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YTL CORPORATION BERHAD 92647-H

annual report **2012**

YTL CORPORATION BERHAD 92647-H

the journey continues...

annual report **2012**

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YTL CORPORATION BERHAD 92647-H

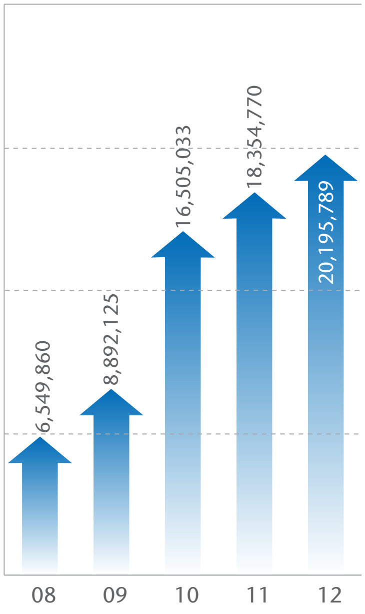
the journey continues...

Annual Report **2012**

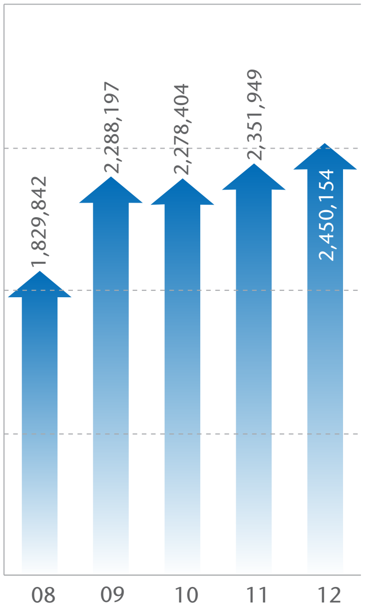
Financial Highlights

	2012	2011	2010	2009	2008
Revenue (RM'000)	**20,195,789**	18,354,770	16,505,033	8,892,125	6,549,860
Profit Before Taxation (RM'000)	**2,450,154**	2,351,949	2,278,404	2,288,197	1,829,842
Profit After Taxation (RM'000)	**1,974,090**	1,835,920	1,619,092	1,401,615	1,376,487
Profit for the Year Attributable to Owners of the Parent (RM'000)	**1,181,123**	1,034,569	844,165	834,472	769,786
Total Equity Attributable to Owners of the Parent (RM'000)	**12,178,674**	10,365,853	9,630,115	9,447,165	7,714,420
Earnings per Share (Sen)	**12.25**	11.53	9.45	10.82	10.31
Dividend per Share (Sen)	**4.0**	2.0	1.5	0.5	5.0
Total Assets (RM'000)	**51,623,313**	48,266,185	46,060,048	45,413,832	38,458,561
Net Assets per Share (RM)	**1.26**	1.15	1.07	1.07	1.03

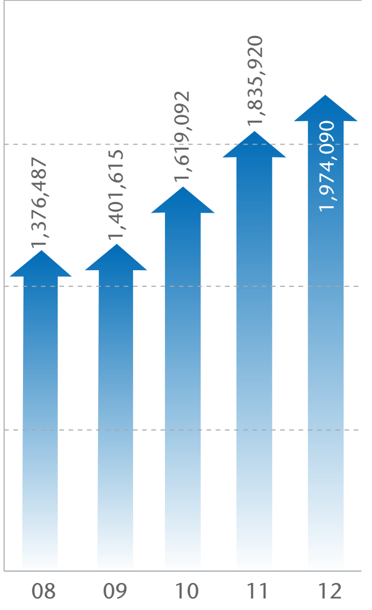
Revenue
(RM'000)



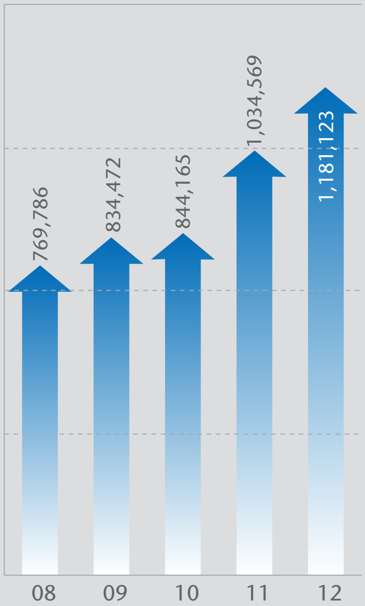
Profit Before Taxation
(RM'000)



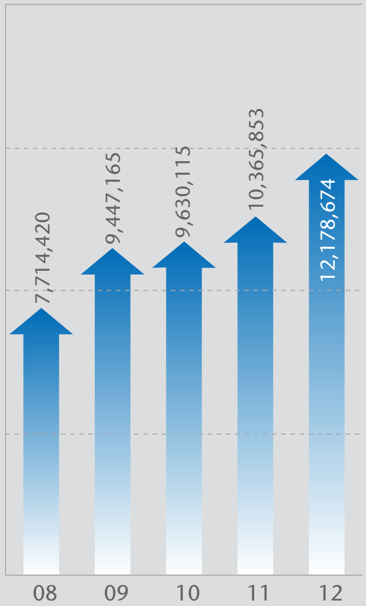
Profit After Taxation
(RM'000)



