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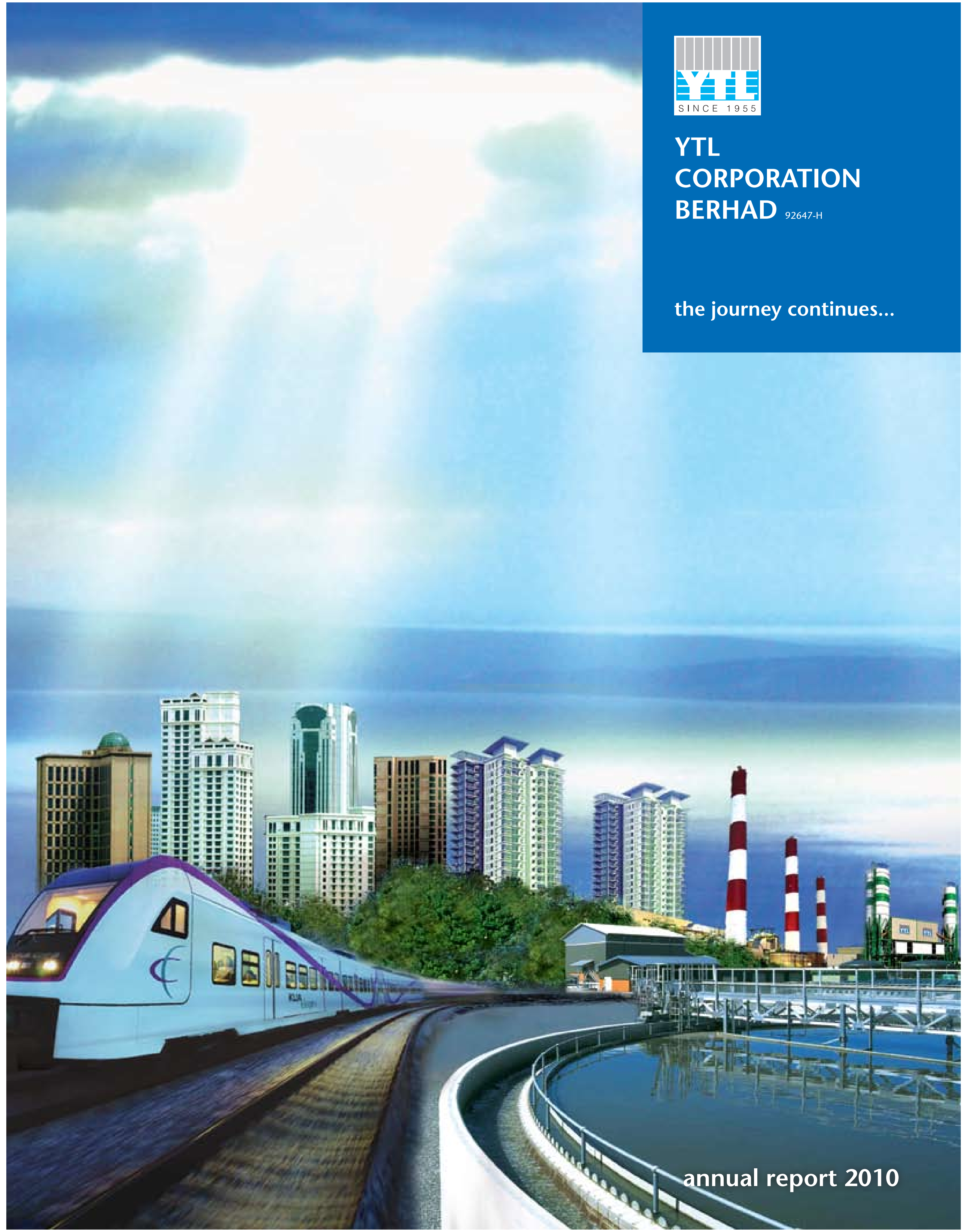
YTL CORPORATION BERHAD 92647-H

annual report **2010**



YTL CORPORATION BERHAD 92647-H

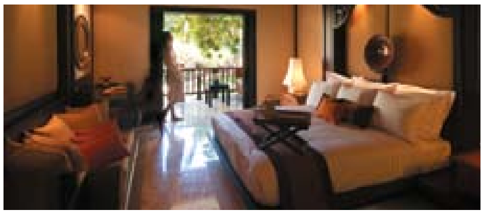
the journey continues...

annual report 2010

YTL CORPORATION BERHAD 92647-H

annual report

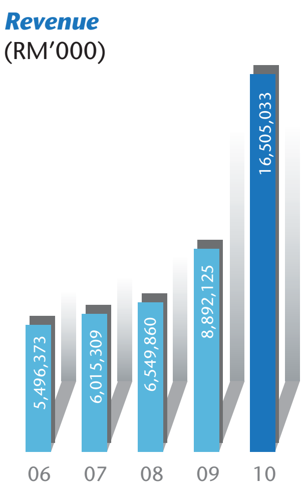
2010

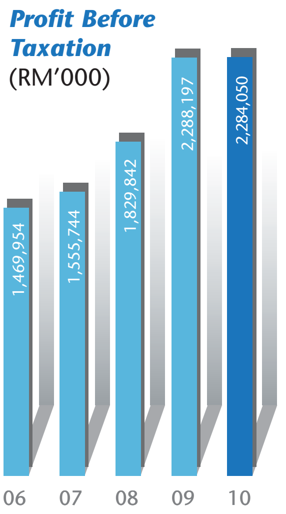


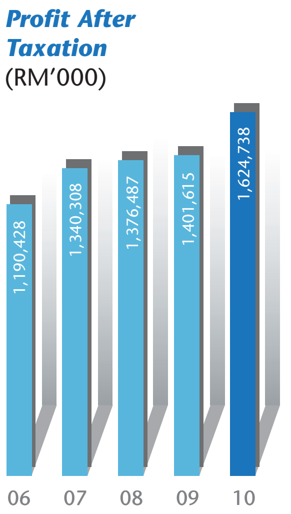
Contents

Financial Highlights

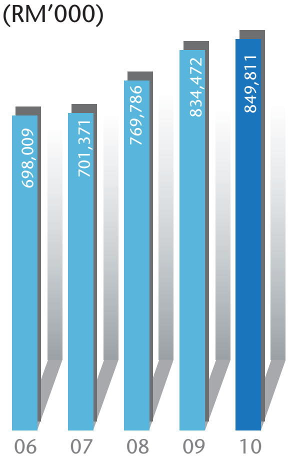
	2010	2009	2008	2007	2006*
Revenue (RM'000)	**16,505,033**	8,892,125	6,549,860	6,015,309	5,496,373
Profit Before Taxation (RM'000)	**2,284,050**	2,288,197	1,829,842	1,555,744	1,469,954
Profit After Taxation (RM'000)	**1,624,738**	1,401,615	1,376,487	1,340,308	1,190,428
Profit for the Year Attributable to Equity Holders of the Company (RM'000)	**849,811**	834,472	769,786	701,371	698,009
Total Equity Attributable to Equity Holders of the Company (RM'000)	**9,723,922**	9,447,165	7,714,420	7,396,831	6,814,678
Earnings per Share (Sen)	**47.56**	54.10	51.54	47.72	49.39
Dividend per Share (Sen)	**7.5**	2.5	25	25	7.5
Total Assets (RM'000)	**46,153,855**	45,413,832	38,458,561	33,912,520	30,370,822
Net Assets per Share (RM)	**5.42**	5.37	5.16	4.91	4.74



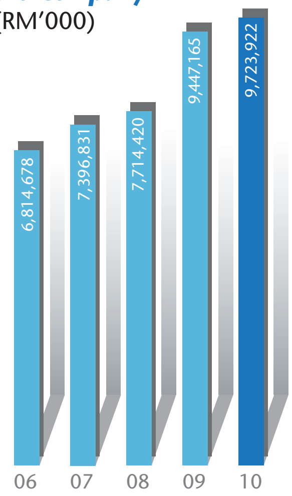




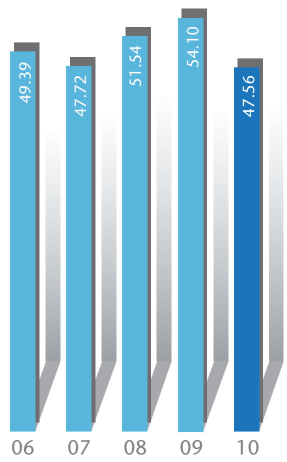
Profit for the Year Attributable to Equity Holders of the Company
(RM'000)



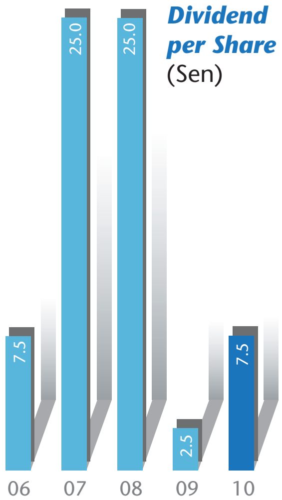
Total Equity Attributable to Equity Holders of the Company
(RM'000)



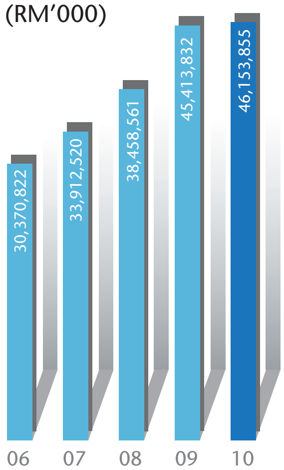
Earnings per Share
(Sen)



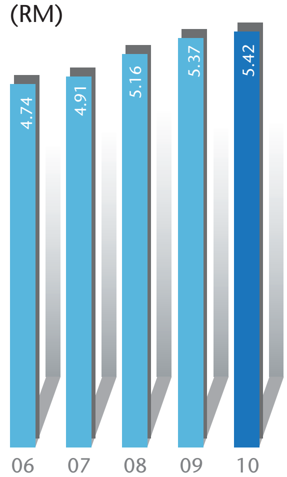
Dividend per Share
(Sen)



Total Assets
(RM'000)



Net Assets per Share
(RM)



Chairman's Statement

for the financial year ended 30 June 2010

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 2010.

OVERVIEW

The Group's performance for the financial year under review grew significantly on the back of the maiden consolidation of a full year's results from PowerSeraya Limited ("PowerSeraya"), and bolstered by strong performances across the rest of the utilities division and the cement division.

The international economic environment continued to show signs of recovery throughout 2009 and the first half of the 2010 calendar year, although this was tempered by the euro-area sovereign debt crisis and persistent concerns globally over the health of the banking sector. Meanwhile, whilst the Malaysian economy experienced an overall contraction of 1.7% for the 2009 calendar year, the first half of 2010 saw a strengthening recovery with gross development product (GDP) growth of approximately 9.5%. In the other major economies where the Group operates, Singapore experienced a 2.0% contraction in GDP for the 2009 calendar year but rebounded sharply for the first half of 2010, with growth of 18.8%, whilst the British economy registered growth of 0.7% for the first half of 2010 after contracting 5.0% in 2009 *(source: Malaysian Ministry of Finance economic reports; quarterly bulletins published by Bank Negara Malaysia, Monetary Authority of Singapore, Bank of England)*.

As has been the case for the past few years, foreign operations continue to constitute the largest part of the Group's earnings, underpinning the operational strength and geographical diversity of its income streams.

Utilities

The Group's utilities registered strong performances across the board during the year under review, with growth being driven primarily by the consolidation of a full year's results from PowerSeraya in Singapore, acquired in March 2009. PowerSeraya has a licensed capacity of 3,100 megawatts ("MW"), and owns generation assets comprising oil-fired steam turbines, gas-fired combined cycle plants and diesel-fired open cycle gas turbine plants.

During the year, construction was completed on PowerSeraya's 800 MW natural-gas fired co-generation combined cycle power plant, which replaces three oil-fired steam units. Technical conversion works for two existing combined cycle plants into co-generation units were also completed and these developments have strengthened PowerSeraya's competitive position as an integrated energy company that aims to offer greater value through a bundled multi-utility package of steam, electricity and water to its customers.

In its communications division, the newest addition to the Group's utility operations, development is well underway on a fourth generation ("4G") wireless network which is expected to be rolled out across the Peninsula in late 2010. Leveraging on partnerships with industry leaders such as Samsung, Clearwire, Cisco and GCT Semiconductor, the Group is building the world's first converged nationwide 4G network that uses an all-IP (Internet Protocol) architecture to deliver next generation services which include mobile broadband and mobile voice.

Meanwhile, Wessex Water Limited, the Group's wholly-owned subsidiary in the United Kingdom, continued to achieve the highest levels of quality, compliance and customer service and was, once again, recognised as the best water and sewerage company in England and Wales by Ofwat, its industry regulator, for its regulatory year which ended on 31 March 2010.

Cement Manufacturing

The Group undertook a reorganisation during the year under review, injecting its quarry-operating subsidiary, Batu Tiga Quarry Sdn Bhd ("BTQ"), directly into its cement division, in order to strengthen the division's supply chain by providing secure and sustained access to key raw materials used in the production process.

Overseas operations, particularly the supply of cement and concrete in China and Singapore, continued to grow during the year under review, further developing new markets for the Group's products.

Construction Contracting

The domestic construction sector registered growth of 6.3% for the first half of the 2010 calendar year, supported mainly by strong growth in the non-residential sub-sector and continuing expansion in the civil engineering sub-sector *(source: Ministry of Finance economic updates; Bank Negara Malaysia quarterly bulletins and annual reports)*.

Chairman's Statement

The Group's construction division performed steadily throughout the year, completing construction on several phases of residential housing projects and the Electrified Double Track Railway Project between Sentul and Batu Caves for Malaysia's Ministry of Transport. Work has also commenced on base stations which form part of the infrastructure for the Group's 4G platform, currently under development.

Operation & Maintenance (O&M) Activities

The Group's O&M activities, which comprise one of its core centres of technical expertise, continued to expand during the year under review. Condition monitoring services are currently being provided for the Group's power plants, cement plants and the Express Rail Link ("ERL"), in addition to external clients in the oil and gas, water, chemical engineering and other sectors. The Group provides expertise by seconding engineers and trainers to various Siemens and other projects in countries including in western Europe, the Middle East and the Pacific Rim.

The KLIA Ekspres and KLIA Transit services continued to perform steadily, sustaining ridership levels of around 4 million passengers for the year. YTL Corp holds a 50%-stake in Express Rail Link Sdn Bhd ("ERLSB"), the concession company responsible for constructing and operating the high-speed rail link between Kuala Lumpur Sentral Station and Kuala Lumpur International Airport. ERLSB operates under a 30-year concession from the Malaysian Government (which includes an option to extend for another 30 years) to own and operate the ERL.

Property Development & Investment

Performance of the Malaysian residential sector improved during the year under review, although launches within the high-end segment remained subdued. Recovering economic conditions have been reflected in improved consumer sentiments and better responses to new residential launches, despite initial steps taken to normalise interest rates via increases in the benchmark overnight policy rate (OPR) during the year, which had a resultant effect on home loan interest rates *(source: Ministry of Finance economic reports; Bank Negara Malaysia quarterly bulletins and annual reports)*.

The division remained focused on its long-term development strategy, launching limited new phases of its Lake Edge and Lake Fields projects to very strong take-up rates. The Group's cornerstone communities, which include Lake Edge in Puchong, Lake Fields in Sungei Besi and Pantai Hillpark and Sentul in Kuala Lumpur, have continued to flourish as a result of careful timing of launches to ensure that the capital value and appeal of existing developments are maintained and enhanced.

Meanwhile, the Group embarked on a rationalisation of its retail and hospitality assets, the first stage of which was completed during the year under review. This involved the disposal by Starhill Real Estate Investment Trust ("Starhill REIT") of Starhill Gallery and its parcels in Lot 10 Shopping Centre to Starhill Global Real Estate Investment Trust ("SG REIT") in Singapore. The rationalisation will enable Starhill REIT to focus on a sole class of hotel and hospitality-related assets, whilst SG REIT focuses on international retail assets.

Hotel Development & Management

The domestic tourism industry experienced growth of approximately 7.2% during the 2009 calendar year compared to 2008, and tourist arrivals for the first half of 2010 registered a 4.6% increase over the same period last year. International tourism levels have continued to weather the effects of recessionary pressures in global economies, bolstered by increasing tourism activities particularly in Asia and other parts of the Pacific Rim *(source: Ministry of Finance economic reports; Tourism Malaysia)*.

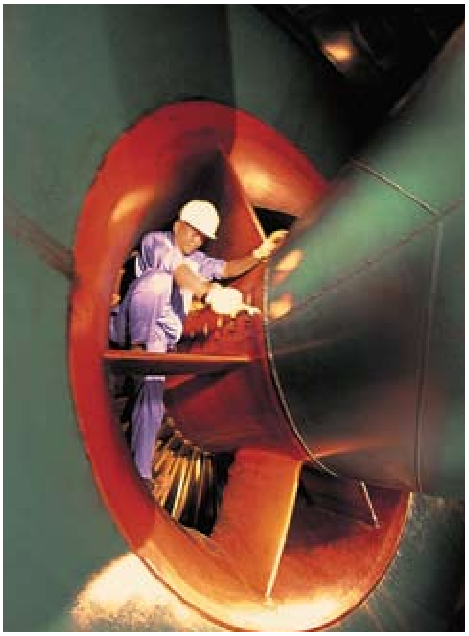
In April 2010, the Group acquired Niseko Village K.K., which includes the Hilton Niseko, ski trails, golf courses, natural hot springs and a number of other owned or leased recreational activities such as horse riding and tennis courts. Operations also commenced at Muse Hôtel De Luxe in St. Tropez, a unique boutique hotel in France.

Information Technology Initiatives

The country's broadband penetration rate, one of the Government's key indicators in its National Broadband Initiative to boost the knowledge economy and narrow the digital divide across the country, had increased to approximately 31.7% by the end of the 2009 calendar year, compared to 21.1% in 2008 *(source: Ministry of Finance economic reports; Bank Negara Malaysia quarterly bulletins and annual reports)*.

The Group's operating segments continued to perform well during the year under review. These comprise fee income from its WiMAX (Worldwide Interoperability for Microwave Access) spectrum, alternative voice service provider operations and digital media applications.

Chairman's Statement



FINANCIAL PERFORMANCE

The Group achieved an 85.6% growth in revenue to RM16,505.0 million for the financial year ended 30 June 2010, compared to RM8,892.1 million for the last financial year ended 30 June 2009.

Profit before taxation stood at RM2,284.1 million for the 2010 financial year, whilst profit for the financial year increased to RM1,624.7 million, a growth of 15.9% compared to RM1,401.6 million last year.

The Group's foreign operations continue to be large earnings contributors, with overseas operations accounting for approximately 79.8% of the Group's revenue for the 2010 financial year compared to 63.9% last year.

Dividends

The Board of Directors of YTL Corp is pleased to recommend for shareholders' approval a first and final dividend of 20% or 10 sen per ordinary share of 50 sen each gross less Malaysian income tax for the financial year ended 30 June 2010. This dividend is recommended in concurrence with the Group's policy of creating value for shareholders through a sustainable dividend policy.

This is the 26th consecutive year that YTL Corp has declared dividends to shareholders since listing on the Main Market of Bursa Malaysia Securities Berhad in 1985.

SIGNIFICANT CORPORATE MATTERS

Corporate Developments

- On 11 February 2010, YTL Cement Singapore Pte Ltd ("YTL Cement Singapore"), a wholly-owned subsidiary of YTL Cement Berhad ("YTL Cement"), which is in turn a subsidiary of YTL Corp, accepted a voluntary unconditional general offer made by Holcim Investments (Singapore) Pte Ltd ("Holcim") pursuant to the offer document dated 6 January 2010 for shares in Jurong Cement Ltd ("JCL") at a final price of S$2.50 per share. YTL Cement Singapore accepted the general offer for its entire stake of 9.52 million shares, representing a 21.48% interest in JCL.

- During the year under review, YTL Corp Finance (Labuan) Limited, a wholly-owned subsidiary of the Company, issued a total of US$400 million in nominal value of 1.875% Guaranteed Exchangeable Bonds due 2015 ("2015 Bonds") comprising US$350 million in 2015 Bonds issued on 18 March 2010 and the upsize option of US$50 million issued on 23 April 2010. The 2015 Bonds are guaranteed by, and exchangeable into new ordinary shares of RM0.50 each in, YTL Corp, and are listed on the Singapore and Labuan exchanges.

- On 26 March 2010, YTL Industries Berhad ("YTL Industries"), a wholly-owned subsidiary of the Company, completed the disposal of its entire equity interest in BTQ for a cash consideration of RM150 million, to YTL Cement. Consequent thereto, BTQ became a direct wholly-owned subsidiary of YTL Cement and remains an indirect subsidiary of the Company.

- On 1 April 2010, YTL Hotels & Properties Sdn Bhd, a wholly-owned subsidiary of YTL Corp, completed its acquisition of a 100% equity interest in Niseko Village K.K. (including repayment of specified amounts owing by the company and the purchase of certain properties) for a total amount of JPY6.0 billion.

- On 19 April 2010, Starhill Global REIT Management Limited, an indirect wholly-owned subsidiary of the Company, entered into an agreement with Pacific Star REIT Management Holdings Limited to acquire ordinary and redeemable preference shares ("Sale Shares") representing the remaining 50% of the issued and paid-up share capital of YTL Starhill Global REIT Management Holdings Pte Ltd ("YSGRMH") for a total consideration of S$40 million. The Sale Shares are to be transferred in two tranches, the first of which was completed on 7 May 2010 and resulted in YSGRMH becoming 75%-owned indirect subsidiary of YTL Corp. The second tranche will be completed 24 months from the date of the agreement.

- On 28 June 2010, Starhill REIT completed the disposal of Starhill Gallery and its parcels in Lot 10 Shopping Centre to SG REIT pursuant to a proposed rationalisation exercise to reposition Starhill REIT as a global hospitality REIT.

- On 20 September 2010, YTL Cement applied to the Securities Commission ("SC") for an extension of time to implement its proposal to issue guaranteed exchangeable bonds of up to US$200 million via a wholly-owned subsidiary to be incorporated in the Federal Territory of Labuan, the current approval for which expired on 4 October 2010. A decision from the SC is pending. The proceeds arising from the bond issue will be utilised to fund future investments and projects.

Status of Utilisation of Proceeds from Fund-Raising Exercises

Of the net proceeds received from the issue of the US$300 million Guaranteed Exchangeable Bonds due 2012 ("2012 Bonds"), approximately US$209.0 million was utilised for the payment of the acquisition of SG REIT and YSGRMH and related expenses, as well as for the purchase of nil-paid rights in the open market and partial subscription of pro-rata rights entitlement pursuant to the rights issue undertaken by SG REIT.

The balance of the proceeds of the 2012 Bonds and part of the net proceeds received from the issue of the 2015 Bonds were utilised to repay a principal amount of US$291.1 million of the 2012 Bonds pursuant to the exercise by bondholders of their right under the trust deed dated 15 May 2007 constituting the 2012 Bonds to require the Company to redeem all or some of the 2012 Bonds on 15 May 2010 at 108.70% of their principal amount, amounting to US$316.4 million. The balance of the proceeds of the 2015 Bonds is currently placed under fixed deposits pending investment.

CORPORATE RESPONSIBILITY & SUSTAINABILITY INITIATIVES

For the fourth consecutive year, YTL Corp has issued its 'Sustainability Report 2010' as a separate report, to enable our shareholders and stakeholders to better quantify and assess the Group's sustainability record. Meanwhile, YTL Corp's statements on corporate governance and internal control, which elaborate further its systems and controls, can be found as a separate section in this Annual Report.

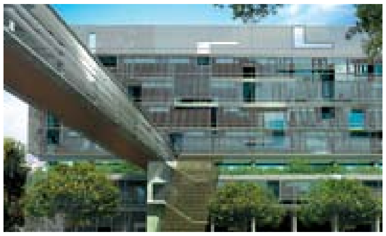
FUTURE PROSPECTS

The Malaysian economy is expected to continue to recover, with GDP projected to grow approximately 4.5% to 5.5% for the 2010 calendar year, whilst expansion in the international economy is expected to be modest arising from the ongoing deleveraging process and efforts by governments around the world to address high unemployment and improve the strength of their financial systems *(source: Ministry of Finance economic reports; Bank Negara Malaysia quarterly bulletins and annual reports)*.

The Group will continue to focus on its core capabilities, leveraging on its established track record in managing investments, supported by technical know-how and O&M expertise to ensure the Group's ongoing growth and development.

The Board of Directors of YTL Corp wishes 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 year of strong performance.

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



Managing Director's Review

for the financial year ended 30 June 2010

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

The Group achieved an excellent set of results for the 2010 financial year, with the significant growth in revenue and profit arising mainly from the maiden consolidation of a full-year's results of PowerSeraya Limited ("PowerSeraya") in Singapore, our most recent large-scale utility acquisition, completed in March 2009.

With a licenced generation capacity of 3,100 megawatts ("MW"), PowerSeraya owns about a quarter of the island's total licensed generating capacity and also operates merchant multi-utility businesses, proving a strong synergistic fit with our existing utility portfolio. This portfolio now encompasses 1,212 MW of generation capacity in Malaysia, our 35% interest in P.T. Jawa Power's 1,220 MW power station in Indonesia, water and sewerage services in the United Kingdom and fourth generation ("4G") wireless communications in Malaysia. The newest addition our utilities business, the Group's 4G wireless platform is currently under development and is targeted to be rolled out across the Peninsula in late 2010.

The year under review also saw the completion of our acquisition of Niseko Village, a prime winter and summer destination located at the south-eastern foothills of Mt. Niseko Annupuri in Hokkaido, Japan. Our vision for Niseko Village is to realise the resort's untapped potential by creating a unique, sophisticated village atmosphere offering private houses and ski-in, ski-out estates, and featuring all the hallmarks of the YTL brand that we have successfully employed at our other luxury resorts. We also commenced operations at Muse Hôtel De Luxe in St. Tropez, our new boutique hotel in the south of France.

The Group has experienced significant growth, both organic and acquisition-driven, over the past decade in particular and we embarked on two rationalisation exercises this year, with the intention of streamlining our operations and improving synergies.

In January 2010, YTL Cement Berhad ("YTL Cement"), our listed cement division, acquired Batu Tiga Quarry Sdn Bhd ("BTQ") from YTL Industries Berhad, a wholly-owned subsidiary of YTL Corp, thereby consolidating the BTQ group's quarry assets, limestone quarrying services and premix products business into YTL Cement's operations. This move has strengthened the vertical integration of the Group's cement operations, in addition to streamlining our cement division's production processes, supply chain and logistics network.

Subsequently, in June 2010, we completed the first stage of a rationalisation of our retail and hospitality assets, involving the disposal by Starhill Real Estate Investment Trust ("Starhill REIT") in Malaysia of Starhill Gallery and the trust's parcels in Lot 10 Shopping Centre to Starhill Global Real Estate Investment Trust ("SG REIT") in Singapore. Starhill REIT is now embarking on a rebranding exercise to transform itself into a pure-play hospitality REIT, to build value by focusing on a single class of hotel and hospitality-related assets.

SG REIT, meanwhile, has expanded its global footprint to include the David Jones Building in Perth, Australia, and the new retail properties in Malaysia, complementing its existing portfolio of retail assets in Singapore, Japan and China.

The strength and stability of our core businesses have continued to sustain the Group and enabled us to improve our financial performance for the year under review. And whilst the wider operating environment has seen some improvement, this has been tempered on an international level by concerns over the sovereign debt crises plaguing certain European economies, recessionary developments and the long-term strength and performance of the global banking sector. However, our business segments have continued to retain a degree of insulation from downward pressures, owing to regulatory concessions and long-term contracts in our utilities division, as well as a strong ongoing focus on reducing costs and improving operational efficiencies in our cement, hotel and plant operation and maintenance (O&M) divisions.

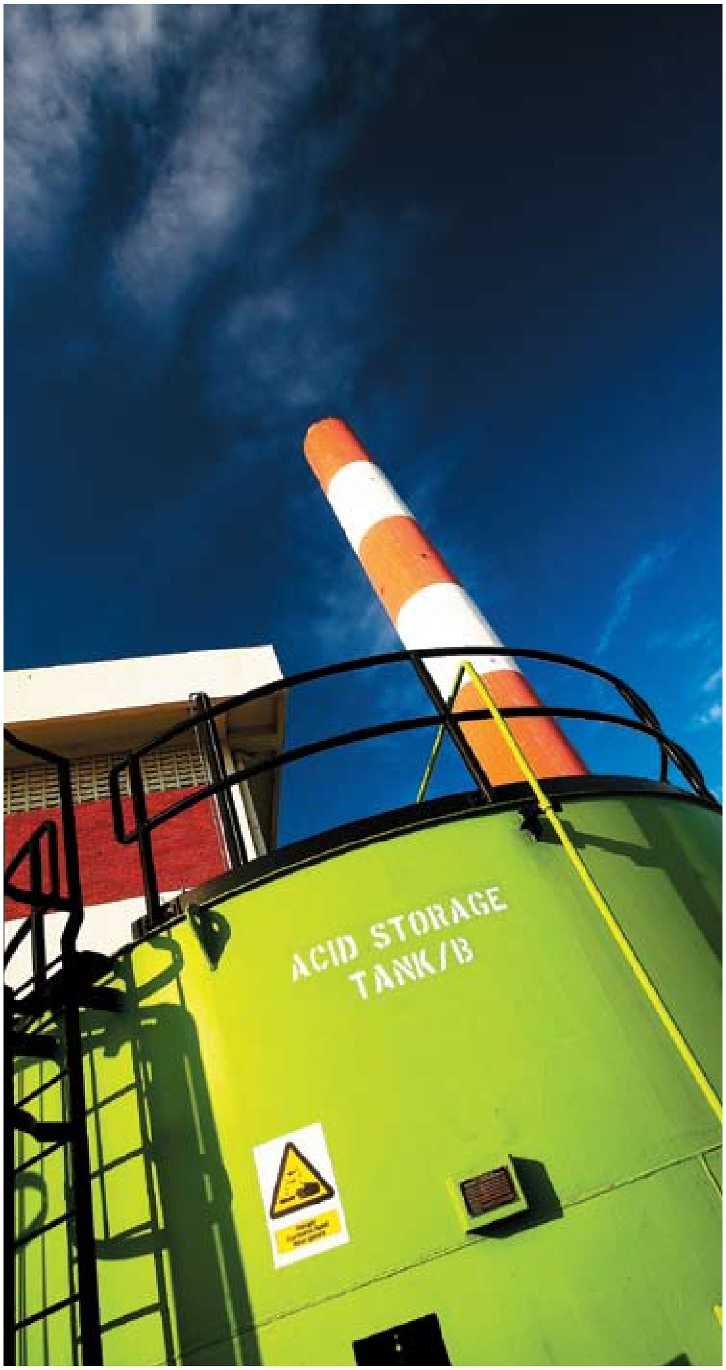
Our longer-term shareholders and stakeholders know that the focus of our journey has never wavered from the long term growth and prospects of the Group, and this continues to form the basis for our direction today and for the year ahead.

Thank you to all our stakeholders and God bless all of you.

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

Operations Review

Utilities



The Group's utility businesses registered strong performances across the board during the year under review. These businesses comprise power generation (in both contracted and merchant markets) in Malaysia, Singapore and Indonesia, power transmission in Australia, the provision of water and sewerage services in the United Kingdom ("UK") and communications in Malaysia, as well as power plant operation and maintenance ("O&M") expertise and multi-utility businesses.

POWER GENERATION, POWER TRANSMISSION & MULTI-UTILITIES

The Group's contracted and merchant power generation businesses, power transmission and multi-utility businesses comprise 100% stakes in YTL Power Generation Sdn Bhd ("YTLPG") in Malaysia and PowerSeraya in Singapore, as well as a 35% equity interest in Jawa Power in Indonesia and an indirect investment of 33.5% in ElectraNet Pty Ltd ("ElectraNet") in Australia.

YTLPG, Malaysia

Overall plant availability increased during the year under review with the availability of the two plants standing at 98.62% at Paka Power Station and 93.99% at Pasir Gudang Power Station. During the year, combined power production by both stations was 100.18% of the scheduled quantities. Safety was excellent with no reportable accidents occurring during the year. Major scheduled maintenance was carried out during the year on Pasir Gudang Power Stations's Gas Turbine 11 upon reaching 100,000 equivalent operating hours (EOH). Minor inspections were also done on three gas turbines at Paka Power Station during the year.

Located in Paka, Terengganu, and Pasir Gudang, Johor, YTLPG's two combined-cycle, gas-fired power 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 has a 21-year power purchase agreement with Tenaga Nasional Berhad. O&M for the Paka and Pasir Gudang power stations continues to be undertaken by YTL Power Services Sdn Bhd, a wholly-owned subsidiary of the Group.

PowerSeraya, Singapore

Despite fluctuations and decreases in Singapore's electricity demand and ongoing volatility in the oil market, PowerSeraya maintained its market generation share of approximately 27% for the financial year under review, due to its prudent bidding, hedging and risk management strategy, enabling the company to support competitive pricing for customers. For the financial year ended 30 June 2010, the Group sold 13,825GWh of electricity, representing a 7.9% increase on an annualised basis over last year's sales.

PowerSeraya has a licensed capacity of 3,100 MW and owns generation assets comprising oil-fired steam turbines, gas-fired combined cycle plants and diesel-fired open cycle gas turbine plants. During the year, construction was completed on an 800 MW Co-Generation Combined Cycle Power Plant ("CCCP"), replacing three oil-fired steam units and which is expected to generate electricity and steam at higher efficiencies and reliability.

The technical conversion works for two existing combined cycle plants into co-generation units for the supply of steam to PetroChemical Corporation of Singapore were also completed in 2009.

Meanwhile, the Group's 10,000m^3 per day desalination plant saw its water sampling and safety plans approved by the relevant authorities. This will enable PowerSeraya to supply of potable water to its customers, enhancing its multi-utility offering.

The company has continued to strengthen its fuel portfolio by further diversifying its energy sources and mix for power generation. Focusing on the needs of an increasing number of customers who require for more complex and customised product packages, the company has continued to retain its position as market leader for the third consecutive year by commanding 29.5% of the contestable retail market, up from 29.2% last year. Correspondingly, sales volumes to this segment reached 9,570 GWh for the financial year ended 30 June 2010, an annualised increase of 9.3% over last year's volume.

PowerSeraya's trading and fuel management arm has continued to leverage its fuel-related assets to build value. Its 25,000m^3 oil blending tanks commenced commercial operations in 2009, complementing the division's existing 860,000m^3 tank storage capacity. Moving forward, the division will continue to optimise the use of its operational assets and enhance its jetty facilities to realise greater benefit and revenue via a well-integrated terminal configured for cargo and bunker trading.

Jawa Power, Indonesia

In Indonesia, Jawa Power continued to operate at optimal levels to meet Indonesia's demand for electricity. For its financial year ended 31 December 2009, Jawa Power posted another year of strong operational performance with average availability of 93.98%, well in excess of the 83% rate contracted under its power purchase agreement. The station generated 9,105 GWh of electricity compared to 8,685 GWh last year for its sole offtaker, P.T. Perusahaan Listrik Negara (Pesero) ("PLN"), which is Indonesia's national utility company. For the six months ended 30 June 2010, the plant posted an availability of 84.7%.

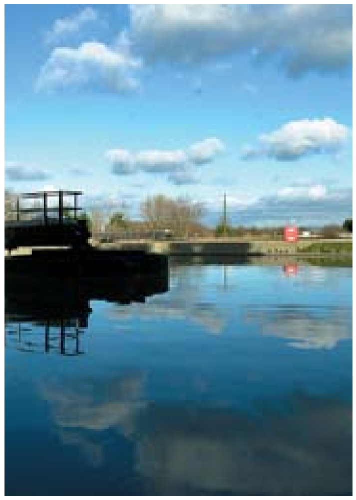
Operations Review

Jawa Power is the owner of a 1,220 MW coal-fired thermal power station consisting of two electricity generation units with a net installed capacity of 610 MW each. The plant is located at the Paiton Power Generation Complex on Indonesia's most developed and populated island, Java, and supplies power to PLN under a 30-year power purchase agreement. O&M for Jawa Power continues to be carried out by P.T. YTL Jawa Timur, a wholly-owned subsidiary of YTL Power, under a 30-year agreement.

ElectraNet, Australia

In Australia, ElectraNet continued to perform well during the year under review. ElectraNet is a regulated transmission network service provider in Australia's National Electricity Market ("NEM") and owns South Australia's high voltage electricity transmission network, which transports electricity from electricity generators to receiving end-users across the state. ElectraNet's network covers approximately 200,000 square kilometres of South Australia via more than 5,700 circuit kilometres of transmission lines and 76 high voltage substations. The company also provides the important network link from South Australia to the NEM via two regulated interconnectors, one of which is owned by ElectraNet. YTL Power also has a 33.5% investment in ElectraNet Transmission Services Pty Limited, which manages ElectraNet's transmission assets.

ElectraNet is regulated by the Australian Energy Regulator which sets revenue caps based on the company's expected capital expenditure requirements for a five-year regulatory period. The current revenue cap became effective on 1 July 2008 and is valid for a period of five years until 30 June 2013.

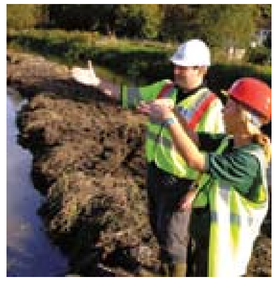


WATER & SEWERAGE OPERATIONS

The Group's water and sewerage operations are carried out by its 100%-owned subsidiary, Wessex Water, in the UK. Despite the effects of the economic slowdown, Wessex Water continued to register strong results during the year under review, achieving its highest levels of quality, compliance and customer service. The company was recognised as the best water and sewerage company in England and Wales by Ofwat, the independent economic regulator of the water and sewerage industry with responsibility for setting prices and ensuring companies carry out and finance their business properly.

For its regulatory year, which ended on 31 March 2010, Wessex Water achieved an Overall Performance Assessment (OPA) score of 97% of the maximum number of points, the highest-ever score in the industry since the measure was introduced. The company also maintains some of the highest standards of customer service, remaining at the top of Ofwat's independent survey of customer satisfaction with telephone service.

Wessex Water continued to improve its water and sewerage infrastructure with major extensions to its sewage treatment works in Wiveliscombe and Bridgwater to deal with increases in industrial flows and a number of projects to improve the security of water supply in Wiltshire, Dorset and Somerset, including improving trunk main transfers to reduce the number of customers dependent on single sources of supply. Wessex Water provides water services to 1.3 million customers and sewerage facilities to 2.7 million customers over an area of approximately 10,000 square kilometres in the south west of England which includes Dorset, Somerset, Bristol, most of Wiltshire and parts of Gloucestershire and Hampshire.



In November 2009, Ofwat issued its final determinations on price limits which cover the 5-year period from 2010 to 2015. Wessex Water's final determination will result in an annual increase in customers' bills of about 0.6% for the five-year period. Plans for the period include an investment plan of £1.0 billion, integrating water supply assets to improve security of supply, dealing with raw water quality and improving river flows, improving drinking water quality, achieving further reductions in risks of flooding to properties and further reducing the company's carbon footprint through increased use of renewable energy sources.

Wessex Water's regulated asset base ("RAB") increased moderately by 4.2% to £2,262 million (RM11.3 billion, based on the average exchange rate of £1.00 : RM5.00) for its regulatory year ended 31 March 2010, compared to £2,171 million (RM10.9 billion) for its previous regulatory year.

COMMUNICATIONS

The Group's communications operations are carried out by YTL Comms in Malaysia. Pursuant to the approval from the Malaysian Communications and Multimedia Commission ("MCMC") to operate a 2.3 gigahertz ("GHz") wireless broadband network in Malaysia, YTL Comms is developing the world's first converged nationwide 4G network and will offer mobile Internet services designed to change the way people access the Internet and provide a platform to deliver innovations to improve the way people work, learn and play.

YTL Comms' partners include some of the most advanced global technology pioneers in their respective fields, including Cisco, Clearwire, GCT Semiconductor and Samsung, and in November 2009, YTL Comms announced the formation of a 4G Innovation Network, in cooperation with these partners.

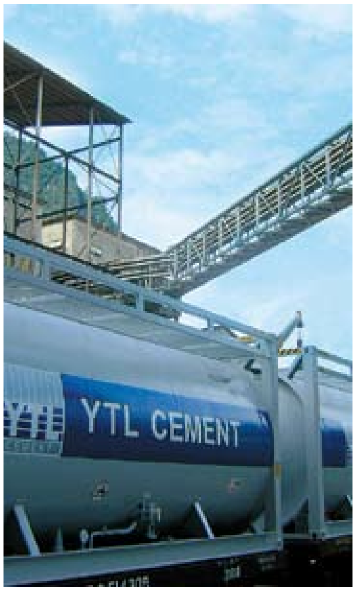
The 4G Innovation Network in Malaysia is linked to Clearwire's Innovation Network in Silicon Valley and is designed to facilitate the free flow of ideas and information across borders, expanding the ecosystem to link Malaysian and other Asian developers directly with some of the world's most creative minds in Silicon Valley. This allows developers to incubate their ideas, with the support of world leaders in mobile Internet technology, giving consumers in Malaysia a new level of mobile Internet experience with products and services optimised for a high bandwidth, low latency 4G network.

In conjunction with the Innovation Network, the Group launched its US$1,000,000 'mYprize' Global Developer Challenge, a worldwide competition aimed at engaging developers and inventive minds to create innovative applications and devices for YTL Comms' nationwide 4G mobile Internet network. The competition is intended to propel Malaysia into a truly cutting-edge incubation centre for 4G innovation.

The Group has also entered into a Licence and Services Agreement with Sezmi Corporation of the United States that gives the Group the rights to deploy a hybrid TV service in Malaysia and throughout Asia Pacific. Hybrid TV brings together broadcast content and Internet in the same device and through its 4G network, the Group will be the first in the world to offer an all wireless hybrid TV service when the service is launched at the end of 2011. The Sezmi system is currently commercially available in the United States and is a proven front running innovator in redefining television viewing experience.

Operations Review

Cement Manufacturing



The Group undertook a reorganisation of its quarry businesses during the year under review with the injection of Batu Tiga Quarry Sdn Bhd ("BTQ") into the Group's cement division. BTQ, one of the largest quarry operators in the country, has strengthened the division's supply chain and augurs well with the Group's existing cement businesses, as well as its ready-mixed concrete operations, which are the largest in Malaysia.

OPERATIONS IN MALAYSIA

The addition of the BTQ group to the Group's cement division during the year under review has enabled it to further streamline its production process and supply chain, and has strengthened the vertical integration of the Group's operations. The BTQ group is a substantial supplier of aggregates and manufactured sand used in the Group's ready-mixed concrete manufacturing business, with 11 quarry sites across the Peninsula.

BTQ also provides limestone quarrying services and undertakes the manufacture and distribution of premix products which augment its business. These include Asphaltic Concrete Wearing Course, Asphaltic Concrete Binder Course, Dense Bitumen Macadam, Normal Premix Wearing Course and Normal Premix Binder Course, and these are used primarily in the construction of large-scale infrastructure, including roads, highways and airports.

Across all operating divisions, the Group continued to meet its key performance targets in its ongoing programme to improve operational performance by reducing costs and ensuring the cohesiveness of its logistics network and supply chains to meet customers' needs. The fully-integrated production processes and geographical diversity of the Group's plants enabled it to realise cost savings and economies of scale generated from its annual production capacity of 6.0 million metric tonnes for clinker and 8.0 million metric tonnes for cement.

The division has also continued to make good progress in the utilisation of alternative fuels and energy sources to reduce the effects of increases in conventional fuel costs and to reduce the Group's overall carbon footprint. In 2009, the Group commenced trials for fuel-switching from coal to waste products and materials such as empty fruit bunches and palm kernel shells from the palm oil industry, shredded rubber tyres, solvents, and industrial sludge pellets. A system for storing and transporting the new fuel feedstock was built, the utilisation of which reduces the use of coal and its subsequent carbon emissions, replacing the fossil fuel with palm oil plantation and mill waste and less carbon-intensive feedstock such as rubber tyres and solvents. Industrial gypsum is also being used to partially substitute natural gypsum.

The Group has intensified the production of blended cement, substituting a portion of the clinker with high quality limestone, as a plasticising material, to improve the workability of the cement, thus reducing the usage of clinker and total carbon dioxide emissions, as well improving the quality and performance of the products. The cement division continues to refine and further develop blended cement products, and has begun exporting the blended products to Singapore.

In April 2010, the Group received certification for its products from the Singapore Environment Council (SEC) under the Singapore Green Labelling Scheme (SGLS). The certification indicates that these products are eco-friendly building materials which make an important contribution to environmental sustainability and the reduction of carbon emissions. The products that were certified included ground granulated blastfurnace slag, blastfurnace cement CEM III/A, blastfurnace cement CEM III/B, Portland composite cement CEM II/B-M, ground granulated blastfurnace slag and blastfurnace cement CEM III/A.

The Group's nation-wide distribution network and overseas operations enabled the division to maintain market share in its operating areas during the year under review, supported by strong customer demand. The Group's cement division remains the only operator with the ability to manufacture and supply bespoke building materials and products of the highest quality to meet the increasingly sophisticated engineering specifications of customers.

OVERSEAS OPERATIONS

The Group's plant in China, which has production capacities for 1.55 million tonnes per annum of clinker and 2.00 million tonnes per annum of cement, continued to perform at satisfactory levels. The plant is situated in the Linan district of the Zhejiang Province in China and is one of the dominant suppliers in the wider Hangzhou market.

Meanwhile, operations in Singapore continued to perform strongly during the year under review. The Group was the sole supplier to the biggest integrated resort development on the iconic Sentosa Island, and has successfully established a fully-operational division in Singapore. The Group continues to refine and further develop its range of blended cement products, and has begun exporting these blended products to Singapore.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BK 6550 KG
BTM 6410 KG
BG1 6000 KG
BG2 10000 KG
T/WB 5323

Operations Review

Construction Contracting

The Group's construction division maintained its stable performance during the year under review as work continued on its portfolio of contracts for infrastructure development projects and residential and commercial properties.

In July 2010, Syarikat Pembenaan Yeoh Tiong Lay Sdn Bhd ("SPYTL"), a wholly-owned subsidiary and the flagship construction company of YTL Corp, completed work on the Electrified Double Track Railway Project between Sentul and Batu Caves. Comprising a 7.5km track extension from Sentul to Batu Caves, this project involved the construction of an electrified double track railway line, including the installation of a new signalling, communication and electrification system, four stations and five road bridges. SPYTL was awarded the contract for the design, construction, completion, testing, commissioning and maintenance of the project by the Ministry of Transport in November 2006.

During the year under review, SPYTL commenced construction work on network base stations, which form part of the infrastructure of the 4G platform that the Group is currently developing for nationwide roll-out in late 2010. In total, SPYTL will be constructing more than 2,500 base stations across the peninsula over the next year.

In the Group's portfolio of residential and commercial property construction contracts, progress continued during the year under review on new phases of the Group's Sentul development. These include d6 and d7 at Sentul East, comprising boutique offices and shop lots, which are on target for completion, scheduled in late 2010. To date, the Group has completed construction ahead of schedule on three residential phases of Sentul, namely, The Tamarind and The Saffron at Sentul East, and The Maple at Sentul West. The d6 and d7 offices comprise the first phase of commercial development at Sentul.

Construction was completed during the year under review on Phase 4B2 of the Taman Pakatan Jaya development in Tambun, Perak, comprising a further 138 units of double storey terrace houses, being developed by PYP Sendirian Berhad, also a wholly-owned subsidiary of YTL Corp.

At SPYTL's Lake Fields development in Sungei Besi, construction is scheduled for completion on an 18-storey block comprising 308 condominiums in Phase 2 of Midfields by end-2010. Work on The Trillium, consisting of a further 72 units of offices and shop lots in Phase 2A at Lake Fields, Sungei Besi, is progressing on schedule and expected to be completed by the end of the 2010 calendar year.

