000

On 28 June 2013, the Company accepted the YTL Hospitality REIT's conditional invitation to subscribe for the Placement Units of up to RM310 million in value.

The transaction has been completed during the financial year.



## NOTES TO THE FINANCIAL STATEMENTS

### 43. COMMITMENTS AND OPERATING LEASE ARRANGEMENTS (CONTINUED)

#### (b) Operating lease arrangements:-

##### (i) The Group as lessee

The Group leases land, offices and warehouses under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights. Except for a few long-term leases in land, the Group's leases generally range from one to five years. None of the leases included contingent rentals.

The future minimum lease payables under non-cancellable operating leases at the reporting date are as follows:-

	Group	
	2017 RM'000	2016 RM'000
Not later than 1 year	162,317	148,723
Later than 1 year and not later than 5 years	460,019	581,443
Later than 5 years	342,205	170,816
	<b>964,541</b>	900,982

##### (ii) The Group as lessor

The future minimum lease receivables under non-cancellable operating leases at the reporting date are as follows:-

	Group	
	2017 RM'000	2016 RM'000
Not later than 1 year	641,498	627,262
Later than 1 year and not later than 5 years	1,499,655	1,297,303
Later than 5 years	1,263,366	1,367,101
	<b>3,404,519</b>	3,291,666

Except for one long term lease, the Group's leases for its retail properties generally range from one to five years. The future minimum lease payments receivable relating to retail properties from non-related parties are approximately RM2.8 billion (2016: RM2.7 billion). The Group leases out its hotel properties under operating leases for the lease term of fifteen years. All lease arrangements are provided with a step-up rate of 5% every five years and an option to grant the respective lessees to renew the lease for a further term similar to the original lease agreements. The future minimum lease payments receivable relating to hotel properties from non-related parties are approximately RM479 million (2016: RM451 million).

## NOTES TO THE FINANCIAL STATEMENTS

### 43. COMMITMENTS AND OPERATING LEASE ARRANGEMENTS (CONTINUED)

#### (b) Operating lease arrangements (continued):-

##### (ii) The Group as lessor (continued)

In addition, the payments receivable under the power purchase agreement ("PPA") which are classified as operating lease are as follows:-

	Group	
	2017 RM'000	2016 RM'000
Not later than 1 year	39,801	-
Later than 1 year but not later than 5 years	163,275	-

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

### 44. SEGMENTAL INFORMATION

The Group has seven reportable segments as described below:-

- (i) Construction
- (ii) Information technology & e-commerce related business
- (iii) Hotel operations
- (iv) Cement manufacturing & trading
- (v) Management services & others
- (vi) Property investment & development
- (vii) Utilities

Management has determined the operating segments based on the reports reviewed by the chief operating decision-maker ("CODM") that are used to make strategic decisions.

The CODM receives separate reports for power generation (contracted), Multi utilities business (merchant), water and sewerage and mobile broadband network, they have been aggregated into one reportable segments (Utilities) as they have similar economic characteristics and those detail segments information disclosed in YTL Power International Berhad's annual report which available for public use.

Although the construction and information technology & e-commerce related business segments do not meet the quantitative thresholds required by FRS 8 for reportable segments, management has concluded that those segments should be reported, as they are closely monitored by CODM as important segments.

The CODM considers the business from both a geographic and business segment perspective. Geographically, management manages and monitors the business in the three primary geographic areas: Malaysia, United Kingdom and Singapore. The details of the geographical segments are disclosed in the below note of the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

## 44. SEGMENTAL INFORMATION (CONTINUED)

The segment information provided to the CODM for the reportable segments is as follows:-

