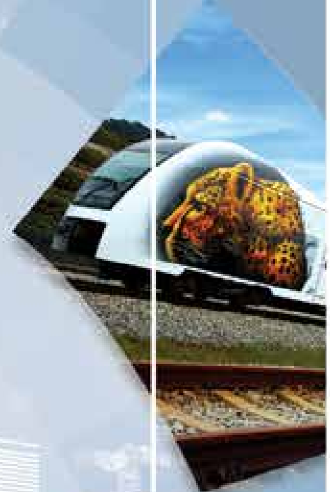
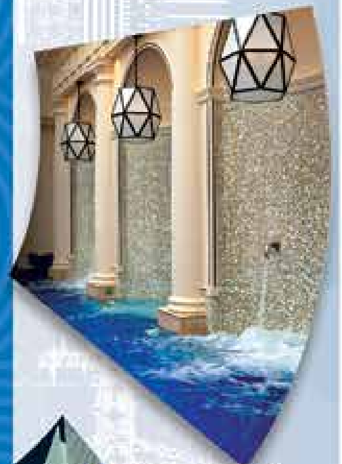
YTL CORPORATION BERHAD

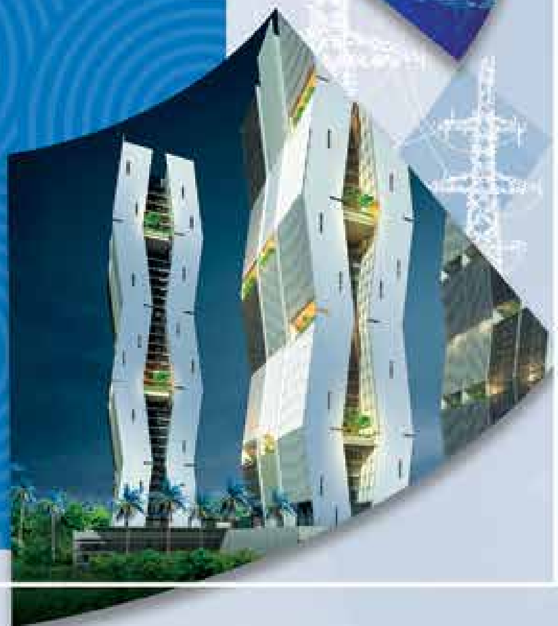
92647-H

BUILDING THE RIGHT THING

Annual Report 2016







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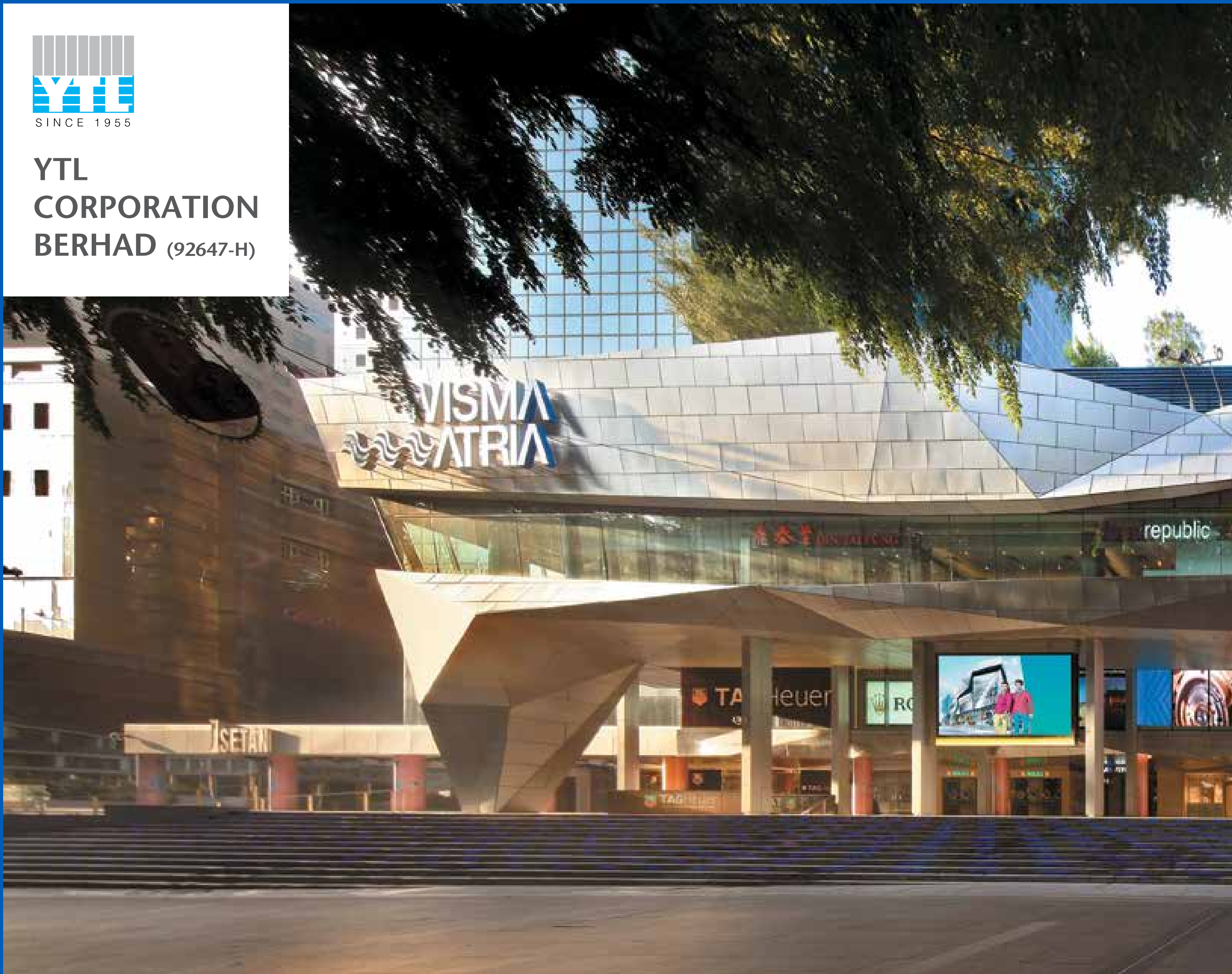
YTL CORPORATION BERHAD (92647-H)



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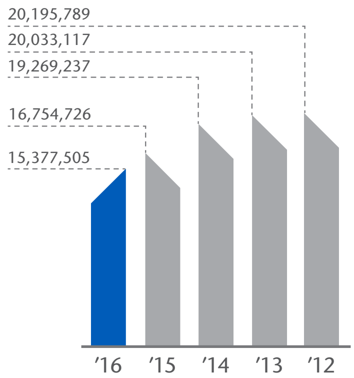
Financial Highlights

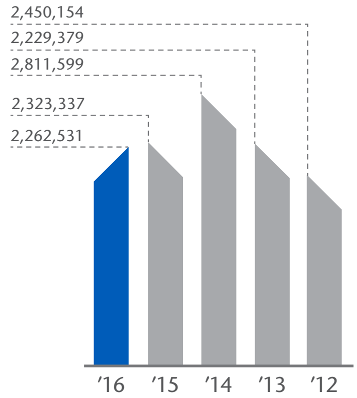
	2016	2015 (Restated)	2014 (Restated)	2013 (Restated)	2012 (Restated)
Revenue (RM'000)	**15,377,505**	16,754,726	19,269,237	20,033,117	20,195,789
Profit Before Taxation (RM'000)	**2,262,531**	2,323,337	2,811,599	2,299,379	2,450,154
Profit After Taxation (RM'000)	**1,886,958**	1,721,032	2,604,930	1,830,905	1,974,090
Profit for the Year Attributable to Owners of the Parent (RM'000)	**916,431**	1,017,645	1,554,980	1,266,665	1,181,123
Total Equity Attributable to Owners of the Parent (RM'000)	**14,603,479**	14,620,578	14,377,029	13,142,113	11,943,641
Earnings per Share (Sen)	**8.80**	9.80	15.00	12.20	12.25
Dividend per Share (Sen)	**9.5**	9.5	2.5	2.5	4.0
Total Assets (RM'000)	**67,266,819**	66,708,656	61,051,655	53,603,401	51,599,872
Net Assets per Share (RM)	**1.40**	1.40	1.39	1.27	1.23

Financial Highlights

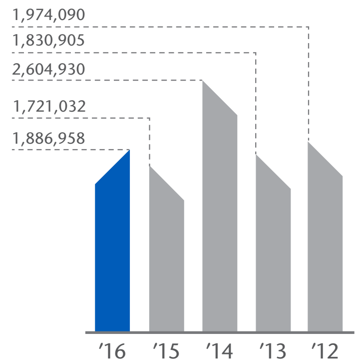
Revenue
(RM'000)



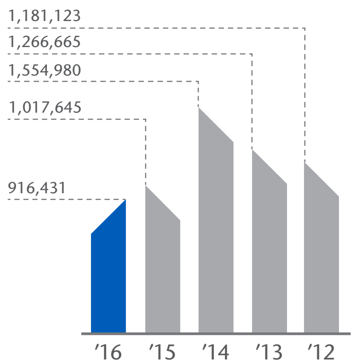
Profit Before Taxation
(RM'000)



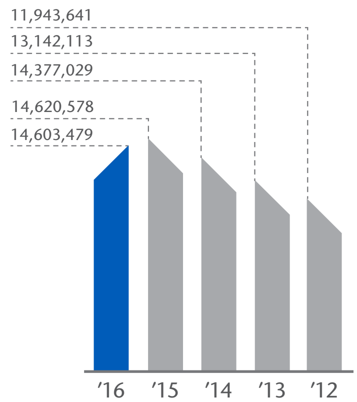
Profit After Taxation
(RM'000)



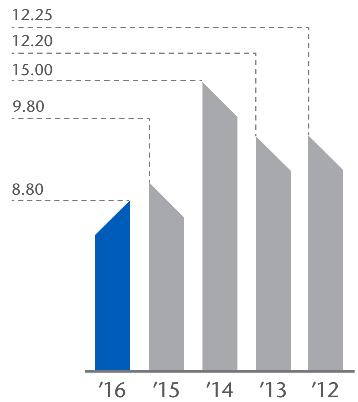
Profit for the Year Attributable to Owners of the Parent
(RM'000)



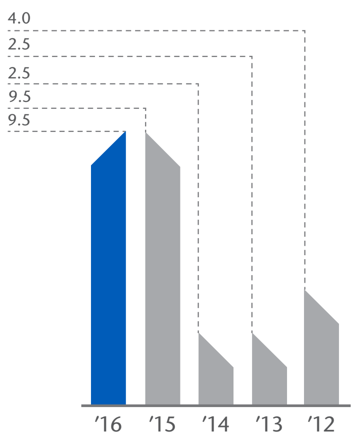
Total Equity Attributable to Owners of the Parent
(Sen)



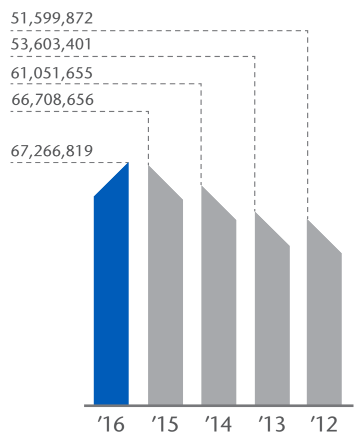
Earnings per Share
(Sen)



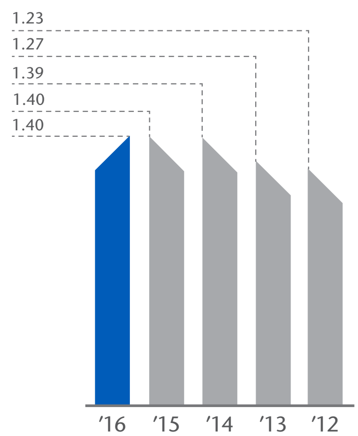
Dividend per Share
(Sen)



Total Assets
(RM'000)



Net Assets per Share
(RM)



Chairman's Statement

Chairman's Statement

Tan Sri Dato' Seri (Dr)
Yeoh Tiong Lay
Executive Chairman

ON BEHALF OF THE BOARD OF DIRECTORS OF YTL CORPORATION BERHAD ("YTL CORP" OR THE "COMPANY"), I HAVE THE PLEASURE OF PRESENTING TO YOU THE ANNUAL REPORT AND THE AUDITED FINANCIAL STATEMENTS OF THE COMPANY AND ITS SUBSIDIARIES (THE "GROUP") FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016.

OVERVIEW

The Group achieved a stable set of results for the financial year under review as it continued to do well to weather the ongoing volatility impacting its active market segments.

The Malaysian economy grew at a moderate pace, recording gross domestic product (GDP) growth of 5.0% for the 2015 calendar year, compared to 6.0% in 2014, supported by the continued expansion of domestic demand, primarily driven by the private sector. Modest improvements in external demand in the second half of the year also provided additional impetus to economic growth. The economy remained resilient with steady growth of 4.1% for the first half of the 2016 calendar year. Despite the stronger expansion in domestic demand, growth was weighed down by the continued decline in net exports and a significant drawdown in stocks. Meanwhile, in other major economies where the Group operates, the United Kingdom (UK) registered growth of approximately 2.0% during 2015, with the first and second quarters of the 2016 calendar year showing growth of 0.7% and 1.6%, respectively. Singapore's economy grew 2.1% in 2015, with growth of approximately 2.2% for the first half of the 2016 calendar year *(sources: Ministry of Finance Malaysia, Bank Negara Malaysia, Singapore Ministry of Trade & Industry, UK Office for National Statistics updates & reports).*

Utilities

The Group's water and sewerage operations in the UK, together with its power generation and merchant multi-utilities businesses in Singapore, contributed the bulk of revenue, although ongoing excess generation capacity in Singapore's electricity market coupled with lower vesting volumes added pressure to both margins and sales volumes.

In June 2016, the Group's mobile broadband division took another pioneering step forward with the launch of its revolutionary 4G LTE (Long Term Evolution) network, complete with Malaysia's first VoLTE (Voice-over-LTE) service, offering customers access to best-in-industry data tonnage on its all-IP network.

Meanwhile, in the contracted power generation segment, the Group continued to make progress on two key projects under development in which it has equity stakes, a 1,320 megawatt (MW) power project with a 30-year power purchase agreement in Indonesia and a 554 MW oil shale-fired power station with a 30-year power purchase agreement in Jordan. Both projects are in the development stage and progress is underway towards achieving financial close.

In addition, the Group's power purchase agreement for its Paka and Pasir Gudang power stations was completed in September 2015 and negotiations are currently ongoing to finalise terms following the Group being awarded the project for supply of power from its existing facility in Paka under the short term capacity bid called by the Malaysian Energy Commission.

Chairman's Statement

Cement Manufacturing

The cement division's performance for the financial year under review continued to see the impact of ongoing competition in the domestic market, as well as higher finance costs expensed following commercial operation of its new plant. The Group's new integrated cement plant in Pahang came on-stream in mid-2016. The plant has a capacity of 5,000 tons of cement per day and has been built to the latest environmental standards, including technological advancements to meet European standards on lower nitrogen oxide emissions and more energy-efficient operations.

Construction Contracting

The domestic construction sector's growth decreased to 8.2% for the 2015 calendar year compared to 11.8% in 2014, due mainly to the slower growth in the residential sub-sector. Construction activity continued to sustain at 7.9% growth in the first quarter of the 2016 calendar year, increasing slightly to 8.8% in the second quarter, driven by growth in the civil engineering and residential sub-sectors *(source: Ministry of Finance updates & reports)*.

The construction division's improved performance for the year under review arose mainly as a result of higher revenue recognition of construction contracts and better contract margins, as work was completed on the Group's new integrated cement plant, as well as several phases of new residential property developments. Progress is also well underway on the newer launches such as The Fennel at Sentul East, Shorefront in Penang, Dahlia in Ipoh and 3 Orchard-By-The-Park in Singapore.

Operation & Maintenance (O&M) Activities

In its O&M division, the Group provides condition monitoring services for its power stations, cement plants and the Express Rail Link (ERL) operating the KLIA Ekspres and Transit services, in addition to external clients in the oil and gas, water, chemical engineering and other sectors.

Initiatives undertaken during the year to improve the customer experience included additional peak hour services on the KLIA Ekspres and KLIA Transit, introduced in March 2016, a new booking engine for the VIP Service, as well as a dedicated cabin called the VIP Service Priority Zone in KLIA Ekspres trains for VIP Service guests and promotional booths in KLIA to increase the visibility of the service to arriving passengers.

Six new trains to improve customer comfort and increase capacity to meet rising demand will be progressively delivered from September 2016 and are expected to be in operation from January 2017. The service consistently achieved exceptional average on-time arrivals levels of 99.7%, above contractual obligations of 99.0% and, in January 2016, the service added another milestone, welcoming its 70 millionth passenger.

Property Development & Investment

The domestic residential property market continued to soften throughout the 2015 calendar year and into 2016 owing to weaker household sentiment, registering declines in transaction value and volume, as well as a decrease in new launches. Meanwhile, Singapore's residential property market continued to see declines in home prices resulting from the government's ongoing cooling measures *(sources: Ministry of Finance Malaysia, Bank Negara Malaysia, Singapore Ministry of Trade & Industry updates & reports)*.

The year under review saw the successful launch of Dahlia, a new development comprising double-storey link homes in Ipoh, and progress continued well on the Group's sold-out development, Shorefront in Penang, and The Fennel at Sentul East. On the international front, 3 Orchard By-The-Park, the Group's exclusive residential project in Singapore's famed Orchard precinct, has progressed on schedule.

Meanwhile, Starhill Global Real Estate Investment Trust ("SG REIT") in Singapore, in which the Group has an effective interest of 36.46%, divested its Roppongi Terzo property in Japan in an adjustment of its portfolio during the year under review, bringing the Trust's asset valuation to SGD3.1 billion (approximately RM9.3 billion). The trust's portfolio now comprises 12 properties across Singapore, Japan, China and Australia.

Hotel Development & Management

The division registered another year of sound performance, led by Niseko Village in Japan and The Gainsborough Bath Spa in the UK. YTL Hospitality REIT ("YTL REIT") performed steadily during the year with its investment portfolio valuation increasing to RM3.5 billion for the financial year under review compared to RM3.3 billion last year.

During the year under review, the Group completed the acquisition of The Glasshouse Hotel, located in the heart of Edinburgh and part of Marriott International's Autograph Collection, Monkey Island in the village of Bray in Berkshire, and the Academy Hotel, comprising five restored Georgian townhouses in London's West End.

In Malaysia's tourism industry, tourist arrivals decreased by approximately 6.3% to 25.7 million for the 2015 calendar year, whilst tourist receipts declined by 4.0% to RM69.1 billion, due to the effects of the global economic downturn, recent aviation incidents and the regional haze phenomenon affecting parts of Malaysia during the second half of 2015 *(sources: Ministry of Finance, Bank Negara Malaysia, Tourism Malaysia updates)*.

Chairman's Statement

Meanwhile, Japan's economy registered measured real GDP growth of about 0.8% for the 2015 calendar year and has continued to recover moderately as Japan delayed its implementation of its sales tax hike. However, the number of foreign tourists for the 2015 calendar year surged to a record high of 19.7 million visitors, an increase of 47.1% compared to the previous year, primarily on the back of the weaker Yen. In Australia, the economy recorded higher GDP growth of 3.0% for the 2015 calendar year compared to 2.5% in 2014, and looks to have continued at a similar pace in early 2016. The tourism industry registered an increase of approximately 7.9% in international tourist arrivals. This trend continues to be largely led by the emerging Asian economies, particularly from China with visitors increasing by 21% between 2014 and 2015 *(sources: Bank of Japan, Ministry of Finance Japan, Japan National Tourism Organization, Reserve Bank of Australia, Australian Bureau of Statistics, Tourism Research Australia updates).*

Information Technology Initiatives

Growth of the domestic information and communication sub-sector remained robust at 8.8% for the first quarter and 8.5% for the second quarter of the 2016 calendar year, led by strong demand for data communication services *(source: Ministry of Finance economic reports).*

The Group's operating segments, comprising mainly its WiMAX (Worldwide Interoperability for Microwave Access) spectrum and digital media applications, registered stable performance during the year.

FINANCIAL PERFORMANCE

The Group's revenue for the financial year ended 30 June 2016 stood at RM15,377.5 million compared to RM16,754.7 million for the last financial year ended 30 June 2015. Profit for the financial year increased by 9.6% to RM1,887.0 million, compared to RM1,721.0 million last year, whilst net profit attributable to shareholders decreased to RM916.4 million this year over RM1,017.6 million last year.

The decreases in revenue and profit in the utilities division were principally attributable to the absence of revenue from the contracted power generation segment, following the completion of its power purchase agreement in September 2015, coupled with lower vesting volumes in the merchant multi-utilities segment in Singapore. However, the Group also saw an increase in share of profits from its associated company in Indonesia due to an increase in deferred tax credits on revaluation of the power plant.

The construction division registered improved performance arising from higher revenue recognition of construction contracts and better contract margins, whilst the cement division recorded lower revenue and profit due to competitive pricing, lower sales volume and higher finance costs expensed following commercial operation of a plant.

The Group's property development business achieved higher revenue on the back of the acquisition of Myer Centre Adelaide in Australia by SG REIT in Singapore, and better site progress from the Fennel project in Sentul, although profit was impacted by the completion of projects during the last financial year and unrealised foreign exchange losses on an Australian Dollar denominated term loan recorded by YTL REIT.

The Group's foreign operations continue to be largest contributors, with overseas operations accounting for approximately 71.6% of the Group's revenue and 81.5% of non-current assets for the 2016 financial year, compared to 68.7% and 81.5%, respectively, last year.

Dividends

During the financial year under review, YTL Corp declared an interim dividend of 9.5 sen or 95% per ordinary share of 10 sen for the financial year ended 30 June 2016. Therefore, the Board of Directors of YTL Corp did not recommend a final dividend for the financial year under review.

This is the 32nd consecutive year that YTL Corp has declared dividends to shareholders since its listing on the Main Market of Bursa Malaysia Securities Berhad in 1985.

SIGNIFICANT CORPORATE DEVELOPMENTS

- As reported previously, on 14 June 2013, Pintar Projek Sdn Bhd, the manager of YTL REIT, 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 Malaysia Securities Berhad ("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 the meeting of unitholders held on 11 February 2014.

Chairman's Statement

These corporate exercises are currently pending implementation as the Trust received approvals from the SC and Bursa Securities for a further 6-month extension of time until 29 June 2016 to implement the proposed placement and proposed increase in fund size, followed by a final extension of time until 29 December 2016, which was approved by the SC on 5 July 2016 and Bursa Securities on 21 July 2016.

- On 25 July 2016, YTL Corp announced a voluntary share exchange offer to acquire the remaining ordinary shares of RM0.10 each (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 of RM0.10 each in YTL Corp at an issue price of RM1.65 ("Consideration Shares"), based on exchange ratio of approximately 0.333 Consideration Share for each Offer Share tendered ("Offer"). The offer document setting out the details of the Offer was despatched to shareholders of YTL e-Solutions on 15 August 2016.

  On 9 September 2016, YTL Corp announced that it had received valid acceptances in respect of the Offer resulting in YTL Corp holding more than 90% of the listed shares of YTL e-Solutions and that, in accordance with Rule 16.02(3) of the ACE Market Listing Requirements of Bursa Securities, Bursa Securities would suspend the trading of YTL e-Solutions' shares upon the expiry of 5 market days from the close of the offer period.

  Subsequently, on 6 October 2016, YTL Corp announced that it had received valid acceptances in respect of the Offer resulting in YTL Corp holding not less than nine-tenths of the nominal value of the Offer Shares (excluding the YTL e-Solutions shares already held at the date of the Offer by YTL Corp and the persons acting in concert with YTL Corp), thereby enabling YTL Corp to exercise its right to compulsorily acquire any remaining Offer Shares for which valid acceptances have not been received, in accordance with the provisions of Section 222 of the Capital Markets and Services Act 2007.

  The Offer closed on 14 October 2016 and Bursa Securities suspended trading in YTL e-Solutions' shares with effect from 24 October 2016. YTL Corp is currently in the process of effecting the compulsory acquisition of the remaining Offer Shares, upon completion of which YTL e-Solutions will become a wholly-owned subsidiary of YTL Corp.

CORPORATE RESPONSIBILITY & SUSTAINABILITY INITIATIVES

For the tenth consecutive year, the Group has issued its "**Sustainability Report 2016**" as a separate report, to enable its shareholders and stakeholders to better assess the Group's sustainability record. Meanwhile, YTL Corp's statements on corporate governance, risk management and internal control, which elaborate further on its systems and controls, can be found as a separate section in this Annual Report.

FUTURE PROSPECTS

The global economy is expected to improve at a modest pace for the rest of the 2016 calendar year, although the global growth outlook remains vulnerable to considerable downside risks arising from policy developments in the major economies, volatility in global commodity price trends and financial market adjustments. Overall, the Malaysian economy is expected to grow by 4.0 to 4.5% in 2016, driven by domestic demand and sustained primarily by private sector spending. Private consumption growth, however, is projected to trend below the long-term average, as households continue to make expenditure adjustments in response to the lingering effects of the goods and services tax (GST) implementation *(sources: Ministry of Finance, Bank Negara Malaysia updates)*.

Chairman's Statement

Looking ahead, the UK vote to leave the European Union in the referendum held in June 2016, commonly referred to as "Brexit", has created uncertainty with no clear indication from the UK government on the future steps to be taken. However, the largest part of the Group's assets in the UK, its water and sewerage business, is not expected to be materially affected due to the regulated nature and the geographic concentration of its operations within a localised region of the UK. Wessex Water also remains one of the best performing and most efficient water and sewerage companies in the UK and has adapted well to maintain a stellar operating track record. Whilst the current situation is uncertain and highly fluid, the Group will remain vigilant in monitoring events and conducting ongoing assessments of any operational and financial impacts.

With its new contracted power generation projects under development in Indonesia and Jordan, the Group has laid the foundations for fresh income streams in its key utilities division going forward, and will continue to pursue viable growth paths to complement its resilient stable of existing businesses and investments in Singapore, Malaysia, Indonesia and Australia.

YTL Corp remains committed to further reinforcing its financial and operational strength in order to protect its businesses and enhance shareholder value. The Group will remain on the look-out for sound new investments that complement its core capabilities.

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 REVENUE OF RM15.4 BILLION AND PROFIT FOR THE FINANCIAL YEAR OF RM1.9 BILLION, FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016. WHILST OUR UTILITIES DIVISION WAS IMPACTED BY THE ABSENCE OF REVENUE FROM THE CONTRACTED POWER GENERATION SEGMENT FOLLOWING THE COMPLETION OF OUR POWER PURCHASE AGREEMENT IN SEPTEMBER 2015, AND THE EFFECTS OF ONGOING EXCESS CAPACITY IN THE SINGAPORE RETAIL ELECTRICITY MARKET, OUR WATER AND SEWERAGE BUSINESS TURNED IN AN EXCELLENT PERFORMANCE UNDERSCORING THE STABILITY AND RELIABILITY OF THIS BUSINESS.

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

Managing Director's Review

Whilst we have been awarded a project for supply of power from our existing facility in Paka under the short term capacity bid called by the Malaysian Energy Commission, we have also continued to develop additional revenue lines for our contracted power generation segment. International projects under development include an 80% interest in a 2 x 660 megawatt coal-fired power project in Java, Indonesia, which has a 30-year power purchase agreement with Indonesia's national utility company. Given the opportunities afforded by the country's expanding energy requirements and future development goals, Indonesia remains one of the most compelling growth markets in this region for our multi-utility businesses, and our Group will be able to leverage our capabilities and experience in Indonesia's power sector to develop this vital power asset.

Our Group also has an equity interest in Attarat Power Company, which is developing a 554 megawatt oil shale-fired power generation project in the Hashemite Kingdom of Jordan. We currently hold a 30% stake and have entered into agreements to increase this to 45%. The project has a 30-year power purchase agreement with Jordan's state-owned utility for the entire electrical capacity and energy output of the power plant, with an option for the utility to extend the power purchase agreement to 40 years. This milestone project will support the Jordanian government in furthering its policy of energy independence as the plant will cover a substantial portion of Jordan´s energy needs and reduce the Kingdom's import of oil products for power generation, beginning a process for Jordan to achieve cost effective and reliable energy independence.

Managing Director's Review

Managing Director's Review

Meanwhile, in June 2016, our Yes business launched its nationwide 4G LTE network, offering Malaysia's first VoLTE (Voice-over-LTE) service. The network is optimised for the future and brings superior cost efficiency that enables Yes to deliver highly competitive pricing for the benefit of all consumers. Under our new pricing campaigns, customers have access to both 4G LTE and 4G Broadband networks, along with best-in-industry data tonnage allocations. The Yes Altitude, Malaysia's first VoLTE-capable 4G smartphone, was launched in conjunction with the inauguration of the new service and is designed with dual-sim functionality to provide unparalleled convenience and full utilisation of our Yes 4G LTE network.

On the corporate front, in July this year, YTL Corp embarked on a voluntary share exchange offer to increase its stake in YTL e-Solutions Berhad. The exchange offer enabled YTL e-Solutions shareholders to exchange their shares for shares in YTL Corp, representing a homecoming opportunity for the shareholders of YTL e-Solutions and providing an avenue to better realise the value of their investments.

For YTL Corp and our shareholders, this was an opportunity to further streamline our business segments for the benefit of the wider Group. As a major shareholder of YTL e-Solutions, we also recognised that YTL e-Solutions' shares had remained illiquid for an extended period of time, presenting a challenge for shareholders looking to adjust their investment strategies or portfolios.

For the financial year under review, YTL Corp and YTL Power declared dividends to reward shareholders for their ongoing support. YTL Corp declared an interim dividend of 9.5 sen share, representing a dividend yield of approximately 5.6%, whilst YTL Power declared a dividend of 10.0 sen per share, resulting in a yield of 6.7%.

On the wider global political and economic fronts, a major development this year was the UK vote to leave the European Union in a referendum held in June 2016. Although we have a relatively large presence in the UK, this is primarily via our water and sewerage business, which operates in the Southwest region of England under a regulatory concession granted by the UK government. The business operates within a localised region of the UK under a price controls process overseen by the UK Water Services Regulation Authority, known as 'Ofwat', and is not expected to be materially affected if the UK leaves the European Union. Nevertheless, this is a developing situation and we will closely assess events as they occur to determine any effects on our Group.

Our Group registered a stable set of results for the year, particularly in light of the tougher operating conditions that may become the norm. We remain dedicated to building our businesses to deliver value to shareholders and for the benefit for all our stakeholders.

YTL Corp has made a profit every quarter since its listing in 1985 and has paid dividends from its first year of listing. We are indeed very proud of this track record and we thank God for blessing us all these years and, of course, also to all shareholders, the Board of Directors and my colleagues at our Group who have worked so hard and prayed as hard, to help make this wonderful journey possible.

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

Operations Review

Utilities

The Group's utilities division registered a stable set of results for the financial year under review. The Group undertakes its established multi-utility businesses in Malaysia, Singapore, the UK, Indonesia and Australia via its listed subsidiary, YTL Power International Berhad ("YTL Power").

POWER GENERATION, MERCHANT MULTI-UTILITIES & POWER TRANSMISSION

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

Operations in Singapore

YTL Power has a 100% stake in YTL PowerSeraya Pte Limited ("YTL PowerSeraya") in Singapore, which owns 3,100 MW of installed capacity comprising steam turbine plants, combined-cycle plants and co-generation combined-cycle plants.

For the financial year under review, YTL PowerSeraya sold 8,976 gigawatt hours (GWh) of electricity and achieved a total generation market share of 18.7%, marginally higher compared to 18.0% last year. The electricity market remained competitive, driven by volatilities across global markets and generation capacity oversupply in the wholesale electricity market. In the midst of a challenging business environment, the division maintained a steady stream of income from steam and potable water sales. This included a three-year potable water sales agreement, which commenced in June 2016.

As part of its continuing efforts to improve the reliability and availability of its four combined cycle gas plant units, the division developed and executed action plans to enhance its start-up reliability and reduce forced outages of its gas units, resulting in an improved overall gas plant reliability factor of 99.9% for the year under review, compared to 98.8% last year.

In the contestable retail electricity sector, the division's market share decreased slightly to 19.2% for the year under review, compared to 20.5% last year, with a total sales volume of 6,107 GWh for the year ended 30 June 2016. Intense competition in the retail electricity market continued to rise with the entry of new electricity retailers, which exerted downward pressure on profit margins and slowed new customer acquisitions. Through this challenging period, the retail division kept pace with market developments and proactively engaged customers to explain the changes within the electricity industry and help them make sound purchase decisions.

Operations Review

Operations Review

With the full liberalisation of the electricity market to include domestic households in 2018, the division, backed by its extensive retail experience, is already preparing itself to capture a wider customer base, targeting to create long-term value for both existing and new customers, and exploring new technologies and strategic alliances to develop innovative solutions to further strengthen its value proposition to customers.

The trading and fuel management division's jetty and tank leasing activities picked up progressively after the upgrading works of its jetty facilities were completed in January 2015. With an upgraded and well-integrated terminal configured for cargo and bunker trading as well as enhanced capabilities to facilitate rapid turnaround times, the division handled 13.86 million tonnes of fuel oil in the financial year ended 30 June 2016.

As part of its plans to optimise the use of its operational assets, the division also successfully leased out all of its 18 storage tanks, with a combined storage capacity of 810,000 cubic meters. At the same time, more than twice the number of vessels berthed at the terminal, with an average berth utilisation rate of more than 56% for the year under review. Commercial operations in the oil terminal and oil storage business remain central to maintaining the division's growth in the dynamic fuel oil and related services environment and the company will continue to look into capturing the right opportunities to meet customers' oil storage and bunkering needs.

Operations in Malaysia

YTL Power Generation Sdn Bhd ("YTLPG"), a wholly-owned subsidiary of YTL Power, is the owner of the Group's two combined cycle, gas-fired power stations. Located in Paka, Terengganu, and Pasir Gudang, Johor, the stations have a total generating capacity of 1,212 MW – 808 MW at Paka Power Station and 404 MW at Pasir Gudang Power Station. YTLPG's power purchase agreement was completed in September 2015, and YTLPG was subsequently awarded the project for supply of power from Paka Power Station under the short term capacity bid called by the Malaysian Energy Commission. Negotiations on the terms of the power purchase agreement are currently ongoing.

Operations in Indonesia

YTL Power has an effective interest of 20% in PT Jawa Power ("Jawa Power") in Indonesia, which owns a 1,220 MW coal-fired thermal power station located at the Paiton Power Generation Complex in Java. The plant supplies power to Indonesia's national utility company, PT PLN (Persero) ("PLN"), under a 30-year power purchase agreement. Operation and maintenance (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 93.51% for its financial year ended 31 December 2015 and 86.74% availability for the six months ended 30 June 2016. The station generated 8,220 GWh of electricity for its financial year compared to 8,434 GWh for its previous financial year, for its sole offtaker, PLN.

Operations in Australia

YTL Power has a 33.5% investment in ElectraNet Pty Ltd ("ElectraNet") in Australia, which is a regulated transmission network service provider in Australia's National Electricity Market ("NEM"). ElectraNet owns South Australia's high voltage electricity transmission network, which transports electricity from electricity generators to receiving end-users across the state. ElectraNet's network covers approximately 200,000 square kilometres of South Australia via more than 5,700 circuit kilometres of transmission lines and 88 high voltage substations. The company also provides the important network link from South Australia to the NEM via two regulated interconnectors.

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

Projects under development

YTL Power has an 80% equity interest in PT Tanjung Jati Power Company ("Tanjung Jati"), 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 has a 30-year power purchase agreement with PLN, Indonesia's state-owned electric utility company, entered into in December 2015. The project is currently in the development stage and progress is underway towards achieving financial close.

The project is part of the Indonesian government's drive to build new power plants to add up to 35,000 MW in new generating capacity to the electricity grid over the next five years to meet the country's escalating energy needs.

YTL Power also has a 30% equity interest in Attarat Power Company ("APCO") and has entered into agreements to increase its stake to 45%. 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 with the National Electric Power Company ("NEPCO"), the Jordan state-owned utility, for the entire electrical capacity and energy output of the power plant, with an option for NEPCO to extend the power purchase agreement to 40 years. The power plant is scheduled to start generating electricity for local consumption in 2019.

In June 2016, YTL Power and APCO's other existing shareholders (Eesti Energia AS and Near East Investment) entered into equity agreements to introduce a new shareholder, Yudean Group ("Yudean"), to the project. Following the completion of the share transfers, which is subject to achieving full financial close, APCO will be indirectly owned by YTL Power (45%), Yudean (45%) and Eesti Energia AS (10%).

Earlier this year, APCO signed agreements with Bank of China and Industrial and Commercial Bank of China to provide debt funding for the project. The US$1.6 billion debt financing will be provided on the basis of support by China Export & Credit Insurance Corporation (Sinosure) and progress is underway to achieving full financial close.

WATER & SEWERAGE SERVICES

The Group's water and sewerage operations are carried out by YTL Power's wholly-owned subsidiary, Wessex Water Limited, and its subsidiaries ("Wessex Water"), in the UK. Wessex Water is a regional water and sewerage business serving 2.8 million customers and operating across an area of 10,000 square kilometres in the southwest of England.

Wessex Water's regulatory year, which ended on 31 March 2016, was the first of the new five-year price control period that will last until 1 April 2020. Wessex Water's regulator is the Water Services Regulation Authority, known as Ofwat, the economic regulator of the water sector in England and Wales. For the year under review, Wessex Water performed well against its performance commitments and achieved industry-leading levels of customer service and environmental performance.