Construction was also completed on Centrio, the latest phase of the Group's Pantai Hillpark development. Centrio consists of 3 office blocks and an 11-storey commercial podium containing 21 units of shop-lots, 24 office units and 268 SOHO (small office, home office) units. This unique development concept is being undertaken by YTL Corp's wholly-owned subsidiary, Syarikat Kemajuan Perumahan Negara Sdn Bhd.

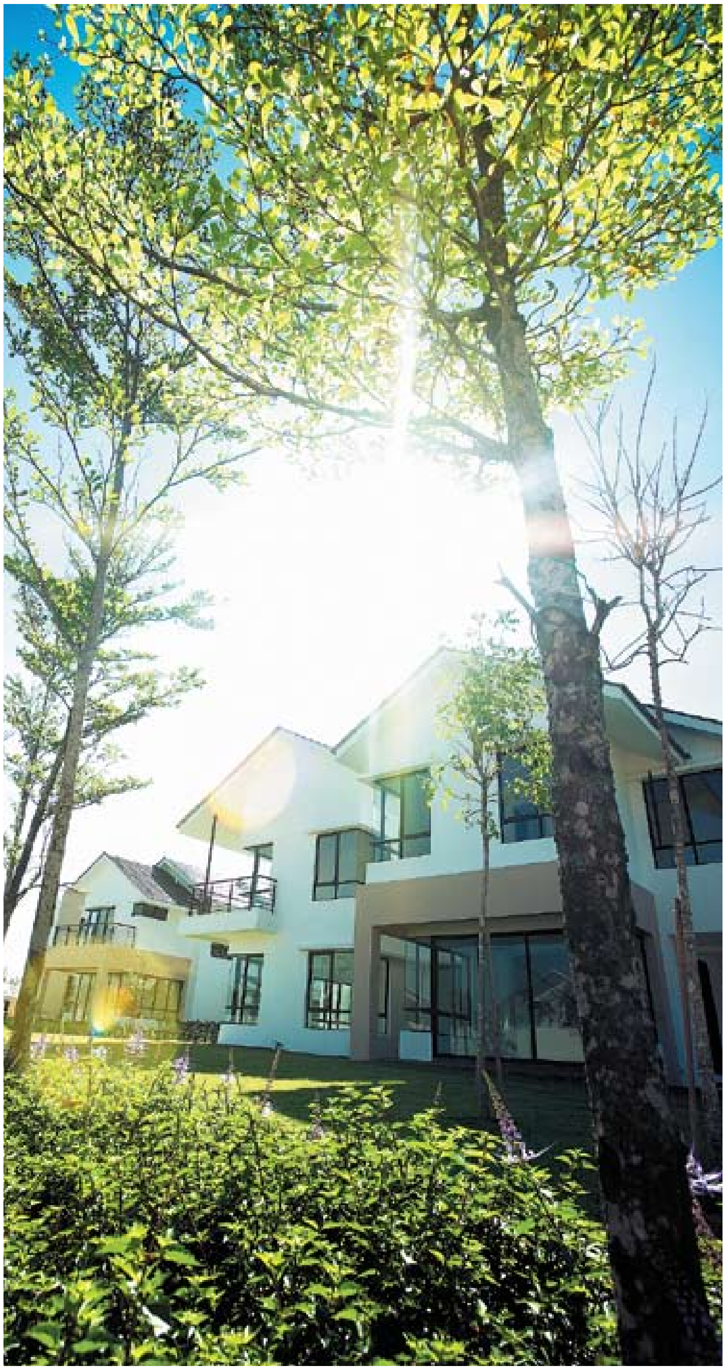
At the Lake Edge development in Puchong, construction has been completed on the remaining 20 units of Waterville villas, following the completion and handing over of the first phase of 30 units in November 2009. Development also began on a further 30 units of Pavilion Terraces and is scheduled to be completed towards the end of 2011.

Construction was also completed in early 2010 on two 20-storey blocks comprising 160 units of condominiums for Sunway City Bhd in Sri Hartamas in Kuala Lumpur.

Meanwhile, in Singapore, the Group is undertaking construction of 18 waterfront villas comprising the Sandy Island collection and 13 luxury bespoke villas comprising the Kasara – the Lake collection, both of which are part of Singapore's vast Sentosa Cove development. Construction is well underway and scheduled to be completed in early-2012.

Operations Review

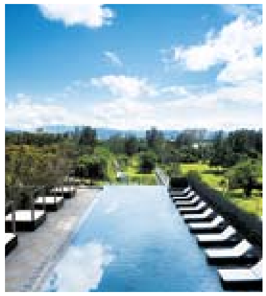
Property Development & Investment



The Group's property development and investment activities encompass residential and commercial developments in Malaysia, residential developments in Singapore and real estate investment trusts in Malaysia and Singapore.

RESIDENTIAL & COMMERCIAL DEVELOPMENTS IN MALAYSIA

Commercial phases currently under development in Sentul comprise boutique offices, **d6** and **d7 at Sentul East**. Construction works on d6 are well underway whilst d7 is expected to be completed on schedule during the last quarter of the 2010 calendar year. Building works on the exterior are essentially complete, whilst architectural works on the building interior and landscaping works on the street front and atrium are progressing on schedule. Sentul's business precinct offers a vibrant new genre of modern offices and has proven highly attractive to buyers drawn to the stylish, cosmopolitan environment.



The commercial developments also bear all the hallmarks of Sentul's overall development concept, which include extensive landscaping, themed gardens, parks and other green spaces, close proximity and easy access to the Kuala Lumpur city centre and strong potential for capital appreciation. This has been demonstrated in the strong secondary markets for Sentul's existing residential developments, The Tamarind and The Saffron at Sentul East and The Maple at Sentul West.

Lake Edge, the Group's development in Puchong, continues to prove highly popular with homeowners. To date, all phases of Lake Edge have achieved excellent take-up rates, including Courtyard Homes, Pavilion Terraces, Garden Terraces and Promenade Homes, as well as Parkville and Waterville. Construction on all 50 units of **Waterville** homes was completed on schedule and vacant possession was handed over to homeowners during the year. Waterville is an inspired collection of semi-detached homes, each offering a built-up area of 4,117 sq. ft. and a signature private lap pool.

In November 2009, the Group undertook a second launch of 30 additional units of the highly sought-after 2-storey **Pavilion Terraces**, all of which were fully taken up during the first few hours of the launch. Pavilion Terraces were first launched in 2004, with 100% of all units being sold out within the first few days of the launch. The overwhelming response received for this latest second phase demonstrates the high appreciation of these unconventional offerings, which include a spacious built-up area of 3,186 sq. ft. set within a generous 22 ft. by 100 ft. lot size, and feature a unique water-themed living room housed within a pavilion. The development of this second phase of units of Pavilion Terraces is expected to be completed by end-2011.

Just after the end of the financial year under review, in July 2010, the Group completed and handed over vacant possession of **Centrio**, the commercial phase of the Group's highly successful Pantai Hillpark development in the heart of Kuala Lumpur. Centrio offers a mix of SOHO (small office/home office) suites in an interlocking and stacked configuration that contributes to the development's distinctive façade, as well as a smaller number of uniquely conceptualised retail stores and boutique offices.

Meanwhile, **Lake Fields** and **Midfields**, extensive mixed developments in Sungei Besi, achieved excellent take-up rates for all phases launched to date, including its residential phases, Meadows, Glades and the recently launched **Dale**, as well as commercial phases of shop offices, **The Trillium** and **Midfields Square**. Dale, which features 3-storey, 5-bedroom homes with a built-up area of 2,600 sq. ft. on a 20 ft. by 80 ft. lot size, was launched in late August 2010 and achieved a 100% take-up rate within its first launch weekend.

Operations Review

RESIDENTIAL DEVELOPMENTS IN SINGAPORE

In Singapore, the Group has added to its prestigious property portfolio two waterfront villa collections, Sandy Island and Kasara the Lake, in Sentosa Cove. Sentosa Cove is the only marina community and gated residential precinct in Singapore and is also the only place in Singapore where foreigners can buy landed properties.

Sandy Island is a tropical island oasis with a collection of 18 waterfront villas nestled within a lush rainforest setting. Created by the world-renowned Italian architect Claudio Silvestrin, whose internationally-acclaimed works include 26 Giorgio Armani flagship stores around the world, the villas are unique masterpieces of art, each timeless and elegant in its aesthetics. Each villa is complemented by gardens designed by award-winning Australian landscape designer Jamie Durie. Each luxury villa is designed with a double volume living room, gourmet kitchen with state of the art appliances, private berth, private lift and a car lift for a basement garage for up to five cars. The development is currently under construction and is expected to be more than 50% completed by the end of the 2010 calendar year.

Kasara – the Lake is a rare collection of 13 luxury villas nestled within a bamboo forest and shimmering lake with incomparable vistas of a private golf course and the city skyline. The villa collection is immersed seamlessly in its tranquil surroundings and gives utmost privacy to each owner. The landscape for Kasara is a play between the dualities of light and darkness, exterior and interior spaces. Surrounded by water features as an extension to the lake, it creates a beautiful illusion of the luxurious villas floating on water with pools and decks cantilevered over the lake.

Guided by Asian architectural principles, double volume corridors connect pavilions for living and dining while integrated open courtyards and water ponds allow cross ventilation especially suited for true tropical living. Inspired by the intricate folds of Origami artworks, the villas have double-storey tall vertical contouring screens for privacy and sun-shading, with a staggered arrangement between villas offering unobstructed views and access to the courtyards. Kasara was launched in January 2010 and was fully sold within 3 months of its debut. Construction of the development is well underway with projected staged completion of 45% by the end of the 2010 calendar year.

The Group has also acquired **Westwood Apartments**, situated on prime freehold residential land in the core central region for re-development into a premium mixed-used bespoke residential and hotel project. The building is strategically located on Orchard Road, the main shopping and entertainment belt in Singapore and is within easy access of several stations on Singapore's efficient Mass Rapid Transit system. The development plans are in progress, with a planning permission submitted and pending approval.

REAL ESTATE INVESTMENT TRUSTS ("REITS")

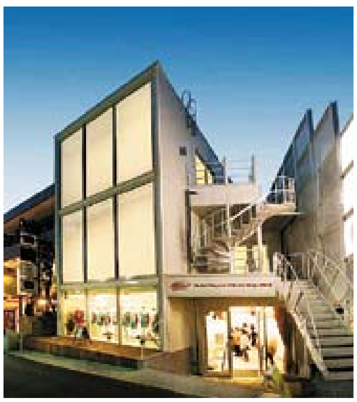
During the year under review, the Group embarked on a rationalisation of its hotel and retail assets, the first stage of which entailed the disposal by Starhill REIT in Malaysia of its retail assets, Starhill Gallery and its parcels in Lot 10 Shopping Centre, to Starhill Global REIT in Singapore. A rebranding of Starhill REIT is currently underway to reposition the trust as a pure-play hospitality REIT, which will focus solely on hotel and hospitality-related assets to complement its existing assets, namely the JW Marriott Kuala Lumpur and 60 units of serviced apartments, 4 levels of commercial podium and 2 levels of car parks located within The Residences at The Ritz-Carlton, Kuala Lumpur.

The Group owns a stake of approximately 29% in Starhill Global REIT and, during the year under review, increased its stake in the holding company of the REIT's manager, YTL Starhill Global REIT Management Limited, to 75% from 50% previously.

Upon the completion of Starhill Global REIT's acquisition of Starhill Gallery and the parcels in Lot 10 in June 2010, together with its acquisition of the David Jones Building in Perth, Australia, in January 2010, the trust's portfolio size increased to approximately S$2.1 billion. Starhill Global REIT also owns stakes in Wisma Atria and Ngee Ann City in Singapore, seven boutique properties in Japan and a prime retail shopping centre in China.


NGEE ANN CITY


WISMA ATRIA



Operations Review

Hotel Development & Management

The Group's hotel development & management division continued in its announced objective of growing internationally into a global hotel operator and establishing a strong brand identity. Niseko Village, an all-season resort in Hokkaido, Japan was acquired in April 2010. The opening of Muse Hôtel De Luxe, an exclusive chic resort retreat in St. Tropez, France, followed in June, achieving instant critical acclaim and commercial viability as a unique resort product. The first branding campaign was launched on CNN earlier in the year, showcasing the company's signature and award-winning resorts.

Complementing this move toward international and global operations by the company will be the opening of the first YTL Hotels retail store in Wisma Atria, a Singapore shopping centre on Orchard Road. The Group's sales and marketing operations in Singapore will continue to grow over the near future. Not only is Singapore an important source of business and leisure travel, it is the closest global business and travel hub from which to launch the division's aspirations for expansion into international markets.

NISEKO VILLAGE, HOKKAIDO, JAPAN

Acquired in April 2010, Niseko Village occupies 617 hectares of land in the south-eastern foothills of Mt Niseko Annupuri in Hokkaido, Japan. Presently the village comprises two hotels, two 18-hole golf courses, ski slopes and large tracts of undeveloped land. Often compared to ski resort areas such as Aspen in Colorado and St. Moritz in Switzerland, this beautiful site will be developed to include luxurious and private residential neighbourhoods and townships that in years to come will match those now famous recreational destinations.

The first development is the renovation of the 200-room Green Leaf Hotel by the award-winning firm of Champalimaud Design based in New York City. When it reopens at year-end, the hotel will feature a number of innovations, including "ski-in" access, and amenities that cater to the special needs of families travelling with children.

MUSE HÔTEL DE LUXE, ST. TROPEZ, FRANCE

Muse Hôtel De Luxe is minutes away from the renowned Place de Lices on the Ramatuelle route de plages (the coastal road) and is nestled in a landscape of terraced gardens. This 15-suite private resort is referred to as a "chic retreat", featuring innovations in suite room architecture and personalised services that include sun butlers on the beach that pamper to the extreme. The very successful grand opening featured celebrities George Benson and Russell Watson, and won the resort critical acclaim; the Sunday Times declared Muse, *"One of Europe's hottest top twenty new hotels"*.

SWATCH ART PEACE HOTEL SHANGHAI, CHINA

This hotel is located in the south building of what was the legendary Peace Hotel in Shanghai which has been fully restored by the Swatch Group. The hotel plays a cameo role in a building that merges retail, art, culture and hospitality. There are four timepiece boutiques, an Art Centre featuring an art gallery, and 18 artist apartment-workshops. Selected international and Chinese artists are invited to live in the apartments, create works and then exhibit them at the gallery.

The seven guest suites in the Residences of the hotel are of imaginative and pioneering design, a departure from traditional hotel accommodation. However, the hotel's façade, lobby and reception areas retain the old-world charm for which the original hotel was famous. Shook!, the restaurant of Starhill Gallery fame, is a featured attraction, serving an eclectic gastronomic menu in a setting overlooking the Bund.

Operations Review

PULAU GAYA AND PULAU TIGA RESORTS, SABAH, MALAYSIA

Pulau Gaya and Pulau Tiga, islands off the coast of Sabah, are sites for two new developments currently under construction. Pulau Gaya is eight kilometres off-shore of Kota Kinabalu and Pulau Tiga is 48 kilometres south. Both resorts will open in 2011.

Pulau Gaya Resort is being constructed amidst the rainforest, respecting the natural environment; all trees and topography are being preserved, as was successfully undertaken in constructing the Estates at Pangkor Laut. Pulau Gaya is designed as a deluxe family resort of 132 spacious hillside and sea-front villas. The resort will include many innovative accoutrements and activities that will enhance each family's guest experience. This resort features elements of traditional Sabahan architecture, and will include a Feast Village showcase restaurant paired with another specialising in epicurean fine dining. Highlighting the Resort's amenities is a Spa Village, the only one in a shoreline mangrove setting.

Pulau Tiga is an island famed for its volcanic mud pools whose mineral rich mud is said to be therapeutic, exotic wildlife, coral reefs and protected marine life. The pristine natural environment is home to many species of wildlife and the Resort will feature a number of trails for trekking. Pulau Tiga is a haven for nature, adventure and water enthusiasts. This intimate hideaway resort features 65 one and two bedroom sea-front villas, each with a private plunge pool and private spa treatment area. Other amenities include a Feast Village showcase restaurant and another for intimate dining. Tennis courts, a gymnasium, a lap pool, and a dive centre complete the recreational options.

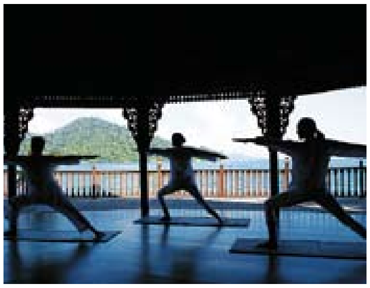
THE CHEDI, PHUKET, THAILAND

This 108-room resort will be renamed The Surin this November and will be closed in May 2011 for six months to enable a total renovation. The Surin will reopen with completely revamped public areas including a much larger spa with gymnasium, larger meeting room facilities, and its two restaurants will be completely redesigned to complement, what is in fact, a new resort.

PANGKOR LAUT RESORT

Pangkor Laut Resort continues to consolidate its claim as the world's best resort. The resort is named in the Top Ten Spa Retreats in the Readers' Spa Awards by Condé Nast Traveller UK, and recognised in the Gold List for "Best Overseas Spa" in the prestigious Australian publication, Luxury Travel Magazine.

Pangkor Laut Resort was a location featured on the popular Australian television travel programme, *"Out Of The Blue"*. An episode of the glamorous UK television reality programme, *"Britain's Next Top Model"*, hosted by supermodel Elle Macpherson was filmed at the resort. Martha Stewart, famed U.S. lifestyle television host, visited the resort and posted a large number of photographs recording her visit on *"The Martha Blog"*. Other famous visitors this year included British actress Anna Friel, Formula One race driver Ralph Schumacher, Liverpool football legend Ian Rush and UK Olympic star cyclist Sir Chris Hoy.



TANJONG JARA RESORT

Tanjong Jara Resort continues to uphold its reputation as the finest resort on Malaysia's east coast. The area is considered to be the cultural heartland of the nation, and the resort reflects this authenticity in its featured weekly activity, Kampong Life, which is well received by its guests. Tanjong Jara recently renovated the landscape architecture of its gardens, a major project upgrading the resort's surroundings with lush tropical foliage and flowering plants.

CAMERON HIGHLANDS RESORT

Cameron Highlands Resort has consolidated its position as the finest quality retreat for both leisure and business travellers in the Highlands. Its meeting facilities have proven to be popular with corporate guests and this has been translated into significant improvements in operating results. The Resort refurbished guest room upholstery and rugs, keeping its guest rooms in an 'as new' condition. Furnishings in The Jim Thompson Reading Room were also refreshed giving this cozy area a vibrant new look.

Samantha Brown, a U.S. television personality, introduced Cameron Highlands Resort on the U.S. cable television programme, *"Travel Channel"*.

THE MAJESTIC MALACCA

The Majestic Malacca has proven itself as a successful weekend destination and quality retreat for week day corporate meetings. Profitable operations were attained within two years of opening. However, the objective of developing a week day business traveller market component remains an ongoing effort. Once this objective has been successfully addressed, the hotel's potential will be fully realised.

In line with the city's acclaim as a World Heritage Site by UNESCO, the hotel has introduced an additional guest activity. Named, "A Culinary Journey", the Hotel Chef conducts cooking classes introducing the culturally unique Peranakan cuisine. Martha Stewart, famed U.S. lifestyle television host, visited The Majestic Malacca during her trip to Malaysia and posted a number of photographs recording her visit on *"The Martha Blog"*.

Operations Review

SPA VILLAGE RESORT TEMBOK, BALI

The Spa Village Resort Tembok Bali is well on its way to commercial success, achieving breakeven performance earlier in the year and having doubled the occupancy results of the year before. Guest response to this destination spa has been notable in that customer evaluations rival the very high levels achieved by the more established of the Group's resorts.

THE RITZ-CARLTON, KUALA LUMPUR

The hallmark of The Ritz-Carlton, Kuala Lumpur is the level of personalised service provided guests. Impeccable performance of product standards is the start of the customer experience. The Ritz-Carlton relies on the butlers to craft each guest's experience by interpreting their instructions in a manner that anticipates the expected levels of service required. The recently renovated Cesar's successfully introduced a new breakfast experience. With its "open kitchen" and brasserie style of presentation, The Ritz-Carlton has begun its transition to a more exciting and contemporary product image.

The Ritz-Carlton, Kuala Lumpur hosted a number of international celebrities this year with Lionel Richie and Martha Stewart heading the list. Super model Elle Macpherson played her role as mentor in filming the finals of the reality programme, *"Britain's Next Top Model"*. The Ritz-Carlton provided accommodations for Elle Macpherson and the finalists, and was the setting for many scenes in that segment.

The Ritz-Carlton was listed among the World's Best Hotels in Expedia® Insiders' Select™ Expedia.com 2010; was named *"Best Serviced Residence"* and *"Best City Spa"* in The Best of Malaysia Travel Awards 2009 by Expatriate Lifestyle (2009); and was named Hotel of the Year 2008-2010 Hospitality Asia Platinum Awards/HAPA – Regional Series, 2008.

JW MARRIOTT KUALA LUMPUR

Over the years, the JW Marriott has steadily improved its position in the meetings and conference market. This effort has enhanced its reputation for dependability of performance in this highly competitive business sector. Together with significant additions and upgrades to the surrounding shopping and entertainment facilities, this has further improved this meeting hotel's potential. Full renovation of all guest rooms, meeting rooms, the swimming pool and the gymnasium is the latest undertaking for the JW Marriott Kuala Lumpur. Scheduled to be completed in stages through March 2011, the newly renovated facilities will update the image of this city icon.

YTL TRAVEL CENTRE

The YTL Travel Centre continues in its role as both a web-based retailer and as a central reservations service for all of the Group's resorts.

The division's on-line presence is regularly upgraded and expanded in keeping with its objective of becoming a global organisation. Search optimisation on the Group's own websites has been improved and an e-channel distribution with third party online travel web portals was activated this year. Customer service training programmes, including up-selling techniques, are an ongoing activity to further develop the levels of professionalism attained by the YTL Travel Centre sales staff. The aim is to continually improve a seamless booking experience for all customers.

VISTANA GROUP OF HOTELS

This has been a year of recovery at the Vistana Hotels. Manufacturers for the export market and their suppliers, the Vistana key business accounts, were adversely affected by the recent global recession. This downturn in global demand caused a significant drop in business volume, especially at the Vistana Penang and Vistana Kuala Lumpur. Recovery in this business sector has begun, albeit more slowly than predicted, however active and aggressive sales efforts by these hotels have begun to regain historically high levels of occupancy. This effort is supported by the consistently high levels of service and product quality achieved by each hotel that result in the high levels of account loyalty attained and the large number of repeat customers these attributes engender.

EASTERN & ORIENTAL EXPRESS

Asia's only luxury train retains its unique position in the marketplace and continues to attract luxury travelers from around the globe. Last February the E&O train inaugurated service across the Mekong River on the Friendship Bridge which connects Thailand with Laos. An impressive group of international dignitaries and media welcomed E&O's guests to the new Thanaleng Station where a festive welcome ceremony was hosted in recognition of this special visit.

Following the success of E&O's 3-night journeys, the company introduced the sale of a collection of 6-night trips called *"Chronicles of South-East Asia"*. Each itinerary has been specially crafted to offer a unique, enriching and in-depth travel experience, allowing guests to discover new locations and immerse themselves in the panorama and culture of Malaysia, Thailand and Laos. The voyages offer an extensive programme of exciting excursions and overnight off-train experiences (including Cameron Highlands Resort) with guest lecturers on board.

Operations Review

IT & e-Commerce Initiatives

The Group's operating segments continued to perform well during the year under review. These comprise fee income from its WiMAX spectrum, alternative voice service provider ("AVSP") operations and digital media applications carried out by its subsidiaries, Extiva Communications Sdn Bhd ("Extiva") and YTL Info Screen Sdn Bhd ("YTLIS"), respectively.

The Group's WiMAX/broadband operations are carried out by its subsidiaries, Y-Max Networks Sdn Bhd ("Y-Max Networks"), owner of the WiMAX spectrum, and Airzed Services Sdn Bhd ("Airzed"), which provides dedicated fixed wireless high-speed broadband services mostly to the enterprise market and building owners.

Y-Max Networks' spectrum will facilitate WiMAX mobility services to be rolled out in Malaysia, enabling end-users to enjoy a significantly enhanced data roaming experience, making WiMAX a major platform for next generation converged communication services, capable of delivering fast, wide-coverage, and ubiquitous and always-connected voice, data and video services.

The Group's successful integration and consolidation of its former "Bizsurf" branded fixed wireless broadband operations with those of Airzed has also enabled it to streamline costs and generate operational efficiencies.

Meanwhile, YTLIS, the Group's digital media division and an innovator of the digital narrowcast media sector in Malaysia, performed well during the year under review, achieving solid levels of advertising revenue via its digital narrowcast media networks in the Bintang Walk area of Kuala Lumpur, including shopping centres such as Sungei Wang Plaza, and on the Kuala Lumpur Express Rail Link (KLIA Ekspres) trains.

Despite a double-digit bounce in traditional media advertising expenditure ("adex") in Malaysia in the first half of the 2010 calendar year (boosted by the 2010 World Cup), digital media still lags behind traditional media and represents a tiny percentage of total Malaysian adex. However, the potential of digital media to increase as a proportion to total adex in Malaysia looks promising over the next 5 years.

YTL Info Screen is actively working to address the challenges it faces in the Malaysian media market, primarily by expanding its network in order to enhance its attractiveness to the large advertisers. It has already identified a number of strategic locations and is close to securing the digital media rights in these new locations.

YTLIS has also embarked on efforts to penetrate the supermarket and hypermarket segments, either directly, or through marketing joint ventures with companies that have already secured the media rights within these real estate assets, but lack the content management and network operational expertise that YTLIS possesses. This is aimed at expanding the division's media reach to target and attract the more recession resilient consumer businesses (such as food retailers, supermarkets, mass market consumer brands) and telecommunication companies, in addition to its existing upscale advertisers.

Extiva, which is one of the pioneers of the country's AVSP market, continued to face challenging operating conditions brought about by an increasingly competitive market. Although post-paid call volumes were slightly higher year-on-year, post-paid call revenues decreased as a result of stiff price competition in the market place. This was, however, offset to some extent by continued growth in Extiva's broadband and data sales. Coupled with its earlier implemented cost-cutting strategies, the division was able to achieve a satisfactory level of performance as a result. The company continues to explore new technologies and initiatives, especially WiMAX enabled solutions that are synergistic to its current services.

Protection of
the Environment

"Environmental problems and issues are far-reaching and wide, and it is a societal as well as a business concern. Malaysia is a fascinating holiday destination, blessed with an abundance of amazing natural wonders like our jewelled islands and lush million-year old rainforest, which draw millions of visitors to our shores every year. Yet with all the environmental problems we are currently facing, we might very well lose these natural treasures faster than anticipated, and this underscores the importance of taking every opportunity to pay homage to nature by creating more awareness on environmental problems facing the world today."

Tan Sri Dato' (Dr) Francis Yeoh Sock Ping CBE, FICE
Managing Director of YTL Corporation Berhad, at the launch of A Journey Through Time III, themed "Time & the Environment", in October 2009

Corporate Events

10 NOVEMBER 2009

LAUNCH OF 4G INNOVATION NETWORK IN MALAYSIA

The YTL Corp Group announced the formation of a 4G Innovation Network in Malaysia in cooperation with some of the preeminent players in technology, including Cisco, Clearwire, GCT Semiconductor and Samsung. The Innovation Network will facilitate the development of applications for high bandwidth 4G networks and expansion of this 4G ecosystem to help position Malaysia as a regional hub of technology innovation.

From left to right: Prime Minister of Malaysia, YAB Dato' Sri Najib Tun Razak; Minister of Science, Technology and Innovation, YB Datuk Seri Dr. Maximus Ongkili; and YTL Corporation Berhad Managing Director, Tan Sri Dato' (Dr) Francis Yeoh Sock Ping

18 NOVEMBER 2009

ACCELERATION OF NATIONWIDE BROADBAND PLAN WITH TELEKOM MALAYSIA

YTL Communications Sdn Bhd, a subsidiary of YTL Corporation Berhad, entered into a Wholesale Ethernet Service and Master Tenancy for Infrastructure Sharing Agreement with Telekom Malaysia Berhad ("TM") to leverage on TM's telecommunications facilities and infrastructure to deliver 4G services nationwide by end-2010.

From left to right: Mr Wing K Lee, Chief Executive Officer, YTL Communications Sdn Bhd; Tan Sri Dato' (Dr) Francis Yeoh, Managing Director, YTL Corporation Berhad; Dato' Zamzamzairani Mohd Isa, Chief Executive Officer, TM Group; and Mr Rafaai Samsi, Executive Vice President, Wholesale Business, TM

27 MARCH 2010

EARTH HOUR 2010

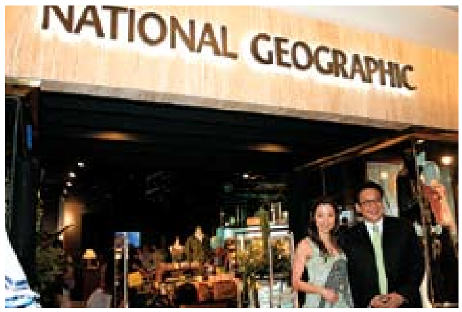
For the second year running, YTL Corporation Berhad supported Earth Hour in Malaysia. Close to 30 of the Group's iconic establishments joined in the global collaborative awareness message for action against climate change.

Dato' Yeoh Soo Min (centre row, 3rd from left), Executive Director of YTL Corporation Berhad, with participants at the events held at Lot 10's 'Forest in the City' Rooftop Garden

18 NOVEMBER 2009

PROPOSED RATIONALISATION OF HOTEL & RETAIL ASSET PORTFOLIOS

YTL Corporation Berhad embarked on a restructuring exercise to rationalise its retail and hotel asset portfolios by repositioning Starhill Real Estate Investment Trust as a global hospitality REIT and injecting Starhill Gallery and its Lot 10 parcels into Starhill Global REIT in Singapore. The first stage, involving Starhill REIT's disposal of Starhill Gallery and its parcels in Lot 10 Shopping Centre to Starhill Global REIT, was completed in June 2010.



30 APRIL 2010

NATIONAL GEOGRAPHIC STORE OPENS AT LOT 10

National Geographic opened its fourth NatGeo store in the world at Lot 10 Shopping Centre to cater for the fast growing group of environmentally aware shoppers. The store aims to engage, educate and inspire customers to better understand global cultures and natural environments and is a perfect complement to Lot 10's 'Forest in the City' concept.

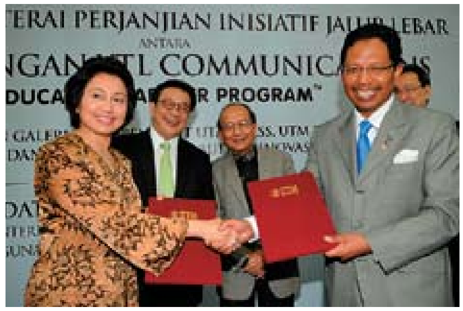
Actress Dato' Michelle Yeoh and Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, Managing Director of YTL Corporation Berhad, at the official opening

21 JUNE 2010

YTL FELLOWSHIP FOR A RARE PLANET

YTL Corporation Berhad launched a US$2 million Fellowship Fund in support of RARE, an international conservation group with success in 50 countries. The unprecedented community-based conservation programme is set to directly benefit environmentally-threatened sites in Malaysia and Asia, which is home to some of the world's richest natural resources, species and habitats.

From left to right: Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay, Executive Chairman of YTL Corporation Berhad; Mr Nigel Sizer, Vice President of Rare Conservation (Asia); Minister of Tourism, YB Dato' Sri Dr Ng Yen Yen; Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, Managing Director of YTL Corporation Berhad; Ms Ruth Yeoh Pei Cheen, Director of Investments, YTL Corporation Berhad; Ms Suzieanna Ramlee, YTL Fellow; and Ms Rejani Kunjappan, WWF Malaysia



1 JULY 2010

UNIVERSITY TEKNOLOGI MALAYSIA (UTM) JOINS THE YTL GROUP'S EDUCATION PARTNER PROGRAMME (EPP)

YTL Communications Sdn Bhd ("YTL Comms"), a subsidiary of the YTL Group, entered into a joint collaboration with UTM to provide a campus-wide 4G network in UTM Skudai, Johor. The programme, which offers a free block of data to students, is an initiative to bring 4G converged services to all public universities in Malaysia, and correspondingly increase the broadband penetration rate throughout the country.

From left to right: Puan Yasmin Mahmood, Executive Director of YTL Comms; Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, Managing Director of YTL Corporation Berhad; YB Datuk Seri Dr Rais Yatim, Information, Communications and Culture Minister; and Prof Dr Zaini Ujang, UTM Vice-Chancellor

14 JULY 2010

LAUNCH OF MUSE HÔTEL DE LUXE IN ST. TROPEZ, FRANCE

Muse Hôtel De Luxe is the pinnacle of French luxury and lifestyle, boasting 7-star service for just 15 exclusive suites. Guests invited to the opening gala of the hotel were entertained by musical stars and the famous Le Clique circus acts.

From left to right: Dato' Jean Todt; YTL Corporation Berhad Managing Director, Tan Sri Dato' (Dr) Francis Yeoh Sock Ping; actress Dato' Michelle Yeoh; legendary singer Mr George Benson; and English tenor Mr Russell Watson

27 JULY 2010

UNIVERSITI TUNKU ABDUL RAHMAN (UTAR) JOINS THE EPP

YTL Comms entered into a joint collaboration with UTAR to provide a campus-wide 4G network at the UTAR flagship campus in Kampar, and subsequently at the university's other campuses in Setapak, Sungai Long, and Petaling Jaya.

From left to right: Professor Dr. Lee Sze Wei, Vice President of Research & Development & Commercialisation, UTAR; Ir. Professor Dato' Dr. Chuah Hean Teik, President of UTAR; Tun Dr. Ling Liong Sik, Chairman of the UTAR Council; Mr Wing K Lee, Chief Executive Officer of YTL Comms; and Mr Jacob Yeoh Keong Yeow, Executive Director of YTL Comms and YTL e-Solutions Berhad

Supporting

Education & Community Development

"We are proud of Malaysia for having what it takes to attract interest and commitment from top players in technology and we will help to advance the country's mission to become a truly innovation-led economy and improve the way people in Malaysia live, learn, work and play. We hope to promote a new model of innovation where people worldwide can share ideas freely over a nationwide 4G network while creating products and services that improve the quality of life for communities in the rural areas while supporting the global aspirations of companies in the major cities."

Tan Sri Dato' (Dr) Francis Yeoh Sock Ping CBE, FICE
Managing Director of YTL Corporation Berhad, at the launch of the 4G Innovation Network, 10 November 2009

Corporate Events

8 MAY 2010

YTL CONCERT OF CELEBRATION 2010

On 8 May 2010, more than 12,000 people gathered at the spectacular Singapore Botanic Gardens for the YTL Concert of Celebration 2010. World-renowned Italian tenor, Andrea Bocelli, was joined by special guests – Slovenian soprano Sabina Cvilak, world-renowned flautist Andrea Griminelli and popular Australian singer Delta Goodrem, accompanied by the Singapore Philharmonic Orchestra and Philharmonic Chamber Choir, conducted by Eugene Kohn. As is tradition with the YTL Concerts of Celebration, tickets for the concert were distributed free to the public via an online balloting system. The Group also made a donation of S$850,000 to Community Chest which will go towards supporting critical social service programmes.

From left to right: Ms Jennie Chua, Chairperson of Community Chest; His Excellency Mr S.R. Nathan, President of the Republic of Singapore, Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay, Executive Chairman of YTL Corporation Berhad; and Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, Managing Director of YTL Corporation Berhad

From left to right: Mr Andrea Griminelli, Ms Delta Goodrem, Mr Andrea Bocelli and Ms Sabina Cvilak

The YTL Group and Andrea Bocelli joined a prestigious list of personalities who have had orchids named after them in the Singapore Botanic Gardens' prized collection – Vanda YTL and Vanda Andrea Bocelli. Vanda is a rare species of orchid with all colours of the rainbow. The orange Vanda YTL was specially chosen to befit the YTL Group's rich and vibrant corporate history and thanksgiving tradition.

Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay and Tan Sri Dato' (Dr) Francis Yeoh Sock Ping with Vanda YTL

Vanda Andrea Bocelli

The concert was telecast live to an audience of over 7,000 opera enthusiasts at the adjacent Palm Valley grounds of the Singapore Botanic Gardens and culminated in a spectacular fireworks display.

From left to right: Mrs Christine Tan Khoon Hiap; Mr S Dhanabalan, Chairman of Temasek Holdings Pte Ltd; Mr Andrea Primicerio, Pentagon Music Management; Tan Sri Dato' (Dr) Francis Yeoh Sock Ping; and Dato' Michelle Yeoh

From left to right: Mr Charles Ong, Senior Managing Director of Temasek Holdings Pte Ltd; Dato' Yeoh Seok Hong, Executive Director of YTL Corporation Berhad; Madam Ho Ching, Executive Director & Chief Executive Officer of Temasek Holdings Pte Ltd; Datin Kathleen Chew Wai Lin, Group Legal Adviser of YTL Corporation Berhad; Mrs Lee Yi Shyan and Mr Lee Yi Shyan, Minister of State, Ministry of Trade & Industry and Ministry of Manpower, Singapore; and Mr John Ng, Chief Executive Officer of PowerSeraya Limited

His Excellency President S.R. Nathan and Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay

Promotion of *Arts & Culture*

"Passion is a key ingredient of success. Personally, be it in business or the arts, it is one of the cornerstones that keep me driven and energised every day. YTL's success in recent years has been built on its thriving operations in Singapore and we now want to give back to the community for their show of support for YTL. There is no better way to thank God and the local community but through a performance by Andrea Bocelli, one of the world's greatest opera singers, in the heritage garden of the people."

Tan Sri Dato' (Dr) Francis Yeoh Sock Ping CBE, FICE
Managing Director of YTL Corporation Berhad, at the 2010 YTL Concert of Celebration held at the Singapore Botanic Gardens on 8 May 2010

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Twenty-Seventh Annual General Meeting of YTL Corporation Berhad ("YTL Corp" or "the Company") will be held at Starhill 2, Level 4, JW Marriott Hotel Kuala Lumpur, 183, Jalan Bukit Bintang, 55100 Kuala Lumpur on Tuesday, the 30th day of November, 2010 at 4.00 p.m. to transact the following business:-

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 30 June 2010 together with the Reports of the Directors and Auditors thereon; **Resolution 1**

2. To sanction the declaration of a First and Final Dividend of 20% or 10 sen per ordinary share of 50 sen each gross less Malaysian Income Tax in respect of the financial year ended 30 June 2010; **Resolution 2**

3. 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 3**
   ii) Dato' Mark Yeoh Seok Kah **Resolution 4**
   iii) Dato' Cheong Keap Tai **Resolution 5**

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 6**

   ii) "THAT Dato' (Dr) Yahya Bin Ismail, retiring pursuant to Section 129(6) of the Companies Act, 1965, be and is hereby re-appointed a Director of the Company to hold office until the next Annual General Meeting." **Resolution 7**

   iii) "THAT Mej Jen Dato' Haron Bin Mohd Taib (B), 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 8**

   iv) "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 9**

5. To approve the payment of Directors' fees amounting to RM550,000 for the financial year ended 30 June 2010; **Resolution 10**

6. To re-appoint the Auditors and to authorise the Directors to fix their remuneration. **Resolution 11**

AS SPECIAL BUSINESS

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

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

   "THAT pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby empowered to allot and issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the issued and paid-up share capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad." **Resolution 12**

8. PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

"THAT subject to the Company's compliance with all applicable rules, regulations, orders and guidelines made pursuant to the Companies Act, 1965, the provisions of the Company's Memorandum and Articles of Association and the Main Market Listing Requirements ("Main LR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approvals of all relevant authorities, the Company be and is hereby authorised, to the fullest extent permitted by law, to buy-back and/or hold from time to time and at any time such amount of ordinary shares of RM0.50 each in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interests of the Company ("the Proposed Share Buy-Back") provided that:-

i) The maximum number of shares which may be purchased and/or held by the Company at any point of time pursuant to the Proposed Share Buy-Back shall not exceed ten per centum (10%) of the total issued and paid-up share capital of the Company for the time being quoted on Bursa Securities provided always that in the event that the Company ceases to hold all or any part of such shares as a result of, amongst others, cancellation of shares, sale of shares on the market of Bursa Securities or distribution of treasury shares to shareholders as dividend in respect of shares bought back under the previous shareholders' mandate for share buy-back which was obtained at the Annual General Meeting held on 1 December 2009, 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 2010, the audited Retained Profits and Share Premium Account of the Company were RM3,666,694,000 and RM1,292,354,000 respectively; and

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

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

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

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

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

AND THAT the Directors of the Company be and are hereby authorised to take all steps as are necessary or expedient to implement or to give effect to the Proposed Share Buy-Back with full powers to amend and/or assent to any conditions, modifications, variations or amendments (if any) as may be imposed by the relevant governmental/regulatory authorities from time to time and with full power to do all such acts and things thereafter in accordance with the Companies Act, 1965, the provisions of the Company's Memorandum and Articles of Association and the Main LR of Bursa Securities and all other relevant governmental/regulatory authorities." **Resolution 13**

Notice of Annual General Meeting

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

"THAT the Company and/or its subsidiaries be and is/are hereby authorised to enter into recurrent related party transactions from time to time with Related Parties who may be a Director, a major shareholder of the Company and/or its subsidiaries or a person connected with such a Director or major shareholder, as specified in section 2.1.2 (a) & (b) of the Circular to Shareholders dated 8 November 2010 subject to the following:-

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

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

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

AND THAT the Directors of the Company be authorised to complete and do such acts and things as they may consider expedient or necessary to give full effect to the shareholder mandate." **Resolution 14**

NOTICE OF BOOK CLOSURE

Notice is hereby given that the Register of Members of the Company will be closed at 5.00 p.m. on 8 December 2010 for the entitlement of the following:

Proposed First and Final Dividend of twenty percent (20%) or 10 sen per ordinary share of 50 sen each gross less Malaysian Income Tax in respect of the financial year ended 30 June 2010 as recommended by the Directors on 19 August 2010.

A Depositor shall qualify for entitlement to the Proposed First and Final Dividend only in respect of:

a) shares transferred into the Depositor's Securities Account before 4.00 p.m. on 8 December 2010 in respect of transfers; and

b) shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

Notice is also hereby given that the Dividend Payment Date of the Proposed First and Final Dividend of twenty percent (20%) or 10 sen per ordinary share of 50 sen each gross less Malaysian Income Tax in respect of the financial year ended 30 June 2010, if approved by the shareholders at the forthcoming Twenty-Seventh Annual General Meeting, shall be on 23 December 2010.

By Order of the Board,

HO SAY KENG
Company Secretary

KUALA LUMPUR
8 November 2010

Notes:-

A member entitled to attend and vote at the meeting may appoint a proxy to vote in his stead. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. A member other than an Authorised Nominee shall not be entitled to appoint more than one proxy to attend and vote at the same meeting and where such member appoints more than one proxy to attend and vote at the same meeting, such appointment shall be invalid. The instrument appointing a proxy, in the case of an individual, shall be signed by the appointer or his attorney and in the case of a corporation, either under seal or under the hand of an officer or attorney duly authorised in writing. An instrument appointing a proxy shall be deposited at the Registered Office of the Company at least 48 hours before the appointed time for holding the meeting. For the purpose of determining a member who shall be entitled to attend the Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd, in accordance with Article 60(2) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors as at 23 November 2010. Only a depositor whose name appears on the General Meeting Record of Depositors as at 23 November 2010 shall be entitled to attend the said meeting or appoint proxy to attend and/or vote in his stead.

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

Resolution 12 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 Twenty-Sixth Annual General Meeting held on 1 December 2009.

The Company is actively pursuing business opportunities in prospective areas so as to broaden the operating base and earnings potential of the Company. Such expansion plans may require the issue of new shares and this authority will allow the Directors to decide expeditiously if it considers it to be in the best interest of the Company. This will eliminate delay and cost in convening general meeting to approve such issuance of shares.

Resolution 12, if passed, will give the Directors the authority to allot and issue ordinary shares 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.

As at the date of this Notice, the Company has not issued any new shares pursuant to S132D Mandate approved at the Twenty-Sixth Annual General Meeting which will lapse at the conclusion of the Twenty-Seventh Annual General Meeting to be held on 30 November 2010.

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

For Resolution 13, further information on the Share Buy-Back is set out in the Share Buy-Back Statement dated 8 November 2010 which is despatched together with the Company's Annual Report 2010.

Resolution pertaining to the Recurrent Related Party Transactions

For Resolution 14, further information on the Recurrent Related Party Transactions is set out in the Circular to Shareholders dated 8 November 2010 which is despatched together with the Company's Annual Report 2010.

Statement Accompanying Notice of Annual General Meeting

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

DETAILS OF INDIVIDUALS WHO ARE STANDING FOR ELECTION AS DIRECTORS

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

Corporate Information

BOARD OF DIRECTORS

Executive Chairman

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

Managing Director

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

Deputy Managing Director

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

Directors

Dato' (Dr) Yahya Bin Ismail
DPMJ, DPCM, DPMP, KMN, PPT
Bachelor of Veterinary Science

Mej Jen Dato' Haron Bin Mohd Taib (B)
PSAT, DPMJ, DPMT, DPMK, JMN, PMK, SMT, PIS,
PJK, PKB, psc

Dato' Cheong Keap Tai

Dato' Yeoh Soo Min
DSPN, DPMP
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)

Eu Peng Meng @ Leslie Eu
BCom, FCILT

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

COMPANY SECRETARY

Ho Say Keng

REGISTERED OFFICE

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

BUSINESS OFFICE

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

SOLICITORS

Dorairaj, Low & Teh
Lee, Perara & Tan
Shook Lin & Bok
Slaughter & May

AUDIT COMMITTEE

Eu Peng Meng @ Leslie Eu
(Chairman and Independent Non-Executive Director)

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

Mej Jen Dato' Haron Bin Mohd Taib (B)
(Independent Non-Executive Director)

Dato' Cheong Keap Tai
(Independent Non-Executive Director)

AUDITORS

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

PRINCIPAL BANKERS OF THE GROUP

Affin Bank Berhad
AmBank (M) Berhad
Banco Bilbao Vizcaya Argentina, S.A.
Bank Islam Malaysia Berhad
Bank of America N.A.
Bank of China Limited
Bank of Taiwan
Barclays Bank Plc
Bayerische Landesbank
BNP Paribas
CIMB Bank Berhad
Citibank Berhad
Citibank Malaysia (L) Limited
Credit Agricole Corporate and Investment Bank
DBS Bank Ltd
DBS Bank (China) Limited
Deutsche Bank (Malaysia) Berhad
DZ Bank AG
European Investment Bank
Great Eastern Life Assurance (Malaysia) Berhad
Hong Leong Bank Berhad
HSBC Bank Malaysia Berhad
HSBC Bank Plc
ING Bank N.V.
KfW Bankengruppe
Malayan Banking Berhad
Mizuho Corporate Bank Ltd
National Australia Bank Limited
Natixis
OCBC Bank (Malaysia) Berhad
Oversea-Chinese Banking Corporation Limited
Standard Chartered Bank Malaysia Berhad
Standard Chartered Bank Singapore
Sumitomo Mitsui Banking Corporation
The Bank of East Asia Limited
The Bank of Tokyo-Mitsubishi UFJ, Ltd
The Royal Bank of Scotland Plc
United Overseas Bank Limited
United Overseas Bank (Malaysia) Berhad

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, aged 80, 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. Tan Sri Yeoh Tiong Lay is currently an EXCO member of the Malaysian Crime Prevention Foundation. 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 with Lifetime Achievement Award in 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 and YTL Cement Berhad, both listed on the Main Market of Bursa Malaysia Securities Berhad and a board member of other public companies such as YTL Industries Berhad, YTL Foundation, and Wessex Water Limited (a private utilities company in UK).