	Construction RM'000	Information technology & e-commerce related business RM'000	Hotel operations RM'000	Cement manu- facturing & trading RM'000	Management services & others RM'000	Property investment & development RM'000	Utilities RM'000	Total RM'000
<b>2017</b>								
Total revenue	552,055	84,594	980,784	2,442,344	757,083	1,438,297	9,567,028	15,822,185
Inter-segment revenue	(407,446)	(81,390)	(13,295)	(16,801)	(349,132)	(210,118)	(15,322)	(1,093,504)
External revenue	144,609	3,204	967,489	2,425,543	407,951	1,228,179	9,551,706	14,728,681
<b>Results</b>								
Interest income	2,635	5,835	1,056	28,222	9,649	10,399	21,893	79,689
Finance costs	(12)	-	(22,860)	(48,974)	(469,586)	(215,843)	(560,234)	(1,317,509)
Share of results of associated companies and joint ventures	-	-	5,125	(322)	109,067	7,927	348,309	470,106
Segment profit before tax	57,196	925	100,524	220,916	47,278	385,190	913,483	1,725,512
<b>Segment assets</b>								
Investment in associated companies and joint ventures	-	-	37,782	14,332	122,546	51,264	2,254,459	2,480,383
Other segment assets	563,543	106,560	2,217,100	5,566,969	15,762,887	16,668,595	31,316,533	72,202,187
<b>Segment liabilities</b>								
Bonds and Borrowings	142	-	857,958	1,144,131	15,542,862	7,085,514	18,499,022	43,129,629
Other segment liabilities	248,109	2,118	345,024	677,345	544,015	607,227	6,203,459	8,627,297
<b>Other segment information</b>								
Capital expenditure	7,271	1,512	258,236	143,073	6,275	258,755	1,702,864	2,377,986
Impairment/(write back)	(8,419)	(722)	941	13,131	319	3,821	112,949	122,020
Depreciation and amortisation	8,914	557	44,860	245,461	13,552	102,979	1,156,143	1,572,466

## NOTES TO THE FINANCIAL STATEMENTS

## 44. SEGMENTAL INFORMATION (CONTINUED)

The segment information provided to the CODM for the reportable segments is as follows (continued):-

	Construction RM'000	Information technology & e-commerce related business RM'000	Hotel operations RM'000	Cement manu- facturing & trading RM'000	Management services & others RM'000	Property investment & development RM'000	Utilities RM'000	Total RM'000
<b>2016</b>								
Total revenue	424,477	84,866	889,289	2,820,398	896,337	1,206,096	10,029,820	16,351,283
Inter-segment revenue	(312,066)	(81,395)	(16,089)	(32,134)	(320,984)	(196,896)	(14,214)	(973,778)
External revenue	112,411	3,471	873,200	2,788,264	575,353	1,009,200	10,015,606	15,377,505
<b>Results</b>								
Interest income	5,188	3,187	946	37,459	8,164	7,396	73,624	135,964
Finance costs	(11)	(1)	(18,722)	(47,011)	(393,138)	(209,220)	(649,794)	(1,317,897)
Share of results of associated companies and joint ventures	-	-	3,490	427	(821)	11,472	630,514	645,082
Segment profit before tax	16,989	1,572	9,199	544,806	225,995	433,079	1,030,891	2,262,531
<b>Segment assets</b>								
Investment in associated companies and joint ventures	-	-	33,866	3,133	12,721	43,328	2,127,867	2,220,915
Other segment assets	480,248	121,395	1,403,523	5,777,584	11,936,902	15,800,462	29,525,790	65,045,904
<b>Segment liabilities</b>								
Bonds and Borrowings	1,177	1	775,802	1,217,903	10,505,978	6,749,185	17,812,146	37,062,192
Other segment liabilities	236,254	1,489	212,492	727,256	500,805	471,881	6,042,373	8,192,550
<b>Other segment information</b>								
Capital expenditure	9,388	502	145,175	380,486	30,498	100,557	1,654,596	2,321,202
Impairment/(write back)	14,587	(23)	31,538	20,760	857	41,851	(74,859)	34,711
Depreciation and amortisation	9,857	573	29,828	234,247	17,476	96,826	1,313,272	1,702,079