Operations Review

Average bills reduced by 5% from April 2015 and, through its assistance programme, 'tap', the division continued to support customers who are financially vulnerable and have difficulty in paying their bills. The programme now helps more than 21,000 customers to pay ongoing charges and repay debt, as well as offering additional practical help to reduce water and energy bills, and, under guidance from its expert affordability advisory group, a discount of around 20% has been introduced for pensioners on the lowest incomes who often suffer hardship in silence instead of asking for help.

Wessex Water continued to focus on understanding its customers' changing needs and responding to the pressures that many continue to be under in these challenging economic times. A customer excellence programme has been launched which includes improved customer systems, community projects, improved communication and shortened response times.

Wessex Water's water supply grid project is making excellent progress and, once complete, will ensure future demand is met and improve the resilience of supplies to customers. The division creates more than 1,000 jobs directly in constructing new assets and in the regional supply chain as a community business, and is the largest infrastructure investor in the region.

The company made good progress on a GBP39.0 million programme of work to improve bathing water quality at Burnham-on-Sea within its operating region and is investing in a number of innovative projects, some of which are industry firsts. In the Poole Harbour catchment, the division is working with farmers to reduce nitrate runoff and leaching into the River Frome in the first nitrogen offsetting trial in the UK. Wessex Water also runs a joint research programme with the University of Bath where a water innovation and research centre has been launched.

During the year, in an effort to further tackle the reduction of its carbon footprint, the division completed installation of advanced anaerobic digestion and electricity generation at Trowbridge sewage treatment works and installed a large solar photovoltaic array on the roof of its operations centre in Bath. The division also continued to push improvements in efficiency and resource use, with more than 95% of waste generated diverted from landfills, and increasing the value recovery from waste.

COMMUNICATIONS

The Group's communications operations in Malaysia are carried out by YTL Communications Sdn Bhd ("YTL Comms"), a 60%-owned subsidiary of YTL Power and a global frontrunner in 4G services.

In June 2016, YTL Comms took a major evolutionary step forward with the launch of its nationwide 4G LTE network, offering Malaysia's first VoLTE service. In undertaking the leap to 4G LTE, YTL Comms built a global best-in-class partnership with industry leaders, including Samsung, Qualcomm, China Mobile and Google, to deliver its highly innovative mobile internet experience.

As a result of the superior efficiency of an all-IP network, YTL Comms offers consumers the most advanced 4G service with innovative and highly accessible pricing. Under its "Double Double" pricing campaign, customers have access to both 4G LTE and 4G Broadband networks, along with best-in-industry data tonnage allocations.

In conjunction with the new service, YTL Comms launched the Yes Altitude, Malaysia's first VoLTE-capable 4G smartphone, which retails for less than US$100. In collaboration with China Mobile, the Yes Altitude is designed with dual-sim functionality which provides consumers with unparalleled convenience and enables them to fully experience and utilise the Yes 4G LTE network. The division also worked with leading device brands such as Samsung and Xiaomi to ensure full portfolio support on its 4G LTE network.

YTL Comms has been focused on its efforts to close the country's broadband internet divide with the launch of its nationwide 4G broadband network and, with the recent launch of the 4G LTE network, it has effectively closed the country's mobile internet divide as well. Malaysians in suburban and rural areas can finally enjoy access to the same high quality 4G services as those in the big cities.

As the only all-IP network in the country, the Yes platform is the most advanced nationwide network in Malaysia. The network is optimised for the future and brings superior cost efficiency that enables YTL Comms to deliver highly competitive pricing for the benefit of all consumers. As the fastest expanding network in Malaysia, YTL Comms has over 4,300 base stations creating an all-4G footprint reaching 85% population coverage. The network is actively expanding with well-laid plans to densify existing coverage and to launch into Sarawak.

YTL Comms has also created an internal culture of innovation and collaboration, and was recognised at the "Malaysia Best Employer Brand Awards 2016" for the second consecutive year by the Employer Branding Institute and Stars of the Industry, endorsed by the Asian Confederation of Businesses.

Cement Manufacturing

The Group's cement division's performance for the financial year under review continued to see the impact of ongoing competition in the domestic market, as well as higher finance costs expensed following commercial operation of its new plant. The Group's new integrated cement plant in Pahang came on-stream in mid-2016. The plant has a capacity of 5,000 tons of cement per day and has been built to the latest environmental standards, including technological advancements to meet European standards on lower nitrogen oxide emissions and more energy-efficient operations.

The division maintained its market share for the year under review, supplying a wide range of residential, commercial, infrastructure and niche projects. These include significant large-scale infrastructure developments, such as Kuala Lumpur's Light Rail Transit (LRT) extension and the Klang Valley Mass Rapid Transport (MRT) projects, as well as a number of other commercial developments and high-rise buildings across the country.

The Group's cement terminal in Singapore, which commenced operations in late 2014, continued to perform well, bolstering the division's presence and market share. The state-of-the-art facility is situated in the Jurong Port industrial hub and is Singapore's largest cement terminal, with a throughput capacity of 3.0 million metric tonnes per annum for various cementitious products, in addition to a blending plant capable of producing a range of blended cement products.

Meanwhile, the Group's plant in China continues 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 division continued to innovate and develop the best quality, high performance and ecologically-friendly products, underscoring its standing amongst the leading eco-friendly and innovative cement producers in Asia. The Group's products have been certified under the established industry standards, including the Singapore Environment Council's Green Labelling Scheme and Sirim Malaysia's Eco-Labelling Scheme, and the division continues to actively participate in the certification process to ensure that its products meet international levels of quality and standards.

Construction Contracting

The construction division's improved performance for the year under review arose mainly as a result of higher revenue recognition of construction contracts and better contract margins.

During the year under review, construction of the Group's newest integrated cement plant in Malaysia was completed on schedule. The new plant is a state-of the-art facility and has a capacity of 5,000 tons of cement per day.

On the residential front, work is ongoing on Shorefront in Penang, the Group's newest residential development. The development is made up of 115 units housed in three 5-storey blocks. Construction commenced last year and is scheduled for completion in early 2017.

The Fennel at Sentul East is also progressing well and is due for completion in 2017. 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.

In the Group's Midfields mixed development in Sungei Besi, work is progressing on schedule on Midfields 3, comprising high-rise condominium blocks and expected to complete by early 2017.

Construction is in progress on the new STRIPES Hotel, a 20-storey 184-room boutique hotel in Jalan Kamunting in the heart of Kuala Lumpur, scheduled for completion in the fourth quarter of 2016. Located a stone's throw away from the famous Asian Heritage Row, STRIPES will be instrumental in the rebirth of this zone as an important part of Kuala Lumpur's urban fabric.

Meanwhile, in Singapore, construction is ongoing on the Group's luxury residential development on Orchard Boulevard, 3 Orchard By-The-Park, a 25-storey block with 77 exclusive residences. The building has been recognised with 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.

Property Development & Investment

The Group's property development and investment activities encompass residential and commercial developments in Malaysia and residential developments in Singapore, as well a portfolio of commercial, retail and office properties under Starhill Global Real Estate Investment Trust ("Starhill Global REIT") in Singapore.

RESIDENTIAL & COMMERCIAL DEVELOPMENTS

During the year under review, **Dahlia**, a new collection of contemporary double-storey link homes in Pakatan Jaya Ipoh, was launched. 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.

Meanwhile, progress is underway on the Group's **Shorefront** development in Penang. The first release in February 2015 was an overwhelming success and was followed by the final release in May 2015 which saw 100% of the units launched sold within the first two hours. Shorefront is located in Georgetown and is one of the last sea-facing developments in Penang. The property is a niche, upmarket, low-rise, low-density development and comprises three blocks with a total of just 115 units on a freehold site next to the historic E&O Hotel. Selected units feature sky terraces and private gardens, and a private lift lobby creates a sense of added exclusivity and privacy.

The Fennel at Sentul East is nearing completion on the first two blocks, with the remaining two blocks scheduled for completion in 2017. Consisting of 916 units housed in four high-rise towers all of which have achieved excellent take-up rates, The Fennel offers an array of features and unique design elements, including two suspended salt-water swimming pools and a multitude of 'tropical verandas', reinterpreted as a series of pocket gardens and sky forests set on selected floors throughout the development. The Fennel's innovatively designed units also incorporate the new dual-key concept in the final block, a configuration that creates flexibilities and new possibilities for multi-generational living, upsizing or rental opportunities.

The Group's luxury freehold development in Singapore, **3 Orchard By-The-Park**, is progressing well. Located in Orchard Boulevard, one of Singapore's most prestigious residential addresses, the development is close to the iconic Orchard Road shopping street, a stone's throw away from the upcoming Orchard Boulevard MRT and close to the famous Singapore Botanic Gardens, the first in Asia to be conferred the title of UNESCO World Heritage Site.

The project is holistically designed by world-renowned Italian architect and designer Antonio Citterio from Milan, who has designed the architecture, interior, fixtures and fittings. He is well known for his multiple award-winning designs for architecture and furniture, including Bvlgari Hotels in Milan and London, Bvlgari Resort Bali and furnishing brands B&B Italia, Maxalto and Arclinea.

The condominium features 77 luxurious apartments from 2-bedroom units to 5-bedroom penthouses spread over 25 floors, including some with private pools and gardens in the sky. Residents can enjoy lush gardens surrounding a landscaped pool with complementary facilities such as alfresco pool lounge, jacuzzi, gym, private dining and a library lounge. 3 Orchard By-The-Park has been awarded the BCA Green Mark Gold Plus Award 2014 by the Building & Construction Authority of Singapore for achieving high standards of design and construction which are sustainable and environmentally-friendly. The development is currently under construction and expected to be completed by 2017.

In the Group's Midfields mixed development in Sungei Besi, work is progressing on schedule on **Midfields 3**, comprising high-rise condominium blocks and expected to be completed by early 2017.

STARHILL GLOBAL REIT

The Group has an effective interest of 36.46% in Starhill Global REIT, which is listed on the Singapore stock exchange and 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.

During the year under review, Starhill Global REIT divested its Roppongi Terzo property in Japan in an adjustment of its portfolio, bringing the Trust's asset valuation to SGD3.1 billion (approximately RM9.3 billion). The trust's portfolio now comprises 12 properties across Singapore, Japan, China and Australia.

Starhill Global REIT's property portfolio now comprises stakes in Wisma Atria and Ngee Ann City, two prime shopping complexes along Singapore's famed Orchard Road, four boutique properties in up-market areas of Tokyo, Japan, a prime retail shopping centre in Chengdu, China, the David Jones Building and Plaza Arcade in Perth, and Myer Centre Adelaide in Australia, and Starhill Gallery and parcels in Lot 10 Shopping Centre in the Kuala Lumpur's Golden Triangle.

Operations Review

Operations Review

Hotel Development & Management

Operations Review

The Group's hotel development and management activities are undertaken both directly and through YTL Hospitality REIT ("YTL REIT" or the "Trust"), a Malaysian-listed real estate investment trust focusing on prime, yield-accretive hotel and hospitality-related assets both in Malaysia and internationally.

NISEKO VILLAGE, HOKKAIDO, JAPAN

Niseko Village has become a year-round destination. The Green Leaf Niseko Village remained open for the summer with no impact on the Hilton Niseko's results, attesting to the maturation of this resort destination. Small Luxury Hotels of the World (SLH), has added Kasara Niseko Village Townhouse to its portfolio of exclusive, luxury, independent hotels. Enhancements to the Resort's infrastructure include the construction of two all-season lifts that feature first-of-its-kind designs in Japan and a new ski-run and two new surface lifts for beginners. All construction will be put into operation before the next white season. The Group has signed a management contract with Marriott International to develop a 50-room Ritz-Carlton Reserve in Niseko Village, the first Ritz-Carlton Reserve in Japan and in North Asia. Ritz-Carlton Reserves are one-of-a-kind boutique resorts in unique settings reflecting a sense of history and culture of the locale.

PANGKOR LAUT RESORT

Pangkor Laut has retained its premier market position with high occupancy and revenue levels. The former squash court has been replaced with a double-storey recreation centre, featuring an entertainment room on the upper floor and a games room below, with a billiards table, table-tennis and darts. The Resort held the inaugural annual Chapmans Challenge in honour of Colonel Freddy Spencer Chapman, which attracted many entrants. The event features a 3.8 km run around resort private grounds, followed by a 2.4 km jungle trail hike through the two million year old rainforest and 1 km swim in the sea at Emerald Bay before concluding at Chapman's Bar. Celebrity guests included Tan Sri Michelle Yeoh, international actor, and Ms Elaine Daily, actor and TV host. The Resort received TripAdvisor's Travellers' Choice Award for Romance and was listed in the Top 25 Resorts as well as for Luxury and Service.

TANJONG JARA RESORT

Tanjong Jara converted its Anjung Suite into two new Anjung seafront rooms, located right on the shore of the South China Sea. While the room interiors are sleek and modern, the traditional Malay architecture of the exterior blends seamlessly into this Unmistakeably Malay resort. In partnership with Lang Tengah Turtle Watch the resort has established a turtle hatchery and conservation unit on the beach where guests may learn more about these creatures. The Group takes a proactive role in undertaking initiatives to conserve the environment of its resorts. Together with Reebok Malaysia, Tanjong Jara held a very successful Sucimurni Retreat featuring Reebok Global Ambassador Tara Stiles, the founder of Strala Yoga. The Resort received TripAdvisor's Travellers' Choice Award for Romance and was listed in the Top 25 Resorts as well as for Luxury.

CAMERON HIGHLANDS RESORT

Cameron Highlands Resort is maintaining its reputation as a quality retreat for both leisure and business travellers in Malaysia's highlands.

THE RITZ-CARLTON, KUALA LUMPUR

The Ritz-Carlton, Kuala Lumpur celebrated the official relaunch of the completely renovated and refurbished hotel with a gala dinner in March 2016. The entire hotel was completely renovated incorporating the design of the renowned firm Champalimaud of New York. The renovations significantly expanded the lobby and guest reception areas, and created new restaurants and lounge spaces in understated elegance and timeless design. Each guest experience throughout The Ritz-Carlton, Kuala Lumpur has been carefully refined, renewed and refreshed to impress all guests. The Hotel received TripAdvisor's Travellers' Choice Award for Top 25 Hotels as well as for Luxury and Service.

JW MARRIOTT KUALA LUMPUR

The JW Marriott continues as the leading hotel in its competitive set. Full renovation and renewal of the property is planned to perpetuate its market position. Renovation work has begun, starting with guestrooms and suites. The scope of renovations is planned to include the entire hotel. The Hotel received TripAdvisor's Travellers' Choice Award for the Top 25 Hotels as well as for Luxury and Service.

Operations Review

VISTANA GROUP OF HOTELS

Each Vistana Hotel continues to post increasing occupancy and profit results this year, reclaiming their historic market positions. Independent travel surveys continue to confirm the Vistana Brand as the product leader in its class. The complete renovation of the hotels and relaunching of the Vistana as a product in 2014 has proved successful.

MUSE SAINT TROPEZ, FRANCE

The Muse Hotel continues to receive rave reviews in its seventh season in the famous resort town of St. Tropez. The hotel is named in Condé Nast Traveler's Gold List and selected as a 'hot spot' by Elle magazine. The Muse Hotel is now a member of Small Luxury Hotels of the World, the leading boutique hotel brand.

THE SWATCH ART PEACE HOTEL SHANGHAI, CHINA

The Group continues to manage the hotel's seven luxurious themed suites and rooms as well as Shook! Restaurant and Rooftop Terrace. Shook! Shanghai came third in the annual China Restaurant Week 2016.

GAYA ISLAND RESORT, SABAH

Gaya Island Resort has established itself as a leading destination in Sabah with operating results reaching new highs. Reinforcing and consolidating its commitment to conservation, the resort introduced the Gaya Island Resort Wildlife Centre, under the care of the resort's Resident Naturalist. Together with the Gaya Island Marine Centre, these initiatives will appeal to guests and be closely followed on social media platforms. The Resort hosted the World Swimsuit shoot for the lifestyle brand from South Africa, which included the winner of this year's World Swimsuit Model Search.

THE SURIN PHUKET, THAILAND

The Surin continues to perform well, with occupancy and revenue above budgeted targets. The Hotel received the TripAdvisor Certificate of Excellence for the sixth consecutive year and won the World Luxury Travel Award 2016.

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.

THE MAJESTIC MALACCA

The Majestic Malacca continues to maintain its reputation for being the best hotel in Malacca. It remains a popular destination with visitors to Malacca. The Hotel received TripAdvisor's Travellers' Choice Award for Romance and was listed in the top 25 Hotels as well as for Luxury and Service.

THE MAJESTIC HOTEL KUALA LUMPUR

The Majestic Hotel has continued to perform well with improvements in both occupancy and revenue. The Majestic Ballroom is popular for both weddings and social events and was the venue for the significant 90th birthday celebrations for Her Majesty the Queen. Corporate meetings and conference business have also improved. The hotel has introduced The Majestic Club for the all-suite Majestic Wing, with private check-in and check-out, butler and concierge services and the Majestic Club Lounge with complimentary refreshments. Celebrity guests included football legends Eric Cantona and Fernando Morientes. The Majestic Spa won Cleo Magazine Beauty Star Awards for Best Floral Infused Treatment and Best Royal Malayan Award. The hotel won the TripAdvisor Certificate of Excellence Award 2016 as well as Travellers' Choice Awards for Top 25 Hotels, Luxury and Romance.

THE GAINSBOROUGH BATH SPA

The Gainsborough Bath Spa has enjoyed a successful first year of operation and has established itself as a landmark property in the city of Bath. The top performance of The Gainsborough has been recognised in a number of highly respected awards including Condé Nast Traveller – The Best New Hotel in the World – Hot List 2016; Travel & Leisure – IT List: the Best New Hotels on the Planet; Tatler Spa Award 2016; TripAdvisor Certificate of Excellence – No 1 Hotel in Bath. The Gainsborough has introduced a range of services which are providing new income streams such as online gift vouchers, floral workshops and Spa Days. Building upon the foundation provided by Executive Chef, Johann Lafer, The Gainsborough Restaurant has gone from strength to strength and is getting rave reviews for the imaginative cuisine of Head Chef Dan Moon. The Gainsborough is increasingly being chosen by celebrities from the worlds of film, fashion, music and sport. Guests have included Hollywood 'A' Lister Christophe Pine, actor Nicholas Cage, footballer Eric Cantona, England rugby player George Ford, singers Ronan Keating, Lulu and fashion designers Julien Macdonald and Zandra Rhodes.

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.

THE STRIPES

The Group is constructing a new hotel in the heart of Kuala Lumpur, The Stripes. 184 guest rooms and suites are a unique blend of contemporary design and urban chic, reflecting the history and character of the neighbourhood. The Hotel features a distinctive vibe and character with a different perspective on the local scene mixed with a bit of edgy style and adventure. Opening in the first quarter of 2017, Stripes is to be a member of Marriott's Autograph Collection Hotels, an evolving ensemble of strikingly independent luxury hotels.

THE RITZ-CARLTON, KOH SAMUI

The Group has signed a management contract with Marriott International to develop The Ritz-Carlton, Koh Samui. The Resort is located in the north-east end of Koh Samui in the stunning Choeng Mon area, well-known for its white sand beaches surrounded by the emerald waters of the Gulf of Thailand. The Resort will feature 187 luxurious guest rooms and pool villas with a collection of dining, wellness and recreational experiences and facilities on the pristine beachfront. The Resort opens in the second quarter of 2017.

Operations Review

YTL REIT

YTL REIT's investment portfolio was valued at RM3,497.7 million as at 30 June 2016, an increase of RM169.6 million compared to the previous valuation of RM3,328.1 million as at 30 June 2015.

Malaysian Portfolio

YTL REIT continued to receive steady income from its portfolio of assets in Malaysia for the financial year under review. YTL REIT maintains fixed lease arrangements for the properties and benefits from the stable income produced by this revenue structure.

The Trust's luxury assets in Kuala Lumpur consist of the JW Marriott Hotel Kuala Lumpur, The Ritz-Carlton, Kuala Lumpur, and The Residences at The Ritz-Carlton, Kuala Lumpur, luxury properties situated in the Golden Triangle commercial precinct. The three properties continue to operate in close proximity to high-end retail destinations, such as Starhill Gallery, and other luxury amenities, including the Feast Village fine dining pavilion, the Carlton Conference Centre and Spa Village Kuala Lumpur, and are expected to benefit once the ongoing MRT works in and around the Golden Triangle area are completed and services come on-stream in mid-2017.

YTL REIT's resort portfolio comprises Pangkor Laut Resort, Tanjong 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 Vistana chain of hotels, operating in Kuala Lumpur, Kuantan and Penang, makes up the business product of the Trust's domestic portfolio, catering to local and regional business travellers. The blend of practical, modern amenities in comfortable rooms, coupled with refined service standards, continues to set the Vistana hotels apart in this competitive segment of the hospitality industry and, accordingly, performance remained steady for the financial year under review.

International Portfolio

YTL REIT's international portfolio comprises the Hilton Niseko Village situated in Hokkaido, Japan, and the Sydney Harbour, Brisbane and Melbourne Marriott hotels in Australia.

Whilst the Niseko area remains a traditionally winter destination, **Hilton Niseko Village** has continued to concentrate on developing high quality summer facilities, and the hotel registered strong lodging demand during the year under review. Hilton Niseko Village enjoys a 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, coupled with its summer draws, including abundant and varied outdoor activities and a world-class spa.

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 decreased marginally to 86.8% compared to 87.2% last year. In 2015, the hotel completed the conversion of the former Executive Lounge and boardrooms into a further 32 guestrooms. Reconfigurations of the ground floor lobby and food and beverage areas are currently underway, and should be completed towards the end of the current calendar year. 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 lower occupancy level of 88.65% for the financial year under review compared to 88.80% for the 2015 financial year. The 186-room hotel has continued to sustain sound occupancy levels, despite the increase in room supply in the Victoria area over 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, saw occupancy increase to 84.10% for the 2016 financial year compared to 76.46% last year. The Brisbane market has continued to recover cautiously and the hotel's marketing strategies to attract a broader segment of guests continued to bear fruit. The Brisbane Marriott is located between Brisbane's central business district and the Fortitude Valley hub, close to shopping, riversidedining, and the city's corporate and cultural locales.

IT & e-Commerce Initiatives

The division's performance remained stable for the financial year under review, supported mainly by its 2.3 gigahertz (GHz) Worldwide Interoperability for Microwave Access (WiMAX) spectrum and digital media advertising sales in the content and digital media division. The spectrum is utilised by YTL Communication Sdn Bhd ("YTL Comms"), a subsidiary of the Group, which operates the "Yes" brand name.

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.

Students from SK Kota Warisan with YBhg Dato' Sri Haji Khairil Awang, Deputy Director General of Education, Ministry of Education, taking part in a session of the "World's Largest Lesson", a worldwide initiative carried out to teach the United Nations Global Goals to schools all over the world. In collaboration with the Ministry of Education, FrogAsia Sdn Bhd, an indirect subsidiary of YTL Corporation Berhad and the local delivery partner for the World's Largest Lesson, organised sessions at three schools across the country – SK Pelabuhan Klang, Selangor; SK Kota Warisan, Sepang, Selangor; and SMK Seri Ampang, Kedah.

SUPPORTING EDUCATION
& COMMUNITY DEVELOPMENT

"We believe that technology remains the game changer. When abused, technology has brought untold suffering to many children. But in the hands of good people, it will spark new initiatives for change, and snowball into new legacies of hope for all our children."

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

Corporate Events

From left to right, HRH Sultan Nazrin Muizzudin Shah, Sultan of Perak; Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, Managing Director of YTL Corporation Berhad; and Dr Susilo Bambang Yudhoyono, former President of Indonesia.

12 November 2015

Lifetime Achievement Award – Tan Sri Dato' (Dr) Francis Yeoh Sock Ping

YTL Corporation Berhad's Managing Director, Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, was awarded the Lifetime Achievement Award for Leadership in Regulated Industries at the 7th World Chinese Economic Summit (WCES) held in London. The award honours individuals who have made significant fundamental contributions to their field and provided outstanding contributions to the regional and global community.

19 November 2015

Signing Ceremony for The Ritz-Carlton Hotel, Koh Samui, and Ritz-Carlton Reserve, Niseko Village

YTL Hotels & Properties Sdn Bhd, a wholly-owned subsidiary of YTL Corporation Berhad, entered into management contracts with Marriott International Inc to develop two new hotels under the luxury brand The Ritz-Carlton – The Ritz-Carlton, Koh Samui, Thailand, and the new Ritz-Carlton Reserve in the all-season resort, Niseko Village in Hokkaido, Japan. The two hotels will feature the renowned hallmarks of The Ritz-Carlton – distinguished, personalised services and refined, luxurious accommodation for discerning travellers.

Visual of The Ritz-Carlton, Koh Samui.

Craig Smith (left), President and Managing Director-Asia Pacific, Marriott International Inc; and Dato' Mark Yeoh Seok Kah (right), Executive Director of YTL Corporation Berhad and Director of YTL Hotels & Properties Sdn Bhd.

Corporate Events

Beginning 2nd from right, Joseph Yeoh Keong Shyan, Vice President of YTL Hotels & Properties Sdn Bhd; Dato' Yeoh Soo Min, Executive Director of YTL Corporation Berhad; Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, Managing Director of YTL Corporation Berhad, with the winners of the awards.

4 December 2015

Starhill Gallery's 'A Journey Through Time IX'

Starhill Gallery held 'A Journey Through Time', its annual luxury watch and jewellery showcase, for the ninth year. The event showcased rare private collections, first-in-market editions and exquisite pieces from over 125 luxury brands such as Bedat & Co, Chopard, Garrard, Gubelin, Hublot, Hermes, Jaeger-LeCoultre, Mouawad, Omega, Rolex and Van Cleef & Arpels.

16 December 2015

Groundbreaking Ceremony for the New YTL Headquarters Tower

The YTL Group broke ground this year on its new headquarters, a 40-storey building located at Jalan Yap Tai Chi, in the heart of Kuala Lumpur, opposite The Ritz Carlton, Kuala Lumpur.

Members of the Board of Directors of YTL Corporation Berhad at the groundbreaking. From left to right, Dato' Yeoh Seok Kian, Deputy Managing Director; Dato' Yeoh Soo Min, Executive Director; Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, Managing Director; Puan Sri Datin Seri Tan Kai Yong @ Tan Kay Neong; Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay, Executive Chairman; Dato' Yeoh Seok Hong, Executive Director; Dato' Sri Michael Yeoh Sock Siong, Executive Director; and Dato' Mark Yeoh Seok Kah, Executive Director.

During the year under review, Wessex Water Limited, a subsidiary of YTL Corporation Berhad, installed a 250 kilowatt solar photovoltaic array on the roof of its operations centre in Bath in the United Kingdom which is forecast to supply around 12% of the building's annual electricity demand.

PROTECTION
OF THE ENVIRONMENT

"We need to rise above entrenched beliefs to accept that we live in a dynamic and fast changing natural environment with viable solutions for climate change already visible or just over the horizon. Embracing new ideas and unorthodox processes is vitally important, and this continues to be a cornerstone of our sustainability strategy."

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

Corporate Events

Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay, Executive Chairman of YTL Corporation Berhad, and his wife, Puan Sri Datin Seri Tan Kai Yong @ Tan Kay Neong, officiating the celebration.

18 December 2015

YTL Beyond 60 Celebration

The YTL Group marked the 60th anniversary of its founding with a celebration held at The Majestic Hotel Kuala Lumpur. As part of the celebration, "The Global Goals Pitch" was held, enabling employees to pitch their proposals on sustainable development and community empowerment, in support of the YTL Group's commitment to the United Nations Sustainable Development Goals. The best ideas, which included initiatives to provide food for families in need, encourage gender equality and raise awareness for childhood nutrition, won cash prizes of RM5,000 each to kick-start their programmes.

10 February 2016

YTL Corporation Berhad Chinese New Year Open House

YTL Corporation Berhad ushered in the Year of the Monkey at its Chinese New Year Open House which was held at the JW Marriott Hotel Kuala Lumpur.

From left to right, Dato' Yeoh Soo Min, Executive Director of YTL Corporation Berhad; Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, Managing Director of YTL Corporation Berhad; Dato' Seri Dr Ahmad Zahid Bin Hamidi, Deputy Prime Minister and Minister of Home Affairs; Dato' Sri Mohd Najib Bin Tun Haji Abdul Razak, Prime Minister of Malaysia, and his wife, Datin Sri Rosmah Mansor; Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay, Executive Chairman of YTL Corporation Berhad, and his wife, Puan Sri Datin Seri Tan Kai Yong @ Tan Kay Neong.

Corporate Events

From left to right, Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay, Executive Chairman of YTL Corporation Berhad; HRH Sultan Sharafuddin Idris Shah, Sultan of Selangor; Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, Managing Director of YTL Corporation Berhad; and Craig Smith, President and Managing Director-Asia Pacific of Marriott International Inc.

31 March 2016

Relaunch of The Ritz-Carlton, Kuala Lumpur

The Ritz-Carlton, Kuala Lumpur celebrated the official relaunch of the hotel, officiated by HRH Sultan Sharafuddin Idris Shah, Sultan of Selangor, marking a new phase in the hotel's evolution as it continues to set new benchmarks for the hospitality industry.

6 May 2016

Signing of Equity Agreements for US$2.1 Billion 554 MW Oil Shale Project

YTL Power International Berhad, a subsidiary of YTL Corporation Berhad, and its partners entered into equity agreements for the US$2.1 billion 554 megawatt oil shale project being developed by Attarat Power Company in the Hashemite Kingdom of Jordan. The project's existing shareholders, comprising YTL Power International Berhad, Eesti Energia AS and Near East Investment, signed the agreements to introduce a new shareholder, Yudean Group, to the project.

Seated left to right, Yeoh Keong Hann, Director, YTL Power Generation Sdn Bhd; Huang Guoqing, Managing Director, Yudean International; Hando Sutter, Chief Executive Officer, Eesti Energia AS; and Margus Vals, Project Development Director, Eesti Energia AS.

Standing left to right, Dominic Freely, Senior Managing Director, Evercore Partners; Jason Pok Hooi Loong, Chief Financial Officer, Attarat Power Company; Joseph Tan Choong Min, Director of Projects, YTL Power International Berhad; Huang Zhenhai, Director, General Manager, Yudean Group; Li Mingliang, Deputy General Manager, Chief Investment Officer, Yudean Group; Wen Lianhe, Deputy Chief Engineer, Director of Strategy & Development Department, Yudean Group; He Handong, Director of General Affairs Department, Yudean Group; and Andres Anijalg, Project Director (Jordan Project), Eesti Energia AS.

Corporate Events

From left to right, Murat Sönmez, Chief Business Officer, Member of the Managing Board, World Economic Forum; Sigve Brekke, President and Chief Executive Officer, Telenor Group; Datin Kathleen Chew Wai Lin, Group Legal Counsel, YTL Corporation Berhad; Yoshiaki Fujimori, President and Chief Executive Officer, LIXIL Group Corporation; His Excellency Samdech Techo Hun Sen, Prime Minister of the Kingdom of Cambodia; George Yeo, Visiting Scholar, Lee Kuan Yew School of Public Policy, National University of Singapore; Shahril bin Shamsuddin, President and Group Chief Executive Officer, SapuraKencana Petroleum Berhad; and Salil Shetty, Secretary-General, Amnesty International.

1-2 June 2016
World Economic Forum on ASEAN

In June 2016, Malaysia hosted the World Economic Forum (WEF) on ASEAN, attended by over 600 leaders from more than 40 countries, providing an ideal platform for senior decision-makers from a range of sectors to facilitate greater collaboration between industry, government and civil society, and to address regional challenges. YTL Corporation Berhad is a Regional Associate of the WEF and Datin Kathleen Chew Wai Lin, YTL Corporation Berhad's Group Legal Counsel, served as a co-chair for the Forum.

YTL Corporation Berhad hosted a welcome dinner for WEF delegates and guests at The Ritz-Carlton, Kuala Lumpur. Themed *'Transformation and Inclusion in Education'*, guests experienced a virtual tour of the Frog Classroom utilising the Samsung Gear virtual reality device. The Frog Classroom is an initiative by YTL Foundation and FrogAsia Sdn Bhd to transform classrooms across Malaysia to help students learn in a clean, bright and fun environment.

Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, Managing Director of YTL Corporation Berhad, speaking to guests and delegates of the Forum on the importance of education as a cornerstone of the YTL Group's success.

Corporate Events

30 June 2016

YES Launches 4G LTE and Yes Altitude

YTL Communications Sdn Bhd, a subsidiary of YTL Corporation Berhad, launched its Yes 4G LTE services with an impressive 85% nationwide population coverage, and also became the first mobile operator in the country to introduce Voice-over-LTE (VoLTE) capability for high-definition calls. The Yes Altitude, the newest high quality Android device developed by Yes, was also unveiled as the most affordable VoLTE smartphone in the Malaysian market. The launch was officiated by Datuk Seri Panglima Dr Mohd Salleh Bin Tun Said Keruak, Minister of Communication and Multimedia.

From left to right, Wing K Lee, Chief Executive Officer of YTL Communications Sdn Bhd; Dato' Yeoh Seok Hong, Executive Director of YTL Corporation Berhad; Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay, Executive Chairman of YTL Corporation Berhad; Datuk Seri Panglima Dr Mohd Salleh Bin Tun Said Keruak, Minister of Communication and Multimedia; Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, Managing Director of YTL Corporation Berhad; Dato' Yeoh Soo Keng, Executive Director of YTL Corporation Berhad; and Jacob Yeoh Keong Yeow, Deputy Chief Executive Officer of YTL Communications Sdn Bhd.

Ralph Dixon (left), Director of Environmental Investments of YTL Corporation Berhad, receiving the award from Mr Siddiq Bazarwala (right), Chief Executive Officer of Alpha Southeast Asia.

1 September 2016

Strongest Adherence to Corporate Governance and Best Annual Report Award
– YTL Corporation Berhad

YTL Corporation Berhad was awarded Strongest Adherence to Corporate Governance and Best Annual Report at the 10th Annual Best Financial Institution Awards 2007-2016 and Southeast Asia's Institutional Investor-Corporate Awards 2016, presented by Alpha Southeast Asia.

PROMOTION
OF ARTS & CULTURE

"As we mature as a nation, and we take pride in our many achievements, we must ensure that development of the arts keeps pace with our progress in other areas. In celebrating the arts, which reflect our values, our history and our aspirations as a nation, we celebrate life ~ and the rich multicultural heritage that rightfully belongs to all Malaysians."

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

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Thirty-Third Annual General Meeting of YTL Corporation Berhad ("the Company") will be held at Majestic Ballroom, Level 2, The Majestic Hotel Kuala Lumpur, 5 Jalan Sultan Hishamuddin, 50000 Kuala Lumpur on Tuesday, the 22nd day of November, 2016 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 2016 together with the Reports of the Directors and Auditors thereon; *Please refer Explanatory Note A*

2. To re-elect the following Directors who retire pursuant to Article 84 of the Company's Articles of Association:-
   (i) Dato' Yeoh Seok Kian *Resolution 1*
   (ii) Dato' Yeoh Soo Keng *Resolution 2*
   (iii) Dato' Mark Yeoh Seok Kah *Resolution 3*

3. To re-elect Dato' Ahmad Fuaad Bin Mohd Dahalan who retires pursuant to Article 90 of the Company's Articles of Association. *Resolution 4*

4. To consider and if thought fit, pass the following Ordinary Resolutions in accordance with Section 129(6) of the Companies Act, 1965:-
   (i) "THAT Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay, retiring pursuant to Section 129(6) of the Companies Act, 1965, be and is hereby re-appointed a Director of the Company to hold office until the next Annual General Meeting." *Resolution 5*
   (ii) "THAT Eu Peng Meng @ Leslie Eu, retiring pursuant to Section 129(6) of the Companies Act, 1965, be and is hereby re-appointed a Director of the Company to hold office until the next Annual General Meeting." *Resolution 6*

5. To approve the payment of Directors' fees amounting to RM719,809.00 for the financial year ended 30 June 2016; *Resolution 7*

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

AS SPECIAL BUSINESS

To consider and, if thought fit, pass the following resolutions:-

ORDINARY RESOLUTIONS:-

7. CONTINUING IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTORS

(i) "THAT 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 6, 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*

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

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

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, 1965, the provisions of the Company's Memorandum and Articles of Association 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 of RM0.10 each in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interests of the Company ("the Proposed Share Buy-Back") provided that:-

(i) The maximum number of shares which may be purchased and/or held by the Company at any point of time pursuant to the Proposed Share Buy-Back shall not exceed ten per centum (10%) of the total issued and paid-up share capital of the Company for the time being quoted on Bursa Securities provided always that in the event that the Company ceases to hold all or any part of such shares as a result of, amongst others, cancellation of shares, sale of shares on the market of Bursa Securities or distribution of treasury shares to shareholders as dividend in respect of shares bought back under the previous shareholder mandate for share buy-back which was obtained at the Annual General Meeting held on 24 November 2015, the Company shall be entitled to further purchase and/or hold such additional number of shares as shall (in aggregate with the shares then still held by the Company) not exceed ten per centum (10%) of the total issued and paid-up share capital of the Company for the time being quoted on Bursa Securities;

(ii) The maximum amount of funds to be allocated by the Company pursuant to the Proposed Share Buy-Back shall not exceed the sum of Retained Profits and the Share Premium Account of the Company based on its latest audited financial statements available up to the date of a transaction pursuant to the Proposed Share Buy-Back. As at 30 June 2016, the audited Retained Profits and Share Premium Account of the Company were RM4,791,941,000 and RM2,069,188,000 respectively; and

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

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

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

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

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, 1965, the provisions of the Company's Memorandum and Articles of Association 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 AND PROPOSED NEW SHAREHOLDER MANDATE FOR ADDITIONAL RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

"THAT the Company and/or its subsidiaries be and is/are hereby authorised to enter into recurrent related party transactions from time to time with Related Parties who may be a Director, a major shareholder of the Company and/or its subsidiaries or a person connected with such a Director or major shareholder, as specified in section 2.1.2 (a) & (b) of the Circular to Shareholders dated 28 October 2016 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 143(1) of the Companies Act, 1965 (the "Act") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); unless revoked or varied by Ordinary Resolution of the shareholders of the Company in general meeting, whichever is the earlier;

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

By Order of the Board,

HO SAY KENG
Company Secretary

KUALA LUMPUR
28 October 2016

Notice of Annual General Meeting

Notes:-

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

The instrument appointing a proxy, in the case of an individual, shall be signed by the appointor or his attorney and in the case of a corporation, either under seal or under the hand of an officer or attorney duly authorised in writing. The original instrument appointing a proxy shall be deposited at the office of the appointed share registrar for the Annual General Meeting, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8. Jalan Kerinchi, 59200 Kuala Lumpur before 1.30 p.m. on 21 November 2016. For the purpose of determining a member who shall be entitled to attend the Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd, in accordance with Article 60(2) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors as at 15 November 2016. Only a depositor whose name appears on the General Meeting Record of Depositors as at 15 November 2016 shall be entitled to attend the said meeting or appoint proxy to attend and/or vote in his stead.