TAN SRI DATO' (DR) FRANCIS YEOH SOCK PING

Malaysian, aged 56, 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, UK, where he obtained a Bachelor of Science (Hons) in Civil Engineering and was conferred an Honorary Doctorate of Engineering in 2004. He became the Managing Director of YTL Corporation Berhad Group in 1988 which under his stewardship, has grown from a single listed entity into a force comprising six listed entities ie. YTL Corporation Berhad, YTL Power International Berhad, YTL Cement Berhad, YTL Land & Development Berhad, YTL e-Solutions Berhad and Starhill Real Estate Investment Trust. He is presently Managing Director of YTL Power International Berhad, YTL Cement Berhad and YTL Land & Development Berhad, all listed on the Main Market of Bursa Malaysia Securities Berhad. Tan Sri Francis is also the Executive Chairman and Managing Director of YTL e-Solutions Berhad which is listed on the ACE Market of Bursa Malaysia Securities Berhad, and YTL Starhill Global REIT Management Limited, which is the Manager for Starhill Global REIT, a vehicle listed on the Main Board of the Singapore Exchange Securities Trading Limited (SGX-ST). Besides the listed entities in YTL Group, Tan Sri Francis also sits on the board of several public companies such as YTL Industries Berhad, YTL Foundation and the prominent private utilities companies in United Kingdom, Wessex Water Limited and Wessex Water Services Limited. He is also a director and Chief Executive Officer of Pintar Projek Sdn Bhd, the Manager of Starhill Real Estate Investment Trust.

He is a Founder Member of the Malaysian Business Council and The Capital Markets Advisory Council. He is also a member of The Nature Conservancy Asia Pacific Council, the Asia Business Council and Trustee of the Asia Society. He is also a member of the Advisory Council of London Business School, Wharton School and INSEAD.

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

He was appointed as member of Barclays Asia-Pacific Advisory Committee in 2005. In 2006, he was awarded the Commander of the Most Excellent Order of the British Empire (CBE) by Her Majesty Queen Elizabeth II. In 2008, he was appointed Chairman for South East Asia of the International Friends of Louvre and he also received a pretigious professional accolade when made a fellow of the Institute of Civil Engineers in London. He was named one of Asia's Top Executives in 2008 by Asiamoney.

Profile of the Board of Directors

DATO' YEOH SEOK KIAN

Malaysian, aged 53, 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 Seok Kian is a Fellow of the Faculty of Building, United Kingdom as well as a Member of the Chartered Institute of Building (UK). He is also the Deputy Managing Director of YTL Power International Berhad and the Executive Director of YTL Cement Berhad and YTL Land & Development Berhad, all listed on the Main Market of Bursa Malaysia Securities Berhad. Dato' Yeoh Seok Kian also serves on the board of several other public companies such as YTL Industries Berhad, The Kuala Lumpur Performing Arts Centre and private utilities company, Wessex Water Limited, as well as YTL Starhill Global REIT Management Limited, which is the Manager for Starhill Global REIT, a vehicle listed on the Main Board of the Singapore Exchange Securities Trading Limited (SGX-ST). He is also an Executive Director of Pintar Projek Sdn Bhd, the Manager of Starhill Real Estate Investment Trust.

DATO' (DR) YAHYA BIN ISMAIL

Malaysian, aged 82, was appointed to the Board on 6 April 1984 as an Independent Non-Executive Director. Dato' Yahya has relinquished his position as the Chairman of the Audit Committee and remains as a member of the Audit Committee. He was formerly with the Government and his last appointment was as Director General of the National Livestock Authority Malaysia. He was also with the Totalisator Board Malaysia from 1982 to 1990 and served as its Chairman from 1986. Dato' Yahya is a director of YTL Power International Berhad which is listed on the Main Market of Bursa Malaysia Securities Berhad. He also sits on the Board of Metroplex Berhad and Pintar Projek Sdn Bhd, the Manager of Starhill Real Estate Investment Trust.

MEJ JEN DATO' HARON BIN MOHD TAIB (B)

Malaysian, aged 75, was appointed to the Board on 3 July 1990 as an Independent Non-Executive Director. He is also a member of the Audit Committee. He was enlisted as an officer cadet at the Royal Military College in Sungei Besi, Kuala Lumpur in 1954 and was commissioned as a Second Lieutenant at Royal Military Academy Sandhurst, England in 1957. Some of his notable appointments include Director of Manpower Planning in the Ministry of Defence in 1972, Chief of Logistic Staff in 1986 and Commander of Army Logistic Command in 1987. He has been a Director of YTL Power International Berhad since 31 October 1996.

DATO' CHEONG KEAP TAI

Malaysian, aged 62, was appointed to the Board on 30 September 2004 as an Independent Non-Executive Director. He is also a member of the Audit 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 Licensed Tax Agent and a Member of the Institute of Chartered Secretaries and Administrators. Dato' Cheong was the Executive Director and Partner of Coopers & Lybrand and upon its merger with Price Waterhouse was the Executive Director and Partner of PricewaterhouseCoopers until his retirement in December 2003. Currently, he is a director of YTL Land & Development Berhad, YTL e-Solutions Berhad, Gromutual Berhad and several private limited companies.

DATO' YEOH SOO MIN

Malaysian, aged 54, was appointed to the Board on 24 June 1984 as an Executive Director. She graduated with a Bachelor of Art (Hons) Degree in Accounting from University of North London in 1980. 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 Division of the YTL Group in December 1990. Dato' Yeoh Soo Min is currently responsible for the accounting and finance systems for the YTL Group. She is a Member of the Malaysian Institute of Management. She was the past President of the Women in Travel Industry. She is currently a Fellow of the Governors of International Students House, London and is a Trustee of Yayasan Tuanku Fauziah. She also holds directorships in YTL Power International Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad, YTL Industries Berhad and YTL Vacation Club Berhad.

DATO' YEOH SEOK HONG

Malaysian, aged 51, 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 Bradford, United Kingdom in 1982. He is a member of the Faculty of Building, 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. He is a director of YTL Power International Berhad, YTL Cement Berhad and YTL Land & Development Berhad, all listed on the Main Market of Bursa Malaysia Securities Berhad. Dato' Yeoh Seok Hong also sits on the board of YTL Industries Berhad, YTL Foundation, Wessex Water Limited, Wessex Water Services Limited and PowerSeraya Limited.

DATO' YEOH SOO KENG

Malaysian, aged 47, 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 was the project director for the construction of the British High Commissioner's residence, Kuala Lumpur; the Design & Build of the National Art Gallery in Kuala Lumpur and the Selangor Medical Centre in Shah Alam. She was also in charge of a few turnkey projects such as the construction and completion of Yeoh Tiong Lay Plaza, Pahang Cement plant in Pahang and Slag Cement plants in Selangor and Johor. Dato' Yeoh Soo Keng is the purchasing director responsible for bulk purchases of building materials and related items for 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, Pahang Cement Marketing Sdn Bhd and Perak-Hanjoong Simen Sdn Bhd. She is also a director of YTL Power International Berhad and YTL Cement Berhad, all listed on the Main Market of Bursa Malaysia Securities Berhad.

DATO' SRI MICHAEL YEOH SOCK SIONG

Malaysian, aged 50, was appointed to the Board on 19 June 1985 as an Executive Director. He graduated from Bradford University, United Kingdom in 1983 with a Bachelor of Engineering (Hons) Civil & Structural Engineering Degree. Dato' Sri Michael Yeoh is primarily responsible for the YTL Group Manufacturing Division which activities involve cement manufacturing and other building material industries. He is also a director of YTL Power International Berhad, YTL Cement Berhad, YTL Land & Development Berhad, all listed on the Main Market of Bursa Malaysia Securities Berhad and YTL e-Solutions Berhad, a company listed on the ACE Market of Bursa Malaysia Securities Berhad. He also sits on the board of other public companies such as YTL Industries Berhad, Sentul Raya Golf Club Berhad and private utilities company, Wessex Water Limited.

DATO' MARK YEOH SEOK KAH

Malaysian, aged 45, was appointed to the Board on 22 June 1995. He graduated from King's College, University of London with a LLB (Hons) and was subsequently called to the Bar at Gray's Inn, London in 1988. Dato' Mark Yeoh joined YTL Group in 1989 and is presently the Executive Director responsible for the YTL Hotels and Resorts Division. In addition, he is also part of YTL Power's Mergers & Acquisitions Team and was involved in the acquisition of ElectraNet SA (Australia), Wessex Water Limited (UK), P.T. Jawa Power (Indonesia) and PowerSeraya Limited (Singapore). He serves on the board of YTL Power International Berhad, YTL Cement Berhad, YTL Land & Development Berhad, all listed on the Main Market of the Bursa Malaysia Securities Berhad. He is also a board member of YTL Vacation Club Berhad and private utilities company, Wessex Water Limited, as well as PowerSeraya Limited.

Profile of the Board of Directors

EU PENG MENG @ LESLIE EU

Malaysian, aged 75, was appointed to the Board on 31 March 2003 as an Independent Non-Executive Director. He is also the Chairman of the Audit Committee. Mr Leslie Eu graduated with a Bachelor of Commerce degree from the Republic of Ireland. He is a Fellow of the Chartered Institute of Logistics and Transport and was one of the founding directors of Global Maritime Ventures Berhad. He has been in the shipping business for more than 40 years. He 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 Lloyd's Register of Shipping (Malaysia) Bhd from 1983 to 2009. In 1995, he was presented the Straits Shipper Transport Personality award by the Minister of Transport. He was appointed by the United Nations Conference on Trade and Development as one of the 13 experts to assist the developing nations in establishing their maritime fleets. Mr Leslie Eu presently serves on the board of several public companies such as YTL Cement Berhad and YTL Land & Development Berhad, all listed on the Main Market of Bursa Malaysia Securities Berhad. He is also a director of Pintar Projek Sdn Bhd, the Manager of Starhill Real Estate Investment Trust.

SYED ABDULLAH BIN SYED ABD. KADIR

Malaysian, aged 56, 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, a public listed company with subsidiaries involved in, inter alia, discount, money broking, unit trusts, finance and fund management operations. He also serves on the board of YTL Power International Berhad, YTL e-Solutions Berhad, Iris Corporation Berhad, and Versatile Creative 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	4
Dato' (Dr) Yahya Bin Ismail	5
Mej Jen Dato' Haron Bin Mohd Taib (B)	5
Dato' Cheong Keap Tai	5
Dato' Yeoh Soo Min	3
Dato' Yeoh Seok Hong	4
Dato' Sri Michael Yeoh Sock Siong	5
Dato' Yeoh Soo Keng	4
Dato' Mark Yeoh Seok Kah	4
Eu Peng Meng @ Leslie Eu	5
Syed Abdullah Bin Syed Abd. Kadir	5

Notes:-

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

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

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

Statement of Directors' Responsibilities

The Directors are required by law 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.

The Directors consider that, in preparing the financial statements for the financial year ended 30 June 2010, the Group has used appropriate accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent. The Directors also consider that all applicable approved accounting standards have been followed and 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 at any time the financial position of the Group and of the Company and which enable them to ensure that the financial statements comply with the Companies Act 1965 and MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities.

Audit Committee Report

MEMBERS

Eu Peng Meng @ Leslie Eu
(Chairman/Independent Non-Executive Director)
(Appointed on 18 August 2010)

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

Mej Jen Dato' Haron Bin Mohd Taib (B)
(Member/Independent Non-Executive Director)

Dato' Cheong Keap Tai
(Member/Independent Non-Executive Director)

TERMS OF REFERENCE

Primary Purposes

The Committee shall:

1. Provide assistance to the Board in fulfilling its fiduciary responsibilities relating to the corporate accounting and practices for YTL Corporation Berhad and all its wholly and majority owned subsidiaries ("Group").

2. Assist to improve the Group's business efficiency, the quality of the accounting function, the system of internal controls and the audit function to strengthen the confidence of the public in the Group's reported results.

3. Maintain through regularly scheduled meetings, a direct line of communication between the Board and the external auditors as well as internal auditors.

4. Enhance the independence of both the external and internal auditors' function through active participation in the audit process.

5. Strengthen the role of the Independent Directors by giving them a greater depth of knowledge as to the operations of the Company and of the Group through their participation in the Committee.

6. Act upon the Board of Directors' request to investigate and report on any issues or concerns in regard to the management of the Group.

7. Review existing practices and recommend to Management to formalise an ethics code for all executives and members of the staff of the Group.

8. Create a climate of discipline and control which will reduce opportunity of fraud.

Membership

1. The Committee shall be appointed by the Board from amongst their number and shall be composed of no fewer than three (3) members, all of whom must be non-executive directors, with a majority of them being Independent Directors.

2. At least one member of the Audit Committee:-
   (a) must be a member of the Malaysian Institute of Accountants; or
   (b) if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and:-
      (i) he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
      (ii) he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or
   (c) fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad ("Bursa Securities").
3. The Board must ensure that no alternate Director is appointed as a member of the Audit Committee.
4. The members of the Committee shall elect a Chairman from amongst their number who shall be an Independent Director.

Authority

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

1. have authority to investigate any matter within its terms of reference;
2. have the resources which are required to perform its duties;
3. have full and unrestricted access to any information pertaining to the Company;
4. have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;
5. be able to obtain independent professional or other advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary; and
6. be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

Functions And Duties

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

1. Review the following and report the same to the Board of the Company:-
   (a) the audit plan with the external auditors;
   (b) the evaluation by the external auditors of the quality and effectiveness of the entire accounting system, the adequacy and the integrity of the internal control system and the efficiency of the Group's operations and efforts and processes taken to reduce the Group's operational risks;
   (c) the audit report with the external auditors;
   (d) the assistance given by the employees of the Company to the external auditors;
   (e) the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;
   (f) the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
   (g) the quarterly results and year end financial statements, prior to the approval by the Board of Directors, focussing particularly on:-
      - changes in or implementation of major accounting policy changes
      - significant and unusual events
      - the accuracy and adequacy of the disclosure of information essential to a fair and full presentation of the financial affairs of the Group
      - compliance with accounting standards, other statutory and legal requirements and the going concern assumption;
   (h) any related party transaction and conflict of interest situation that may arise within the Company/Group and any related parties outside the Group including any transaction, procedure or course of conduct that raises questions of management integrity;
   (i) any letter of resignation from the external auditors of the Company;

Audit Committee Report

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

(k) any significant audit findings, reservations, difficulties encountered or material weaknesses reported by the external and internal auditors.

2. Recommend the nomination of a person or persons as external auditors and the external audit fee.

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

4. Carry out any other function that may be mutually agreed upon by the Committee and the Board which would be beneficial to the Company and ensure the effective discharge of the Committee's duties and responsibilities.

Meetings

1. To form a quorum in respect of a meeting of the Committee, the majority of members present must be Independent Directors.

2. The Committee shall meet at least five (5) times a year, although additional meetings may be called at any time at the Audit Committee Chairman's discretion. An agenda shall be sent to all members of the Committee and any other persons who may be required/invited to attend. All meetings to review the quarterly results and annual financial statements, shall be held prior to such quarterly results and annual financial statements being presented to the Board for approval.

3. Notwithstanding paragraph 2 above, upon the request of any member of the Committee, the external auditors or the internal auditors, the Chairman of the Committee shall convene a meeting of the Committee to consider any matter which should be brought to the attention of the Directors or shareholders.

4. The external auditors have the right to appear and be heard at any meeting of the Committee and shall appear before the Committee when required to do so by the Committee.

5. The Committee may invite any Board member or any member of the Management within the Company who the Committee thinks fit to attend its meetings to assist in resolving and clarifying matters raised in audit reports.

6. The internal auditors shall be in attendance at meetings of the Committee to present and discuss the audit reports of findings and the recommendations relating thereto and to follow up on decisions made at these meetings.

7. The Committee may establish any regulations from time to time to govern its administration.

Retirement And Resignation

In the event of any vacancy in the Audit Committee resulting in the non-compliance of subparagraph 15.09(1) of the Main LR, the Company must fill the vacancy within 3 months.

Minutes

1. The Secretary shall cause minutes to be duly entered in the books provided for the purpose of all resolutions and proceedings of all meetings of the Committee. Such minutes shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting and if so signed, shall be conclusive evidence without any further proof of the facts thereon stated.

2. Minutes of each meeting shall also be distributed to the members of the Committee prior to each meeting.

3. Detailed minutes of the Committee's meetings will be made available to all Board members. A summary of significant matters and resolutions will be reported to the Board by the Committee.

4. The books containing the minutes of proceedings of any meeting of the Committee shall be kept by the Company at the registered office of the Company and shall be opened to the inspection of any member of the Committee and of the Board.

Secretary

The Secretary to the Committee shall be the Company Secretary.

ACTIVITIES

In line with the terms of reference of the Committee, the following activities were carried out by the Committee during the financial year ended 30 June 2010 in discharging its functions:-

1. Review of the external auditors' scope of work and their audit plan.

2. Reviewing with the external auditors on the results of their audit, the audit report and internal control recommendations in respect of control weaknesses noted in the course of their audit.

3. Review of audit reports presented by internal auditors on findings and recommendations and management's responses thereto and ensure that material findings are adequately addressed by management.

4. Review of the quarterly results and annual financial statements to ensure compliance with the Main LR, applicable approved accounting standards and other statutory and regulatory requirements prior to recommending for approval by the Board of Directors.

5. Review of the related party transactions entered into by the Group.

6. Review of the adequacy and competency of the internal audit function and the profiles of the internal auditors.

7. Review of the Audit Committee Report and Statement on Internal Control and recommend to the Board for approval prior to their inclusion in the Company's Annual Report.

INTERNAL AUDIT ACTIVITIES

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

1. Developing the annual internal audit plan and proposing this plan to the Audit Committee.

2. Conducting scheduled internal audit engagements, focusing primarily on the effectiveness of internal controls and recommending improvements where necessary.

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

4. Presenting audit findings to the Audit Committee for consideration.

Costs amounting to approximately RM1,446,740 were incurred in relation to the internal audit function for the financial year ended 30 June 2010.

NUMBER OF MEETINGS HELD AND DETAILS OF ATTENDANCE

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

	Attendance
Dato' (Dr) Yahya Bin Ismail	5
Mej Jen Dato' Haron Bin Mohd Taib (B)	5
Dato' Cheong Keap Tai	5
Eu Peng Meng @ Leslie Eu *(appointed on 18 August 2010)*	–

Statement on Corporate Governance

for the financial year ended 30 June 2010

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

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.

This section of the Annual Report details the measures implemented by the YTL Corp Group to strengthen its compliance with the Principles and Best Practices of Corporate Governance as set out in Parts 1 and 2 of the Code, respectively.

BOARD STRUCTURE

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 and have adopted the six primary responsibilities as listed in the Code, which facilitate the discharge of the Board's stewardship responsibilities.

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

The positions and responsibilities of the Executive Chairman and the Managing Director are held by separate members of the Board. The Executive Chairman is primarily responsible for the orderly conduct and effectiveness of the Board, whilst the Managing Director oversees the day-to-day running of the business, implementation of Board policies and making of operational decisions, in addition to advancing relationships with regulators and all other stakeholders. The Managing Director and the Executive Directors are accountable to the Board for the profitable operation 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 Company. The differing roles of Executive and Non-Executive Directors are delineated, both having fiduciary duties towards shareholders. Executive Directors have a direct responsibility for business operations whereas Non-Executive Directors have the necessary skill and experience to bring an independent 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.

Together, the Directors believe that the structure of the Board satisfactorily reflects the interests of its shareholders and is able to provide clear effective leadership to the YTL Corp Group. The composition of the Board reflects the wide range of business, commercial and financial experience essential in the management and direction of a corporation with global presence. A brief description of the background of each Director is presented in the Profile of the Board of Directors in this Annual Report.

To date, the Board has not found it necessary to designate a senior independent non-executive to whom concerns may be conveyed, mainly because full deliberation of issues affecting the YTL Corp Group by all members of the Board and shareholders is encouraged.

DIRECTORS' TRAINING

The Directors are fully cognisant of the importance and value of attending seminars, training programmes and conferences in order to update themselves on developments and changes in the industries in which the YTL Corp Group operates, as well as wider economic, financial and governance issues to enhance their skills, knowledge and expertise in their respective fields. All Directors have attended and completed the Mandatory Accreditation Programme prescribed by Bursa Securities, and the Board will continue to evaluate and determine the training needs of its Directors on an ongoing basis.

Throughout the financial year under review, the Directors attended various briefings, conferences, seminar programmes and speaking engagements covering areas that included corporate governance, leadership, relevant industry updates and global business developments which they have collectively or individually considered as useful in discharging their stewardship responsibilities.

BOARD MEETINGS & ACCESS TO INFORMATION

Board meetings are scheduled with due notice in advance at least 5 times in a year in order to review and approve the annual and interim financial results. Additional meetings may also be convened on an ad-hoc basis when significant issues arise relating to the YTL 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 2010. Details of each Director's attendance of the Board meetings are disclosed in the Profile of the Board of Directors in this Annual Report.

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

The Directors have full and unrestricted access to all information pertaining to the YTL Corp Group's business and affairs to enable them to discharge their duties. There are matters specifically reserved for the Board's decision to ensure that the direction and control of the YTL Corp Group rests firmly with the Board.

Prior to each Board meeting, all Directors receive the agenda together with a comprehensive set of Board papers encompassing qualitative and quantitative information relevant to the business of the meeting. This allows the Directors to obtain further explanations or clarifications, where necessary, in order to be properly briefed before each meeting. A record of the Board's deliberations of the issues discussed and conclusions reached in discharging its duties and responsibilities is captured in the minutes of each meeting, prepared by the Company Secretary, who ensures that accurate and proper records of the proceedings of Board meetings and resolutions passed are recorded and kept in the statutory register at the registered office of YTL Corp Group.

Board papers are presented in a consistent, concise and comprehensive format, and include, where relevant to the proposal put forward for the Board's deliberation, approval or knowledge, progress reports on the YTL 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.

APPOINTMENT & RE-ELECTION OF DIRECTORS

The appointment of Directors is undertaken by the Board as a whole. The Managing Director recommends candidates suitable for appointment to the Board, and the final endorsement lies with the entire Board to ensure that the required mix of skills, experience and expertise of members of the Board is sufficient to address the issues affecting the YTL Corp Group. In its deliberations, the Board is required to take into account the integrity, professionalism, skill, knowledge, expertise and experience of the proposed candidate. In accordance with the Board's procedures, deliberations and conclusions in this process reached are recorded by the Company Secretary. During the financial year under review, there were no new appointments to the Board.

Statement on Corporate Governance

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

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

DIRECTORS' REMUNERATION

Directors' remuneration is decided in line with the objective recommended by the Code to determine the remuneration for Directors so as to attract, retain, motivate and incentivise Directors of the necessary calibre needed to lead the YTL 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 7 to the Financial Statements in this Annual Report. Details are not shown with reference to Directors individually, both for security reasons and because the Board believes that such information will not add significantly to the understanding and evaluation of the YTL Corp Group's standards of corporate governance.

DIALOGUE WITH SHAREHOLDERS & INVESTORS

The YTL Corp Group values dialogue with investors and constantly strives to improve transparency by maintaining channels of communication with shareholders and investors that enables the Board to convey information about performance, corporate strategy and other matters affecting shareholders' interests. The Board believes that a constructive and effective investor relationship is essential in enhancing shareholders value and recognises the importance of timely dissemination of information to shareholders. Accordingly, the Board ensures that shareholders are kept well-informed of any major developments of the YTL 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.

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 mutual 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, 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 AGM and extraordinary general meeting of the Company. The notice of the AGM and a circular to shareholders in relation to the renewal of the Company's share buy-back and recurrent related party transactions mandates are sent to shareholders at least 21 days prior to the AGM in accordance with the Listing Requirements and the Companies Act 1965 in order to enable shareholders to review the YTL 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 takes 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 issues involved.

During the course of each financial year, the Company ensures prompt and timely release and dissemination of quarterly results, announcements, circulars and notices to enable shareholders to keep abreast of the YTL Corp Group's financial and operational performance and to make informed decisions with regards to significant corporate developments.

THE AUDIT COMMITTEE

The Company has in place an Audit Committee which comprises 4 Non-Executive Directors in compliance with the Code and the Listing Requirements which require all the members of the Audit Committee to be Non-Executive Directors.

The Audit Committee holds quarterly meetings to review matters including the YTL 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 2010. Full details of the composition, complete terms of reference and a summary of the activities of the Audit Committee during the financial year are set out in the Audit Committee Report in this Annual Report.

FINANCIAL REPORTING

The Directors are responsible for ensuring that financial statements are drawn up in accordance with the Companies Act 1965 and MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities. 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. Quarterly financial statements were reviewed by the Audit Committee and approved by the Board prior to release to Bursa Securities and the Securities Commission.

The Statement by Directors made pursuant to Section 169 of the Companies Act 1965, is set out in this Annual Report.

INTERNAL CONTROL AND INTERNAL AUDIT

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

RELATIONSHIP WITH THE AUDITORS

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

ADDITIONAL DISCLOSURE

- **Employee Retention Policies:** YTL Corp's Employees' Share Option Scheme ('"ESOS") was approved by shareholders at an extraordinary general meeting in October 2001. Details of the number of ESOS options granted during the year under review can be found in the Directors' Report in the Financial Statements in this Annual Report.

  The Board believes that maintaining the calibre of its employees is vital to ensure the continued success of the YTL Corp Group and the consequent increase in returns to shareholders. To these ends, the YTL Corp Group has implemented various staff retention and assessment practices in addition to the ESOS, including a Thirteenth Month wage supplement, annual bonuses and biannual reviews of staff performance.

- **Share Buy-Back Programme:** Details of the Company's share buy-back exercises for the year under review have also been included in this Annual Report.

The Board is satisfied that the Company has, in all material aspects, complied with the best practices of the Code as at 30 June 2010.

This statement was approved by the Board of Directors on 19 August 2010.

Statement on Internal Control

for the financial year ended 30 June 2010

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, in order to better quantify its compliance with the Malaysian Code on Corporate Governance ("Code") and the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities").

The Board of Directors ("Board") acknowledges its overall responsibility for maintaining a sound system of internal control to safeguard the investment of its shareholders and the assets of the YTL 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 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 internal control is a concerted and continuing process, designed to minimise the likelihood of fraud and error, and to manage rather than eliminate the risk of failure to achieve business objectives. Accordingly, the system of internal control can only provide reasonable but not absolute assurance against material misstatement, fraud and loss.

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

PRINCIPAL FEATURES OF THE YTL 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 interest 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 analysis of the YTL Corp Group's state of affairs are disclosed to shareholders after review and audit by the external auditors.

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

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

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

- **Internal Audit Function:** The YTL Corp Group's internal audit function is co-sourced by its Internal Audit department ("YTLIA") and IBDC (Malaysia) Sdn Bhd ("IBDC"). Both YTLIA and IBDC provide independent assurance on the efficiency and effectiveness of the internal control systems implemented by Management, and report directly to the Audit Committee. A description of the activities of the internal audit function can be found in the Audit Committee Report included in this Annual Report.

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

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

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

  Similarly, the companies of the PowerSeraya Limited group ("PowerSeraya") based in Singapore were also not covered by YTLIA. 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. PowerSeraya possesses its own internal audit department which reports to its audit committee. Its findings are also presented to YTL Power's Audit Committee. PowerSeraya's internal audit department has the responsibility to ensure that the internal controls and systems in place are maintained to provide reasonable assurance as to the integrity and reliability of its financial statements.

  The system of internal control will continue to be reviewed, enhanced and updated in line with changes in the operating environment. The Board will seek regular assurance on the continuity and effectiveness of the internal control system through independent appraisals by YTLIA and IBDC. 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.

- **Senior Management Meetings:** The YTL Corp Group conducts weekly meetings of the senior management which comprises Executive Directors and divisional heads. The purpose of these meetings is to deliberate and decide upon urgent company matters. Decisions can then be effectively communicated to 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 weekly basis to ensure that any new financial developments and/or areas of concern are highlighted early and can be dealt with promptly. The members of this meeting comprise at least the YTL 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.

Statement on Internal Control

RISK MANAGEMENT

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 International Berhad's wholly-owned subsidiaries, YTL Power Generation Sdn Bhd, Wessex Water Limited and PowerSeraya Limited, as well as its indirect investment of 33.5% in ElectraNet Pty Ltd and 35% equity interest in 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.

Identifying, evaluating and managing the significant risks faced by the YTL Corp Group is an ongoing process which is undertaken at each level of operations. During the financial year under review, this function was exercised through participation of Executive Directors in management meetings to ensure the adequacy and integrity of the system of internal control. Emphasis is placed on reviewing and updating the process for identifying and evaluating the significant risks affecting the business, and policies and procedures by which these risks are managed.

Management is responsible for creating a risk-aware culture within the YTL 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 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 Internal Control for inclusion in the Annual Report for the financial year ended 30 June 2010, 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 internal controls 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 the YTL Corp Group's businesses. Nevertheless, reviews of all the control procedures will be continuously carried out to ensure the ongoing effectiveness and adequacy of the systems of internal control, so as to safeguard shareholders' investments and the YTL Corp Group's assets.

This statement was approved by the Board of Directors on 7 October 2010.

Analysis of Shareholdings

as at 30 September 2010

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

DISTRIBUTION OF SHAREHOLDINGS

Size of holding	No. of Shareholders	%	No. of Shares#	%#
Less than 100	2,531	25.66	68,607	0.00
100 – 1,000	1,526	15.47	636,308	0.04
1,001 – 10,000	4,467	45.28	12,953,991	0.72
10,001 – 100,000	1,096	11.11	28,916,620	1.61
100,001 to less than 5% of issued shares	241	2.44	560,806,900	31.26
5% and above of issued shares	4	0.04	1,190,864,003	66.37
Total	**9,865**	**100.00**	**1,794,246,429**	**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	718,464,358	40.04
2	Employees Provident Fund Board	186,071,272	10.37
3	DB (Malaysia) Nominee (Asing) Sdn Bhd *– Exempt An for Deutsche Bank Ag Singapore (PWM Asing)*	153,728,373	8.57
4	Malaysia Nominees (Tempatan) Sendirian Berhad *– Pledged Securities A/c for Yeoh Tiong Lay & Sons Holdings Sdn Bhd (88-00006-000)*	132,600,000	7.39
5	Mayban Nominees (Tempatan) Sdn Bhd *– Pledged Securities A/c for Yeoh Tiong Lay & Sons Holdings Sdn Bhd (414011602000)*	51,000,000	2.84
6	AmanahRaya Trustees Berhad *– Skim Amanah Saham Bumiputera*	43,986,946	2.45
7	HSBC Nominees (Asing) Sdn Bhd *– Exempt An for JPMorgan Chase Bank, National Association (JPMINTL BK Ltd)*	29,339,998	1.64
8	Mayban Nominees (Tempatan) Sdn Bhd *– Pledged Securities A/c for Yeoh Tiong Lay & Sons Holdings Sdn Bhd (414011601080)*	27,030,000	1.51
9	Cartaban Nominees (Asing) Sdn Bhd *– BBH and Co Boston for Fidelity Contrafund*	24,945,630	1.39
10	AmanahRaya Trustees Berhad *– Amanah Saham Wawasan 2020*	22,386,908	1.25
11	Cartaban Nominees (Asing) Sdn Bhd *– Exempt An for State Street Bank & Trust Company (West CLT OD67)*	17,769,169	0.99
12	Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	16,645,506	0.93
13	AmanahRaya Trustees Berhad *– Amanah Saham Malaysia*	16,028,900	0.89

Analysis of Shareholdings

	Name	No. of Shares	%#
14	UOBM Nominees (Asing) Sdn Bhd *– Deutsche Bank Ag Singapore Branch (PBD) for Orchestral Harmony Limited*	15,867,531	0.88
15	UOBM Nominees (Asing) Sdn Bhd *– Deutsche Bank Ag Singapore Branch (PBD) for Velvet Properties Limited*	15,538,598	0.87
16	Valuecap Sdn Bhd	11,450,600	0.64
17	HSBC Nominees (Asing) Sdn Bhd *– BBH and Co Boston for Vanguard Emerging Markets Stock Index Fund*	10,267,308	0.57
18	Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	9,504,608	0.53
19	UOBM Nominees (Asing) Sdn Bhd *– Deutsche Bank Ag Singapore Branch (PBD) for Windchime Developments Limited*	9,016,558	0.50
20	Yeoh Tiong Lay & Sons Holdings Sdn Bhd	8,441,893	0.47
21	UOBM Nominees (Asing) Sdn Bhd *– Deutsche Bank Ag Singapore Branch (PBD) for Water City Limited*	8,140,193	0.45
22	Citigroup Nominees (Tempatan) Sdn Bhd *– Exempt An for Prudential Fund Management Berhad*	7,758,169	0.43
23	CIMB Group Nominees (Tempatan) Sdn Bhd *– Pledged Securities A/c for Bara Aktif Sdn Bhd (50150 CBD)*	7,386,713	0.41
24	Yeoh Tiong Lay & Sons Holdings Sdn Bhd	7,090,142	0.40
25	HSBC Nominees (Asing) Sdn Bhd *– Exempt An for JPMorgan Chase Bank, National Association (U.A.E.)*	6,825,103	0.38
26	HSBC Nominees (Asing) Sdn Bhd *– TNTC for Saudi Arabian Monetary Agency*	6,550,000	0.37
27	Dato' Yeoh Soo Min	6,499,004	0.36
28	Citigroup Nominees (Asing) Sdn Bhd *– CBNY for Dimensional Emerging Markets Value Fund*	6,346,872	0.35
29	Cartaban Nominees (Asing) Sdn Bhd *– RBC Dexia Investor Services Bank for Robeco Emerging Marketsequities (EUR-RCGF)*	6,200,075	0.35
30	Dato' Yeoh Seok Kian	6,096,617	0.34
	Total	**1,588,977,044**	**88.56**

SUBSTANTIAL SHAREHOLDERS (as per register of substantial shareholders)

	No. of Shares Held			
Name	Direct	%#	Indirect	%#
Yeoh Tiong Lay & Sons Holdings Sdn Bhd	945,508,285	52.70	—	—
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	9,504,608	0.53	945,508,285*	52.70
Employees Provident Fund Board	188,706,372	10.52	—	—

* *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 RM950,232,119.00 comprising 1,900,464,238 ordinary shares net of 106,217,809 treasury shares retained by the Company as per Record of Depositors.*

Statement of Directors' Interests

in the company and related corporations as at 30 September 2010

THE COMPANY
YTL CORPORATION BERHAD

Name	No. of Shares Held			
	Direct	%	Indirect	%
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	9,504,608	0.53	950,728,294(1)(2)	52.99
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	16,818,906	0.94	—	—
Dato' Yeoh Seok Kian	6,096,617	0.34	321,996(2)	0.02
Dato' (Dr) Yahya Bin Ismail	117,300	0.01	98,266(2)	0.01
Dato' Yeoh Soo Min	6,499,004	0.36	198,360(2)(8)	0.01
Dato' Yeoh Seok Hong	5,137,219	0.29	3,972,962(2)	0.22
Dato' Sri Michael Yeoh Sock Siong	5,230,669	0.29	2,577,061(2)	0.14
Dato' Yeoh Soo Keng	5,816,821	0.32	84,964(2)	*
Dato' Mark Yeoh Seok Kah	3,588,408	0.20	623,355(2)	0.03
Syed Abdullah Bin Syed Abd Kadir	768,275	0.04	3,683(2)	*

Name	No. of Share Options	
	Direct	Indirect
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	5,000,000	3,000,000(2)
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	5,000,000	400,000(7)
Dato' Yeoh Seok Kian	3,500,000	—
Dato' Yeoh Soo Min	3,000,000	—
Dato' Yeoh Seok Hong	3,000,000	400,000(2)
Dato' Sri Michael Yeoh Sock Siong	3,000,000	—
Dato' Yeoh Soo Keng	3,000,000	—
Dato' Mark Yeoh Seok Kah	3,000,000	—
Syed Abdullah Bin Syed Abd Kadir	3,000,000	—

Statement of Directors' Interests

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	—	—

SUBSIDIARY COMPANIES
YTL CEMENT BERHAD

Name	No. of Shares Held Direct	%	Indirect	%	No. of Share Options Direct
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	1,681,634	0.36	238,607,356(2)(3)	50.67	1,400,000
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	2,042,923	0.43	—	—	1,400,000
Dato' Yeoh Seok Kian	618,754	0.13	83,200(2)	0.02	350,000
Mej Jen Dato' Haron Bin Mohd Taib (B)	—	—	44,428(2)	0.01	—
Dato' Yeoh Soo Min	225,634	0.05	138,357(8)	0.03	—
Dato' Yeoh Seok Hong	225,634	0.05	45,123(2)	0.01	—
Dato' Sri Michael Yeoh Sock Siong	1,265,634	0.27	1,109,388(2)	0.24	1,000,000
Dato' Yeoh Soo Keng	938,251	0.20	90,251(2)	0.02	700,000
Dato' Mark Yeoh Seok Kah	187,200	0.04	135,200(2)	0.03	—

Name	No. of Irredeemable Convertible Unsecured Loan Stocks 2005/2015 Held			
	Direct	%	Indirect	%
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	1,681,634	0.35	454,310,350(2)(3)	94.67
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	1,727,423	0.36	—	—
Dato' Yeoh Seok Kian	618,754	0.13	100,000(2)	0.02
Dato' Yeoh Soo Min	225,634	0.05	—	—
Dato' Yeoh Seok Hong	225,634	0.05	45,123(2)	0.01
Dato' Sri Michael Yeoh Sock Siong	1,265,634	0.26	1,109,388(2)	0.23
Dato' Yeoh Soo Keng	818,251	0.17	—	—
Dato' Mark Yeoh Seok Kah	187,200	0.04	135,200(2)	0.03

YTL E-SOLUTIONS BERHAD

Name	No. of Shares Held			
	Direct	%	Indirect	%
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	—	—	1,002,227,600(4)	74.49
Dato' Yeoh Soo Min	—	—	1,053,800(8)	0.08
Dato' Sri Michael Yeoh Sock Siong	—	—	1,905,500(2)	0.14
Dato' Yeoh Soo Keng	500,000	0.04	—	—
Syed Abdullah Bin Syed Abd Kadir	300,000	0.02	—	—

YTL LAND & DEVELOPMENT BERHAD

Name	No. of Shares Held			
	Direct	%	Indirect	%
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	—	—	496,307,832(4)	63.04
Dato' Yeoh Soo Min	—	—	574,300(8)	0.07
Dato' Yeoh Soo Keng	100,000	0.01	—	—

Name	No. of Irredeemable Convertible Preference Shares 2001/2011 Held			
	Direct	%	Indirect	%
Dato' Yeoh Seok Kian	240,000	0.15	—	—
Dato' Yeoh Soo Min	—	—	200,000(8)	0.12

Statement of Directors' Interests

YTL POWER INTERNATIONAL BERHAD

Name	No. of Shares Held				No. of Share Options
	Direct	%	Indirect	%	Direct
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	13,380,250	0.17	4,013,961,231(2)(5)	55.79	14,000,000
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	14,945,040	0.21	—	—	14,000,000
Dato' Yeoh Seok Kian	5,021,360	0.07	1,445,941(2)	0.02	6,000,000
Dato' (Dr) Yahya Bin Ismail	423,000	0.01	38,610(2)	*	—
Mej Jen Dato' Haron Bin Mohd Taib (B)	—	—	112,898(2)	*	—
Dato' Yeoh Soo Min	5,108,601	0.07	2,123,424(2)(8)	0.03	6,000,000
Dato' Yeoh Seok Hong	22,510,268	0.31	3,281,179(2)	0.05	5,000,000
Dato' Sri Michael Yeoh Sock Siong	4,601,744	0.06	1,019,291(2)	0.01	6,000,000
Dato' Yeoh Soo Keng	5,081,777	0.07	133,500(2)	*	6,000,000
Dato' Mark Yeoh Seok Kah	6,665,920	0.09	1,093,601(2)	0.02	6,000,000
Syed Abdullah Bin Syed Abd Kadir	2,268,203	0.03	524(2)	*	6,000,000

Name	No. of Warrants 2008/2018 Held			
	Direct	%	Indirect	%
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	—	—	1,100,821,922(4)	91.87
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	4,860,175	0.41	—	—
Dato' Yeoh Seok Kian	1,632,962	0.14	450,000(2)	0.04
Mej Jen Dato' Haron Bin Mohd Taib (B)	—	—	26,715(2)	*
Dato' Yeoh Soo Min	1,661,333	0.14	—	—
Dato' Sri Michael Yeoh Sock Siong	1,496,502	0.12	298,956(2)	0.02
Dato' Yeoh Soo Keng	1,585,944	0.13	36,507(2)	*
Dato' Mark Yeoh Seok Kah	1,000,000	0.08	—	—

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	*

INFOSCREEN NETWORKS PLC

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

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

* *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, YTL Corporation Berhad, YTL Power International Berhad and YTL Industries 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 and YTL Corporation Berhad pursuant to Section 6A of the Companies Act, 1965.
(5) Deemed interests by virtue of interests held by Yeoh Tiong Lay & Sons Holdings Sdn Bhd, YTL Corporation Berhad, YTL Power Services Sdn Bhd and Cornerstone Crest Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.
(6) Deemed interests by virtue of interests held by YTL Corporation Berhad pursuant to Section 6A of the Companies Act, 1965.
(7) Deemed interests by virtue of interests held in the name of deceased spouse in which the director, who is the legal representative, is entitled to exercise under the terms of the ESOS.
(8) Deemed interests by virtue of interests held by Tan & Yeoh Properties Sdn Bhd 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.

Schedule of Share Buy-Back

for the financial year ended 30 June 2010

Save as disclosed below, there are no purchase for other months during the financial year:-

Monthly Breakdown	No. of Shares Purchased And Retained As Treasury Shares	Purchase Price Per Share (RM) Lowest	Purchase Price Per Share (RM) Highest	Average Cost Per Share (RM)	Total Cost (RM)
August 2009	100,000	7.26	7.36	7.3406	734,058.62
September 2009	174,400	7.15	7.50	7.3864	1,288,183.56
October 2009	142,300	7.21	7.36	7.3459	1,045,325.58
November 2009	158,900	7.36	7.48	7.4685	1,186,743.42
December 2009	169,100	7.19	7.51	7.3469	1,242,359.38
March 2010	1,775,000	7.24	7.50	7.4720	13,262,887.99
April 2010	200,500	7.39	7.63	7.5275	1,509,272.59
May 2010	275,900	6.95	7.32	7.0637	1,948,869.36
June 2010	148,500	7.28	7.49	7.4252	1,102,640.33
TOTAL	**3,144,600**			**7.4160**	**23,320,340.83**

During the financial year, all the shares purchased by the Company were retained as treasury shares. On 18 September 2009, a total of 35,219,196 treasury shares were distributed as share dividend to the shareholders on the basis of one (1) treasury share for every fifty (50) ordinary shares held on 9 September 2009. As at 30 June 2010, the number of treasury shares held was 105,372,009. None of the treasury shares were resold or cancelled during the financial year.

List of Properties
as at 30 June 2010

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 2010 RM'000	Date of Acquisition
50 residential units and the common property in strata title plan No. 247 comprised in Lot 1070N of Town Subdivision 24 and known as Westwood Apartments	Freehold	5,776.6 sq.m.	Residential property	13,822	31	—	1,129,097	22.11.2007
HS (D) 460/88 PT 1122#	Leasehold	59.79 acres	Cement plant	—	—	Year 2087		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	531,617	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

List of Properties

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 2010 RM'000	Date of Acquisition
Avonmouth STW, Kings Weston Lane, Avonmouth, Bristol BS11 OYS	Freehold	394,600 sq.m.	Sewerage treatment works	—	—	—	404,289	21.5.2002
Grant No. 28678 for Lot No. 1267 Section 67, Town and District of Kuala Lumpur, State of Wilayah Persekutuan Kuala Lumpur	Freehold	12,338 sq.m.	5 star hotel with 561 rooms located on part of a 8-level podium block and the entire 24-level tower block of a shopping centre	45,834	13	—	349,700	16.12.2005
Poole STW, Cabot Lane, Poole, Dorset, BH17 7BX	Freehold	91,800 sq.m.	Sewerage treatment works	—	—	—	245,988	21.5.2002
Section 81, 83 & 84 Bandar Kuala Lumpur, Wilayah Persekutuan and Mukim Batu, Kuala Lumpur	Freehold	69.689 acres	Mixed residential and commercial development	—	—	—	211,047	1995
Lot No PT2467, HS (D) 340, Mukim of Kuala Paka, Terengganu	Leasehold	16.187 hectare	Power plant	—	15	Year 2018	192,718	3.12.1995
Maudown Water Treatment Works, Maudown, Wiveliscombe, Tauton, TA4, 2UN	Freehold	68,500 sq.m.	Water treatment works	—	—	—	175,603	21.5.2002
Geran 47693, Lot No. 1308 Seksyen 67, Bandar Kuala Lumpur, District of Kuala Lumpur, State of Wilayah Persekutuan Kuala Lumpur	Freehold	2,810 sq.m.	60 units of serviced apartments, 4 levels of commercial podium, 1 level of facilities deck and 2 levels of basement car park	29,599	5	—	145,000	16.05.2007
Claverton Down Road, Bath BA2 7WW	Freehold	27,100 sq.m.	Head Office, Operation Centre	5,640	10	—	137,349	21.5.2002

Mukim Kampung Buaya, Daerah Kuala Kangsar, Negeri Perak Darul Ridzuan

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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 2010.

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 15 to the Financial Statements.

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

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Profit for the financial year	**1,624,738**	**786,864**
Attributable to:-		
Equity holders of the Company	**849,811**	**786,864**
Minority interests	**774,927**	**—**
	1,624,738	**786,864**

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 2009:-	
First and final dividend of 15% gross less 25% tax, paid on 24 December 2009	101,061

The Board of Directors has recommended a first and final dividend of 20% or 10 sen per ordinary share of 50 sen each gross less Malaysian Income Tax for the financial year ended 30 June 2010 subject to the approval by the shareholders at the forthcoming Annual General Meeting.

RESERVES AND PROVISIONS

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

SHARE CAPITAL

During the financial year, the following shares were issued by the Company:-

Class of shares	Number of shares	Term of issue	Issue price RM	Purpose of issue
Ordinary	185,000	Cash	4.41	Exercise of ESOS
Ordinary	3,041,000	Cash	4.81	Exercise of ESOS

The new ordinary shares rank pari passu in all respects with the existing ordinary shares.

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 1 December 2009. 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 3,144,600 of its issued share capital from the open market. The average price paid for the shares repurchased was RM7.42 per share. 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.

On 18 September 2009, a total of 35,219,196 treasury shares amounting to RM228,748,678 were distributed as share dividend to the shareholders on the basis of one (1) treasury share for every fifty (50) ordinary shares held on 9 September 2009.

As at 30 June 2010, the Company held as treasury shares a total of 105,372,009 of its 1,900,217,238 issued ordinary shares. Such treasury shares are held at a carrying amount of RM687,120,663.

EMPLOYEES' SHARE OPTION SCHEME

At an Extraordinary General Meeting held on 16 October 2001, the Company's shareholders approved the establishment of an Employees' Share Option Scheme ("ESOS" or "Scheme") for eligible employees and executive directors of the Group.

The details of the ESOS are disclosed in Note 29(b) to the Financial Statements.