## NOTES TO THE FINANCIAL STATEMENTS

## 44. SEGMENTAL INFORMATION (CONTINUED)

## (b) Geographical information

The Group's seven business segments operate in four main geographical areas:-

- (i) Malaysia
  - Construction
  - Information technology & e-commerce related business
  - Hotel operations
  - Cement manufacturing & trading
  - Management services & others
  - Property investment & development
  - Utilities
- (ii) United Kingdom
  - Utilities
  - Hotel operations
- (iii) Singapore
  - Utilities
  - Cement trading
  - Property investment & development

	Revenue		Non-current assets	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Malaysia	<b>4,041,386</b>	4,370,884	<b>8,224,711</b>	7,979,813
United Kingdom	<b>3,281,438</b>	3,477,279	<b>17,383,386</b>	15,479,869
Singapore	<b>6,442,682</b>	6,677,978	<b>18,065,279</b>	17,479,250
Other countries	<b>963,175</b>	851,364	<b>2,643,140</b>	2,174,354
	<b>14,728,681</b>	15,377,505	<b>46,316,516</b>	43,113,286

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

	Non-current assets	
	2017 RM'000	2016 RM'000
Property, plant and equipment	<b>28,516,788</b>	26,637,266
Investment properties	<b>10,517,010</b>	9,637,514
Development expenditure	<b>894,886</b>	771,733
Intangible assets	<b>6,386,034</b>	6,064,975
Biological assets	<b>1,798</b>	1,798
	<b>46,316,516</b>	43,113,286

## NOTES TO THE FINANCIAL STATEMENTS

### 44. SEGMENTAL INFORMATION (CONTINUED)

#### (c) Major customers

The following is the major customer with revenue equal or more than 10 per cent of the Group's revenue:-

	Revenue		Segment
	2017 RM'000	2016 RM'000	
Energy Market Company	2,652,274	2,564,496	Utilities

### 45. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

#### (a) Estimated impairment of property, plant and equipment

Determining whether the property, plant and equipment are impaired requires an estimation of value in use of the property, plant and equipment. The value in use calculation requires the management to estimate the future cash flows and an appropriate discount rate in order to calculate the present value of future cash flows. The management has evaluated such estimates and is confident that no allowance for impairment is necessary.

The Group management follows its accounting policy set out in Note 2(j) in determining when property, plant and equipment are considered impaired.

Impairment is recognised when events and circumstances indicate that these assets may be impaired and the carrying amount of these assets exceeds the recoverable amounts. In determining the recoverable amount of these assets, certain estimates regarding the cash flows of these assets are made.

#### (b) Capitalisation policy of property, plant and equipment on infrastructure assets

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) Estimated 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 either value-in-use or fair value less costs to sell calculations. These calculations require the use of estimates as set out in Note 17 to the Financial Statements.

## NOTES TO THE FINANCIAL STATEMENTS

### 45. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

#### (d) Property development

The Group recognises property development revenue and expenses in the profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Significant judgement is required in determining the stage of completion, the extent of the property development costs incurred, the estimated total property development revenue and costs, as well as the recoverability of the development projects. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

#### (e) Construction contracts

The Group uses the percentage-of-completion method in accounting for its contract revenue where it is probable that contract costs are recoverable. The stage of completion is measured by reference to the proportion of contract costs incurred to date to the estimated total costs for the contract.

Significant judgement is required in determining the stage of completion, the extent of the contract costs incurred, the estimated total contract revenue and contract costs, as well as the recoverability of the contracts. Total contract revenue also includes an estimation of the variation works and claims that are recoverable from the customers. In making the judgement, the Group has relied on past experience and the work of specialists.

#### (f) Impairment of receivables

The Group and the Company assesses at each reporting date whether there is objective evidence that receivables have been impaired. Impairment loss is calculated based on a review of the current status of existing receivables and historical collections experience. Such provisions are adjusted periodically to reflect the actual and anticipated impairment. The carrying amount of the Group's receivables at the reporting date is disclosed in Note 19 to Financial Statements.