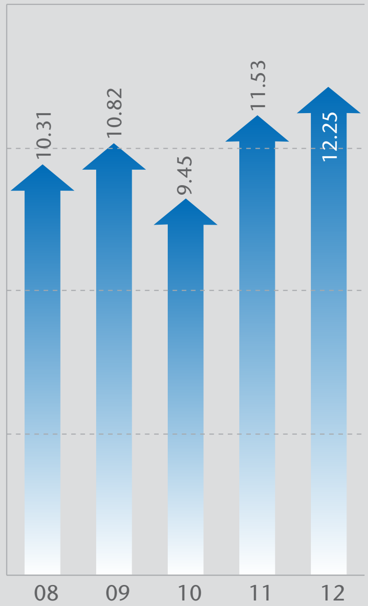
Profit for the Year Attributable to Owners of the Parent (RM'000)



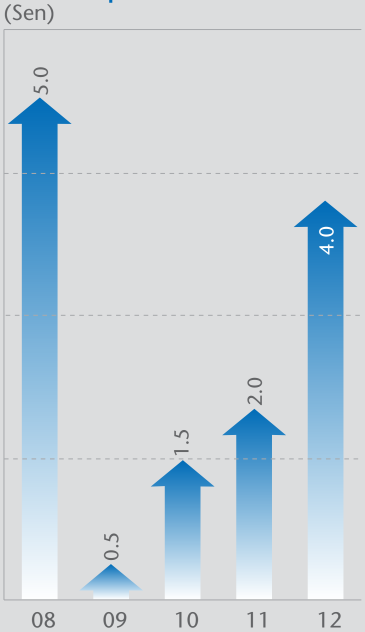
Total Equity Attributable to Owners of the Parent (RM'000)



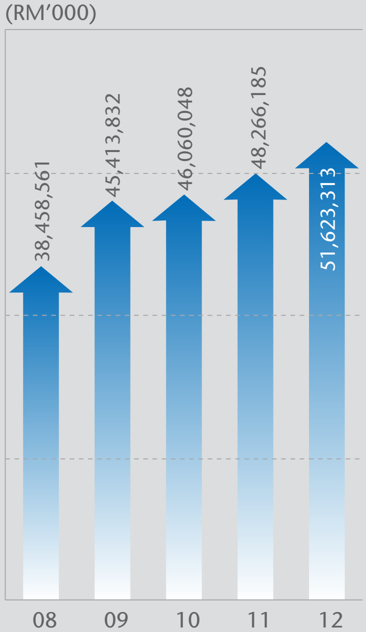
Earnings per Share (Sen)



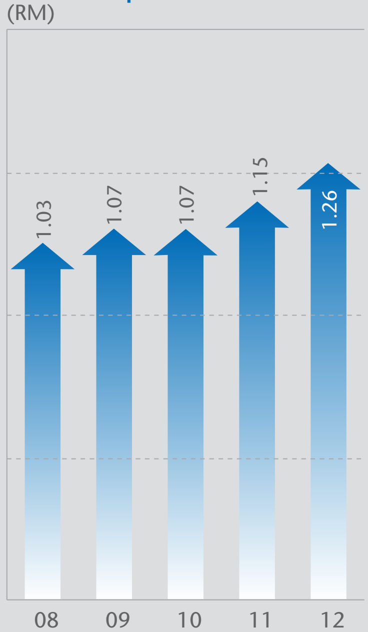
Dividend per Share (Sen)



Total Assets (RM'000)



Net Assets per Share (RM)



Chairman's Statement

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 2012.

OVERVIEW

The Group achieved another strong performance for the financial year under review, with its utilities, cement operations and overseas property development projects, in particular, bolstering results.

With gross domestic product (GDP) growth moderating to 5.1% for the 2011 calendar year compared to 7.2% in 2010, the Malaysian economy has continued to weather the wider global volatility stemming from prolonged sovereign debt and banking sector problems that have created vulnerabilities in various major economies. The first half of 2012 has seen growth hold steady at about 5.1%, driven mainly by the domestic services, manufacturing and construction sectors. Singapore, meanwhile, registered weaker growth of approximately 1.7% for the first half of the 2012 calendar year after achieving a 4.9% GDP increase in 2011, whilst the United Kingdom (UK) economy contracted by about 0.4% during the first half of 2012 after remaining broadly flat for 2011 *(source: Ministry of Finance economic reports; quarterly bulletins published by Bank Negara Malaysia, Monetary Authority of Singapore, Bank of England)*.

Utilities

The Group's utilities division remained stable, with sound returns despite wider volatility. Key operations include Wessex Water Limited, which provides water and sewerage services over 10,000 square kilometres in the UK, YTL PowerSeraya Pte Limited, which owns 25% of Singapore's installed generation capacity, and the combined 1,212-megawatt (MW) Paka and Pasir Gudang power stations in Malaysia. The Group also made good progress on its YES-branded fourth generation (4G) network, building up the subscriber base and extending network coverage to 70% of the Peninsula.

Cement Manufacturing

During the year under review, YTL Corp undertook a successful voluntary share exchange offer to acquire a larger stake in its listed subsidiary, YTL Cement Berhad ("YTL Cement"), which was delisted in April 2012, and this has increased its share of earnings from YTL Cement.

On the operational front, the cement division registered another strong performance, with operations in Malaysia and overseas, in China and Singapore, continuing to record sound growth across the board during the year under review.