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' (Dr) Yahya Bin Ismail
Mej. Jen. Dato' Haron Bin Mohd. Taib (B)
Dato' Chong Keap Thai @ Cheong Keap Tai
Dato' Yeoh Soo Min
Dato' Yeoh Seok Hong
Dato' Sri Michael Yeoh Sock Siong
Dato' Yeoh Soo Keng
Dato' Mark Yeoh Seok Kah
Eu Peng Meng @ Leslie Eu
Syed Abdullah Bin Syed Abd. Kadir

Directors' Report

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:-

The Company

	<-------------- Number of ordinary shares of RM0.50 each --------------->			
	Balance at 1.7.2009	Acquired	Disposed	Balance at 30.6.2010
Direct interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	9,318,244	186,364	—	9,504,608
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	16,489,124	329,782	—	16,818,906
Dato' Yeoh Seok Kian	5,977,076	119,541	—	6,096,617
Dato' (Dr) Yahya Bin Ismail	237,242	3,168	(78,839)	161,571
Dato' Yeoh Soo Min	6,371,573	127,431	—	6,499,004
Dato' Yeoh Seok Hong	5,036,490	100,729	—	5,137,219
Dato' Sri Michael Yeoh Sock Siong	5,128,107	102,562	—	5,230,669
Dato' Yeoh Soo Keng	5,702,766	114,055	—	5,816,821
Dato' Mark Yeoh Seok Kah	3,518,048	70,360	—	3,588,408
Syed Abdullah Bin Syed Abd. Kadir	753,211	15,064	—	768,275
Deemed interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	932,086,564(1)(2)	18,641,730	—	950,728,294(1)(2)
Dato' Yeoh Seok Kian	315,683(2)	6,313	—	321,996(2)
Dato' (Dr) Yahya Bin Ismail	100,261(2)	3,005	(4,000)	99,266(2)
Dato' Yeoh Soo Min	194,471(2)	197,149	(193,260)	198,360(2)(9)
Dato' Yeoh Seok Hong	3,895,062(2)	77,900	—	3,972,962(2)
Dato' Sri Michael Yeoh Sock Siong	2,526,531(2)	50,530	—	2,577,061(2)
Dato' Yeoh Soo Keng	83,299(2)	1,665	—	84,964(2)
Dato' Mark Yeoh Seok Kah	611,133(2)	12,222	—	623,355(2)
Syed Abdullah Bin Syed Abd. Kadir	3,611(2)	72	—	3,683(2)

The Company

	<-- Number of share options over ordinary shares of RM0.50 each -->			
	Balance at 1.7.2009	**Granted**	**Exercised**	**Balance at 30.6.2010**
Direct interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	5,000,000	—	—	5,000,000
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	5,000,000	—	—	5,000,000
Dato' Yeoh Seok Kian	3,500,000	—	—	3,500,000
Dato' Yeoh Soo Min	3,000,000	—	—	3,000,000
Dato' Yeoh Seok Hong	3,000,000	—	—	3,000,000
Dato' Sri Michael Yeoh Sock Siong	3,000,000	—	—	3,000,000
Dato' Yeoh Soo Keng	3,000,000	—	—	3,000,000
Dato' Mark Yeoh Seok Kah	3,000,000	—	—	3,000,000
Syed Abdullah Bin Syed Abd. Kadir	3,000,000	—	—	3,000,000
Deemed interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	3,000,000(2)	—	—	3,000,000(2)
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	400,000(7)	—	—	400,000(7)
Dato' Yeoh Seok Hong	400,000(2)	—	—	400,000(2)

Holding company
– Yeoh Tiong Lay & Sons Holdings Sdn. Bhd.

	<--------------- Number of ordinary shares of RM1.00 each --------------->			
	Balance at 1.7.2009	**Acquired**	**Disposed**	**Balance at 30.6.2010**
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(2)	—	—	5,000,004(2)

Directors' Report

Subsidiaries
– YTL Cement Berhad

	<---------------- Number of ordinary shares of RM0.50 each ---------------->			
	Balance at 1.7.2009	Acquired	Disposed	Balance at 30.6.2010
Direct interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	1,681,634	—	—	1,681,634
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	2,042,923	—	—	2,042,923
Dato' Yeoh Seok Kian	618,754	—	—	618,754
Dato' (Dr) Yahya Bin Ismail	66,536	—	(66,536)	—
Dato' Yeoh Soo Min	225,634	—	—	225,634
Dato' Yeoh Seok Hong	225,634	—	—	225,634
Dato' Sri Michael Yeoh Sock Siong	1,265,634	—	—	1,265,634
Dato' Yeoh Soo Keng	938,251	—	—	938,251
Dato' Mark Yeoh Seok Kah	187,200	—	—	187,200
Eu Peng Meng @ Leslie Eu	20,000	—	(20,000)	—
Deemed interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	238,607,356(2)(3)	—	—	238,607,356(2)(3)
Dato' Yeoh Seok Kian	83,200(2)	—	—	83,200(2)
Mej. Jen. Dato' Haron Bin Mohd. Taib (B)	44,428(2)	—	—	44,428(2)
Dato' Yeoh Soo Min	138,357(2)	138,357	(138,357)	138,357(9)
Dato' Yeoh Seok Hong	45,123(2)	—	—	45,123(2)
Dato' Sri Michael Yeoh Sock Siong	1,109,388(2)	—	—	1,109,388(2)
Dato' Yeoh Soo Keng	90,251(2)	—	—	90,251(2)
Dato' Mark Yeoh Seok Kah	135,200(2)	—	—	135,200(2)

Subsidiaries
– YTL Cement Berhad

	Number of Irredeemable Convertible <---------------------- Unsecured Loan Stocks 2005/2015 ---------------------->			
	Balance at 1.7.2009	Acquired	Converted/ Disposed	Balance at 30.6.2010
Direct interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	1,681,634	—	—	1,681,634
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	1,727,423	—	—	1,727,423
Dato' Yeoh Seok Kian	618,754	—	—	618,754
Dato' Yeoh Soo Min	225,634	—	—	225,634
Dato' Yeoh Seok Hong	225,634	—	—	225,634
Dato' Sri Michael Yeoh Sock Siong	1,265,634	—	—	1,265,634
Dato' Yeoh Soo Keng	818,251	—	—	818,251
Dato' Mark Yeoh Seok Kah	187,200	—	—	187,200
Deemed interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	454,310,350(2)(3)	—	—	454,310,350(2)(3)
Dato' Yeoh Seok Kian	100,000(2)	—	—	100,000(2)
Dato' Yeoh Seok Hong	45,123(2)	—	—	45,123(2)
Dato' Sri Michael Yeoh Sock Siong	1,109,388(2)	—	—	1,109,388(2)
Dato' Mark Yeoh Seok Kah	135,200(2)	—	—	135,200(2)

	<-- Number of share options over ordinary shares of RM0.50 each -->			
	Balance at 1.7.2009	Granted	Exercised	Balance at 30.6.2010
Direct interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	1,400,000	—	—	1,400,000
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	1,400,000	—	—	1,400,000
Dato' Yeoh Seok Kian	350,000	—	—	350,000
Dato' Sri Michael Yeoh Sock Siong	1,000,000	—	—	1,000,000
Dato' Yeoh Soo Keng	700,000	—	—	700,000

Directors' Report

Subsidiaries
– YTL Power International Berhad

	<---------------- Number of ordinary shares of RM0.50 each			---------------->
	Balance at 1.7.2009	Acquired	Disposed	Balance at 30.6.2010
Direct interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	10,096,250	3,284,000	—	13,380,250
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	14,945,040	—	—	14,945,040
Dato' Yeoh Seok Kian	5,021,360	—	—	5,021,360
Dato' (Dr) Yahya Bin Ismail	634,833	—	(144,679)	490,154
Dato' Yeoh Soo Min	5,108,601	—	—	5,108,601
Dato' Yeoh Seok Hong	17,510,268	5,000,000	—	22,510,268
Dato' Sri Michael Yeoh Sock Siong	4,601,744	—	—	4,601,744
Dato' Yeoh Soo Keng	5,081,777	—	—	5,081,777
Dato' Mark Yeoh Seok Kah	6,665,920	—	—	6,665,920
Eu Peng Meng @ Leslie Eu	40,170	—	(40,170)	—
Syed Abdullah Bin Syed Abd. Kadir	2,181,203	87,000	—	2,268,203
Deemed interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	3,287,436,185(2)(4)	726,583,046	(58,000)	4,013,961,231(2)(5)
Dato' Yeoh Seok Kian	1,345,941(2)	100,000	—	1,445,941(2)
Dato' (Dr) Yahya Bin Ismail	38,610(2)	—	—	38,610(2)
Mej. Jen. Dato' Haron Bin Mohd. Taib (B)	112,898(2)	—	—	112,898(2)
Dato' Yeoh Soo Min	427,172(2)	2,614,676	(918,424)	2,123,424(2)(9)
Dato' Yeoh Seok Hong	3,281,179(2)	2,000	(2,000)	3,281,179(2)
Dato' Sri Michael Yeoh Sock Siong	1,019,291(2)	—	—	1,019,291(2)
Dato' Yeoh Soo Keng	112,260(2)	21,240	—	133,500(2)
Dato' Mark Yeoh Seok Kah	1,093,601(2)	—	—	1,093,601(2)
Syed Abdullah Bin Syed Abd. Kadir	524(2)	—	—	524(2)

Subsidiaries
– YTL Power International Berhad

	Number of Warrants 2000/2010			
	Balance at 1.7.2009	Acquired	Exercised/ Disposed	Balance at 30.6.2010
Direct interests				
Dato' (Dr) Yahya Bin Ismail	4,000	—	(4,000)	—
Syed Abdullah Bin Syed Abd. Kadir	87,000	—	(87,000)	—
Deemed interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	726,098,046(8)	—	(726,098,046)	—
Dato' (Dr) Yahya Bin Ismail	6,000(2)	—	(6,000)	—
Dato' Yeoh Soo Min	58,960(2)	—	(58,960)	—
Dato' Yeoh Soo Keng	21,240(2)	—	(21,240)	—

	Number of Warrants 2008/2018			
	Balance at 1.7.2009	Acquired	Exercised/ Disposed	Balance at 30.6.2010
Direct interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	3,284,000	—	(3,284,000)	—
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	4,860,175	—	—	4,860,175
Dato' Yeoh Seok Kian	1,632,962	—	—	1,632,962
Dato' (Dr) Yahya Bin Ismail	206,450	—	(5,424)	201,026
Dato' Yeoh Soo Min	1,661,333	—	—	1,661,333
Dato' Sri Michael Yeoh Sock Siong	1,496,502	—	—	1,496,502
Dato' Yeoh Soo Keng	1,585,944	—	—	1,585,944
Dato' Mark Yeoh Seok Kah	1,000,000	—	—	1,000,000
Eu Peng Meng @ Leslie Eu	7,000	—	(7,000)	—

Directors' Report

Subsidiaries
– YTL Power International Berhad

	<------------------------ Number of Warrants 2008/2018 ------------------------>			
	Balance at 1.7.2009	Acquired	Exercised/ Disposed	Balance at 30.6.2010
Deemed interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	1,101,306,922(2)(4)	—	(485,000)	1,100,821,922(6)
Dato' Yeoh Seok Kian	450,000(2)	—	—	450,000(2)
Mej. Jen. Dato' Haron Bin Mohd. Taib (B)	26,715(2)	—	—	26,715(2)
Dato' Yeoh Soo Min	137,292(2)	—	(137,292)	—
Dato' Sri Michael Yeoh Sock Siong	298,956(2)	—	—	298,956(2)
Dato' Yeoh Soo Keng	36,507(2)	—	—	36,507(2)

	Number of share options <------------------- over ordinary shares of RM0.50 each ------------------->			
	Balance at 1.7.2009	Granted	Exercised	Balance at 30.6.2010
Direct interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	14,000,000	—	—	14,000,000
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	14,000,000	—	—	14,000,000
Dato' Yeoh Seok Kian	6,000,000	—	—	6,000,000
Dato' Yeoh Soo Min	6,000,000	—	—	6,000,000
Dato' Yeoh Seok Hong	10,000,000	—	(5,000,000)	5,000,000
Dato' Sri Michael Yeoh Sock Siong	6,000,000	—	—	6,000,000
Dato' Yeoh Soo Keng	6,000,000	—	—	6,000,000
Dato' Mark Yeoh Seok Kah	6,000,000	—	—	6,000,000
Syed Abdullah Bin Syed Abd. Kadir	6,000,000	—	—	6,000,000

Subsidiaries
– YTL Land & Development Berhad

	<---------------- Number of ordinary shares of RM0.50 each ---------------->			
	Balance at 1.7.2009	**Acquired**	**Disposed**	**Balance at 30.6.2010**
Direct interests				
Dato' Yeoh Soo Keng	100,000	—	—	100,000
Eu Peng Meng @ Leslie Eu	20,000	—	(20,000)	—
Deemed interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	496,307,832(6)	—	—	496,307,832(6)
Dato' Yeoh Soo Min	574,300(2)	574,300	(574,300)	574,300(9)

	Number of Irredeemable Convertible <-------------- Preference Shares 2001/2011 of RM0.50 each -------------->			
	Balance at 1.7.2009	**Acquired**	**Converted/ Disposed**	**Balance at 30.6.2010**
Direct interests				
Dato' Yeoh Seok Kian	240,000	—	—	240,000
Deemed interests				
Dato' Yeoh Soo Min	200,000(2)	200,000	(200,000)	200,000(9)

– YTL e-Solutions Berhad

	<---------------- Number of ordinary shares of RM0.10 each ---------------->			
	Balance at 1.7.2009	**Acquired**	**Disposed**	**Balance at 30.6.2010**
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	1,002,227,600(6)	—	—	1,002,227,600(6)
Dato' Yeoh Soo Min	—	1,053,800	—	1,053,800(9)
Dato' Sri Michael Yeoh Sock Siong	1,287,300(2)	618,200	—	1,905,500(2)

Directors' Report

Subsidiaries
– Infoscreen Networks PLC *

	<---------------- Number of ordinary shares of £0.01 each ---------------->			
	Balance at 1.7.2009	Acquired	Disposed	Balance at 30.6.2010
Direct interests				
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	100	—	—	100

– YTL Corporation (UK) PLC *

	<---------------- Number of ordinary shares of £0.25 each ---------------->			
	Balance at 1.7.2009	Acquired	Disposed	Balance at 30.6.2010
Direct interests				
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	1	—	—	1

** Incorporated in the United Kingdom*

– Syarikat Pelancongan Seri Andalan (M) Sdn. Bhd.

	<--------------- Number of ordinary shares of RM1.00 each --------------->			
	Balance at 1.7.2009	Acquired	Disposed	Balance at 30.6.2010
Direct interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	1	—	—	1
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	1	—	—	1

– YTL Construction (Thailand) Limited +

	<--------------- Number of ordinary shares of THB100 each --------------->			
	Balance at 1.7.2009	Acquired	Disposed	Balance at 30.6.2010
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

+ Incorporated in Thailand

(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., YTL Corporation Berhad, YTL Industries 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 and YTL Power Services Sdn. Bhd. pursuant to Section 6A of the Companies Act 1965.*
(5) *Deemed interests by virtue of interests held by Yeoh Tiong Lay & Sons Holdings Sdn. Bhd., YTL Corporation Berhad, YTL Power Services Sdn. Bhd. and Cornerstones Crest 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.*
(7) *Deemed interests by virtue of interests held in the name of deceased spouse in which the Director, who is the legal representative, is entitled to exercise under the terms of the ESOS.*
(8) *Deemed interests by virtue of interests held by YTL Corporation Berhad pursuant to Section 6A of the Companies Act 1965.*
(9) *Deemed interests by virtue of interests held by Tan & Yeoh Properties Sdn Bhd 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.

Directors' Report

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.

HOLDING COMPANY

The Directors regard Yeoh Tiong Lay & Sons Holdings Sdn. Bhd., a company incorporated in Malaysia as its 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: 7 October 2010
Kuala Lumpur

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 the Companies Act 1965 and MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities 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 2010 and of the results of the operations and cash flows of the Group and of the Company for the financial year ended on that date.

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: 7 October 2010
Kuala Lumpur

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 7 October 2010

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 Balance Sheets as at 30 June 2010 of the Group and of the Company, and the Income Statements, Statements of Changes in Equity and Cash Flow Statements of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 98 to 223.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities and the Companies Act 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITORS' RESPONSIBILITY

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

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

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

OPINION

In our opinion, the financial statements have been properly drawn up in accordance with MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 30 June 2010 and of their financial performance and cash flows for the financial year then ended.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

(b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 15 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 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

LER CHENG CHYE
871/3/11(J/PH)
Chartered Accountant

Dated: 7 October 2010
Kuala Lumpur

Income Statements

for the financial year ended 30 June 2010

		Group		Company	
	Note	**2010 RM'000**	**2009 RM'000**	**2010 RM'000**	**2009 RM'000**
Revenue	4	**16,505,033**	8,892,125	**667,191**	581,072
Cost of sales	5	**(12,743,598)**	(5,707,824)	**—**	—
Gross profit		**3,761,435**	3,184,301	**667,191**	581,072
Other operating income		**358,037**	439,456	**286,417**	3,696
Selling & distribution costs		**(254,763)**	(124,028)	**—**	—
Administration expenses		**(720,668)**	(595,756)	**(41,089)**	(45,183)
Other operating expenses		**(166,994)**	(104,078)	**—**	—
Finance costs	6	**(1,001,461)**	(1,038,808)	**(68,376)**	(78,557)
Share of profits of associated companies & joint controlled entity		**308,464**	527,110	**—**	—
Profit before tax	7	**2,284,050**	2,288,197	**844,143**	461,028
Income tax expense	8	**(659,312)**	(886,582)	**(57,279)**	(27,789)
Profit for the financial year		**1,624,738**	1,401,615	**786,864**	433,239
Attributable to:-					
Equity holders of the Company		**849,811**	834,472	**786,864**	433,239
Minority interests		**774,927**	567,143	**—**	—
		1,624,738	1,401,615	**786,864**	433,239
Earnings per share (sen)					
Basic	9	**47.56**	54.10		
Diluted	9	**47.18**	53.66		
Dividend per ordinary shares (sen) – RM0.50 each	10	**7.50**	2.50		

The notes set out on pages 109 to 223 form an integral part of these financial statements.

Balance Sheets
as at 30 June 2010

		Group		Company	
	Note	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
ASSETS					
Non-current assets					
Property, plant & equipment	11	**19,027,087**	19,518,609	**2,836**	3,110
Prepaid lease payments	12	**135,696**	141,106	—	—
Investment properties	13	**1,333,720**	2,986,901	—	—
Development expenditure	14	**769,315**	849,190	—	—
Investment in subsidiaries	15	—	181,704	**4,264,450**	4,065,840
Investment in associated companies	16	**2,336,230**	2,329,829	**210,641**	210,641
Investment in a joint controlled entity	17	**22,899**	—	—	—
Investments	18	**666,670**	673,371	**33,195**	32,397
Fixed deposits	19	—	449	—	—
Intangible assets	20	**4,347,670**	4,016,726	—	—
Biological assets	21	**1,024**	—	—	—
Other receivables	22	**64,481**	57,813	—	—
TOTAL NON-CURRENT ASSETS		**28,704,792**	30,755,698	**4,511,122**	4,311,988
Current assets					
Inventories	23	**810,748**	1,056,110	—	—
Property development costs	24	**479,482**	533,153	—	—
Trade & other receivables	22	**4,002,023**	3,624,941	**136,519**	129,809
Derivative financial instruments	25	**1,949**	23,707	—	—
Income tax assets		**18,284**	105,115	**57,127**	91,637
Amount due from related parties	27	**51,924**	29,906	**1,508,000**	1,040,317
Short term investments	28	**993,413**	208,239	**540,019**	161,039
Fixed deposits	19	**10,506,720**	8,667,515	**1,382,869**	1,441,666
Cash & bank balances	19	**584,520**	409,448	**1,944**	2,679
TOTAL CURRENT ASSETS		**17,449,063**	14,658,134	**3,626,478**	2,867,147
TOTAL ASSETS		**46,153,855**	45,413,832	**8,137,600**	7,179,135

The notes set out on pages 109 to 223 form an integral part of these financial statements.

Balance Sheets

	Note	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	29	**950,109**	948,496	**950,109**	948,496
Share premium	30	**1,292,354**	1,503,558	**1,292,354**	1,503,558
Other reserves	30	**(646,255)**	(109,774)	**25,182**	29,123
Retained earnings		**8,814,835**	7,997,434	**3,666,694**	2,980,891
Treasury shares, at cost	29	**(687,121)**	(892,549)	**(687,121)**	(892,549)
		9,723,922	9,447,165	**5,247,218**	4,569,519
Minority interests		**1,701,456**	953,219	**—**	—
TOTAL EQUITY		**11,425,378**	10,400,384	**5,247,218**	4,569,519
Non-current liabilities					
Long term payables	31	**94,432**	103,579	**—**	—
Bonds	32	**11,982,478**	12,953,957	**500,000**	500,000
Borrowings	33	**10,809,348**	11,150,819	**—**	65
Deferred income	34	**218,140**	198,257	**—**	—
Deferred tax liabilities	35	**2,816,360**	2,916,707	**100**	—
Post-employment benefit obligations	36	**185,866**	253,145	**—**	—
TOTAL NON-CURRENT LIABILITIES		**26,106,624**	27,576,464	**500,100**	500,065
Current liabilities					
Trade & other payables	37	**3,060,253**	2,705,250	**7,660**	6,679
Derivative financial Instruments	25	**23,749**	110,135	**—**	—
Amount due to related parties	27	**4,496**	6,572	**728,517**	763,626
Bonds	32	**1,013,470**	1,120,665	**—**	—
Borrowings	33	**4,302,442**	3,219,129	**1,653,920**	1,339,084
Provision for liabilities & charges	38	**30,156**	49,752	**—**	—
Post-employment benefit obligations	36	**2,601**	2,926	**185**	162
Income tax liabilities		**184,686**	222,555	**—**	—
TOTAL CURRENT LIABILITIES		**8,621,853**	7,436,984	**2,390,282**	2,109,551
TOTAL LIABILITIES		**34,728,477**	35,013,448	**2,890,382**	2,609,616
TOTAL EQUITY AND LIABILITIES		**46,153,855**	45,413,832	**8,137,600**	7,179,135

The notes set out on pages 109 to 223 form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

for the financial year ended 30 June 2010

Group	<---- Attributable to equity holders of the 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	Minority interests RM'000	Total equity RM'000
Balance at 1 July 2008	816,101	513,721	202,115	7,072,154	(889,671)	7,714,420	3,931,417	11,645,837
Currency translation differences	—	—	(315,490)	—	—	(315,490)	(271,775)	(587,265)
Transfer	—	—	945	(945)	—	—	—	—
Expenses recognised directly in equity	—	—	(314,545)	(945)	—	(315,490)	(271,775)	(587,265)
Profit for the financial year	—	—	—	834,472	—	834,472	567,143	1,401,615
Total recognised income and expenses for the financial year	—	—	(314,545)	833,527	—	518,982	295,368	814,350
Issue of share capital	132,395	989,837	(1,125)	—	—	1,121,107	—	1,121,107
Treasury shares	—	—	—	—	(2,878)	(2,878)	—	(2,878)
Effect of issue of shares/warrants by subsidiaries to minority interests	—	—	—	—	—	—	576,809	576,809
Capitalised on bonus issues	—	—	200	(200)	—	—	—	—
Conversion of ICULS	—	—	(20)	—	—	(20)	20	—
Balance carried forward	948,496	1,503,558	(113,375)	7,905,481	(892,549)	9,351,611	4,803,614	14,155,225

The notes set out on pages 109 to 223 form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

Group	<--- Attributable to equity holders of the Company --->						Minority 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		
Balance brought forward	948,496	1,503,558	(113,375)	7,905,481	(892,549)	9,351,611	4,803,614	14,155,225
Share options granted	—	—	3,601	—	—	3,601	—	3,601
Dividends paid to minority interests	—	—	—	—	—	—	(480,214)	(480,214)
Minority interests arising from business combination	—	—	—	—	—	—	(3,057,265)	(3,057,265)
Increase arising from changes in composition of the Group	—	—	—	120,474	—	120,474	(255,891)	(135,417)
Acquisition of additional shares in subsidiaries from minority interests	—	—	—	—	—	—	(57,025)	(57,025)
Dividends paid	—	—	—	(28,521)	—	(28,521)	—	(28,521)
Balance at 30 June 2009	948,496	1,503,558	(109,774)	7,997,434	(892,549)	9,447,165	953,219	10,400,384

The notes set out on pages 109 to 223 form an integral part of these financial statements.

Group	<------ Attributable to equity holders of the 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	Minority interests RM'000	Total equity RM'000
Balance at 1 July 2009	948,496	1,503,558	(109,774)	7,997,434	(892,549)	9,447,165	953,219	10,400,384
Currency translation differences	—	—	(602,828)	—	—	(602,828)	(466,540)	(1,069,368)
Expenses recognised directly in equity	—	—	(602,828)	—	—	(602,828)	(466,540)	(1,069,368)
Profit for the financial year	—	—	—	849,811	—	849,811	774,927	1,624,738
Total recognised income and expenses for the financial year	—	—	(602,828)	849,811	—	246,983	308,387	555,370
Issue of share capital	1,613	17,544	(3,714)	—	—	15,443	—	15,443
Treasury shares	—	—	—	—	(23,320)	(23,320)	—	(23,320)
Share dividend	—	(228,748)	—	—	228,748	—	—	—
Effect of issue of shares/warrants by subsidiaries to minority interests	—	—	—	—	—	—	963,722	963,722
Capitalised on bonus issues	—	—	100	(100)	—	—	—	—
Equity component of exchangeable bonds 2015	—	—	168,831	—	—	168,831	—	168,831
Conversion of ICULS	—	—	(1,927)	—	—	(1,927)	—	(1,927)
Conversion of exchangeable bonds 2012	—	—	(24,089)	—	—	(24,089)	—	(24,089)
Redemption of exchangeable bonds 2012	—	—	(80,801)	—	—	(80,801)	—	(80,801)
Balance carried forward	950,109	1,292,354	(654,202)	8,847,145	(687,121)	9,748,285	2,225,328	11,973,613

The notes set out on pages 109 to 223 form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

Group	<---------- Attributable to equity holders of the 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	Minority interests RM'000	Total equity RM'000
Balance brought forward	950,109	1,292,354	(654,202)	8,847,145	(687,121)	9,748,285	2,225,328	11,973,613
Share options granted	—	—	8,105	—	—	8,105	—	8,105
Dividends paid to minority interests	—	—	—	—	—	—	(473,220)	(473,220)
Increase arising from changes in composition of the Group	—	—	—	68,751	—	68,751	(50,613)	18,138
Acquisition of additional shares in subsidiaries from minority interests	—	—	—	—	—	—	(39)	(39)
Disposal of associated company	—	—	(158)	—	—	(158)	—	(158)
Dividends paid	—	—	—	(101,061)	—	(101,061)	—	(101,061)
Balance at 30 June 2010	950,109	1,292,354	(646,255)	8,814,835	(687,121)	9,723,922	1,701,456	11,425,378

The notes set out on pages 109 to 223 form an integral part of these financial statements.

Statement of Changes in Equity

for the financial year ended 30 June 2010

Company	<------ Attributable to equity holders of the 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
Balance at 1 July 2008	816,101	513,721	29,757	2,576,173	(889,671)	3,046,081
Profit for the financial year, representing total recognised income and expenses for the financial year	—	—	—	433,239	—	433,239
Issue of share capital	132,395	989,837	(1,125)	—	—	1,121,107
Treasury shares	—	—	—	—	(2,878)	(2,878)
Share options granted	—	—	491	—	—	491
Dividends paid	—	—	—	(28,521)	—	(28,521)
Balance at 30 June 2009	948,496	1,503,558	29,123	2,980,891	(892,549)	4,569,519
Profit for the financial year, representing total recognised income and expenses for the financial year	—	—	—	**786,864**	—	**786,864**
Issue of share capital	**1,613**	**17,544**	**(3,714)**	—	—	**15,443**
Treasury shares	—	—	—	—	**(23,320)**	**(23,320)**
Share dividend	—	**(228,748)**	—	—	**228,748**	—
Share options granted	—	—	**(227)**	—	—	**(227)**
Dividends paid	—	—	—	**(101,061)**	—	**(101,061)**
Balance at 30 June 2010	**950,109**	**1,292,354**	**25,182**	**3,666,694**	**(687,121)**	**5,247,218**

The notes set out on pages 109 to 223 form an integral part of these financial statements.

Cash Flow Statements

for the financial year ended 30 June 2010

	Group		Company	
	2010 RM'000	**2009 RM'000**	**2010 RM'000**	**2009 RM'000**
Cash flows from operating activities				
Profit before tax	**2,284,050**	2,288,197	**844,143**	461,028
Adjustments for:-				
Adjustment on fair value of investment properties	—	(274,360)	—	—
Allowance for doubtful debts – net	**53,482**	5,639	—	—
Allowance for inventories obsolescence	**6,565**	1,224	—	—
Amortisation of development expenditure	—	2,220	—	—
Amortisation of grant	**(6,056)**	(5,376)	—	—
Amortisation of prepaid lease payments	**6,546**	5,146	—	—
Bad debts recovered	**(4,044)**	(1,063)	—	—
Bad debts written off	**11,246**	13,689	**7,504**	5,216
Defined benefit plan	**49,711**	39,708	—	—
Deposits written off	—	102		102
Depreciation	**903,625**	739,514	**632**	531
Dividend income	**(40,521)**	(39,618)	**(615,311)**	(558,567)
Gain on disposal of investments	**(20,042)**	(175)	**(272,027)**	(145)
Loss/(Gain) on disposal of investment properties	**39,210**	(200)	—	—
Gain on disposal of property, plant & equipment	**(27,937)**	(6,365)	—	(12)
Gain on disposal of prepaid lease payments	**(5)**	—	—	—
Impairment losses	**1,473**	415	—	—
Interest expenses	**1,001,461**	1,038,808	**68,376**	78,557
Interest income	**(118,843)**	(250,811)	**(51,339)**	(21,814)
Inventories written off	**112**	3,648	—	—
Investment written off	**4**	15	—	—
MCST* expenses	**763**	—	—	—
Negative goodwill recognised in Income Statement	**(4,404)**	(95)	—	—
Property, plant & equipment written off	**9,073**	20,709	—	—
(Over)/under provision for liability & charges	**(2,259)**	9,981	—	—
Share based payments	**8,105**	3,601	**(377)**	65
Share of profits of associated companies	**(308,464)**	(527,110)	—	—
Unrealised loss on foreign exchange – net	**4,260**	19,792	—	—
Write back of provision of fuel cost	**(5,193)**	(207,046)	—	—
Receivable waived	**1,029**	—	—	—
Prospective expenditure written off	**23,563**	—	—	—
Operating profit/(loss) before changes in working capital	**3,866,510**	2,880,189	**(18,399)**	(35,039)

* *Building management and sinking fund*

The notes set out on pages 109 to 223 form an integral part of these financial statements.

	Group		Company	
	2010 RM'000	2009 RM'000	**2010 RM'000**	2009 RM'000
Inventories	**229,229**	248,505	**—**	—
Property development costs	**26,359**	(87,806)	**—**	—
Receivables	**(228,122)**	(630,678)	**(4,318)**	(1,471)
Payables	**570,206**	(57,973)	**1,005**	(1,724)
Net changes in related parties balances	**(23,055)**	(3,382)	**(119,028)**	(131,361)
Cash generated from/(used in) operations	**4,441,127**	2,348,855	**(140,740)**	(169,595)
Dividends received	**204,752**	288,134	**572,266**	414,795
Interest paid	**(891,298)**	(962,378)	**(68,376)**	(78,557)
Interest received	**138,135**	236,929	**51,339**	21,814
Payment to a retirement benefits scheme	**(104,383)**	(100,879)	**—**	—
Income tax paid	**(363,264)**	(327,145)	**(10,021)**	(3,569)
Income tax refund	**22,853**	3,206	**20,500**	—
Net cash from operating activities	**3,447,922**	1,486,722	**424,968**	184,888
Cash flows from investing activities				
Acquisition of additional shares/warrants in existing subsidiaries	**(25)**	(1,501)	**(314,057)**	(1,501)
Acquisition of associated companies	**(272,095)**	(691,345)	**—**	—
Acquisition of jointly controlled entity	**(8,093)**	—	**—**	—
Acquisition of new subsidiaries (net of cash acquired)	**(258,035)**	(7,469,909)	**(100)**	—
Development expenditure incurred	**(51,996)**	(23,460)	**—**	—
Grants received in respect of infrastructure assets	**25,687**	31,070	**—**	—
Proceeds from disposal of investment properties	**2,150**	1,844	**—**	—
Proceeds from disposal of property, plant & equipment	**46,308**	17,514	**—**	12
Proceeds from disposal of prepaid lease payments	**27**	—	**—**	—
Proceeds from disposal of investments	**68,102**	69,123	**10,722**	63,836
Withdrawal from short term investments	**—**	132,598	**—**	132,598
Purchase of investment properties	**(5,618)**	(1,099,568)	**—**	—
Purchase of property, plant & equipment	**(1,738,733)**	(1,327,707)	**(358)**	(54)
Purchase of prepaid lease payments	**(521)**	—	**—**	—
Purchase of short term investments	**(378,980)**	(57,709)	**(378,980)**	(57,709)
Purchase of investments	**(14,153)**	(63,289)	**(7,560)**	(3,303)
Purchase of biological asset	**(1,024)**	—	**—**	—
MCST refund	**2,613**	—	**—**	—
Net cash (used in)/from investing activities	**(2,584,386)**	(10,482,339)	**(690,333)**	133,879

The notes set out on pages 109 to 223 form an integral part of these financial statements.

Cash Flow Statements

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Cash flows from financing activities				
Dividends paid	**(101,061)**	(28,521)	**(101,061)**	(28,521)
Dividends paid to minority shareholders of subsidiaries	**(473,220)**	(480,214)	**—**	—
Repurchase of own shares by the Company (at net)	**(23,320)**	(2,878)	**(23,320)**	(2,878)
Repurchase of subsidiaries' shares by subsidiaries	**(729)**	(72,688)	**—**	—
Proceeds from borrowings	**6,018,031**	9,916,393	**315,000**	—
Proceeds from issue of shares in subsidiaries to minority shareholders	**287,758**	576,829	**—**	—
Proceeds from issue of bonds	**1,565,535**	920,000	**—**	500,000
Proceeds from issue of shares	**15,443**	1,121,107	**15,443**	1,121,107
Repayment of bonds	**(928,755)**	(2,660,607)		(500,000)
Repayment of borrowings	**(4,342,609)**	(2,462,264)	**(229)**	(515)
Net cash from financing activities	**2,017,073**	6,827,157	**205,833**	1,089,193
Net changes in cash and cash equivalents	**2,880,609**	(2,168,460)	**(59,532)**	1,407,960
Effects of exchange rate changes	**(905,799)**	(433,295)	**—**	—
Cash and cash equivalents brought forward	**9,071,219**	11,672,974	**1,444,345**	36,385
Cash and cash equivalents carried forward	**11,046,029**	9,071,219	**1,384,813**	1,444,345

The notes set out on pages 109 to 223 form an integral part of these 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 15 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 of the Company is as follows:-

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

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

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

2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's operations are subject to a variety of financial risks, including foreign currency exchange risk, interest rate risk, credit risk, market risk, liquidity and cash flow risk.

The Group'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. The Board regularly reviews these risks and approves treasury policies, which cover the management of these risks. It is not the Group's policy to engage in speculative transactions.

(a) Foreign currency exchange risk

The Group is exposed to currency risk as a result of foreign currency transactions entered into by subsidiaries. However, the effect of the foreign currency risk is limited as the subsidiaries trade and obtain borrowings predominantly in their 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.

(b) Interest rate risk

The Group finances its operations through a mixture of shareholders' funds and borrowings. Interest rates exposures arise from the Group's borrowings, deposits and short term investments. It is the Group's policy to manage its interest costs within predictable and desired range through the use of fixed and floating rate debts and derivative financial instruments. Derivative financial instruments are used, where appropriate, to generate desire interest rate profile.

Notes to the Financial Statements

(c) Credit risk

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

The Group seeks to invest cash assets safely and profitably with creditworthy institutions. All derivative financial instruments are executed with creditworthy counter parties with a view to limit the credit risk exposure of the Group.

In the Group's power generation business in Malaysia, trade receivables are solely from its off taker, a national electricity utility company and the counter party risk is considered to be minimal. As for the Group's power generation business in Singapore, credit review is 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 sewerage businesses is limited due to its large customer base.

The Group considers the risk of material loss in the event of non-performance by a financial counter party to be unlikely.

(d) Market risk

The Group manages its exposure to fluctuation in prices of key products used in its operations through floating and fixed price contracts in order to establish determinable prices of products used.

The Group operates substantially under a business regime of contractual sales or price regulation in its business segments of power generation and water and sewerage. The Group considers its market risk to be minimal as the tariff rates applicable to these business segments are either protected by agreement or set by industry regulators.

The Group does not face significant exposure to risk from changes in debt and equity prices.

(e) Liquidity and cash flow risk

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

3. 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 comply with the Companies Act 1965 and MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities.

The preparation of financial statements in conformity with the MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities 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 judgments are based on Directors' best knowledge of current events and actions, actual results may differ.

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

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of Financial Reporting Standards ("FRS") 8, Operating Segments and early adoption of Amendments to FRS 8, Operating Segments effective from the financial period beginning 1 July 2009.

Adoption of the above standards did not have any effect on the financial performance or position of the Group and the Company except for those discussed below:

FRS 8 Operating Segments

FRS 8, which replaces FRS 114 Segment Reporting, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources, the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. The Group concluded that the reportable operating segments determined in accordance with FRS 8 are the same as the business segments previously identified under FRS 114. The Group has adopted FRS 8 retrospectively. These revised disclosures, including the related revised comparative information, are shown in Note 44 to the Financial Statements.

(c) Property, plant & equipment and depreciation

Property, plant & equipment except for infrastructure assets and certain freehold land & buildings are 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 & 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 Income Statement during the financial year in which they are incurred.

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

Property, plant & 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 & equipment depending on nature of assets and depreciation commences when they are ready for their intended used.

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

Notes to the Financial Statements

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

	%
Buildings	1 – 10
Infrastructure & site facilities	0.9 – 20
Plant & machinery	4 – 20
Furniture, fixtures & equipment	10 – 50
Vehicles	10 – 33 1/3

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 & equipment.

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

(d) Impairment of non-financial assets

The carrying amounts of assets, other than inventories, assets arising from construction contracts and deferred tax assets, are reviewed at each balance sheet 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 is separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

An impairment loss is charged to the Income Statement 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 Income Statement 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 Income Statement, a reversal of that impairment loss is recognised as income in the Income Statement.

(e) Leases

(i) Finance leases – the Group as lessee

Leases 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 property, plant & 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 the Income Statement on a basis that reflects a constant periodic rate of interest on the finance lease liability.

(ii) Operating leases – the Group as lessee

Land under operating leases is accounted for as investment property. Please refer to the accounting policy for "Investment properties".

Leases of assets 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 the Income Statement on the straight-line basis over the period of the lease.

Upfront payments on leasehold land are classified as prepaid lease payments and amortised on the straight line basis over the remaining lease period.

(iii) Operating leases – the Group as lessor

Leases of 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 the Income Statement on the straight-line basis over the lease term.

(f) Investment properties

Investment properties include those portions of properties and land under operating leases that are held for long-term rental yields and/or for capital appreciation.

Land held under operating lease is classified and accounted for as investment property when the rest of the definition of investment property is met.

Investment properties are initially recognised at cost and subsequently carried at fair value, representing open-market value determined annually. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Changes in fair values are recognised in the Income Statement as part of other income.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in the Income Statement.

(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 Income Statement in the financial year it is incurred.

Notes to the Financial Statements

(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 3(d) of the Financial Statements.

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

(ii) Project development expenditure

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

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

Capitalised development expenditure is stated at cost less accumulated amortisation and accumulated impairment losses. The capitalised development expenditure is amortised over its estimated useful life.

(i) Investment in subsidiaries and basis of consolidation

In the Company's separate financial statements, investment in subsidiaries is stated at cost less accumulated impairment losses. On disposal of investments in subsidiaries, the difference between net disposal proceeds and their carrying amounts is included in the Income Statement.

Subsidiaries are entities in which the Group has power to exercise control over their financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values on the date of acquisition, irrespective of the extent of any minority interest.

Any excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Refer to Note 3(m) of the Financial Statements for the accounting policy on goodwill on acquisition of subsidiaries.

Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in the Income Statement.

The consolidated financial statements include the financial statements of the Company and its subsidiaries. Subsidiaries are consolidated from the date on which control is transferred to the Group and continue to be consolidated until the date that such control ceases.

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

Minority interest is that part of the net results of operations and of net assets of a subsidiary attributable to interests which are not owned directly or indirectly by the Group. It is measured at the minorities' share of the fair value of the subsidiaries' identifiable assets and liabilities at the date of acquisition by the Group and the minorities' share of changes in equity since the date of acquisition.

Where more than one exchange transaction is involved, any adjustment to the fair values of the subsidiary's identifiable assets, liabilities and contingent liabilities relating to previously held interests of the Group is accounted for as a revaluation.

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

(j) Investment in associated companies

In the Company's separate financial statements, investment in associated companies is stated at cost less accumulated impairment losses.

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.

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

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

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. Uniform accounting policies are adopted for like transactions and events in similar circumstances.

Unrealised profits arising on transactions between the Group and its associated companies which are included in the carrying amount of the related assets and liabilities are eliminated partially to the extent of the Group's interests in the associated companies. Unrealised losses on such transactions are also eliminated partially unless cost cannot be recovered.

On disposal of investments in associated companies, the difference between the net disposal proceeds and their carrying amounts is included in the Income Statement.

Notes to the Financial Statements

(k) Joint ventures

(i) Jointly controlled entities

Jointly controlled entities are corporations, partnerships or other entities over which there is contractually agreed sharing of control by the Group with one or more parties. The Group's interests in jointly controlled entities are accounted for in the consolidated financial statements by the equity method of accounting.

Equity accounting involves recognising in the Income Statement the Group's share of the results of jointly controlled entities for the financial year. The Group's investments in jointly controlled entities are carried in the Balance Sheet at an amount that reflects its share of the net assets of the jointly controlled entities and includes goodwill on acquisition.

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

When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture, the Group does not recognise further losses, unless it has obligations or has made payments on behalf of the joint venture.

(ii) Jointly controlled operations

When a group company is party to a joint arrangement, that company accounts directly for its part of income and expenditure, assets, liabilities and cash flows. Such arrangements are reported in the consolidated financial statements on the same basis.

(l) Investments

Investments in non-current investments are shown at cost and an allowance for diminution in value is made where, in the opinion of the Directors, there is a decline other than temporary in the value of such investments. Where there has been a decline other than temporary in the value of an investment, such a decline is recognised as an expense in the period in which the decline is identified.

Short term investments are carried at the lower of cost and market value, determined on an aggregate portfolio basis by category of investment. Cost is derived on the weighted average basis. Market value is calculated by reference to stock exchange quoted selling prices at the close of business on the balance sheet date. Increases or decreases in the carrying amount of short term investments are credited or charged to the Income Statement.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is charged or credited to the Income Statement.

(m) Intangible assets

Goodwill

Goodwill represents the excess of the cost of acquisition of subsidiaries and associated companies over the fair value of the Group's share of the fair value of their identifiable net assets at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in the balance sheet as intangible assets.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the business combination in which the goodwill arose.

Goodwill on acquisitions of associated companies is included in the carrying amount of the investment in associated companies. Such goodwill is tested for impairment as part of the overall balance.

(n) Inventories

(i) Developed properties

Inventories of developed properties held for resale are stated at the lower of cost and net realisable value. Cost of developed properties is determined using an appropriate basis of allocation and consists of land cost, construction costs and development costs incurred.

(ii) Other 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).

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

(o) 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.

Property development revenue is recognised for all units sold using the percentage of completion method, by reference to the stage of completion of the property development projects at the balance sheet date as measured by the proportion that development costs incurred for work performed to-date bear to the estimated total property development costs on completion.

When the financial outcome of a property development activity cannot be estimated reliably, property development revenue is recognised to the extent of property development costs incurred that is probable of recovery.

Any anticipated loss on property development projects (including costs to be incurred over the defects liability period), is recognised as an expense immediately.

Property development costs not recognised as an expense is recognised as an asset and is stated at the lower of cost and net realisable value.

The excess of property development revenue recognised in the Income Statement over billings to purchasers is classified as accrued billings and the excess of billings to purchasers over property development revenue recognised in the Income Statement is classified as progress billings.

(p) Receivables

Receivables are stated at cost less any allowances for doubtful debts. Known bad debts are written off and doubtful debts are provided for based on estimates of possible losses which may arise from non-collection of certain receivables accounts.

Notes to the Financial Statements

(q) Construction contracts

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

Where the outcome of a construction contract cannot be reliably estimated, contract revenue is recognised to the extent of contract costs incurred that it 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.

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.

(r) Share capital

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

The portion of a convertible bond representing the value of the conversion option at the time of issue is included in equity. The value of the conversion option is not changed in subsequent periods. Upon conversion of the bond to equity shares, the amount credited to share capital and share premium is the aggregate of the amounts classified within liability and equity at the time of conversion. No gain or loss is recognised. If the bond is redeemed, the conversion option is transferred to retained earnings.

Distributions to holders of a financial instrument classified as an equity instrument are charged directly to equity.

Dividends to shareholders are recognised in equity in the period in which they are declared.

<u>Purchase of own shares</u>

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 profits or both.

(s) Irredeemable Convertible Unsecured Loan Stocks ("ICULS")

ICULS are compound instruments which contain both a liability component andan equity component. The fair value of the liability component is determined by discounting the future contractual cash flows of principal and interest payments at the prevailing market rate for equivalent non-convertible loan stocks. This amount is carried as liability on the amortised cost basis until extinguished on conversion or maturity of the instrument.

The fair value of the equity component represented by the conversion option is determined by deducting the fair value of the liability component from the notional amount of the loan stocks and is included in shareholders' equity.

(t) Payables

Payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received.

(u) Bonds and borrowings

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

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

Bonds and borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Borrowing costs incurred to finance the construction of property, plant and equipment, property development costs, development expenditure and construction contracts are capitalised as part of the cost of the asset during the period of time that is required to complete and prepare the asset for its intended use.

(v) Grants and contributions

Grants and contributions in respect of specific qualifying expenditure on property, plant & equipment are included in non current liability as deferred income. The income is recognised in the Income Statement over the expected useful economic life of the related assets or otherwise to match them with the related costs which they are intended to compensate, on a systematic basis.

(w) Income tax and deferred tax

Income tax on the Income Statement 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 balance sheet 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 balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

(x) Provisions

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

The provision for damages claims is recognised for expected damages claims based on the terms of the applicable sale and purchase agreements.

Notes to the Financial Statements

(y) Restructuring provisions

Restructuring provisions mainly comprise employee termination payments, and are recognised in the financial year in which the Group becomes legally or constructively committed to the payment. Future operating costs are not provided for. Employee termination benefits are recognised only either after an agreement is in place with the appropriate employee representatives specifying the terms of redundancy and the number of employees affected, or after individual employees have been advised of the specific terms. Costs related to the on-going activities of the Group are not provided in advance. Any property, plant and equipment that are no longer required for their original use are transferred to current assets and carried at the lower of its carrying amount and estimated net realisable value.

(z) 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 Income Statement in proportion to the stage of completion of the transaction at the balance sheet 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 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) derived from the provision of goods and services to third party customers. The Group has chosen not to recognise as turnover the bills raised for customers who have a record of two years non-payment.

(iv) Sale of physical fuel

Revenue from sale of physical 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 3(o) of the Financial Statements.

(vii) Construction contracts

Revenue from construction contracts is accounted for by the stage of completion method as described in Note 3(q) of 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 lesees) is recognised on the straight-line basis over the lease term.

(xi) Hotel and restaurant 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.

(aa) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(bb) 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.

Short term accumulating compensated absences such as paid annual leave are recognised as expenses when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

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

(ii) Post-employment benefits

The Group has various post-employment benefit schemes in accordance with local conditions and practices in the industries in which it operates. These benefit plans are either defined contribution or defined benefit plans.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that defines an amount of pension benefit to be provided, usually as a function of one or more factors such as age, years of service or compensation.

Defined contribution plan

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

Notes to the Financial Statements

Defined benefit plan

The liability in respect of a defined benefit plan is the present value of the defined benefit obligation at the balance sheet 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 balance sheet 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 balance sheet date of government securities which have currency and terms to maturity approximating the terms of the related liability.

Plan assets in excess of the defined benefit obligation are subject to the asset limitation specified in FRS 119.