#### (g) 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 36 to the Financial Statement. Any changes in these assumptions will impact the carrying amount of post-employment benefit obligations.



## NOTES TO THE FINANCIAL STATEMENTS

### 45. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

#### (h) Consolidation of entities in which the group holds less than 50%

Management considers that the Group has de facto control of Starhill Global REIT even though it has less than 50% of the voting rights. The Group is the majority shareholder of Starhill Global REIT with a 36.46% (2016: 36.46%) equity interest, while all other shareholders individually own less than 5% of its equity shares except a shareholder holds 7.58% (2016: 8.26%.) There is no history of other shareholders forming a group to exercise their votes collectively.

#### (i) Assessment of lower of cost and net realisable value for fuel oil inventory

Inventories of fuel and diesel oil are held as regulatory reserve for use in the generation of electricity. These are written down to the net realisable value if the total costs of generating the electricity (include the costs of fuel and diesel oil) exceeds the selling price of the electricity generated. The subsidiary plans its generation mix, including the option of powering the steam plants on fuel oil, according to expected economic return, based on information from both external and internal sources.

### 46. THE NEW OR REVISED FINANCIAL REPORTING STANDARDS NOT YET EFFECTIVE

At the date of authorisation of these financial statements, the following new or revised FRSs, amendments to FRSs and IC Interpretation have been issued but are not yet effective and have not been adopted by the Group and the Company:-

Description	Effective for financial periods beginning on or after
Annual improvements to FRSs 2014 - 2016 cycle	1 January 2017
Amendments to FRS 107: Disclosure initiative	1 January 2017
Amendments to FRS 112: Recognition of deferred tax assets for unrealised lossess	1 January 2017
Amendments to FRS 140: Transfers of Investment Property	1 January 2017
Amendments to FRS 2: Classification and Measurement of Share-based Payment Transactions	1 January 2018
MFRS 15: Revenue from contracts with customers	1 January 2018
FRS 9: Financial Instruments	1 January 2018
Applying MFRS 9 Financial instruments with MFRS 4 Insurance contracts (Amendments to MFRS4)	1 January 2018
Transfer of investment property (Amendments to MFRS 140)	1 January 2018
IC Interpretation 22 Foreign Currency transactions and advance consideration	1 January 2018
MFRS 16: Leases	1 January 2018
IC Interpretation 23 Uncertainty over income tax treatment	1 January 2019
Amendments to FRS 10 and FRS 128: Sales or contribution of assets between an investor and its associate or joint venture	To be determined by MASB

## NOTES TO THE FINANCIAL STATEMENTS

### 46. THE NEW OR REVISED FINANCIAL REPORTING STANDARDS NOT YET EFFECTIVE (CONTINUED)

The Group and the Company plan to adopt the above pronouncements when they become effective in the respective financial periods. These pronouncements are expected to have no significant impact to the financial statements of the Group and of the Company upon their initial application except for the following:

#### **AMENDMENTS TO FRS 10 AND FRS 128: SALE OR CONTRIBUTION OF ASSETS BETWEEN AN INVESTOR AND ITS ASSOCIATE OR JOINT VENTURE**

The amendments clarify that:

- gains and losses resulting from transactions involving assets that do not constitute a business, between investor and its associate or joint venture are recognised in the entity's financial statements only to the extent of unrelated investors' interests in the associate or joint venture; and
- gains and losses resulting from transactions involving the sale or contribution to an associate of a joint venture of assets that constitute a business is recognised in full.

The amendments are to be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after 1 January 2016. Earlier application is permitted.

#### **FRS 9: FINANCIAL INSTRUMENTS: CLASSIFICATION AND MEASUREMENT**

FRS 9 replaces the multiple classification and measurement models in FRS 139 Financial instruments: Recognition and measurement with a single model that has initially only two classification categories: amortised cost and fair value.