Construction Contracting

The domestic construction sector registered lower growth of 4.6% for the 2011 calendar compared to 5.2% in 2010, but experienced a marked resurgence for the first half of the 2012 calendar year, which saw the sector's growth accelerating by an average of 18.9%. This was driven mainly by major civil engineering projects such as the Second Penang Bridge and new oil and gas terminals, and supported by strong increases in residential and industrial construction activities in the country's major cities *(source: Ministry of Finance economic updates; Bank Negara Malaysia quarterly bulletins and annual reports)*.

The Group's construction division performed well for the year under review, completing several phases of residential projects both in Malaysia and in Singapore, and continuing works on the base stations throughout the Peninsula for the Group's rapidly-expanding 4G network.

Operation & Maintenance (O&M) Activities

The Group continues to provide condition monitoring services for its power stations, cement plants and the Express Rail Link (ERL), in addition to external clients in the oil and gas, water, chemical engineering and other sectors.

Internationally, the Group carries out O&M for the 480 MW Deir Amar and 480 MW Zahrani combined-cycle power stations in Lebanon. The plants make up about 50% of Lebanon's power generation capacity and are owned by Electricité du Liban, which controls 90% of Lebanon's power sector. The O&M contract includes lifetime extension and upgrading of the gas turbines, and complete refurbishment for the base load plants. For their financial year ended 31 December 2011, net generation at the Deir Amar station amounted to 2,466 gigawatt hours (GWh) while the Zahrani station was slightly higher at 2,787 GWh.

Property Development & Investment

The residential and commercial property development sectors remained robust throughout the 2011 calendar year and the first half of 2012, with Kuala Lumpur, Penang, Sabah and Selangor, in particular, registering strong housing starts, higher sales and increased property market activity in general *(source: Ministry of Finance economic reports; Bank Negara Malaysia quarterly bulletins and annual reports)*.

During the year under review, progress continued on the construction of The Capers at Sentul East, the distinctive and futuristic latest residential phase of the Sentul urban regeneration project, whilst several projects were completed and handed over to owners, including the iconic d6 commercial complex at Sentul and Pavilion Terraces at Lake Edge. The Group also completed its two luxury developments in Singapore, Sandy Island and Kasara, the Lake, located in Sentosa Cove.

At the Southeast Asia Property Awards 2011 held in November 2011, YTL Land & Development Berhad ("YTL L&D"), the Group's listed property development subsidiary, was awarded Best Developer (Malaysia), and picked up awards for Best Housing Development (Singapore) and Best Architectural Design (Southeast Asia) for the ground-breaking conceptualisation of its Sandy Island development in Sentosa, Singapore.

Chairman's Statement

During the year under review, the Group also completed its rationalisation exercises, which involved housing its property development assets within its property development arm, YTL L&D, and the reorganisation of its retail and hospitality assets within Starhill Real Estate Investment Trust ("Starhill REIT") in Malaysia (for hospitality assets) and Starhill Global Real Estate Investment Trust ("Starhill Global REIT") in Singapore (for retail and office assets).

Hotel Development & Management

The domestic tourism industry registered a marginal 0.6% growth in tourist arrivals to 24.7 million for the 2011 calendar year, with a 2.4% increase for the first half of 2012 over the same period last year. This remains broadly in line with global trends where tourism demand continues to show resilience despite concerns over the global economy, with the Asia-Pacific region registering stronger growth, boosted by the recovery of Japanese inbound and outbound tourism as well as by the continued strong performance of other major source markets throughout the region *(source: Ministry of Finance economic reports; Tourism Malaysia, United Nations World Tourism Organisation)*.

The Group's hotel development and management operations now encompass a range of hotels owned or operated by the Group directly and through Starhill REIT. Operations commenced this year at the Group's newest property, Gaya Island Resort on Borneo, and in June 2012, Starhill REIT announced its acquisition of the Sydney Harbour, Brisbane and Melbourne Marriott hotels in Australia for a consideration of A$415 million, which will significantly expand the Trust's international portfolio and geographic diversification.

Information Technology Initiatives

Development of the country's broadband market has been robust, with the broadband penetration rate reaching 62.3% by the end of 2011, largely contributed by diverse offerings of internet-enabled devices *(source: Ministry of Finance economic reports)*.

Comprising fee income from its WiMAX (Worldwide Interoperability for Microwave Access) spectrum and digital media applications, the Group's operating segments performed steadily during the year.

FINANCIAL PERFORMANCE

The Group achieved a 10.0% growth in revenue to RM20,195.8 million for the financial year ended 30 June 2012, compared to RM18,354.8 million for the previous financial year ended 30 June 2011. Profit before taxation increased marginally to RM2,450.2 million for the financial year under review, compared to RM2,351.9 million last year, whilst net profit attributable to owners of the parent increased 14.2% to RM1,181.1 million this year over RM1,034.6 million last year.

The improved performance for the financial year ended 30 June 2012 resulted from better performance of the Group's multi-utilities and cement operations, as well as the property development division.

The Group's foreign operations continue to be largest contributors, with overseas operations accounting for approximately 75.7% of the Group's revenue and 80.5% of non-current assets for the 2012 financial year, compared to 79.7% and 71.2%, respectively, last year.

Dividends

During the year under review, YTL Corp distributed an interim dividend of 2 sen or 20% per ordinary share of 10 sen in respect of the financial year ended 30 June 2012, as well as a share dividend on the basis of 1 treasury share for every 15 shares held in the Company. Therefore, the Board of Directors of YTL Corp did not recommend a final dividend in respect of the financial year ended 30 June 2012.

This is the 28th consecutive year that YTL Corp has declared dividends to shareholders since its listing on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") in 1985.