Actuarial gains and losses arise from experience adjustments and changes in actuarial assumptions. The amount of net actuarial gains and losses recognised in the Income Statement is determined by the corridor method in accordance with FRS 119 and is charged or credited to income over the average remaining service life of the related employees participating in the defined benefit plan.

(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 Income Statement over the vesting periods of the grant with a corresponding increase in equity.

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

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

(cc) 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 Income Statement.

(iii) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:-

- assets and liabilities for each Balance Sheet presented are translated at the closing rate at the date of that Balance Sheet;
- income and expenses for each Income Statement are translated at the applicable average exchange rate; and
- all resulting exchange differences are recognised as a separate component of equity.

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 Income Statement as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity on or after 1 July 2006 are treated as assets and liabilities of the foreign entity and translated at the closing rate. For acquisition of foreign entities completed prior to 1 July 2006, goodwill and fair value adjustments continued to be recorded at the exchange rate at the respective date of acquisitions.

(dd) Financial instruments

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, a contractual right to receive cash or another financial asset from another enterprise, a contractual right to exchange financial instruments with another enterprise under conditions that are potentially favourable, or an equity instrument of another enterprise.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or to exchange financial instruments with another enterprise under conditions that are potentially unfavourable.

(i) Financial instruments recognised on the balance sheet

The particular recognition method adopted for financial instruments recognised on the Balance Sheet is disclosed in the individual accounting policy statements associated with each item.

(ii) Financial instruments not recognised on the balance sheet

The Group is a party to financial instruments that comprise interest rate swap agreements. These instruments are not recognised in the financial statements on inception except that amounts paid on inception are recognised as prepaid interest and amortised as a component of interest expense over the period of the contract.

(a) Interest rate swap contracts

Any differential to be paid or received on an interest rate swap contract is recognised as a component of interest income or expense over the period of the contract. Gains and losses on early termination of interest rate swaps or on repayment of the borrowings are taken to the Income Statement.

(b) Foreign currency forward contracts

The Group enters into foreign currency forward contracts to protect the Group from movements in exchange rates by establishing the rate at which a foreign currency asset or liability will be settled.

Exchange gains and losses on contracts are recognised when settled at which time they are included in the measurement of the transaction hedged.

Notes to the Financial Statements

(c) Fuel oil swaps

The Group has entered into fuel oil swaps that are used to hedge forecast physical fuel oil and natural gas purchases. Gains and losses arising from fuel oil swaps are transferred to the cost of inventory of fuels upon acquisition are subsequently transferred to the Income Statement in the periods when the underlying fuels are consumed for the production of electricity.

(iii) Fair value estimation for disclosure purposes

The fair value of publicly traded derivatives and securities is based on quoted market prices at the Balance Sheet date.

The fair value of interest rate swaps is calculated at the present value of the estimated future cash flows. The fair value of foreign currency forward contracts is determined using forward exchange market rates at the balance sheet date.

In assessing the fair value of non-traded derivatives and financial instruments, the Group uses a variety of methods and makes assumptions that are based on market conditions existing at each Balance Sheet date. Quoted market prices or dealer quotes for the specific or similar instruments are used for long term debt. Other techniques, such as estimated discounted value of future cash flows, are used to determine fair value for the remaining financial instruments. In particular, the fair value of financial liabilities is estimated by discounting the future contractual cash flows at the current market interest rate available to the Group for similar instruments.

The face values of financial assets (less any estimated credit adjustments) and financial liabilities with a maturity period of less than one year are assumed to approximate their fair values.

(ee) Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, 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 Cash Flow Statements, cash and cash equivalents are presented net of bank overdrafts.

(ff) 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.

4. REVENUE

	Group		Company	
	2010 RM'000	2009 RM'000	**2010 RM'000**	2009 RM'000
Sale of electricity	**9,183,171**	3,238,927	—	—
Sale of water, treatment and disposal of waste water	**2,455,967**	2,510,687	—	—
Sale of goods	**2,114,345**	2,065,478	—	—
Sale of fuel oil	**1,571,456**	137,045	—	—
Rendering of services	**162,633**	161,587	**541**	691
Property development projects	**415,207**	122,330	—	—
Construction contracts revenue	**204,273**	242,366	—	—
Hotel & restaurant operations	**138,873**	162,657	—	—
Sale of steam	**97,620**	—	—	—
Rental income				
– investment properties	**33,895**	43,647	—	—
– other properties	**14,872**	10,820	—	—
Interest income	**72,843**	157,420	**51,339**	21,814
Dividends				
– quoted investment, in Malaysia				
– subsidiaries	—	—	**482,558**	531,796
– other investments	**3,646**	3,316	**239**	93
– unquoted investment				
– subsidiary, in Malaysia	—	—	**132,514**	26,678
– other investments, outside Malaysia	**36,232**	35,845	—	—
	16,505,033	8,892,125	**667,191**	581,072

5. COST OF SALES

Included in cost of sales are the following:-

	Group	
	2010 RM'000	2009 RM'000
Cost of inventories	**3,707,383**	2,136,643
Construction contracts costs	**167,340**	218,738
Property development costs	**342,585**	99,301

Notes to the Financial Statements

6. FINANCE COSTS

	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Interest expense				
– Bonds	**605,596**	707,496	**24,250**	26,463
– Borrowings	**451,305**	359,986	**44,126**	52,094
	1,056,901	1,067,482	**68,376**	78,557
Less: Amount capitalised in				
– Property, plant & equipment	**(22,007)**	(6,409)	—	—
– Development expenditure	**(4,088)**	(634)	—	—
– Property developments costs	**(28,398)**	(20,357)	—	—
– Contruction contracts	**(947)**	(1,274)	—	—
Finance expenses recognised in Income Statement	**1,001,461**	1,038,808	**68,376**	78,557

7. PROFIT BEFORE TAX

	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Profit before tax is stated after charging:-				
Allowance for doubtful debts – net	**53,482**	5,639	—	—
Allowance for inventories obsolescence	**6,565**	1,224	—	—
Amortisation of development expenditure (Note 14)	—	2,220	—	—
Amortisation of prepaid lease payments (Note 12)	**6,546**	5,146	—	—
Auditors' remuneration				
– *statutory*				
– current financial year	**3,994**	3,547	**175**	158
– under-provision in prior financial year	**29**	47	—	—
– *others*	**146**	1	—	—
Bad debts written off	**11,246**	13,689	**7,504**	5,216
Deposits written off	—	102	—	102
Depreciation (Note 11(a))	**903,625**	739,514	**632**	531
Directors' remuneration				
– emoluments	**32,415**	20,897	**43**	42
– fees	**1,793**	950	**550**	278
– benefits in kind	**229**	196	—	—
Employee benefits expense (Note 39)	**566,385**	496,779	**8,127**	7,459
Hiring of plant & machinery	**13,841**	9,948	**22**	17
Impairment losses on goodwill (Note 20)	**866**	153	—	—
Impairment losses on property, plant & equipment (Note 11)	**290**	262	—	—
Impairment losses on development expenditure	**317**	—	—	—

	Group		Company	
	2010 RM'000	2009 RM'000	**2010 RM'000**	2009 RM'000
Inventories written off	**112**	3,648	—	—
Investment written off	**4**	15	—	—
Loss on disposal of investment properties	**39,210**	—	—	—
Loss on foreign exchange – net				
– realised	**2,197**	—	—	346
– unrealised	**4,260**	19,792	—	—
Property, plant & equipment written off	**9,073**	20,709	—	—
Provision for liabilities & charges – net (Note 38)	**—**	9,981	—	—
Prospective expenditure written off	**23,563**	—	—	—
Receivable waived	**1,029**	—	—	—
Rental of land & buildings	**24,138**	19,333	**670**	670

And crediting (other than those disclosed in Note 4 of the Financial Statements):-				
Adjustment on fair value of investment properties (Note 13)	**—**	274,360	—	—
Amortisation of grant (Note 34)	**6,056**	5,376	—	—
Bad debts recovered	**4,044**	1,063	—	—
Gain on disposal of investment properties	**—**	200	—	—
Gain on disposal of investments	**20,042**	175	**272,027**	145
Gain on disposal of prepaid lease payments	**5**	—	—	—
Gain on disposal of property, plant & equipment	**27,937**	6,365	—	12
Gain on foreign exchange – net				
– realised	**—**	19,038	**9**	—
Gross dividend from quoted investments				
– within Malaysia	**643**	457	—	—
Hiring income from plant, machinery & equipment	**1,066**	868	—	—
Interest income	**46,000**	98,072	—	—
Liquidated damages received	**97,924**	—	—	—
Negative goodwill recognised in Income Statement	**4,404**	95	—	—
Provision for liabilities & charges – net (Note 38)	**2,259**	—	—	—
Rental income				
– investment properties	**2,114**	973	—	—
– other properties	**1,224**	3,204	**111**	35
Write back of provision for fuel cost	**5,193**	207,046	—	—

Direct operating expenses from investment properties that generated rental income of the Group during the financial year amounted to RM6,801,463 (2009: RM6,778,867).

Direct operating expenses from investment properties that did not generate rental income of the Group during the financial year amounted to RM23,196 (2009: RM77,852).

Notes to the Financial Statements

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

Year ended 30 June 2010

	Fees RM'000	Salaries RM'000	Bonus RM'000	Others* RM'000	Total RM'000
Group					
Executive Directors	**1,278**	**17,297**	**8,260**	**6,982**	**33,817**
Non-executive Directors	**515**	—	—	**105**	**620**
Company					
Executive Directors	**360**	—	—	—	**360**
Non-executive Directors	**190**	—	—	**43**	**233**

Year ended 30 June 2009

	Fees RM'000	Salaries RM'000	Bonus RM'000	Others* RM'000	Total RM'000
Group					
Executive Directors	710	13,160	4,180	3,643	21,693
Non-executive Directors	240	—	—	110	350
Company					
Executive Directors	183	—	—	—	183
Non-executive Directors	95	—	—	42	137

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

	Group	
	2010 RM'000	2009 RM'000
Defined contribution plan	**3,063**	2,101
Share options expenses	**3,690**	1,346

The number of Directors of the Group and of the Company whose total remuneration fall within the following bands for the financial year ended 30 June 2010 are as follows:-

	Group No. of Directors		Company No. of Directors	
Range of remuneration	**Executive**	**Non-Executive**	**Executive**	**Non-Executive**
Below RM50,001	—	—	9	1
RM50,001 – RM100,000	—	1	—	3
RM100,001 – RM150,001	—	1	—	—
RM150,001 – RM200,000	—	2	—	—
RM750,001 – RM800,000	1	—	—	—
RM1,300,001 – RM1,350,000	1	—	—	—
RM3,150,001 – RM3,200,000	1	—	—	—
RM3,400,001 – RM3,450,000	1	—	—	—
RM3,750,001 – RM3,800,000	1	—	—	—
RM4,050,001 – RM4,100,000	1	—	—	—
RM4,200,001 – RM4,250,000	1	—	—	—
RM4,550,001 – RM4,600,000	1	—	—	—
RM8,450,001 – RM8,500,000	1	—	—	—

8. INCOME TAX EXPENSE

	Group		Company	
	2010 RM'000	**2009 RM'000**	**2010 RM'000**	**2009 RM'000**
Current income tax				
– Malaysian income tax	**211,253**	169,026	**57,179**	27,789
– Foreign income tax	**243,242**	131,676	**—**	—
Deferred tax (Note 35)	**204,817**	585,880	**100**	—
	659,312	886,582	**57,279**	27,789
Current income tax				
– current financial year	**464,492**	349,783	**50,000**	21,600
– (Over)/Under-provision in prior financial years	**(9,997)**	(49,081)	**7,179**	6,189
Deferred tax				
– Origination and reversal of temporary differences	**204,817**	143,412	**100**	—
– Deferred tax arising from change in legislation*	**—**	442,468	**—**	—
	659,312	886,582	**57,279**	27,789

* *The UK Finance Act 2008 includes provisions which abolish industrial building allowances with effect from 1 April 2011. This means that Wessex Water Services Limited, a UK subsidiary of the Group, will not be able to claim industrial building allowances on affected assets after 2011. This change was introduced by reducing the rate of allowance that may be claimed from 1 April 2008 to 31 March 2011 at which point the allowances will be removed. Applying Accounting Standard FRS 112 Income Taxes, the removal of these allowances has resulted in an exceptional deferred tax charge of RM442.5 million.*

Notes to the Financial Statements

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	
	2010 RM'000	**2009 RM'000**	**2010 RM'000**	**2009 RM'000**
Profit before tax	**2,284,050**	2,288,197	**844,143**	461,028
Income tax using Malaysian tax rate of 25% (2009: 25%)	**571,013**	572,049	**211,036**	115,257
Non-deductible expenses	**219,656**	166,273	**19,698**	6,600
Income not subject to tax	**(32,238)**	(131,865)	**(180,634)**	(100,257)
Different tax rates in other countries	**(32,976)**	7,938	—	—
Double deductible expenses	**(1,115)**	(706)	—	—
(Over)/Under-provision in prior financial years	**(9,997)**	(49,081)	**7,179**	6,189
Tax effect on share of profits of associated companies	**(77,116)**	(131,778)	—	—
Tax effect of under-provision of deferred tax	**22,085**	17,117	—	—
Change in tax rates	—	(5,833)	—	—
Deferred tax arising from change in legislation	—	442,468	—	—
	659,312	886,582	**57,279**	27,789

Prior to the year of assessment 2008, Malaysian companies adopted the full imputation system. On 1 January 2008, the single-tier tax system came into effect in Malaysia. Under this system, companies are not required to have tax credits under Section 108 of the Income Tax Act 1967 for dividend payment purposes. Dividends paid under the single-tier system are tax exempt in the hands of shareholders. Companies can make an irrevocable election to disregard the Section 108 balance and opt to pay dividends under the single-tier tax system.

The Company did not make an election to disregard the Section 108 balance, and may continue to pay franked dividends until the Section 108 credits are exhausted or 31 December 2013, whichever is earlier.

Subject to agreement by the Inland Revenue Board, the Company has sufficient tax credits under Section 108 of the Income Tax Act 1967 available to frank approximately RM164,742,000 (2009: RM276,766,000) of its retained earnings as at 30 June 2010, if paid out as dividends. The remaining profits of RM3,501,952,000 (2009: RM2,704,125,000) can be distributed as exempt dividends under the single-tier tax system.

In addition, the Company has tax exempt income as at 30 June 2010 arising from the Income Tax (Amendment) Act 1999, relating to tax waived on income earned in 1999 amounting to approximately RM15,009,000 (2009: RM15,009,000) that is available for distribution as tax exempt dividends to shareholders. This tax exempt income is subject to agreement by the Inland Revenue Board.

9. EARNINGS PER SHARE ("EPS")

(i) Basic EPS

Basic EPS of the Group is calculated by dividing the profit for the financial year attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2010	**2009**
Profit for the financial year attributable to equity holders of the Company (RM'000)	**849,811**	834,472
Weighted average number of ordinary shares in issue for basic EPS ('000)	**1,786,895**	1,542,453
Basic EPS (sen)	**47.56**	54.10

(ii) Diluted EPS

For the diluted EPS calculation, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares.

	Group	
	2010	**2009**
Profit for the financial year attributable to equity holders of the Company (RM'000)	**849,811**	834,472
Weighted average number of ordinary shares in issue for basic EPS as above ('000)	**1,786,895**	1,542,453
Adjustment for ordinary shares deemed issued at no consideration on assumed exercise of Options ('000)	**14,274**	12,784
	1,801,169	1,555,237
Diluted EPS (sen)	**47.18**	53.66

Notes to the Financial Statements

10. DIVIDENDS

	Group/Company			
	2010		2009	
	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:-				
(a) Financial year ended 30 June 2008 – final, less 25% tax	—	—	2.5	28,521
(b) Financial year ended 30 June 2009 – first and final, less 25% tax	**7.5**	**101,061**	—	—
Dividend recognised as distribution to ordinary equity holders of the Company	**7.5**	**101,061**	2.5	28,521
Proposed final dividend, less 25% tax (2009: 25% tax)	**10.0**	**134,613**	7.5	121,780

A first and final dividend of 20% or 10 sen per ordinary share of 50 sen each gross less Malaysian Income Tax in respect of the financial year ended 30 June 2010 recommended by the Directors of the Company will be tabled to shareholders for approval at the forthcoming Annual General Meeting. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 30 June 2011.

11. PROPERTY, PLANT & EQUIPMENT

Group – 2010

	Land & buildings* RM'000	Infrastructure & site facilities RM'000	Plant & machinery RM'000	Furniture, fixtures & equipment RM'000	Vehicles RM'000	Assets under construction RM'000	Total RM'000
Cost/Valuation							
At 1.7.2009	5,381,150	5,263,945	11,108,580	693,911	293,337	2,393,650	25,134,573
Arising on acquisition	350,917	—	10,945	11,366	427	6,624	380,279
Additions	31,444	114,217	187,020	49,123	62,022	1,269,219	1,713,045
Disposals	(816)	—	(26,024)	(1,282)	(56,191)	—	(84,313)
Written off	(8,224)	—	(32,220)	(1,008)	(7)	(703)	(42,162)
Transfers	561,414	69,790	2,445,400	71,027	—	(2,571,565)	576,066
Translation differences	(554,706)	(865,876)	(978,425)	(90,150)	(4,238)	(84,771)	(2,578,166)
At 30.6.2010	5,761,179	4,582,076	12,715,276	732,987	295,350	1,012,454	25,099,322
Accumulated depreciation & impairment losses							
At 1.7.2009	1,119,515	146,456	3,859,116	308,378	182,499	—	5,615,964
Arising on acquisition	34,776	—	4,382	3,930	335	—	43,423
Charge for the financial year	126,172	44,470	670,694	41,387	25,262	—	907,985
Impairment losses	—	—	—	290	—	—	290
Disposals	(112)	—	(17,277)	(1,221)	(32,926)	—	(51,536)
Written off	(2,199)	—	(30,044)	(839)	(7)	—	(33,089)
Translation differences	(81,352)	(24,772)	(272,505)	(30,739)	(1,434)	—	(410,802)
At 30.6.2010	1,196,800	166,154	4,214,366	321,186	173,729	—	6,072,235
Representing:-							
Accumulated depreciation	1,196,800	166,154	4,214,366	320,634	173,729	—	6,071,683
Accumulated impairment losses	—	—	—	552	—	—	552
	1,196,800	166,154	4,214,366	321,186	173,729	—	6,072,235
Net Book Value							
At 30.6.2010	4,564,379	4,415,922	8,500,910	411,801	121,621	1,012,454	19,027,087

Notes to the Financial Statements

Group – 2009

	Land & buildings* RM'000	Infrastructure & site facilities RM'000	Plant & machinery RM'000	Furniture, fixtures & equipment RM'000	Vehicles RM'000	Assets under construction RM'000	Total RM'000
Cost/Valuation							
At 1.7.2008	5,552,251	5,427,377	9,200,939	605,163	275,721	1,352,515	22,413,966
Arising on acquisition	58,548	—	1,465,823	13,054	661	1,341,626	2,879,712
Additions	51,532	223,715	325,563	62,623	25,961	714,024	1,403,418
Disposals	(820)	—	(10,318)	(1,007)	(11,022)	(6,615)	(29,782)
Written off	(10,674)	—	(29,307)	(13,479)	(19)	—	(53,479)
Grants & contributions	—	(28,777)	—	—	—	—	(28,777)
Transfers	86,714	170,410	553,524	67,993	6,399	(883,625)	1,415
Translation differences	(356,401)	(528,780)	(397,644)	(40,436)	(4,364)	(124,275)	(1,451,900)
At 30.6.2009	5,381,150	5,263,945	11,108,580	693,911	293,337	2,393,650	25,134,573
Accumulated depreciation & impairment losses							
At 1.7.2008	1,045,035	108,903	3,495,877	302,998	165,425	—	5,118,238
Arising on acquisition	—	—	227	156	49	—	432
Charge for the financial year	119,535	45,337	513,875	36,376	26,532	—	741,655
Impairment losses	—	—	—	262	—	—	262
Disposals	(129)	—	(9,352)	(521)	(8,930)	—	(18,932)
Written off	(1,145)	—	(18,480)	(13,126)	(19)	—	(32,770)
Transfers	7	—	—	—	—	—	7
Translation differences	(43,788)	(7,784)	(123,031)	(17,767)	(558)	—	(192,928)
At 30.6.2009	1,119,515	146,456	3,859,116	308,378	182,499	—	5,615,964
Representing:-							
Accumulated depreciation	1,119,515	146,456	3,859,116	308,116	182,499	—	5,615,702
Accumulated impairment losses	—	—	—	262	—	—	262
	1,119,515	146,456	3,859,116	308,378	182,499	—	5,615,964
Net Book Value							
At 30.6.2009	4,261,635	5,117,489	7,249,464	385,533	110,838	2,393,650	19,518,609

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

Group – 2010

	Freehold 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 1.7.2009							
At cost	112,600	—	3,371,656	894,673	992,701	2,484	5,374,114
At valuation	4,566	2,000	470	—	—	—	7,036
	117,166	2,000	3,372,126	894,673	992,701	2,484	5,381,150
Arising on acquisition	160,917	—	—	—	190,000	—	350,917
Additions	5,983	—	24,251	76	1,134	—	31,444
Disposals	(419)	—	(397)	—	—	—	(816)
Written off	—	—	(5,070)	—	(3,154)	—	(8,224)
Transfers	—	—	556,658	4,756	—	—	561,414
Translation differences	(7,122)	—	(546,455)	507	(1,636)	—	(554,706)
At 30.6.2010	276,525	2,000	3,401,113	900,012	1,179,045	2,484	5,761,179
Representing:-							
At cost	271,959	—	3,400,643	900,012	1,179,045	2,484	5,754,143
At valuation	4,566	2,000	470	—	—	—	7,036
At 30.6.2010	276,525	2,000	3,401,113	900,012	1,179,045	2,484	5,761,179
Accumulated Depreciation							
At 1.7.2009							
At cost	—	—	501,724	169,427	446,735	1,515	1,119,401
At valuation	—	—	114	—	—	—	114
	—	—	501,838	169,427	446,735	1,515	1,119,515
Arising on acquisition	—	—	—	—	34,776	—	34,776
Charge for the financial year	—	—	104,966	17,597	3,609	—	126,172
Disposals	—	—	(112)	—	—	—	(112)
Written off	—	—	(1,851)	—	(348)	—	(2,199)
Translation differences	—	—	(80,977)	(214)	(161)	—	(81,352)
At 30.6.2010	—	—	523,864	186,810	484,611	1,515	1,196,800
Net Book Value:-							
At cost	271,959	—	2,876,893	713,202	694,434	969	4,557,457
At valuation	4,566	2,000	356	—	—	—	6,922
At 30.6.2010	276,525	2,000	2,877,249	713,202	694,434	969	4,564,379

Notes to the Financial Statements

Land & buildings of the Group are as follows:-

Cost/Valuation

	Freehold 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
Group – 2009							
At 1.7.2008							
At cost	115,393	—	3,599,415	894,521	933,402	2,484	5,545,215
At valuation	4,566	2,000	470	—	—	—	7,036
	119,959	2,000	3,599,885	894,521	933,402	2,484	5,552,251
Arising on acquisition	—	—	765	—	57,783	—	58,548
Additions	2,219	—	48,666	638	9	—	51,532
Disposals	—	—	—	(808)	(12)	—	(820)
Written off	—	—	(10,674)	—	—	—	(10,674)
Transfers	5,329	—	80,633	(680)	1,432	—	86,714
Translation differences	(10,341)	—	(347,149)	1,002	87	—	(356,401)
At 30.6.2009	117,166	2,000	3,372,126	894,673	992,701	2,484	5,381,150
Representing:-							
At cost	112,600	—	3,371,656	894,673	992,701	2,484	5,374,114
At valuation	4,566	2,000	470	—	—	—	7,036
At 30.6.2009	117,166	2,000	3,372,126	894,673	992,701	2,484	5,381,150
Accumulated Depreciation							
At 1.7.2008							
At cost	—	—	474,145	150,576	418,818	1,392	1,044,931
At valuation	—	—	104	—	—	—	104
	—	—	474,249	150,576	418,818	1,392	1,045,035
Arising on acquisition	—	—	—	—	—	—	—
Charge for the financial year	—	—	72,559	18,970	27,883	123	119,535
Disposals	—	—	—	(129)	—	—	(129)
Written off	—	—	(1,145)	—	—	—	(1,145)
Transfers	—	—	—	—	7	—	7
Translation differences	—	—	(43,825)	10	27	—	(43,788)
At 30.6.2009	—	—	501,838	169,427	446,735	1,515	1,119,515
Net Book Value:-							
At cost	112,600	—	2,869,932	725,246	545,966	969	4,254,713
At valuation	4,566	2,000	356	—	—	—	6,922
At 30.6.2009	117,166	2,000	2,870,288	725,246	545,966	969	4,261,635

Company – 2010

	Building RM'000	Furniture, fittings & equipment RM'000	Vehicles RM'000	Total RM'000
Cost				
At 1.7.2009	**1,207**	**2,557**	**5,349**	**9,113**
Additions	**—**	**358**	**—**	**358**
At 30.6.2010	**1,207**	**2,915**	**5,349**	**9,471**
Accumulated Depreciation				
At 1.7.2009	**343**	**1,834**	**3,826**	**6,003**
Charge for the financial year	**—**	**370**	**262**	**632**
At 30.6.2010	**343**	**2,204**	**4,088**	**6,635**
Net Book Value				
At 30.6.2010	**864**	**711**	**1,261**	**2,836**

Company – 2009

	Building RM'000	Furniture, fittings & equipment RM'000	Vehicles RM'000	Total RM'000
Cost				
At 1.7.2008	1,207	2,503	5,419	9,129
Additions	—	54	—	54
Disposals	—	—	(70)	(70)
At 30.6.2009	1,207	2,557	5,349	9,113
Accumulated Depreciation				
At 1.7.2008	319	1,530	3,693	5,542
Charge for the financial year	24	304	203	531
Disposals	—	—	(70)	(70)
At 30.6.2009	343	1,834	3,826	6,003
Net Book Value				
At 30.6.2009	864	723	1,523	3,110

Notes to the Financial Statements

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

	Group		Company	
	2010 RM'000	2009 RM'000	**2010 RM'000**	2009 RM'000
Income Statement (Note 7)	**903,625**	739,514	**632**	531
Property development cost (Note 24)	**168**	—	—	—
Amount due from contract Customers (Note 26)	**4,192**	2,141	—	—
	907,985	741,655	**632**	531

(b) Assets under finance lease

The net book value of the property, plant & equipment as at balance sheet date held under finance lease are as follows:-

	Group		Company	
	2010 RM'000	2009 RM'000	**2010 RM'000**	2009 RM'000
Plant & machinery	**291,755**	377,332	—	—
Vehicles	**14,552**	20,808	**290**	978
	306,307	398,140	**290**	978

(c) Security

The net book value of the Group's property, plant & equipment that have been pledged as security for the bank facilities and bonds by way of fixed and floating charges are as follows:-

	Group	
	2010 RM'000	2009 RM'000
Freehold land	—	9,035
Buildings	**1,014,194**	1,043,716
Infrastructure & site facilities	—	6,242
Plant & machinery	**520,876**	2,156,484
Furniture, fixtures & equipment	**1,340**	2,893
Vehicles	**2,595**	22,985
Assets under construction	**19,889**	56,403
	1,558,894	3,297,758

(d) Revaluation

Certain land and buildings of the Group were revalued by the Directors based on valuations carried out by independent professional valuers on the open market basis. The net book value of the property, plant & equipment that would have been carried at historical cost less accumulated depreciation are as follows:-

	Group	
	2010 RM'000	**2009 RM'000**
Freehold land	**2,766**	2,876
Buildings	**351**	459
	3,117	3,335

(e) Borrowing cost

Included in property, plant & equipment of the Group is interest capitalised during the financial year amounting to RM22,007,395 (2009: RM6,408,644).

12. PREPAID LEASE PAYMENTS

	Group	
	2010 RM'000	**2009 RM'000**
At cost/valuation		
At beginning of the financial year	**165,884**	96,041
Arising from acquisition of subsidiaries	**2,176**	69,054
Additions	**521**	—
Disposals	**(27)**	—
Currency translation differences	**(2,148)**	778
Transfer from property, plant & equipment	—	11
At end of the financial year	**166,406**	165,884
Less: Accumulated amortisation		
At beginning of the financial year	**24,778**	19,617
Arising from acquisition of subsidiaries	**127**	—
Amortisation (Note 7)	**6,546**	5,146
Disposals	**(5)**	—
Currency translation differences	**(736)**	15
At end of the financial year	**30,710**	24,778
Carrying amount at end of the financial year	**135,696**	141,106

Notes to the Financial Statements

	Group	
	2010 RM'000	2009 RM'000
Representing:-		
Long term leasehold land		
– cost	**70,045**	68,088
– valuation	**186**	188
Short term leasehold land		
– cost	**65,465**	72,830
	135,696	141,106

13. INVESTMENT PROPERTIES

	Freehold land & buildings RM'000	Long term leasehold land & buildings RM'000	Total RM'000
Group – 2010			
At beginning of the financial year	**2,398,040**	**588,861**	**2,986,901**
Additions from subsequent expenditure	**1,439**	**4,179**	**5,618**
Disposal	**(654,924)**	**(416,435)**	**(1,071,359)**
Currency translation differences	**(52,493)**	**(275)**	**(52,768)**
Transfer to property, plant & equipment	**(570,173)**	**—**	**(570,173)**
Transfer from development expenditure (Note 14)	**4,635**	**34,242**	**38,877**
MCST expenses transfer to Income Statement	**(763)**	**—**	**(763)**
MCST – refund received	**(2,613)**	**—**	**(2,613)**
At end of the financial year	**1,123,148**	**210,572**	**1,333,720**
Group – 2009			
At beginning of the financial year	1,084,546	527,622	1,612,168
Additions from acquisition	1,092,772	—	1,092,772
Additions from subsequent expenditure	6,557	239	6,796
Disposal	(1,644)	—	(1,644)
Fair value gain recognised in the Income Statement (Note 7)	213,360	61,000	274,360
Currency translation differences	2,449	—	2,449
At end of the financial year	2,398,040	588,861	2,986,901

Most of the investment properties are carried at cost at the balance sheet date. The Directors are of the opinion that the fair value approximate the cost as at 30 June 2010.

Investment properties with net book value of RM1.4 billion had been pledged as security for term loans in the preceding financial year.

14. DEVELOPMENT EXPENDITURE

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

Group – 2010

	Freehold land RM'000	Leasehold land RM'000	Development costs RM'000	Total RM'000
(a) Land held for property development				
At beginning of the financial year	**219,547**	**34,494**	**417,773**	**671,814**
Arising from acquisition	—	**900**	—	**900**
Additions	**800**	—	**9,992**	**10,792**
Transfer to property development cost (Note 24)	—	**(29)**	**(58,403)**	**(58,432)**
Expenses transfer to Income Statement	—	—	**(65)**	**(65)**
At end of the financial year	**220,347**	**35,365**	**369,297**	**625,009**
(b) Project development expenditure				
At beginning of the financial year	**20,114**	**42,896**	**114,366**	**177,376**
Additions	**1,031**	—	**40,173**	**41,204**
Transfer to property, plant & equipment	—	—	**(5,893)**	**(5,893)**
Arising from disposal of subsidiary	—	**(26,697)**	**(2,490)**	**(29,187)**
Transfer to investment properties (Note 13)	—	—	**(38,877)**	**(38,877)**
Impairment losses	—	—	**(317)**	**(317)**
At end of the financial year	**21,145**	**16,199**	**106,962**	**144,306**
Total	**241,492**	**51,564**	**476,259**	**769,315**

Group – 2009

	Freehold land RM'000	Leasehold land RM'000	Development costs RM'000	Total RM'000
(a) Land held for property development				
At beginning of the financial year	221,023	33,572	321,415	576,010
Additions	970	922	3,514	5,406
Transfer (to)/from property development cost (Note 24)	(2,446)	—	92,844	90,398
At end of the financial year	219,547	34,494	417,773	671,814
(b) Project development expenditure				
At beginning of the financial year	354,322	42,896	151,068	548,286
Additions	—	—	18,054	18,054
Amortisation (Note 7)	—	—	(2,220)	(2,220)
Transfer to property, plant & equipment	—	—	(1,419)	(1,419)
Transfer to property development costs (Note 24)	(334,208)	—	(51,117)	(385,325)
At end of the financial year	20,114	42,896	114,366	177,376
Total	239,661	77,390	532,139	849,190

Included in development expenditure of the Group are interests capitalised during the financial year amounting to RM4,088,426 (2009: RM634,076).

Notes to the Financial Statements

Development expenditure of the Group at the end of the financial year can be analysed as follows:-

Group – 2010

	Freehold land RM'000	Leasehold land RM'000	Development costs RM'000	Total RM'000
Cost:				
Land held for property development	**220,347**	**35,365**	**369,297**	**625,009**
Project development expenditure	**21,145**	**16,199**	**111,156**	**148,500**
	241,492	**51,564**	**480,453**	**773,509**
Accumulated amortisation:				
Project development expenditure	**—**	**—**	**(3,877)**	**(3,877)**
Accumulated impairment losses:				
Project developmeny expenditure	**—**	**—**	**(317)**	**(317)**
Net book value:				
Land held for property development	**220,347**	**35,365**	**369,297**	**625,009**
Project development expenditure	**21,145**	**16,199**	**106,962**	**144,306**
	241,492	**51,564**	**476,259**	**769,315**

Group – 2009

	Freehold land RM'000	Leasehold land RM'000	Development costs RM'000	Total RM'000
Cost:				
Land held for property development	219,547	34,494	417,773	671,814
Project development expenditure	20,114	42,896	118,243	181,253
Internet portal development expenditure	—	—	2,133	2,133
	239,661	77,390	538,149	855,200
Accumulated amortisation:				
Project development expenditure	—	—	(3,877)	(3,877)
Internet portal development expenditure	—	—	(1,125)	(1,125)
	—	—	(5,002)	(5,002)

	Freehold land RM'000	Leasehold land RM'000	Development costs RM'000	Total RM'000
Accumulated impairment loss:				
Internet portal development expenditure	—	—	(1,008)	(1,008)
	—	—	(1,008)	(1,008)
Net book value:				
Land held for property development	219,547	34,494	417,773	671,814
Project development expenditure	20,114	42,896	114,366	177,376
Internet portal development expenditure	—	—	—	—
	239,661	77,390	532,139	849,190

15. SUBSIDIARIES

(a) Investment in subsidiaries

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Quoted shares, at cost	—	—	**3,408,033**	3,027,819
Unquoted shares, at cost	—	—	**428,232**	428,132
# Quoted warrants, at cost	—	181,704	**122,930**	304,634
* Quoted ICULS, at cost	—	—	**305,255**	305,255
	—	181,704	**4,264,450**	4,065,840
Market value				
– Quoted shares	—	—	**9,216,246**	8,108,705
– Quoted warrants	—	686,163	**1,021,642**	1,626,882
– Quoted ICULS	—	—	**406,962**	389,827
The number of warrants held in a subsidiary is as follows ('000):-				
YTL Power International Berhad				
– Warrant 2000/2010	—	726,098	—	726,098
– Warrant 2008/2018	—	—	**1,011,526**	1,011,526
	—	726,098	**1,011,526**	1,737,624

Notes to the Financial Statements

 # Quoted warrants

i) Warrants 2000/2010

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 RM1.17 payable in cash. The exercise price of the warrants will be increased annually by two (2) sen from thereon until the ninth anniversary of the date of issue. The exercise price is also subject to adjustments in accordance with the basis set out in the Deed Poll.

The warrants have expired on 8 January 2010. Any warrants which have not been exercised at the expiry date lapsed and ceased to be valid for any purpose.

ii) 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 RM1.25 (2009: RM1.21) 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.

*** Quoted ICULS**

These are related to ten (10) years ICULS issued by YTL Cement Berhad, a subsidiary of the Group, on 10 November 2005. These ICULS bear a step-up coupon rate ranging from 4% to 6% per annum until its maturity date. The interest is payable semi-annually. The conversion price of the ICULS is fixed at a step-down basis. In the first four (4) years, the conversion price is at RM2.72 for one (1) ordinary share in YTL Cement Berhad, after which it is at RM2.04 in the next three (3) years and at RM1.82 for the remaining three (3) years.

Details of the subsidiaries are as follows:-

Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest	
			2010 %	2009 %
Airzed Services Sdn. Bhd.	Malaysia	Providing wired, line & wireless broadband internet access services & developing, producing, marketing, selling & maintaining software applications, research & development, consultancy & related services	**29.14**	29.14
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	**36.43**	36.43
Amanresorts Sdn. Bhd.	Malaysia	Dormant	**60.87**	61.15
Arah Asas Sdn. Bhd.	Malaysia	Property development	**100.00**	100.00

Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest 2010 %	2009 %
* Austasia Metal Sdn. Bhd.	Malaysia	Inactive	**100.00**	100.00
Austasia Timbers Malaysia Sdn. Bhd.	Malaysia	Inactive	**100.00**	100.00
Autodome Sdn. Bhd.	Malaysia	Operator of food & beverage outlets & sub-letting of premises	**100.00**	100.00
Awan Serunding Sdn. Bhd.	Malaysia	Dormant	**49.63**	49.78
Batu Tiga Quarry Sdn. Bhd.	Malaysia	Quarry business & trading of granite aggregates	**49.63**	100.00
Batu Tiga Quarry (Sg. Buloh) Sdn. Bhd.	Malaysia	Quarry business & related services	**49.63**	100.00
Bayumaju Development Sdn. Bhd.	Malaysia	Property development	**60.87**	61.15
Bizsurf MSC Sdn. Bhd.	Malaysia	Providing wireless network distribution equipment & services, broadband & internet services & other internet related services	**44.60**	44.60
* Boom Time Strategies Sdn. Bhd.	Malaysia	Inactive	**60.87**	61.15
Borneo Cosmeceutical Sdn. Bhd.	Malaysia	Development of holiday resorts	**90.00**	90.00
Borneo Island Villas Sdn. Bhd.	Malaysia	Development of holiday resorts	**80.00**	—
Budaya Bersatu Sdn. Bhd.	Malaysia	Property development	**100.00**	100.00
Buildcon Concrete Enterprise Sdn. Bhd.	Malaysia	Investment holding	**49.63**	49.78
Buildcon Concrete Sdn. Bhd.	Malaysia	Manufacture & sale of ready-mixed concrete	**49.63**	49.78
Buildcon-Cimaco Concrete Sdn. Bhd.	Malaysia	Manufacture & sale of ready-mixed concrete	**25.04**	25.11
Buildcon Desa Sdn. Bhd.	Malaysia	Inactive	**49.63**	49.78
Builders Brickworks Sdn. Bhd.	Malaysia	Inactive	**93.80**	93.80
Business & Budget Hotels Sdn. Bhd.	Malaysia	Investment holding & property investment	**100.00**	100.00

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Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest	
			2010 %	2009 %
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
Cameron Highlands Resort Sdn. Bhd.	Malaysia	Hotel & resort operator	**100.00**	100.00
Cane Creations (Marketing) Sdn. Bhd.	Malaysia	Trading in cane furniture, local handicrafts, accessories & related services	**100.00**	100.00
Cane Creations Sdn. Bhd.	Malaysia	Manufacture & trading of cane furniture	**100.00**	100.00
C.I. Quarrying & Marketing Sdn. Bhd.	Malaysia	Granite quarrying	**49.63**	100.00
C.I. Readymix Sdn. Bhd.	Malaysia	Manufacture & sale of ready-mixed concrete	**49.63**	49.78
Construction Lease (M) Sdn. Bhd.	Malaysia	Leasing, hire purchase & credit	**100.00**	100.00
Cornerstone Crest Sdn. Bhd.	Malaysia	Investment holding	**100.00**	—
Diamond Recipe Sdn. Bhd.	Malaysia	Operator of food & beverage outlet	**51.00**	51.00
Divine View Sdn. Bhd.	Malaysia	Commercial trading property dealing investment holding	**100.00**	100.00
Dynamic Marketing Sdn. Bhd.	Malaysia	Trading of building & construction materials	**100.00**	100.00
Dynamic Project Development Sdn. Bhd.	Malaysia	Civil engineering works and construction	**100.00**	100.00
Dynamic Property Management Sdn. Bhd.	Malaysia	Property development	**100.00**	100.00
Emerald Hectares Sdn. Bhd.	Malaysia	Property development & related services	**70.00**	70.00
Extiva Communications Sdn. Bhd.	Malaysia	Developing & marketing of VoIP telephony services	**66.91**	66.91
First Commercial Development Sdn. Bhd.	Malaysia	Property investment	**100.00**	100.00

Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest	
			2010 %	2009 %
Gemilang Pintar Sdn. Bhd.	Malaysia	General trading, investment holding & property investment	**34.74**	70.00
~ GKM-SPYTL JV Sdn. Bhd.	Malaysia	Inactive	**—**	100.00
Intellectual Mission Sdn. Bhd.	Malaysia	Education & training using advanced technology	**100.00**	100.00
Island Air Sdn. Bhd.	Malaysia	Chartering of aircrafts	**80.00**	80.00
Jaksa Quarry Sdn. Bhd.	Malaysia	Quarry operator, manufacture of granite blocks, aggregates, chippings & crusher run	**49.63**	100.00
* Just Heritage Sdn. Bhd.	Malaysia	Property management & related services	**75.00**	—
Kampung Tiong Development Sdn. Bhd.	Malaysia	Property development	**70.00**	70.00
Katagreen Development Sdn. Bhd.	Malaysia	Property management & related services	**100.00**	100.00
Kenneison Construction Materials Sdn. Bhd.	Malaysia	Inactive	**49.63**	100.00
Kenneison Northern Quarry Sdn. Bhd.	Malaysia	Manufacturing, selling & distribution of premix products, construction & building materials	**49.63**	100.00
Lay Seng Oil Palm Plantations Sdn. Bhd.	Malaysia	Cultivation of oil palms	**100.00**	100.00
* Lot Ten Security Sdn. Bhd.	Malaysia	Inactive	**60.87**	61.15
Magna Boundary Sdn. Bhd.	Malaysia	Development of holiday resorts	**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
* Mayang Sari Sdn. Bhd.	Malaysia	Inactive	**60.87**	61.15
Mini-Mix Sdn. Bhd.	Malaysia	Inactive	**49.63**	49.78
Mutual Prospect Sdn. Bhd.	Malaysia	Quarry operators & proprietors	**49.63**	100.00
Natural Adventure Sdn. Bhd.	Malaysia	Retailing business	**100.00**	—

Notes to the Financial Statements

Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest 2010 %	Effective Equity Interest 2009 %
Niche Retailing Sdn. Bhd.	Malaysia	Retailing business	**100.00**	100.00
Noriwasa Sdn. Bhd.	Malaysia	Dormant	**60.87**	61.15
Nusantara Sakti Sdn. Bhd.	Malaysia	Carriage of passengers & air carriers	**80.00**	—
* Pahang Cement Sdn. Bhd.	Malaysia	Manufacture & sale of ordinary portland cement, clinker & related products	**49.63**	49.78
* Pahang Cement Marketing Sdn. Bhd.	Malaysia	Inactive	**49.63**	49.78
Pakatan Perakbina Sdn. Bhd.	Malaysia	Property development	**60.87**	61.15
ß PDC Heritage Hotel Sdn. Bhd.	Malaysia	Property development	**—**	51.00
Perak-Hanjoong Simen Sdn. Bhd.	Malaysia	Manufacture & sale of clinker, ordinary portland cement & blended cement	**32.18**	32.28
Permai Property Management Sdn. Bhd.	Malaysia	Property management & related services	**100.00**	100.00
PHS Trading Sdn. Bhd.	Malaysia	Marketing of cement products	**32.18**	32.28
Pinnacle Trend Sdn. Bhd.	Malaysia	Investment holding	**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
Prestige Lifestyles & Living Sdn. Bhd.	Malaysia	Trading of furniture, accessories & related services	**51.00**	51.00
Prisma Tulin Sdn. Bhd.	Malaysia	Hotel operator	**59.30**	59.30
PropertyNetAsia (Malaysia) Sdn. Bhd.	Malaysia	Developing & operating a property portal known as PropertyNetAsia.com.my & the provision of related services	**74.34**	44.60
Puncak Serunding Sdn. Bhd.	Malaysia	Dormant	**100.00**	100.00
PYP Sendirian Berhad	Malaysia	Property development	**60.87**	61.15
Restoran Kisap Sdn. Bhd.	Malaysia	Inactive	**100.00**	100.00
Satria Sewira Sdn. Bhd.	Malaysia	Property development & property investment	**100.00**	100.00

Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest	
			2010 %	2009 %
Sentul Park Koi Centre Sdn. Bhd.	Malaysia	Breeders, wholesalers, retailers & distributors of *Koi* fish	**55.00**	55.00
* Sentul Park Management Sdn. Bhd.	Malaysia	Inactive	**42.61**	42.81
* Sentul Raya City Sdn. Bhd.	Malaysia	Inactive	**42.61**	42.81
* Sentul Raya Golf Club Berhad	Malaysia	Inactive	**42.61**	42.81
* Sentul Raya Sdn. Bhd.	Malaysia	Property development & property investment	**42.61**	42.81
Slag Cement Sdn. Bhd.	Malaysia	Manufacture & sale of ordinary portland cement and blended cement	**49.63**	49.78
Slag Cement (Southern) Sdn. Bhd.	Malaysia	Manufacture & sale of ordinary portland cement and blended cement	**49.63**	49.78
SMC Mix Sdn. Bhd.	Malaysia	Manufacture & sale of ready-mixed concrete	**49.63**	49.78
Specialist Cement Sdn. Bhd.	Malaysia	Inactive	**42.19**	42.31
Spectacular Corner Sdn. Bhd.	Malaysia	Dormant	**100.00**	100.00
* SR Property Management Sdn. Bhd.	Malaysia	Property management	**60.87**	61.15
Star Hill Hotel Sdn. Bhd.	Malaysia	Hotel operator	**100.00**	100.00
Star Hill Living.Com Sdn. Bhd.	Malaysia	Project management services, trading of painting, furniture, accessories & related services	**100.00**	100.00
Starhill Real Estate Investment Trust	Malaysia	Real estate investment	**65.04**	65.25
Straits Cement Sdn. Bhd.	Malaysia	Manufacture & sale of cement	**49.63**	49.78
Suri Travel & Tours Sdn. Bhd.	Malaysia	Rental of motor vehicles, air ticketing & other related services	**70.00**	70.00
Syarikat Kemajuan Perumahan Negara Sdn. Bhd.	Malaysia	Property development	**60.87**	61.15

Notes to the Financial Statements

Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest	
			2010 %	2009 %
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
Transportable Camps Sdn. Bhd.	Malaysia	Trading & rental of transportable cabins & wood based products	**100.00**	100.00
Trend Acres Sdn. Bhd.	Malaysia	Investment holding	**100.00**	100.00
Trendy Retailing Sdn. Bhd.	Malaysia	Retailing business	**100.00**	—
Tugas Sejahtera Sdn. Bhd.	Malaysia	Investment holding	**49.63**	49.78
Udapakat Bina Sdn. Bhd.	Malaysia	Property development	**60.87**	61.15
Y-Max Networks Sdn. Bhd.	Malaysia	Providing computer networking & related information technology services	**44.60**	44.60
YMax Sdn. Bhd.	Malaysia	Providing broadband internet access & related services	**50.55**	50.55
Y-Max Solutions Holdings Sdn. Bhd.	Malaysia	Investment holding	**52.04**	52.04
Yap Yew Hup Brickworks (Perak) Sdn. Bhd.	Malaysia	Inactive	**93.80**	93.80
Yeoh Tiong Lay Brickworks Sdn. Bhd.	Malaysia	Inactive	**100.00**	100.00
Yeoh Tiong Lay Management Sdn. Bhd.	Malaysia	Dormant	**100.00**	100.00
Yeoh Tiong Lay Realty Sdn. Bhd.	Malaysia	Realty, investment & management services	**100.00**	100.00
YTL Building Products Sdn. Bhd.	Malaysia	Dormant	**49.63**	49.78
YTL Cement Berhad	Malaysia	Investment holding, management services & hiring of vehicles	**49.63**	49.78
YTL Cement Marketing Sdn. Bhd.	Malaysia	Sale & marketing of cementitious products	**49.63**	49.78
YTL Charters Sdn. Bhd.	Malaysia	Chartering of aircrafts, helicopters, ships & vehicles	**100.00**	100.00

Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest 2010 %	Effective Equity Interest 2009 %
YTL Civil Engineering Sdn. Bhd.	Malaysia	Civil engineering works & construction	**90.00**	90.00
YTL Communications Sdn. Bhd.	Malaysia	Providing wired, line & wireless broadband access & other related services	**31.19**	30.87
YTL Corp Finance (Labuan) Limited	Malaysia	Special purpose vehicle for issuance of securities & investment holding	**100.00**	100.00
YTL Design Services Sdn. Bhd.	Malaysia	Dormant	**100.00**	100.00
YTL Digital Sdn. Bhd.	Malaysia	Dormant	**100.00**	100.00
YTL Energy Sdn. Bhd.	Malaysia	Dormant	**100.00**	100.00
YTL e-Solutions Berhad	Malaysia	Investment holding, provision of incubation services including developing & incubating technology companies, internet contents of all descriptions & non-internet related businesses & provision of consultancy & advisory services in relation to the business of electronic commerce or internet commerce solutions	**74.34**	74.34
YTL Heritage Hotels 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 Central Services Sdn. Bhd.	Malaysia	Dormant	**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 & property investment	**100.00**	100.00
YTL Info Screen Sdn. Bhd.	Malaysia	Creating, providing & advertising content, media, web media & up-to-date information via electronic media	**74.18**	74.18
* YTL Land & Development Berhad	Malaysia	Investment holding & the provision of financial, treasury & secretarial services	**60.87**	61.15

Notes to the Financial Statements

Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest	
			2010 %	2009 %
* YTL Land & Development (MM2H) Sdn. Bhd.	Malaysia	Dormant	**60.87**	61.15
YTL Land Sdn. Bhd.	Malaysia	Property investment & property management	**100.00**	100.00
YTL Majestic Hotel Sdn. Bhd.	Malaysia	Development of hotel	**100.00**	100.00
* YTL Power Generation Sdn. Bhd.	Malaysia	Developing, constructing, completing, maintaining & operating power plants	**51.98**	51.45
* YTL Power International Berhad	Malaysia	Investment holding & provision of administrative & technical support services	**51.98**	51.45
YTL Power Services Sdn. Bhd.	Malaysia	Operation & maintenance of power stations	**100.00**	100.00
YTL Premix Sdn. Bhd.	Malaysia	Trading of building materials & related services	**49.63**	100.00
YTL Project Management Services Sdn. Bhd.	Malaysia	Provision of management services for construction projects	**100.00**	100.00
YTL Quarry Sdn. Bhd.	Malaysia	Dormant	**49.63**	49.78
YTL Technologies Sdn. Bhd.	Malaysia	Servicing & hiring of equipment	**79.88**	79.92
YTL-SV Carbon Sdn. Bhd.	Malaysia	Providing consultancy services	**75.00**	75.00
YTL Vacation Club Berhad	Malaysia	Inactive	**100.00**	100.00
~* Buildcon Vietnam Limited	British Virgin Islands	Dormant	—	34.84
* Concrete Industries Pte. Ltd.	Singapore	Dormant	**49.63**	49.78
* Dynamic Marketing (UK) Limited	England & Wales	Inactive	**100.00**	100.00
* Geneco Limited	England & Wales	Waste water services	**51.98**	51.45
* Genesis-Alliance Retail Pte. Ltd.	Singapore	Retailing of furniture	**51.00**	51.00

Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest	
			2010 %	2009 %
* Ideal World Pte. Ltd.	Singapore	Wholesale of furniture	**51.00**	51.00
* Industrial Procurement Limited	Cayman Islands	Dormant	**49.63**	—
* Industrial Resources Limited	Cayman Islands	Investment holding & procurement of raw material	**49.63**	49.78
* Infoscreen Networks Plc	England & Wales	Investment holding	**74.18**	74.18
* Lakefront Pte. Ltd.	Singapore	Real estate developer	**70.00**	70.00
* Linan Lu Hong Transport Co., Ltd.	The People's Republic of China	Dormant	**49.63**	—
* M Hotel Management Pte. Ltd.	Singapore	Hotel management services	**51.00**	—
* Niseko Village (S) Pte. Ltd.	Singapore	Investment holding	**100.00**	—
* Niseko Village K.K.	Japan	Owning, managing, maintaining and developing the Niseko Village Resort	**100.00**	—
* P.T. Jepun Bali	Indonesia	Managing & operating a hotel	**100.00**	100.00
* P.T. YTL Simen Indonesia	Indonesia	Dormant	**49.63**	49.78
* P.T. YTL Jawa Timur	Indonesia	Construction management, consultancy services & power station operation services	**51.98**	51.45
* PetroSeraya Pte. Limited	Singapore	Oil trading & oil tank leasing	**51.98**	51.45
* PowerSeraya Limited	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)	**51.98**	51.45
*# Samui Hotel 2 Co., Ltd.	Thailand	Hotel operator	**100.00**	—

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Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest	
			2010 %	2009 %
* Sandy Island Pte. Ltd.	Singapore	Real estate developer	**70.00**	70.00
* Seraya Energy & Investment Pte. Limited	Singapore	Investment holding	**51.98**	51.45
* Seraya Energy Pte. Limited	Singapore	Sale of electricity	**51.98**	51.45
* SC Technology GmbH	Switzerland	Waste treatment processes	**51.98**	51.45
* SC Technology Deutschland GmbH	Germany	Waste treatment processes	**51.98**	51.45
* SC Technology Nederlands B.V.	Netherlands	Waste treatment processes	**51.98**	51.45
* Shanghai YTL Hotels Management Co. Ltd.	The People's Republic of China	Dormant	**100.00**	—
* Starhill Global REIT Investments Limited	Cayman Islands	Investment holding	**100.00**	100.00
* Starhill Global REIT Management Limited	Cayman Islands	Investment holding	**100.00**	100.00
* Wessex Electricity Utilities Limited	England & Wales	Dormant	**51.98**	51.45
* Wessex Engineering & Construction Services Ltd.	England & Wales	Engineering & construction services	**51.98**	51.45
* Wessex Logistics Limited	England & Wales	Dormant	**51.98**	51.45
* Wessex Promotions Limited	England & Wales	Entertainment promotion	**51.98**	51.45
* Wessex Property Services Limited	England & Wales	Dormant	**51.98**	51.45
* Wessex Spring Water Limited	England & Wales	Dormant	**51.98**	51.45
* Wessex Water Commercial Limited	England & Wales	Dormant	**51.98**	51.45

Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest 2010 %	Effective Equity Interest 2009 %
* Wessex Water Engineering Services Limited	England & Wales	Dormant	**51.98**	51.45
* Wessex Water Enterprises Limited	England & Wales	Water supply & waste water services	**51.98**	51.45
Wessex Water International Limited	Cayman Islands	Investment holding	**51.98**	51.45
* Wessex Water Limited	England & Wales	Investment holding	**51.98**	51.45
* Wessex Water Pension Scheme Trustee Limited	England & Wales	Management of Wessex Water Pension Scheme	**51.98**	51.45
* Wessex Water Services Finance Plc	England & Wales	Issue of bonds	**51.98**	51.45
* Wessex Water Services Limited	England & Wales	Water supply & waste water services	**51.98**	51.45
* Wessex Water Trustee Company Limited	England & Wales	Dormant	**51.98**	51.45
* Wessex Water Utility Solutions Ltd. *(formerly known as Wessex Gas Utilities Limited)*	England & Wales	Dormant	**51.98**	51.45
* Wimax Capital Management Ltd.	United Kingdom	Acquiring WiMAX spectrum & undertaking activities utilising WiMAX related technologies	**59.47**	59.47
* YTL Cayman Limited	Cayman Islands	Investment holding, ownership & chartering of yachts & vessels	**100.00**	100.00
* YTL Cement (Hong Kong) Limited	Hong Kong	Investment holding	**49.63**	49.78
* YTL Cement Marketing Singapore Pte. Ltd.	Singapore	Sales & marketing of cement, cementitious products & other related construction products	**49.63**	49.78
* YTL Cement Singapore Pte. Ltd.	Singapore	Investment holding, sale & marketing of construction products	**49.63**	49.78

Notes to the Financial Statements

Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest	
			2010 %	2009 %
* YTL Communications International Ltd.	Cayman Islands	Investment holding	**31.19**	—
* YTL Concrete (S) Pte. Ltd.	Singapore	Manufacture & sale of ready-mixed concrete & related products	**49.63**	49.78
* YTL Construction (S) Pte. Ltd.	Singapore	Construction related activities & real estate developer	**100.00**	100.00
* YTL Construction (SA) (Proprietary) Ltd.	South Africa	Inactive	**100.00**	100.00
* YTL Construction GmbH	Germany	Dormant	**100.00**	100.00
* YTL Construction International (Cayman) Ltd.	Cayman Islands	Investment holding in construction relation activities	**100.00**	100.00
* YTL Construction (Thailand) Limited	Thailand	Construction activities	**74.89**	74.89
* YTL Corp Finance (Cayman) Ltd.	Cayman Islands	Financing services	**100.00**	100.00
* YTL Corporation (UK) Plc.	England & Wales	Inactive	**100.00**	100.00
* YTL-CPI Power Limited	Hong Kong	Dormant	**26.51**	26.24
* YTL EcoGreen Pte. Ltd. *(formerly known as YTL DCS Pte. Ltd.)*	Singapore	Dormant	**51.98**	—
* YTL Engineering Limited	England & Wales	Dormant	**51.98**	51.45
* YTL Events Limited	England & Wales	Providing public entertainment events & public relations services	**51.98**	51.45
* YTL Global Networks Limited	Cayman Islands	Dormant	**31.19**	—
* YTL (Guernsey) Limited	Guernsey	Investment & property holding	**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

Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest	
			2010 %	**2009 %**
* YTL Hotel Management Saint Tropez *SARL*	France	Hotel operations & management services	**100.00**	100.00
* *SCI* YTL Hotels Saint Tropez	France	Acquisition, management, renting & administration and/or resale of real estate	**100.00**	100.00
YTL Jawa O & M Holdings B.V.	Netherlands	Investment holding	**51.98**	51.45
YTL Jawa O & M Holdings Limited	Cyprus	Investment holding	**51.98**	51.45
YTL Jawa Power B.V.	Netherlands	Investment holding	**51.98**	51.45
YTL Jawa Power Finance Limited	Cayman Islands	Investment holding	**51.98**	51.45
YTL Jawa Power Holdings B.V.	Netherlands	Investment holding	**51.98**	51.45
YTL Jawa Power Holdings Limited	Cyprus	Investment holding	**51.98**	51.45
YTL Jawa Power Services B.V.	Netherlands	Investment holding	**51.98**	51.45
YTL Power Australia Limited	Cayman Islands	Investment holding	**51.98**	51.45
YTL Power Finance (Cayman) Limited	Cayman Islands	Investment holding	**51.98**	51.45
YTL Power International Holdings Limited	Cayman Islands	Investment holding	**51.98**	51.45
* YTL Power Services (Cayman) Ltd.	Cayman Islands	Investment holding & provision of operations & maintenance services of power plants	**100.00**	100.00
* YTL PowerSeraya Pte. Limited	Singapore	Investment holding	**51.98**	51.45
* YTL Singapore Pte. Ltd.	Singapore	Property investment	**100.00**	100.00
YTL Seraya Limited	Cayman Islands	Investment holding	**51.98**	51.45
* YTL Services Limited	England & Wales	Dormant	**51.98**	51.45

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Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest 2010 %	Effective Equity Interest 2009 %
*# YTL Starhill Global REIT Management Holdings Pte. Ltd. *(formerly known as YTL Pacific Star REIT Management Holdings Pte. Ltd.)*	Singapore	Investment holding	**75.00**	—
*# YTL Starhill Global REIT Management Limited *(formerly known as YTL Pacific Star REIT Management Limited)*	Singapore	Investment advisor, property fund management	**75.00**	—
*# YTL Starhill Global Property Management Pte. Ltd. *(formerly known as YTL Pacific Star Property Management Pte. Ltd.)*	Singapore	Property management services	**75.00**	—
YTL Utilities Finance Limited	Cayman Islands	Investment holding	**51.98**	51.45
YTL Utilities Finance 2 Limited	Cayman Islands	Investment holding	**51.98**	51.45
YTL Utilities Finance 3 Limited	Cayman Islands	Investment holding	**51.98**	51.45
YTL Utilities Finance 4 Limited	Cayman Islands	Financial services	**51.98**	51.45
YTL Utilities Finance 5 Limited	Cayman Islands	Financial services	**51.98**	—
YTL Utilities Finance 6 Limited	Cayman Islands	Investment holding	**51.98**	—
* YTL Utilities Holdings (S) Pte. Limited	Singapore	Investment holding	**51.98**	51.45
* YTL Utilities (S) Pte. Limited	Singapore	Investment holding	**51.98**	51.45
YTL Utilities Holdings Limited	Cayman Islands	Investment holding	**51.98**	51.45
YTL Utilities Limited	Cayman Islands	Investment holding	**51.98**	51.45
* YTL Utilities (UK) Limited	England & Wales	Investment holding	**51.98**	51.45

Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest	
			2010 %	2009 %
* YTL Westwood Properties Pte. Ltd.	Singapore	Real estate developer	**100.00**	100.00
* Zhejiang Hangzhou Dama Cement Co., Ltd.	The People's Republic of China	Manufacture & sale of cement & cementitious products	**49.63**	49.78
* Zhejiang YTL Cement Marketing Co., Ltd.	The People's Republic of China	Sale & marketing of cement & cementitious products	**49.63**	49.78

* *Subsidiaries not audited by HLB Ler Lum*
# *Previously was an associated company and became a subsidiary during the financial year*
ß *Previously was a subsidiary and became a joint controlled entity during the financial year*
~ *Struck off during the financial year*

(b) Subsidiaries' financial statements

The unaudited financial statements of Industrial Procurement Limited, Industrial Resource Limited, PT Jepun Bali, Shanghai YTL Hotels Management Co., Ltd., Starhill Global REIT Investments Limited, Starhill Global REIT Management Limited, YTL Cayman Limited, YTL Construction (SA) (Proprietary) Limited, YTL Construction GmbH, YTL Construction International (Cayman) Ltd., YTL Corp Finance (Cayman) Limited, YTL (Guernsey) Limited, YTL Hotels B.V., YTL Hotels (Cayman) Limited, YTL Hotel Management Saint Tropez *SARL*, *SCI* YTL Hotels Saint Tropez, and YTL Power Services (Cayman) Ltd., were consolidated in the Group's financial statements as these subsidiaries were not required by their local legislations to have their financial statements audited.

(c) Significant subsidiaries acquired

(i) On 8 March 2010, YTL Hotels & Properties Sdn. Bhd. ("YTLHP"), a wholly-owned subsidiary of the Company, entered into the Acquisition Agreement with (i) PC One Y.K. ("PC One"), a Japanese listed liability company; (ii) Citigroup Financial Products Inc ("CFPI"), a Delaware corporation, the holding company of PC One; and (iii) Kinki Investments Corporation Y.K. ("Kinki Investments"), a Japanese limited liability company, a wholly-owned subsidiary of PC One, in respect of the following:-

(a) acquisition of 496,184 shares, representing 100% of the equity interest in Niseko Village K.K ("Niseko Village") from PC One;

(b) full repayment by Niseko Village of amounts owing to CFPI; and

(c) purchase by Niseko Village of certain properties owned by Kinki Investments;-

for a total amount of JPY6,000,000,000 (approximately RM222 million) subject to and upon the terms and conditions set out therein (the "Acquisition").

On 18 March 2010, YTLHP incorporated a wholly-owned subsidiary in Singapore known as Niseko Village (S) Pte. Ltd., to hold the investment in Niseko Village. The Acquisition was completed on 1 April 2010.

Notes to the Financial Statements

(ii) On 19 April 2010, Stahill Global REIT Management Limited ("SGRM"), an indirect wholly-owned subsidiary of the Company, entered into an agreement with Pacific Star REIT Management Holdings Limited (the "Vendor") (the "Agreement"), for the acquisition of 1,500,000 ordinary shares and two (2) Class "C" Redeemable Preference Shares in YTL Pacific Star REIT Management Holdings Pte. Ltd. ("YPSRMH"), representing the remaining 50% of the issued and paid-up share capital of YPSRMH (the "Sale Shares"), for a total consideration of S$40,000,000 (approximately RM93 million).

The Sale Shares are to be transferred and completed in two tranches as follows:-

(a) 750,000 ordinary shares and 1 Class "C" Redeemable Preference Share in the capital of YPSRMH will be transferred by the Vendor to SGRM upon settlement of a sum of S$17.5 million (RM40.8 million), which shall be payable in cash by SGRM to the Vendor (the "First Tranche"). The transfer of the First Tranche of the Sale Shares would take place on the 3rd business day after obtaining the necessary approvals from the relevant regulatory authorities (the "First Tranche Completion"); and

(b) 750,000 ordinary shares and 1 Class "C" Redeemable Preference Share in the capital of YPSRMH will be transferred by the Vendor to SGRM upon settlement of a sum of S$22.5 million (RM52.5 million) on a date falling twenty-four (24) months from the date of the Agreement.

The First Tranche Completion was completed on 7 May 2010. As a result, YPSRMH became a 75%-owned subsidiary of SGRM and an indirect subsidiary of the Company.

YPSRMH has been renamed as YTL Starhill Global REIT Management Holdings Pte. Ltd. on 11 May 2010.

(d) Summary of effect of acquisition of subsidiaries

(i) The effect of the newly acquired subsidiaries on the financial results for the financial year is as follows:-

	Group 2010 RM'000
Revenue	**26,804**
Loss for the financial year	**(3,297)**

If the acquisitions had occurred on 1 July 2009, the Group's revenue and profit for the financial year would have been RM16,541,251,000 and RM1,633,219,000 respectively.

(ii) The assets and liabilities arising from the acquisition of subsidiaries during the financial year and the aggregate effects of such acquisitions on the cash flows of the Group were as follows:-

Group – 2010

	Fair values recognised on acquisition RM'000	Carrying amounts in acquiree's books RM'000
Identifiable assets and liabilities:-		
Property, plant & equipment	336,856	336,856
Prepaid lease payments	2,049	2,049
Development expenditure	900	900
Investment in associated companies	7,153	7,153
Inventories	13,776	13,776
Trade & other receivables	45,560	45,560
Cash & bank balances	39,074	39,074
Total assets	445,368	445,368
Borrowings	(87,416)	(87,416)
Current tax liabilities	(3,332)	(3,332)
Trade & other payables	(181,829)	(181,829)
Total liabilities	(272,577)	(272,577)
Identifiable net assets	172,791	172,791
Minority interests	(8,969)	(8,969)
Identifiable net assets acquired	163,822	163,822
Goodwill on consolidation	364,068	
Negative goodwill charged to Income Statement	(4,389)	
Share of profit of associated companies, now subsidiaries	(5,090)	
Amount previously accounted for as associated companies	(221,302)	
Cash consideration paid	297,109	
Less: Cash & cash equivalents in subsidiaries acquired	(39,074)	
Net cash outflow on acquisition	258,035	

Notes to the Financial Statements

Group – 2009

	Fair values recognised on acquisition RM'000	Carrying amounts in acquiree's books RM'000
Identifiable assets and liabilities:-		
Property, plant & equipment	2,879,280	2,879,280
Prepaid lease payments	69,054	69,054
Inventories	623,415	699,650
Trade & other receivables	1,373,740	1,373,740
Derivative financial instruments	62,800	62,800
Income tax assets	24	24
Cash & bank balances	621,202	621,202
Total assets	5,629,515	5,705,750
Bonds	(839,895)	(839,895)
Borrowings	(703,112)	(703,112)
Current tax liabilities	(10,422)	(10,422)
Deferred income	(69,149)	(69,149)
Deferred tax liabilities	(218,054)	(218,054)
Derivative financial instruments	(240,066)	(240,066)
Provision for liabilities & charges	(19,198)	—
Trade & other payables	(851,782)	(851,782)
Total liabilities	(2,951,678)	(2,932,480)
Identifiable net assets	2,677,837	2,773,270
Minority interests	3,057,265	—
Identifiable net assets acquired	5,735,102	2,773,270
Goodwill on consolidation	2,836,749	
Share of profit of associated company, now a subsidiary	(700)	
Amount previously accounted for as associated company	(100)	
Cash consideration paid	8,571,051	
Less: Cash & cash equivalents in subsidiaries acquired	(621,202)	
Assumption of loan from PowerSeraya Limited owed by Temasek	(479,940)	
Net cash outflow on acquisition	7,469,909	

16. INVESTMENT IN ASSOCIATED COMPANIES

(a) Investment in associated companies

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Unquoted shares, at cost	**836,317**	1,099,714	**210,641**	210,641
Quoted shares, outside Malaysia, at cost	**758,517**	507,886	—	—
Share of post acquisition profits	**741,396**	722,229	—	—
	2,336,230	2,329,829	**210,641**	210,641
Market value of quoted shares outside Malaysia	**729,593**	439,166	—	—

Details of the associated companies are as follows:-

Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest 2010 %	Effective Equity Interest 2009 %
Business & Budget Hotels (Kuantan) Sdn. Bhd.	Malaysia	Hotel & resort operator	**50.00**	50.00
* Express Rail Link Sdn. Bhd.	Malaysia	Operation & maintenance of the ERL railway system between KLIA in Sepang & KL Sentral Station	**50.00**	50.00
Happy Steamboat Sdn. Bhd.	Malaysia	Operator of food & beverage outlet	**50.00**	50.00
^ Jimah Power Generation Sdn. Bhd.	Malaysia	Developing, constructing, completing, maintaining & operating power plants. The Company has not commenced operations	**25.47**	25.21
* North South Development Sdn. Bhd.	Malaysia	Realty, investment & management services	**49.00**	49.00
Superb Aggregates Sdn. Bhd.	Malaysia	Extraction, removal, processing & sale of sand	**24.82**	50.00
@* Teknologi Tenaga Perlis (Overseas) Consortium Sdn. Bhd.	Malaysia	Dormant	**15.59**	15.44
Trans-Pacific Hotels Sdn. Bhd.	Malaysia	Inactive	**50.00**	50.00
Trans-Pacific Resorts Sdn. Bhd.	Malaysia	Inactive	**50.00**	50.00

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Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest 2010 %	Effective Equity Interest 2009 %
ZE-SPYTL Sdn. Bhd.	Malaysia	Inactive	**50.00**	50.00
^* Eastern & Oriental Express Ltd.	Bermuda	Ownership & management of the luxury train service known as the 'Eastern & Oriental Express'	**32.00**	32.00
* ElectraNet Transmission Services Pty. Ltd.	Australia	Principal electricity transmission network service provider	**17.41**	17.24
^* Jurong Cement Limited	Singapore	Investment holding	—	10.69
* P.T. Jawa Power	Indonesia	To construct, commission operate a coal-fired thermal power station	**18.19**	18.01
^* Starhill Global Real Estate Investment Trust	Singapore	Invest in prime real estate	**28.83**	26.57
^*# YTL Starhill Global REIT Management Holdings Pte. Ltd. (formerly known as YTL Pacific Star REIT Management Holdings Pte Ltd)	Singapore	Investment holding	—	50.00
*# Samui Hotel 2 Co., Ltd.	Thailand	Hotel operations	—	50.00
^* Surin Bay Company Limited	Thailand	Hotel operations	**49.00**	49.00
* YTL (Thailand) Limited	Thailand	Investment holding	**49.90**	49.90

* *Companies not audited by HLB Ler Lum*
@ *Companies with financial year end of 31 October*
^ *Companies with financial year end of 31 December*
\# *Previously was an associated company and became a subsidiary during the financial year*

As indicated above, the financial year end of certain associated companies are not co-terminous with that of the Group. For the purpose of applying the equity method of accounting, these companies' unaudited financial statements made up to 30 June were used in conjunction with their audited financial statements for the financial year ended 31 October or 31 December as the case may be.

(b) Significant associated company disposal

On 11 February 2010, YTL Cement Singapore Pte. Ltd. ("YTL Cement Singapore"), a wholly-owned subsidiary of YTL Cement Berhad, completed the disposal of its entire 21.48% stake comprising 9,520,000 shares in Jurong Cement Limited ("JCL") for a cash consideration of RM52.9 million (SGD23.8 million). As a result, JCL has ceased to be an associated company of YTL Cement Singapore.

(c) The summarised financial information of the associated companies are as follows:-

	Group	
	2010 RM'000	**2009 RM'000**
Non-current assets	**12,172,579**	11,713,998
Current assets	**1,757,988**	1,718,880
Current liabilities	**(1,799,200)**	(902,782)
Non-current liabilities	**(4,537,916)**	(6,041,452)
Net assets	**7,593,451**	6,488,644
Revenue	**3,224,094**	3,015,554
Profit for the financial year	**846,676**	159,510

Goodwill amounting to RM18,412,000 (2009: RM223,356,000) was included in the carrying amount of investment in associated companies.

There are no material accumulated and current financial year unrecognised losses for certain associated companies because the Group's share of losses exceeded its interest in those associated companies.

17. JOINT VENTURES

(a) Investments in a jointly controlled entity

	Group	
	2010 RM'000	**2009 RM'000**
Unquoted investments, at cost	**22,900**	—
Share of post acquisition loss	**(1)**	—
	22,899	—

(i) Details of the jointly controlled entity are as follows:-

Name of Company	Place of Incorporation	Principal Activity	Effective Equity Interest	
			2010 %	**2009 %**
# PDC Heritage Hotel Sdn. Bhd.	Malaysia	Property development	**50.00**	—

\# *Previously was a subsidiary and became a jointly controlled entity during the financial year.*

Notes to the Financial Statements

(ii) 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 jointly controlled entity are as follows:-

	Group	
	2010 RM'000	2009 RM'000
Non-current assets	**15,025**	—
Current assets	*****	—
Current liabilities	**(1,686)**	—
Net assets	**13,339**	—
Income	**—**	—
Expenses	**(1)**	—

* *Representing less than RM1,000*

(iii) Jointly controlled entity acquired

On 17 December 2009, YTL Land & Development Berhad ("YTLLD") entered into a Sale and Purchase Agreement with YTL Hotels & Properties Sdn. Bhd. ("YTLHP") for the acquisition of 13,348,451 ordinary shares of RM1 each representing 50% of the issued and paid-up share capital of PDC Heritage Hotel Sdn. Bhd. ("PDC Heritage") for a purchase consideration of RM14,646,585. The acquisition was completed on 19 January 2010 and PDC Heritage ceased to be a subsidiary of YTLHP.

Following this, YTLHP disposed its remaining 1% equity stake in PDC Heritage to Penang Development Corporation ("PDC") on 2 February 2010.

Consequent thereto, PDC Heritage ceased to be a subsidiary but became a jointly controlled entity of YTLLD and PDC.

(b) Jointly controlled operations

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

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

	Group	
	2010 RM'000	2009 RM'000
Non-current assets	**580**	1,758
Current assets	**3,854**	7,031
Current liabilities	**(4,434)**	(8,789)
Net assets/(liabilities)	**—**	—
Expenses	**52,790**	54,954

18. INVESTMENTS

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Quoted investments				
– Within Malaysia	**24,546**	22,903	**4,306**	3,508
– Outside Malaysia	**109**	109	**106**	106
Unquoted investments				
– Within Malaysia	**34,457**	40,235	**28,783**	28,783
– Outside Malaysia #	**607,880**	610,777	**—**	—
	666,992	674,024	**33,195**	32,397
Less: Accumulated impairment losses	**(322)**	(653)	**—**	—
	666,670	673,371	**33,195**	32,397
Market value of quoted investments				
Within Malaysia	**21,821**	24,814	**3,541**	2,710
Outside Malaysia	**15**	20	**5**	6
	21,836	24,834	**3,546**	2,716

\# *Included in unquoted investments is unquoted preference shares amounting to RM583 million (2009: RM541 million) held by a foreign subsidiary. The holder of the preference shares is entitled to a fixed dividend of 7% per annum of the subscription price paid. The preference shares carry no voting rights and are redeemable at the option of the holders at any time agreeable between the preference shares issuer and holders thereof.*

The carrying amounts of the unquoted investments of the Group and the Company at the Balance Sheet date approximated their fair values.

19. CASH & CASH EQUIVALENTS

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Fixed deposits with licensed banks	**10,506,720**	8,667,964	**1,382,869**	1,441,666
Cash & bank balances	**584,520**	409,448	**1,944**	2,679
Bank overdrafts (Note 33)	**(45,211)**	(6,193)	**—**	—
	11,046,029	9,071,219	**1,384,813**	1,444,345

Notes to the Financial Statements

Fixed deposits of certain subsidiaries amounting to RM28,031 (2009: RM485,570) have been pledged to financial institutions for banking facilities granted to that subsidiary.

Cash and bank balances of the Group included amounts totalling RM14,501,134 (2009: RM3,418,786) held pursuant to Section 7A of the Housing Developers (Control and Licensing) Act 1966 and RM72,131,377 [SGD48,543,540] (2009: RM Nil) held under the "Project Account Rules – 1977 Ed, Singapore". Those amounts were restricted from use in other operations.

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

	Group		Company	
	2010 %	2009 %	2010 %	2009 %
Deposits with licensed banks	**0.02 – 4.92**	0.02 – 5.62	**2.25 – 2.75**	1.80 – 2.30

Deposits of the Group and of the Company have maturities ranging from 1 day to 365 days (2009: 1 day to 365 days). Bank balances are deposits held at call with banks.

20. INTANGIBLE ASSETS

	Group	
	2010 RM'000	2009 RM'000
Goodwill	**4,347,670**	4,016,726
At cost		
At beginning of the financial year	**4,018,556**	1,131,701
Arising from acquisition of new subsidiaries	**364,068**	2,836,749
Arising from acquisition of additional shares in existing subsidiaries	**264,978**	5,513
Arising from deemed acquisition due to share buy-back by the listed subsidiaries	**590**	15,413
Realisation of goodwill upon deemed dilution of interest in subsidiaries	**(152,483)**	(45,111)
Currency translation differences	**(145,343)**	74,291
At end of the financial year	**4,350,366**	4,018,556
Accumulated impairment		
At beginning of the financial year	**(1,830)**	(1,677)
Impairment charge (Note 7)	**(866)**	(153)
At end of the financial year	**(2,696)**	(1,830)
Carrying amount at end of the financial year	**4,347,670**	4,016,726

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.

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	
	2010 RM'000	**2009 RM'000**
Utilities*	**3,730,856**	3,740,431
Cement manufacturing & trading*	**120,622**	134,275
Property investment & development*	**98,668**	98,668
Management services	**230,635**	4,478
Hotel & restaurant operations	**142,452**	14,438
Others	**24,437**	24,436
	4,347,670	4,016,726

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 computed based on fair value less costs to sell calculations. Fair value is determined using the observable market prices of relevant shares listed on a stock exchange.*

^ *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 for the segment business in which the CGUs operates.*

21. BIOLOGICAL ASSETS

	Group	
	2010 RM'000	**2009 RM'000**
Plantation development expenditure – at cost		
At beginning of the financial year	—	—
Addition	**1,024**	—
At end of the financial year	**1,024**	—

Notes to the Financial Statements

22. TRADE & OTHER RECEIVABLES

	Group	
	2010 RM'000	**2009 RM'000**
Non-current assets		
Other receivables	**813**	855
Deposits and long term advance	**4,415**	—
Prepayments	**59,253**	56,958
	64,481	57,813

	Group		Company	
	2010 RM'000	**2009 RM'000**	**2010 RM'000**	**2009 RM'000**
Current assets				
Trade receivables	**1,310,997**	1,294,655	—	—
Progress billings & final sum receivables	**409,366**	299,205	—	—
Retention sum	**20,966**	4,294	—	—
Accrued billings in respect of property development costs	**52,330**	11,065	—	—
Accrued income	**868,621**	864,301	—	—
Amount due from contract customers (Note 26)	**23,248**	27,659	—	—
Stakeholder sum #	**630,546**	3,480	—	—
Other receivables	**347,630**	404,347	**134,486**	128,879
Deposits	**113,818**	78,015	**234**	241
Prepayments	**145,753**	219,014	**1,799**	689
Amounts recoverable from a supplier*	**238,551**	191,659	—	—
Amounts receivable from former shareholder of foreign subsidiary	—	344,272	—	—
	4,161,826	3,741,966	**136,519**	129,809
Less: Allowance for doubtful debts				
– Trade receivables	**(124,811)**	(116,455)	—	—
– Other receivables	**(34,992)**	(570)	—	—
	4,002,023	3,624,941	**136,519**	129,809

The Group's normal credit terms of trade receivables ranged from 7 days to 180 days (2009: 7 days to 180 days). Other credit terms are assessed and approved on a case-by-case basis.

The Group has no significant concentration of credit risk other than that related to its power generation business whereby it supplies to a single customer and acquires gas supply from a single supplier, both of which are credit worthy entities. As at 30 June 2010, 6% (2009: 17%) of receivables was due from a customer in relation to the sale of electricity.

Stakeholder sum of RM625 million relates to proceed from the disposal of the investment properties held in trust by the solicitor as disclosed in the Note 48 to the Financial Statements.

* *A subsidiary of the Company entered into a Gas Supply Agreement ('GSA') on 15 March 1993. Under this agreement, the price of gas to be supplied is calculated by reference to a market price-related formula. However, since 1 May 1997, the Government of Malaysia has fixed the price of gas and accordingly, the market price-related formula applicable under the GSA has not been used by the gas supplier. As a consequence, a dispute arose over whether a discount provided for under the market price-related formula was applicable under the GSA. The Government has informed the subsidiary company that the discount should be reinstated with effect from 1 January 2002. However, contrary to the decision of the Government, the gas supplier advised the subsidiary company that effective from 1 January 2000 the discount has been withdrawn. As such, as at 30 June 2010, a sum of RM238,550,572 has been paid to the gas supplier under protest. The Directors believe that this amount will be fully recoverable.*

23. INVENTORIES

	Group	
	2010 RM'000	**2009 RM'000**
At cost		
Properties held for sale	**10,918**	26,716
Finished goods	**38,112**	38,529
Work-in-progress	**20,818**	29,398
Raw materials	**82,475**	93,231
Consumable stores	**25,721**	11,839
Spare parts	**166,270**	179,688
At net asset realisable value		
Fuel	**431,934**	643,472
Properties held for sale	**34,500**	33,237
	810,748	1,056,110

24. PROPERTY DEVELOPMENT COSTS

Group – 2010

	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	**4,448**	**373,500**	**342,667**	**720,615**
Cost incurred during the financial year	—	**37,846**	**210,777**	**248,623**
Transfer from land held for property development (Note 14)	—	**29**	**58,403**	**58,432**
Transfer to inventories	—	—	**(117)**	**(117)**
Reversal of completed projects	—	**(2,393)**	**(104,946)**	**(107,339)**
Translation differences	—	**(16,435)**	**(5,076)**	**(21,511)**
At end of the financial year	**4,448**	**392,547**	**501,708**	**898,703**

Notes to the Financial Statements

	Freehold land RM'000	Leasehold land RM'000	Development costs RM'000	Total RM'000
Cumulative cost recognised in Income Statement:-				
At beginning of the financial year				**(187,462)**
Recognised during the financial year				**(342,585)**
Reversal of completed projects				**107,339**
Translation differences				**3,487**
At end of the financial year				**(419,221)**
Property development costs at end of the financial year				**479,482**

Group – 2009

	Freehold land RM'000	Leasehold land RM'000	Development costs RM'000	Others# RM'000	Total RM'000
Cumulative property development costs:-					
At beginning of the financial year	3,232	5,228	411,947	(36,301)	384,106
Cost incurred during the financial year	—	30,592	144,604	—	175,196
Transfer from/(to) land held for property development (Note 14)	2,446	—	(92,844)	—	(90,398)
Transfer from project development expenditures (Note 14)	—	334,208	51,117	—	385,325
Transfer to inventories	—	(21)	(17,691)	—	(17,712)
Reversal of completed projects	(1,230)	(413)	(155,050)	36,301	(120,392)
Translation differences	—	3,906	584	—	4,490
At end of the financial year	4,448	373,500	342,667	—	720,615
Cumulative cost recognised in Income Statement:-					
At beginning of the financial year					(208,553)
Recognised during the financial year					(99,301)
Reversal of completed projects					120,392
At end of the financial year					(187,462)
Property development costs at end of the financial year					533,153

Others included Adjustment and Provision of foreseeable losses in the previous financial year.

In prior financial year, the Adjustment to property development costs arose from measurements by the consultants and project managers, of work-in-progress on a project suspended in 1998 which are deemed final by the Directors of the Group. A corresponding amount has been adjusted to reduce the provision previously made in respect of these works. The financial statements do not include any adjustment that would arise should these measurements not be finally determined on the basis adopted.

Included in property development costs of the Group are interest capitalised and depreciation charged during the financial year amounting to RM28,397,615 (2009: RM20,356,891) and RM167,593 (2009: RM Nil) respectively.

25 DERIVATIVE FINANCIAL INSTRUMENTS

The derivative financial assets and liabilities arise from the acquisition of PowerSeraya Limited on 6 March 2009. These financial derivatives are recognised at fair value as at that date. The derivative financial assets and liabilities recorded as at 30 June 2010 are the remaining open contracts which will be realised upon maturity.

26. CONSTRUCTION CONTRACTS

	Group	
	2010 RM'000	2009 RM'000
Aggregate costs incurred to date	**920,305**	667,773
Recognised profits less recognised losses	**155,888**	87,382
	1,076,193	755,155
Progress billings	**(1,128,157)**	(804,520)
	(51,964)	(49,365)
Amount due to contract customers classified as current liabilities (Note 37)	**75,212**	77,024
Amount due from contract customers (Note 22)	**23,248**	27,659

Included in aggregate costs incurred to date of the Group are depreciation charged and interest capitalised during the financial year amounting to RM4,192,320 (2009: RM2,141,014) and RM947,282 (2009: RM1,274,126) respectively.

27. AMOUNT DUE FROM/TO RELATED PARTIES

(a) Amount due from related parties

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Amount due from holding company	**402**	140	**—**	—
Amount due from subsidiaries	**—**	—	**1,505,817**	1,038,262
Amount due from related companies	**25,439**	24,031	**1,792**	1,696
Amount due from associated companies	**22,721**	5,735	**391**	359
Amount due from jointly controlled entity	**3,362**	—	**—**	—
	51,924	29,906	**1,508,000**	1,040,317

Notes to the Financial Statements

(b) Amount due to related parties

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Amount due to subsidiaries	—	—	**728,409**	763,546
Amount due to related companies	**985**	6,572	**108**	80
Amount due from associated companies	**3,511**	—	—	—
	4,496	6,572	**728,517**	763,626

(c) The amount due from/to related parties pertains mainly to trade receivables/payables, advances and payments on behalf. The outstanding amounts are unsecured, interest free and have no fixed terms of repayment except for advances given to a subsidiary amounting RM44.8 million (2009: RM44.8 million) which bear interest rate of 4.4% per annum (2009: 4.4% per annum).

(d) Holding company

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

28. SHORT TERM INVESTMENTS

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
At cost				
Unquoted debt securities of corporations in Malaysia	**48,394**	47,200	—	—
Unquoted unit trust in Malaysia	**540,019**	161,039	**540,019**	161,039
Unquoted Convertible Preference Units, ("CPU") outside Malaysia	**405,000**	—	—	—
	993,413	208,239	**540,019**	161,039

The CPUs are issued by Starhill Global Real Estate Investment Trust ("SG REIT"), in which the Group has an interest in 562,868,231 units representing 20.09%. The tenure of the CPUs is seven years and carries an annual coupon of 5.65%. Any CPUs not converted or redeemed upon expiry of the term will be mandatorily converted into SG REIT units.

The Directors are of the opinion that it is not practicable within the constraints of cost to estimate the fair value of these investments reliably. However, it is the Directors' view of that the carrying value of these investments approximated their fair values.

29. SHARE CAPITAL

	Group/Company	
	2010 RM'000	**2009 RM'000**
Authorised:-		
At beginning and end of the financial year – 3,000,000,000 ordinary shares of RM0.50 each	**1,500,000**	1,500,000
Issued and fully paid:-		
At beginning of the financial year – 1,896,991,238 (2009: 1,632,201,289) ordinary shares of RM0.50 each	**948,496**	816,101
Exercise of ESOS options – 3,226,000 (2009: 1,803,000) ordinary shares of RM0.50 each	**1,613**	902
Exercise of warrants – Nil (2009: 262,986,949) ordinary shares of RM0.50 each	**—**	131,493
At end of the financial year – 1,900,217,238 (2009: 1,896,991,238) ordinary shares of RM0.50 each	**950,109**	948,496

During the financial year, 185,000 and 3,041,000 new ordinary shares of RM0.50 each were issued by the Company for cash by virtue of the exercise of ESOS at an exercise price of RM4.41 and RM4.81 per share respectively. The new ordinary shares issued ranked pari passu in all respects with the existing ordinary shares of the Company.

Out of a total of 1,900,217,238 (2009: 1,896,991,238) ordinary shares of RM0.50 issued and fully paid-up ordinary shares, the Company holds 105,372,009 (2009: 137,446,605) ordinary shares of RM0.50 as treasury shares. As at 30 June 2010, the number of ordinary shares in issue and fully paid net of treasury shares are 1,794,845,229 (2009: 1,759,544,633).

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 1 December 2009. 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 3,144,600 (2009: 436,100) of its issued share capital from the open market. The average price paid for the shares repurchased was RM7.42 (2009: RM6.60) per share. 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.

On 18 September 2009, a total of 35,219,196 treasury shares amounting to RM228,748,678 were distributed as share dividend to the shareholders on the basis of one (1) treasury share for every fifty (50) ordinary shares held on 9 September 2009.

As at 30 June 2010, the Company held as treasury shares a total of 105,372,009 (2009: 137,446,605) of its 1,900,217,238 (2009: 1,896,991,238) issued ordinary shares. Such treasury shares are held at a carrying amount of RM687,120,663 (2009: RM892,549,000).

Notes to the Financial Statements

b) Share options

At an Extraordinary General Meeting held on 16 October 2001, the Company's shareholders approved the establishment of an ESOS for eligible employees and executive directors of the Group.

The main features of the ESOS are as follows:-

(i) The ESOS shall be in force for a period of ten (10) years, effective from 30 November 2001.

(ii) The maximum number of shares which may be made available under the ESOS shall not exceed ten per cent (10%) of the total issued and paid-up share capital of the Company at the time of offering the option.

(iii) Any employee (including executive directors) of the Group shall be eligible to participate in the ESOS if, as at the date of offer for an option ("Offer Date"), the employee:-

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

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

(c) has been in the employment of the Group for a period of at least one (1) year of continuous service prior to and up to the Offer Date, including service during the probation period, and is confirmed in service. The options committee may, at its discretion, nominate any employee (including executive directors) of the Group to be an eligible employee despite the eligibility criteria under Clause 4.1(iii) of the Bye-Laws not being met, at any time and from time to time.

(iv) The price payable for shares under the ESOS shall be based on the five-day weighted average market price of the underlying shares at the time the option is granted, with a discount of not more than 10%, if deemed appropriate.

(v) Subject to Clause 14 of the Bye-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 options 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 11 and 12 of the Bye-Laws, the options can only be exercised by the grantee three (3) years after the Offer Date, by notice in writing to the Company, provided however that the options committee may at its discretion or upon the request in writing by the grantee allow the options to be exercised at any earlier or other period.

(vi) The grantee shall be prohibited from disposing the ordinary shares of the Company so allotted to him for a period of twelve (12) months from the date on which the options are exercised. However, the options committee may at its discretion or upon request in writing by the grantee allow the disposal of such ordinary shares of the Company at any earlier or other period.

(vii) The persons whom the options have been granted have no right to participate by virtue of the options in any share issue of any other company.

Information with respect to the number of options granted to employees and Directors of the Group under the ESOS is as follows:-

Date Granted	Exercise period	Exercise price RM	---- Number of share options ---- At beginning of financial year '000	Granted '000	Exercised '000	Lapsed '000	At end of financial year '000
Financial year ended 30.6.2010							
Scheme							
*16.10.2002	16.10.2005-29.11.2011	2.79	**156**	—	—	(10)	**146**
01.07.2005	01.07.2008-29.11.2011	4.81	**44,973**	—	(3,041)	(158)	**41,774**
07.08.2006	07.08.2009-29.11.2011	4.41	**535**	—	(185)	(37)	**313**
16.01.2008	16.01.2011-29.11.2011	6.93	**739**	—	—	(89)	**650**
			46,403	—	(3,226)	(294)	**42,883**

Date Granted	Exercise period	Exercise price RM	Number of share options: At beginning of financial year '000	Granted '000	Exercised '000	Lapsed '000	At end of financial year '000
Financial year ended 30.6.2009							
Scheme							
*16.10.2002	16.10.2005-29.11.2011	2.79	184	—	—	(28)	156
01.07.2005	01.07.2008-29.11.2011	4.81	46,924	—	(1,803)	(148)	44,973
07.08.2006	07.08.2009-29.11.2011	4.41	562	—	—	(27)	535
16.01.2008	16.01.2011-29.11.2011	6.93	865	—	—	(126)	739
			48,535	—	(1,803)	(329)	46,403

* *FRS 2 not applicable to these options.*

Out of the 42,883,000 (2009: 46,403,000) outstanding options, 42,233,000 (2009: 45,129,000) options are exercisable.

The fair value of options granted for which FRS 2 applies, were determined using the Trinomial Valuation model. The significant inputs in the model are as follows:-

	Share options granted on 1.7.2005	Share options granted on 7.8.2006	Share options granted on 16.1.2008
Valuation assumptions:-			
Expected volatility	24.7%	21.5%	25.3%
Expected dividend yield	5.2%	5.6%	2.4%
Expected option life	3 – 4 years	3 – 4 years	3 – 4 years
Risk-free interest rate per annum (based on Malaysian securities bonds)	3.2%	4.1%	3.5%

The volatility is based on statistical analysis of daily share prices over the three to four years before the grant dates. 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	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Share options granted	**8,543**	3,601	**211**	491
Lapse of options	**(438)**	—	**(438)**	—
Allocation to subsidiaries	—	—	**(150)**	(426)
Total share options expenses	**8,105**	3,601	**(377)**	65

Notes to the Financial Statements

c) **Warrants**

The Warrants 1999/2009 were constituted under the Deed Poll dated 31 July 1999.

Each of the Warrants 1999/2009 entitles the holder to the right of allotment of one ordinary share in the Company for every warrant held at a revised subscription price of RM4.23 per share ("Revised Subscription Price") which is payable in cash. The initial subscription price was RM5.45 per share and subsequently adjusted to RM4.54 per share before being adjusted to the Revised Subscription Price. The subscription price and number of warrants are subject to adjustments under certain circumstances in accordance with the provisions of the Deed Poll.

In addition, the initial exercise price of Warrants 1999/2009 is also subject to adjustments under "step-up pricing mechanism" as set-out in the Deed Poll dated 31 July 1999.

The new ordinary shares allotted and issued upon exercise of the warrants shall be fully paid and rank pari passu with the then existing ordinary shares of the Company. The warrant holders will not have any voting rights in any general meeting of the Company unless the warrants are exercised into new ordinary shares and registered prior to the date of the general meeting of the Company.

The subscription rights of the Warrants 1999/2009 expired on 26 June 2009 and the said warrants were removed from the official list of Bursa Malaysia Securities Berhad ("BMSB") on 29 June 2009.