Explanatory Note A

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

Explanatory Notes to Special Business

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

In line with Recommendation 3.3 of the Malaysian Code on Corporate Governance 2012, Resolutions 9 and 10 are to enable 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 2016.

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

Resolution 11 is a renewal of the general authority given to the Directors of the Company to allot and issue shares ("S132D Mandate") as approved by the shareholders at the Thirty-Second Annual General Meeting held on 24 November 2015 ("Previous Mandate").

As at 30 September 2016, the Company has issued 101,717,496 new shares ("New Shares") pursuant to the Previous Mandate which will lapse at the conclusion of the Thirty-Third Annual General Meeting to be held on 22 November 2016. The New Shares were issued pursuant to the Company's offer to acquire all the remaining ordinary shares of RM0.10 each (excluding treasury shares) in YTL e-Solutions Berhad not already held by the Company ("Offer Shares"), at an offer price of RM0.55 for each Offer Share, which was satisfied through the issuance of new ordinary shares of RM0.10 each in the Company at an issue price of RM1.65 per share ("Consideration Shares") based on an exchange ratio of approximately 0.333 Consideration Share for each Offer Share tendered. There were no proceeds raised from the issuance of the New Shares.

Resolution 11, if passed, will enable the Directors to allot and issue ordinary shares at any time from unissued share capital of the Company up to an amount not exceeding ten per centum (10%) of the Company's issued share capital for the time being without convening a general meeting which will be both time and cost consuming. The S132D Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to placement of shares, for purpose of funding future investment project(s), working capital and/or acquisitions.

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

For Resolution 12, further information on the Share Buy-Back is set out in Part A of the Statement/Circular dated 28 October 2016 which is despatched together with the Company's Annual Report 2016.

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 28 October 2016 which is despatched together with the Company's Annual Report 2016.

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-Third Annual General Meeting of the Company.

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

Details of the general mandate/authority for Directors to allot and issue shares in the Company pursuant to Section 132D of the Companies Act, 1965 are set out in the Explanatory Notes to Special Business of the Notice of Thirty-Third 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, MCIOB, FFB

Directors

Dato' Cheong Keap Tai

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

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

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

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

Dato' Mark Yeoh Seok Kah
DSSA
LLB (Hons)

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 86, 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 company, Wessex Water Limited in England and Wales. He also sits on the board of trustees of YTL Foundation.

Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, Malaysian, male, aged 62, 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 served as a member of the Barclays Asia-Pacific Advisory Committee from 2005 to 2012. Tan Sri Francis was made a board member of Global Child Forum by His Majesty King Carl XVI Gustaf in May 2016.

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

In 2006, he was awarded the Commander of the Most Excellent Order of the British Empire (CBE) by Her Majesty Queen Elizabeth II, and 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.

Profile of the Board of Directors

Dato' Yeoh Seok Kian, Malaysian, male, aged 59, 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. 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 68, 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 60, 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 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 57, 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.

Profile of the Board of Directors

Dato' Sri Michael Yeoh Sock Siong, Malaysian, male, aged 56, 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 and YTL e-Solutions Berhad. He also sits on the boards of other public companies such as YTL Cement Berhad, YTL Industries Berhad, and YTL PowerSeraya Pte Limited in Singapore.

Dato' Yeoh Soo Keng, Malaysian, female, aged 53, 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.

Dato' Mark Yeoh Seok Kah, Malaysian, male, aged 51, 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 66, 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 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 Pelanchongan Malaysia, Malaysia Industry-Government Group for High Technology and Malaysia Airports Holdings Berhad. Currently, Dato' Ahmad Fuaad is the Chairman of Tokio Marine Insurans (Malaysia) Berhad and a director of YTL e-Solutions Berhad, Hong Leong Capital Berhad and Pintar Projek Sdn Bhd, the manager of YTL Hospitality REIT.

Profile of the Board of Directors

Eu Peng Meng @ Leslie Eu, Malaysian, male, aged 81, 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 62, 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 Bursa Malaysia Securities Berhad and YTL e-Solutions Berhad.

Faiz Bin Ishak, Malaysian, male, aged 58, 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 entreprenuer 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 5 Board meetings were held and the details of attendance are as follows:-

	Attendance
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	5
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping	5
Dato' Yeoh Seok Kian	5
Dato' Cheong Keap Tai	5
Dato' Yeoh Soo Min	5
Dato' Yeoh Seok Hong	5
Dato' Sri Michael Yeoh Sock Siong	5
Dato' Yeoh Soo Keng	5
Dato' Mark Yeoh Seok Kah	5
Eu Peng Meng @ Leslie Eu	5
Syed Abdullah Bin Syed Abd. Kadir	5
Faiz Bin Ishak	5
Dato' Ahmad Fuaad Bin Mohd Dahalan *(*Appointed on 26 November 2015)*	2*

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 71, 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 60, 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 Ltd 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 Ltd 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 49, 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 50, 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 assists 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 20 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 69, was appointed as the Executive Director – International Operations (Cement) of YTL Cement Berhad since 2009.

Mr Tan worked as 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 was initially recruited as a Management Trainee. He worked in the company's two integrated cement plants in Rawang and Kanthan, in ascending roles, from Production Executive to Production Manager. He was then promoted to Works Manager of the Kanthan plant in 1989, and two years later he was transferred to the head office as Production Controller with two Works Manager reporting to him and 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 following a group restructuring exercise, before joining YTL Group in 1996 as General Manager of Pahang Cement Sdn Berhad. He has more than 45 years' experience in the operation of cement plant and marketing of cement.

Mr Tan graduated with a Bachelor of Science (Hons) in Applied Geology from the University of Malaya in 1970.

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

In preparing the financial statements for the financial year ended 30 June 2016, 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.

NUMBER OF MEETINGS HELD AND DETAILS OF ATTENDANCE

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

	Attendance
Eu Peng Meng @ Leslie Eu	5
Dato' Cheong Keap Tai	5
Dato' Ahmad Fuaad Bin Mohd Dahalan *(*Appointed on 26 November 2015)*	2*

SUMMARY OF WORK CARRIED OUT DURING FINANCIAL YEAR

The Audit Committee carried out the following work during the financial year ended 30 June 2016 in the discharge of its functions and duties:-

1. Financial Reporting

(a) Reviewed the following quarterly financial results and annual financial statements to ensure compliance with Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("Main LR"), Financial Reporting Standards ("FRS") and other statutory and regulatory requirements prior to their recommendation to the Board of Directors for approval:

- Quarterly financial results for the fourth quarter of financial year ended 30 June 2015, and the annual audited financial statements for the financial year ended 30 June 2015;
- First, second and third quarters of the quarterly results for the financial year ended 30 June 2016.

(b) Reviewed the variance analysis, in particular, the deviation of the profit after tax and minority interest in the audited financial statements for the financial year ended 30 June 2015 from that of the announced quarterly financial results for the financial year ended 30 June 2015 and confirmed that no obligation was triggered under Paragraph 9.19(35) of the Main LR.

2. External Audit

(a) Reviewed with the external auditors:-

- their final report on the audit of the financial statements for financial year ended 30 June 2015 setting out their comments and conclusions on the significant audit and accounting matters highlighted, including management's judgements, estimates and/or assessments made, and adequateness of disclosures in the financial statements;

Audit Committee Report

- the audit plan for the financial year ended 30 June 2016 outlining, amongst others, their scope of work, areas of audit emphasis, multi-location audit, and development in laws and regulations affecting financial reporting and the roles and responsibilities of directors/audit committee members and auditors. No new FRS or amendments to FRS which were effective for financial year beginning on or after 1 July 2015 were identified;
- the profiles of the audit engagement team which enabled the Audit Committee to assess their qualification, 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 and recommended the same to the Board of Directors for approval.

(c) Had discussions with the external auditors once in 2015, namely in September, without the presence of management, to discuss matters concerning the audit for the financial year ended 30 June 2015. No areas of concern were raised that needed the attention of the Board of Directors. There was full support and good co-operation from management of the Company. The external auditors also reported that there was good co-ordination with the auditors of other component subsidiaries not audited by them.

3. Internal Audit

(a) Reviewed with the internal auditors the internal audit reports (including follow-up review reports) on their 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 2015 and 2016. 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. The purpose is to achieve an appropriate level of risk based audit coverage and to assist in fulfilling the Group's overall business objectives;

(c) Reviewed and adopted the risk-based internal audit plan for financial year ending 30 June 2017 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 131 of the Companies Act, 1965. 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 2015 circular to shareholders in relation to the renewal of shareholder mandate for RRPT, prior to its recommendation to the Board of Directors for approval.

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 2015 Annual Report.

6. Other Matters

(a) In conjunction with a Board of Directors' meeting of the Company held at the registered office of Wessex Water Services Limited in September 2015, the Audit Committee, together with other members of the Board and the Board of other listed subsidiaries of the Group, visited several operation sites of its indirect subsidiary, Wessex Water, which included the Scientific Centre, Bristol sewage treatment works at Avonmouth, Geneco's food waste plant and gas to grid facility, and the Filton development site. This sites visit has enabled the Audit Committee to gain first hand insight into the operational and control environment of the Group companies.

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 RM2,399,914 were incurred in relation to the internal audit function for the financial year ended 30 June 2016.

Nominating Committee Statement

for the financial year ended 30 June 2016

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.

Members of the NC are as follows:-

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

The NC met three times during financial year ended 30 June 2016, attended by all members at every meeting.

ACTIVITIES OF THE NC FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

(a) Board nomination and election process and criteria used

The NC is responsible for considering and making recommendations to the Board candidates for directorship when the need arises such as to fill a vacancy arising from resignation or retirement or to close any skills, competencies or diversity gap that has been identified. Candidates may be proposed by the Managing Director or any Director or shareholder and must 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 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 Director proposed for appointment

Following the retirement of Dato' (Dr) Yahya bin Ismail at the conclusion of the 2015 AGM, the NC was tasked with assessing and recommending to the Board the appointment of a new independent director to fulfil the requirements of Paragraphs 15.02(1) and 15.09(1)(a) of Bursa Malaysia Securities Berhad Main Market Listing Requirements ("Main LR").

To assist in identifying whether additional skills and competencies required representation on the Board as a result of the vacancy created, a summary of the Board composition and its balance of skills, knowledge, experience and diversity was reviewed. Several potential candidates were considered by the Managing Director and it was suggested that Dato' Ahmad Fuaad bin Mohd Dahalan's name be put forward to the NC for evaluation on his suitability.

The NC evaluated Dato' Ahmad Fuaad bin Mohd Dahalan's background, knowledge, experience, skills, and external appointments and the associated time commitments of these roles to ensure that they would not impact his commitment to the Company. As Dato' Ahmad Fuaad bin Mohd Dahalan is also on the board of other listed issuers of YTL Group, the NC already has some insights into his character, integrity and attributes and whether he would be a right fit to and complement the Board. The NC was also assured of Dato' Ahmad Fuaad bin Mohd Dahalan's independence through a signed confirmation of his fulfilment of the criteria for an independent director as prescribed in the Main LR. Having completed this process, the NC was confident that Dato' Ahmad Fuaad bin Mohd Dahalan will contribute positively to the work of the Board and recommended his candidacy to the Board.

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

In accordance with Article 84 of the Articles of Association of the Company ("Article 84"), Directors are to be elected at every annual general meeting when one-third of the Directors longest in office shall retire, 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.

Nominating Committee Statement

for the financial year ended 30 June 2016

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

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

In June 2016, based on the results of the assessment undertaken for the financial year, the NC resolved to recommend to the Board that:-

- Dato' Yeoh Seok Kian, Dato' Yeoh Soo Keng and Dato' Mark Yeoh Seok Kah, who are due to retire pursuant to Article 84 at the Thirty-Third Annual General Meeting of the Company ("AGM"), stand for re-election;
- Dato' Ahmad Fuaad bin Mohd Dahalan, who is due to retire pursuant to Article 90 at the AGM, stand for re-election;
- Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay, and Eu Peng Meng @ Leslie Eu, who are all over the age of 70 years and due to retire pursuant to Section 129 at the AGM, stand for re-appointment.

Eu Peng Meng @ Leslie Eu abstained from deliberations at the NC meeting on his own re-appointment.

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

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

As part of the annual assessment of Directors and in accordance with Recommendation 3.1 of the Malaysian Code on Corporate Governance 2012, an assessment of independence was conducted on the INED. In addition to the criteria for independence prescribed in the Main LR 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 judgment 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 2016, the NC carried out its annual assessment of the effectiveness of the Board as a whole, the Board Committees and individual Directors. The assessment exercise was facilitated by the Company Secretary and took the form of completion of questionnaires/evaluation forms comprising a Board and Board Committees Effectiveness Evaluation Form, and Individual Director Performance Evaluation Form.

Nominating Committee Statement

for the financial year ended 30 June 2016

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 calibre, character/personality, conduct, integrity, knowledge, experience, time commitment, competency, participation in board decisions, acknowledgement of potential conflicts of interest when they arise and abstained from participation in deliberation and voting.

Results of the assessment were summarised and discussed at the NC meeting held in June 2016 and reported to the Board by the Chairman of the NC. These results form the basis of the NC's recommendations to the Board for the re-election and re-appointment of Directors at the AGM.

(c) Review of the NC Statement for financial year ended 30 June 2015

The NC Statement was reviewed by the NC prior to its recommendation to the Board for approval for publication/update on the Company's website.

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, Memorandum & Articles of Association, 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.

During the financial year ended 30 June 2016, the following three in-house training programmes were organised for the Directors:-

- Trans-Pacific Partnership Agreement (TPPA): Enhancing Trade and Investment, Economic Growth and Development;
- Harnessing the Power of Disruption and Disrupting Beliefs for Strategic Advantage;
- Risk Oversight Practices, Corporate Culture and Enterprise Risk Management.

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

Nominating Committee Statement

for the financial year ended 30 June 2016

All the Directors have undergone training programmes during the financial year ended 30 June 2016. The conferences, seminars and training programmes attended by one or more of the Directors covered the following areas:-

Seminars/Conferences/Training	Attended by
Corporate Governance ("CG")/Risk Management & Internal Controls	
• Breakfast Series with Corporate Directors: Risk Assurance (24 March 2016)	Dato' Yeoh Seok Kian
• CG Breakfast Series with Directors: The Strategy, The Leadership, The Stakeholders and The Board (6 May 2016)	Syed Abdullah bin Syed Abd Kadir
• Harnessing the Power of Disruption and Disrupting Beliefs for Strategic Advantage (27 May 2016)	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 Soo Min Dato' Mark Yeoh Seok Kah Dato' Ahmad Fuaad bin Mohd Dahalan Faiz bin Ishak
• Risk Oversight Practices, Corporate Culture and Enterprise Risk Management (24 June 2016)	Tan Sri Yeoh Tiong Lay Tan Sri Francis Yeoh Dato' Yeoh Soo Min Syed Abdullah bin Syed Abd Kadir Faiz bin Ishak
Financial and Taxation	
• National Tax Conference 2015 (25 & 26 August 2015)	Dato' Cheong Keap Tai
• Digital Banking & Current Challenges in Accounting (IFRS) (7 September 2015)	Dato' Ahmad Fuaad bin Mohd Dahalan
• MIA International Accountants Conference 2015 (26 & 27 October 2015)	Dato' Cheong Keap Tai
• National Tax Seminar 2015 (29 October 2015)	Dato' Cheong Keap Tai
• GST Accounting for Property Developers and Contractors (25 March 2016)	Dato' Cheong Keap Tai
• Anti-Money Laundering and Counter Financing of Terrorism – Recent Lessons Learnt from Industry (19 May 2016)	Dato' Ahmad Fuaad bin Mohd Dahalan
• National GST Conference 2016 (31 May 2016 & 1 June 2016)	Dato' Cheong Keap Tai
Trade/Economic Development, Sustainability	
• An Evening of Stimulating Lectures with St. Anne's College, University of Oxford – *"Nuclear Future of Malaysia"* and *"Malaysia and Biodiversity Conservation in Southeast Asia"* (21 July 2015)	Tan Sri Yeoh Tiong Lay Dato' Yeoh Seok Hong
• 7th World Chinese Economic Summit 2015 (10 & 11 November 2015)	Tan Sri Francis Yeoh
• 2nd ASEAN Business Summit 2015 (4 December 2015)	Tan Sri Francis Yeoh
• World Economic Forum Annual Meeting 2016 (20 – 23 January 2016)	Tan Sri Francis Yeoh Dato' Yeoh Seok Hong

Nominating Committee Statement

for the financial year ended 30 June 2016

Seminars/Conferences/Training	Attended by
• Trans-Pacific Agreement (TPPA): Enhancing Trade and Investment, Economic Growth and Development (10 May 2016)	Tan Sri Yeoh Tiong Lay Dato' Yeoh Soo Min 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
• Belt and Road Summit (18 May 2016)	Tan Sri Francis Yeoh
• World Economic Forum on ASEAN 2016 (1 & 2 June 2016)	Tan Sri Francis Yeoh Dato' Yeoh Seok Kian
Leadership, Legal, Corporate Social Responsibility, and Business Management	
• Amendments to Capital Markets and Services Act, 2007 and Securities Commission Act, 1993 (28 October 2015)	Dato' Ahmad Fuaad bin Mohd Dahalan
• Leaps of Knowledge: The Classroom Reimagined (31 October 2015)	Dato' Yeoh Soo Min
• Workshop on Compensation & Benefits (2 December 2015)	Dato' Yeoh Soo Min
• YTL Leadership Conference 2015 (17 & 18 December 2015)	Tan Sri Yeoh Tiong Lay 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 Dato' Ahmad Fuaad bin Mohd Dahalan Syed Abdullah bin Syed Abd Kadir Faiz bin Ishak
• Ring the Bell for Gender Equality (11 March 2016)	Dato' Yeoh Soo Min
• Global Child Forum on Southeast Asia (5 May 2016)	Dato' Yeoh Soo Min
• Honour International Symposium 2016 (19 May 2016)	Tan Sri Francis Yeoh
• The Most Innovative Companies – Four Factors that Differentiate Leaders (19 May 2016)	Dato' Ahmad Fuaad bin Mohd Dahalan
• Leaps of Knowledge: Your World Reimagined (28 May 2016)	Dato' Yeoh Soo Min
• Amendments to Bursa Malaysia Securities Berhad Listing Requirements (1 June 2016)	Dato' Ahmad Fuaad bin Mohd Dahalan Syed Abdullah bin Syed Abd Kadir Eu Peng Meng @ Leslie Eu Faiz bin Ishak
• HSBC Non-Executive Directors Forum (15 & 16 June 2016)	Tan Sri Francis Yeoh

Statement on Corporate Governance

for the financial year ended 30 June 2016

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 2012 ("Code").

The Board is satisfied that the Company has, in all material aspects, complied with the principles and recommendations of the Code for the financial year ended 30 June 2016. This statement explains the Company's application of the principles and compliance with the recommendations as set out in the Code for the financial year under review, including, where otherwise indicated, explanations of its alternative measures and processes.

ROLES & RESPONSIBILITIES OF THE BOARD

YTL 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 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;
- 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 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 YTL Corp's ***Sustainability Report 2016***, a separate report published in conjunction with this Annual Report.

Statement on Corporate Governance

for the financial year ended 30 June 2016

The Board's functions are governed and regulated by the Memorandum and Articles of Association of the Company and the various applicable legislation, Listing Requirements and other regulations and codes. The Board's charter was formalised during the financial year ended 30 June 2014 and a copy can be found under the "Governance" section on the Company's website at **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 5 times during the financial year ended 30 June 2016.

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.

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 139A of the Companies Act 1965. 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 Articles of Association, at least one-third of the Directors are required to retire from office at each Annual General Meeting ("AGM") and may offer themselves for re-election by rotation. Directors who are appointed by the Board during the financial year are subject to re-election by shareholders at the next AGM held following their appointments. Directors who are over seventy years of age are required to submit themselves for re-appointment by shareholders annually in accordance with Section 129 of the Companies Act 1965. The names 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**.

The Nominating Committee, which was established by the Board on 23 May 2013, is now responsible for assessing suitable candidates for appointment to the Board for approval, taking into account the required mix of skills, experience and expertise of members of the Board before submitting 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**.

Directors' remuneration is decided in line with the objective recommended by the Code to determine the remuneration for Directors so as to attract, retain, motivate and incentivise Directors of the necessary calibre to lead the YTL 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 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. 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**.

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 5 times during the financial year ended 30 June 2016. 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**.

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 2016 are as follows:-

	Company RM'000	Group RM'000
Statutory audit fees paid/payable to HLB	238	2,027
Non-audit fees paid/payable to:-		
– HLB	14	120
– Affiliates of HLB	12	311
	26	431

Statement on Corporate Governance

for the financial year ended 30 June 2016

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

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

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.

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** and the YTL Corp Group's community website at **www.ytlcommunity.com**, in addition to prescribed information, including its interim financial results, announcements, circulars, prospectuses and notices, which is released through the official website of Bursa Securities.

The 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 1965 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 Articles of Association of the Company. At the 32nd AGM of the Company, held on 24 November 2015, the resolutions put forth for shareholders' approval were voted on by a show of hands as there were no shareholder demands for voting to be done by way of a poll.

This statement was approved by the Board of Directors on 25 August 2016.

Statement on Risk Management & Internal Control

for the financial year ended 30 June 2016

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 Securities") and the principles and recommendations of the Malaysian Code on Corporate Governance 2012 ("Code").

The Board acknowledges its overall responsibility for maintaining a sound system of risk management and internal control to safeguard the investment of its shareholders and the assets of the YTL 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 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.

Statement on Risk Management & Internal Control

for the financial year ended 30 June 2016

- **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**.

  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 2016

- **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 financial risk management is contained in ***Note 40*** of the ***Notes to the Financial Statements*** in this Annual Report.

Statement on Risk Management & Internal Control

for the financial year ended 30 June 2016

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 2016, 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 25 August 2016.

Analysis of Shareholdings

as at 20 September 2016

ANALYSIS OF SHAREHOLDINGS

Class of shares : Ordinary Shares of RM0.10 each
Voting rights : One vote per shareholder on a show of hands or one vote per ordinary share on a poll

DISTRIBUTION OF SHAREHOLDINGS

Size of holding	No. of Shareholders	%	No. of Shares#	%#
Less than 100	2,334	9.92	65,848	0.00
100 – 1,000	3,906	16.60	2,240,951	0.02
1,001 – 10,000	10,817	45.98	46,160,142	0.44
10,001 – 100,000	5,222	22.20	153,580,358	1.46
100,001 to less than 5% of issued shares	1,241	5.28	3,877,746,445	36.90
5% and above of issued shares	4	0.02	6,430,015,334	61.18
Total	**23,524**	**100.00**	**10,509,809,078**	**100.00**

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	4,041,075,858	38.45
2	DB (Malaysia) Nominee (Asing) Sdn Bhd – Exempt An for Deutsche Bank AG Singapore (PWM Asing)	1,038,289,729	9.88
3	Malaysia Nominees (Tempatan) Sendirian Berhad – Pledged Securities Account for Yeoh Tiong Lay & Sons Holdings Sdn Bhd (88-00006-000)	707,200,000	6.73
4	Citigroup Nominees (Tempatan) Sdn Bhd – Employees Provident Fund Board	643,449,747	6.12
5	RHB Capital Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Yeoh Tiong Lay & Sons Holdings Sdn Bhd	300,000,000	2.85
6	Amanahraya Trustees Berhad – Amanah Saham Bumiputera	241,664,000	2.30
7	HSBC Nominees (Asing) Sdn Bhd – Exempt An for JPMorgan Chase Bank, National Association (SingaporeJPPMPB)	162,958,688	1.55
8	Cartaban Nominees (Asing) Sdn Bhd – Exempt An for State Street Bank & Trust Company (West CLT OD67)	112,360,338	1.07
9	Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	97,477,545	0.93
10	State Secretary, Pahang	94,697,451	0.90
11	UOBM Nominees (Asing) Sdn Bhd – Deutsche Bank AG Singapore Branch (PBD) for Velvet Properties Limited	91,784,855	0.87
12	UOBM Nominees (Asing) Sdn Bhd – Deutsche Bank AG Singapore Branch (PBD) for Orchestral Harmony Limited	90,500,832	0.86
13	Citigroup Nominees (Asing) Sdn Bhd – CBNY for Dimensional Emerging Markets Value Fund	89,104,250	0.85

Analysis of Shareholdings
as at 20 September 2016

	Name	No. of Shares	%#
14	HSBC Nominees (Asing) Sdn Bhd – BBH and Co Boston for Vanguard Emerging Markets Stock Index Fund	86,371,356	0.82
15	HSBC Nominees (Asing) Sdn Bhd – Exempt An for JPMorgan Chase Bank, National Association (U.S.A.)	64,664,071	0.62
16	Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	58,340,667	0.56
17	Dato' Yeoh Seok Kian	55,481,889	0.53
18	Dato' Yeoh Soo Keng	54,083,300	0.51
19	Dato' Sri Michael Yeoh Sock Siong	53,652,534	0.51
20	Dato' Yeoh Soo Min	51,797,932	0.49
21	UOBM Nominees (Asing) Sdn Bhd – Deutsche Bank AG Singapore Branch (PBD) for Windchime Developments Limited	50,479,642	0.48
22	UOBM Nominees (Asing) Sdn Bhd – Deutsche Bank AG Singapore Branch (PBD) for Water City Limited	48,855,028	0.46
23	Yeoh Tiong Lay & Sons Holdings Sdn Bhd	45,711,529	0.43
24	Puan Sri Datin Seri Tan Kai Yong @ Tan Kay Neong	44,294,664	0.42
25	Cartaban Nominees (Asing) Sdn Bhd – GIC Private Limited for Government of Singapore (C)	41,963,668	0.40
26	Citigroup Nominees (Asing) Sdn Bhd – CBNY for Emerging Market Core Equity Portfolio DFA Investment Dimensions Group INC	38,548,553	0.37
27	Yeoh Tiong Lay & Sons Holdings Sdn Bhd	37,814,090	0.36
28	Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	35,523,671	0.34
29	Citigroup Nominees (Asing) Sdn Bhd – UBS AG	35,114,830	0.33
30	Maybank Nominees (Tempatan) Sdn Bhd – Maybank Trustees Berhad for Public Regular Savings Fund (N14011940100)	35,081,600	0.33
	Total	**8,548,342,317**	**81.32**

SUBSTANTIAL SHAREHOLDERS
(as per register of substantial shareholders)

	No. of Shares Held			
Name	**Direct**	**%#**	**Indirect**	**%#**
Yeoh Tiong Lay & Sons Holdings Sdn Bhd	5,136,606,467	48.87	–	–
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	90,561,164	0.86	5,136,606,467*	48.87
Employees Provident Fund Board	685,857,747	6.53	–	–

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

\# *Based on the issued and paid–up share capital of the Company of RM1,088,515,621.70 comprising 10,885,156,217 ordinary shares net of 375,347,139 treasury shares retained by the Company as per Record of Depositors.*

Statement of Directors' Interests

in the company and related corporations as at 20 September 2016

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[(1)(2)]	49.30
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	133,001,216	1.27	–	–
Dato' Yeoh Seok Kian	55,481,889	0.53	11,419,183[(2)]	0.11
Dato' Yeoh Soo Min	51,797,932	0.49	1,876,871[(2)(5)]	0.02
Dato' Yeoh Seok Hong	44,535,079	0.42	23,549,759[(2)]	0.22
Dato' Sri Michael Yeoh Sock Siong	53,652,534	0.51	19,967,788[(2)]	0.19
Dato' Yeoh Soo Keng	54,083,300	0.51	758,214[(2)]	0.01
Dato' Mark Yeoh Seok Kah	20,081,152	0.19	4,005,597[(2)]	0.04
Syed Abdullah Bin Syed Abd Kadir	9,404,133	0.09	19,642[(2)]	*

Name	No. of Share Options	
	Direct	Indirect
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	7,000,000	5,000,000[(2)]
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	7,000,000	2,000,000[(2)]
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[(2)]
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[(2)]	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 20 September 2016

SUBSIDIARY COMPANIES

YTL Cement Berhad

Name	No. of Shares Held			
	Direct	%	Indirect	%
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	–	–	737,668,130(6)	99.60

YTL e-Solutions Berhad

Name	No. of Shares Held			
	Direct	%	Indirect	%
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	–	–	1,270,588,075(7)	94.44

YTL Land & Development Berhad

Name	No. of Shares Held			
	Direct	%	Indirect	%
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	–	–	558,976,534(3)	67.41
Dato' Yeoh Seok Kian	61,538	0.01	–	–
Dato' Yeoh Soo Min	–	–	625,582(5)	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(3)	80.03
Dato' Yeoh Seok Kian	37,000	*	–	–
Dato' Yeoh Soo Keng	60,000	0.01	–	–

YTL Power International Berhad

Name	No. of Shares Held			
	Direct	%	Indirect	%
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	21,599,262	0.28	4,870,179,657(2)(4)	63.07
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	14,719,213	0.19	89,000(2)	*
Dato' Yeoh Seok Kian	10,404,890	0.13	4,421,155(2)	0.06
Dato' Yeoh Soo Min	16,862,430	0.22	3,754,488(2)(5)	0.05
Dato' Yeoh Seok Hong	45,845,216	0.59	5,015,218(2)	0.06
Dato' Sri Michael Yeoh Sock Siong	14,055,133	0.18	2,658,052(2)	0.03
Dato' Yeoh Soo Keng	13,666,251	0.18	140,175(2)	*
Dato' Mark Yeoh Seok Kah	9,387,959	0.12	1,415,320(2)	0.02
Syed Abdullah Bin Syed Abd Kadir	2,381,613	0.03	550(2)	*

Statement of Directors' Interests

in the company and related corporations as at 20 September 2016

Name	No. of Warrants 2008/2018 Held			
	Direct	%	Indirect	%
Dato' Yeoh Soo Min	–	–	2,000(2)	*
Dato' Yeoh Soo Keng	–	–	87,054(2)	0.06

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(2)
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	*

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

Statement of Directors' Interests

in the company and related corporations as at 20 September 2016

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

By virtue of Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay's deemed interests in the shares of the Company under Section 6A of the Companies Act, 1965 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

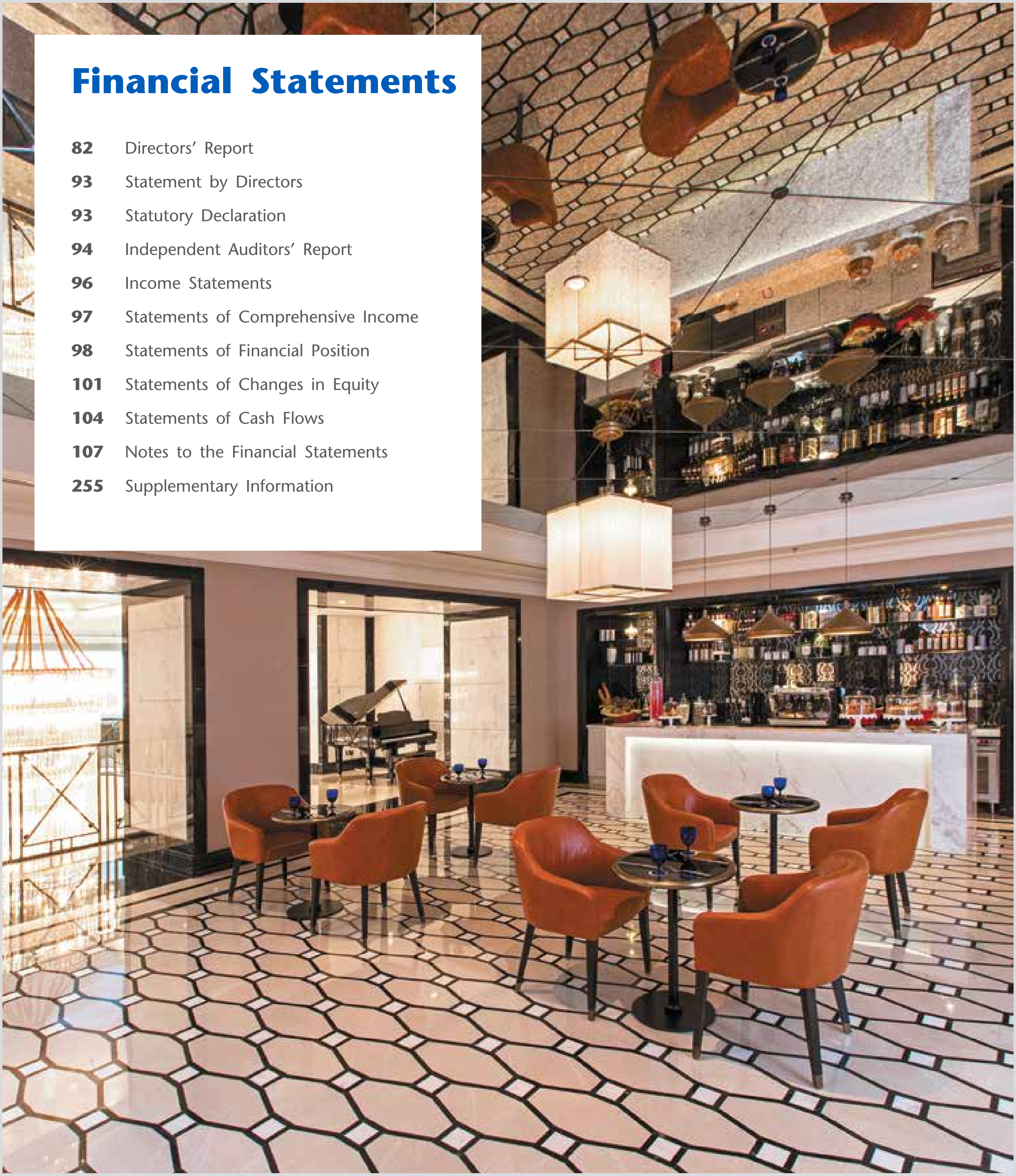
as at 30 June 2016

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 2016 (RM'000)	Date of Acquisition
Ngee Ann City Property, 391/391B Orchard Road, Singapore 238874 ^	Leasehold	26,846.4 sq.m.	Four 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	23	31.03.2072	3,419,442	20.09.2005
Wisma Atria Property, 435 Orchard Road, Singapore 238877 ^	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	30	31.03.2061	2,974,466	20.09.2005
Lot 1070N of Town Subdivision 24, Orchard Boulevard	Freehold	1.427 acres	Residential development	–	–	–	1,970,419	22.11.2007
Lot 1 in Deposited Plan 804285 in the Local Government Area of Sydney, Parish of St James, County of Cumberland @	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	27	–	1,132,499	29.11.2012
Myer Centre Adelaide, 14-38 Rundle Mall, Adelaide, Australia ^	Freehold	10,451 sq.m.	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)	25	Freehold	895,858	18.05.2015
Starhill Gallery, 181 Jalan Bukit Bintang, 55100 Kuala Lumpur, Malaysia ^	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	21	Freehold	700,000	28.06.2010

List of Properties
as at 30 June 2016

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 2016 (RM'000)	Date of Acquisition
Avonmouth STW, Kings Weston Lane, Avonmouth, Bristol BS11 OYS	Freehold	394,600 sq.m.	Sewerage treatment works	–	–	–	458,402	21.5.2002
David Jones Building, 622-648 Hay Street Mall, Perth, Australia ^	Freehold	6,640 sq.m.	4-level property known as David Jones Building which has heritage-listed components including the Savoy Hotel	24,069.30 (Gross Lettable Area)	14	Freehold	458,109	20.01.2010
HS (D) 460/88 PT 1122#	Leasehold	59.79 acres	Cement plant	–	–	Year 2087	451,391	30.7.1998
HS (D) 461/88 PT 1123#	Leasehold	0.9864 acres	Cement plant	–	–	Year 2087		30.7.1988
HS (D) 2675 PT 1327#	Leasehold	22.21 acres	Cement plant	–	–	Year 2095		17.4.1996
HS (D) 3705 PT 1417#	Leasehold	1.46 acres	Warehouse & depot	–	–	Year 2096		29.12.1997
HS (D) 3706 PT 1418#	Leasehold	14.55 acres	Cement plant	–	–	Year 2096		29.12.1997
HS (D) 2676 PT 1328#	Leasehold	8.20 acres	Cement plant	–	–	Year 2095		17.4.1996
HS (D) 2677 PT 1329#	Leasehold	30.25 acres	Cement plant	–	–	Year 2095		17.4.1996
HS (D) 2678 PT 1330#	Leasehold	102.33 acres	Cement plant	–	–	Year 2095		17.4.1996
HS (D) 2679 PT 1331#	Leasehold	130.97 acres	Cement plant	–	–	Year 2026		17.4.1996
HS (D) 2680 PT 1332#	Leasehold	14.41 acres	Cement plant	–	–	Year 2026		17.4.1996
HS (D) 2735 PT 1326#	Leasehold	28.24 acres	Staff quarter building	–	–	Year 2095		29.5.1996
HS (D) 2737 PT 417#	Leasehold	28.17 acres	Cement plant	–	–	Year 2095		27.6.1996
HS (D) 2681 PT 1333#	Leasehold	278.24 acres	Cement plant	–	–	Year 2026		17.4.1996
HS (D) 4170 PT 1419#	Leasehold	30.06 acres	Cement plant	–	–	Year 2097		15.9.1998
HS (D) 4171 PT 1420#	Leasehold	3.54 acres	Cement plant	–	–	Year 2097		15.9.1998
HS (D) 8804 PT 1421#	Leasehold	13.38 acres	Cement plant	–	–	Year 2102		1.10.2003
PN 00108181, Lot 2764#	Leasehold	49.57 acres	Cement plant	–	–	Year 2886		1.11.1996
Lot 10 Property, 50 Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia ^	Leasehold	10,139 sq.m.	137 strata parcels and 2 accessory parcels within Lot 10 shopping centre	39,984	26	29.07.2076	430,000	28.06.2010

\# *Mukim Kampung Buaya, Daerah Kuala Kangsar, Negeri Perak Darul Ridzuan*
@ *Based on valuation on 31 May 2016*
^ *Based on independent valuation on 30 June 2016*



Financial Statements

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 2016.