Classification of debt assets will be driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. A debt instrument is measured at amortised cost if: a) the objective of the business model is to hold the financial asset for the collection of the contractual cash flows, and b) the contractual cash flows under the instrument solely represent payments of principal and interest.

All other debt and equity instruments, including investments in complex debt instruments and equity investments, must be recognised at fair value.

All fair value movements on financial assets are taken through the statement of profit or loss, except for equity investments that are not held for trading, which may be recorded in the statement of profit or loss or in reserves (without subsequent recycling to profit or loss).

For financial liabilities that are measured under the fair value option entities will need to recognise the part of the fair value change that is due to changes in their own credit risk in other comprehensive income rather than profit or loss.

The new hedge accounting rules (released in February 2014) align hedge accounting more closely with common risk management practices. As a general rule, it will be easier to apply hedge accounting going forward. The new standard also introduces expanded disclosure requirements and changes in presentation.

## NOTES TO THE FINANCIAL STATEMENTS

### 46. THE NEW OR REVISED FINANCIAL REPORTING STANDARDS NOT YET EFFECTIVE (CONTINUED)

#### **FRS 9: FINANCIAL INSTRUMENTS: CLASSIFICATION AND MEASUREMENT (CONTINUED)**

In November 2014, the MASB made further changes to the classification and measurement rules and also introduced a new impairment model. With these amendments, MFRS 9 is now complete. The changes introduce:

- a third measurement category (FVOCI) for certain financial assets that are debt instruments
- a new expected credit loss (ECL) model which involves a three-stage approach whereby financial assets move through the three stages as their credit quality changes. The stage dictates how an entity measures impairment losses and applies the effective interest rate method. A simplified approach is permitted for financial assets that do not have a significant financing component (eg trade receivables). On initial recognition, entities will record a day-1 loss equal to the 12 month ECL (or lifetime ECL for trade receivables), unless the assets are considered credit impaired.

The standard is effective for annual periods beginning on or after 1 January 2018. At this stage, the Group does not intend to adopt the standard before its effective date.

#### **MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) FRAMEWORK**

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the MFRS Framework.

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer (herein called ‘Transitioning Entities’). Transitioning Entities are allowed to defer adoption of the MFRS Framework for an additional three years. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2018. Early application of MFRS is permitted.

The Group and the Company fall within the scope definition of Transitioning Entities and have opted to defer adoption of MFRS Framework. Accordingly, the Group and the Company will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the financial year ending 30 June 2019.

The Group and the Company are in the process of assessing the financial effects of the differences between the accounting standards under Financial Reporting Standards and under the MFRS Framework. Based on preliminary assessment, the initial application of the above are expected to have no significant impact on the financial statements of the Group and the Company in the period of initial application except for the following:

#### **MFRS 15: REVENUE FROM CONTRACTS WITH CUSTOMERS AND ASSOCIATED AMENDMENTS TO VARIOUS OTHER STANDARDS**

The MASB has issued a new standard for the recognition of revenue. This will replace FRS 118 which covers contracts for goods and services and FRS 111 which covers construction contracts.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer - so the notion of control replaces the existing notion of risks and rewards.

## NOTES TO THE FINANCIAL STATEMENTS

### 46. THE NEW OR REVISED FINANCIAL REPORTING STANDARDS NOT YET EFFECTIVE (CONTINUED)

#### **MFRS 15: REVENUE FROM CONTRACTS WITH CUSTOMERS AND ASSOCIATED AMENDMENTS TO VARIOUS OTHER STANDARDS (CONTINUED)**

A new five-step process must be applied before revenue can be recognised:

- identify contracts with customers
- identify the separate performance obligation
- determine the transaction price of the contract
- allocate the transaction price to each of the separate performance obligations, and
- recognise the revenue as each performance obligation is satisfied.