30. NON-DISTRIBUTABLE RESERVES

(A) Share premium

	Group/Company	
	2010 RM'000	**2009 RM'000**
At beginning of the financial year	**1,503,558**	513,721
Shares issued upon exercise of warrants	**—**	980,941
Shares issued upon exercise of ESOS	**13,830**	7,771
Share dividends	**(228,748)**	—
Transfer from share options reserve on exercise of ESOS [Note 30(B)(v)]	**3,714**	1,125
At end of the financial year	**1,292,354**	1,503,558

(B) Other reserves

	Group		Company	
	2010 RM'000	**2009 RM'000**	**2010 RM'000**	**2009 RM'000**
Capital reserve [Note 30 (B)(i)]	**102,717**	102,673	**—**	—
Equity component of exchangeable bonds [Note 30 (B)(ii)]	**164,310**	114,853	**—**	—
Equity component of Irredeemable Convertible Unsecured Loan Stocks [Note 30 (B)(iii)]	**22,208**	24,135	**—**	—
Exchange difference reserve [Note 30 (B)(iv)]	**(1,026,680)**	(442,327)	**—**	—
Share options reserve [Note 30 (B)(v)]	**42,513**	38,122	**25,182**	29,123
Statutory reserve [Note 30 (B)(vi)]	**48,677**	52,770	**—**	—
	(646,255)	(109,774)	**25,182**	29,123

The movement in each category of reserves are as follows:-

(i) Capital reserve

	Group	
	2010 RM'000	**2009 RM'000**
At beginning of the financial year	**102,673**	102,345
Capitalised from retained earnings due to bonus issue in subsidiaries	**100**	200
Currency translation differences	**(56)**	128
At end of the financial year	**102,717**	102,673

(ii) Equity component of exchangeable bonds

	Group	
	2010 RM'000	**2009 RM'000**
At beginning of the financial year	**114,853**	106,292
Equity component of exchangeable bonds arising from issue on bond	**168,831**	—
Redemption of exchangable bonds during the financial year	**(80,801)**	—
Conversion of bonds to ordinary shares of YTL Power International Berhad during the financial year	**(24,089)**	—
Currency translation differences	**(14,484)**	8,561
At end of the financial year	**164,310**	114,853

(iii) Equity component of ICULS

	Group	
	2010 RM'000	**2009 RM'000**
At beginning of the financial year	**24,135**	24,155
Conversion of ICULS to ordinary shares of YTL Cement Berhad	**(1,927)**	(20)
At end of the financial year	**22,208**	24,135

(iv) Exchange difference reserve

	Group	
	2010 RM'000	**2009 RM'000**
At beginning of the financial year	**(442,327)**	(115,268)
Currency translation differences	**(584,353)**	(328,004)
Transfer to retained earnings	**—**	945
At end of the financial year	**(1,026,680)**	(442,327)

Notes to the Financial Statements

(v) Share options reserve

	Group		Company	
	2010 RM'000	**2009 RM'000**	**2010 RM'000**	**2009 RM'000**
At beginning of the financial year	**38,122**	35,646	**29,123**	29,757
ESOS expenses recognised during the financial year				
– recognised in Income Statement	**8,105**	3,601	**(377)**	65
– allocated to subsidiaries	**—**	—	**150**	426
Transfer to share premium on exercise of ESOS [Note 30 (A)]	**(3,714)**	(1,125)	**(3,714)**	(1,125)
At end of the financial year	**42,513**	38,122	**25,182**	29,123

(vi) Share of associated company's statutory reserve

	Group	
	2010 RM'000	**2009 RM'000**
At beginning of the financial year	**52,770**	48,945
Disposal of associated company	**(158)**	—
Currency translation differences	**(3,935)**	3,825
At end of the financial year	**48,677**	52,770

31. LONG TERM PAYABLES

	Group	
	2010 RM'000	**2009 RM'000**
Amount due to Keretapi Tanah Melayu Berhad ("KTMB")	**67,696**	67,696
Deposits	**20,580**	26,563
Payables	**6,156**	9,320
	94,432	103,579

Amount due to KTMB represents the balance of the total purchase consideration of not less than RM105,616,000 (2009: RM105,616,000) for the acquisition of the Sentul Raya Development Project Site from KTMB. The amount outstanding will be settled by way of phased development, construction and completion of the Railway Village by YTL Land & Development Berhad ("YTL L&D"), a subsidiary of the Company, for KTMB at its sole cost and expense in accordance with the provisions of the Development Agreement dated 8 December 1993 between YTL L&D and KTMB as amended pursuant to the Supplementary Development Agreement dated 21 December 2000. It is not practicable to estimate the fair value of the amount due to KTMB due principally to a lack of fixed repayment terms entered into by the parties involved and without incurring excessive costs.

Deposits are due within one to five years from the balance sheet date.

Payables comprise mainly deposits received from developers of housing development in relation to the provision of water and sewerage infrastructure.

32. BONDS

	Group		Company	
	2010 RM'000	2009 RM'000	**2010 RM'000**	2009 RM'000
Current	**1,013,470**	1,120,665	**—**	—
Non-current	**11,982,478**	12,953,957	**500,000**	500,000
Total	**12,995,948**	14,074,622	**500,000**	500,000
Represented by:-				
Current:-				
Medium Term Notes [Note 32(A)]	**200,000**	400,000	**—**	—
Zero Coupon Exchangeable Guaranteed Bonds Due 2010 [Note 32(B)]	**—**	720,665	**—**	—
3.97% Unsecured Bonds [Note 32(C)]	**813,470**	—	**—**	—
	1,013,470	1,120,665	**—**	—
Non current:-				
Medium Term Notes [Note 32(A)]	**3,099,734**	2,619,644	**500,000**	500,000
3.97% Unsecured Bonds [Note 32(C)]	**—**	850,570	**—**	—
3.52% Retail Price Index Guaranteed Bonds [Note 32(D)]	**305,621**	358,311	**—**	—
5.75% Guaranteed Unsecured Bonds [Note 32(E)]	**1,696,962**	2,025,252	**—**	—
5.375% Guaranteed Unsecured Bonds [Note 32(F)]	**972,094**	1,160,128	**—**	—
1.75% Index Linked Guaranteed Bonds [Note 32(G)]	**822,147**	963,885	**—**	—
1.369% and 1.374% Index Linked Guaranteed Bonds [Note 32(H)]	**822,147**	963,885	**—**	—
Zero Coupon Exchangeable Guaranteed Bonds Due 2012 [Note 32(I)]	**26,142**	1,028,400	**—**	—
1.489%, 1.495% & 1.499% Index Linked Guaranteed Bonds [Note 32(J)]	**763,702**	911,702	**—**	—
3.0% Redeemable Non Guaranteed Unsecured Bonds [Note 32(K)]	**2,107,240**	2,072,180	**—**	—
2.186% Index Linked Guaranteed Bonds 2039 [Note 32(L)]	**250,255**	—	**—**	—
1.875% Guaranteed Exchangeable Bonds due 2015 [Note 32(M)]	**1,116,434**	—	**—**	—
	11,982,478	12,953,957	**500,000**	500,000
Total	**12,995,948**	14,074,622	**500,000**	500,000

Notes to the Financial Statements

The periods in which the Bonds of the Group and the Company attain maturity are as follow:-

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 2010				
Medium Term Notes	**200,000**	**3,099,734**	**—**	**3,299,734**
3.97% Unsecured Bonds	**813,470**	**—**	**—**	**813,470**
3.52% Retail Price Index Guaranteed Bonds	**—**	**—**	**305,621**	**305,621**
5.75% Guaranteed Unsecured Bonds	**—**	**—**	**1,696,962**	**1,696,962**
5.375% Guaranteed Unsecured Bonds	**—**	**—**	**972,094**	**972,094**
1.75% Index Linked Guaranteed Bonds	**—**	**—**	**822,147**	**822,147**
1.369% and 1.374% Index Linked Guaranteed Bonds	**—**	**—**	**822,147**	**822,147**
Zero Coupon Exchangeable Guaranteed Bonds Due 2012	**—**	**26,142**	**—**	**26,142**
1.489%, 1.495% & 1.499% Index Linked Guaranteed Bonds	**—**	**—**	**763,702**	**763,702**
3.0% Redeemable Non Guaranteed Unsecured Bonds	**—**	**2,107,240**	**—**	**2,107,240**
2.186% Index Linked Guaranteed Bonds 2039	**—**	**—**	**250,255**	**250,255**
1.875% Guaranteed Exchangeable Bonds due 2015	**—**	**1,116,434**	**—**	**1,116,434**
	1,013,470	**6,349,550**	**5,632,928**	**12,995,948**

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 2009				
Medium Term Notes	400,000	2,619,644	—	3,019,644
Zero Coupon Exchangeable Guaranteed Bonds Due 2010	720,665	—	—	720,665
3.97% Unsecured Bonds	—	850,570	—	850,570
3.52% Retail Price Index Guaranteed Bonds	—	—	358,311	358,311
5.75% Guaranteed Unsecured Bonds	—	—	2,025,252	2,025,252
5.375% Guaranteed Unsecured Bonds	—	—	1,160,128	1,160,128
1.75% Index Linked Guaranteed Bonds	—	—	963,885	963,885
1.369% and 1.374% Index Linked Guaranteed Bonds	—	—	963,885	963,885
Zero Coupon Exchangeable Guaranteed Bonds Due 2012	—	1,028,400	—	1,028,400
1.489%, 1.495% & 1.499% Index Linked Guaranteed Bonds	—	—	911,702	911,702
3.0% Redeemable Non Guaranteed Unsecured Bonds	—	2,072,180	—	2,072,180
	1,120,665	6,570,794	6,383,163	14,074,622

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 2010				
Medium Term Notes	—	**500,000**	—	**500,000**
At 30 June 2009				
Medium Term Notes	—	500,000	—	500,000

The interest rates of the Group and the Company as at the balance sheet date are as follows:-

	Group		Company	
	2010 %	2009 %	2010 %	2009 %
Weighted average effective interest rate				
Medium Term Notes	**4.842**	4.656	**4.850**	4.850
Zero Coupon Exchangeable Guaranteed Bonds Due 2010	—	3.375	—	—
3.97% Unsecured Bonds	**4.210**	4.210	—	—
3.52% Retail Price Index Guaranteed Bonds	**5.340**	7.155	—	—
5.75% Guaranteed Unsecured Bonds	**5.870**	5.845	—	—
5.375% Guaranteed Unsecured Bonds	**5.502**	5.505	—	—
1.75% Index Linked Guaranteed Bonds	**3.552**	5.446	—	—
1.369% and 1.374% Index Linked Guaranteed Bonds	**3.191**	5.074	—	—
Zero Coupon Exchangeable Guaranteed Bonds Due 2012	**2.800**	2.800	—	—
1.489%, 1.495% & 1.499% Index Linked Guaranteed Bonds	**1.542**	4.902	—	—
3.0% Redeemable Non Guaranteed Unsecured Bonds	**4.850**	4.850	—	—
2.186% Index Linked Guaranteed Bonds	**4.310**	—	—	—
1.875% Guaranteed Exchangeable Bonds due 2015	**1.875**	—	—	—

Notes to the Financial Statements

The fair value of the Bonds of the Group as at the balance sheet date is as set out below:-

	Group	
	Carrying amount RM'000	Fair value RM'000
2010		
3.97% Unsecured Bonds	**813,470**	**819,571**
3.52% Retail Price Index Guaranteed Bonds	**305,621**	**301,165**
5.75% Guaranteed Unsecured Bonds	**1,696,962**	**1,806,257**
5.375% Guaranteed Unsecured Bonds	**972,094**	**1,002,411**
1.75% Index Linked Guaranteed Bonds	**822,147**	**923,853**
1.369% and 1.374% Index Linked Guaranteed Bonds	**822,147**	**850,728**
Zero Coupon Exchangeable Guaranteed Bonds Due 2012	**26,142**	**32,309**
1.489%, 1.495% & 1.499% Index Linked Guaranteed Bonds	**763,702**	**847,402**
3.0% Redeemable Non Guaranteed Unsecured Bonds	**2,107,240**	**2,289,044**
2.186% Index Linked Guaanteed Bonds 2039	**250,255**	**250,806**
1.875% Guaranteed Exchangeable Bonds due 2015	**1,116,434**	**1,163,114**
2009		
Zero Coupon Exchangeable Guaranteed Bonds Due 2010	720,665	852,524
3.97% Unsecured Bonds	850,570	855,418
3.52% Retail Price Index Guaranteed Bonds	358,311	306,571
5.75% Guaranteed Unsecured Bonds	2,025,252	1,930,343
5.375% Guaranteed Unsecured Bonds	1,160,128	1,062,718
1.75% Index Linked Guaranteed Bonds	963,885	1,084,362
1.369% and 1.374% Index Linked Guaranteed Bonds	963,885	946,861
Zero Coupon Exchangeable Guaranteed Bonds Due 2012	1,028,400	1,169,887
1.489%, 1.495% & 1.499% Index Linked Guaranteed Bonds	911,702	938,087
3.0% Redeemable Non Guaranteed Unsecured Bonds	2,072,181	2,229,221

The carrying amounts of the medium term notes of the Group and of the Company at the balance sheet date approximated their fair values.

(A) Medium Term Notes ("MTNs")

(i) The MTNs of the Company were constituted under the MTNs Programme Agreement and MTNs Trust Deed 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 2009 to refinance the Company's existing RM500 million nominal value MTNs. The coupon rate of the MTNs is 4.85% (2009: 4.85%) per annum, payable semi-annually in arrears and the MTNs are redeemable on 25 June 2014 at nominal value.

(ii) The nominal value of RM1.3 billion unsecured MTNs ranging between 1 year to 11 years were issued by YTL Power Generation Sdn. Bhd. ("YTLPG"), a subsidiary of the Group, pursuant to a Facility Agreement dated 9 July 2003. Interest is payable semi-annually. The MTNs bear interest rates ranging from 3.93% to 4.43% (2009: 3.93% to 4.55%) per annum.

A principal amount of RM200,000,000 (2009: RM400,000,000) of MTNs of YTLPG was repaid during the financial year.

(iii) The MTNs of YTL Power International Berhad ("YTLPI") were issued pursuant to a Commercial Paper and/or Medium Term Notes issuance programme of up to RM2.0 billion ("CP/MTN Programme") constituted by a Trust Deed and CP/MTN Programme Agreement, both dated 24 May 2007.

During the financial year, YTLPI repaid and reissued RM200,000,000 (2009: 1,500,000,000) and RM680,000,000 (2009: RM1,220,000,000) of the MTNs respectively. The facility bears interest rates ranging from 3.95% to 5.55% (2009: 4.55% to 5.55%) per annum.

(B) ZERO COUPON EXCHANGEABLE GUARANTEED BONDS DUE 2010

On 9 May 2005, YTL Power Finance (Cayman) Limited ("YTLPF"), a subsidiary of the Group, issued USD250 million nominal value 5-year Exchangeable Guaranteed Bonds at 100% nominal value ("ZCEG Bonds") which were listed on the Singapore Exchange Securities Trading Limited on 10 May 2005. Each ZCEG Bond entitles its registered holder to exchange for fully paid ordinary shares ("Shares") of a subsidiary, YTL Power International Berhad ("YTLPI"), with a par value of RM0.50 each at an initial exchange price of RM2.277 per Share at a fixed exchange rate of USD1.00 = RM3.80. The initial exchange price is also subject to adjustments in accordance with the terms and conditions of the ZCEG Bonds as set out in the Trust Deed dated 9 May 2005. The exchange price was revised to RM1.86 (2009: RM1.94) per Share with effect from 24 December 2009. The ZCEG Bonds were exchanged in full for Shares prior to the maturity date of 9 May 2010.

The net proceeds from the issue of the ZCEG Bonds will be used by YTLPI to finance its offshore investments and projects and/or for the potential repayment of foreign currency borrowings.

The principal features of the ZCEG Bonds which matured on 9 May 2010 ("Maturity Date") were as follows:-

(i) The ZCEG Bonds carried no coupon, had a maturity yield of 3.375% and had a put option at 110.56% on 9 May 2008. However, no put options were received by YTLPI on 9 May 2008.

(ii) The ZCEG Bonds which constituted direct, unsubordinated, unconditional and (subject to the negative pledge) unsecured obligations of YTLPF at all times ranked pari passu and without any preference or priority among themselves.

(iii) The ZCEG Bonds were unconditionally and irrevocably guaranteed by YTLPI.

(iv) Final redemption

Any ZCEG Bonds not previously purchased and cancelled, redeemed or exchanged prior to the Maturity Date would have been redeemed on 9 May 2010 at 118.22% of their principal amount. However, the ZCEG Bonds were exchanged in full prior to the Maturity Date and there were no ZCEG Bonds required to be redeemed on the Maturity Date.

(v) Mandatory exchange option of YTLPF or YTLPI

On or at any time after 23 May 2008 but not less than 21 days prior to the Maturity Date, either YTLPF or YTLPI, in respect of all (but not some) of the outstanding ZCEG Bonds had an option to mandatorily exchange the ZCEG Bonds for Shares, provided that the volume weighted average price of the Shares into which each USD100,000 principal amount of ZCEG Bonds can be exchanged for each of 20 consecutive trading days ending on a date no earlier than five trading days prior to the date of notice of mandatory exchange was at least 120% of the early redemption amount of such USD100,000 principal amount of ZCEG Bonds. YTLPF or YTLPI, as the case may be, had the option to settle the mandatory exchange in full or in part by the payment of cash.

(vi) Redemption at the option of YTLPF

YTLPF had an option to redeem the ZCEG Bonds, in whole but not in part, at their early redemption amount if less than 10% of the aggregate principal amount of the ZCEG Bonds originally issued is still outstanding.

(vii) Redemption by bondholders upon delisting of the shares of the Company or a change of control

Upon the shares ceasing to be listed on Bursa Malaysia Securities Berhad or upon a change of control of the Company, bondholders had an option to redeem the ZCEG Bonds at their early redemption amount at the relevant redemption date.

During the financial year, the ZCEG Bonds were fully exchanged for ordinary shares of the YTLPI.

Notes to the Financial Statements

(C) 3.97% UNSECURED BONDS

On 30 September 2003, PowerSeraya Ltd., a subsidiary of the Group, issued SGD350 million 3.97% Unsecured Bonds at par for working capital and to fund major capital expenditure. The Bonds mature on 30 September 2010. Interest is payable semi-annually in arrears on the interest payment dates falling on 30 March and 30 September in each year.

The Bonds will constitute direct, unconditional, unsubordinated and unsecured obligations of PowerSeraya Ltd. and shall at all times rank pari passu and rateably without any preference or priority among themselves, and pari passu with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of PowerSeraya Ltd..

(D) 3.52% RETAIL PRICE INDEX GUARANTEED BONDS

On 10 December 2001, Wessex Water Services Finance Plc ('Issuer'), a subsidiary of the Group, issued GBP50,000,000 nominal value of 3.52% Guaranteed Retail Price Index with Zero Floor Bonds due 2023 ('RPIG Bonds') unconditionally and irrevocably guaranteed by Wessex Water Services Limited ('Guarantor'), a subsidiary of the Group. The RPIG Bonds were constituted under a Trust Deed dated 10 December 2001 and are unsecured.

The principal features of the RPIG Bonds are as follows:-

(i) The RPIG Bonds bear interest semi-annually on 30 January and 30 July at an interest rate of 3.52% initially, indexed up by the inflation rate every year. The effective interest rate as at 30 June 2010 is 3.80% (2009: 6.52%).

(ii) Unless previously redeemed, repurchased, cancelled or otherwise satisfied by the Issuer, the RPIG Bonds will be redeemed in full by the Issuer on 30 July 2023 at their indexed value together with all accrued interest on the surrender of the RPIG Bonds.

(iii) The Issuer may, at any time, purchase the RPIG Bonds in any manner and at any price. If purchases are made by tender, tenders must be available to all bondholders alike. All RPIG Bonds purchased by the Issuer will forthwith be cancelled.

(iv) The Issuer, by giving the appropriate notice and in accordance with the conditions laid out in the offering circular, may purchase the RPIG Bonds if there is a change in tax legislation or if it wishes to do so at a price determined by an agreed formula.

(v) The bondholders may put the RPIG Bonds to the Issuer if:-

- Wessex Water Services Limited loses its Appointment;
- the Issuer ceases to be a subsidiary of Wessex Water Services Limited; or
- a Restructuring Event occurs which results in the RPIG Bonds being downgraded below investment grade.

'Appointment' refers to the Instrument of Appointment dated 1 September 1989 under Section 11 of the Water Act 1989 (now Section 6 of the Water Industry Act 1991) appointing the Guarantor as a water undertaker and sewerage undertaker for the areas described therein. 'Restructuring Event' refers to either:-

(a) any material rights, benefits or obligations of Wessex Water Services Limited under the Appointment or any material terms of the Appointment are modified; or

(b) any legislation is enacted removing, reducing or qualifying the duties or powers of the Secretary of State for the Environment and/or the Director General of Water Services.

The nominal value of RPIG Bonds issued of GBP50,000,000 (2009: GBP50,000,000) remained outstanding as at 30 June 2010, net of amortised fees and discount. The net proceeds of the RPIG Bonds were used to fund the capital investment programme of Wessex Water Services Limited.

(E) 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 ('GU Bonds') unconditionally and irrevocably guaranteed by Wessex Water Services Limited ('Guarantor'), a subsidiary of the Group. The GU Bonds are constituted under a Trust Deed dated 15 October 2003. The nominal value of GU Bonds issued amounted to GBP350,000,000 and as at 30 June 2010 GBP345,831,889 (2009: GBP345,653,256) remained outstanding, net of amortised fees and discount. The net proceeds of the GU Bonds were used for refinancing of existing financial indebtedness and for general corporate purposes.

The principal features of the GU Bonds are as follows:-

(i) The GU Bonds bear interest at 5.75% per annum, payable annually on 14 October of each year.

(ii) Unless previously redeemed, repurchased, cancelled or otherwise satisfied by the Issuer, the GU Bonds will be redeemed in full by the Issuer on 14 October 2033 at their nominal value together with all accrued interest on the surrender of the GU Bonds.

(iii) The Issuer may, at any time, purchase the GU Bonds in any manner and at any price. If purchases are made by tender, tenders must be available to all bondholders alike. All GU Bonds purchased by the Issuer will forthwith be cancelled.

(iv) The Issuer, by giving the appropriate notice and in accordance with the conditions laid out in the offering circular, may purchase the GU Bonds if there is a change in tax legislation or if it wishes to do so at a price determined by an agreed formula.

(v) The bondholders may put the GU Bonds to the Issuer if:-

- Wessex Water Services Limited loses its Appointment;
- the Issuer ceases to be a subsidiary of Wessex Water Services Limited; or
- a Restructuring Event occurs which results in the GU Bonds being downgraded below investment grade.

'Appointment' refers to the Instrument of Appointment dated 1 September 1989 under Section 11 of the Water Act 1989 (now Section 6 of the Water Industry Act 1991) appointing the Guarantor as a water undertaker and sewerage undertaker for the areas described therein. 'Restructuring Event' refers to either:-

(a) any material rights, benefits or obligations of Wessex Water Services Limited under the Appointment or any material terms of the Appointment are modified;

(b) any legislation is enacted removing, reducing or qualifying the duties or powers of the Secretary of State for the Environment and/or the Director General of Water Services.

(F) 5.375% GUARANTEED UNSECURED BONDS

On 10 March 2005, Wessex Water Services Finance Plc ('Issuer'), a subsidiary of the Group, issued GBP200,000,000 nominal value 5.375% Guaranteed Unsecured Bonds due 2028 ('GU Bonds') unconditionally and irrevocably guaranteed by Wessex Water Services Limited ('Guarantor'), a subsidiary of the Group. The GU Bonds are constituted under a Trust Deed dated 10 March 2005. The nominal value of GU Bonds issued amounted to GBP200,000,000 of which GBP198,107,696 (2009: GBP198,001,087) remained outstanding as at 30 June 2010, net of amortised fees and discount. The net proceeds of the GU Bonds were used for refinancing of existing financial indebtedness and for general corporate purposes.

The principal features of the GU Bonds are as follows:-

(i) The GU Bonds bear interest at 5.375% per annum, payable on 10 March of each year.

(ii) Unless previously redeemed, repurchased, cancelled or otherwise satisfied by the Issuer, the GU Bonds will be redeemed in full by the Issuer on 10 March 2028 at their nominal value together with accrued interest on the surrender of the GU Bonds.

Notes to the Financial Statements

(iii) The Issuer may, at any time, purchase the GU Bonds in any manner and at any price. If purchases are made by tender, tenders must be available to all bondholders alike. All GU Bonds purchased by the Issuer will forthwith be cancelled.

(iv) The Issuer, by giving the appropriate notice and in accordance with the conditions laid out in the offering circular, may purchase the GU Bonds if there is a change in tax legislation or if it wishes to do so at a price determined by an agreed formula.

(v) The bondholders may put the GU Bonds to the Issuer if:-

- Wessex Water Services Limited loses its Appointment;
- the Issuer ceases to be a subsidiary of Wessex Water Services Limited; or
- a Restructuring Event occurs which results in the GU Bonds being downgraded below investment grade.

'Appointment' refers to the Instruments of Appointment dated 1 September 1989 under Section 11 of the Water Act 1989 (now Section 6 of the Water Industry Act 1991) appointing the Guarantor as a water undertaker and sewerage undertaker for the areas described therein. 'Restructuring Event' refers to either:-

(a) any material rights, benefits or obligations of Wessex Water Services Limited under the Appointment or any material terms of the Appointment are modified;

(b) any legislation is enacted removing, reducing or qualifying the duties or powers of the Secretary of State for the Environment and/or the Director General of Water Services.

(G) 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') unconditionally and irrevocably guaranteed by Wessex Water Services Limited ('Guarantor'), a subsidiary of the Group. The ILG Bonds were each constituted under a Trust Deed dated 31 July 2006 and are unsecured.

The principal features of the ILG Bonds are as follows:-

(i) The ILG Bonds bear interest semi-annually on 31 January and 31 July at an interest rate of 1.75% initially, indexed up by the inflation rate every year. The effective interest rate as at 30 June 2010 is 2.03% (2009: 4.75%).

(ii) Unless previously redeemed, repurchased, cancelled or otherwise satisfied by the Issuer, the ILG Bonds will be redeemed in full by the Issuer on 31 July 2046 for one tranche, and 31 July 2051 for the other tranche, at their indexed value together with all accrued interest on the surrender of the ILG Bonds.

(iii) The Issuer may, at any time, purchase the ILG Bonds in any manner and at any price. If purchases are made by tender, tenders must be available to all bondholders alike. All ILG Bonds purchased by the Issuer will forthwith be cancelled.

(iv) The Issuer, by giving the appropriate notice and in accordance with the conditions laid out in the offering circular, may purchase the ILG Bonds if there is a change in tax legislation or if it wishes to do so at a price determined by an agreed formula.

(v) The bondholders may put the ILG Bonds to the Issuer if:

- Wessex Water Services Limited loses its Appointment;
- the Issuer ceases to be a subsidiary of Wessex Water Services Limited; or

- a Restructuring Event occurs which results in the ILG Bonds being downgraded below investment grade.

  'Appointment' refers to the Instrument of Appointment dated 1 September 1989 under Section 11 of the Water Act 1989 (now Section 6 of the Water Industry Act 1991) appointing the Guarantor as a water undertaker and sewerage undertaker for the areas described therein. 'Restructuring Event' refers to either:-

  (a) any material rights, benefits or obligations of Wessex Water Services Limited under the Appointment or any material terms of the Appointment are modified; or

  (b) any legislation is enacted removing, reducing or qualifying the duties or powers of the Secretary of State for the Environment and/or the Director General of Water Services.

The nominal value of ILG Bonds issued of GBP150,000,000 (2009: GBP150,000,000) remained outstanding as at 30 June 2010, net of amortised fees and discount. The net proceeds of the ILG Bonds were used to fund the capital investment programme of Wessex Water Services Limited.

(H) 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') unconditionally and irrevocably guaranteed by Wessex Water Services Limited ('Guarantor'), a subsidiary of the Group. The ILG Bonds were each constituted under a Trust Deed dated 31 January 2007 and are unsecured.

The principal features of the ILG Bonds are as follows:-

(i) The ILG Bonds bear interest semi-annually on 31 January and 31 July at an interest rate of 1.369% and 1.374% initially, indexed up by the inflation rate every year. The effective interest rate as at 30 June 2010 is 1.65% (2009: 4.37%).

(ii) Unless previously redeemed, repurchased, cancelled or otherwise satisfied by the Issuer, the ILG Bonds will be redeemed in full by the Issuer on 31 July 2057 at their indexed value together with all accrued interest on the surrender of the ILG Bonds.

(iii) The Issuer may, at any time, purchase the ILG Bonds in any manner and at any price. If purchases are made by tender, tenders must be available to all bondholders alike. All ILG Bonds purchased by the Issuer will forthwith be cancelled.

(iv) The Issuer, by giving the appropriate notice and in accordance with the conditions laid out in the offering circular, may purchase the ILG Bonds if there is a change in tax legislation or if it wishes to do so at a price determined by an agreed formula.

(v) The bondholders may put the ILG Bonds to the Issuer if:-

- Wessex Water Services Limited loses its Appointment;
- the Issuer ceases to be a subsidiary of Wessex Water Services Limited; or
- a Restructuring Event occurs which results in the ILG Bonds being downgraded below investment grade.

  'Appointment' refers to the Instrument of Appointment dated 1 September 1989 under Section 11 of the Water Act 1989 (now Section 6 of the Water Industry Act 1991) appointing the Guarantor as a water undertaker and sewerage undertaker for the areas described therein. 'Restructuring Event' refers to either:-

  (a) any material rights, benefits or obligations of Wessex Water Services Limited under the Appointment or any material terms of the Appointment are modified; or

  (b) any legislation is enacted removing, reducing or qualifying the duties or powers of the Secretary of State for the Environment and/or the Director General of Water Services.

The nominal value of ILG Bonds issued of GBP150,000,000 (2009: GBP150,000,000) remained outstanding as at 30 June 2010, net of amortised fees and discount. The net proceeds of the ILG Bonds were used to fund the capital investment programme of Wessex Water Services Limited.

Notes to the Financial Statements

(I) ZERO COUPON EXCHANGEABLE GUARANTEED BONDS DUE 2012

On 15 May 2007, YTL Corp Finance (Labuan) Limited ("YTLCF"), a subsidiary of the Group, issued USD300 million nominal value 5-year Exchangeable Guaranteed Bonds at 100% nominal value ("ZCEG Bonds") which were listed on the Singapore Exchange Securities Trading Limited and Labuan International Financial Exchange, Inc. on 16 May 2007. Each ZCEG Bond entitles its registered holder to exchange for fully paid ordinary shares ("Shares") of the Company, with a par value of RM0.50 each at an initial exchange price of RM10 per Share at a fixed exchange rate of USD1.00 = RM3.4130. The initial exchange price is also subject to adjustments in accordance with the terms and conditions of the ZCEG Bonds as set out in the Trust Deed dated 15 May 2007. The exchange price was adjusted to RM9.88 with effect from 12 December 2007.

The net proceeds from the issue of the ZCEG Bonds will principally be used for on-lending to subsidiaries of the Company to finance their future investments and projects, both in Malaysia and offshore.

The principal features of the ZCEG Bonds which mature on 15 May 2012 ("Maturity Date") are as follows:-

(i) The ZCEG Bonds carry no coupon, have a maturity yield of 2.800% and had a put option at 108.70% on 15 May 2010. ZCEG Bonds with a nominal value of USD291.1 million were redeemed on 15 May 2010 upon exercise of the put option by bondholders.

(ii) The ZCEG Bonds which constitute direct, unsurbordinated, unconditional and (subject to the negative pledge) unsecured obligations of YTLCF shall at all times rank pari passu and without any preference or priority among themselves.

(iii) The ZCEG Bonds are unconditionally and irrevocably guaranteed by the Company.

(iv) Final redemption

Unless previously purchased and cancelled, redeemed or exchanged, the ZCEG Bonds will be redeemed on 15 May 2012 at 114.92% of their principal amount.

(v) Mandatory exchange option of the Company or YTL

On or at any time after 15 May 2009 but not less than 21 days prior to the Maturity Date, either the Company or YTLCF may, in respect of all (but not some) of the outstanding ZCEG Bonds exercise an option to mandatorily exchange the ZCEG Bonds into Shares, provided that the volume weighted average price of the Shares for each of the 20 consecutive trading days ending on a date no earlier than five trading days prior to the date of notice of mandatory exchange is at least 120% of the exchange price then in effect. YTLCF or the Company, as the case may be, has the option to settle the mandatory exchange in full or in part by the payment of cash.

(vi) Cash settlement option

YTLCF shall have the option to pay to the relevant bondholder an amount of cash in United States dollars equal to the cash settlement amount in order to satisfy the exchange rights in full or in part (in which case the other part shall be satisfied by the delivery of shares).

(vii) Redemption at the option of YTLCF

YTLCF may redeem the ZCEG Bonds, in whole but not in part, at their early redemption amount if less than 10% of the aggregate principal amount of the ZCEG Bonds originally issued is still outstanding.

(viii) Redemption by bondholders upon delisting of the shares of the Company or a change of control

The ZCEG Bonds may be redeemed at the option of bondholders at their early redemption amount at the relevant redemption date upon the Shares ceasing to be listed on Bursa Malaysia Securities Berhad or upon a change of control of the Company.

The Group had utilised USD209 million out of the nominal value of ZCEG Bonds amounting to USD300 million for the payment in relation to the acquisition of associated companies in the previous financial year. The balance amount of the net proceeds was utilised to partially redeem the ZCEG Bonds in respect of which the put option was exercised on 15 May 2010.

(J) 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') unconditionally and irrevocably guaranteed by Wessex Water Services Limited ('Guarantor'), a subsidiary of the Group. The ILG Bonds were each constituted under a Trust Deed dated 28 September 2007 and are unsecured.

The principal features of the ILG Bonds are as follows:-

(i) The ILG Bonds bear interest semi-annually on 29 November and 29 May at an interest rate of 1.489%, 1.495% and 1.499% initially, indexed up by the inflation rate every year. The effective interest rate as at 30 June 2010 is 5.94% (2009: 1.46%).

(ii) Unless previously redeemed, repurchased, cancelled or otherwise satisfied by the Issuer, the ILG Bonds will be redeemed in full by the Issuer on 29 November 2058 at their indexed value together with all accrued interest on the surrender of the ILG Bonds.

(iii) The Issuer may, at any time, purchase the ILG Bonds in any manner and at any price. If purchases are made by tender, tenders must be available to all bondholders alike. All ILG Bonds purchased by the Issuer will forthwith be cancelled.

(iv) The Issuer, by giving the appropriate notice and in accordance with the conditions laid out in the offering circular, may purchase the ILG Bonds if there is a change in tax legislation or if it wishes to do so at a price determined by an agreed formula.

(v) The bondholders may put the ILG Bonds to the Issuer if:-

- Wessex Water Services Limited loses its Appointment;
- the Issuer ceases to be a subsidiary of Wessex Water Services Limited; or
- a Restructuring Event occurs which results in the ILG Bonds being downgraded below investment grade.

'Appointment' refers to the Instrument of Appointment dated 1 September 1989 under Section 11 of the Water Act 1989 (now Section 6 of the Water Industry Act 1991) appointing the Guarantor as a water undertaker and sewerage undertaker for the areas described therein. 'Restructuring Event' refers to either:-

(a) any material rights, benefits or obligations of Wessex Water Services Limited under the Appointment or any material terms of the Appointment are modified; or

(b) any legislation is enacted removing, reducing or qualifying the duties or powers of the Secretary of State for the Environment and/or the Director General of Water Services.

The nominal value of ILG Bonds issued of GBP150,000,000 (2009: GBP150,000,000) remained outstanding as at 30 June 2010, net of amortised fees and discount. The net proceeds of the ILG Bonds were used to fund the capital investment programme of Wessex Water Services Limited.

(K) 3.00% REDEEMABLE NON GUARANTEED UNSECURED BONDS

On 18 April 2008, YTL Power International Berhad ("YTLPI"), a subsidiary of the Group, has issued RM2,200,000,000 nominal value of five year 3.00% Redeemable Non Guaranteed Unsecured Bonds 2008/2013 ("Bonds") with 1,776,371,304 detachable warrants. The Bonds were constituted under a Trust Deed dated 10 April 2008.

The principal features of the Bonds are as follows:-

(i) The Bonds are issued at discount (91.87%) of the nominal value.

(ii) The Bonds bear interest at 3.0% per annum, payable semi-annually on 18 October and 18 April of each financial year.

Notes to the Financial Statements

(iii) The Bonds are redeemable on 18 April 2013 ('Maturity Date') at one hundred percent (100%) of its nominal value.

(iv) Unless previously redeemed, repurchased, cancelled or otherwise satisfied by YTLPI, the Bonds will be redeemed in full by YTLPI on the Maturity Date at one hundred percent (100%) of its nominal value together with all accrued interest.

(L) 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 2058 ('ILG Bonds') unconditionally and irrevocably guaranteed by Wessex Water Services Limited ('Guarantor'). The ILG Bonds were constituted under a Trust Deed dated 7 September 2009 and are unsecured.

The principal features of the ILG Bonds are as follows:

(i) The ILG Bonds bear interest semi-annually on 1 December and 1 June at an interest rate of 2.186% initially, indexed up by the inflation rate every half year. The effective interest rate as at 30 June 2010 is 4.69%.

(ii) Unless previously redeemed, repurchased, cancelled or otherwise satisfied by the Issuer, the ILG Bonds will be redeemed in full by the Issuer on 1 June 2039 at their indexed value together with all accrued interest on the surrender of the ILG Bonds.

(iii) The Issuer may, at any time, purchase the ILG Bonds in any manner and at any price. If purchases are made by tender, tenders must be available to all bondholders alike. All ILG Bonds purchased by the Issuer will forthwith be cancelled.

(iv) The Issuer, by giving the appropriate notice and in accordance with the conditions laid out in the offering circular, may purchase the ILG Bonds if there is a change in tax legislation or if it wishes to do so at a price determined by an agreed formula.

(v) The bondholders may put the ILG Bonds to the Issuer if:

- Wessex Water Services Limited loses its Appointment;
- the Issuer ceases to be a subsidiary of Wessex Water Services Limited; or
- a Restructuring Event occurs which results in the ILG Bonds being downgraded below investment grade.

'Appointment' refers to the Instrument of Appointment dated 1 September 1989 under Section 11 of the Water Act 1989 (now Section 6 of the Water Industry Act, 1991) appointing the Guarantor as a water undertaker and sewerage undertaker for the areas described therein. 'Restructuring Event' refers to either:

(a) any material rights, benefits or obligations of Wessex Water Services Limited under the Appointment or any material terms of the Appointment are modified; or

(b) any legislation is enacted removing, reducing or qualifying the duties or powers of the Secretary of State for the Environment and/or the Director General of Water Services.

The nominal value of ILG Bonds issued of GBP50,000,000 remained outstanding as at 30 June 2010, net of amortised fees and discount. The net proceeds of the ILG Bonds were used to fund the capital investment programme of Wessex Water Services Limited.

(M) 1.875% GUARANTEED EXCHANGEABLE BONDS DUE 2015

On 18 March 2010, YTL Corp Finance (Labuan) Limited ("YTLCF"), a subsidiary of the Group, issued USD350 million in aggregate principal amount of 1.875% Guaranteed Exchangeable Bonds due 2015 (subject to an upsize option ("Upsize Option") of up to USD50 million ("Option Bonds")) (the "Bonds") which were listed on the Singapore Exchange Securities Trading Limited on 19 March 2010.

Each Bond entitles its registered holder to exchange for fully paid ordinary shares ("Shares") of the Company, with a par value of RM0.50 each at an initial exchange price of RM8.976 per share at a fixed exchange rate of USD1.00 = RM3.3204. The initial exchange price is also subject to adjustments in accordance with the terms and conditions of the Bonds as set out in the Trust Deed dated 18 March 2010.

The Upsize Option was exercised in full on 16 April 2010, bringing the total issue size of the Bonds to USD400 million. The Option Bonds were issued on 23 April 2010 and listed on the Singapore Exchange Securities Trading Limited on 26 April 2010. The Bonds were listed on the Labuan International Financial Exchange Inc. on 27 April 2010.

The net proceeds from the issue of the Bonds were partially utilised to redeem YTLCF's outstanding USD300 million Zero Coupon Exchangeable Guaranteed Bonds Due 2012 ("ZCEG Bonds") upon exercise of the put option by holders of the ZCEG Bonds on 15 May 2010. The balance of the net proceeds will be utilised to on-lend to the Company's subsidiaries to finance their future offshore investments and projects and/or repayment of borrowings.

The principal features of the Bonds which mature on 18 March 2015 ("Maturity Date") are as follows:-

(i) The Bonds bear interest at the rate of 1.875% calculated semi-annually and payable on 18 March and 18 September each year.

(ii) The Bonds which constitute direct, unsurbordinated, unconditional and (subject to the negative pledge) unsecured obligations of YTLCF shall at all times rank pari passu and without any preference or priority among themselves.

(iii) The Bonds are unconditionally and irrevocably guaranteed by the Company.

(iv) Final redemption

Unless previously purchased and cancelled, redeemed or exchanged, the Bonds will be redeemed on 18 March 2015 at 100% of their principal amount together with accrued but unpaid interest.

(v) Mandatory exchange option of YTLCF or the Company

On or at any time after 18 March 2013 but not less than 21 days prior to the Maturity Date, either YTLCF or the Company may, in respect of all (but not some) of the outstanding Bonds exercise an option to mandatorily exchange the Bonds into Shares, provided that the volume weighted average price of the Shares for not less than 20 of 30 consecutive trading days ending on a date no earlier than five trading days prior to the date of notice of mandatory exchange is at least 130% of the exchange price then in effect. YTLCF or the Company, as the case may be, has the option to settle the mandatory exchange in full or in part by the payment of cash.

(vi) Cash settlement option

YTLCF shall have the option to pay to the relevant bondholder an amount of cash in United States dollars equal to the cash settlement amount in order to satisfy the exchange rights in full or in part (in which case the other part shall be satisfied by the delivery of shares).

(vii) Redemption at the option of YTLCF

YTLCF may redeem the Bonds, in whole but not in part, at their early redemption amount if less than 10% of the aggregate principal amount of the Bonds originally issued is still outstanding.

(viii) Redemption by bondholders upon delisting of the shares of the Company or a change of control

The Bonds may be redeemed at the option of bondholders at their early redemption amount at the relevant redemption date upon the Shares ceasing to be listed on Bursa Malaysia Securities Berhad or upon a change of control of the Company.

Notes to the Financial Statements

33. BORROWINGS

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Term loans [Note 33(A)]	**11,865,627**	11,384,603	**—**	—
Revolving credit [Note 33(B)]	**2,170,065**	1,429,761	**1,403,855**	1,088,855
Committed bank loans [Note 33(C)]	**38,618**	415,090	**—**	—
Uncommitted bank loans [Note 33(D)]	**—**	31,593	**—**	—
Commercial papers [Note 33(E)]	**550,000**	550,000	**250,000**	250,000
Irredeemable Convertible Unsecured Loan Stocks [Note 33(F)]	**6,925**	8,262	**—**	—
Bankers' acceptances [Note 33(G)]	**70,325**	83,364	**—**	—
Bank overdrafts [Note 33(H)]	**45,211**	6,193	**—**	—
Finance lease liabilities [Note 33(I)]	**365,019**	461,082	**65**	294
	15,111,790	14,369,948	**1,653,920**	1,339,149

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 2010				
Term loans	**1,536,962**	**9,108,533**	**1,220,132**	**11,865,627**
Revolving credit	**2,038,855**	**131,210**	**—**	**2,170,065**
Committed bank loans	**26,109**	**12,509**	**—**	**38,618**
Commercial papers	**550,000**	**—**	**—**	**550,000**
Irredeemable Convertible Unsecured Loan Stocks	**—**	**—**	**6,925**	**6,925**
Bankers' acceptances	**70,325**	**—**	**—**	**70,325**
Bank overdrafts	**45,211**	**—**	**—**	**45,211**
Finance lease liabilities	**34,980**	**159,787**	**170,252**	**365,019**
	4,302,442	**9,412,039**	**1,397,309**	**15,111,790**
At 30 June 2009				
Term loans	789,192	8,390,784	2,204,627	11,384,603
Revolving credit	1,336,855	92,906	—	1,429,761
Committed bank loans	386,439	28,651	—	415,090
Uncommitted bank loans	31,593	—	—	31,593
Commercial papers	550,000	—	—	550,000
Irredeemable Convertible Unsecured Loan Stocks	—	—	8,262	8,262
Bankers' acceptances	83,364	—	—	83,364
Bank overdrafts	6,193	—	—	6,193
Finance lease liabilities	35,493	170,161	255,428	461,082
	3,219,129	8,682,502	2,468,317	14,369,948

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 2010				
Revolving credit	**1,403,855**	—	—	**1,403,855**
Commercial papers	**250,000**	—	—	**250,000**
Finance lease liabilities	**65**	—	—	**65**
	1,653,920	—	—	**1,653,920**
At 30 June 2009				
Revolving credit	1,088,855	—	—	1,088,855
Commercial papers	250,000	—	—	250,000
Finance lease liabilities	229	65	—	294
	1,339,084	65	—	1,339,149

	Group		Company	
	2010 RM'000	2009 RM'000	**2010 RM'000**	2009 RM'000
Represented by:-				
Current	**4,302,442**	3,219,129	**1,653,920**	1,339,084
Non-current	**10,809,348**	11,150,819	—	65
	15,111,790	14,369,948	**1,653,920**	1,339,149

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

Notes to the Financial Statements

The interest rates of the borrowings of the Group and the Company as at the balance sheet date are as follows:-

	Group		Company	
	2010 %	2009 %	2010 %	2009 %
Weighted average effective interest rate				
Term loans	**2.08**	2.59	—	—
Revolving credit	**3.23**	2.61	**3.18**	2.65
Committed bank loans	**0.99**	3.19	—	—
Uncommitted bank loans	—	1.84	—	—
Commercial papers	**2.63**	3.70	**2.88**	4.34
Irredeemable convertible unsecured loan stocks	**8.00**	8.00	—	—
Bankers' acceptances	**2.91**	3.25	—	—
Bank overdrafts	**8.16**	7.81	—	—
Finance lease liabilities	**4.98**	5.13	**4.60**	5.38

Group		
2010 RM'000	2009 RM'000	Securities
3,506,344	6,411,705	– Clean
4,347,697	5,328,178	– A charge over the shares and assets of a subsidiary
283,023	246,161	– A fixed charge over the long term leasehold land of a subsidiary – A debenture to create fixed and floating charges over the present and future assets of a subsidiary – A first fixed charge over all Designated Accounts of a subsidiary
340,161	353,820	– Corporate guarantee by the Company – Personal guarantee by a subsidiary's directors
4,266,664	600,200	– Corporate guarantee by subsidiaries
180,000	180,000	– A first fixed charge over the investment properties of a subsidiary
—	33,600	– A first fixed and floating charge over the assets of a subsidiary
11,103	15,545	– A first party first fixed charge over the long term leasehold land and buildings of a subsidiary to be erected thereon – A debenture creating a first fixed and floating charge over a subsidiary's present and future assets – Corporate guarantee by the Company
1,375,852	1,182,182	– Corporate guarantee by the Company

Group		
2010 RM'000	2009 RM'000	Securities
12,134	18,496	– A fixed charge over the respective vehicles of the Group
—	61	– A pledge of fixed deposits
788,812	—	– A charge over quoted shares
15,111,790	14,369,948	

Company		
2010 RM'000	2009 RM'000	Securities
1,653,855	1,338,855	– Clean
65	294	– A fixed charge over the respective vehicles of the Company
1,653,920	1,339,149	

(A) TERM LOANS

(i) Term loans denominated in Great Britain Pounds

The term loans of RM858,707,500 [GBP 175,000,000] (2009: RM1,025,360,000 [GBP175,000,000]) are unsecured loans of Wessex Water Services Limited and are guaranteed by Wessex Water Limited, both are subsidiaries of the Group. The loans bear interest rates of LIBOR plus a different variable margin for each of the GBP75,000,000 and GBP100,000,000 loans respectively.

The term loans of RM686,966,000 [GBP140,000,000] (2009: RM820,288,000 [GBP140,000,000]) are unsecured loans of Wessex Water Services Limited and are guaranteed by Wessex Water Limited. The loans bear an interest rate of LIBOR plus 0.18%.