Chairman's Statement

SIGNIFICANT CORPORATE DEVELOPMENTS

- On 4 November 2011, the Group completed the disposal of its stakes in 8 property development companies to YTL L&D pursuant to the rationalisation exercise announced in November 2010. These companies are Satria Sewira Sdn Bhd, Emerald Hectares Sdn Bhd, Pinnacle Trend Sdn Bhd, Trend Acres Sdn Bhd, Lakefront Pte Ltd, Sandy Island Pte Ltd, Budaya Bersatu Sdn Bhd and YTL Westwood Properties Pte Ltd.

- As part of the rationalisation exercise to reposition Starhill REIT as a full-fledged hospitality REIT, Maybank Trustees Berhad, the trustee of Starhill REIT, completed the acquisitions of the Cameron Highlands, Pangkor Laut and Tanjong Jara resorts, Vistana hotels in Kuala Lumpur, Penang and Kuantan, The Ritz-Carlton, Kuala Lumpur and the remainder of The Residences at The Ritz-Carlton, Kuala Lumpur, not already owned by the Trust on 15 November 2011, and the Hilton Niseko on 22 December 2011.

- On 19 December 2011, YTL Industries Berhad ("YTL Industries"), a wholly-owned subsidiary of the Company, undertook a voluntary share exchange offer to acquire the outstanding shares and irredeemable convertible unsecured loan stocks of YTL Cement not already owned by the Group through the issuance of ordinary shares of RM0.10 each in the Company.

  All listed securities of YTL Cement were removed from the Official List of Bursa Securities on 16 April 2012 and the offer was completed on 13 June 2012, after the expiry of the period for the non-accepting shareholders of YTL Cement to exercise their rights to require YTL Industries to acquire their voting shares in accordance with Section 223 of the Capital Markets and Services Act 2007.

- On 2 May 2012, Infoscreen Networks Plc ("INP"), a subsidiary of YTL e-Solutions Berhad, a listed subsidiary of YTL Corp, announced its intention to seek shareholders' approval for the cancellation of admission of its ordinary shares of 1 penny each on AIM, a market operated by the London Stock Exchange. INP obtained its shareholders' approval for the delisting at a general meeting on 23 May 2012 and the delisting took place on 31 May 2012.

- On 29 May 2012, YTL Corp announced a proposed renounceable offer for sale of its 2008/2018 Warrants held in its listed subsidiary, YTL Power International Berhad ("YTL Power"), to shareholders of YTL Corp on the basis of 1 warrant for every 15 ordinary shares held in YTL Corp, at an offer price of RM0.20 per warrant. YTL Corp received approval from the Securities Commission Malaysia for the offer for sale on 29 August 2012 and fixed the book closure date for entitlement to the offer for sale on 2 October 2012. The last day for acceptance of and payment for the offer for sale was 17 October 2012.

- On 5 June 2012, YTL Power Australia Limited ("YTL Power Australia"), an indirect wholly-owned subsidiary of YTL Power, exercised its right to convert its entire holding of 10,925 preference shares of USD1.00 each into ordinary shares of USD1.00 each representing a 58.4% stake in YTL Power Investments Limited ("YTL Power Investments"). Subsequently, on 12 June 2012, YTL Power Australia acquired the remaining ordinary shares in YTL Power Investments that it did not already own, resulting in YTL Power Investments becoming its wholly-owned subsidiary. YTL Power Investments holds the 33.5% investment in ElectraNet Pty Ltd, which had previously constituted an indirect investment by the Group.

- Status of utilisation of proceeds from fund-raising exercises – The net proceeds received from the issue of the US$400 million 1.875% Guaranteed Exchangeable Bonds due 2015 ("2015 Bonds") were partially utilised to repay the US$300 million Zero Coupon Guaranteed Exchangeable Bonds due 2012. The balance of the proceeds of the 2015 Bonds is currently placed under fixed deposits pending investment.

CORPORATE RESPONSIBILITY & SUSTAINABILITY INITIATIVES

For the sixth consecutive year, YTL Corp has issued its *"Sustainability Report 2012"* as a separate report, to enable its shareholders and stakeholders to better assess the Group's sustainability record. Meanwhile, YTL Corp's statements on corporate governance and internal control, which elaborate further its systems and controls, can be found as a separate section in this Annual Report.

FUTURE PROSPECTS

The utility-based nature of a significant part of the Group's businesses, together with its financial stringency and diversified operations are expected to enable the Group to continue to weather the ongoing volatility plaguing world markets.

Malaysia's GDP growth for the full 2012 calendar year is expected to remain on its current trajectory to average at 4.5% to 5.0%, driven mainly by private consumption and investment. The global economy remains vulnerable to downside risks, with the Eurozone crisis and ongoing uncertainties in the major economies continuing to impact business and consumer confidence *(source: Ministry of Finance economic reports; Bank Negara Malaysia quarterly bulletins and annual reports).*

YTL Corp will remain focused on further reinforcing its financial and operational strength in order to protect its businesses and enhance shareholder value.

APPRECIATION

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

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

Managing Director's Review

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

The 2012 financial year has been a significant one for the YTL Corp Group. Revenue increased by 10% to just over RM20 billion despite the lingering Euro area, sovereign debt and banking sector issues that have continued to impact major economies, including the UK and Singapore, where a large part of our operations are based.

Growth was driven largely by our utilities and cement operations, and bolstered by our property development and investment divisions. Stronger performance and the completion of several rationalisation phases of our businesses also enabled us to substantially boost YTL Corp's dividend yield.