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	1,886,958	622,659
Attributable to:-		
Owners of the parent	916,431	622,659
Non-controlling interests	970,527	–
	1,886,958	622,659

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 2015:-	
An interim single tier dividend of 95% or 9.5 sen per ordinary share of 10 sen each paid on 23 October 2015	989,771

On 25 August 2016, the Board of Directors declared an interim single tier dividend of 95% or 9.5 sen per ordinary share of 10 sen each for the financial year ended 30 June 2016. The book closure and payment dates in respect of the aforesaid dividend are 31 October 2016 and 15 November 2016, respectively.

The Board of Directors does not recommend the payment of a final dividend for the financial year ended 30 June 2016.

RESERVES AND PROVISIONS

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

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 24 November 2015. 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.

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 30.6.2016**
Key management personnel	4.49%*	–

* *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:

	Number of share options over ordinary shares of RM0.10 each			
Name of Directors	**Balance at 1.7.2015**	**Granted**	**Exercised**	**Balance at 30.6.2016**
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
(continued)

DIRECTORS

The Directors who served on the Board of the Company since the date of the last 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 (Appointed on 26 November 2015)
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
Dato' (Dr) Yahya Bin Ismail (Retired on 24 November 2015)

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 134 of the Companies Act 1965, interests in the shares of the Company and related companies as follows:-

	Number of ordinary shares of RM0.10 each			
The Company	**Balance at 1.7.2015**	**Acquired**	**Disposed**	**Balance at 30.6.2016**
Direct interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	90,561,164	–	–	**90,561,164**
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	133,001,216	–	–	**133,001,216**
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	–	–	**53,916,634**
Dato' Mark Yeoh Seok Kah	20,081,152	–	–	**20,081,152**
Syed Abdullah Bin Syed Abd. Kadir	9,304,133	–	–	**9,304,133**

DIRECTORS' INTERESTS (CONTINUED)

The Company	Number of ordinary shares of RM0.10 each Balance at 1.7.2015	Acquired	Disposed	Balance at 30.6.2016
Deemed interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	5,180,207,231[(1)(2)]	–	–	**5,180,207,231**[(1)(2)]
Dato' Yeoh Seok Kian	8,444,248[(1)]	2,908,269	–	**11,352,517**[(1)]
Dato' Yeoh Soo Min	1,525,605[(1)(5)]	–	–	**1,525,605**[(1)(5)]
Dato' Yeoh Seok Hong	23,549,759[(1)]	250,000	(250,000)	**23,549,759**[(1)]
Dato' Sri Michael Yeoh Sock Siong	19,332,622[(1)]	–	–	**19,332,622**[(1)]
Dato' Yeoh Soo Keng	758,214[(1)]	–	–	**758,214**[(1)]
Dato' Mark Yeoh Seok Kah	4,005,597[(1)]	–	–	**4,005,597**[(1)]
Syed Abdullah Bin Syed Abd. Kadir	19,642[(1)]	–	–	**19,642**[(1)]

The Company	Number of share options over ordinary shares of RM0.10 each Balance at 1.7.2015	Granted	Exercised	Balance at 30.6.2016
Direct interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	7,000,000	–	–	**7,000,000**
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	7,000,000	–	–	**7,000,000**
Dato' Yeoh Seok Kian	5,000,000	–	–	**5,000,000**
Dato' 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**
Deemed interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	5,000,000[(1)]	–	–	**5,000,000**[(1)]
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	2,000,000[(1)]	–	–	**2,000,000**[(1)]
Dato' Yeoh Seok Hong	3,000,000[(1)]	–	–	**3,000,000**[(1)]

Directors' Report
(continued)

DIRECTORS' INTERESTS (CONTINUED)

Holding company – Yeoh Tiong Lay & Sons Holdings Sdn. Bhd.	Number of ordinary shares of RM1.00 each			
	Balance at 1.7.2015	Acquired	Disposed	Balance at 30.6.2016
Direct interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	8,220,004	–	–	**8,220,004**
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	5,000,000	–	–	**5,000,000**
Dato' Yeoh Seok Kian	5,000,000	–	–	**5,000,000**
Dato' Yeoh Soo Min	1,250,000	–	–	**1,250,000**
Dato' Yeoh Seok Hong	5,000,000	–	–	**5,000,000**
Dato' Sri Michael Yeoh Sock Siong	5,000,000	–	–	**5,000,000**
Dato' Yeoh Soo Keng	1,250,000	–	–	**1,250,000**
Dato' Mark Yeoh Seok Kah	5,000,000	–	–	**5,000,000**
Deemed interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	5,000,004(1)	–	–	**5,000,004**(1)

Subsidiary – YTL Cement Berhad	Number of ordinary shares of RM0.50 each			
	Balance at 1.7.2015	Acquired	Disposed	Balance at 30.6.2016
Deemed interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	737,661,273(3)	6,857	–	**737,668,130**(3)

Subsidiary – YTL Power International Berhad	Number of ordinary shares of RM0.50 each			
	Balance at 1.7.2015	Acquired	Disposed	Balance at 30.6.2016
Direct interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	21,399,262	200,000	–	**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	40,845,216	5,000,000	–	**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**

DIRECTORS' INTERESTS (CONTINUED)

Subsidiary – YTL Power International Berhad	Number of ordinary shares of RM0.50 each			
	Balance at 1.7.2015	Acquired	Disposed	Balance at 30.6.2016
Deemed interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	4,284,359,386(1)(4)	586,019,271	(199,000)	**4,870,179,657**(1)(4)
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	–	89,000	–	**89,000**(1)
Dato' Yeoh Seok Kian	3,220,159(1)	1,200,996	–	**4,421,155**(1)
Dato' Yeoh Soo Min	3,754,488(1)(5)	–	–	**3,754,488**(1)(5)
Dato' Yeoh Seok Hong	5,015,218(1)	–	–	**5,015,218**(1)
Dato' Sri Michael Yeoh Sock Siong	2,658,052(1)	–	–	**2,658,052**(1)
Dato' Yeoh Soo Keng	140,175(1)	–	–	**140,175**(1)
Dato' Mark Yeoh Seok Kah	1,415,320(1)	–	–	**1,415,320**(1)
Syed Abdullah Bin Syed Abd. Kadir	550(1)	–	–	**550**(1)

	Number of Warrants 2008/2018			
	Balance at 1.7.2015	Acquired	Exercised/ Disposed	Balance at 30.6.2016
Deemed interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	586,019,271(6)	–	(586,019,271)	**–**
Dato' Yeoh Soo Min	2,000(1)	–	–	**2,000**(1)
Dato' Yeoh Soo Keng	87,054(1)	–	–	**87,054**(1)

	Number of share options over ordinary shares of RM0.50 each			
	Balance at 1.7.2015	Granted	Exercised	Balance at 30.6.2016
Direct interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	7,000,000	–	–	**7,000,000**
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	7,000,000	–	–	**7,000,000**
Dato' Yeoh Seok Kian	5,000,000	–	–	**5,000,000**
Dato' Yeoh Soo Min	3,000,000	–	–	**3,000,000**
Dato' Yeoh Seok Hong	5,000,000	–	(5,000,000)	**–**
Dato' Sri Michael Yeoh Sock Siong	5,000,000	–	–	**5,000,000**
Dato' Yeoh Soo Keng	3,000,000	–	–	**3,000,000**
Dato' Mark Yeoh Seok Kah	5,000,000	–	–	**5,000,000**
Syed Abdullah Bin Syed Abd. Kadir	3,000,000	–	–	**3,000,000**
Deemed interests				
Dato' Yeoh Seok Hong	500,000(1)	–	–	**500,000**(1)

Directors' Report
(continued)

DIRECTORS' INTERESTS (CONTINUED)

Subsidiary – YTL Land & Development Berhad	Number of ordinary shares of RM0.50 each			
	Balance at 1.7.2015	Acquired	Disposed	Balance at 30.6.2016
Direct interests				
Dato' Yeoh Seok Kian	61,538	–	–	**61,538**
Dato' Yeoh Soo Keng	100,000	–	–	**100,000**
Deemed interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	558,976,534(6)	–	–	**558,976,534**(6)
Dato' Yeoh Soo Min	625,582(5)	–	–	**625,582**(5)

	Number of Irredeemable Convertible Unsecured Loan Stocks 2011/2021 of RM0.50 each			
	Balance at 1.7.2015	Acquired	Converted/ Disposed	Balance at 30.6.2016
Direct interests				
Dato' Yeoh Seok Kian	37,000	–	–	**37,000**
Dato' Yeoh Soo Keng	60,000	–	–	**60,000**
Deemed interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	793,717,049(6)	–	–	**793,717,049**(6)

Subsidiary – YTL e-Solutions Berhad	Number of ordinary shares of RM0.10 each			
	Balance at 1.7.2015	Acquired	Disposed	Balance at 30.6.2016
Direct interests				
Dato' Yeoh Soo Keng	500,000	–	–	**500,000**
Syed Abdullah Bin Syed Abd. Kadir	300,000	–	–	**300,000**
Deemed interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	999,172,000(6)	–	–	**999,172,000**(6)
Dato' Yeoh Seok Kian	–	200,000	–	**200,000**(1)
Dato' Yeoh Soo Min	1,053,800(5)	–	–	**1,053,800**(5)
Dato' Sri Michael Yeoh Sock Siong	1,905,500(1)	–	–	**1,905,500**(1)

DIRECTORS' INTERESTS (CONTINUED)

Subsidiary – YTL Corporation (UK) PLC*	Number of ordinary shares of £0.25 each			
	Balance at 1.7.2015	Acquired	Disposed	Balance at 30.6.2016
Direct interests				
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	1	–	–	**1**

* *Incorporated in England & Wales*

Subsidiary – YTL Construction (Thailand) Limited+	Number of ordinary shares of THB100 each			
	Balance at 1.7.2015	Acquired	Disposed	Balance at 30.6.2016
Direct interests				
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	1	–	–	**1**
Dato' Yeoh Seok Kian	1	–	–	**1**
Dato' Yeoh Seok Hong	1	–	–	**1**
Dato' Sri Michael Yeoh Sock Siong	1	–	–	**1**
Dato' Mark Yeoh Seok Kah	1	–	–	**1**

Subsidiary – Samui Hotel 2 Co., Ltd+	Number of ordinary shares of THB10 each			
	Balance at 1.7.2015	Acquired	Disposed	Balance at 30.6.2016
Direct interests				
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	1	–	–	**1**
Dato' Mark Yeoh Seok Kah	1	–	–	**1**

\+ *Incorporated in Thailand*

Related Company – Syarikat Pelancongan Seri Andalan (M) Sdn. Bhd.	Number of ordinary shares of RM1.00 each			
	Balance at 1.7.2015	Acquired	Disposed	Balance at 30.6.2016
Direct interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	1	–	–	**1**
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	1	–	–	**1**

Directors' Report
(continued)

DIRECTORS' INTERESTS (CONTINUED)

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

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

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

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

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

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

By virtue of Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay's deemed interests in the shares of the Company under Section 6A of the Companies Act 1965, 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.

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 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.

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.

Directors' Report
(continued)

HOLDING COMPANY

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

AUDITORS

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

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 : 22 September 2016

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 1965 in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 June 2016 and of the results of the operations and cash flows of the Group and of the Company 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 22 September 2016.

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 22 September 2016

Before me:

Tan Seok Kett
Commissioner for Oaths

Independent Auditors' Report

to the Members of YTL Corporation Berhad

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of YTL CORPORATION BERHAD, which comprise the Statements of Financial Position as at 30 June 2016 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 a summary of significant accounting policies and other information notes, as set out on pages 96 to 254.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

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

OPINION

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 30 June 2016 and of their financial performance and cash flows for the year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

Independent Auditors' Report

to the Members of YTL Corporation Berhad (continued)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report the following:-

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 13 to the Financial Statements.

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

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

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out on page 255 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

HLB LER LUM
AF 0276
Chartered Accountants

LUM TUCK CHEONG
1005/3/17(J/PH)
Chartered Accountant

Dated : 22 September 2016
Kuala Lumpur

Income Statements

for the financial year ended 30 June 2016

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Revenue	3	**15,377,505**	16,754,726	**839,326**	1,851,194
Cost of sales	4	**(10,925,811)**	(12,186,243)	**–**	–
Gross profit		**4,451,694**	4,568,483	**839,326**	1,851,194
Other operating income		**740,334**	452,119	**5,114**	5,497
Selling and distribution costs		**(348,407)**	(353,163)	**–**	–
Administration expenses		**(1,390,183)**	(1,231,379)	**(90,666)**	(72,131)
Other operating expenses		**(518,092)**	(244,708)	**–**	–
Finance costs	5	**(1,317,897)**	(1,165,265)	**(126,427)**	(121,085)
Share of results of associated companies and joint ventures, net of tax		**645,082**	297,250	**–**	–
Profit before tax	6	**2,262,531**	2,323,337	**627,347**	1,663,475
Income tax expenses	7	**(375,573)**	(602,305)	**(4,688)**	(17,392)
Profit for the year		**1,886,958**	1,721,032	**622,659**	1,646,083
Attributable to:-					
Owners of the parent		**916,431**	1,017,645	**622,659**	1,646,083
Non-controlling interests		**970,527**	703,387	**–**	–
		1,886,958	1,721,032	**622,659**	1,646,083
Earnings per share (sen)					
Basic/diluted	8	**8.80**	9.80		
Dividend per ordinary shares (sen)	9	**9.50**	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 2016

	Group		Company	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Profit for the year	**1,886,958**	1,721,032	**622,659**	1,646,083
Other comprehensive income/(loss):				
Items that may not be reclassified subsequently to income statement:				
– re-measurement of post-employment benefit obligations	**(196,822)**	(103,885)	**–**	–
Items that may be reclassified subsequently to income statement:				
– available-for-sale financial assets				
– fair value changes	**(4,074)**	(313)	**96**	826
– reclassification	**–**	–	**(1,165)**	(1,048)
– cash flow hedges	**33,296**	(344,103)	**–**	–
– foreign currency translation	**659,706**	1,459,448	**–**	–
Other comprehensive income/(loss) for the year, net of tax	**492,106**	1,011,147	**(1,069)**	(222)
Total comprehensive income for the year	**2,379,064**	2,732,179	**621,590**	1,645,861
Total comprehensive income attributable to:-				
Owners of the parent	**1,150,254**	1,536,972	**621,590**	1,645,861
Non-controlling interests	**1,228,810**	1,195,207	**–**	–
	2,379,064	2,732,179	**621,590**	1,645,861

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

Statements of Financial Position

as at 30 June 2016

	Note	Group			Company	
		2016 RM'000	2015 RM'000 Restated	2014 RM'000 Restated	2016 RM'000	2015 RM'000
ASSETS						
Non-current assets						
Property, plant and equipment	10	**26,637,266**	27,569,745	25,314,106	**4,293**	3,206
Investment properties	11	**9,637,514**	9,014,876	7,586,285	**–**	–
Development expenditures	12	**771,733**	834,271	949,774	**–**	–
Investment in subsidiaries	13	**–**	–	–	**7,807,048**	7,650,302
Investment in associated companies	14	**2,172,723**	1,862,200	1,649,437	**205,241**	205,241
Joint ventures	15	**48,192**	34,755	26,312	**–**	–
Investments	16	**302,389**	262,342	192,605	**29,089**	31,848
Intangible assets	18	**6,064,975**	5,560,416	5,013,992	**–**	–
Biological assets	19	**1,798**	1,798	1,798	**–**	–
Trade and other receivables	20	**251,374**	287,445	576,776	**–**	–
Other non-current assets	23	**143,287**	32,558	60,965	**–**	–
Derivative financial instruments	24	**30,855**	53,792	19,848	**–**	–
		46,062,106	45,514,198	41,391,898	**8,045,671**	7,890,597
Current assets						
Inventories	21	**759,889**	770,212	773,878	**–**	–
Property development costs	22	**2,650,186**	1,883,184	1,530,598	**–**	–
Trade and other receivables	20	**2,774,608**	3,420,880	2,966,771	**14,511**	15,475
Other current assets	23	**394,033**	224,425	485,059	**569**	178
Derivative financial instruments	24	**64,965**	85,243	30,590	**–**	–
Income tax assets		**44,813**	19,168	4,661	**41,324**	23,452
Amounts due from related parties	26	**62,255**	42,634	42,173	**1,001,553**	960,650
Short term investments	27	**708,127**	632,106	609,531	**708,127**	632,106
Fixed deposits	17	**12,664,529**	13,318,448	11,907,881	**614,087**	1,223,338
Cash and bank balances	17	**1,081,308**	798,158	1,308,615	**3,498**	3,154
		21,204,713	21,194,458	19,659,757	**2,383,669**	2,858,353
Total assets		**67,266,819**	66,708,656	61,051,655	**10,429,340**	10,748,950

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

Statements of Financial Position
as at 30 June 2016 (continued)

	Note	Group			Company	
		2016 RM'000	**2015 RM'000 Restated**	**2014 RM'000 Restated**	**2016 RM'000**	**2015 RM'000**
EQUITY AND LIABILITIES						
Equity attributable to owners of the parent						
Share capital	28	**1,079,399**	1,079,399	1,073,893	**1,079,399**	1,079,399
Share premium	29	**2,069,188**	2,069,188	1,987,700	**2,069,188**	2,069,188
Other reserves	29	**827,630**	489,086	(111,478)	**47,061**	48,690
Retained earnings		**11,223,837**	11,579,479	12,023,484	**4,791,941**	5,157,833
Treasury shares, at cost	28	**(596,575)**	(596,574)	(596,570)	**(596,575)**	(596,574)
		14,603,479	14,620,578	14,377,029	**7,391,014**	7,758,536
Non-controlling interests		**7,408,598**	6,152,419	5,379,029	**–**	–
Total equity		**22,012,077**	20,772,997	19,756,058	**7,391,014**	7,758,536
Non-current liabilities						
Long term payables	30	**937,860**	845,610	644,071	**–**	–
Other non-current liabilities	31	**67,696**	67,696	67,696	**–**	–
Bonds	32	**15,745,189**	16,555,979	14,319,274	**1,500,000**	1,500,000
Borrowings	33	**18,226,421**	16,503,667	13,869,725	**200,705**	200,244
Grants and contributions	34	**427,843**	413,485	347,207	**–**	–
Deferred tax liabilities	35	**2,118,308**	2,396,438	2,268,262	**186**	100
Post-employment benefit obligations	36	**874,272**	743,365	553,780	**–**	–
Provision for liabilities and charges	39	**40,331**	40,331	40,331	**–**	–
Derivative financial instruments	24	**155,141**	136,223	10,754	**–**	–
Total non-current liabilities		**38,593,061**	37,702,794	32,121,100	**1,700,891**	1,700,344

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

Statements of Financial Position

as at 30 June 2016 (continued)

		Group			Company	
	Note	2016 RM'000	2015 RM'000 Restated	2014 RM'000 Restated	2016 RM'000	2015 RM'000
Current liabilities						
Trade and other payables	37	**2,959,590**	3,165,615	3,253,302	**12,408**	12,490
Other current liabilities	38	**30,208**	14,687	91,938	**–**	–
Derivative financial instruments	24	**248,330**	304,311	77,831	**–**	–
Amounts due to related parties	26	**9,203**	10,132	6,559	**57,090**	9,911
Bonds	32	**31,002**	348,390	1,518,590	**–**	–
Borrowings	33	**3,059,580**	4,074,500	3,877,519	**1,267,520**	1,267,294
Provision for liabilities and charges	39	**127,789**	59,695	27,302	**–**	–
Post-employment benefit obligations	36	**5,887**	5,720	4,606	**417**	375
Income tax liabilities		**190,092**	249,815	316,850	**–**	–
Total current liabilities		**6,661,681**	8,232,865	9,174,497	**1,337,435**	1,290,070
Total liabilities		**45,254,742**	45,935,659	41,295,597	**3,038,326**	2,990,414
Total equity and liabilities		**67,266,819**	66,708,656	61,051,655	**10,429,340**	10,748,950

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 2016

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 (as previously stated)	1,079,399	2,069,188	489,086	11,591,646	(596,574)	14,632,745	6,163,877	20,796,622
Prior year adjustments	–	–	–	(12,167)	–	(12,167)	(11,458)	(23,625)
At 1 July 2015 (as restated)	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)
At 30 June 2016	1,079,399	2,069,188	827,630	11,223,837	(596,575)	14,603,479	7,408,598	22,012,077

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 2016 (continued)

Group – 2015	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 2014 (as previously stated)	1,073,893	1,987,700	(111,478)	12,033,219	(596,570)	14,386,764	5,392,919	19,779,683
Prior year adjustments	–	–	–	(9,735)	–	(9,735)	(13,890)	(23,625)
At 1 July 2014 (as restated)	1,073,893	1,987,700	(111,478)	12,023,484	(596,570)	14,377,029	5,379,029	19,756,058
Profit for the year	–	–	–	1,017,645	–	1,017,645	703,387	1,721,032
Other comprehensive income/(loss) for the year	–	–	578,288	(58,961)	–	519,327	491,820	1,011,147
Total comprehensive income for the year	–	–	578,288	958,684	–	1,536,972	1,195,207	2,732,179
Changes in composition of the Group	–	–	–	(418,170)	–	(418,170)	275,837	(142,333)
Conversion of ICULS	–	–	(29)	–	–	(29)	–	(29)
Dividends paid	–	–	–	(984,541)	–	(984,541)	(697,654)	(1,682,195)
Issue of share capital	5,506	81,488	–	–	–	86,994	–	86,994
Share option lapsed	–	–	(22)	22	–	–	–	–
Share option expenses by subsidiary	–	–	7,074	–	–	7,074	–	7,074
Share option expenses	–	–	15,253	–	–	15,253	–	15,253
Treasury shares	–	–	–	–	(4)	(4)	–	(4)
At 30 June 2015	1,079,399	2,069,188	489,086	11,579,479	(596,574)	14,620,578	6,152,419	20,772,997

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 2016 (continued)

Company	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 2014	1,073,893	1,987,700	33,659	4,496,291	(596,570)	6,994,973
Profit for the year	–	–	–	1,646,083	–	1,646,083
Other comprehensive loss	–	–	(222)	–	–	(222)
Total comprehensive income/(loss)	–	–	(222)	1,646,083	–	1,645,861
Issue of share capital	5,506	81,488	–	–	–	86,994
Dividends paid	–	–	–	(984,541)	–	(984,541)
Treasury shares	–	–	–	–	(4)	(4)
Share option expenses	–	–	15,253	–	–	15,253
At 30 June 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 income/(loss)	**–**	**–**	**(1,069)**	**622,659**	**–**	**621,590**
Dividends paid	**–**	**–**	**–**	**(989,771)**	**–**	**(989,771)**
Treasury shares	**–**	**–**	**–**	**–**	**(1)**	**(1)**
Share option expenses	**–**	**–**	**660**	**–**	**–**	**660**
Share option lapsed	**–**	**–**	**(1,220)**	**1,220**	**–**	**–**
At 30 June 2016	**1,079,399**	**2,069,188**	**47,061**	**4,791,941**	**(596,575)**	**7,391,014**

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 2016

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Cash flows from operating activities				
Profit before tax	**2,262,531**	2,323,337	**627,347**	1,663,475
Adjustments for:-				
Adjustment on fair value of investment properties	**(233,795)**	(38,414)	**–**	–
Amortisation of deferred income	**(4,277)**	(4,142)	**–**	–
Amortisation of grants and contributions	**(17,005)**	(10,042)	**–**	–
Amortisation of other intangible assets	**101,065**	72,448	**–**	–
Bad debts recovered	**(171)**	(185)	**–**	–
Bad debts written off	**16,473**	7,576	**2,581**	5,965
Depreciation	**1,593,533**	1,709,180	**1,116**	837
Dividend income	**(6,035)**	(1,488)	**(763,843)**	(1,764,040)
Fair value changes of derivatives	**17,852**	(71,122)	**–**	–
Gain on disposal of investments	**(1,200)**	(383)	**(1,200)**	(1,101)
Gain on disposal of investment properties	**208**	(164)	**–**	–
Gain on disposal of land/property	**(359)**	–	**–**	–
Gain on disposal of property, plant and equipment	**(23,919)**	(29,798)	**–**	12
Impairment losses	**34,711**	61,513	**28,351**	1,049
Interest expense	**1,317,897**	1,165,265	**126,427**	121,085
Interest income	**(339,422)**	(258,889)	**(75,234)**	(86,925)
Inventories write down – net	**1,065**	4,724	**–**	–
Investment written off	**250**	–	**250**	–
Loss on disposal of investment in subsidiary	**–**	–	**911**	–
Write back for fuel cost	**–**	(9,949)	**–**	–
Property, plant and equipment written off	**18,948**	15,275	**–**	–
Provision for post-employment benefit	**73,125**	66,780	**–**	–
Provision for liabilities and charges	**71,761**	31,113	**–**	–
Share option expenses	**432**	17,144	**278**	6,659
Share of results of associated companies and joint ventures	**(645,082)**	(297,250)	**–**	–
Unrealised loss on foreign exchange – net	**35,387**	10,489	**–**	–
Operating profit/(loss) before changes in working capital	**4,273,973**	4,763,018	**(53,016)**	(52,984)

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 2016 (continued)

	Group		Company	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Changes in working capital:-				
Inventories	**17,211**	54,446	**–**	–
Property development costs	**(558,517)**	(218,229)	**–**	–
Receivables	**572,593**	122,454	**1,090**	2,239
Other assets	**(90,018)**	135,673	**–**	–
Other liabilities	**77,381**	(188,385)	**–**	–
Payables	**(149,515)**	(68,311)	**(38)**	65
Related parties balances	**(20,550)**	(3,112)	**6,658**	43,217
Cash generated from/(used in) operations	**4,122,558**	4,597,554	**(45,306)**	(7,463)
Dividends received	**414,473**	291,958	**763,843**	739,571
Interest paid	**(1,319,195)**	(1,141,606)	**(126,427)**	(121,085)
Interest received	**336,898**	219,361	**74,264**	64,350
Payment to a retirement benefits scheme	**(107,792)**	(99,251)	**–**	–
Income tax paid	**(587,865)**	(757,129)	**(22,474)**	(22,411)
Income tax refunded	**7,638**	9,246	**–**	–
Net cash from operating activities	**2,866,715**	3,120,133	**643,900**	652,962
Cash flows from investing activities				
Acquisition of additional shares in existing subsidiaries	**(181,570)**	(159,993)	**(185,086)**	(154,542)
Acquisition of new subsidiaries (net of cash acquired)	**(40)**	(119,102)	**(500)**	–
Additional investments accounted for using the equity method	**(3,097)**	(15,261)	**–**	–
Development expenditure incurred	**(55,721)**	(78,415)	**–**	–
Grants received in respect of infrastructure assets	**59,578**	41,900	**–**	–
Net proceeds from disposal of subsidiaries	**186**	–	**89**	–
Proceeds from disposal of investment properties	**86,408**	742	**–**	–
Proceeds from disposal of property, plant and equipment	**275,784**	89,995	**–**	46
Proceeds from disposal of land/property	**412**	–	**–**	–
Proceeds from disposal of investments	**–**	1,046	**–**	–
Purchase of intangible assets	**(90,837)**	(126,945)	**–**	–
Purchase of investment properties	**(19,761)**	(908,996)	**–**	–
Purchase of property, plant and equipment	**(1,836,213)**	(2,122,794)	**(733)**	(413)
Purchase of investments	**(115,249)**	(79,245)	**(76,021)**	–
Net cash used in investing activities	**(1,880,120)**	(3,477,068)	**(262,251)**	(154,909)

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 2016 (continued)

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Cash flows from financing activities				
Dividends paid	**(989,771)**	(984,541)	**(989,771)**	(984,541)
Dividends paid to non-controlling interests by subsidiaries	**(800,187)**	(697,654)	**–**	–
Repurchase of own shares by the company (at net)	**(1)**	(4)	**(1)**	(4)
Repurchase of subsidiaries' shares by subsidiaries	**(3)**	(6)	**–**	–
Proceeds from bonds	**–**	1,000,000	**–**	–
Proceeds from borrowings	**3,121,936**	5,590,123	**–**	200,000
Proceeds from issue of shares in subsidiaries to non-controlling interests	**769,079**	278,618	**–**	–
Proceeds from exercise of subsidiary's ESOS	**7,507**	–	**–**	–
Repayment of bonds	**–**	(863,250)	**–**	–
Repayment of borrowings	**(3,638,811)**	(3,932,658)	**(784)**	(575)
Net cash (used in)/from financing activities	**(1,530,251)**	390,628	**(990,556)**	(785,120)
Net changes in cash and cash equivalents	**(543,656)**	33,693	**(608,907)**	(287,067)
Effects of exchange rate changes	**191,674**	848,555	**–**	–
Cash and cash equivalents at beginning of the financial year	**14,031,412**	13,149,164	**1,226,492**	1,513,559
Cash and cash equivalents at the end of the financial year (Note 17)	**13,679,430**	14,031,412	**617,585**	1,226,492

NOTES TO THE STATEMENTS OF CASH FLOWS

Analysis of acquisition of property, plant and equipment:-

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Cash	**1,836,213**	2,122,794	**733**	413
Finance lease arrangement	**257,332**	4,402	**1,470**	432
Interest expense paid/payable	**9,045**	14,868	**–**	–
Transfer of assets from customers	**158,515**	138,856	**–**	–
Transfer from prepayments	**–**	31,823	**–**	–
Payables	**(19,985)**	1,052	**–**	–
Provision for liabilities and charges	**4,600**	–	**–**	–
Receivables	**–**	259	**–**	–
	2,245,720	2,314,054	**2,203**	845

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 1965 in Malaysia.

The preparation of financial statements in conformity with the FRS and the Companies Act 1965 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.

(b) Changes in accounting policies

There are no new FRSs and amendments to FRSs which are effective to the Group's and the Company's financial year beginning on or after 1 July 2015.

(c) 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.

Notes to the Financial Statements
(continued)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Property, plant and equipment and depreciation (continued)

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 used.

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 – 33⅓

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.

(d) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Impairment of non-financial assets (continued)

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.

(e) 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.

Notes to the Financial Statements
(continued)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) 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.

(g) 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.

(h) 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(d) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Development expenditure (continued)

(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.

(i) 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.

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.

Notes to the Financial Statements
(continued)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Basis of consolidation (continued)

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(n) 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.

(j) 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.

(k) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Investment in subsidiaries (continued)

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.

(l) 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.

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.

Notes to the Financial Statements
(continued)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) 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.

(n) 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(d) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Intangible assets (continued)

(ii) Goodwill (continued)

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 in Note 2(d).

(o) 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.

(p) 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.

Notes to the Financial Statements
(continued)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Construction contracts (continued)

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.

(q) 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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Financial assets (continued)

(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.

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.

Notes to the Financial Statements
(continued)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Financial assets (continued)

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.

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) 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.

(u) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) 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.

(v) 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.

Notes to the Financial Statements
(continued)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) Derivatives financial instruments and hedging activities (continued)

The fair values of various derivative instruments used for hedging purposes are disclosed in Note 24. 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'.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(w) 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(v)(iii). 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.

(x) 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.

(y) 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.

(z) 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.

(aa) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(bb) Treasury shares

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

(cc) 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.

(dd) 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.

(ee) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ee) Employee benefits (continued)

(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.

(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.

Notes to the Financial Statements
(continued)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ee) Employee benefits (continued)

(iii) Share-based compensation (continued)

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.

(ff) 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.

(gg) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(gg) 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 oil have been passed to the customers which occur when the oil has been delivered and the collectability of the related receivable is reasonably assured.

(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(q) 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(p) 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
(continued)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(jj) Financial guarantee (continued)

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

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

(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
(continued)

3. REVENUE

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Sale of electricity	**5,463,590**	7,194,729	**–**	–
Sale of clean water, treatment and disposal of waste water	**3,342,458**	3,043,780	**–**	–
Sale of goods	**2,936,603**	2,947,495	**–**	–
Hotel operations	**791,506**	692,950	**–**	–
Broadband and telecommunications revenue	**694,713**	687,195	**–**	–
Rental income				
– investment properties	**667,634**	536,385	**–**	–
– other properties	**5,427**	8,003	**–**	–
Rendering of services	**448,633**	338,270	**249**	229
Property development projects	**317,544**	340,019	**–**	–
Sale of fuel oil	**261,004**	503,917	**–**	–
Sale of steam	**127,166**	192,397	**–**	–
Construction contracts revenue	**112,411**	85,061	**–**	–
Interest income				
– loan stocks, in Malaysia, quoted	**–**	–	**15,687**	11,745
– subsidiaries	**–**	–	**2,458**	3,573
– others	**203,458**	183,610	**57,089**	71,607
Dividends				
– quoted investments				
– subsidiaries, in Malaysia	**–**	–	**467,200**	444,578
– subsidiaries, outside Malaysia	**–**	–	**11,499**	9,793
– other investments, in Malaysia	**5,358**	915	**484**	540
– unquoted investments				
– subsidiaries, in Malaysia	**–**	–	**284,660**	1,309,129
	15,377,505	16,754,726	**839,326**	1,851,194

4. COST OF SALES

Included in cost of sales are the following:-

	Group	
	2016 RM'000	**2015 RM'000**
Cost of inventories	**1,828,249**	2,157,316
Construction contracts costs	**67,526**	44,661
Energy costs	**4,948,390**	6,426,908
Property development costs	**201,423**	194,027

5. FINANCE COSTS

	Group		Company	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Interest expense				
– Bonds	**723,302**	677,573	**66,126**	66,140
– Borrowings	**635,490**	536,235	**60,301**	54,945
– Post-employment benefits obligation	**28,153**	23,392	**–**	–
	1,386,945	1,237,200	**126,427**	121,085
Less: Amount capitalised in				
– Development expenditure	**–**	(1,269)	**–**	–
– Property developments costs	**(49,641)**	(34,046)	**–**	–
– Construction contracts	**–**	(131)	**–**	–
– Property, plant and equipment	**(19,407)**	(36,489)	**–**	–
Interest expenses of financial liabilities carried at amortised cost	**1,317,897**	1,165,265	**126,427**	121,085

Notes to the Financial Statements
(continued)

6. PROFIT BEFORE TAX

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Profit before tax is stated after charging (other than those disclosed in Note 4 & 5 to the Financial Statements):-				
Amortisation of intangible assets (Note 18)	**101,065**	72,448	**–**	–
Auditors' remuneration				
– statutory audit				
– current financial year	**8,500**	7,393	**238**	230
– under-provision in prior financial year	**39**	23	**–**	8
– others	**1,192**	1,258	**14**	14
Bad debts written off				
– receivables	**16,473**	7,284	**2,581**	77
– subsidiaries	**–**	–	**–**	5,596
– associated companies	**–**	292	**–**	292
Depreciation (Note 10)	**1,593,533**	1,709,180	**1,116**	837
Directors' remuneration				
– emoluments	**91,286**	75,943	**280**	5,642
– fees	**2,921**	2,596	**720**	720
– benefits in kind	**506**	409	**–**	–
Hiring of plant and machinery	**13,026**	23,301	**–**	–
Impairment losses on				
– development expenditure (Note 12)	**2,274**	–	**–**	–
– goodwill (Note 18)	**57,765**	–	**–**	–
– receivables – net of reversal (Note 20)	**–**	72,547	**–**	–
– investments	**511**	1,049	**511**	1,049
– investment in subsidiaries (Note 13)	**–**	–	**27,840**	–
– property development costs (Note 22)	**5,192**	–	**–**	–
– property, plant and equipment (Note 10)	**30,922**	524	**–**	–
Investment written off	**250**	–	**250**	–
Inventories write down – net	**1,065**	4,724	**–**	–
Loss on disposal of investment in subsidiary	**–**	–	**911**	–
Loss on foreign exchange – net				
– realised	**21,432**	7,951	**–**	–
– unrealised	**108,718**	49,483	**–**	–
Net fair value loss on derivatives	**17,852**	–	**–**	–
Property, plant and equipment written off	**18,948**	15,275	**–**	–
Provision for liabilities and charges – net (Note 39)	**71,761**	31,113	**–**	–
Rental of land and buildings	**136,806**	126,419	**946**	800

6. PROFIT BEFORE TAX (CONTINUED)

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
And crediting (other than those disclosed in Note 3 to the Financial Statements):-				
Adjustment on fair value of investment properties (Note 11)	**233,795**	38,414	**–**	–
Amortisation of deferred income	**4,277**	4,142	**–**	–
Amortisation of grants and contributions (Note 34)	**17,005**	10,042	**–**	–
Bad debts recovered	**171**	185	**–**	–
Gain/(loss) on disposal of				
– investments – net	**1,200**	383	**1,200**	1,101
– investment properties	**(208)**	164	**–**	–
– land held for property development	**359**	–	**–**	–
– property, plant and equipment	**23,919**	29,798	**–**	(12)
Gain on foreign exchange – net				
– realised	**7,519**	14,124	**1,168**	1,638
– unrealised	**73,331**	38,994	**–**	–
Gross dividend from quoted investments				
– within Malaysia	**677**	573	**–**	–
Hiring income from plant, machinery and equipment	**4,021**	3,175	**–**	–
Interest income	**135,964**	78,441	**–**	–
Net deposits recognised	**104,780**	47,765	**–**	–
Net fair value gains on derivatives	**–**	71,122	**–**	–
Rental income				
– other properties	**3,649**	5,049	**–**	–
Write back of fuel cost	**–**	9,949	**–**	–
Write back of impairment loss on				
– property, plant and equipment (Note 10)	**–**	12,607	**–**	–
– receivables – net of reversal (Note 20)	**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 RM117,786,000 (2015: RM83,304,000) and RM73,000 (2015: RM84,000), respectively.