On 7 April 2010 a new term loan of RM245,345,000 [GBP50,000,000] was drawndown by Wessex Water Services Limited. The loan bears an interest rate of LIBOR plus 1.10%.

(ii) Term loans denominated in US Dollars

YTL Power International Berhad's unsecured term loan of RM598,303,929 (USD169,852,073) which bears an interest rate of LIBOR plus 0.2650% margin was repaid on 29 January 2010.

Term loan of RM618,925,000 [USD190,000,000] (2009: RM668,271,088 [USD189,715,000]) is unsecured and is guaranteed by YTL Power International Berhad. The loan is repayable in full on 29 January 2011. The loan bears an interest rate of LIBOR plus 0.265% margin.

Notes to the Financial Statements

During the financial year, new term loans of RM1,289,131,962 [USD395,742,736] were drawndown by the subsidiaries of YTL Power International Berhad. The term loans are unsecured and guaranteed by YTL Power International Berhad. The loans of USD200 million each are repayable on 17 December 2012 and 30 June 2015 respectively. These loans bear interest rate of LIBOR plus 1.40% and LIBOR plus 1.65% respectively.

(iii) Term loans denominated in Ringgit Malaysia

Save for the term loans of certain subsidiaries amounting to RM624,126,300 (2009: RM475,305,621) which are secured by first fixed charge over the properties of the respective subsidiaries and quoted shares, the term loans are unsecured.

(iv) Term loans denominated in Singapore Dollars

Term loan of RM4,347,696,886 [SGD1,870,620,810] (2009: RM5,328,178,433 [SGD2,192,485,570]) is a secured loan of YTL PowerSeraya Pte. Limited, a subsidiary of the Group. The loan bears interest rate of 2.50% (margin rate) per annum plus swap offer rate per annum and is repayable in full on 6 March 2012. The loan is secured by a charge over the shares and assets of YTL PowerSeraya Pte. Limited.

Term loan of RM1,062,600,000 [SGD460 million] (2009: RM1,119,318,000 [SGD460 million]) is an unsecured loan of YTL Corp Finance (Cayman) Limited, a subsidiary of the Company. The term loan bears interest rates ranging between 1.49% and 1.81% (2009: 1.58742% and 3.00%) per annum and matures on 18 September 2011. This facility is guaranteed by the Company.

As at 30 June 2010, PowerSeraya Limited, a subsidiary of the Group had drawndown RM929,680,000 [SGD400,000,000] (2009: RM607,550,000 [SGD250,000,000]) term loan facility which has staggered repayment date commencing on 29 August 2011 with final repayment date on 28 August 2014. PowerSeraya Limited has a choice to select an interest period of one, three or six month on the facility. The Term loan is unsecured.

Term loans of the subsidiaries, Lakefront Pte. Ltd. and Sandy Island Pte. Ltd. ("Lakefront and Sandy Island"), amounting to RM124,635,455 [SGD53,625,099] and RM215,505,553 [SGD92,722,465] (2009: RM128,486,169 [SGD52,870,615] and RM225,334,134 [SGD92,722,465]) bear average interest rates of 0.93% to 3.74% and 0.99% to 1.69% (2009: 1.90% and 2.01%) per annum respectively and mature in March 2012 (2009: December 2009) and June 2013 (2009: June 2010) respectively. These facilities are guaranteed by the Company and two directors of Lakefront and Sandy Island.

(v) Term loan denominated in Japanese Yen

During the financial year, Niseko Village (S) Pte. Ltd, a subsidiary of the Group had drawndown RM239,115,500 [Yen 6,500,000,000] term loan facility which matures on 31 March 2015. The term loan bears interest at a floating rate between 1.25313% and 1.26313% per annum. This facility is secured by a corporate guarantee of the Company.

(B) REVOLVING CREDIT

Save for the revolving credit of a subsidiary amounting to RM400 million (2009: Nil) which is secured by quoted shares of another subsidiary, the revolving credit facility of the Group is unsecured.

As at 30 June 2010, PowerSeraya Limited had drawndown RM116,210,000 [SGD50,000,000] (2009: RM72,906,000 [SGD30,000,000]) revolving facility which matures on 28 August 2012. PowerSeraya Limited has a choice to select an interest period of one, three or six month on the facility. PowerSeraya Limited has the discretion and the intention to roll over the RM116,210,000 [SGD 50,000,000] (2009: RM72,906,000 [SGD30,000,000] revolving credit facility on the repayment date on 7 July 2010, and accordingly the revolving credit is classified as non-current.

(C) COMMITTED BANK LOANS

Committed bank loans of the Group amounted to RM38,618,382 [EUR9,613,474] (2009: RM63,537,950 [EUR12,853,552]). Of this balance, RM14,716,578 [EUR3,663,474] (2009: RM32,889,981 [EUR6,653,552]) is guaranteed by Wessex Water Limited, a subsidiary of the Group. The loan bears an interest rate of EURIBOR plus 0.60% and varies depending on the credit rating of Wessex Water Limited. The remaining balance of RM23,901,804 [EUR5,950,000] (2009: RM30,647,969 [EUR6,200,000]) is a direct obligation of Wessex Water Limited and bears an interest rate of EURIBOR plus 0.50%.

Committed bank loans of RM351,552,000 (GBP60,000,000) were unsecured loans of Wessex Water Services Limited, a subsidiary of the Group. The loans bear an interest rate between LIBOR plus 0.30% and LIBOR plus 0.35%. The committed bank loans have been fully repaid on 30 June 2010.

(D) UNCOMMITTED BANK LOANS

PowerSeraya Limited had drawndown RM31,592,600 (SGD13,000,000) on its short term bank facilities. This short term bank borrowing was unsecured, and bore an interest rate of 1.73% per annum. The loan was repaid during the financial year.

(E) COMMERCIAL PAPERS ("CP")

The CP of the Company were constituted under the Trust Deed dated 18 June 2004 and expires on 20 October 2012.

During the financial year, the Company has issued and repaid RM750,000,000 (RM250,000,000) and RM750,000,000 (RM250,000,000) respectively of the CP which bears upfront interest rates ranging from 2.350% to 4.335% per annum.

The CP of a subsidiary, YTL Power International Berhad ("YTLPI"), were issued pursuant to a Commercial Paper and/or Medium Term Notes issuance programme of up to RM2.0 billion ("CP/MTN Programme") constituted by a Trust Deed and CP/MTN Programme Agreement, both dated 24 May 2007.

During the financial year, YTLPI has issued and repaid RM900,000,000 and RM1,800,000,000 (2009: RM600,000,000) respectively of the CP which bears interest rates ranging from 2.324% to 2.73% (2009: 2.344% to 3.968%) per annum.

(F) IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS

On 10 November 2005, YTL Cement Berhad ("YTL Cement"), a subsidiary of the Group issued 483,246,858 10 years 4% stepping up to 6% Irredeemable Convertible Unsecured Loan Stocks ("ICULS") at a nominal value of RM1.00 each, maturing 10 November 2015 ("Maturity Date").

The main features of the ICULS are as follows:-

(i) The ICULS bear interest of 4% per annum from date of issue up to fourth anniversary and 5% per annum from the date after the fourth anniversary up to the seventh anniversary. Thereafter, the ICULS bear interest at 6% per annum up to the maturity date. The interest is payable semi-annually in arrears.

(ii) The ICULS are convertible at any time on or after its issuance date into new ordinary shares of YTL Cement 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 RM2.72
- For conversion at any time after fourth anniversary of issue up to the seventh anniversary, conversion price is RM2.04
- For conversion at any time after seventh anniversary of issue up to the maturity date, conversion price is RM1.82

(iii) The ICULS are not redeemable and any ICULS remaining immediately after the maturity date shall be automatically converted into ordinary shares at the conversion price.

(iv) The new ordinary shares issued from the conversion of ICULS will be deemed fully paid-up and rank pari passu in all respects with all existing ordinary shares of YTL Cement.

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The fair values of the liability component and the equity conversion component were determined at issuance of the ICULS.

A certain amount of the ICULS are held by the Company (refer Note 15(a) of the Financial Statements) and other companies within the Group. The relevant amounts have been eliminated in the Balance Sheet of the Group.

(G) BANKERS' ACCEPTANCES

Included in the bankers' acceptances is RM58,134,995 (2009: RM80,950,902) of unsecured loan of a subsidiary of the Group. Bankers' acceptances bear interest as at the balance sheet date ranging from 2.50% to 3.28% (2009: 2.25% to 4.55%) per annum.

(H) BANK OVERDRAFTS

Included in the bank overdrafts is RM389,987 (2009: RM6,193,385) of unsecured loans of subsidiaries of the Group. These unsecured loans are repayable in full on demand and bore interest as at the balance sheet date ranging from 6.30% to 7.05% (2009: 6.30% to 8.25%) per annum.

Included in the bank overdrafts was RM44,820,621 [GBP9,134,203] (2009: RMNil) of unsecured loans in Wessex Water Services Limited, Wessex Water Limited and SC Technology Nederlands BV, subsidiaries of the Group. The overdrafts were repayable in full on demand and bore interest of Base Rate plus 1%.

(I) FINANCE LEASE LIABILITIES

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Minimum lease payments:-				
Payable not later than 1 year	**52,717**	58,041	**66**	236
Payable later than 1 year and not later than 5 years	**210,200**	242,378	**—**	66
Payable later than 5 years	**192,035**	289,682	**—**	—
	454,952	590,101	**66**	302
Less: Finance charges	**(89,933)**	(129,019)	**(1)**	(8)
Present value of finance lease liabilities	**365,019**	461,082	**65**	294

Finance lease of RM352,884,749 (2009: RM442,586,074) is an unsecured obligation of Wessex Water Services Limited, a subsidiary of the Group. The principal amount is repayable in instalments until 30 June 2019. This finance lease bears an interest rate ranging from 1.70% to 3.00%.

34. DEFERRED INCOME

	Group	
	2010 RM'000	2009 RM'000
At beginning of the financial year	**198,257**	133,917
Acquisition of subsidiary	—	69,149
Currency translation differences	**(25,479)**	(12,521)
Amortisation of grant (Note 7)	**(6,056)**	(5,376)
Received during the financial year	**30,360**	2,058
Recognition of investment allowance	**21,058**	11,030
At end of the financial year	**218,140**	198,257

Deferred income represents government grants in foreign subsidiaries in respect of specific qualifying expenditure on non-infrastructure assets and Cogeneration Plant.

35. DEFERRED TAX LIABILITIES

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
At beginning of the financial year	**2,916,707**	2,280,857	**—**	—
Charged to Income Statement (Note 8)	**204,817**	585,880	**100**	—
Currency translation differences	**(376,775)**	(157,054)	**—**	—
Acquisition of subsidiary	**—**	218,054	**—**	—
Recognition of investment allowances	**(21,058)**	(11,030)	**—**	—
Utilisation of investment allowance	**92,669**	—	**—**	—
At end of the financial year	**2,816,360**	2,916,707	**100**	—

Notes to the Financial Statements

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 Balance Sheet:-

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Deferred tax provided are in respect of:-				
Deferred tax assets				
Unutilised capital allowances	**(36,404)**	(71,821)	—	—
Unutilised investment tax allowances	**(39,289)**	(126,772)	—	—
Retirement benefits	**(52,208)**	(69,011)	—	—
Unabsorbed tax losses	**(32,509)**	(31,222)	—	—
Provisions	**(5,786)**	(48,391)	—	—
Others	**(6,464)**	(7,159)	—	—
	(172,660)	(354,376)	—	—
Deferred tax liabilities				
Property, plant & equipment				
– capital allowances in excess of depreciation	**2,942,370**	3,195,365	**100**	—
Revaluation surplus arising from freehold land	**45,831**	48,681	—	—
Other temporary differences	**819**	27,037	—	—
	2,816,360	2,916,707	**100**	—

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

	Group	
	2010 RM'000	2009 RM'000
Unabsorbed tax losses	**105,284**	70,348
Unutilised capital allowances	**23,475**	36,306
Unutilised investment tax allowance	**34,705**	—
Deductible temporary differences	**340**	93
Taxable temporary differences		
– property, plant & equipment	**(22,734)**	(9,902)
	141,070	96,845
Potential tax benefits calculated at 25% (2009: 25%) tax rate	**35,268**	24,211

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

36. POST-EMPLOYMENT BENEFIT OBLIGATIONS

(a) Defined contribution plan – current

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Malaysia	**2,601**	2,926	**185**	162

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

(b) Defined benefit plans – non-current

	Group	
	2010 RM'000	2009 RM'000
Overseas		
– United Kingdom	**180,304**	248,782
– Indonesia	**5,561**	4,363
	185,865	253,145

Overseas

(i) United Kingdom

The Group operates final salary defined benefit plans for its employees in the United Kingdom, the assets of which are held in separate trustee-administered funds. The latest actuarial valuation of the plan was undertaken at 31 December 2007. This valuation was updated as at 30 June 2010 using revised assumptions.

The movements during the financial year in the amounts recognised in the Balance Sheet are as follows:-

	Group	
	2010 RM'000	2009 RM'000
At beginning of the financial year	**248,782**	311,763
Pension cost	**73,078**	70,140
Contributions and benefits paid	**(103,821)**	(100,844)
Currency translation differences	**(37,735)**	(32,277)
At end of the financial year	**180,304**	248,782

Notes to the Financial Statements

The amounts recognised in the Balance Sheet may be analysed as follows:-

	Group	
	2010 RM'000	**2009 RM'000**
Present value of funded obligations	**2,024,342**	1,902,248
Fair value of plan assets	**(1,528,990)**	(1,627,100)
Status of funded plan	**495,352**	275,148
Unrecognised actuarial loss	**(315,048)**	(26,366)
Liability in the Balance Sheet	**180,304**	248,782

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

	Group	
	2010 RM'000	**2009 RM'000**
At 1 July	**1,902,248**	2,342,017
Currency translation differences	**(350,693)**	(241,369)
Interest cost	**107,048**	135,970
Current service cost	**42,981**	49,857
Contributions by scheme participants	**4,841**	15,297
Past service cost	**2,152**	(113)
Net benefits paid	**(79,076)**	(71,384)
Actuarial loss/(gain) on obligation	**394,841**	(328,027)
Present value of obligation, 30 June	**2,024,342**	1,902,248

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

	Group	
	2010 RM'000	**2009 RM'000**
At 1 July	**1,627,100**	1,921,514
Currency translation differences	**(280,467)**	(195,836)
Expected return on plan assets	**94,676**	115,574
Contributions by employer	**103,820**	100,844
Contributions by scheme participants	**4,841**	15,297
Net benefits paid	**(79,076)**	(71,384)
Actuarial gain/(loss) on plan assets	**58,096**	(258,909)
Fair value of plan assets, 30 June	**1,528,990**	1,627,100

The pension cost recognised may be analysed as follows:-

	Group	
	2010 RM'000	**2009 RM'000**
Current service cost	**42,981**	49,857
Interest cost	**107,048**	135,970
Expected return on plan assets	**(94,676)**	(115,574)
Past service cost	**2,152**	(113)
Actuarial loss recognised	**15,573**	—
Total	**73,078**	70,140
Actual return on plan assets	**(122,855)**	(323,874)

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

	Group	
	2010 RM'000	**2009 RM'000**
Cost of sales	**40,014**	26,312
Administration expenses	**8,147**	12,464
Interest cost	**12,372**	20,396
Total charge to Income Statement	**60,533**	59,172
Capitalised spread across property, plant & equipment	**12,545**	10,968
	73,078	70,140

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

	Group	
	2010 %	**2009 %**
Discount rate	**5.40**	6.45
Expected rate of increase in pension payment	**2.20 – 2.30**	2.10 – 2.90
Expected rate of salary increases	**3.30**	4.00
Price inflation	**3.30**	3.00

Notes to the Financial Statements

(ii) Indonesia

Summary of obligations relating to employee benefits due under prevailing law and regulations as well as under the Indonesian subsidiary's regulations are as presented below:-

	Group	
	2010 RM'000	2009 RM'000
Obligation relating to post-employment benefits	**3,808**	2,883
Obligation relating to other long term employee benefits	**1,753**	1,480
Total	**5,561**	4,363

The Group has a defined contribution pension fund program for its permanent national employees. The Group's contribution is 6% of employee basic salary, while the employees' contributions range from 3% to 14%. 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 2010.

Post employment benefits obligation

The movements during the financial year in the amounts recognised in the Consolidated Balance Sheet are as follows:-

	Group	
	2010 RM'000	2009 RM'000
At beginning of the financial year	**2,883**	2,473
Pension cost	**1,029**	501
Contributions and benefits paid	**(237)**	(5)
Currency translation differences	**133**	(86)
At end of the financial year	**3,808**	2,883

The obligations relating to post-employment benefits recognised in the Balance Sheet are as follows:-

	Group	
	2010 RM'000	2009 RM'000
Present value of obligations	**5,085**	3,871
Unrecognised actuarial loss	**(421)**	(555)
Unrecognised past service cost	**(856)**	(433)
Liability in the Balance Sheet	**3,808**	2,883

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

	Group	
	2010 RM'000	**2009 RM'000**
At 1 July	**2,883**	2,473
Currency translation differences	**133**	(86)
Interest cost	**491**	389
Current service cost	**487**	385
Past service cost	**38**	(273)
Net benefits paid	**(237)**	(5)
Actuarial loss on obligation	**13**	—
Present value of obligation, 30 June	**3,808**	2,883

The pension cost recognised can be analysed as follows:-

	Group	
	2010 RM'000	**2009 RM'000**
Current service cost	**487**	385
Interest cost	**491**	389
Past service cost	**38**	(273)
Net actuarial losses	**13**	—
Total	**1,029**	501

Other long term employee benefits obligation

The obligations relating to other long term employee benefits (i.e. long leave service benefits) recognised in the Consolidated Balance Sheet are as follows:-

	Group	
	2010 RM'000	**2009 RM'000**
Present value of obligations	**1,753**	1,480

Notes to the Financial Statements

The movements during the financial year in the amount recognised in the Consolidated Balance Sheet are as follows:-

	Group	
	2010 RM'000	2009 RM'000
At beginning of the financial year	**1,480**	1,117
Pension cost	**521**	431
Contributions and benefits paid	**(325)**	(29)
Currency translation differences	**77**	(39)
At end of the financial year	**1,753**	1,480

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

	Group	
	2010 RM'000	2009 RM'000
At 1 July	**1,480**	1,117
Currency translation differences	**77**	(39)
Interest cost	**173**	284
Current service cost	**202**	147
Net benefits paid	**(325)**	(29)
Actuarial loss on obligation	**146**	—
Present value of obligation, 30 June	**1,753**	1,480

The amounts relating to other long term employee benefits obligation recognised in the Consolidated Income Statement are as follows:-

	Group	
	2010 RM'000	2009 RM'000
Current service cost	**202**	147
Interest cost	**173**	284
Net actuarial losses	**146**	—
Total	**521**	431

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

The principal actuarial assumptions used are as follows:-

	Group	
	2010 %	2009 %
Discount rate	**9.8**	12.0
Expected rate of return on plan assets	**8.0**	8.0
Expected rate of salary increase	**8.0**	9.0

37. TRADE & OTHER PAYABLES

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Trade payables	**1,512,525**	1,229,515	—	—
Progress billings in respect of property development costs	**40,755**	5,674	—	—
Amount due to contract customers (Note 26)	**75,212**	77,024	—	—
Other payables	**746,236**	532,819	**3,914**	3,709
Receipt in advance	**147,764**	197,498	—	—
Accruals	**537,761**	662,720	**3,746**	2,970
	3,060,253	2,705,250	**7,660**	6,679

The credit terms of trade payables granted to the Group vary from 7 days to 180 days (2009: 7 days to 180 days). Other credit terms are assessed and approved on a case-by-case basis.

38. PROVISION FOR LIABILITIES & CHARGES

	Group	
	2010 RM'000	2009 RM'000
Restructuring (Note a)	**20,660**	39,119
Damages claims (Note b)	**9,496**	10,633
	30,156	49,752

Movement in provision is as follows:

At beginning of the financial year	**49,752**	26,500
Currency translation differences	**(2,658)**	(1,775)
(Credited)/Charged to Income Statement (Note 7)	**(2,259)**	9,981
Payments	**(14,679)**	(4,152)
Acquisition of subsidiaries	—	19,198
At end of the financial year	**30,156**	49,752

Notes to the Financial Statements

(a) Restructuring

The provision for restructuring relates to the scaling down of operations of certain subsidiaries of the Group.

(b) Damages claims

The provision of damages claims relate to projects undertaken by a subsidiary and are recognised for expected damages claims based on the term of the applicable sale and purchase agreements.

39. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Staff costs (excluding Directors' remuneration)	**566,385**	496,779	**8,127**	7,459
Included in staff costs are:-				
Defined contribution plan	**32,298**	19,434	**854**	743
Defined benefit plan	**49,711**	39,708	**—**	—
Share based payments	**4,415**	1,715	**(377)**	65

40. FAIR VALUE OF OFF BALANCE SHEET FINANCIAL INSTRUMENTS

Fair values of financial derivative instruments are the present value of their future cash flows and are arrived at based on valuations carried out by the Group's bankers. The contract notional principal amounts of the financial derivative instruments and the corresponding fair value adjustments are analysed as follows:-

(a) Fuel oil swaps

The Group entered into fuel oil swaps to hedge highly probable forecast physical fuel oil and natural gas purchases that are expected to occur at various dates in the future. The fuel oil swaps have maturity dates that match the expected occurrence of these transactions.

		Notional amount				
		Maturities				
Type of contact	Outstanding Quantity in metric ton	within 1 year RM'000	1 year or more RM'000	Total RM'000	Fair value RM'000	Maturity date
At 30 June 2010						
"Buy" fuel oil swaps	**691,200**	**1,004,062**	**26,987**	**1,031,049**	**1,011,288**	31 July 2010 to 30 September 2012
"Sell" fuel oil swaps	**90,000**	**131,325**	—	**131,325**	**128,687**	1 July 2010 to 30 September 2010
At 30 June 2009						
"Buy" fuel oil swaps	473,400	503,691	52,998	556,689	699,661	31 July 2009 to 30 June 2011
"Sell" fuel oil swaps	75,000	88,874	—	88,874	109,765	31 July 2009 to 30 September 2009

(b) Currency forwards

The Group entered into currency forwards to hedge highly probable forecast transactions denominated in foreign currency expected to occur in the future. The currency forwards have maturity dates that match the expected occurrence of these transactions.

			Notional Amount				
			Maturities				
Nature of Forecase transactions	Foreign Currency	Foreign Currency Amount '000	within 1 year RM'000	1 year or more RM'000	Total RM'000	Fair value RM'000	Maturity date
At 30 June 2010							
Fuel oil and natural gas	Buy USD	**448,206**	**1,431,086**	**26,770**	**1,457,856**	**1,459,596**	7 July 2010 to 12 April 2013
Fuel oil and natural gas	Sell USD	**27,840**	**88,799**	—	**88,799**	**90,689**	13 August 2010
Capital projects	Buy EURO	**8,767**	**38,260**	—	**38,260**	**34,821**	1 July 2010 to 6 August 2010
Overhaul/ Maintenance	Buy EURO	**250**	**983**	—	**983**	**994**	12 Jul 2010
Other Expense	Buy CHF	**151**	**440**	—	**440**	**455**	6 Jul 2010
Other Expense	Buy GBP	**29**	**138**	—	**138**	**140**	1 Jul 2010
At 30 June 2009							
Fuel oil and natural gas	Buy USD	129,295	430,467	34,743	465,210	455,322	1 July 2009 to 1 June 2011
Capital projects	Buy USD	31,489	110,180	80	110,260	110,746	1 July 2009 to 1 July 2010
Capital projects	Buy EURO	64,795	291,726	21,547	313,273	320,868	1 July 2009 to 2 August 2010
Capital projects	Buy JPY	250,681	9,741	—	9,741	9,231	1 July 2009 to 4 January 2010
Capital projects	Buy CHF	53,770	174	—	174	174	17 July 2009

Notes to the Financial Statements

(c) Interest rate swaps

Interest rate swaps are entered to hedge floating rate interest payments on borrowings which are obtained to finance acquisition of subsidiaries and for the construction of property, plant and equipment.

Interest rate swaps	Weighted average rate per annum	Notional amount RM'000	Fair value RM'000	Effective period
At 30 June 2010				
Plain Vanilla	**2.89%**	**581,050**	**552,077**	28 February 2008 to 28 August 2014
Plain Vanilla	**1.22%**	**2,207,990**	**2,199,708**	7 September 2009 to 6 October 2010
At 30 June 2009				
Plain Vanilla	2.89%	607,550	595,571	28 February 2008 to 28 August 2014

All derivative financial instruments are executed with creditworthy counter parties with a view to limit the credit risk exposure of the Group.

41. SIGNIFICANT RELATED PARTY TRANSACTIONS

(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 2010 RM'000	Group 2009 RM'000
Ara Bintang Sdn. Bhd.	A special purpose vehicle of SG REIT	Disposal of investment properties	**1,030,000**	—
Commercial Central Sdn. Bhd.	Subsidiary of holding company	Rental of premises & related expenses	**1,765**	2,207
Corporate Promotions Sdn. Bhd.	Subsidiary of holding company	Advertising & promotion expenses	**1,980**	3,041
Express Rail Link Sdn. Bhd.	Associated company	Civil engineering & construction works income	**16,450**	16,005
		Sale of computer equipment & services income	**2,600**	2,495
Oriental Place Sdn. Bhd.	Subsidiary of holding company	Rental of premises expenses	**1,759**	2,034
Starhill Global Real Estate Investment Trust ("SG REIT")	Real Estate Investment Trust^	Underwriting fee income	**12,895**	—
*YTL Starhill Global REIT Management Limited	Subsidiary of associated company	Technical services income	**3,813**	—

^ *The Group has an interest in 562,868,281 units in SG REIT representing 29.09%*

* *These are in respect of transactions during the period in which those companies were subsidiaries of associated company.*

Entity	Relationship	Type of transactions	Company	
			2010 RM'000	2009 RM'000
* YTL Starhill Global Property Management Pte. Ltd.	Subsidiary of associated company	Technical services income	**2,577**	—
Autodome Sdn. Bhd.	Subsidiary	Food & beverage	**1,190**	536
Cornerstone Crest Sdn. Bhd.	Subsidiary	Disposal of investment	**384,190**	—
Construction Lease (M) Sdn. Bhd.	Subsidiary	Other interest income	**1,972**	1,939
Restoran Kisap Sdn. Bhd.	Subsidiary	Bad debt written off	**2,411**	—
Suri Travel & Tours Sdn. Bhd.	Subsidiary	Purchase of air tickets	**853**	1,787
Starhill Global Real Estate Investment Trust	Real Estate Investment Trust^	Underwriting fee income	**12,895**	—
YTL Cement Berhad	Subsidiary	ICULS interest income	**9,929**	8,568

^ *The Group has an interest in 562,868,281 units in SG REIT representing 29.09%*

* *These are in respect of transactions during the period in which those companies were subsidiaries of associated company.*

ii) The following significant transactions which have been transacted with close family members of key management personnel and an entity controlled by key management personnel and close family members are as follows:-

	Group	
	2010 RM'000	2009 RM'000
Progress billings related to purchase of properties	**63,069**	748

The Directors are of the opinion that these transactions are conducted in the normal course of business and are under terms that are not less favourable than those arranged with third parties.

(b) Key management personnel compensation

Key management personnel compensation during the financial year was as follows:-

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Salaries and other short-term employee benefits	**27,684**	18,596	**593**	320
Post-employment benefits				
– defined contribution plan	**3,063**	2,101	**—**	—
Share option expenses	**3,690**	1,346	**—**	—
	34,437	22,043	**593**	320

The above is in respect of the total compensation of Directors of the Group and of the Company.

Notes to the Financial Statements

(c) Financial year end balances arising from progress billings related to sale of properties

	Group	
	2010 RM'000	**2009 RM'000**
Receivable from		
– close family members of key management personnel	**193**	649

42. CONTINGENT LIABILITIES – UNSECURED

(a) As at the end of the financial year, the Company had issued corporate guarantees amounting to RM4,134,347,000 (2009: RM2,977,571,000) to financial institutions for facilities granted to its subsidiaries as follows:-

	Total Amount Guaranteed	
	2010 RM'000	**2009 RM'000**
Bank overdrafts	**18,200**	20,200
Letters of credit/trust receipts/bankers' acceptances/shipping guarantees/bank guarantees	**269,255**	260,893
Revolving credit/term loans	**1,805,123**	1,639,728
Zero Coupon Exchangeable Guaranteed Bonds Due 2012	**977,250**	1,056,750
1.875% Guaranteed Exchangeable Bonds Due 2015	**1,303,000**	—
	4,372,828	2,977,571

	Amount Utilised	
	2010 RM'000	**2009 RM'000**
Bank overdrafts	**285**	987
Letters of credit/trust receipts/bankers' acceptances/shipping guarantees/bank guarantees	**100,246**	115,275
Revolving credit/term loans	**1,676,974**	1,528,479
Zero Coupon Exchangeable Guaranteed Bonds Due 2012	**28,992**	1,056,750
1.875% Guaranteed Exchangeable Bonds Due 2015	**1,303,000**	—
	3,109,497	2,701,491

(b) In YTL Power International Berhad, there is a joint and several shareholders' contingent support with Siemens Financial Services to invest up to a further equity amounting to RM37,982,450 (2009: RM41,072,350) in PT Jawa Power, an associate of the Group.

(c) The Company had issued corporate guarantee to Ara Bintang Berhad to guarantee the payment obligations of Katagreen Development Sdn. Bhd., a subsidiary of the Company, throughout the tenancy period. These future minimum lease payables amounted to RM448 million at the balance sheet date.

43. COMMITMENTS AND OPERATING LEASE ARRANGEMENTS

	Group	
	2010 RM'000	**2009 RM'000**
(a) Capital commitments:-		
Authorised and contracted for	**780,186**	1,953,348
Authorised but not contracted for	**35,702**	380,473

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

(b) Operating lease arrangements:-

(i) The Group as lessee

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

	Group	
	2010 RM'000	**2009 RM'000**
Not later than 1 year	**90,677**	14,571
Later than 1 year and not later than 5 years	**364,185**	27,499
Later than 5 years	**354,892**	82,326
	809,754	124,396

(ii) The Group as lessor

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

	Group	
	2010 RM'000	**2009 RM'000**
Not later than 1 year	**35,688**	43,451
Later than 1 year and not later than 5 years	**26,527**	22,334
	62,215	65,785

Notes to the Financial Statements

44. SEGMENTAL INFORMATION

The Group has seven reportable segments as described below:-

(i) Construction

(ii) Information technology & e-commerce related business

(iii) Hotel & restaurant 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 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 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 & restaurant operations RM'000	Cement manufacturing & trading RM'000	Management services & others RM'000	Property investment & development RM'000	Utilities RM'000	Total RM'000
2010								
Total revenue	352,888	43,229	193,468	2,068,826	485,125	598,149	13,334,379	17,076,064
Inter-segment revenue	(148,615)	(20,545)	(1,590)	(39,457)	(282,404)	(78,420)	—	(571,031)
External revenue	204,273	22,684	191,878	2,029,369	202,721	519,729	13,334,379	16,505,033
Results								
Interest income	4,168	3,471	252	15,293	5,042	10,312	7,462	46,000
Finance costs	(1,411)	(13)	(2,811)	(23,921)	(176,480)	(54,569)	(742,256)	(1,001,461)
Share of results of associated companies & joint controlled entity	—	—	9,852	(695)	226	72,568	226,513	308,464
Segment profit before tax	37,448	1,105	5,630	394,742	(61,864)	61,690	1,845,299	2,284,050
Segment assets								
Investment in associated companies and joint controlled entity	—	—	37,554	813	249,760	1,078,095	992,907	2,359,129
Other segment assets	702,249	189,006	900,041	3,413,532	10,646,214	4,486,320	23,457,364	43,794,726
Segment liabilities								
Bonds & Borrowings	56,654	121	282,716	728,433	8,404,891	2,609,283	16,025,640	28,107,738
Other segment liabilities	243,569	13,995	209,624	521,687	545,377	362,477	4,724,010	6,620,739
Other segment information								
Capital expenditure	14,817	624,275	63,029	85,710	17,089	47,900	918,360	1,771,180
Depreciation & amortisation	7,099	2,151	7,868	111,272	7,475	3,269	775,397	914,531

	Construction RM'000	Information technology & e-commerce related business RM'000	Hotel & restaurant operations RM'000	Cement manufacturing & trading RM'000	Management services & others RM'000	Property investment & development RM'000	Utilities RM'000	Total RM'000
2009								
Total revenue	328,570	35,324	175,964	2,085,002	465,633	287,292	5,913,797	9,291,582
Inter-segment revenue	(86,204)	(10,134)	(1,961)	(23,435)	(214,105)	(63,618)	—	(399,457)
External revenue	242,366	25,190	174,003	2,061,567	251,528	223,674	5,913,797	8,892,125
Results								
Interest income	3,987	4,657	1,710	1,286	21,202	13,480	51,750	98,072
Fair value gain on investment properties	—	—	—	—	—	274,360	—	274,360
Finance costs	(6,210)	(26)	(2,827)	(33,857)	(279,107)	(29,332)	(687,449)	(1,038,808)
Share of results of associated companies	—	—	(6,390)	12	(1,185)	309,189	225,484	527,110
Segment profit before tax	8,851	6,235	(2,752)	408,219	(153,787)	621,742	1,396,689	2,288,197
Segment assets								
Investment in associated companies	—	—	42,693	832	292,652	1,016,647	977,005	2,329,829
Other segment assets	624,885	167,293	374,276	3,261,152	8,178,453	4,487,983	25,989,961	43,084,003
Segment liabilities								
Bonds & Borrowings	62,864	280	51,660	757,871	9,061,036	1,233,931	17,276,928	28,444,570
Other segment liabilities	140,374	10,794	38,463	467,062	376,528	230,434	5,305,223	6,568,878
Other segment information								
Capital expenditure	12,494	20,711	15,617	89,988	7,862	1,121,385	1,258,390	2,526,447
Depreciation & amortisation	4,983	3,020	7,430	115,690	6,885	2,657	608,620	749,285

Notes to the Financial Statements

(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 & restaurant operations
		– Cement manufacturing & trading
		– Management services & others
		– Property investment & development
		– Utilities
(ii)	United Kingdom	– Utilities
(iii)	Singapore	– Utilities
		– Cement trading

	Revenue		Non-current assets	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Malaysia	**3,342,267**	3,212,889	**6,662,236**	7,250,387
United Kingdom	**2,455,912**	2,510,688	**10,589,965**	12,564,728
Singapore	**10,080,729**	2,707,646	**7,475,178**	7,421,138
Other countries	**626,125**	460,902	**887,133**	276,279
	16,505,033	8,892,125	**25,614,512**	27,512,532

Non-current assets information presented above consist of the followings items as presented in the Consolidated Balance Sheets.

	Non-current assets	
	2010 RM'000	2009 RM'000
Property, plant & equipment	**19,027,087**	19,518,609
Prepaid lease payments	**135,696**	141,106
Investment properties	**1,333,720**	2,986,901
Development expenditure	**769,315**	849,190
Intangible assets	**4,347,670**	4,016,726
Biological assets	**1,024**	—
	25,614,512	27,512,532

(c) Major customers

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

	Revenue		
	2010 RM'000	2009 RM'000	Segment
Tenaga Nasional Berhad	**1,127,875**	1,113,357	Utilities
Energy Market Company	**4,523,262**	1,209,424	Utilities

45. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments 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.

Critical accounting estimates and assumptions

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 & equipment

Determining whether the property, plant & equipment are impaired requires an estimation of value in use of the property, plant & 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.

(b) Estimated useful life of property, plant & equipment

The residual value and the useful life of the property, plant & 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 judgment.

(c) Classification of investment properties

The Group has developed certain criteria based on FRS 140 in making judgment whether a property qualifies as an investment property. The Group's investment properties consist of freehold land & buildings and leasehold land & buildings that are held to earn rentals or for capital appreciation.

(d) Estimated impairment 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.

(e) Property development

The Group recognises property development revenue and expenses in the Income Statement 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 judgment 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 judgment, the Group evaluates based on past experience and by relying on the work of specialists.

(f) 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 judgment 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 judgment, the Group has relied on past experience and the work of specialists.

Notes to the Financial Statements

(g) Allowance for doubtful debts

The Group assesses at each balance sheet date whether there is objective evidence that trade 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.

(h) Income tax expense

(i) Income taxes

The Group is subject to income tax in numerous jurisdictions. Judgment is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for tax matters based on estimates of whether additional taxes will be due. If the final outcome of these tax matters result in a difference in the amounts initially recognised, such differences will impact the income tax and/or deferred tax provisions in the period in which such determination is made.

(ii) Deferred tax assets

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which temporary differences can be utilised. This involves judgment regarding future financial performance of a particular entity in which the deferred tax asset has been recognised.

(i) Share based payments

Equity-settled share based payments are measured at fair value at the grant date. The Group revises the estimated number of performance shares that participants are expected to receive based on non-market vesting conditions at each balance sheet date. The assumptions of the valuation model used to determine fair value are set out in Note 29(b) of the Financial Statements.

(j) Contingent liabilities

Determination of the treatment of contingent liabilities is based on management's view of the expected outcome of the contingencies after consulting legal counsel for litigation cases and experts internal and external to the Group for matters in the ordinary course of business. Please refer to Note 42 of the Financial Statements for details.

(k) Estimation of the lower of cost and net realisable value for fuel oil inventory

The Group's management is of the view that the reasonable net realisable value benchmark for the fuel oil inventory should be determined against the electricity prices derived from the generation of electricity by the fuel oil inventory. As at the balance sheet date, the net realisable value test has in part been determined based on the estimated price of generated electricity that will be achieved over the period in which the inventory will be utilised. The price that will eventually be achieved will be subject to market conditions subsequent to the balance sheet date. If estimated price increased/decreased by 2%, the allowance for lower of cost and net realisable value would be lower/higher by RM174,315.

(l) 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.

46. THE NEW OR REVISED FINANCIAL REPORTING STANDARDS

At the date of authorisation of these financial statements, the following new or revised Financial Reporting Standards ("FRS"), amendments to FRS and IC Interpretations ("IC Int") have been issued but are not yet effective and have not been adopted by the Group and the Company:-

	Effective for financial periods beginning on or after
• FRS 1 (revised) First-time Adoption of Financial Reporting Standards	1 July 2010
• FRS 3 (revised) Business Combinations	1 July 2010
• FRS 4 Insurance Contracts	1 January 2010
• FRS 7 Financial Instruments: Disclosures	1 January 2010
• FRS 101 (revised) Presentation of Financial Statements	1 January 2010
• FRS 123 Borrowing Costs	1 January 2010
• FRS 127 Consolidated and Separate Financial Statements	1 July 2010
• FRS 139 Financial Instruments: Recognition and Measurement	1 January 2010
• Amendment to FRS 1 First-time Adoption of Financial Reporting Standards	1 January 2010
• Amendment to FRS 1 First-time Adoption of Financial Reporting Standards Limited Exemption from Comparative FRS 7 Disclosures	1 January 2011
• Amendment to FRS 1 First-time Adoption of Financial Reporting Standards Additional Exemption from Comparative FRS 7 Disclosures	1 January 2011
• Amendment to FRS 2 Share-based Payment: Vesting Conditions and Cancellations	1 January 2010
• Amendment to FRS 2 Share-based Payment	1 July 2010
• Amendment to FRS 2 Share-based Payment Group Cash-settled Share-based Payment transactions	1 January 2011
• Amendment to FRS 5 Non-current Assets Held for Sale and Discontinued Operations	1 January 2010 & 1 July 2010
• Amendment to FRS 7 Financial Instruments: Disclosures	1 January 2010
• Amendment to FRS 7 Financial Instruments: Disclosures Improving Disclosures about Financial Instruments	1 January 2011
• Amendment to FRS 8 Operating Segment	1 January 2010
• Amendment to FRS 107 Statement of Cash Flows	1 January 2010
• Amendment to FRS 108 Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2010
• Amendment to FRS 110 Events after the Reporting Period	1 January 2010
• Amendment to FRS 116 Property, Plant and Equipment	1 January 2010
• Amendment to FRS 117 Leases	1 January 2010
• Amendment to FRS 118 Revenue	1 January 2010
• Amendment to FRS 119 Employee Benefits	1 January 2010
• Amendment to FRS 120 Accounting for Government Grants and Disclosure of Government Assistance	1 January 2010
• Amendment to FRS 123 Borrowing Costs	1 January 2010
• Amendment to FRS 127 Consolidated and Separate Financial Statements	1 January 2010
• Amendment to FRS 127 Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2010
• Amendment to FRS 128 Investments in Associates	1 January 2010
• Amendment to FRS 129 Financial Reporting in Hyperinflationary Economies	1 January 2010
• Amendment to FRS 131 Interest in Joint Ventures	1 January 2010
• Amendment to FRS 132 Financial Instruments: Presentation	1 January 2010 & 1 March 2010
• Amendment to FRS 134 Interim Financial Reporting	1 January 2010
• Amendment to FRS 136 Impairment of Assets	1 January 2010
• Amendment to FRS 138 Intangible Assets	1 January 2010 & 1 July 2010
• Amendment to FRS 139 Financial Instruments: Recognition and Measurement	1 January 2010

Notes to the Financial Statements

	Effective for financial periods beginning on or after
• Amendment to FRS 140 Investment Property	1 January 2010
• IC Interpretation 4 Determining Whether and Arrangement contains a Lease	1 January 2011
• IC Interpretation 9 Reassessment of Embedded Derivatives	1 January 2010
• IC Interpretation 10 Interim Financial Reporting and Impairment	1 January 2010
• IC Interpretation 11 FRS 2 – Group and Treasury Share Transactions	1 January 2010
• IC Interpretation 12 Service Concession Arrangements	1 July 2010
• IC Interpretation 13 Customer Loyalty Programmes	1 January 2010
• IC Interpretation 14 FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2010
• IC Interpretation 15 Agreements for the Construction of Real Estate	1 January 2012
• IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation	1 July 2010
• IC Interpretation 17 Distributions of Non-cash Assets to Owners	1 July 2010
• IC Interpretation 18 Transfer of Assets from Customers	1 January 2011
• Amendment to IC Interpretation 9 Reassessment of Embedded Derivatives	1 July 2010

FRS 1, FRS 4 and Amendment to FRS 1 are not relevant to the Group's and the Company's operations.

The Group and the Company are exempted from disclosing the possible impact, if any, to the financial statements upon initial application of FRS 7 & FRS 139.

Except for the changes in accounting policies arising from the adoptions of the revised FRS 3 and the Amendments to FRS 127, as well as the new disclosures required under the Amendments to FRS 7, the directors expect that the adoption of the other FRS, amendments and IC Interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of the revised FRS 3 and the amendments to FRS 127 are described below:-

Revised FRS 3, and Amendments to FRS 127

The revised FRS 3 and Amendments to FRS 127 are effective for annual periods beginning on or after 1 July 2010. The revised FRS 3 introduces a number of changes in the accounting for business combinations occurring after 1 July 2010. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. The Amendments to FRS 127 require that a change in ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Other consequential amendments have been made to FRS 107 *Statement of Cash Flows*, FRS 112 *Income Taxes* FRS121 *The effects of changes in Foreign Exchange Rate*, FRS 128 *Investments in Associates* and FRS 131 *Interests in Joint Ventures*. The changes from the revised FRS 3 and Amendments to FRS 127 will affect future acquisitions or loss of control and transaction with minority interests.

47. CORPORATE PROPOSAL

YTL Cement Berhad ("YTL Cement"), a subsidiary of the Group, announced its proposal to issue via a wholly-owned subsidiary to be incorporated in the Federal Territory of Labuan, up to USD200 million nominal value five-year guaranteed Exchangeable Bonds which are exchangeable into new ordinary shares of RM0.50 each in YTL Cement ("the Proposed Exchangeable Bonds Issue"). YTL Cement had until 4 October 2010 being the extended date approved by the Securities Commission ("SC"), to complete the Proposed Exchangeable Bonds Issue.

YTL Cement has on 20 September 2010 applied to SC for an extension of a further six months to implement the Proposed Exchangeable Bonds Issue and SC's reply is pending.

48. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Pursuant to a proposed rationalisation exercise to reposition Starhill Real Estate Investment Trust ("Starhill REIT") as a global hospitality REIT, Starhill REIT has disposed Lot 10 Properties and Starhill Gallery ("the Properties") to Starhill Global Real Estate Investment Trust ("SG REIT") for a total sale consideration of RM401 million and RM629 million respectively ("Disposal"), by way of a securitisation exercise ("Securitisation Exercise") in Malaysia via a special purpose vehicle to act as the purchaser of the Properties. Ara Bintang Berhad ("ABB") was incorporated as the special purpose vehicle for the purpose of the Securitisation Exercise. The Disposal was completed on 28 June 2010.

49. SIGNIFICANT SUBSEQUENT EVENT

YTL Cement had on 24 September 2010 announced that Gopeng Berhad had accepted its offer to purchase all the remaining 117,742,000 fully paid-up ordinary shares of RM1.00 each, representing 35.16% equity interest in Perak-Hanjoong Simen Sdn Bhd ("Perak Hanjoong"), for a total cash consideration of RM200,000,000.00 (Ringgit Malaysia Two Hundred Million) only. A formal sale and purchase agreement will be entered into in due course.

As at the date of the announcement, YTL Cement together with its wholly-owned subsidiary hold 217,158,000 ordinary shares RM1.00 each in Perak-Hanjoong representing 64.84% equity interest.

50. 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 7 October 2010.

Notes

Form of Proxy

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

____

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

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

of *(full address)* ____________________

____

being a member of **YTL Corporation Berhad** hereby appoint *(full name as per NRIC in block capitals)* ____________________

____

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

of *(full address)* ____________________

____

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the 27th Annual General Meeting of the Company to be held at Starhill 2, Level 4, JW Marriott Hotel Kuala Lumpur, 183, Jalan Bukit Bintang, 55100 Kuala Lumpur on Tuesday, 30 November 2010 at 4.00 p.m. and at any adjournment thereof.

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

NO.	RESOLUTIONS	FOR	AGAINST
1.	Receipt of Reports and Audited Financial Statements		
2.	Declaration of First and Final Dividend		
3.	Re-election of Dato' Yeoh Seok Kian		
4.	Re-election of Dato' Mark Yeoh Seok Kah		
5.	Re-election of Dato' Cheong Keap Tai		
6.	Re-appointment of Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay		
7.	Re-appointment of Dato' (Dr) Yahya Bin Ismail		
8.	Re-appointment of Mej Jen Dato' Haron Bin Mohd Taib (B)		
9.	Re-appointment of Eu Peng Meng @ Leslie Eu		
10.	Approval of the payment of Directors' fees		
11.	Re-appointment of Messrs HLB Ler Lum as Company Auditors		
12.	Authorisation for Directors to Allot and Issue Shares		
13.	Proposed Renewal of Share Buy-Back Authority		
14.	Proposed Renewal of Shareholder Mandate and New Shareholder Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		

Dated this __________ day of ____________________, 2010.

No. of shares held ______________

____

Signature of shareholder

Notes:-

1. A member entitled to attend and vote at the meeting may appoint a proxy to vote in his stead. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. A member other than an Authorised Nominee shall not be entitled to appoint more than one proxy to attend and vote at the same meeting and where such member appoints more than one proxy to attend and vote at the same meeting, such appointment shall be invalid.
2. This form of proxy and the Power of Attorney or other authority (if any) under which it is signed or notarily certified copy thereof must be lodged at the Registered Office, 11th Floor, Yeoh Tiong Lay Plaza, 55 Jalan Bukit Bintang, 55100 Kuala Lumpur not less than 48 hours before the time appointed for the Meeting.
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 23 November 2010. Only a depositor whose name appears on the General Meeting Record of Depositors as at 23 November 2010 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
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The Company Secretary

YTL CORPORATION BERHAD
11th Floor, Yeoh Tiong Lay Plaza
55 Jalan Bukit Bintang
55100 Kuala Lumpur
Malaysia

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