The scale of our key utilities bears revisiting. This year marked a decade since our acquisition of Wessex Water in the UK, which again retained its top ranking for providing the highest levels of customer service and satisfaction in the industry, a remarkable achievement that the company has held consecutively for the last 4 years. Wessex Water has 1.3 million water customers and 2.7 million sewerage customers.

Meanwhile, YTL PowerSeraya, which owns 3,100 MW or 25% of Singapore's total generation capacity, our 1,212 MW power stations in Malaysia and our stake in Jawa Power's 1,220 MW power plant in Indonesia all continued to register excellent performances for the year.

One of our newest businesses, the YES 4G high-speed mobile Internet with voice service, had a productive year with the expansion of the platform to cover 70% of the Peninsula after less than 2 years of commercial operations, and entered into a collaboration with Proton to offer the country's first 4G Internet cars. The year, we also launched the ground-breaking Eclipse, a revolutionary, Android-powered 4G smartphone built to enable users to use both YES and traditional GSM networks, with the benefit of blazingly fast Internet.

During the year under review, we completed the reorganisation of our property development business, with the transfer of assets and issue of irredeemable convertible unsecured loan stocks (ICULS), intended to house our property development assets within one entity, YTL Land & Development Berhad, and strengthen our standing as a leading property developer. We also completed the rationalisation of our two real estate investment trusts, with Starhill Global REIT in Singapore now concentrating on retail and office properties and Starhill REIT in Malaysia focusing fully on hotel and hospitality-related assets.

Both REITs registered solid performances for the year and remained on the look-out for further growth and asset-enhancement opportunities, and in June this year, Starhill REIT entered into agreements to acquire the prime Sydney Harbour, Brisbane and Melbourne Marriott hotels in Australia.

The acquisition of these new hotel assets will, upon completion, enlarge the Trust's portfolio to approximately RM3.0 billion from RM1.6 billion currently, and more than half of Starhill REIT's property value will be constituted by its hotel assets in Australia and Japan, making this the largest portfolio of overseas property investments of any Malaysian REIT. This also affords Starhill REIT the ability to participate in Australia's vibrant real estate market and to explore further geographical diversification of the Trust's asset base.

In another significant development, YTL Corp embarked on a voluntary share exchange offer during the financial year to increase its stake in YTL Cement Berhad. The exchange offer enabled YTL Cement's shareholders to exchange their shares for shares in YTL Corp, representing a homecoming opportunity for the shareholders of YTL Cement and providing an avenue to better realise the value of their investments.

For YTL Corp and our shareholders, this was an opportunity to increase our stake in a highly efficient and highly profitable business, and consolidate a greater proportion of its earnings and performance for the benefit of the wider Group. As a major shareholder of YTL Cement, we also recognised that YTL Cement's shares had remained illiquid and, in our view, undervalued for an extended period of time, presenting a challenge to YTL Cement's shareholders looking to adjust their investment strategies or portfolios.

The exchange into YTL Corp's shares offered the best solution, the timing was right and the offer proved to be mutually beneficial to both companies.

The completion of these major rationalisation exercises has streamlined our operating units and the financial efficiency of our business structure. One way in which this was reflected was in the boost to YTL Corp's dividend levels.

YTL Corp's dividends in respect of the 2012 financial year amounted to a 20% cash dividend, as well as a share dividend of 1 treasury share for every 15 YTL Corp shares held. We also announced a renounceable offer for sale of warrants in YTL Power International Berhad, on the basis of 1 warrant for every 15 YTL Corp shares held, at an offer price of RM0.20 per warrant, which represents a significant discount to market price. Taken together, these amounted to a value of approximately 16.1 sen per share and a yield of about 8.9% based on the prevailing market price.

Our objective in declaring the cash and share dividends and undertaking the offer for sale of warrants is to create value for our shareholders through a progressive dividend policy that provides attractive yields on their investments. The rewards to YTL Corp's shareholders take three different forms, firstly, an upfront 20% cash dividend, secondly, an increase in their direct interests in YTL Corp via the distribution of treasury shares and, thirdly, the ability to acquire a stake in YTL Power at a discount through the offer for sale of warrants.

An added bonus was the ability of YTL Cement's shareholders who had faith and converted into YTL Corp shareholders to enjoy this substantial dividend.

We made excellent progress this year, both in the growth and development of the YTL Corp Group's businesses and the way in which these businesses are operated, streamlining and rationalising major parts of our property, retail and hotels assets.

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 utilities division continued to drive the Group's growth for the year under review. The Group has established multi-utility businesses in Malaysia, Singapore, the UK, Indonesia and Australia.

POWER GENERATION, POWER TRANSMISSION & MERCHANT MULTI-UTILITIES

The Group's power generation (in both contracted and merchant markets), power transmission and merchant multi-utility businesses are carried out by its wholly-owned subsidiaries in Malaysia and Singapore, and associate companies in Indonesia and Australia. The Group also undertakes power plant operation and maintenance (O&M) in Malaysia and Indonesia.

Operations in Malaysia

YTL Power Generation Sdn Bhd, a wholly-owned subsidiary of the Group, owns two combined-cycle, gas-fired power stations. Located in Paka, Terengganu, and Pasir Gudang, Johor, the stations have a total generating capacity of 1,212 megawatts (MW) – 808 MW at Paka Power Station and 404 MW at Pasir Gudang Power Station. The Group has a 21-year power purchase agreement with Tenaga Nasional Berhad, whilst 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.