Key changes to current practice are:

- Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements.
- Revenue may be recognised earlier than under current standards if the consideration varies for any reasons (such as for incentives, rebates, performance fees, royalties, success of an outcome etc) - minimum amounts must be recognised if they are not at significant risk of reversal.
- The point at which revenue is able to be recognised may shift: some revenue which is currently recognised at a point in time at the end of a contract may have to be recognised over the contract term and vice versa.
- There are new specific rules on licenses, warranties, non-refundable upfront fees and, consignment arrangements, to name a few.
- As with any new standard, there are also increased disclosures.

These accounting changes may have flow-on effects on the entity's business practices regarding systems, processes and controls, compensation and bonus plans, contracts, tax planning and investor communications.

The standard is effective for annual periods beginning on or after 1 January 2018. At this stage, the Group does not intend to adopt the standard before its effective date.

#### **MFRS 16: LEASES**

MFRS 16 was issued in 16 April 2016. It will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of RM900 million, see Note 43(b) of the Financial Statements. However, the Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Company's profit and classification of cash flows.

## NOTES TO THE FINANCIAL STATEMENTS

### 46. THE NEW OR REVISED FINANCIAL REPORTING STANDARDS NOT YET EFFECTIVE (CONTINUED)

#### **MFRS 16: LEASES (CONTINUED)**

Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under MFRS 16.

The standard is effective for annual periods beginning on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date.

### 47. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise its shareholders value.

The Group manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. There were no changes in the Group's approach to capital management during the year.

The Group monitors capital using a debt-to-equity ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, total borrowings less cash and cash equivalents. Capital includes equity attributable to the owners of the parent.

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Bonds (Note 32)	<b>19,966,528</b>	15,776,191	<b>2,500,000</b>	1,500,000
Borrowings (Note 33)	<b>23,163,101</b>	21,286,001	<b>1,469,034</b>	1,468,225
Loans and borrowings	<b>43,129,629</b>	37,062,192	<b>3,969,034</b>	2,968,225
Less: Cash and cash equivalents (Note 27)	<b>(13,320,248)</b>	(13,745,837)	<b>(855,421)</b>	(617,585)
Net debt	<b>29,809,381</b>	23,316,355	<b>3,113,613</b>	2,350,640
Equity attributable to owners of the parent	<b>14,873,910</b>	14,603,479	<b>7,116,361</b>	7,391,014
Capital and net debt	<b>44,683,291</b>	37,919,834	<b>10,229,974</b>	9,741,654
Debt-to-equity ratio (%)	<b>67</b>	61	<b>30</b>	24

Under the requirement of Bursa Malaysia Securities Berhad Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity equal to or not less than the 25 percent of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less RM40 million. The Company has complied with this requirement.

## NOTES TO THE FINANCIAL STATEMENTS

### 48. MATERIAL LITIGATIONS

- i. In 2015, a foreign subsidiary of the Group commenced proceedings in court against two customers to recover monies due to the subsidiary under contract, following termination of their electricity retail contracts. The customers have filed their defence and counterclaims, and the matter is now awaiting trial.

Based on legal advice sought by the board, the subsidiary has strong prospects of succeeding in its claim and the customers are highly unlikely to succeed in their counterclaims. Thus, no provision has been made for potential losses that may arise from the counterclaims.

- ii. Syarikat Pembinaan Yeoh Tiong Lay ("SPYTL") has succeeded in its arbitration ("Arbitration") against Sunway City Sdn Bhd (previously known as Sunway City Berhad) ("Sunway City") for the outstanding sums due and owing to SPYTL together with damages in respect of the main building contract works for Sunway City Palazzio project. SPYTL has been awarded a total final sum of Ringgit Malaysia Seventy Five Million Five Thousand Seven Hundred Sixty Four and Seventy Five (RM75,005,764.75) only plus 4% per annum simple interest ("Award") from 24 June 2017 until actual full payment thereof and costs.

Sunway City has however applied to High Court to set aside the Award and the hearing of the setting aside application is pending in Court.

The counsel for SPYTL is of the view that Sunway City is unlikely to succeed in their application to set aside the Award.