Notes to the Financial Statements
(continued)

6. PROFIT BEFORE TAX (CONTINUED)

The aggregate remuneration of Directors categorised into appropriate components for the financial year ended are as follows:-

	Fees RM'000	Salaries RM'000	Bonus RM'000	Others* RM'000	Total RM'000
Group – 2016					
Executive Directors	**2,142**	**50,173**	**30,373**	**10,611**	**93,299**
Non-Executive Directors	**779**	**–**	**–**	**635**	**1,414**
Company – 2016					
Executive Directors	**450**	**–**	**–**	**219**	**669**
Non-Executive Directors	**270**	**–**	**–**	**61**	**331**
Group – 2015					
Executive Directors	1,896	36,430	24,147	15,252	77,725
Non-Executive Directors	700	–	–	523	1,223
Company – 2015					
Executive Directors	450	–	–	5,250	5,700
Non-Executive Directors	270	–	–	392	662

* Included in the remuneration of Directors are the following:-

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Defined contribution plan	**8,957**	6,682	**–**	–
Share option expenses	**1,108**	8,579	**233**	5,600

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:-

2016 Range of remuneration	Group No. of Directors		Company No. of Directors	
	Executive	Non-executive	Executive	Non-executive
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	–	–	–

2015 Range of remuneration	Group No. of Directors		Company No. of Directors	
	Executive	Non-executive	Executive	Non-executive
RM50,001 – RM100,000	–	1	–	1
RM150,001 – RM200,000	–	–	1	3
RM350,001 – RM400,000	–	2	–	–
RM400,001 – RM450,000	–	1	–	–
RM600,001 – RM650,000	–	–	6	–
RM850,001 – RM900,000	–	–	2	–
RM1,400,001 – RM1,450,000	1	–	–	–
RM1,450,001 – RM1,500,000	1	–	–	–
RM8,150,001 – RM8,200,000	1	–	–	–
RM8,300,001 – RM8,350,000	1	–	–	–
RM9,000,001 – RM9,050,000	1	–	–	–
RM9,200,001 – RM9,250,000	1	–	–	–
RM9,300,001 – RM9,350,000	1	–	–	–
RM10,400,001 – RM10,450,000	1	–	–	–
RM20,300,001 – RM20,350,000	1	–	–	–

Notes to the Financial Statements
(continued)

6. PROFIT BEFORE TAX (CONTINUED)

EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Employees compensation (excluding Directors' remuneration)				
Salaries, wages and bonus	**1,082,674**	1,006,386	**16,837**	14,398
Defined contribution plan	**87,158**	87,907	**1,992**	1,742
Defined benefit plan	**73,125**	66,780	**–**	–
Share option expenses	**760**	13,680	**45**	1,059
Other benefits	**35,683**	38,674	**976**	696
	1,279,400	1,213,427	**19,850**	17,895

7. INCOME TAX EXPENSE

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Current income tax				
– Malaysian income tax	**265,553**	446,213	**4,602**	17,392
– Foreign income tax	**238,137**	192,781	**–**	–
Deferred tax (Note 35)	**(128,117)**	(36,689)	**86**	–
	375,573	602,305	**4,688**	17,392
Current income tax				
– Current financial year	**545,709**	644,259	**13,264**	23,220
– Over provision in prior financial years	**(42,019)**	(5,265)	**(8,662)**	(5,828)
Deferred tax				
– Origination and reversal of temporary differences	**(128,117)**	(36,689)	**86**	–
	375,573	602,305	**4,688**	17,392

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	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Profit before tax	**2,262,531**	2,323,337	**627,347**	1,663,475
Income tax using Malaysian tax rate of 24% (2015: 25%)	**543,007**	580,834	**150,563**	415,869
Non-deductible expenses	**361,865**	286,807	**39,620**	40,380
Income not subject to tax	**(172,602)**	(89,179)	**(176,833)**	(433,029)
Different tax rates in other countries including re-measuring of deferred tax *	**(225,186)**	(96,879)	**–**	–
Double deductible expenses	**(3,163)**	(923)	**–**	–
Over provision in prior financial years	**(42,019)**	(5,265)	**(8,662)**	(5,828)
Tax effect on share of profits of associated companies	**(154,820)**	(74,313)	**–**	–
Tax effect of (over)/under provision of deferred tax	**(2,672)**	60	**–**	–
Tax effect of unrecognised deferred tax assets	**84,722**	17,318	**–**	–
Utilisation of reinvestment allowances	**(13,559)**	(16,155)	**–**	–
	375,573	602,305	**4,688**	17,392

* The re-measurement of deferred tax during the financial year of RM142.7 million was due to a reduction in the United Kingdom corporation tax rate from 20% to 19% (effective from 1 April 2017) and 18% (effective from 1 April 2020) were substantively enacted on 26 October 2015. These reductions will reduce the subsidiary's future current tax charge accordingly. The deferred tax liability at 30 June 2016 has been calculated based on the rate of 18% substantively enacted at the financial year ended 30 June 2016.

Notes to the Financial Statements
(continued)

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	
	2016	**2015**
Profit for the financial year attributable to owners of the parent (RM'000)	**916,431**	1,017,645
Weighted average number of ordinary shares in issue for basic EPS ('000)	**10,418,644**	10,385,547
Basic/diluted EPS (sen)	**8.80**	9.80

132,150,000 (2015: 135,635,000) share options granted to employees under ESOS have not been included in the calculation of diluted earnings per share because they are anti-dilutive.

9. DIVIDENDS

	Group and Company			
	2016		2015	
	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 2015 – Interim, single tier	**9.5**	**989,771**	–	–
Financial year ended 30 June 2014 – Third interim, single tier	–	–	9.5	984,541
Dividend recognised as distribution to ordinary equity holders of the Company	**9.5**	**989,771**	9.5	984,541

Subsequent to the financial year ended 30 June 2016, the Directors of the Company had on 25 August 2016 declared an interim single tier dividend of 95% or 9.5 sen per ordinary share of RM0.10 each, with the total amounting to approximately RM989,771,000 computed based on the total issued and paid-up share capital of 10,418,644,123 ordinary shares of RM0.10 each in the Company, excluding treasury shares, in respect of the financial year ended 30 June 2016. 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 2017. The Directors do not propose any final dividend in respect of the financial year ended 30 June 2016.

10. PROPERTY, PLANT AND EQUIPMENT

Group – 2016	Land & buildings* RM'000	Infrastructure & site facilities RM'000	Plant & machinery RM'000	Furniture, fixtures & equipment RM'000	Vehicles RM'000	Telecom-munication equipment RM'000	Assets under construction RM'000	Total RM'000
Cost/Valuation								
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
Accumulated depreciation and impairment								
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
Net Book Value								
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
(continued)

10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group – 2015	Land & buildings* RM'000	Infrastructure & site facilities RM'000	Plant & machinery RM'000	Furniture, fixtures & equipment RM'000	Vehicles RM'000	Telecom-munication equipment RM'000	Assets under construction RM'000	Total RM'000
Cost/Valuation								
At 1.7.2014	8,811,354	6,698,722	15,877,027	1,380,564	526,111	1,705,298	1,890,138	36,889,214
Acquisition of subsidiaries	50,984	–	57,994	13,371	285	37,498	3,626	163,758
Additions	41,181	279,926	456,043	94,635	137,898	4,310	1,300,061	2,314,054
Disposals	–	–	(23,731)	(2,610)	(100,314)	(141)	–	(126,796)
Written off	(9,528)	(8,733)	(343,452)	(55,808)	(78)	(591)	(62)	(418,252)
Write back of impairment loss (Note 6)	12,607	–	–	–	–	–	–	12,607
Transfer on commissioning	121,281	253,925	499,256	44,547	–	454,334	(1,373,343)	–
Transfer from project development expenditures (Note 12)	74,661	–	–	–	–	–	1,400	76,061
Currency translation differences	314,215	640,039	1,071,416	54,577	7,461	–	87,958	2,175,666
At 30.6.2015	9,416,755	7,863,879	17,594,553	1,529,276	571,363	2,200,708	1,909,778	41,086,312
Accumulated depreciation and impairment								
At 1.7.2014	2,160,232	399,617	7,805,426	591,363	286,820	288,324	43,326	11,575,108
Acquisition of subsidiaries	41,694	–	53,498	11,861	277	–	–	107,330
Charge for the financial year	272,082	66,502	1,089,058	108,518	63,837	116,546	–	1,716,543
Disposals	–	–	(17,484)	(1,409)	(47,568)	(138)	–	(66,599)
Written off	(8,449)	(409)	(338,833)	(54,902)	(78)	(306)	–	(402,977)
Impairment loss (Note 6)	–	–	–	364	–	160	–	524
Currency translation differences	74,726	39,479	448,704	19,604	4,125	–	–	586,638
At 30.6.2015	2,540,285	505,189	9,040,369	675,399	307,413	404,586	43,326	13,516,567
Net Book Value								
At 30.6.2015	6,876,470	7,358,690	8,554,184	853,877	263,950	1,796,122	1,866,452	27,569,745

10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

*Land & 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
Cost/Valuation									
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
Representing:-									
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
Accumulated depreciation and impairment									
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
Net Book Value:-									
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
(continued)

10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

*Land & buildings of the Group are as follows:-

Group – 2015	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
Cost/Valuation									
At 1.7.2014									
At cost	740,619	431,012	153,304	–	6,241,999	1,044,115	188,721	2,635	8,802,405
At valuation	4,271	200	–	2,000	2,478	–	–	–	8,949
	744,890	431,212	153,304	2,000	6,244,477	1,044,115	188,721	2,635	8,811,354
Acquisition of subsidiaries	–	–	4,640	–	1,840	–	44,504	–	50,984
Additions	10,712	21	–	–	26,079	2,351	2,018	–	41,181
Written off	–	–	–	–	(1,513)	(12)	(8,003)	–	(9,528)
Write back of impairment loss	–	–	–	–	12,607	–	–	–	12,607
Transfers	3,429	–	–	–	75,090	3,850	113,573	–	195,942
Currency translation differences	20,527	1,949	17,705	–	259,789	18,898	(4,653)	–	314,215
At 30.6.2015	779,558	433,182	175,649	2,000	6,618,369	1,069,202	336,160	2,635	9,416,755
Representing:-									
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
At 30.6.2015	779,558	433,182	175,649	2,000	6,618,369	1,069,202	336,160	2,635	9,416,755
Accumulated depreciation and impairment									
At 1.7.2014									
At cost	–	31,835	30,430	–	1,769,421	276,787	49,659	1,923	2,160,055
At valuation	–	22	–	–	155	–	–	–	177
	–	31,857	30,430	–	1,769,576	276,787	49,659	1,923	2,160,232
Acquisition of subsidiaries	–	–	–	–	–	–	41,694	–	41,694
Charge for the financial year	–	5,343	9,642	–	223,038	24,481	9,504	74	272,082
Written off	–	–	–	–	(447)	–	(8,002)	–	(8,449)
Currency translation differences	–	371	3,110	–	76,627	6,187	(11,569)	–	74,726
At 30.6.2015	–	37,571	43,182	–	2,068,794	307,455	81,286	1,997	2,540,285
Net Book Value:-									
At cost	775,287	395,435	132,467	–	4,547,301	761,747	254,874	638	6,867,749
At valuation	4,271	176	–	2,000	2,274	–	–	–	8,721
At 30.6.2015	779,558	395,611	132,467	2,000	4,549,575	761,747	254,874	638	6,876,470

10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company – 2016	Furniture, fittings & equipment RM'000	Vehicles RM'000	Total RM'000
Cost			
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**
Accumulated Depreciation			
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**
Net Book Value			
At 30.6.2016	**1,270**	**3,023**	**4,293**

Company – 2015	Furniture, fittings & equipment RM'000	Vehicles RM'000	Total RM'000
Cost			
At 1.7.2014	5,874	4,800	10,674
Additions	294	551	845
Disposals	–	(131)	(131)
At 30.6.2015	6,168	5,220	11,388
Accumulated Depreciation			
At 1.7.2014	4,776	2,642	7,418
Charge for the financial year	339	498	837
Disposals	–	(73)	(73)
At 30.6.2015	5,115	3,067	8,182
Net Book Value			
At 30.6.2015	1,053	2,153	3,206

Notes to the Financial Statements
(continued)

10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Depreciation charge for the financial year is allocated as follows:-

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Profit or loss (Note 6)	**1,593,533**	1,709,180	**1,116**	837
Amount due from contract customers	**7,481**	7,363	**–**	–
	1,601,014	1,716,543	**1,116**	837

(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	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Plant and machinery	**387,384**	157,424	**–**	–
Vehicles	**14,664**	10,964	**1,919**	1,374
	402,048	168,388	**1,919**	1,374

(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	
	2016 RM'000	2015 RM'000
Buildings	**2,237,262**	2,285,119

(d) Borrowing cost

Borrowing costs of RM19,407,000 (2015: RM36,489,000) arising on financing specifically entered into for the construction of property, plant and equipment was capitalised during the financial year.

11. INVESTMENT PROPERTIES

	Freehold land & buildings RM'000	Long term leasehold land & buildings RM'000	Total RM'000
Group – 2016			
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**
Group – 2015			
At beginning of the financial year	1,502,555	6,083,730	7,586,285
Additions	907,619	1,377	908,996
Currency translation differences	(36,221)	517,980	481,759
Change in fair value recognised in profit or loss (Note 6)	(16,029)	54,443	38,414
Disposal	–	(578)	(578)
At end of the financial year	2,357,924	6,656,952	9,014,876

Investment properties with carrying amount of RM2,613 million (2015: RM2,500 million) are charged as security for a borrowing granted to the Group as disclosed in Note 32 and Note 33 to the Financial Statements.

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Group – 2016				
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**
Total	**–**	**103,207**	**9,534,307**	**9,637,514**
Group – 2015				
Recurring fair value measurements:				
Investment properties				
– Commercial properties	–	–	8,325,665	8,325,665
– Hotel properties	–	–	611,000	611,000
– Other properties	–	78,211	–	78,211
Total	–	78,211	8,936,665	9,014,876

Notes to the Financial Statements
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11. INVESTMENT PROPERTIES (CONTINUED)

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.

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 3.70% to 8.50% (2015: 4.10% to 11.50%) Capitalisation rate of 3.90% to 8.25% (2015: 4.25% to 11.50%)	The higher the discount rate, the lower the fair value. 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.

12. DEVELOPMENT EXPENDITURES

The movement in development expenditures of the Group during the financial year is as follows:-

Group – 2016

(a) Land held for property development

	Freehold land RM'000	Leasehold land RM'000	Development costs RM'000	Total RM'000
Cost				
At beginning of the financial year (as previously stated)	453,560	105,486	250,729	809,775
Prior year adjustments	–	(3,715)	34,026	30,311
At beginning of the financial year (as restated)	453,560	101,771	284,755	840,086
Additions	760	3,725	25,415	29,900
Transfer to property development costs	(76,459)	(242)	(30,993)	(107,694)
Transfer from property, plant and equipment	–	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
Accumulated impairment losses				
At beginning of the financial year (as previously stated)	–	–	–	–
Prior year adjustments	–	(21,066)	–	(21,066)
At beginning of the financial year (as restated)	–	(21,066)	–	(21,066)
Impairment losses	–	–	(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) Project development expenditure

	Freehold land RM'000	Leasehold land RM'000	Development costs RM'000	Total RM'000
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

Notes to the Financial Statements
(continued)

12. DEVELOPMENT EXPENDITURES (CONTINUED)

Group – 2015

(a) Land held for property development

	Freehold land RM'000	Leasehold land RM'000	Development costs RM'000	Total RM'000
Cost				
At beginning of the financial year (as previously stated)	472,156	176,537	249,982	898,675
Prior year adjustments	–	(3,715)	34,026	30,311
At beginning of the financial year (as restated)	472,156	172,822	284,008	928,986
Additions	180	15	9,102	9,297
Transfer to property development costs	(16,444)	(72,076)	(10,596)	(99,116)
Reclassification	(2,332)	1,010	1,322	–
Currency translation difference	–	–	919	919
At end of the financial year	453,560	101,771	284,755	840,086
Accumulated impairment losses				
At beginning of the financial year (as previously stated)	–	–	–	–
Prior year adjustments	–	(21,066)	–	(21,066)
At beginning of the financial year (as restated)	–	(21,066)	–	(21,066)
At end of the financial year	–	(21,066)	–	(21,066)
Total land held for property development	453,560	80,705	284,755	819,020

(b) Project development expenditure

	Freehold land RM'000	Leasehold land RM'000	Development costs RM'000	Total RM'000
At beginning of the financial year	13,089	–	28,765	41,854
Additions	68,860	–	258	69,118
Charge to profit or loss	(4,953)	–	(10,895)	(15,848)
Transfer to property, plant and equipment (Note 10)	(74,661)	–	(1,400)	(76,061)
Currency translation difference	(2,335)	–	(1,477)	(3,812)
At end of the financial year	–	–	15,251	15,251
Total development expenditure	453,560	80,705	300,006	834,271

12. DEVELOPMENT EXPENDITURES (CONTINUED)

Included in development expenditure of the Group is interest capitalised during the financial year amounting to RM Nil (2015: RM1,269,000).

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
Group – 2016				
Cost				
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**
Accumulated amortisation				
Project development expenditure	**–**	**–**	**(3,877)**	**(3,877)**
Accumulated impairment losses				
Land held for property development	**–**	**(21,066)**	**(2,274)**	**(23,340)**
Project development expenditure	**–**	**–**	**(35,203)**	**(35,203)**
	–	**(21,066)**	**(37,477)**	**(58,543)**
Net book value				
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**
Group – 2015				
Cost				
Land held for property development	453,560	101,771	284,755	840,086
Project development expenditure	–	–	54,331	54,331
	453,560	101,771	339,086	894,417
Accumulated amortisation				
Project development expenditure	–	–	(3,877)	(3,877)
Accumulated impairment losses				
Land held for property development	–	(21,066)	–	(21,066)
Project development expenditure	–	–	(35,203)	(35,203)
	–	(21,066)	(35,203)	(56,269)
Net book value				
Land held for property development	453,560	80,705	284,755	819,020
Project development expenditure	–	–	15,251	15,251
	453,560	80,705	300,006	834,271

Notes to the Financial Statements
(continued)

13. SUBSIDIARIES

(a) Investment in subsidiaries

	Company	
	2016 RM'000	**2015 RM'000**
Quoted shares, at cost	**3,873,679**	3,657,353
Unquoted shares, at cost	**3,569,707**	3,568,133
#Quoted warrants, at cost	**–**	33,314
*Quoted ICULS, at cost	**391,502**	391,502
Less: Impairment losses (Note 6)	**(27,840)**	–
	7,807,048	7,650,302
Market value		
– Quoted shares	**7,034,005**	7,510,796
– Quoted warrants	**–**	70,270
– Quoted ICULS	**360,182**	344,521

The number of warrants held in a subsidiary is as follows ('000):-

YTL Power International Berhad		
– Warrant 2008/2018	**–**	160,537

#Quoted warrants – Warrants 2008/2018

Each warrant entitles its registered holder to subscribe for one (1) new ordinary share of RM0.50 each in YTL Power International Berhad at the revised exercise price of RM1.14 payable in cash. The exercise price is also subject to adjustments in accordance with the basis set out in the Deed Poll.

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

The warrants are quoted on Bursa Malaysia Securities Berhad ("Bursa Securities").

****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.

13. SUBSIDIARIES (CONTINUED)

(a) Investment in subsidiaries

Details of the subsidiaries are as follows:-

Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest 2016 %	Effective Equity Interest 2015 %
Held by the Company:				
Arah Asas Sdn. Bhd.	Malaysia	Property development	**100.00**	100.00
Business & Budget Hotels Sdn. Bhd.	Malaysia	Investment holding & property investment	**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.	Malaysia	In member's voluntary liquidation	**100.00**	100.00
Intellectual Mission Sdn. Bhd.	Malaysia	Education & training using advanced technology	**100.00**	100.00
Prisma Tulin Sdn. Bhd.	Malaysia	Hotel operator	**100.00**	100.00
Spectacular Corner Sdn. Bhd.	Malaysia	Dormant	**100.00**	100.00
* Starhill Global Real Estate Investment Trust ("SGREIT")	Singapore	Investment in prime real estate	**36.46**	36.46
Syarikat Pembenaan Yeoh Tiong Lay Sdn. Bhd.	Malaysia	Civil engineering works, construction, property development & real estate investment, investment holding & related services	**100.00**	100.00
Titiwangsa Development Sdn. Bhd.	Malaysia	Investment holding	**100.00**	–
* YTL Cayman Limited	Cayman Islands	Investment holding, ownership & chartering of yachts & vessels	**100.00**	100.00
YTL Cement Berhad	Malaysia	Investment holding, management services & hiring of vehicles	**97.98**	98.09
YTL Charters Sdn. Bhd.	Malaysia	Chartering of aircrafts, helicopters, ships & vehicles	**100.00**	100.00
* YTL Corporation (UK) Plc.	England & Wales	Inactive	**100.00**	100.00
* YTL Corp Finance (Cayman) Ltd.	Cayman Islands	Inactive	**100.00**	100.00
YTL Corp Finance (Labuan) Limited	Malaysia	Special purpose vehicle for issuance of securities & investment holding	**100.00**	100.00

Notes to the Financial Statements
(continued)

13. SUBSIDIARIES (CONTINUED)

(a) Investment in subsidiaries (continued)

Details of the subsidiaries are as follows:- (continued)

Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest	
			2016 %	2015 %
Held by the Company: (continued)				
@YTL Eco Solutions Sdn. Bhd.	Malaysia	Dormant	–	100.00
YTL e-Solutions Berhad	Malaysia	Investment holding, provision of incubation services including developing & incubating technology companies, internet contents of all description & non-internet related businesses & provision of consultancy & advisory services in relation to the business of electronic commerce or internet commerce solutions	**74.12**	74.12
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	**58.90**	58.99
*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	**53.84**	56.76
*YTL Singapore Pte. Ltd.	Singapore	Investment holding & management company	**100.00**	100.00
YTL-SV Carbon Sdn. Bhd.	Malaysia	Providing consultancy services	**90.00**	75.00
^YTL Vacation Club Berhad	Malaysia	Members' voluntary liquidation	–	100.00

13. SUBSIDIARIES (CONTINUED)

(a) Investment in subsidiaries (continued)

Details of the subsidiaries are as follows:- (continued)

Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest 2016 %	Effective Equity Interest 2015 %
Held through Business & Budget Hotels Sdn. Bhd.:				
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
Held through Cane Creations Sdn. Bhd.:				
Cane Creations (Marketing) Sdn. Bhd.	Malaysia	Trading in cane furniture, local handicrafts, accessories & related services	**100.00**	100.00
Natural Adventure Sdn. Bhd.	Malaysia	Retailing of merchandise furniture & cafe	**100.00**	100.00
Niche Retailing Sdn. Bhd.	Malaysia	Retailing business	**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 business	**100.00**	100.00
Held through Divine View Sdn. Bhd.:				
* SCI YTL Hotels Saint Tropez	France	Acquisition, management, renting & administration and/or resale of real estate	**100.00**	100.00
Held through Starhill Global Real Estate Investment Trust ("SGREIT"):				
* 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

Notes to the Financial Statements
(continued)

13. SUBSIDIARIES (CONTINUED)

(a) Investment in subsidiaries (continued)

Details of the subsidiaries are as follows:- (continued)

Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest	
			2016 %	2015 %
Held through Starhill Global Real Estate Investment Trust ("SGREIT"): (continued)				
* 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 (WA) Sub-Trust2	Australia	Property investment	**36.46**	36.46
* Starhill Global REIT Japan SPC One Pte. Ltd.	Singapore	Investment holding	**36.46**	36.46
* Starhill Global REIT Japan SPC Two Pte. Ltd.	Singapore	Investment holding	**36.46**	36.46
* Starhill Global REIT MTN Pte. Ltd.	Singapore	Issuer of notes under the Medium Term Note Programme	**36.46**	36.46
* Starhill Global REIT One TMK	Japan	Property investment	**36.46**	36.46
* Starhill Global ML K.K.	Japan	Master lessee of Japan properties	**36.46**	36.46
* Top Sure Investment Limited	Hong Kong	Investment holding	**36.46**	36.46
Held through Syarikat Pembenaan Yeoh Tiong Lay Sdn. Bhd.:				
* Austasia Metal Sdn. Bhd.	Malaysia	Inactive	**100.00**	100.00
Austasia Timbers Malaysia Sdn. Bhd.	Malaysia	Inactive	**100.00**	100.00
Builders Brickworks Sdn. Bhd.	Malaysia	Inactive	**93.80**	93.80
Construction Lease (M) Sdn. Bhd.	Malaysia	Leasing, hire purchase & credit	**100.00**	100.00
Dynamic Marketing Sdn. Bhd.	Malaysia	Trading of building & construction materials	**100.00**	100.00
Dynamic Property Management Sdn. Bhd.	Malaysia	Property development	**100.00**	100.00
First Commercial Development Sdn. Bhd.	Malaysia	Property investment	**100.00**	100.00
Kampung Tiong Development Sdn. Bhd.	Malaysia	Property development	**70.00**	70.00

13. SUBSIDIARIES (CONTINUED)

(a) Investment in subsidiaries (continued)

Details of the subsidiaries are as follows:- (continued)

Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest 2016 %	Effective Equity Interest 2015 %
Held through Syarikat Pembenaan Yeoh Tiong Lay Sdn. Bhd.: (continued)				
Lay Seng Oil Palm Plantations Sdn. Bhd.	Malaysia	Cultivation of oil palms	**100.00**	100.00
Permai Property Management Sdn. Bhd.	Malaysia	Property management & related services	**100.00**	100.00
* P.T. YTL Construction Makmur	Indonesia	Dormant	**67.00**	–
Suri Travel & Tours Sdn. Bhd.	Malaysia	Rental of motor vehicles, air ticketing & other related services	**100.00**	100.00
Transportable Camps Sdn. Bhd.	Malaysia	Trading & rental of transportable cabins & wood based products	**100.00**	100.00
Yap Yew Hup Brickworks (Perak) Sdn. Bhd.	Malaysia	Inactive	**93.80**	93.80
Yeoh Tiong Lay Realty Sdn. Bhd.	Malaysia	Realty, investment & management services	**100.00**	100.00
* YTL Construction GmbH	Germany	Dormant	**–**	100.00
@ YTL Construction International (Cayman) Ltd.	Cayman Islands	Investment holding in construction related activities	**100.00**	–
* YTL Construction (S) Pte. Ltd.	Singapore	Construction related activities & real estate developer	**100.00**	100.00
YTL Civil Engineering Sdn. Bhd.	Malaysia	Civil engineering works & construction	**90.00**	90.00
YTL Development Sdn. Bhd.	Malaysia	Property development	**70.00**	70.00
YTL Project Management Services Sdn. Bhd.	Malaysia	Provision of management services for construction projects	**100.00**	100.00
YTL Technologies Sdn. Bhd.	Malaysia	Servicing & hiring of equipment	**99.20**	99.24
Held through YTL Cayman Limited:				
* Just Heritage Sdn. Bhd.	Malaysia	Property management & related service	**100.00**	100.00
* Starhill Global REIT Investments Limited	Cayman Islands	Investment holding	**100.00**	100.00

Notes to the Financial Statements
(continued)

13. SUBSIDIARIES (CONTINUED)

(a) Investment in subsidiaries (continued)

Details of the subsidiaries are as follows:- (continued)

Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest 2016 %	Effective Equity Interest 2015 %
Held through YTL Cayman Limited: (continued)				
* Starhill Global REIT Management Limited	Cayman Islands	Investment holding	**100.00**	100.00
@ YTL Construction International (Cayman) Ltd.	Cayman Islands	Investment holding in construction related activities	**–**	100.00
* YTL Construction (Thailand) Limited	Thailand	Construction activities	**74.89**	74.89
YTL Power Services Sdn. Bhd.	Malaysia	Operation & maintenance of power station	**100.00**	100.00
* YTL Property Investments Limited	Cayman Islands	Investment holding	**100.00**	100.00
* YTL Starhill Global Property Management Pte. Ltd.	Singapore	Property management services	**100.00**	100.00
* YTL Starhill Global REIT Management Holdings Pte. Ltd.	Singapore	Investment holding	**100.00**	100.00
* YTL Starhill Global REIT Management Limited	Singapore	Investment advisor, property fund management	**100.00**	100.00
Held through YTL Cement Berhad:				
Batu Tiga Quarry Sdn. Bhd.	Malaysia	Quarry business & trading of granite aggregates	**97.98**	98.09
Batu Tiga Quarry (Sg. Buloh) Sdn. Bhd.	Malaysia	Quarry business & related services	**97.98**	98.09
Bentara Gemilang Industries Sdn. Bhd.	Malaysia	Quarry business & related services	**48.99**	49.05
Buildcon-Cimaco Concrete Sdn. Bhd.	Malaysia	Manufacture & sale of ready-mixed concrete	**97.98**	98.09
Buildcon Concrete Enterprise Sdn. Bhd.	Malaysia	Investment holding	**97.98**	98.09
Buildcon Concrete Sdn. Bhd.	Malaysia	Manufacture & sale of ready-mixed concrete	**97.98**	98.09
Buildcon Desa Sdn. Bhd.	Malaysia	Inactive	**97.98**	98.09
C.I. Quarrying & Marketing Sdn. Bhd.	Malaysia	Quarry business and related services	**97.98**	98.09

13. SUBSIDIARIES (CONTINUED)

(a) Investment in subsidiaries (continued)

Details of the subsidiaries are as follows:- (continued)

Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest 2016 %	Effective Equity Interest 2015 %
Held through YTL Cement Berhad: (continued)				
C.I. Readymix Sdn. Bhd.	Malaysia	Manufacture & sale of ready-mixed concrete	**97.98**	98.09
Competent Teamwork Sdn. Bhd.	Malaysia	Investment holding	**97.98**	98.09
* Concrete Industries Pte. Ltd.	Singapore	Dormant	**97.98**	98.09
Equity Corporation Sdn. Bhd.	Malaysia	Quarry business and related services	**97.98**	–
Gemilang Pintar Sdn. Bhd.	Malaysia	Marketing & trading of quarry products	**68.59**	68.66
* Hopefield Enterprises Limited	Hong Kong	Investment holding	**97.98**	–
* Industrial Procurement Limited	Cayman Islands	Dormant	**97.98**	98.09
Jaksa Quarry Sdn. Bhd.	Malaysia	Quarry business & related services	**97.98**	98.09
Kenneison Construction Materials Sdn. Bhd.	Malaysia	Inactive	**97.98**	98.09
Kenneison Northern Quarry Sdn. Bhd.	Malaysia	Manufacturing, selling & distribution of premix products, construction & building materials	**97.98**	98.09
* Linan Lu Hong Transport Co., Ltd.	The People's Republic of China	Inactive	**97.98**	98.09
Madah Seloka Sdn. Bhd.	Malaysia	Quarry business & related services	**97.98**	98.09
Mini-Mix Sdn. Bhd.	Malaysia	Manufacture & sale of ready-mix concrete & hiring of vehicles	**97.98**	98.09
Mobijack Sea Sdn. Bhd.	Malaysia	Quarry business & related services	**97.98**	98.09
Mutual Prospect Sdn. Bhd.	Malaysia	Quarry business & related services	**97.98**	98.09
* Nanyang Cement Pte. Ltd.	Singapore	Cement terminal operation, bulk breaking activities and trading in cement	**97.98**	98.09
Oasis Vision Sdn. Bhd.	Malaysia	Production, selling & distribution of construction & building materials	**34.98**	35.02
Pahang Cement Sdn. Bhd.	Malaysia	Manufacture & sale of ordinary portland cement, clinker and related products	**97.98**	98.09

Notes to the Financial Statements
(continued)

13. SUBSIDIARIES (CONTINUED)

(a) Investment in subsidiaries (continued)

Details of the subsidiaries are as follows:- (continued)

Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest 2016 %	Effective Equity Interest 2015 %
Held through YTL Cement Berhad: (continued)				
Pahang Cement Marketing Sdn. Bhd.	Malaysia	Inactive	**97.98**	98.09
Permodalan Hitec Sdn. Bhd.	Malaysia	Quarry business & related services	**97.98**	98.09
Perak-Hanjoong Simen Sdn. Bhd.	Malaysia	Manufacture & sale of ordinary portland cement, clinker and related products	**97.98**	98.09
PHS Trading Sdn. Bhd.	Malaysia	Marketing of cement products & management of plant	**97.98**	98.09
* P.T. YTL Semen Indonesia *(formerly known as P.T. YTL Simen Indonesia)*	Indonesia	Manufacture & sale of ordinary portland cement and ready-mixed concrete	**97.98**	98.09
Sino Mobile and Heavy Equipment Sdn. Bhd.	Malaysia	Dormant	**97.98**	–
Slag Cement Sdn. Bhd.	Malaysia	Manufacture & sale of ordinary portland cement and blended cement	**97.98**	98.09
Slag Cement (Southern) Sdn. Bhd.	Malaysia	Manufacture & sale of ordinary portland cement and blended cement	**97.98**	98.09
SMC Mix Sdn. Bhd.	Malaysia	Inactive	**97.98**	98.09
Solaris Concept Sdn. Bhd.	Malaysia	Production, selling & distribution of construction & building materials	**49.97**	50.03
Straits Cement Sdn. Bhd.	Malaysia	Production & sale of cement	**97.98**	98.09
Tugas Sejahtera Sdn. Bhd.	Malaysia	Investment holding	**97.98**	98.09
* YTL Cement (Cambodia) Holdings Pte. Ltd.	Singapore	Dormant	**97.98**	98.09
YTL Cement Enterprise Sdn. Bhd.	Malaysia	Investment holding	**97.98**	98.09
* YTL Cement (Hong Kong) Limited	Hong Kong	Investment holding	**97.98**	98.09
YTL Cement Marketing Sdn. Bhd.	Malaysia	Sale & marketing of cementitious products	**97.98**	98.09

13. SUBSIDIARIES (CONTINUED)

(a) Investment in subsidiaries (continued)

Details of the subsidiaries are as follows:- (continued)

Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest 2016 %	Effective Equity Interest 2015 %
Held through YTL Cement Berhad: (continued)				
*YTL Cement Marketing Singapore Pte. Ltd.	Singapore	Sale & marketing of cement, cementitious products & other related construction products	**97.98**	98.09
*YTL Cement Myanmar Company Limited	Myanmar	Manufacture & sale of ordinary Portland cement & related products	**97.98**	98.09
*YTL Cement (Myanmar) Holdings Pte. Ltd.	Singapore	Investment holding	**97.98**	98.09
*YTL Cement (Philippines) Holdings Pte. Ltd.	Singapore	Dormant	**97.98**	98.09
YTL Cement (Sabah) Sdn. Bhd.	Malaysia	Investment holding	**97.98**	98.09
*YTL Cement Singapore Pte. Ltd.	Singapore	Investment holding, sale & marketing of construction products	**97.98**	98.09
*YTL Cement Terminal Services Pte. Ltd.	Singapore	Operation of port terminal & specialise in handling of cementitious products	**97.98**	98.09
*YTL Cement (Vietnam) Pte. Ltd.	Singapore	Investment holding	**97.98**	98.09
*YTL Concrete (S) Pte. Ltd.	Singapore	Manufacture & sale of ready-mixed concrete & related products	**97.98**	98.09
@YTL Eco Solutions Sdn. Bhd.	Malaysia	Dormant	**97.98**	–
YTL Premix Sdn. Bhd.	Malaysia	Trading of building materials & related services	**97.98**	98.09
YTL Quarry Sdn. Bhd.	Malaysia	Dormant	**97.98**	98.09
*Zhejiang Hangzhou Dama Cement Co., Ltd.	The People's Republic of China	Manufacture & sale of cement & cementitious products	**97.98**	98.09
*Zhejiang YTL Cement Marketing Co., Ltd.	The People's Republic of China	Sale & marketing of cement & cementitious products	**97.98**	98.09

Notes to the Financial Statements
(continued)

13. SUBSIDIARIES (CONTINUED)

(a) Investment in subsidiaries (continued)

Details of the subsidiaries are as follows:- (continued)

Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest 2016 %	Effective Equity Interest 2015 %
Held through YTL Charters Sdn. Bhd.:				
Island Air Sdn. Bhd.	Malaysia	Chartering of aircrafts	**80.00**	80.00
Nusantara Sakti Sdn. Bhd.	Malaysia	Carriage of passengers & air carriers	**80.00**	80.00
Held through YTL e-Solutions Berhad:				
Airzed Services Sdn. Bhd.	Malaysia	Inactive	**41.50**	41.50
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	**51.88**	51.88
Bizsurf MSC Sdn. Bhd.	Malaysia	Inactive	**44.47**	44.47
* Infoscreen Networks Ltd.	England & Wales	Investment holding	**74.12**	74.12
PropertyNetAsia (Malaysia) Sdn. Bhd.	Malaysia	Inactive	**74.12**	74.12
YTL Info Screen Sdn. Bhd.	Malaysia	Creating, providing & advertising content, media, web media & up to date information via electronic media	**74.12**	74.12
YMax Sdn. Bhd.	Malaysia	Inactive	**74.12**	74.12
Y-Max Networks Sdn. Bhd.	Malaysia	Providing computer networking & related information technology services	**44.47**	44.47
Y-Max Solutions Holdings Sdn. Bhd.	Malaysia	Investment holding	**74.12**	74.12
Held through YTL (Guernsey) Limited:				
* YTL Construction (SA) (Proprietary) Ltd.	South Africa	Inactive	**100.00**	100.00

13. SUBSIDIARIES (CONTINUED)

(a) Investment in subsidiaries (continued)

Details of the subsidiaries are as follows:- (continued)

Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest 2016 %	Effective Equity Interest 2015 %
Held through YTL Hospitality REIT ("YTL REIT"):				
* Starhill Hospitality (Australia) Pty. Ltd.	Australia	Trustee company	**58.90**	58.99
* Starhill Hospitality REIT (Australia) Trust	Australia	Real estate investment	**58.90**	58.99
* Starhill Hospitality REIT (Brisbane) Trust	Australia	Real estate investment	**58.90**	58.99
* Starhill Hospitality REIT (Melbourne) Trust	Australia	Real estate investment	**58.90**	58.99
* Starhill Hospitality REIT (Sydney) Trust	Australia	Real estate investment	**58.90**	58.99
Starhill Hospitality REIT (Australia) Sdn. Bhd.	Malaysia	Investment holding	**58.90**	58.99
Starhill Hotel (Australia) Sdn. Bhd.	Malaysia	Investment holding	**58.90**	58.99
* Starhill Hotel (Brisbane) Pty. Ltd.	Australia	Hotel operator	**58.90**	58.99
* Starhill Hotel (Melbourne) Pty. Ltd.	Australia	Hotel operator	**58.90**	58.99
* Starhill Hotel (Sydney) Pty. Ltd.	Australia	Hotel operator	**58.90**	58.99
* Starhill REIT (Australia) Pty. Ltd.	Australia	Trustee company	**58.90**	58.99
* Starhill REIT Niseko G.K.	Japan	Purchase, possession, disposal, lease and management of real properties	**58.90**	58.99
YTL REIT MTN Sdn. Bhd.	Malaysia	Undertake the issuance of medium term notes	**58.90**	58.99
Held through YTL Hotels & Properties Sdn. Bhd.:				
Autodome Sdn. Bhd.	Malaysia	Operator of food & beverage outlets & sub-letting of premises	**100.00**	100.00
* Bath Hotel & SPA B.V.	Netherlands	Investment holding	**100.00**	100.00
* Bath Hotel and SPA Limited	England & Wales	Hotel developer and operator	**100.00**	100.00
Borneo Cosmeceutical Sdn. Bhd.	Malaysia	Development of holiday resorts	**90.00**	90.00
Borneo Island Villas Sdn. Bhd.	Malaysia	Dormant	**80.00**	80.00

Notes to the Financial Statements
(continued)

13. SUBSIDIARIES (CONTINUED)

(a) Investment in subsidiaries (continued)

Details of the subsidiaries are as follows:- (continued)

Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest 2016 %	Effective Equity Interest 2015 %
Held through YTL Hotels & Properties Sdn. Bhd.: (continued)				
Cameron Highlands Resort Sdn. Bhd.	Malaysia	Hotel & resort operator	**100.00**	100.00
Diamond Recipe Sdn. Bhd.	Malaysia	Operator of food & beverage outlet	**51.00**	51.00
* Gainsborough Hotel (Bath) Limited	England & Wales	Hotel operations	**100.00**	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**	–
* New Architecture (Bray) Limited	England & Wales	Hotel operator	**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**	–
* P.T. Jepun Bali	Indonesia	Managing & operating a hotel	**100.00**	100.00
Restoran Kisap Sdn. Bhd.	Malaysia	Inactive	**100.00**	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 koi fish	**100.00**	100.00
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
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

13. SUBSIDIARIES (CONTINUED)

(a) Investment in subsidiaries (continued)

Details of the subsidiaries are as follows:- (continued)

Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest 2016 %	Effective Equity Interest 2015 %
Held through YTL Hotels & Properties Sdn. Bhd.: (continued)				
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
Held through YTL Industries Berhad:				
Yeoh Tiong Lay Brickworks Sdn. Bhd.	Malaysia	Inactive	**100.00**	100.00
Yeoh Tiong Lay Management Sdn. Bhd.	Malaysia	Dormant	**100.00**	100.00
Held through YTL Land Sdn. Bhd.:				
Katagreen Development Sdn. Bhd.	Malaysia	Property leasing management & related services	**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
Starhill Events Sdn. Bhd.	Malaysia	Dormant	**100.00**	–
YTL Design Services Sdn. Bhd.	Malaysia	Dormant	**100.00**	100.00
YTL Majestic Hotel Sdn. Bhd.	Malaysia	Hotel operator	**100.00**	100.00
Held through YTL Land & Development Berhad:				
Amanresorts Sdn. Bhd.	Malaysia	Dormant	**65.26**	65.26
Bayumaju Development Sdn. Bhd.	Malaysia	Property development	**65.26**	65.26
*# Boom Time Strategies Sdn. Bhd.	Malaysia	Inactive	**65.26**	65.26

Notes to the Financial Statements
(continued)

13. SUBSIDIARIES (CONTINUED)

(a) Investment in subsidiaries (continued)

Details of the subsidiaries are as follows:- (continued)

Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest 2016 %	Effective Equity Interest 2015 %
Held through YTL Land & Development Berhad: (continued)				
Budaya Bersatu Sdn. Bhd.	Malaysia	Property development	**65.26**	65.26
Emerald Hectares Sdn. Bhd.	Malaysia	Dormant	**45.68**	45.68
* Lakefront Pte. Ltd.	Singapore	Real estate development	**65.26**	65.26
* Lot Ten Security Sdn. Bhd.	Malaysia	Inactive	**65.26**	65.26
* Mayang Sari Sdn. Bhd.	Malaysia	Inactive	**65.26**	65.26
Noriwasa Sdn. Bhd.	Malaysia	Dormant	**65.26**	65.26
Pakatan Perakbina Sdn. Bhd.	Malaysia	Property development	**65.26**	65.26
Pinnacle Trend Sdn. Bhd.	Malaysia	Property development	**65.26**	65.26
PYP Sendirian Berhad	Malaysia	Property development	**65.26**	65.26
* Sandy Island Pte. Ltd.	Singapore	Real estate development	**65.26**	65.26
Satria Sewira Sdn. Bhd.	Malaysia	Dormant	**65.26**	65.26
* Sentul Raya Sdn. Bhd.	Malaysia	Property development & property investment	**45.68**	45.68
* Sentul Raya Golf Club Berhad	Malaysia	Inactive	**45.68**	45.68
* Sentul Raya City Sdn. Bhd.	Malaysia	Property development	**45.68**	45.68
* Sentul Park Management Sdn. Bhd.	Malaysia	Park management	**45.68**	45.68
* SR Property Management Sdn. Bhd.	Malaysia	Provision of property management services	**65.26**	65.26
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

13. SUBSIDIARIES (CONTINUED)

(a) Investment in subsidiaries (continued)

Details of the subsidiaries are as follows:- (continued)

Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest 2016 %	Effective Equity Interest 2015 %
Held through YTL Power International Berhad ("YTL Power"):				
* Attarat Operation and Maintenance Company B.V.	Netherlands	Dormant	**40.38**	42.57
* Cellular Structures Sdn. Bhd.	Malaysia	Inactive	**25.84**	27.24
* Enterprise Laundry Services Limited	England & Wales	Laundry services	**53.84**	56.76
Extiva Communications Sdn. Bhd.	Malaysia	Developing & marketing of VoIP telephony & other advanced network media appliance for services provider & enterprise telephony markets	**32.30**	34.06
FrogAsia Sdn. Bhd.	Malaysia	Licence reseller focusing on virtual education learning platforms	**53.84**	56.76
* Frog Education Limited	England & Wales	Sales into the education market and further development of its web environment products	**31.33**	32.68
* Frog Education Group Limited	England & Wales	Investment holding	**31.33**	32.68
Frog Education Sdn. Bhd.	Malaysia	License reseller focused on providing virtual learning educational platform	**31.33**	–
* Geneco Limited	England & Wales	Waste water services	**53.84**	56.76
* Geneco (South West) Limited	England & Wales	Waste water services	**53.84**	56.76
* Granite Investments (Cayman Islands) Limited	Cayman Islands	Dormant	**53.84**	56.76
* I Education Limited	England & Wales	Dormant	**–**	32.68
* Konsortium Jaringan Selangor Sdn. Bhd.	Malaysia	Planning, implementation and maintenance of telecommunication towers and telecommunication related services	**25.84**	27.25
* PetroSeraya Pte. Limited	Singapore	Oil trading & oil tank leasing	**53.84**	56.76
* P.T. YTL Jawa Timur	Indonesia	Construction management, consultancy services & power station operation services	**53.84**	56.76

Notes to the Financial Statements
(continued)

13. SUBSIDIARIES (CONTINUED)

(a) Investment in subsidiaries (continued)

Details of the subsidiaries are as follows:- (continued)

Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest 2016 %	Effective Equity Interest 2015 %
Held through YTL Power International Berhad ("YTL Power"): (continued)				
* P.T. Tanjung Jati Power Company	Indonesia	Design & construction of a coal-fired power generating facility	**43.07**	–
* Seraya Energy & Investment Pte. Limited	Singapore	Investment holding	**53.84**	56.76
* Seraya Energy Pte. Limited	Singapore	Sale of electricity	**53.84**	56.76
* SC Technology Deutschland GmbH	Germany	Waste treatment	**53.84**	56.76
* SC Technology GmbH	Switzerland	Waste treatment processes	**53.84**	56.76
* SC Technology Nederlands B.V.	Netherlands	Waste treatment	**53.84**	56.76
SIPP Power Sdn. Bhd.	Malaysia	Dormant	**37.69**	39.73
* Sword Bidco (Holdings) Limited	England & Wales	Dormant	**53.84**	56.76
* Sword Bidco Limited	England & Wales	Dormant	**53.84**	56.76
* Sword Holdings Limited	Cayman Islands	Dormant	**53.84**	56.76
* Sword Midco Limited	England & Wales	Dormant	**53.84**	56.76
* Water 2 Business Limited	England & Wales	Billing services	**37.69**	56.76
* Wessex Electricity Utilities Limited	England & Wales	Dormant	**53.84**	56.76
* Wessex Engineering & Construction Services Ltd.	England & Wales	Engineering services	**53.84**	56.76
* Wessex Logistics Limited	England & Wales	Dormant	**53.84**	56.76
* Wessex Promotions Limited	England & Wales	Dormant	**53.84**	56.76
* Wessex Property Services Limited	England & Wales	Dormant	**53.84**	56.76
* Wessex Spring Water Limited	England & Wales	Dormant	**53.84**	56.76
* Wessex Water Commercial Limited	England & Wales	Dormant	**53.84**	56.76
* Wessex Water Engineering Services Limited	England & Wales	Dormant	**53.84**	56.76
* Wessex Water Enterprises Limited	England & Wales	Water supply & waste water services	**53.84**	56.76
* Wessex Water International Limited	Cayman Islands	Dormant	**53.84**	56.76

13. SUBSIDIARIES (CONTINUED)

(a) Investment in subsidiaries (continued)

Details of the subsidiaries are as follows:- (continued)

Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest 2016 %	Effective Equity Interest 2015 %
Held through YTL Power International Berhad ("YTL Power"): (continued)				
*Wessex Water Limited	England & Wales	Water supply and waste water services	**53.84**	56.76
*Wessex Water Pension Scheme Trustee Limited	England & Wales	Dormant	**53.84**	56.76
*Wessex Water Services Finance Plc.	England & Wales	Issue of bonds	**53.84**	56.76
*Wessex Water Services Limited	England & Wales	Water supply & waste water services	**53.84**	56.76
*Wessex Water Trustee Company Limited	England & Wales	Dormant	**53.84**	56.76
*Wessex Utility Solutions Ltd.	England & Wales	Engineering services	**53.84**	56.76
YTL Broadband Sdn. Bhd.	Malaysia	Provision of wired, line and wireless broadband access and other related services	**25.84**	27.24
*YTL Communications International Ltd.	Cayman Islands	Investment holding	**32.30**	34.06
YTL Communications Sdn. Bhd.	Malaysia	Provision of wired, line and wireless broadband access and other related services	**32.30**	34.06
*YTL Communications (S) Pte. Ltd.	Singapore	Computer systems integration activities and system integration services	**32.30**	34.06
YTL Digital Sdn. Bhd.	Malaysia	Sale and marketing of telecommunication devices	**32.30**	34.06
*YTL ECOGreen Pte. Ltd.	Singapore	Dormant	**53.84**	56.76
*YTL Education (UK) Limited	England & Wales	Providing advisory and management services to educational institutions in the UK and abroad	**53.84**	56.76
YTL Energy Holdings Sdn. Bhd.	Malaysia	Investment holding	**53.84**	56.76
*YTL Engineering Limited	England & Wales	Dormant	**53.84**	56.76
*YTL Events Limited	England & Wales	Concert promotion	**53.84**	56.76

Notes to the Financial Statements
(continued)

13. SUBSIDIARIES (CONTINUED)

(a) Investment in subsidiaries (continued)

Details of the subsidiaries are as follows:- (continued)

Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest 2016 %	Effective Equity Interest 2015 %
Held through YTL Power International Berhad ("YTL Power"): (continued)				
*YTL Global Networks Limited	Cayman Islands	Dormant	**32.30**	34.06
*YTL Homes Ltd.	England & Wales	Housing development	**53.84**	–
*YTL Infrastructure Limited	Cayman Islands	Dormant	**53.84**	56.76
*YTL Jawa Energy B.V.	Netherlands	Investment holding	**53.84**	56.76
*YTL Jawa O & M Holdings B.V.	Netherlands	Investment holding	**53.84**	56.76
*YTL Jawa O & M Holdings Limited	Cyprus	Investment holding	**53.84**	56.76
*YTL Jawa Power B.V.	Netherlands	Investment holding	**30.76**	32.43
*YTL Jawa Power Finance Limited	Cayman Islands	Investment holding	**53.84**	56.76
*YTL Jawa Power Holdings B.V.	Netherlands	Investment holding	**30.76**	32.43
*YTL Jawa Power Holdings Limited	Cyprus	Investment holding	**53.84**	56.76
*YTL Jawa Power Services B.V.	Netherlands	Investment holding	**53.84**	56.76
*YTL Jordan Power Holdings Limited	Cyprus	Investment holding	**53.84**	–
*YTL Jordan Services Holdings Limited	Cyprus	Investment holding	**53.84**	–
YTL Jordan Services Sdn. Bhd.	Malaysia	Dormant	**53.84**	–
*YTL Land & Property (UK) Ltd.	England & Wales	Housing development	**53.84**	–
*YTL Power Australia Limited	Cayman Islands	Investment holding	**53.84**	56.76
*YTL Power Finance (Cayman) Limited	Cayman Islands	Dormant	**53.84**	56.76
*YTL Power Generation Sdn. Bhd.	Malaysia	Developing, constructing, completing, maintaining & operating power plants	**53.84**	56.76
YTL Power Holdings (Indonesia) Sdn. Bhd.	Malaysia	Dormant	**53.84**	–
*YTL Power Investments Limited	Cayman Islands	Investment holding	**53.84**	56.76
*YTL Power International Holdings Limited	Cayman Islands	Investment holding	**53.84**	56.76

13. SUBSIDIARIES (CONTINUED)

(a) Investment in subsidiaries (continued)

Details of the subsidiaries are as follows:- (continued)

Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest 2016 %	Effective Equity Interest 2015 %
Held through YTL Power International Berhad ("YTL Power"): (continued)				
*YTL PowerSeraya Pte. Ltd.	Singapore	Own & operate energy facilities & services (full value chain of electricity generation including trading of physical fuels & fuel related derivative instruments, tank leasing activities & sale of by-products from the electricity generation process)	**53.84**	56.76
*YTL Power (Thailand) Limited	Cayman Islands	Investment holding	**53.84**	56.76
YTL Power Trading (Labuan) Limited	Malaysia	Dormant	**53.84**	56.76
*YTL Property Holdings (UK) Limited	England & Wales	Housing development	**53.84**	–
*YTL Seraya Limited	Cayman Islands	Investment holding	**53.84**	56.76
*YTL Services Limited	England & Wales	Dormant	**53.84**	56.76
YTL SIPP Power Holdings Sdn. Bhd.	Malaysia	Investment holding	**37.69**	39.73
YTL Utilities Limited	Cayman Islands	Investment holding	**53.84**	56.76
*YTL Utilities Finance Limited	Cayman Islands	Financial services	**53.84**	56.76
*YTL Utilities Finance 2 Limited	Cayman Islands	Investment holding	**53.84**	56.76
*YTL Utilities Finance 3 Limited	Cayman Islands	Investment holding	**53.84**	56.76
*YTL Utilities Finance 4 Limited	Cayman Islands	Inactive	**53.84**	56.76
*YTL Utilities Finance 5 Limited	Cayman Islands	Inactive	**53.84**	56.76
*YTL Utilities Finance 6 Limited	Cayman Islands	Financial services	**53.84**	56.76
*YTL Utilities Finance 7 Limited	Cayman Islands	Inactive	**53.84**	56.76
YTL Utilities Holdings Limited	Cayman Islands	Investment holding	**53.84**	56.76
*YTL Utilities Holdings (S) Pte. Limited	Singapore	Investment holding	**53.84**	56.76
*YTL Utilities (S) Pte. Limited	Singapore	Investment holding	**53.84**	56.76
*YTL Utilities (UK) Limited	England & Wales	Investment holding	**53.84**	56.76

Notes to the Financial Statements
(continued)

13. SUBSIDIARIES (CONTINUED)

(a) Investment in subsidiaries (continued)

Details of the subsidiaries are as follows:- (continued)

Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest 2016 %	2015 %
Held through YTL Power Services Sdn Bhd:				
* YTL Power Services (Cayman) Ltd.	Cayman Islands	Investment holding & provision of operations & maintenance services of power plants	**100.00**	100.00
* YTL Power Services (Leb) SARL	Lebanon	Operation & maintenance of power station	**100.00**	100.00
* YTL Power Services (S) Pte. Ltd.	Singapore	Operation & maintenance of power station	**100.00**	100.00
Held through YTL Singapore Pte. Ltd.:				
* Ideal World Pte. Ltd.	Singapore	Wholesale of furniture	**51.00**	51.00
* Genesis-Alliance Retail Pte. Ltd.	Singapore	Retailing of furniture	**51.00**	51.00
* Guangzhou Autodome Food & Beverage Management Co., Ltd.	The People's Republic of China	Operator of food & beverage outlets	**100.00**	100.00
Prestige Lifestyles & Living Sdn. Bhd.	Malaysia	Trading of furniture, accessories & related services	**51.00**	51.00
* Shanghai Autodome Food & Beverage Co., Ltd.	The People's Republic of China	Operator of food & beverage outlets	**100.00**	100.00
* Shanghai YTL Hotels Management Co., Ltd.	The People's Republic of China	Dormant	**100.00**	100.00

* *Subsidiaries not audited by HLB Ler Lum*
^ *Dissolved during the financial year*
\# *The subsidiary was servicing notice of strike off by the Registrar of Companies*
@ *Inter-group restructuring*

(b) Subsidiaries' financial statements

The unaudited financial statements of, Industrial Procurement Limited, Niseko Village K.K., P.T. YTL Construction Makmur, Starhill Global REIT Investments Limited, Starhill Global REIT Management Limited, YTL Cayman Limited, YTL Construction (SA) (Proprietary) Limited, YTL Construction International (Cayman) Ltd., YTL Corp Finance (Labuan) Limited, YTL Corp Finance (Cayman) Limited, YTL (Guernsey) Limited, YTL Hotels B.V., YTL Hotels (Cayman) Limited, SCI YTL Hotels Saint Tropez, YTL Power Services (Cayman) Ltd. and YTL Property Investments Limited were consolidated in the Group's financial statements as these subsidiaries were not required by their local legislations to have their financial statements audited.

13. SUBSIDIARIES (CONTINUED)

(c) 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 2015, there is no significant change for the Group's revenue and profit for the financial year.

(d) Non-controlling interests in subsidiaries

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

Group – 2016	YTL Power Group RM'000	SGREIT Group RM'000	YTL REIT Group RM'000	Other individually immaterial subsidiaries RM'000	Total RM'000
NCI effective equity interest	*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					
As at 30 June					
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		
Year ended 30 June					
Revenue	10,245,174	652,029	426,292		
Profit/(loss) 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
(continued)

13. SUBSIDIARIES (CONTINUED)

(d) Non-controlling interests in subsidiaries (continued)

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

Group – 2015	YTL Power Group RM'000	SGREIT Group RM'000	YTL REIT Group RM'000	Other individually immaterial subsidiaries RM'000	Total RM'000
NCI effective equity interest	*43.24%*	*63.54%*	*41.01%*		
Carrying amount of NCI	1,423,139	3,491,941	544,565	692,774	6,152,419
Profit allocated to NCI	593,747	431,900	17,526	152,034	1,195,207
Summarised financial information before inter-company elimination					
As at 30 June					
Non-current assets	31,210,092	8,812,359	3,275,045		
Current assets	12,427,718	159,800	155,627		
Non-current liabilities	(27,485,838)	(2,880,369)	(1,566,865)		
Current liabilities	(4,523,277)	(520,942)	(81,212)		
Net assets	11,628,695	5,570,848	1,782,595		
Year ended 30 June					
Revenue	11,858,093	519,182	417,669		
Profit for the year	920,398	325,817	94,992		
Total comprehensive income	1,463,638	686,194	218,544		
Cash flows from operating activities	1,881,862	295,221	181,990		
Cash flows used in investing activities	(1,335,897)	(915,767)	(2,517)		
Cash flows (used in)/from financing activities	(585,363)	491,009	(201,332)		
Net changes in cash and cash equivalents	(39,398)	(129,537)	(21,859)		
Dividend paid to NCI	311,003	180,925	43,420		

14. INVESTMENT IN ASSOCIATED COMPANIES

(a) Investment in associated companies

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Unquoted shares, at cost	**1,174,099**	1,158,477	**205,241**	205,241
Share of post-acquisition reserves	**1,027,162**	732,261	**–**	–
Allowance for impairment	**(28,538)**	(28,538)	**–**	–
	2,172,723	1,862,200	**205,241**	205,241

Details of the associated companies are as follows:-

Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest	
			2016 %	2015 %
Held by the Company:				
* Express Rail Link Sdn. Bhd.	Malaysia	Operation & maintenance of the Express Rail Link railway system between Kuala Lumpur International Airport in Sepang & Kuala Lumpur Sentral Station	**45.00**	50.00
Trans-Pacific Resorts Sdn. Bhd.	Malaysia	Inactive	**50.00**	50.00
Held through Business & Budget Hotels Sdn. Bhd.:				
Business & Budget Hotels (Kuantan) Sdn. Bhd.	Malaysia	Hotel operator	**50.00**	50.00
Held through Syarikat Pembenaan Yeoh Tiong Lay Sdn. Bhd.:				
North South Development Sdn. Bhd.	Malaysia	Realty, investment & management services	**49.00**	49.00
Held through YTL Cayman Limited:				
* YTL (Thailand) Limited	Thailand	Investment holding	**49.90**	49.90

Notes to the Financial Statements
(continued)

14. INVESTMENT IN ASSOCIATED COMPANIES (CONTINUED)

(a) 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 2016 %	Effective Equity Interest 2015 %
Held through YTL Cement Berhad:				
^* Cementitious Products Pte. Ltd.	Singapore	General wholesale trade (including general importers and exporters)	**48.99**	49.05
Superb Aggregates Sdn. Bhd.	Malaysia	Extraction, removal, processing & sale of sand	**48.99**	49.05
Held through YTL e-Solution Berhad:				
^ Endless Momentum Sdn. Bhd.	Malaysia	Investment holding	**22.24**	22.24
Held through YTL Hotels & Properties Sdn. Bhd.:				
^* Eastern & Oriental Express Ltd.	Bermuda	Ownership & management of the luxury train service known as the 'Eastern & Oriental Express'	**32.00**	32.00
^* Surin Bay Company Limited	Thailand	Hotel operator	**49.00**	49.00
Trans-Pacific Hotels Sdn. Bhd.	Malaysia	Inactive	**50.00**	50.00
Held through YTL Power International Berhad ("YTL Power"):				
* Attarat Power Holding Company B.V.	Netherlands	Dormant	**16.15**	17.03
+* ElectraNet Pty. Ltd.	Australia	Principal electricity transmission	**18.04**	19.01
* Enefit Jordan B.V.	Netherlands	Investment holding	**16.15**	17.03
^ Jimah Power Generation Sdn. Bhd.	Malaysia	Dormant	**26.38**	27.80
+* P.T. Jawa Power	Indonesia	Operate a coal-fired thermal power station	**10.77**	11.35

** Companies not audited by HLB Ler Lum*
^ Companies with financial year end of 31 December
+ The Group's direct interest in ElectraNet Pty. Ltd. and P.T. Jawa Power are 33.5% and 35.0% respectively

14. INVESTMENT IN ASSOCIATED COMPANIES (CONTINUED)

(a) Investment in associated companies (continued)

As indicated above, the financial year end of certain associated companies are not coterminous 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.

(b) 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.	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Non-current assets	**4,479,138**	4,301,267	**8,614,699**	7,996,270
Current assets	**953,602**	996,416	**346,529**	125,273
Non-current liabilities	**(536,661)**	(1,243,842)	**(6,298,997)**	(5,498,498)
Current liabilities	**(263,454)**	(198,044)	**(1,378,942)**	(1,432,083)
Net assets	**4,632,625**	3,855,797	**1,283,289**	1,190,962
Profit for the financial year	**1,607,299**	709,069	**195,698**	112,683
Other comprehensive loss	**–**	–	**(23,293)**	(43)
Total comprehensive income	**1,607,299**	709,069	**172,405**	112,640
Included in the total comprehensive income is:				
Revenue	**2,201,108**	2,045,001	**1,088,556**	979,455
Other information:				
Dividends received from associate	**370,180**	265,678	**38,259**	24,792

Notes to the Financial Statements
(continued)

14. INVESTMENT IN ASSOCIATED COMPANIES (CONTINUED)

(b) 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	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Opening net assets, 1 July	**3,855,797**	3,318,785	**1,190,962**	1,198,530	**5,046,759**	4,517,315
Profit for the financial year	**1,607,299**	709,069	**195,698**	112,683	**1,802,997**	821,752
Other comprehensive loss	**–**	–	**(23,293)**	(43)	**(23,293)**	(43)
Foreign exchange differences	**227,185**	587,023	**34,127**	(46,202)	**261,312**	540,821
Dividend paid	**(1,057,656)**	(759,080)	**(114,205)**	(74,006)	**(1,171,861)**	(833,086)
Closing net assets, 30 June	**4,632,625**	3,855,797	**1,283,289**	1,190,962	**5,915,914**	5,046,759
Interest in associates direct hold by subsidiary	**35.0%**	35.0%	**33.5%**	33.5%		
Carrying amount	**1,621,419**	1,349,529	**429,902**	398,972	**2,051,321**	1,748,501

Goodwill amounting to RM23,357,000 (2015: 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 RM5,974,000 (2015: share of losses of RM2,036,000) 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 RM272,521,000 (2015: RM278,495,000) at the reporting date.

The individually immaterial associate's carrying amount is RM121,402,000 (2015: RM113,699,000) and the Group's share of profits, total comprehensive income is RM13,308,000 (2015: RM4,568,000).

15. JOINT VENTURES

(a) Investments in joint ventures

	Group	
	2016 RM'000	**2015 RM'000**
Unquoted investments, at cost	**23,401**	23,400
Share of post-acquisition reserves	**24,791**	11,355
	48,192	34,755

15. JOINT VENTURES (CONTINUED)

(a) Investments in joint ventures (continued)

Details of the joint ventures are as follows:-

Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest	
			2016 %	2015 %
Held through YTL Land & Development Berhad:				
Shorefront Development Sdn. Bhd.	Malaysia	Property development	**32.63**	32.63
Held through YTL Power International Berhad ("YTL Power"):				
Attarat Mining Company B.V.	Netherland	Dormant	**26.92**	28.38
Bristol Wessex Billing Services Limited	England & Wales	Billing services	**26.92**	28.38
Xchanging Malaysia Sdn. Bhd.	Malaysia	Mobile internet and cloud-based technology solutions	**16.15**	17.03

(b) 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	
	2016 RM'000	2015 RM'000
Non-current assets	**1,631**	127
Current assets	**54,009**	48,288
Current liabilities	**(17,008)**	(23,220)
Net assets	**38,632**	25,195
Total comprehensive income	**13,436**	38,195

Notes to the Financial Statements
(continued)

16. INVESTMENTS

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Available-for-sale financial assets				
Quoted equity investments				
– Within Malaysia	**13,425**	15,664	**4,001**	5,080
– Outside Malaysia	**19,729**	13,182	**5,855**	7,285
Unquoted equity investments				
– Within Malaysia	**20,180**	20,431	**19,233**	19,483
– Outside Malaysia	**249,055**	213,065	**–**	–
	302,389	262,342	**29,089**	31,848

A loss arising from the changes in fair values of available-for-sale financial assets during the financial year of RM2,482,000 (2015: RM852,000) and RM1,069,000 (2015: RM222,000) 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 RM511,000 (2015: RM1,049,000) and RM511,000 (2015: RM1,049,000) against equity investments whose trade prices had been below cost for a prolonged period, respectively.

17. CASH AND CASH EQUIVALENTS

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Deposits with licensed banks	**12,664,529**	13,318,448	**614,087**	1,223,338
Cash and bank balances	**1,081,308**	798,158	**3,498**	3,154
Cash and cash equivalents	**13,745,837**	14,116,606	**617,585**	1,226,492
Bank overdrafts (Note 33)	**(66,407)**	(85,194)	**–**	–
Cash and cash equivalents as per statements of cash flows	**13,679,430**	14,031,412	**617,585**	1,226,492

Cash and bank balances of the Group included amounts totalling RM11,653,000 (2015: RM24,265,000) held pursuant to Section 7A of the Housing Developers (Control and Licensing) Act 1966. Those amounts were restricted from use in other operations.

17. CASH AND CASH EQUIVALENTS (CONTINUED)

The range of interest rates of deposits that were effective at the reporting date were as follows:-

	Group		Company	
	2016 %	2015 %	2016 %	2015 %
Deposits with licensed banks	**0.01 – 4.50**	0.01 – 4.10	**3.20 – 4.50**	2.95 – 4.00

Deposits of the Group and of the Company have maturities ranging from 1 day to 365 days (2015: 1 day to 365 days). Bank balances are deposits held at call with banks.

Included in the deposits with licensed banks amounting to RM10,706,000 (2015: RM10,159,000) 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.

18. INTANGIBLE ASSETS

The details of intangible assets are as follows:-

Group – 2016	Customer acquisition costs RM'000	Goodwill on consolidation RM'000	Others RM'000	Total RM'000
At cost				
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 new 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**
Accumulated amortisation and impairment				
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
(continued)

18. INTANGIBLE ASSETS (CONTINUED)

The details of intangible assets are as follows:- (continued)

Group – 2015	Customer acquisition costs RM'000	Goodwill on consolidation RM'000	Others RM'000	Total RM'000
At cost				
At beginning of the financial year	135,785	4,987,334	–	5,123,119
Additions	91,317	–	35,628	126,945
Acquisition of new subsidiaries	–	85,832	18,461	104,293
Dilution of interest in subsidiaries	–	(236,471)	–	(236,471)
Currency translation differences	–	621,981	2,124	624,105
At end of the financial year	227,102	5,458,676	56,213	5,741,991
Accumulated amortisation and impairment				
At beginning of the financial year	(69,052)	(40,075)	–	(109,127)
Amortisation (Note 6)	(68,531)	–	(3,917)	(72,448)
At end of the financial year	(137,583)	(40,075)	(3,917)	(181,575)
Net carrying amount				
At 30 June 2015	89,519	5,418,601	52,296	5,560,416

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.*

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	
	2016 RM'000	2015 RM'000
Utilities	**5,214,841**	4,797,042
Management services	**290,747**	274,418
Cement manufacturing & trading	**134,820**	157,585
Property investment & development	**87,852**	96,078
Hotel & restaurant operations	**73,041**	68,644
Others	**24,834**	24,834
	5,826,135	5,418,601

18. INTANGIBLE ASSETS (CONTINUED)

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.

(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 RM4.3 billion (2015: RM3.9 billion) ("A") and RM819 million (2015: RM819 million) ("B"), respectively, one of the major goodwill in management services ("C") and cement manufacturing & trading ("D") segment amounting to RM291 million (2015: RM274 million) and RM135 million (2015: RM158 million), respectively.

	2016				2015			
	A %	B %	C %	D %	A %	B %	C %	D %
Pre-tax discounts	**6.2**	**5.5**	**5.4**	**4.5**	6.0	5.2	5.6	4.5
Terminal growth rate	**2.0**	**(0.6)**	**6.5**	**6.5**	2.0	(0.5)	6.5	6.5
Revenue growth	**0.9**	**1.9**	**2.0**	**3.0**	1.2	2.2	2.0	3.0
Electricity margin growth rate	**2.0**	**N/A**	**N/A**	**N/A**	2.0	N/A	N/A	N/A
Electricity volume growth rate	**2.0**	**N/A**	**N/A**	**N/A**	2.0	N/A	N/A	N/A

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 financial budgets and forecasts approved by management covering a 7 year period, to conform with the remaining contract period of the gas supply agreements. Cash flows beyond the 7 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 revenue growth assumption is calculated using the Compound Annual Growth Rate method and applied on the current year's sales figures and the terminal growth rates indicate the expected growth of cash flows after the forecast period of 7 years. Management determined the growth rates based on a combination of past performance, its expectation of market developments and consistency with forecasts included in industry reports.

Notes to the Financial Statements
(continued)

18. 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:-

	2016				2015			
	A %	B %	C %	D %	A %	B %	C %	D %
Pre-tax discounts	**8.0**	**13.0**	**7.0**	**5.7**	7.8	12.0	7.0	5.7
Terminal growth rate	**(0.5)**	**(2.3)**	**7.3**	**7.3**	(1.6)	(2.2)	7.2	7.2
Revenue growth	**(0.5)**	**(5.9)**	**0.1**	**0.9**	0.3	(5.0)	0.6	0.9
Electricity margin growth rate	**0.2**	**N/A**	**N/A**	**N/A**	(0.2)	N/A	N/A	N/A
Electricity volume growth rate	**(3.5)**	**N/A**	**N/A**	**N/A**	0.3	N/A	N/A	N/A

19. BIOLOGICAL ASSETS

	Group	
	2016 RM'000	2015 RM'000
Plantation development expenditure – at cost		
At beginning/end of the financial year	**1,798**	1,798

20. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Non-current				
Trade receivables	**1,039**	449	–	–
Other receivables	**12,434**	10,729	–	–
Less : Allowance for impairment	**(200)**	(100)	–	–
Other receivables (net)	**12,234**	10,629	–	–
Accrued income	–	435	–	–
Deposits	**1,332**	1,030	–	–
Receivables from associate company ^	**236,769**	274,902	–	–
	251,374	287,445	–	–

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Current				
Trade receivables	**1,922,012**	2,112,266	–	–
Shareholder amounts held by solicitors	**20,057**	29,162	–	–
	1,942,069	2,141,428	–	–
Less: Allowance for impairment	**(357,314)**	(361,366)	–	–
Trade receivables (net)	**1,584,755**	1,780,062	–	–
Other receivables **	**455,247**	416,689	**13,880**	15,085
Less: Allowance for impairment	**(3,563)**	(3,645)	–	–
Other receivables (net)	**451,684**	413,044	**13,880**	15,085
Amounts recoverable from supplier *	–	453,366	–	–
Less: Allowance for impairment	–	(149,390)	–	–
Amounts recoverable from supplier (net)	–	303,976	–	–
Accrued income	**665,959**	845,036	–	–
Deposits	**72,210**	78,762	**631**	390
	2,774,608	3,420,880	**14,511**	15,475

Notes to the Financial Statements

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20. TRADE AND OTHER RECEIVABLES (CONTINUED)

^ 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.

* A subsidiary of the Group had entered into the Agreement for the Sale and Purchase of Dry Gas ('Agreement') on 15 March 1993. Under this agreement, the price of gas to be supplied was calculated by reference to a market price-related formula. However, since 1 May 1997, the Government of Malaysia fixed the price of gas and accordingly, the market price-related formula applicable under the Agreement was not used by the gas supplier. The gas supplier unilaterally withdrew a discount provided for under the market price-related formula and as a consequence, a dispute arose over whether the discount was, in the circumstances, applicable under the Agreement.

The subsidiary commenced arbitration against the gas supplier for recovery of sums over-invoiced by the gas supplier in respect of the discount. A Notice of Arbitration was issued on 31 March 2014 and evidential hearings were completed on 6 March 2015.

On 16 July 2015, an award was issued in favour of the subsidiary for recovery of the amounts in dispute. The matter has been fully settled by the recovery of the aforesaid amount in December 2015.