Overall plant availability remained optimal during the year under review with 95.15% at Paka Power Station and 99.05% at Pasir Gudang Power Station. During the year, combined power production by both stations was 102.81% of the scheduled quantities.

During the year under review, the latest and most efficient HR3 burners were installed for Gas Turbines 21 and 22 at Paka Power Station, at the inspection milestone of 133,000 equivalent operating hours. Currently, all four units of gas turbines have undergone this upgrade. The scheduled inspection of Steam Turbine 20 was carried out simultaneously during one of the gas turbine outages to maximise availability. Meanwhile, minor inspections were carried out for Gas Turbines 11 and 12 at Pasir Gudang Power Station and minor inspections for Gas Turbines 11, 12 and 22 were also done at Paka Power Station.

Operations in Singapore

The Group has a 100% stake in YTL PowerSeraya Pte Limited ("YTL PowerSeraya") in Singapore, which owns 3,100 MW of installed capacity comprising steam turbine plants, combined cycle plants and cogeneration combined cycle plants. This represents approximately 25% of Singapore's total installed generation capacity.

YTL PowerSeraya sold 11,266 gigawatt hours (GWh) of electricity for the financial year under review and its overall market generation share was 26.3%, with the company's bidding and hedging strategies continuing to support competitive pricing to its customers.

Competition in the electricity retail sector saw customers enjoying better electricity rates, with YTL PowerSeraya introducing new products and services to cater to customers' varied needs. The retail division developed innovative new payment systems and services for the benefit of its customers, such as its Contracted Capacity alert system which helps its customers to save on their electricity bills by alerting them when their consumption varies by more than 5% of their declared contracted capacity, thereby giving them a chance to review their declared contracted capacity to avoid unnecessary charges.

The division has remained the market leader in Singapore's retail electricity sector for 5 years running, including the financial year under review, with a share of 23.1% of the retail market.

The retail division also expects customers to be able to enjoy lower costs of electricity as Liquefied Natural Gas (LNG) becomes available for YTL PowerSeraya to power its plants. With the market making good progress with feasibility studies on electricity futures, demand response and an Intelligent Energy System, the division continues to innovate to create greater value for its customers.

Meanwhile, the operating environment for YTL PowerSeraya's trading and fuel management business remained volatile during the year due to the Eurozone crisis and heavy market volatility in trading but the division maintained its contributions to the Group, driven mainly by increased tank leasing activities. As a result of increased competition in the market place and a decrease in the global supply of fuel oil, the division has also stepped up its efforts in procuring economic fuel for power generation.

YTL PowerSeraya has continued to capitalise on its strong working partnerships with major oil players, with a view to strengthening its position as a global player and seeking to expand its fuel management activities outside of Singapore. It has also begun exploring opportunities to optimise its trading activities, expand its current fleet of storage tanks for other products and retrofit its facilities to complement existing terminals, as well as developing additional infrastructure to improve terminal flexibility.

Operations in Indonesia

The Group has an effective interest of 20% in PT Jawa Power ("Jawa Power") in Indonesia, which owns a 1,220 MW coal-fired thermal power station. The plant is located at the Paiton Power Generation Complex on Indonesia's most developed and populated island, Java, and supplies power to Indonesia's national utility company, PT Perusahaan Listrik Negara (Pesero) ("PLN"), under a 30-year power purchase agreement. O&M for Jawa Power is carried out by PT YTL Jawa Timur, a wholly-owned subsidiary of the Group, under a 30-year agreement.

For its financial year ended 31 December 2011, Jawa Power posted another year of strong operational performance with average availability of 83.01%, slightly above the 83% rate contracted under its power purchase agreement, whilst for the six months ended 30 June 2012, the plant posted availability of 93.45%.

The station generated 8,163 GWh of electricity compared to 8,410 GWh last year for its sole offtaker, PLN, with the lower generation attributable mainly to a major outage carried out for the turbines and generator of one of the units. The eroded wall sections for the coal silos were also repaired during this time. Several initiatives for performance and environmental improvements were completed during the year, including a new integrated unit cold start-up procedure and system improvements for the gas air heater.

Operations in Australia

The Group has a 33.5% investment in ElectraNet Pty Ltd ("ElectraNet") in Australia, which is a regulated transmission network service provider in Australia's National Electricity Market ("NEM"). ElectraNet owns South Australia's high voltage electricity transmission network, which transports electricity from electricity generators to receiving end-users across the state.

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

Operations Review

WATER & SEWERAGE OPERATIONS

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

Despite another challenging year, Wessex Water delivered a strong set of results, with the best levels of customer service and satisfaction, meeting all regulatory outputs and beating efficiency targets. Once again, Wessex Water topped Ofwat's service incentive mechanism (SIM) performance league table – the fourth consecutive year that the company has provided the highest levels of customer service and satisfaction in the industry. Ofwat is the independent economic regulator for the UK water and sewerage industry.

The frost, snow and ice seen for much of the previous financial year were replaced in 2011 and 2012 by another dry winter that brought environmental drought to much of Wessex Water's operational region until the exceptional rainfall in April 2012. In spite of these conditions, it has now been 35 years since water use restrictions were last placed on customers as Wessex Water continues to invest considerably to improve network resilience and reduce leakage, in addition to working with customers to reduce water usage.

Network resilience is being further improved by the construction of the regional water grid, which began during the year under review and will continue until 2018.