### 49. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

The financial statements have been authorised for issue in accordance with a resolution of the Board of Directors on 21 September 2017.

## SUPPLEMENTARY INFORMATION

DISCLOSED PURSUANT TO BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENT

The breakdown of the retained earnings of the Group and of the Company as at 30 June 2017 into realised and unrealised profits/ (losses) is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Listing Requirements of Bursa Malaysia Securities Berhad, as issued by the Malaysian Institute of Accountants.

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Retained earnings of the Company and its subsidiaries				
- Realised	<b>14,594,411</b>	17,206,906	<b>4,326,040</b>	4,792,127
- Unrealised	<b>266,997</b>	(653,771)	<b>(113)</b>	(186)
	<b>14,861,408</b>	16,553,135	<b>4,325,927</b>	4,791,941
Share of retained earnings from associated companies and joint ventures				
- Realised	<b>1,066,276</b>	1,622,497	-	-
- Unrealised	<b>56,647</b>	66,049	-	-
	<b>15,984,331</b>	18,241,681	<b>4,325,927</b>	4,791,941
Less: Consolidation adjustments	<b>(5,377,514)</b>	(7,017,844)	-	-
Total retained earnings	<b>10,606,817</b>	11,223,837	<b>4,325,927</b>	4,791,941





# FORM OF PROXY

YTL Corporation Berhad



I/We (full name as per NRIC/company name in block letters) \_\_\_\_\_

NRIC/Company No. (New) \_\_\_\_\_ (Old) \_\_\_\_\_

CDS Account No. (for nominee companies only) \_\_\_\_\_ Tel. No. \_\_\_\_\_

of (full address) \_\_\_\_\_

being a member of **YTL Corporation 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 34th Annual General Meeting of the Company to be held at Mayang Sari Grand Ballroom, Lower Level 3, JW Marriott Hotel Kuala Lumpur, 183, Jalan Bukit Bintang, 55100 Kuala Lumpur on Tuesday, 12 December 2017 at 12.45 p.m. and at any adjournment thereof.

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

NO.	RESOLUTIONS	FOR	AGAINST
1.	Re-election of Dato' Yeoh Soo Min		
2.	Re-election of Dato' Yeoh Seok Hong		
3.	Re-election of Syed Abdullah Bin Syed Abd. Kadir		
4.	Re-election of Dato' Cheong Keap Tai		
5.	Re-appointment of Eu Peng Meng @ Leslie Eu		
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 Messrs HLB Ler Lum as Company Auditors		
9.	Approval for Dato' Cheong Keap Tai to continue in office as Independent Non-Executive Director		
10.	Approval for Eu Peng Meng @ Leslie Eu to continue in office as Independent Non-Executive Director		
11.	Authorisation for Directors to Allot and Issue Shares		
12.	Proposed Renewal of Share Buy-Back Authority		
13.	Proposed Renewal of Shareholder Mandate for Existing Recurrent Related Party Transactions of a Revenue or Trading Nature ("RRPT") and Proposed New Shareholder Mandate for Additional RRPT		

Number of shares held

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2017

Signature \_\_\_\_\_

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**Notes:-**

1. A member entitled to attend and vote at the meeting may appoint a proxy to vote in his stead. A proxy may but need not be a member of the Company. 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 and 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 2017. Only a depositor whose name appears on the General Meeting Record of Depositors as at 5 December 2017 shall be entitled to attend the said meeting or appoint proxy to attend and/or vote in his stead.

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AFFIX  
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**Tricor Investor & Issuing House Services Sdn Bhd**  
Share Registrar for YTL Corporation Berhad's 34th AGM  
Unit 32-01, Level 32, Tower A, Vertical Business Suite  
Avenue 3, Bangsar South, No. 8, Jalan Kerinchi  
59200 Kuala Lumpur

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**YTL Corporation  
Berhad**



**YTL CORPORATION BERHAD**  
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