** During the previous financial year, 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.

The ageing analysis of the Group's trade receivables is as follows:-

	Group	
	2016 RM'000	**2015 RM'000**
Neither past due nor impaired	**780,143**	974,486
1 to 90 days past due not impaired	**340,872**	420,966
91 to 120 days past due not impaired	**37,920**	31,014
More than 120 days past due not impaired	**425,820**	353,596
Total past due not impaired	**804,612**	805,576
Impaired	**357,314**	361,366
	1,942,069	2,141,428

Receivables amounting to RM66.4 million (2015: RM94.2 million) are secured by financial guarantees given by banks and RM13.0 million (2015: RM14.3 million) are secured by cash collateral.

20. TRADE AND OTHER RECEIVABLES (CONTINUED)

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM804,612,000 (2015: RM805,576,000) 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 RM'000	Others RM'000	Total RM'000
Group – 2016			
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**
Group – 2015			
At beginning of the financial year	313,591	151,093	464,684
Charge for the year	82,190	2,093	84,283
Reversal of impairment losses	(11,668)	(68)	(11,736)
Bad debts written off	(44,258)	–	(44,258)
Currency translation differences	21,511	17	21,528
At end of the financial year	361,366	153,135	514,501

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.

Notes to the Financial Statements
(continued)

21. INVENTORIES

	Group	
	2016 RM'000	2015 RM'000
At cost		
Consumable stores	**18,149**	15,219
Finished goods	**117,277**	89,458
Fuel	**225,332**	216,811
Properties held for sale	**61,424**	71,045
Raw materials	**100,732**	142,991
Spare parts	**189,935**	183,748
Work-in-progress	**47,040**	50,940
	759,889	770,212

22. PROPERTY DEVELOPMENT COSTS

Group – 2016	Freehold land RM'000	Leasehold land RM'000	Development costs RM'000	Total RM'000
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	**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**

22. PROPERTY DEVELOPMENT COSTS (CONTINUED)

Group – 2015	Freehold land RM'000	Leasehold land RM'000	Development costs RM'000	Total RM'000
Cumulative property development costs:-				
At beginning of the financial year	1,184,843	53,333	741,996	1,980,172
Cost incurred during the financial year	–	35,099	278,491	313,590
Transfer from land held for property development	16,444	72,076	10,596	99,116
Transfer to inventories	(79)	(6,848)	–	(6,927)
Reversal of completed projects	(2,769)	(19,198)	(422,273)	(444,240)
Currency translation differences	104,097	–	36,737	140,834
At end of the financial year	1,302,536	134,462	645,547	2,082,545
Cumulative cost recognised in profit or loss:-				
At beginning of the financial year				(449,574)
Recognised during the financial year				(194,027)
Reversal of completed projects				444,240
At end of the financial year				(199,361)
Property development costs at end of the financial year				1,883,184

Included in property development costs of the Group is interest capitalised during the financial year amounting to RM49,641,000 (2015: RM34,046,000).

Included in property development costs of the Group is a freehold land under development with carrying value of RM1,919,693,000 (2015: RM1,661,100,000) pledged as security for a borrowing granted to the Group as disclosed in Note 33 to the Financial Statements.

23. OTHER ASSETS

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Non-current				
Prepayments	**143,287**	32,558	**–**	–

Notes to the Financial Statements
(continued)

23. OTHER ASSETS (CONTINUED)

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Current				
Prepayments	**283,086**	214,354	**569**	178
Accrued billings in respect of property development costs	**101,010**	7,298	**–**	–
Amount due from contract customers (Note 25)	**9,937**	2,773	**–**	–
	394,033	224,425	**569**	178

24. DERIVATIVE FINANCIAL INSTRUMENTS

	Assets RM'000	Liabilities RM'000	Total RM'000
Group – 2016			
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)**
Group – 2015			
At beginning of the financial year	50,438	(88,585)	(38,147)
Movement during the year	79,363	(319,275)	(239,912)
Currency translation differences	9,234	(32,674)	(23,440)
At end of the financial year	139,035	(440,534)	(301,499)

24. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

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

	Contract/ Notional amount RM'000	Fair value	
		Assets RM'000	Liabilities RM'000
Group – 2016			
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**
Group – 2015			
Cash-flow hedges			
– fuel oil swaps	1,868,333	17,558	414,194
– currency forwards	2,049,678	102,669	5,595
– interest rate swaps	3,072,017	12,514	2,927
Fair value through profit or loss			
– fuel oil swaps	256,141	4,904	16,977
– currency forwards	168,403	1,390	841
		139,035	440,534
Current portion		85,243	304,311
Non-current portion		53,792	136,223
		139,035	440,534

Notes to the Financial Statements
(continued)

24. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

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 loss of RM17.9 million (2015: gain of RM71.1 million).

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

(a) Fuel oil swaps

Fuel oil swaps are entered into to hedge highly probable forecast fuel purchases that are expected to occur at various dates within 39 months (2015: 41 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 the quoted market prices for similar instruments.

(b) Currency forwards

Currency forwards are entered into to hedge highly probable forecast transactions denominated in foreign currency expected to occur at various dates within 44 months (2015: 43 months) from financial year end. The currency forwards have maturity dates that match the expected occurrence of these transactions.

Gains and losses relating to highly probable forecast fuel payments are recognised in the hedging reserve prior to the occurrence of these transactions and are transferred to the inventory of 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.

(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.

24. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

(d) 1.875% Exchangeable bonds

These represent the exchange features which are separate embedded derivatives contained in the Group's bonds. Bondholders are able to exchange the bonds into ordinary shares of RM0.10 each in the Company ("YTL Corp Shares") at fixed exchange prices. In the previous financial year, the bond has been fully redeemed or converted to the Company's shares. The derivative financial instruments are carried at fair value through profit or loss.

The fair values of the derivative financial instruments are valued using the jump diffusion model. The significant inputs in the model as at reporting date are as follows:-

	Group	
	2016 RM'000	**2015 RM'000**
YTL Corp Share price (RM)	–	1.62
Exchange price (RM)	–	1.67
Expected volatility (%)	–	22.40
Expected life of exchange feature (years)	–	–
Risk free rate per annum (%)	–	1.48

The expected life of exchange feature is based on the contractual life of these exchangeable bonds. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome.

25. CONSTRUCTION CONTRACTS

	Group	
	2016 RM'000	**2015 RM'000**
Aggregate costs incurred to date	**283,859**	766,272
Recognised profits less recognised losses	**14,774**	(23,639)
	298,633	742,633
Less: Progress billings	**(307,610)**	(743,624)
Total	**(8,977)**	(991)
Representing:		
Amount due to contract customers (Note 38)	**(18,914)**	(3,764)
Amount due from contract customers (Note 23)	**9,937**	2,773
Total	**(8,977)**	(991)

Included in aggregate costs incurred to date of the Group are depreciation and interest capitalised during the financial year amounting to RM7,481,000 (2015: RM7,363,000) and RM Nil (2015: RM131,000), respectively.

Notes to the Financial Statements
(continued)

26. AMOUNTS DUE FROM/TO RELATED PARTIES

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
(a) Amounts due from related parties				
Amounts due from:-				
– Holding company	**92**	856	**–**	–
– Subsidiaries	**–**	–	**999,535**	959,039
– Related companies	**31,824**	18,155	**1,953**	1,558
– Associated companies	**29,500**	4,955	**65**	53
– Joint ventures	**839**	18,668	**–**	–
	62,255	42,634	**1,001,553**	960,650
(b) Amounts due to related parties				
Amounts due to:-				
– Holding company	**90**	12	**–**	–
– Subsidiaries	**–**	–	**57,051**	9,907
– Related companies	**5,451**	5,256	**39**	4
– Associated companies	**3,150**	1,664	**–**	–
– Joint ventures	**512**	3,200	**–**	–
	9,203	10,132	**57,090**	9,911

(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 RM48.4 million (2015: RM51.4 million) which bear interest rate of 4.7% per annum (2015: 4.6% per annum).

The significant related parties' transactions of the Group and the Company are disclosed in Note 42 to the Financial Statements.

27. SHORT TERM INVESTMENTS

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Available-for-sale financial assets				
Unquoted unit trusts in Malaysia				
– at cost	**708,127**	632,106	**708,127**	632,106

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.

28. SHARE CAPITAL

	Group/Company	
	2016 RM'000	**2015 RM'000**
Authorised:-		
At beginning and end of the financial year		
– 15,000,000,000 ordinary shares of RM0.10 each	**1,500,000**	1,500,000
Issued and fully paid:-		
At beginning of the financial year		
– 10,793,991,262 (2015: 10,738,931,473) ordinary shares of RM0.10 each	**1,079,399**	1,073,893
Conversion of exchangeable bonds		
– Nil (2015: 55,059,789) ordinary shares of RM0.10 each	**–**	5,506
At end of the financial year		
– 10,793,991,262 (2015: 10,793,991,262) ordinary shares of RM0.10 each	**1,079,399**	1,079,399

Out of a total of 10,793,991,262 (2015: 10,793,991,262) ordinary shares of RM0.10 issued and fully paid-up ordinary shares, the Company holds 375,347,139 (2015: 375,346,039) ordinary shares of RM0.10 as treasury shares. As at 30 June 2016, the number of ordinary shares in issue and fully paid net of treasury shares are 10,418,644,123 (2015: 10,418,645,223).

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 24 November 2015. 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 1,100 ordinary shares of RM0.10 each (2015: 2,000) ordinary shares of RM0.10 each of its issued share capital from the open market. The average price paid for the shares repurchased was RM1.65 (2015: RM1.73) per ordinary share of RM0.10 each. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

As at 30 June 2016, the Company held as treasury shares a total of 375,347,139 (2015: 375,346,039) of its 10,793,991,262 (2015: 10,793,991,262) issued ordinary shares. Such treasury shares are held at a carrying amount of RM596,575,279 (2015: RM596,573,469).

Notes to the Financial Statements
(continued)

28. SHARE CAPITAL (CONTINUED)

(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.

(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 higher of the following:-

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

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

(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.

28. SHARE CAPITAL (CONTINUED)

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

(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 2016

			Number of share options over ordinary shares of RM0.10 each			
Grant date	**Expiry date**	**Exercise price RM**	**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**

Financial year ended 30 June 2015

Scheme						
16.07.2012	31.03.2021	1.75	138,135	–	(2,500)	135,635
			138,135	–	(2,500)	135,635

All of the 132,150,000 (2015: Nil) outstanding options are exercisable at the reporting date.

Notes to the Financial Statements
(continued)

28. SHARE CAPITAL (CONTINUED)

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

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	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Share option expenses				
by the Company	**660**	15,253	**660**	15,253
by the subsidiary	**–**	7,074	**–**	–
Allocation to subsidiaries	**–**	–	**(382)**	(8,594)
Total share option expenses	**660**	22,327	**278**	6,659

29. NON-DISTRIBUTABLE RESERVES

(a) Share premium

	Group/Company	
	2016 RM'000	2015 RM'000
At beginning of the financial year	**2,069,188**	1,987,700
Conversion of exchangeable bonds	**–**	81,488
At end of the financial year	**2,069,188**	2,069,188

29. NON-DISTRIBUTABLE RESERVES (CONTINUED)

(b) Other reserves

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Capital reserve	**102,268**	102,165	–	–
Equity component of ICULS	**73,846**	74,037	–	–
Foreign currency translation reserve	**762,795**	428,406	–	–
Share options reserve	**72,450**	72,714	**46,253**	46,813
Statutory reserve	**18,491**	32,325	–	–
Available-for-sale reserve	**5,418**	7,902	**808**	1,877
Hedging reserve	**(207,638)**	(228,463)	–	–
	827,630	489,086	**47,061**	48,690

(b) Other reserves

Group – 2016	Capital reserve RM'000	Equity component of ICULS RM'000	Foreign currency translation reserve RM'000	Share options reserve RM'000	Statutory reserve[1] RM'000	Available-for-sale reserve RM'000	Hedging reserve RM'000	Total other reserves RM'000
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 value	–	–	–	–	–	(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)	–
At end of the financial year	102,268	73,846	762,795	72,450	18,491	5,418	(207,638)	827,630

Notes to the Financial Statements
(continued)

29. NON-DISTRIBUTABLE RESERVES (CONTINUED)

(b) Other reserves (continued)

Group – 2015	Capital reserve RM'000	Equity component of ICULS RM'000	Foreign currency translation reserve RM'000	Share options reserve RM'000	Statutory reserve[1] RM'000	Available-for-sale reserve RM'000	Hedging reserve RM'000	Total other reserves RM'000
At beginning of the financial year	102,000	74,066	(359,761)	50,409	27,415	8,754	(14,361)	(111,478)
Changes in fair values loss	–	–	–	–	–	(852)	(338,142)	(338,994)
Reclassification	–	–	–	–	–	–	142,845	142,845
Exchange differences	–	–	774,437	–	–	–	–	774,437
Total comprehensive income/ (loss) for the year	–	–	774,437	–	–	(852)	(195,297)	578,288
Share option expenses	–	–	–	15,253	–	–	–	15,253
Share option expenses by subsidiary	–	–	–	7,074	–	–	–	7,074
Conversion of ICULS	–	(29)	–	–	–	–	–	(29)
Share option lapsed	–	–	–	(22)	–	–	–	(22)
Currency translation differences	165	–	13,730	–	4,910	–	(18,805)	–
At end of the financial year	102,165	74,037	428,406	72,714	32,325	7,902	(228,463)	489,086

Note:
1. This represents a reserve which needs to be set aside pursuant to local statutory requirement of an associated company.

(b) Other reserves – Company

	Share options reserve RM'000	Available-for-sale reserve RM'000	Total other reserves RM'000
2016			
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**
2015			
At beginning of the financial year	31,560	2,099	33,659
Changes in fair values	–	826	826
Disposal of available-for-sale investment securities	–	(1,048)	(1,048)
Share option expenses	15,253	–	15,253
At end of the financial year	46,813	1,877	48,690

30. LONG TERM PAYABLES

	Group	
	2016 RM'000	2015 RM'000
Deferred income	**710,798**	635,637
Deposits	**90,167**	168,006
Payable to non-controlling interest	**113,007**	–
Other payables	**23,888**	41,967
	937,860	845,610

The deferred income in relation to assets transferred from customer and services which are yet to be provided.

Deposits consist of deposits 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.

31. OTHER NON-CURRENT LIABILITIES

	Group	
	2016 RM'000	2015 RM'000
Amount due to contract customer	**67,696**	67,696

This represents the balance of the total purchase consideration of not less than RM105,616,000 (2015: 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.

32. BONDS

		Group		Company	
	Note	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Current					
Medium Term Notes	32(A)	**–**	348,390	**–**	–
Japan bond	32(J)	**31,002**	–	**–**	–
		31,002	348,390	**–**	–

Notes to the Financial Statements
(continued)

32. BONDS (CONTINUED)

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Non-current					
Medium Term Notes	32(A)	**7,262,394**	7,209,363	**1,500,000**	1,500,000
3.52% Retail Price Index Guaranteed Bonds	32(B)	**400,948**	435,794	**–**	–
5.75% Guaranteed Unsecured Bonds	32(C)	**1,870,231**	2,063,739	**–**	–
5.375% Guaranteed Unsecured Bonds	32(D)	**1,071,466**	1,182,665	**–**	–
1.75% Index Linked Guaranteed Bonds	32(E)	**1,078,583**	1,172,322	**–**	–
1.369% and 1.374% Index Linked Guaranteed Bonds	32(F)	**1,078,583**	1,172,322	**–**	–
1.489%, 1.495% and 1.499% Index Linked Guaranteed Bonds	32(G)	**1,018,461**	1,113,911	**–**	–
2.186% Index Linked Guaranteed Bonds Due 2039	32(H)	**328,719**	357,436	**–**	–
4.0% Guaranteed Unsecured Bonds	32(I)	**1,635,804**	1,810,222	**–**	–
Japan bonds	32(J)	**–**	38,205	**–**	–
		15,745,189	16,555,979	**1,500,000**	1,500,000
Total		**15,776,191**	16,904,369	**1,500,000**	1,500,000

The bonds are repayable:-

	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Not later than 1 year	**31,002**	348,390	**–**	–
Later than 1 year but not later than 5 years	**3,320,331**	3,046,880	**500,000**	500,000
Later than 5 years	**12,424,858**	13,509,099	**1,000,000**	1,000,000
Total	**15,776,191**	16,904,369	**1,500,000**	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 2016 %	Group 2015 %	Company 2016 %	Company 2015 %
Medium Term Notes	**1.82**	2.19	**4.42**	4.42
Bonds	**4.19**	4.34	**–**	–

32. BONDS (CONTINUED)

The fair values of the bonds of the Group as at the reporting date are as follows:-

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
3.52% Retail Price Index Guaranteed Bonds	**291,122**	302,463	**–**	–
5.75% Guaranteed Unsecured Bonds	**2,668,006**	2,599,306	**–**	–
5.375% Guaranteed Unsecured Bonds	**1,398,749**	1,405,313	**–**	–
1.75% Index Linked Guaranteed Bonds	**1,409,517**	1,402,249	**–**	–
1.369% and 1.374% Index Linked Guaranteed Bonds	**1,286,352**	1,462,953	**–**	–
1.489%, 1.495% and 1.499% Index Linked Guaranteed Bonds	**1,296,905**	1,490,517	**–**	–
2.186% Index Linked Guaranteed Bonds Due 2039	**382,357**	400,232	**–**	–
4.0% Guaranteed Unsecured Bonds Due 2021	**1,807,980**	1,903,316	**–**	–
Medium Term Notes	**6,302,260**	6,283,362	**1,491,234**	1,491,234
Japan Bonds	**31,644**	38,612	**–**	–
Total	**16,874,892**	17,288,323	**1,491,234**	1,491,234

(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% (2015: 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% (2015: 4.38%) per annum, payable semi-annually in arrears. The MTNs are redeemable on 25 April 2023 at nominal value.

(ii) The MTNs of YTL Power International Berhad ("YTLPI") were issued pursuant to a MTNs issuance programme of up to RM5.0 billion constituted by a Trust Deed and MTNs Agreement, both dated 11 August 2011.

In the previous financial year, YTLPI had drawn down RM700 million and RM300 million of MTNs bearing interest payable semi-annually in previous financial year. The facility bears interest rates ranging from 4.35% to 4.95% (2015: 4.35% to 4.95%) per annum.

Notes to the Financial Statements
(continued)

32. BONDS (CONTINUED)

(A) MEDIUM TERM NOTES ("MTNs") (continued)

(iii) The MTNs of Starhill Global REIT ("SGREIT") were issued pursuant to:-

(a) Singapore MTNs (Series 001 Notes)

The Group issued SGD124 million unsecured five-year Singapore MTNs comprised in Series 001 (the "Series 001 Notes") in July 2010 (maturing in July 2015) under its SGD2 billion Multicurrency MTNs Programme. The Series 001 Notes bear a fixed rate interest of 3.405% per annum payable semi-annually in arrears and have a rating of "BBB+" by Standard & Poor's Rating Services. The Group has fully redeemed the Series 001 Notes upon maturity. The Series 001 Notes were cancelled on 13 July 2015 pursuant to such redemption.

(b) 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 3.5% per annum payable semi-annually in arrears and have a rating of "BBB+" by Standard & Poor's Rating Services.

(c) 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 3.4% 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 (SGD110 million) ("Second Senior MTN") at a discounted cash consideration of approximately RM325 million. The Second Senior MTN have a carrying amount of approximately RM327 million (SGD109 million) [2015: RM326 million (SGD116 million)] as at 30 June 2016. 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 2016 is 4.57% (2015: 5.50%) per annum. The RPIG Bonds will be redeemed in full by Issuer on 30 July 2023 at their indexed value together with all accrued interest.

32. BONDS (CONTINUED)

(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 2016 GBP346,917,275 (2015: GBP346,689,488) 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.

(D) 5.375% GUANRANTEED 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 GBP198,750,971 (2015: GBP198,677,077) remained outstanding as at 30 June 2016, 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 2016 is 2.80% (2015: 3.73%) 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.

32. BONDS (CONTINUED)

(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 2016 is 2.42% (2015: 3.35%) 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.

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 2016 is 2.54% (2015: 2.39%) 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 2016 is 2.76% (2015: 1.99%) 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 GBP198,602,052 (2015: GBP198,335,776) remained outstanding as at 30 June 2016, 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.

32. BONDS (CONTINUED)

(I) 4.0% GUARANTEED UNSECURED BONDS (continued)

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 GBP104,830,259 (2015: GBP105,765,148) remained outstanding as at 30 June 2016, 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.

(J) JAPAN BONDS

Starhill Global REIT One TMK ("SGREIT One TMK"), a subsidiary of the Group, has JPY0.8 billion (SGD10.5 million) [2015: JPY1.2 billion (SGD13.7 million)] of Japan bonds outstanding as at 30 June 2016, maturing in November 2016. 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). In August 2016, SGREIT One TMK has completed the refinancing of the above Japan bond.

33. BORROWINGS

		Group		Company	
	Note	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Current					
Bankers' acceptances	33(A)	**9,977**	23,458	**–**	–
Bank overdrafts	33(B)	**66,407**	85,194	**–**	–
Committed bank loans	33(C)	**–**	5,065	**–**	–
Finance lease liabilities	33(D)	**132,400**	52,094	**665**	439
ICULS	33(E)	**13,942**	9,447	**–**	–
Revolving credit	33(F)	**2,030,798**	2,809,210	**1,266,855**	1,266,855
Term loans	33(G)	**806,056**	1,005,610	**–**	–
Trade loans	33(H)	**–**	84,422	**–**	–
		3,059,580	4,074,500	**1,267,520**	1,267,294

Notes to the Financial Statements
(continued)

33. BORROWINGS (CONTINUED)

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Non-current					
Finance lease liabilities	33(D)	**168,180**	93,106	**705**	244
ICULS	33(E)	**16,947**	22,464	**–**	–
Revolving credit	33(F)	**2,079,357**	1,955,471	**–**	–
Term loans	33(G)	**15,961,937**	14,432,626	**200,000**	200,000
		18,226,421	16,503,667	**200,705**	200,244
Total					
Bankers' acceptances	33(A)	**9,977**	23,458	**–**	–
Bank overdrafts	33(B)	**66,407**	85,194	**–**	–
Committed bank loans	33(C)	**–**	5,065	**–**	–
Finance lease liabilities	33(D)	**300,580**	145,200	**1,370**	683
ICULS	33(E)	**30,889**	31,911	**–**	–
Revolving credit	33(F)	**4,110,155**	4,764,681	**1,266,855**	1,266,855
Term loans	33(G)	**16,767,993**	15,438,236	**200,000**	200,000
Trade loans	33(H)	**–**	84,422	**–**	–
		21,286,001	20,578,167	**1,468,225**	1,467,538

The borrowings of the Group and the Company are repayable as follows:-

Group	Not later than 1 year RM'000	Later than 1 year but not later than 5 years RM'000	Later than 5 years RM'000	Total RM'000
At 30 June 2016				
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**

33. BORROWINGS (CONTINUED)

The borrowings of the Group and the Company are repayable as follows:- (continued)

Group	Not later than 1 year RM'000	Later than 1 year but not later than 5 years RM'000	Later than 5 years RM'000	Total RM'000
At 30 June 2015				
Bankers' acceptances	23,458	–	–	23,458
Bank overdrafts	85,194	–	–	85,194
Committed bank loans	5,065	–	–	5,065
Finance lease liabilities	52,094	93,106	–	145,200
ICULS	9,447	22,464	–	31,911
Revolving credit	2,809,210	1,955,471	–	4,764,681
Term loans	1,005,610	13,073,268	1,359,358	15,438,236
Trade loans	84,422	–	–	84,422
	4,074,500	15,144,309	1,359,358	20,578,167

Company	Not later than 1 year RM'000	Later than 1 year but not later than 5 years RM'000	Later than 5 years RM'000	Total RM'000
At 30 June 2016				
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**
At 30 June 2015				
Finance lease liabilities	439	244	–	683
Revolving credit	1,266,855	–	–	1,266,855
Term loan	–	200,000	–	200,000
	1,267,294	200,244	–	1,467,538

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

Notes to the Financial Statements
(continued)

33. BORROWINGS (CONTINUED)

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	
	2016 %	**2015 %**	**2016 %**	**2015 %**
Term loans	**2.24**	2.32	**4.55**	4.55
Trade loans	**–**	2.03	**–**	–
Revolving credit	**2.84**	2.99	**4.03**	3.99
Committed bank loans	**–**	1.05	**–**	–
ICULS	**7.49**	7.49	**–**	–
Bankers' acceptances	**4.49**	4.58	**–**	–
Bank overdrafts	**1.47**	1.51	**–**	–
Finance lease liabilities	**2.39**	1.54	**2.46**	2.41

(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 demand.

(D) Finance lease liabilities

	Group		Company	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Minimum lease payments:-				
Payable not later than 1 year	**140,246**	57,630	**718**	460
Payable later than 1 year and not later than 5 years	**173,892**	99,165	**720**	251
	314,138	156,795	**1,438**	711
Less: Finance charges	**(13,558)**	(11,595)	**(68)**	(28)
Present value of finance lease liabilities	**300,580**	145,200	**1,370**	683

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

(i) Revolving credit denominated in Ringgit Malaysia

Revolving credit facilities of RM900,000,000 of previous financial year was obtained by YTL Communications Sdn. Bhd., a subsidiary of the Group which is guaranteed by YTL Power International Berhad. The borrowings bear interest rates ranging from 3.99% to 4.19% (2015: 3.74% to 4.22%) per annum and are renewable on monthly basis. The revolving credit was fully paid on 29 April 2016.

(ii) Revolving credit denominated in SG Dollar

Revolving credit facilities of RM2,079,356,683 [SGD697,396,258] (2015: RM1,955,471,075 [SGD695,996,254]) is unsecured loan of YTL PowerSeraya Pte. Limited. The borrowing bears interest rates ranging from 1.72% to 2.72% (2015: 1.24% to 2.01%) per annum and is repayable in full on 14 September 2017.

Notes to the Financial Statements
(continued)

33. BORROWINGS (CONTINUED)

(G) Term loans

(i) Term loans denominated in Great Britain Pounds

(a) The term loans of RM404,325,000 [GBP75,000,000] (2015: RM446,452,500 [GBP75,000,000]) are unsecured loans of Wessex Water Services Limited and are guaranteed by Wessex Water Limited. The loans bear interest rates ranging from 1.16% to 1.23% (2015: 1.09% to 1.19%) per annum and are repayable on 22 July 2021.

(b) The term loans of RM754,740,000 [GBP140,000,000] (2015: RM833,378,000 [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 0.85% to 0.87% (2015: 0.84% to 0.85%) per annum and are repayable in full on 15 December 2018.

(c) The term loans of RM1,078,200,000 [GBP200,000,000] (2015: RM892,905,000 [GBP150,000,000]) are unsecured loans of Wessex Water Services Limited and are guaranteed by Wessex Water Limited. The first loan of GBP50,000,000 was withdrawn on 30 January 2015 bears an interest rate of 2.16% (2015: 2.16%) per annum, the second loan of GBP50,000,000 was withdrawn on 9 March 2015 bears an interest rate of LIBOR plus 0.45% (2015: LIBOR plus 0.45%) per annum and the third loan of GBP50,000,000 was withdrawn on 9 April 2015 bears an interest rate of 1.99% (2015: 1.99%) per annum and the fourth loan of GBP50,000,000 was withdrawn on 25 May 2016 bears an interest rate of LIBOR plus 0.76%. 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 RM756,153,625 [USD199,750,000] (2015: RM756,153,625 [USD199,750,000]) are unsecured and guaranteed by YTL Power International Berhad. The loan bear interest rate ranging from 1.33% to 1.36% (2015: 1.30% to 1.84%) per annum. The term loan was fully repaid on 17 December 2015.

(b) Term loan of RM804,500,000 [USD200,000,000] (2015: RM757,100,000 [USD200,000,000]) was drawn by YTL Power International Berhad on 28 May 2015. The loan is repayable on 28 May 2020. The loan bear interest rate of 1.39% (2015: 1.39%) per annum up to 31 May 2016 and LIBOR plus 1.35% subsequently for every half year. The effective interest rate as at 30 June 2016 is 2.33% (2015: 1.39%) per annum.

(c) Term loan of RM804,500,000 [USD200,000,000] was drawn by YTL Power International Berhad on 17 December 2015 and repayable on 17 December 2020. The loan bear interest rate of 1.10% per annum up to 19 December 2016 and LIBOR plus 1.20% subsequently for every half year.

(d) Term loan of RM1,096,131,000 [USD272,500,000] (2015: RM1,059,940,000 [USD280,000,000]) was drawn by 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 1.73% (2015: 1.48%) per annum.

(iii) Term loans denominated in Ringgit Malaysia

Included in the term loan is the borrowing of YTL Hospitality REIT amounting to RM811,800,000 (2015: RM821,800,000) secured by first fixed charge over its properties. The facility bears a weighted average interest rate of 4.91% (2015: 4.81%) per annum. The facility is repayable in full on 23 November 2017.

Save for the above, all the term loans are unsecured.

33. BORROWINGS (CONTINUED)

(G) Term loans (continued)

(iv) Term loans denominated in Singapore Dollars

Included in the term loan are:-

(a) Term loan of RM2,257,587,246 [SGD757,173,077] (2015: RM2,123,082,874 [SGD755,653,073]) is unsecured loan of YTL PowerSeraya Pte. Limited. The borrowing bears interest rates ranging from 1.72% to 2.72% (2015: 1.24% to 2.01%) per annum and is repayable in full on 14 September 2017.

(b) Term loan of RM2,245,794,109 [SGD753,217,772] (2015: RM2,111,848,067 [SGD751,654,352]) is unsecured loan of YTL PowerSeraya Pte. Limited. The borrowing bears interest rates ranging from 1.82% to 2.82% (2015: 1.34% to 2.11%) per annum and is repayable in full on 14 September 2019.

(c) Term loan of RM1,095,085,000 [SGD367,281,000] (2015: RM964,467,000 [SGD343,275,000]) is a secured loan of YTL Westwood Properties Pte. Ltd. ("YTLW"). This term loan bears interest rates ranging from 2.47% to 3.52% (2015: 2.11% to 2.93%) per annum and is secured by legal mortgage of the property of YTLW.

(v) Term loans denominated in Australian Dollars

Included in the term loan is the term loan of RM791,934,344 [AUD264,869,843] (2015: RM762,911,673 [AUD262,538,860]) of YTL Hospitality REIT is secured first fixed charge over the properties of its subsidiary. The facility bears a weighted average interest rate of 4.52% (2015: 4.19%) per annum and is repayable by bullet payment on 29 June 2020.

(H) Trade loans

All the trade loans are unsecured, guaranteed by a subsidiary and repayable on demand.

34. GRANTS AND CONTRIBUTIONS

	Group	
	2016 RM'000	**2015 RM'000**
At beginning of the financial year	**413,485**	347,207
Currency translation differences	**(28,215)**	34,420
Amortisation of grants and contributions (Note 6)	**(17,005)**	(10,042)
Received during the financial year	**59,578**	41,900
At end of the financial year	**427,843**	413,485

This 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
(continued)

35. DEFERRED TAX LIABILITIES

	Group		Company	
	2016 RM'000	2015 RM'000 Restated	2016 RM'000	2015 RM'000
At beginning of the financial year (as previously stated)	**2,403,899**	2,275,723	**100**	100
Prior year adjustments	**(7,461)**	(7,461)	**–**	–
At beginning of the financial year (as restated)	**2,396,438**	2,268,262	**100**	100
Credited to profit or loss (Note 7)	**(128,117)**	(36,689)	**86**	–
– Property, plant and equipment	**(185,633)**	(14,311)	**86**	–
– Property development	**4,475**	1,061	**–**	–
– Investment properties	**(12,453)**	(11,649)	**–**	–
– Retirement benefits	**16,241**	(1,690)	**–**	–
– Provision	**(611)**	1,001	**–**	–
– Unutilised capital allowance	**47,956**	(2,538)	**–**	–
– Unabsorbed tax losses	**(2,102)**	(8,088)	**–**	–
– Others	**4,010**	(475)	**–**	–
Currency translation differences	**(108,023)**	182,301	**–**	–
Acquisition of subsidiary	**–**	10,137	**–**	–
Credited to other comprehensive income *	**(41,990)**	(27,573)	**–**	–
At end of the financial year	**2,118,308**	2,396,438	**186**	100

* *This is in relation to re-measurement of post-employment benefit obligations.*

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:-

	Group		Company	
	2016 RM'000	**2015 RM'000 Restated**	**2016 RM'000**	**2015 RM'000**
Deferred tax provided are in respect of:-				
Deferred tax assets before offsetting				
Unutilised capital allowances	**(50,548)**	(8,892)	**–**	–
Retirement benefits	**(158,271)**	(147,618)	**–**	–
Unabsorbed tax losses	**(13,398)**	(2,710)	**–**	–
Provisions	**(7,163)**	(9,983)	**–**	–
Others	**(15,495)**	(13,054)	**–**	–
	(244,875)	(182,257)	**–**	–
Offsetting	**244,875**	182,257	**–**	–
Deferred tax assets after offsetting	**–**	–	**–**	–
Deferred tax liabilities before offsetting				
Property, plant and equipment				
– capital allowances in excess of depreciation	**2,295,311**	2,518,192	**186**	100
Land held for property development	**44,643**	41,424	**–**	–
Others	**23,229**	19,079	**–**	–
	2,363,183	2,578,695	**186**	100
Offsetting	**(244,875)**	(182,257)	**–**	–
Deferred tax liabilities after offsetting	**2,118,308**	2,396,438	**186**	100

Notes to the Financial Statements
(continued)

35. DEFERRED TAX LIABILITIES (CONTINUED)

Deferred tax assets have not been recognised in respect of the following items:-

	Group	
	2016 RM'000	**2015 RM'000 Restated**
Unabsorbed tax losses	**1,232,863**	1,227,865
Unutilised capital allowances	**1,533,425**	1,500,727
Deductible temporary differences	**284,182**	102,557
Taxable temporary differences		
– property, plant and equipment	**(1,058,036)**	(934,946)
	1,992,434	1,896,203

The unabsorbed tax losses and unutilised capital allowances are subject to agreement with the Inland Revenue Board.

36. POST-EMPLOYMENT BENEFIT OBLIGATIONS

	Group		Company	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Defined contribution plan – Current				
Malaysia (Note a)	**5,887**	5,720	**417**	375
Defined contribution plan – Non-current				
Overseas				
– United Kingdom (Note b)	**861,832**	734,028	**–**	–
– Indonesia (Note c)	**12,440**	9,337	**–**	–
	874,272	743,365	**–**	–

(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.

36. POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONTINUED)

(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 2016 using revised assumptions.

(i) Profile of the scheme

The defined benefit obligations include benefits for current employees, former employees and current pensioners. Broadly, about 38% of the liabilities are attributable to current employees, 16% to former employees and 46% 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 18 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 12 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 (RM510.0 million). The subsidiary is paying deficit contributions of:

- GBP8.6 million (RM46.4 million) by 31 March 2014 and 31 March 2015;
- GBP7.6 million (RM41.0 million) by each 31 March, from 31 March 2016 to 31 March 2020 inclusive;
- GBP10.2 million (RM55.0 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.

The next funding valuation is due no later than 30 September 2016 at which progress towards full-funding will be 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 (RM41.0 million) is expected to be paid by the subsidiary during the year ending on 30 June 2017.

(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.

Notes to the Financial Statements
(continued)

36. POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONTINUED)

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

(iii) Risks associated with the scheme (continued)

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.

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

	Group	
	2016 RM'000	**2015 RM'000**
At 1 July	**734,028**	546,654
Pension cost	**99,484**	88,792
Contributions and benefits paid	**(107,104)**	(99,008)
Currency translation differences	**(95,920)**	60,502
Re-measurement loss	**231,344**	137,088
At 30 June	**861,832**	734,028

The amounts recognised in the Statements of Financial Position are as follows:-

	Group	
	2016 RM'000	**2015 RM'000**
Present value of funded obligations	**3,795,075**	3,806,216
Fair value of plan assets	**(2,933,243)**	(3,072,188)
Liability in the Statements of Financial Position	**861,832**	734,028

36. POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONTINUED)

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

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

	Group	
	2016 RM'000	**2015 RM'000**
At 1 July	**3,806,216**	3,105,038
Exchange differences	**(406,231)**	312,378
Interest cost	**147,497**	134,912
Current service cost	**66,435**	55,064
Contributions by scheme participants	**1,224**	1,088
Past service cost	**612**	6,528
Net benefits paid	**(125,464)**	(109,624)
Re-measurement loss/(gain):		
– Actuarial gain arising from demographic assumptions	**(47,738)**	–
– Actuarial loss arising from financial assumptions	**391,693**	338,368
– Actuarial gain arising from experience adjustments	**(39,169)**	(37,536)
Present value of defined benefit obligations, at 30 June	**3,795,075**	3,806,216

Changes in fair value of plan assets are as follows:-

	Group	
	2016 RM'000	**2015 RM'000**
At 1 July	**3,072,188**	2,558,384
Exchange differences	**(310,310)**	251,876
Interest income	**119,344**	111,520
Contributions by employer	**107,103**	99,008
Contributions by scheme participants	**1,224**	1,088
Net benefits paid	**(125,464)**	(109,624)
Administration expenses	**(4,284)**	(3,808)
Re-measurement gain:		
– Return on plan assets excluding interest income	**73,442**	163,744
Fair value of plan assets, at 30 June	**2,933,243**	3,072,188

Notes to the Financial Statements
(continued)

36. POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONTINUED)

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

The pension cost recognised is analysed as follows:-

	Group	
	2016 RM'000	2015 RM'000
Current service cost	**66,435**	55,064
Interest cost	**28,153**	23,392
Past service cost	**612**	6,528
Administration expenses	**4,284**	3,808
Total charge to Income Statements	**99,484**	88,792

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

	Group	
	2016 RM'000	2015 RM'000
Cost of sales	**53,498**	49,050
Administration expenses	**17,833**	16,350
Interest cost	**28,153**	23,392
Total charge to Income Statements	**99,484**	88,792

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

	Group	
	2016 %	2015 %
Discount rate	**2.90**	3.80
Expected rate of increase in pension payment	**1.80 – 2.70**	2.20 – 3.10
Expected rate of salary increases	**1.60 – 3.30**	0.75 – 3.70
Price inflation - RPI	**2.80**	3.20
Price inflation - CPI	**1.80**	2.20

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 (2015: 27.2 years) if they are male, and for a further 29.3 years (2015: 29.5 years) if they a female. For a member who retires in 2036 at age 60 the assumptions are that they will live, on average, for a further 28.4 years (2015: 28.8 years) after retirement if they are male, and a further 30.9 years (2015: 31.1 years) after retirement if they are female.

36. POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONTINUED)

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

The mortality table adopted is based upon 95% of standard tables S1P(M/F)A adjusted to allow for individual years of birth. Future improvements are assumed to be in line with the CMI 2015 core projection, with a long term improvement rate of 1.0% p.a. for all members.

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.

A reduction in the discount rate of 0.1% from 2.9% to 2.8% would increase the scheme liabilities by RM71.2 million from RM3,795.1 million to RM3,866.3 million, increasing the scheme deficit to RM933.0 million. An increase in the inflation assumption of 0.1% (from 1.8% to 1.9% for CPI and 2.8% to 2.9% for RPI) would increase the scheme liabilities by RM61.5 million from RM3,795.1 million to RM3,856.6 million, increasing the scheme deficit to RM923.3 million. An increase in life expectancy of 1 year would increase the scheme liabilities by RM135.5 million from RM3,795.1 million to RM3,930.6 million, increasing the scheme deficit to RM997.3 million.

The plan assets are comprised as follow:-

	2016		2015	
	RM'000	%	RM'000	%
Equity instrument	**1,357,992**	**46.3**	1,554,845	50.6
Debt instrument	**1,415,138**	**48.2**	1,355,429	44.1
Property	**155,261**	**5.3**	160,723	5.2
Others	**4,852**	**0.2**	1,191	0.1
	2,933,243	**100.0**	3,072,188	100.0

	Group	
	2016 RM'000	2015 RM'000
Actual return on plan assets	**192,786**	275,264

Notes to the Financial Statements
(continued)

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	
	2016 RM'000	**2015 RM'000**
Obligation relating to post-employment benefits	**10,072**	7,351
Obligation relating to other long term employee benefits	**2,368**	1,986
Total	**12,440**	9,337

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 2016.

(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	
	2016 RM'000	**2015 RM'000**
At 1 July	**7,351**	5,598
Pension cost	**1,222**	924
Contributions and benefits paid	**(373)**	(148)
Currency translation differences	**422**	354
Re-measurement loss	**1,450**	623
At 30 June	**10,072**	7,351

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	
	2016 RM'000	**2015 RM'000**
Present value of obligations	**10,072**	7,351

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

	Group	
	2016 RM'000	**2015 RM'000**
At 1 July	**7,351**	5,598
Currency translation differences	**422**	354
Interest cost	**621**	482
Current service cost	**601**	463
Past services cost	**–**	(21)
Net benefits paid	**(373)**	(148)
Re-measurement loss:		
– Actuarial loss arising from financial assumptions	**1,253**	–
– Actuarial loss arising from experience adjustments	**197**	623
Present value of defined benefit obligations at 30 June	**10,072**	7,351

The pension cost recognised can be analysed as follows:-

	Group	
	2016 RM'000	**2015 RM'000**
Current service cost	**601**	463
Interest cost	**621**	482
Past service cost	**–**	(21)
Total charge to Income Statements	**1,222**	924

Notes to the Financial Statements
(continued)

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	
	2016 RM'000	**2015 RM'000**
Present value of obligations	**2,368**	1,986

The movements during the financial year in the amount recognised in the Statements of Financial Position are as follows:-

	Group	
	2016 RM'000	**2015 RM'000**
At 1 July	**1,986**	1,528
Pension cost	**572**	456
Contributions and benefits paid	**(315)**	(95)
Currency translation differences	**125**	97
At 30 June	**2,368**	1,986

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

	Group	
	2016 RM'000	**2015 RM'000**
At 1 July	**1,986**	1,528
Currency translation differences	**125**	97
Current service cost	**572**	456
Net benefits paid	**(315)**	(95)
At 30 June	**2,368**	1,986

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	
	2016 RM'000	**2015 RM'000**
Current service cost	**572**	456

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

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

	Group	
	2016 %	**2015 %**
Discount rate	**7.8**	8.0
Future salary increase	**9.0**	8.0

Sensitivity analysis:

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligations by the amounts shown below:

	RM'000 Increase	**RM'000 Decrease**
Discount rate (1% movement)	984.1	876.0
Future salary increase rate (1% movement)	1,244.5	1,127.8

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumption shown.

Notes to the Financial Statements
(continued)

37. TRADE AND OTHER PAYABLES

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Trade payables	**961,972**	1,187,299	**–**	–
Other payables	**579,939**	482,160	**2,190**	1,813
Receipts in advance	**276,243**	311,766	**–**	–
Accruals	**944,691**	1,014,218	**10,218**	10,677
Deferred income	**62,039**	48,832	**–**	–
Security deposits	**134,706**	121,340	**–**	–
	2,959,590	3,165,615	**12,408**	12,490

The credit terms of trade payables granted to the Group vary from 30 days to 180 days (2015: 30 days to 180 days). Other credit terms are assessed and approved on a case-by-case basis.

38. OTHER CURRENT LIABILITIES

	Group	
	2016 RM'000	2015 RM'000
Progress billings in respect of property development cost	**3,461**	–
Amount due to contract customers (Note 25)	**18,914**	3,764
Accrual for rectification works	**7,833**	10,923
	30,208	14,687

39. PROVISION FOR LIABILITIES AND CHARGES

	Group	
	2016 RM'000	2015 RM'000 Restated
Non-current		
Provision for affordable housing (Note a)	**40,331**	40,331
Current		
Restructuring (Note b)	**36,076**	40,617
Damages claims (Note c)	**91,713**	19,078
	127,789	59,695

39. PROVISION FOR LIABILITIES AND CHARGES (CONTINUED)

Movements in the provision are as follows:-

	Restructuring RM'000	Damages claims RM'000	Housing RM'000	Total RM'000
Group – 2016				
At beginning of the financial year (as previously stated)	**40,617**	**19,078**	**–**	**59,695**
Prior year adjustments	**–**	**–**	**40,331**	**40,331**
At beginning of the financial year (as restated)	**40,617**	**19,078**	**40,331**	**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	**36,077**	**91,712**	**40,331**	**168,120**
Group – 2015				
At beginning of the financial year (as previously stated)	27,265	37	–	27,302
Prior year adjustments	–	–	40,331	40,331
At beginning of the financial year (as restated)	27,265	37	40,331	67,633
Currency translation differences	865	–	–	865
Acquisition of subsidiary	5,448	–	–	5,448
Charged to profit or loss (Note 6)	12,049	19,064	–	31,113
Payments	(5,010)	(23)	–	(5,033)
At end of the financial year	40,617	19,078	40,331	100,026

(a) Provision for affordable housing

This represents a provision for foreseeable losses arising from the present obligation for construction of low cost houses.

(b) Restructuring

The provision for liabilities and charges relates to scaling down of operations, environmental liabilities and asset retirement obligation.

(c) 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
(continued)

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 Britain 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	
	2016 RM'000	**2015 RM'000**
Group		
5% changes on GBP exchange rate	**170,059**	192,464
5% changes on SGD exchange rate	**570,173**	480,363

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

(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.

40. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Interest rate risk (continued)

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	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Fixed rate instruments				
Financial liabilities	**17,566,613**	18,669,267	**1,700,000**	1,700,000
Variable rate instruments				
Financial assets	**13,382,850**	13,950,554	**1,322,214**	1,855,444
Financial liabilities	**19,495,579**	18,813,269	**1,268,225**	1,267,538
	32,878,429	32,763,823	**2,590,439**	3,122,982

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 RM97.5 million (2015: RM94.1 million) and RM6.3 million (2015: 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 RM13.4 million (2015: RM14.0 million) and RM1.3 million (2015: RM1.9 million), respectively.

(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 RM33,154,000 (2015: RM28,846,000) and RM9,856,000 (2015: RM12,365,000), respectively.

40. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Price risk (continued)

Equity price risk (continued)

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
Group – 2016			
Local equities	**13,425**	**+/- 10**	**1,343**
Foreign equities	**19,729**	**+/- 10**	**1,973**
Group – 2015			
Local equities	15,664	+/- 10	1,566
Foreign equities	13,182	+/- 10	1,318
Company – 2016			
Local equities	**4,001**	**+/- 10**	**400**
Foreign equities	**5,855**	**+/- 10**	**586**
Company – 2015			
Local equities	5,080	+/- 10	508
Foreign equities	7,285	+/- 10	729

Fuel commodity price risk

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

Exposure to price fluctuations arising from the purchase of fuel is managed via fuel oil swaps where the price of fuel is indexed to a benchmark fuel price index, for example 180 CST fuel oil. As at 30 June 2016, if the forward fuel oil price curve increased/decreased by 10% (2015: 10%), the profit before tax would be lower/higher by RM0.4 million (2015: RM0.7 million) for the Group.

(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.

40. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Credit risk (continued)

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. 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 20 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 RM79.4 million (2015: RM108.5 million) are held in the form of security deposits from customers and banker's guarantee.

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 RM1,750,764,000 (2015: RM1,413,841,000) 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 2016, 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 2016, there was no indication that the advances extended to the subsidiaries are not recoverable.

40. FINANCIAL RISK MANAGEMENT (CONTINUED)

(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.

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
Group – 2016				
Non-derivative				
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
	6,974,391	22,499,732	20,934,129	50,408,252
Derivative				
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
	264,078	134,723	–	398,801
Company – 2016				
Non-derivative				
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
	1,462,859	939,040	1,087,480	3,489,379

40. FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Liquidity risk (continued)

	On demand or within 1 year RM'000	1 to 5 years RM'000	Over 5 years RM'000	Total RM'000
Group – 2015				
Non-derivative				
Bonds and borrowings	5,795,987	19,634,355	25,738,675	51,169,017
Trade and other payables	3,116,783	209,973	–	3,326,756
Related parties	10,132	–	–	10,132
	8,922,902	19,844,328	25,738,675	54,505,905
Derivative				
Net – Interest rate swaps	4,900	13,514	–	18,414
Gross – fuel oil swaps	300,959	130,212	–	431,171
Gross – currency forwards	3,304	3,084	–	6,388
	309,163	146,810	–	455,973
Company – 2015				
Non-derivative				
Bonds and borrowings	1,389,816	961,032	1,131,160	3,482,008
Trade and other payables	12,490	–	–	12,490
Related parties	9,911	–	–	9,911
	1,412,217	961,032	1,131,160	3,504,409

41. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:-

		Financial Assets				
	Note	Loans and receivables RM'000	Fair value through profit or loss RM'000	Derivatives used for hedging RM'000	Available-for-sale RM'000	Total RM'000
Group – 2016						
Non-current						
Investments	16	–	–	–	**302,389**	**302,389**
Trade and other receivables	20	**251,374**	–	–	–	**251,374**
Derivative financial instruments	24	–	–	**30,855**	–	**30,855**
Current						
Derivative financial instruments	24	–	**12,528**	**52,437**	–	**64,965**
Trade and other receivables	20	**2,774,608**	–	–	–	**2,774,608**
Amount due from related parties	26	**62,255**	–	–	–	**62,255**
Short term investments	27	**708,127**	–	–	–	**708,127**
Fixed deposits	17	**12,664,529**	–	–	–	**12,664,529**
Cash and bank balances	17	**1,081,308**	–	–	–	**1,081,308**
Total		**17,542,201**	**12,528**	**83,292**	**302,389**	**17,940,410**
Group – 2015						
Non-current						
Investments	16	–	–	–	262,342	262,342
Trade and other receivables	20	287,445	–	–	–	287,445
Derivative financial instruments	24	–	–	53,792	–	53,792
Current						
Derivative financial instruments	24	–	6,294	78,949	–	85,243
Trade and other receivables	20	3,420,880	–	–	–	3,420,880
Amount due from related parties	26	42,634	–	–	–	42,634
Short term investments	27	632,106	–	–	–	632,106
Fixed deposits	17	13,318,448	–	–	–	13,318,448
Cash and bank balances	17	798,158	–	–	–	798,158
Total		18,499,671	6,294	132,741	262,342	18,901,048

41. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Categories of financial instruments (continued)

The table below provides an analysis of financial instruments categorised as follows:- (continued)

		Financial Liabilities			
	Note	Fair value through profit or loss RM'000	Derivatives used for hedging RM'000	Other financial liabilities at amortised cost RM'000	Total RM'000
Group – 2016					
Non-current					
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	24	**14,119**	**141,022**	–	**155,141**
Current					
Trade and other payables	37	–	–	**2,897,551**	**2,897,551**
Derivative financial instruments	24	–	**248,330**	–	**248,330**
Amount due to related parties	26	–	–	**9,203**	**9,203**
Bonds	32	–	–	**31,002**	**31,002**
Borrowings	33	–	–	**3,059,580**	**3,059,580**
Total		**14,119**	**389,352**	**40,196,008**	**40,599,479**
Group – 2015					
Non-current					
Long term payables	30	–	–	209,973	209,973
Bonds	32	–	–	16,555,979	16,555,979
Borrowings	33	–	–	16,503,667	16,503,667
Derivative financial instruments	24	17,818	118,405	–	136,223
Current					
Trade and other payables	37	–	–	3,116,783	3,116,783
Derivative financial instruments	24	–	304,311	–	304,311
Amount due to related parties	26	–	–	10,132	10,132
Bonds	32	–	–	348,390	348,390
Borrowings	33	–	–	4,074,500	4,074,500
Total		17,818	422,716	40,819,424	41,259,958

Notes to the Financial Statements
(continued)

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
Company – 2016				
Non-current				
Investments	16	–	**29,089**	**29,089**
Current				
Trade and other receivables	20	**14,511**	–	**14,511**
Amount due from related parties	26	**1,001,553**	–	**1,001,553**
Short term investments	27	**708,127**	–	**708,127**
Fixed deposits	17	**614,087**	–	**614,087**
Cash and bank balances	17	**3,498**	–	**3,498**
Total		**2,341,776**	**29,089**	**2,370,865**
Company – 2015				
Non-current				
Investments	16	–	31,848	31,848
Current				
Trade and other receivables	20	15,475	–	15,475
Amount due from related parties	26	960,650	–	960,650
Short term investments	27	632,106	–	632,106
Fixed deposits	17	1,223,338	–	1,223,338
Cash and bank balances	17	3,154	–	3,154
Total		2,834,723	31,848	2,866,571

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
Company – 2016			
Non-current			
Bonds	32	**1,500,000**	**1,500,000**
Borrowings	33	**200,705**	**200,705**
Current			
Trade and other payables	37	**12,408**	**12,408**
Amount due to related parties	26	**57,090**	**57,090**
Borrowings	33	**1,267,520**	**1,267,520**
Total		**3,037,723**	**3,037,723**
Company – 2015			
Non-current			
Bonds	32	1,500,000	1,500,000
Borrowings	33	200,244	200,244
Current			
Trade and other payables	37	12,490	12,490
Amount due to related parties	26	9,911	9,911
Borrowings	33	1,267,294	1,267,294
Total		2,989,939	2,989,939

(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:-

(a) Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

(b) 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).

(c) Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Notes to the Financial Statements
(continued)

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
Group – 2016			
Assets			
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**
Total	**33,154**	**95,820**	**128,974**
Liabilities			
Financial liabilities at fair value through profit and loss:			
– Trading derivatives	**–**	**14,119**	**14,119**
Derivative used for hedging	**–**	**389,352**	**389,352**
Total	**–**	**403,471**	**403,471**
Group – 2015			
Assets			
Financial assets at fair value through profit and loss:			
– Trading derivatives	–	6,294	6,294
Derivative used for hedging	–	132,741	132,741
Available-for-sale financial assets	28,846	–	28,846
Total	28,846	139,035	167,881
Liabilities			
Financial liabilities at fair value through profit and loss:			
– Trading derivatives	–	17,818	17,818
Derivative used for hedging	–	422,716	422,716
Total	–	440,534	440,534

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
Company – 2016			
Assets			
Available-for-sale financial assets	**9,856**	**–**	**9,856**
Total	**9,856**	**–**	**9,856**
Company – 2015			
Assets			
Available-for-sale financial assets	12,365	–	12,365
Total	12,365	–	12,365

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
2016				
Financial assets:				
Unquoted equity investments				
– Within Malaysia	**20,180**	*	**19,233**	*
– Outside Malaysia	**249,055**	*	**–**	*
Financial liabilities:				
Bonds	**15,776,191**	^	**1,500,000**	^
2015				
Financial assets:				
Unquoted equity investments				
– Within Malaysia	20,431	*	19,483	*
– Outside Malaysia	213,065	*	–	*
Financial liabilities:				
Bonds	16,904,369	^	1,500,000	^

Notes to the Financial Statements
(continued)

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)	20
Trade and other receivables (current)	20
Short term investments (current)	27
Fixed deposits (current)	17
Cash and bank balances (current)	17
Long term payables (non-current)	30
Trade and other payables (current)	37
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.

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 2016 RM'000	Group 2015 RM'000
Business & Budget Hotels (Kuantan) Sdn. Bhd.	Associated company	Management fee, incentive fee and software maintenance cost	**1,484**	1,139
		Lease rental of investment property	**6,000**	6,000
Commercial Central Sdn. Bhd.	Subsidiary of holding company	Rental of office and car park	**2,904**	2,565
Corporate Promotions Sdn. Bhd.	Subsidiary of holding company	Advertising & promotion expenses	**7,923**	9,283
Express Rail Link Sdn. Bhd.	Associated company	Progress billings related to civil engineering & construction works	**30,742**	15,480
		Sale of computer equipment & services income	**–**	1,344
		Advertising & maintenance fees	**–**	900
East West Ventures Sdn. Bhd.	Subsidiary of holding company	Lease rental of investment property	**19,250**	19,250
		Hotel accommodation & lease rental of equipment	**2,522**	5,043
Oriental Place Sdn. Bhd.	Subsidiary of holding company	Rental of premises expenses	**7,983**	8,315
Shorefront Development Sdn. Bhd.	Joint venture company	Progress billing relates to construction works	**69,521**	27,330

Notes to the Financial Statements
(continued)

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 2016 RM'000	Group 2015 RM'000
Syarikat Pelancongan Pangkor Laut Sdn. Bhd.	Subsidiary of holding company	Lease rental of investment property	**8,400**	8,400
		Hotel accommodation	**2,922**	1,748
		Management fees & data processing fees & royalty income	**2,280**	2,335
Thunder Match Technology Sdn. Bhd.	Subsidiary of associated company	Commission, incentives and/or reimbursement of bundle device sold	**16,872**	15,584
Xchanging Malaysia Sdn. Bhd.	Joint venture company	IT Consultancy & related services expenses	**36,608**	32,450

Entity	Relationship	Type of transactions	Company 2016 RM'000	Company 2015 RM'000
Construction Lease (M) Sdn. Bhd.	Subsidiary	Other interest income	–	1,278
Autodome Sdn. Bhd.	Subsidiary	YTL Platinum Plus Expenses	**1,899**	1,194
YTL Majestic Hotel Sdn. Bhd.	Subsidiary	Other interest income	**2,119**	1,912
YTL Corp Finance (Labuan) Ltd.	Subsidiary	Issue of shares for exchangeable bonds	–	81,488
YTL Land & Development Berhad	Subsidiary	ICULS interest income	**15,687**	11,745
YTL e-Solutions Berhad	Subsidiary	Computer equipment & services income	–	1,163
Suri Travel & Tours Sdn. Bhd.	Subsidiary	Travelling expenses	**2,145**	2,356

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	
	2016 RM'000	**2015 RM'000**
Progress billings related to purchase of properties	**2,700**	2,705

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

Compensation to key management personnel comprise solely the directors' remuneration as disclosed in Note 6 to the Financial Statements.

(c) Significant related party balances

In addition to the information disclosed in Note 26 to the Financial Statements, the outstanding balances due from the related parties as at reporting date are as follows:-

	Group		Company	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Key management personnel and close family members				
– Progress billings related to sale of properties	**1,276**	1,398	**–**	–
– Deposit received	**–**	1,000	**–**	–
– Advance payment received	**2,681**	5,251	**–**	–

43. COMMITMENTS AND OPERATING LEASE ARRANGEMENTS

(a) Capital commitments:-

	Group	
	2016 RM'000	**2015 RM'000**
Authorised but not contracted for	**699,277**	384,544
Contracted but not provided for	**1,665,826**	2,236,720

43. COMMITMENTS AND OPERATING LEASE ARRANGEMENTS (CONTINUED)

(a) Capital commitments:- (continued)

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

	Group		Company	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Capital commitments in relation to addition investment	**26,742**	34,099	**310,000**	310,000

Details of the addition investment of amounting RM310 million are included in Note 47(i) of the Financial Statements.

(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	
	2016 RM'000	**2015 RM'000**
Not later than 1 year	**148,723**	116,270
Later than 1 year and not later than 5 years	**581,443**	306,556
Later than 5 years	**170,816**	311,597
	900,982	734,423

(ii) The Group as lessor

The future minimum lease receivables under non-cancellable operating leases at the reporting date are as follows:-

	Group	
	2016 RM'000	**2015 RM'000**
Not later than 1 year	**627,262**	615,874
Later than 1 year and not later than 5 years	**1,297,303**	1,287,285
Later than 5 years	**1,367,101**	1,485,098
	3,291,666	3,388,257

43. COMMITMENTS AND OPERATING LEASE ARRANGEMENTS (CONTINUED)

(b) Operating lease arrangements:-(continued)

(ii) The Group as lessor (continued)

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 RM2.7 billion (2015: 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 RM451 million (2015: RM493 million).

In addition, the payments receivables under the power purchase agreement ("PPA") which are classified as operating lease are as follows:-

	Group	
	2016 RM'000	**2015 RM'000**
Not later than 1 year	–	67,175

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.

Notes to the Financial Statements
(continued)

44. SEGMENTAL INFORMATION (CONTINUED)

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.

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
2016								
Total revenue	424,477	84,866	886,472	2,820,398	896,337	1,208,913	10,029,820	16,351,283
Inter-segment revenue	(312,066)	(81,395)	(13,499)	(32,134)	(320,984)	(199,486)	(14,214)	(973,778)
External revenue	112,411	3,471	872,973	2,788,264	575,353	1,009,427	10,015,606	15,377,505
Results								
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	2,197	544,806	225,995	440,081	1,030,891	2,262,531
Segment assets								
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
Segment liabilities								
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
Other segment information								
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

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
2015								
Total revenue	296,156	87,532	769,660	2,888,444	838,850	1,100,272	11,689,395	17,670,309
Inter-segment revenue	(211,095)	(81,360)	(9,448)	(31,262)	(378,837)	(196,809)	(6,772)	(915,583)
External revenue	85,061	6,172	760,212	2,857,182	460,013	903,463	11,682,623	16,754,726
Results								
Interest income	4,043	4,553	2,852	25,822	7,174	5,866	28,131	78,441
Finance costs	(6)	(6)	(13,191)	(21,742)	(375,038)	(166,158)	(589,124)	(1,165,265)
Share of results of associated companies and joint ventures	–	–	3,109	12	(921)	6,981	288,069	297,250
Segment profit before tax	1,825	3,003	19,676	604,040	5,998	468,639	1,220,156	2,323,337
2015 – restated								
Segment assets								
Investment in associated companies and joint ventures	–	–	33,545	2,600	12,693	31,853	1,816,264	1,896,955
Other segment assets	615,753	149,191	1,208,477	5,629,809	12,470,057	14,787,378	29,951,036	64,811,701
Segment liabilities								
Bonds and Borrowings	85	62	620,466	1,133,918	10,395,110	6,271,038	19,061,857	37,482,536
Other segment liabilities	179,803	3,251	177,744	790,582	296,700	455,502	6,549,541	8,453,123
Other segment information								
Capital expenditure	20,611	451	137,665	454,120	10,136	951,420	1,727,062	3,301,465
Impairment/(write back)	–	27	(12,798)	3,726	1,048	117	69,393	61,513
Depreciation and amortisation	10,625	622	20,865	198,586	12,032	95,190	1,451,071	1,788,991

Notes to the Financial Statements
(continued)

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		
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000 Restated**	**2014 RM'000 Restated**
Malaysia	**4,370,884**	5,237,021	**7,979,813**	7,974,007	8,253,094
United Kingdom	**3,477,279**	3,130,021	**15,479,869**	16,356,959	14,352,500
Singapore	**6,677,978**	7,558,579	**17,479,250**	16,425,478	13,980,979
Other countries	**851,364**	829,105	**2,174,354**	2,224,662	2,279,382
	15,377,505	16,754,726	**43,113,286**	42,981,106	38,865,955

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

	Non-current assets		
	2016 RM'000	**2015 RM'000 Restated**	**2014 RM'000 Restated**
Property, plant and equipment	**26,637,266**	27,569,745	25,314,106
Investment properties	**9,637,514**	9,014,876	7,586,285
Development expenditure	**771,733**	834,271	949,774
Intangible assets	**6,064,975**	5,560,416	5,013,992
Biological assets	**1,798**	1,798	1,798
	43,113,286	42,981,106	38,865,955

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		
	2016 RM'000	2015 RM'000	Segment
Energy Market Company	**2,564,496**	3,409,331	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(d) 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) Estimated residual value, useful lives and capitalisation of property, plant and equipment

The residual value and the useful lives of the property, plant and equipment are reviewed at each financial year end. The review is based on factors such as business plans and strategies, expected level of usage and future regulatory changes. The estimation of the residual value and useful life involve significant judgement.

(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 18 to the Financial Statements.

Notes to the Financial Statements
(continued)

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 20 to Financial Statements.

(g) Estimation of pension benefits

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

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

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in Note 36 to the Financial Statements.

(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% (2015 : 36.46%) equity interest, while all other shareholders individually own less than 5% of its equity shares except a shareholder holds 8.26% (2015 : 8.39%.) There is no history of other shareholders forming a group to exercise their votes collectively.

45. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(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 2012 – 2014 cycle	1 January 2016
Amendments to FRS: 11 Accounting for acquisition of interest in Joint Operation	1 January 2016
Amendments to FRS 116 and FRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendment to FRS 101: Disclosure Initiatives	1 January 2016
Amendments to FRS 10, FRS 12 and FRS 128: Investment Entities: Applying the Consolidation Exception	1 January 2016
Amendment to FRS 127: Equity Method in Separate Financial Statements	1 January 2016
FRS 14: Regulatory Deferral Accounts	1 January 2016
FRS 9: Financial Instruments	1 January 2018
Amendments to FRS 10 and FRS 128: Sales or contribution of assets between an investor and its associate or joint venture	Deferred
Amendments to FRS 107: Disclosure initiative	1 January 2017
Amendments to FRS 112: Recognition of deferred tax assets for unrealised lossess	1 January 2017

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.

Notes to the Financial Statements

(continued)

46. THE NEW OR REVISED FINANCIAL REPORTING STANDARDS NOT YET EFFECTIVE (CONTINUED)

Amendments to FRS 10 and FRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (continued)

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 the 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.

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.

46. THE NEW OR REVISED FINANCIAL REPORTING STANDARDS NOT YET EFFECTIVE (CONTINUED)

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.

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.

Notes to the Financial Statements
(continued)

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)

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.

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. CORPORATE PROPOSALS

i. On 14 June 2013, Pintar Projek Sdn Bhd., as the Manager for YTL Hospitality REIT proposed to undertake the following proposals:-

(a) Placement of new units in YTL Hospitality REIT ("Placement Units"), at a price to be determined later, to raise gross proceeds of up to RM800 million to partially repay YTL Hospitality REIT's borrowings and reduce its gearing level ("Placement"); and

(b) Increase in the existing approved fund size of YTL Hospitality REIT from 1,324,388,889 units up to a maximum of 2,125,000,000 units to facilitate the issuance of the Placement Units pursuant to the Placement ("Increase in Fund Size"); and

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 ("Subscription").

Unitholders of YTL Hospitality REIT approved, among others, the Placement including the portion to be issued to the Company pursuant to the Subscription and the Increase in Fund Size at the meeting of unitholders held on 11 February 2014.

As there were time limits for the implementation of the Placement and the Increase in Fund Size under the approvals granted by the Securities Commission Malaysia ("SC") and Bursa Malaysia Securities Berhad ("Bursa Securities"), successive applications for extensions of time for implementation were submitted to and approved by the SC and Bursa Securities. The final extension of time for implementation until 29 December 2016 was approved by the SC on 5 July 2016 and Bursa Securities on 21 July 2016.

ii. On 25 July 2016, the Company announced a proposed conditional share exchange offer in accordance with the Malaysian Code on Take-Overs and Mergers, 2010 ("Code") to acquire the remaining ordinary shares of RM0.10 each (excluding treasury shares) in YTL e-Solutions Berhad ("YTL e-Solutions") not already held by the Company ("Offer Shares"), at an offer price of RM0.55 for each Offer Share, which shall be satisfied through the issuance of new ordinary shares of RM0.10 each in the Company at an issue price of RM1.65 ("Consideration Shares") based on exchange ratio of approximately 0.333 Consideration Share for each Offer Share tendered ("Offer").

The first closing date for the Offer was fixed at 5.00 p.m. on 15 September 2016 and subsequently extended to 5.00 p.m. on 29 September 2016.

On 9 September 2016, the Company announced that it has received valid acceptances in respect of the Offer resulting in the Company holding more than 90% of the listed shares (excluding treasury shares) in YTL e-Solutions.

In accordance with Rule 16.02(3) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), Bursa Securities would suspend the trading of YTL e-Solutions' shares upon the expiry of 5 market days from the close of the offer period.

The Company will also procure YTL e-Solutions to make an application to Bursa Securities for the withdrawal of its listing status from the Official List of Bursa Securities pursuant to Paragraph 16.07(a) of the Main LR.

Once YTL e-Solutions is de-listed, the holders of the Offer Shares who have not accepted the Offer will hold unlisted YTL e-Solutions' shares and, therefore, will not be able to trade them on Bursa Securities.

Notes to the Financial Statements
(continued)

48. MATERIAL LITIGATIONS

i. During the previous financial year, 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 Pembenaan Yeoh Tiong Lay Sdn Bhd ("SPYTL"), a wholly-owned subsidiary of the Company has commenced arbitration against Sunway City Berhad ("Sunway City") for recovery of approximately RM77,000,000 being outstanding sums due and owing to the Company together with damages in respect of the main building contract works for Sunway City Palazzio project.

   Sunway City filed its Defence and counterclaimed against SPYTL for damages in respect of unlawful termination and consequential damages in the sum of RM84,600,000.

   The hearing phase in the arbitration proceedings has reached its conclusion. Both parties are in the process to deliver theirs final written submission.

   The counsel for SPYTL is of the view that SPYTL has a reasonable prospect of succeeding in its claims and that Sunway City is highly unlikely to succeed in their counterclaims.

iii. A Notice of Arbitration has been issued on 31 March 2014 by a local subsidiary of the Group against a gas supplier for recovery of sums over-invoiced by the gas supplier under the Agreement for the Sale and Purchase of Dry Gas dated 15 March 1993.

   Subsequent to financial year end, an award was issued in favour of the subsidiary for recovery of the amount in dispute. On 29 July 2015, the gas supplier filed an Originating Summons to set aside or to vary the award under the relevant provisions of the Arbitration Act, 2005. On 21 August 2015, the subsidiary filed a Notice of Application to the High Court to strike out or dismiss the Originating Summons as the Board has been advised that the application to set aside or vary the award has no merit.

   On 28 November 2015, a settlement arrangement was agreed by both parties and subsequently subsidiary of the Group received the said amount in dispute. The matter has been fully settled.

49. 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	
	2016 RM'000	**2015 RM'000 Restated**	**2016 RM'000**	**2015 RM'000**
Bonds (Note 32)	**15,776,191**	16,904,369	**1,500,000**	1,500,000
Borrowings (Note 33)	**21,286,001**	20,578,167	**1,468,225**	1,467,538
Loans and borrowings	**37,062,192**	37,482,536	**2,968,225**	2,967,538
Less: Cash and cash equivalents (Note 17)	**(13,745,837)**	(14,116,606)	**(617,585)**	(1,226,492)
Net debt	**23,316,355**	23,365,930	**2,350,640**	1,741,046
Equity attributable to owners of the parent	**14,603,479**	14,620,578	**7,391,014**	7,758,536
Capital and net debt	**37,919,834**	37,986,508	**9,741,654**	9,499,582
Debt-to-equity ratio (%)	**61**	62	**24**	18

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
(continued)

50. PRIOR YEAR ADJUSTMENTS

(a) Understatement of provision for liabilities and charges

The financial statements for prior years have been retrospectively restated to adjust the understatement of the provision for affordable housing in the land held for property development and related deferred tax assets of the Group amounting to RM40,331,000 and RM1,513,000 respectively.

(b) Understatement of land held for property development and overstatement of deferred tax liabilities

The financial statements for prior years have been retrospectively restated to adjust the understatement of land held for property development and overstatement of deferred tax liabilities of the Group which arose from re-measuring the recoverable amounts of the respective land held for property development and deferred tax liabilities amounting to RM9,245,000 and RM5,948,000 respectively.

	As 1 July 2015 As previously stated RM'000	Prior year adjustments RM'000	As 1 July 2015 Restated RM'000
Statement of financial position			
Land held for property development (Note 12)	**825,026**	**9,245**	**834,271**
Deferred tax liabilities (Note 35)	**2,403,899**	**(7,461)**	**2,396,438**
Provision for liabilities and charges – non-current (Note 39)	**–**	**40,331**	**40,331**
Statement of changes in equity			
Retained earnings	**11,591,646**	**(12,167)**	**11,579,479**
Non-controlling interests	**6,163,877**	**(11,458)**	**6,152,419**

	As 1 July 2014 As previously stated RM'000	Prior year adjustments RM'000	As 1 July 2014 Restated RM'000
Statement of financial position			
Land held for property development (Note 12)	940,529	9,245	949,774
Deferred tax liabilities (Note 35)	2,275,723	(7,461)	2,268,262
Provision for liabilities and charges – non-current (Note 39)	–	40,331	40,331
Statement of changes in equity			
Retained earnings	12,033,219	(9,735)	12,023,484
Non-controlling interests	5,392,919	(13,890)	5,379,029

51. 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 22 September 2016.

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 2016 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	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Retained earnings of the Company and its subsidiaries				
– Realised	**17,206,906**	16,973,824	**4,792,127**	5,157,933
– Unrealised	**(653,771)**	(743,338)	**(186)**	(100)
	16,553,135	16,230,486	**4,791,941**	5,157,833
Share of retained earnings from associated companies and joint ventures				
– Realised	**1,622,497**	1,695,101	**–**	–
– Unrealised	**66,049**	(238,502)	**–**	–
	18,241,681	17,687,085	**4,791,941**	5,157,833
Less: Consolidation adjustments	**(7,017,844)**	(6,107,606)	**–**	–
Total retained earnings	**11,223,837**	11,579,479	**4,791,941**	5,157,833

Notes

Form of Proxy

I/We *(full name as per NRIC/company name in block letters)* ____________________

____

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

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

of *(full address)* ____________________

____

being a member of **YTL 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 33rd Annual General Meeting of the Company to be held at Majestic Ballroom, Level 2, The Majestic Hotel Kuala Lumpur, 5 Jalan Sultan Hishamuddin, 50000 Kuala Lumpur on Tuesday, 22 November 2016 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 Seok Kian		
2.	Re-election of Dato' Yeoh Soo Keng		
3.	Re-election of Dato' Mark Yeoh Seok Kah		
4.	Re-election of Dato' Ahmad Fuaad Bin Mohd Dahalan		
5.	Re-appointment of Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay		
6.	Re-appointment of Eu Peng Meng @ Leslie Eu		
7.	Approval of the payment of Directors' fees		
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 and Proposed New Shareholder Mandate for Additional Recurrent Related Party Transactions of a Revenue or Trading Nature		

Number of shares held

Signed this __________ day of ____________________ 2016 Signature ____________________

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Notes:-

1. *A member entitled to attend and vote at the meeting may appoint a proxy to vote in his stead. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. A member other than an Authorised Nominee shall not be entitled to appoint more than one proxy to attend and vote at the same meeting and where such member appoints more than one proxy to attend and vote at the same meeting, such appointment shall be invalid. Where a member of the Company is an Exempt Authorised Nominee as defined under the Securities Industry (Central Depositories) Act, 1991, which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.*
2. *This original form of proxy and the Power of Attorney or other authority (if any) under which it is signed or notarially certified copy thereof must be lodged at the office of the appointed share registrar for the Annual General Meeting, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8. Jalan Kerinchi, 59200 Kuala Lumpur before 1.30 p.m. on 21 November 2016. Facsimile transmission of such documents will not be accepted.*
3. *In the case of a corporation, this form of proxy should be executed under its Common Seal or under the hand of some officer of the corporation duly authorised in writing on its behalf.*
4. *Unless voting instructions are indicated in the spaces provided above, the proxy may vote as he thinks fit.*
5. *For the purpose of determining a member who shall be entitled to attend the Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd, in accordance with Article 60(2) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors as at 15 November 2016. Only a depositor whose name appears on the General Meeting Record of Depositors as at 15 November 2016 shall be entitled to attend the said meeting or appoint proxy to attend and/or vote in his stead.*

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AFFIX
STAMP

Tricor Investor & Issuing House Services Sdn Bhd
Share Registrar for YTL Corporation Berhad's 33rd AGM
Unit 32-01, Level 32, Tower A, Vertical Business Suite
Avenue 3, Bangsar South, No. 8, Jalan Kerinchi
59200 Kuala Lumpur

First fold here

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