Over the year, Wessex Water responded to the drought by beating its leakage target and fixing 12,000 leaks in the process. Despite the regional population growing by 15% in the last 20 years, Wessex Water has continued to reduce the amount of water required to be extracted from the environment for public water supplies to 334 mega litres (Ml) per day – the lowest-ever level.

In October 2011, the UK Government required all water and sewerage companies to take ownership and responsibility for the performance and operation of private sewers, which amounted to around 17,000 kilometres of private sewers for Wessex Water – doubling the length of its existing sewer network. The company was able to absorb the additional costs of the transfer within the current price limits set by Ofwat and has seen no reduction in customer satisfaction as a consequence of this approach.

As factors such as the difficult economic climate and the squeeze on incomes continue to impact customers, Wessex Water has intensified efforts to ensure that its charges remain affordable for all users without compromising quality or standards. More than 12,000 households are now benefiting from affordability schemes to reduce bills and assist those who have fallen into debt.

Meanwhile, compliance with drinking water standards continued to exceed 99.9% and compliance with sewage discharge consents continued at 100%, whilst compliance with the European Union's mandatory bathing water standards was 100%.

Wessex Water was the leading water company in the UK Government's Carbon Reduction Commitment league table at 30th place out of around 2,000 companies. The company has reduced costs under this scheme as well as energy consumption – a clear indicator of its commitment to efficiency.

Work also continued to improve storm overflows and to expand the programme to install telemetry at coastal overflows, ahead of the company's environmental obligations. In addition to this, Wessex Water completed schemes to reduce pollution from storm overflows in Weymouth, in preparation for the Olympic and Paralympic sailing events that took place throughout July and August this year.

Wessex Water's regulated asset base increased by 3.3% to £2,476 million (approximately RM12.3 billion) for its regulatory year ended 31 March 2012, compared to £2,396 million (approximately RM11.9 billion) for its previous regulatory year.

COMMUNICATIONS

The Group's communications operations in Malaysia are carried out by its 60% subsidiary, YTL Communications Sdn Bhd ("YTL Comms"), which has approval from the Malaysian Communications and Multimedia Commission to operate a 2.3 gigahertz (GHz) wireless broadband network in Malaysia. The network offers high-speed mobile internet with voice services and interconnects with all other voice networks (both mobile and fixed line) enabling YES to provide a converged voice and data service to its customers.

YTL Comms launched its 'YES'-branded converged nationwide 4G network in late 2010, and made excellent progress during the year under review, expanding its network reach to cover 70% of the Peninsula and launching new 4G-enabled devices, including the ground-breaking Eclipse, a 4G smartphone built to enable users to use both YES and traditional GSM networks.

In addition to its prepaid 'pay-as-you-use' tariff and Valuepacks, YTL Comms introduced its new YES Unlimited Super Postpaid Plans during the year under review. Offering optimal combinations of performance and value, the plans were created to give different segments of customers the flexibility and freedom to choose based on their usage patterns. This array of packages ensures that customers are able to find a cost-effective plan that fully suits their usage requirements.

The YES service does not rely on the standard Subscriber Identity Module (SIM) card and instead uses YES ID, a user identification protocol. Each YES ID comes with a mobile number that works across all YES-enabled devices and, together with Yes Life, YTL Comms' unified communications application, effectively turns any device that connects to the Internet into a phone. This enables a number of devices to be simultaneously connected to the network, giving users the option to access the Internet and send and receive telephone calls, emails and short messaging services (SMS) on mobile phones, personal or tablet computers or laptops globally.

In May 2012, YTL Comms launched the Eclipse, its Android-powered 4G smartphone built to run on the high-speed YES 4G network. This revolutionary device provides users with advanced telephony and data connectivity via the YES 4G network and legacy GSM telephony at the same time. With a single native dialler and SMS module, the Eclipse enables users to reap the benefits of being able to make and receive calls and SMSes from both mobile numbers while enjoying YES 4G Internet.

Along with the Eclipse, YTL Comms introduced the Huddle XS, the world's smallest mobile hotspot device. Like its sibling, the Huddle, the device can connect up to 5 devices simultaneously with Wi-Fi Internet connectivity at speeds up to 10 times faster than 3G. The refinements to this latest model include a sleeker and lighter design with battery life that lasts up to 6 hours.

YTL Comms also entered into a trailblazing collaboration with Proton, Malaysia's national car manufacturer, to offer the country's first 4G Internet cars. The collaboration involves a partnership between YES and Proton that combines mobile Internet connectivity with vehicle engineering to take advantage of new technologies, applications and services to make high-speed 4G mobile connectivity a standard feature in future Proton models. Proton's new Prevé sedan features YES as a value-added standard feature, enabling customers to tap into the wireless YES network throughout the Peninsula, including the entire 960-kilometre stretch of the North-South Expressway and a large portion of the East-Coast Expressway.

This year, YTL Comms commenced the roll-out of its cloud-based virtual learning platform with high-speed Internet connectivity under the landmark 1BestariNet initiative, a project initiated by the Malaysian Ministry of Education. Under the project, 10,000 primary and secondary public schools in Malaysia will be equipped with 4G Internet access and a virtual learning platform, providing both high-speed Internet connectivity and access to a world-class integrated learning solution.

The vision of 1BestariNet is to transform education in Malaysia and bridge the digital divide between rural and urban students by making high quality, Internet-enabled education available to all Malaysians. This government initiative will make Malaysia the first country in the world to make 4G mobile Internet access and a virtual learning environment available to all schools throughout the nation.

Cement Manufacturing

The Group's cement manufacturing division registered a strong performance for the year under review.

OPERATIONS IN MALAYSIA

The Group remains one of the largest, most efficient and most innovative manufacturers of cement and ready-mixed concrete products in Malaysia, and continues to be a key supplier to a wide range of residential, commercial, infrastructure and specialised, bespoke projects.

One of the iconic projects that the Group is supplying is the Second Penang Bridge, where the Group's products were chosen for their durability and strength, to achieve a specified projected life of 120 years. It is also a supplier for the Light Rail Transit (LRT) extension project in Kuala Lumpur and numerous high-rise buildings and other infrastructure developments throughout the country. The Group is a leading producer of low heat cement that has been specifically developed to reduce the risk of thermal cracking and this special attribute makes it ideal for mass pouring of concrete in large infrastructure and high-rise projects. Slagcem (sulphate resisting blastfurnace cement), one of the Group's key products, is the only cement product in the Malaysian market to have been certified as a 'Low Heat' cement in accordance with British cement standards.

The Group continues to benefit from the operational efficiency and technological advancements of its quarry business, which substantially supplies aggregates. A key innovation has been the division's creation of manufactured sand used in the manufacture of ready-mixed concrete. This use of manufactured sand reduces the need for sand that is extracted from natural sources, which cuts down on resulting environmental degradation, including soil erosion and water pollution, and discourages illegal sand mining operations. The premix division, which complements these operations, has also remained robust.

On the research and development (R&D) front, ongoing development initiatives have produced further blended cement products designed to meet more demanding building specifications, as well as higher, more ecologically-friendly standards. In addition to the Singapore Green Label certification by the Singapore Environment Council for its range of eight blended cement products, including Blastfurnace Cement, Portland Composite Cement and Ground Granulated Blastfurnace Slag, it has continued to ensure that its products retain their certification under SIRIM QAS International standards.

Development has also continued on the use of alternative fuels to maximise the efficient management of the Group's resources without compromising the quality of its products.

Meanwhile, construction began during the year under review on a new, fully integrated cement production facility with a capacity of 5,000 tons of cement per day. Built to the latest environmental standards, the new plant is expected to come on-line in 2014, further bolstering the Group's existing capacity. The plant will incorporate the latest technological advancements to meet European standards on lower nitrogen oxide (NOx) emissions and more energy-efficient operations.

OVERSEAS OPERATIONS

The Group's China operations have continued to perform well. The division's plant in China is one of the major suppliers in the wider Hangzhou market, with production capacities for 1.55 million tonnes per annum of clinker and 2.00 million tonnes per annum of cement. The division has made good progress on its waste-heat recovery project designed to generate an additional 7 megawatts of power from waste heat recovered from its cement kilns and is also exploring the use of commercial waste materials to replace fossil fuels as an alternative fuel source.

In Singapore, the division's operations also performed well, supported by ongoing demand for the Group's range of blended cement products. The Group is in the process of expanding its operations in Singapore, developing the country's largest cement terminal to meet Singapore's construction demands. The new terminal will support the import of various cementitious products and have the capability to produce a range of blended cement products.

Going forward, the Group is focused on expanding its footprint throughout Asia, and remains on the look-out for viable new opportunities, particularly in the Southeast Asian region.

Construction Contracting

The Group undertakes its construction projects through Syarikat Pembenaan Yeoh Tiong Lay Sdn Bhd ("SPYTL"), a wholly-owned subsidiary and the flagship construction company of the Group. During the year under review, the division completed work on a number of residential and commercial developments, whilst construction continued on several ongoing projects, including additional base stations, which form part of the infrastructure for the 4G platform that the Group owns and operates across Peninsula Malaysia.

Work continues to progress well on The Capers, the latest phase of residential units at the Group's Sentul urban regeneration project. The Capers is a 2-tower development of 36 storeys each, with 2 low-rise blocks of 5 storeys each on the podium floors of the towers. The distinctive, futuristic design of The Capers' two towers presents a unique standard in construction and architectural design for the Group, and will add an iconic new silhouette to the Kuala Lumpur skyline.

On the infrastructure front, SPYTL is undertaking the design, construction and commissioning of the electrified double track extension from Kuala Lumpur International Airport (KLIA) to KLIA2, the low cost carrier terminal currently under development.

Meanwhile, on the residential and commercial development front, completed projects include 616 units of medium cost apartments under the Group's Midfields project and 343 units of 3-storey terrace houses in Lake Fields, Sungei Besi, as well as 94 units of shop lots comprising part of The Trillium in Lake Fields, all of which were completed in 2012.

Construction on the 15-storey, 330-room hotel in Kuala Lumpur for YTL Majestic Hotel Sdn Bhd is also on schedule for completion in late-2012.

In Singapore, the Group completed construction in December 2011 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. Forthcoming projects in Singapore include the Group's development on Orchard Boulevard comprising a 25-storey block with 77 exclusive residences. Construction is scheduled to commence in late-2012, and is expected to be completed by 2015.

Property Development & Investment

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

RESIDENTIAL & COMMERCIAL DEVELOPMENTS IN MALAYSIA

Progress is well underway on The Capers at Sentul East, the latest residential phase of the Sentul urban regeneration project, launched in March 2011. The distinctive, futuristic design of The Capers' two 36-storey towers will add a new dynamism to Sentul's evolving skyline. The Capers features 489 units housed in the pair of towers and 5-storey low-rise blocks on the podium floors of the towers. The tower units offer 2-bedroom and 3+1-bedroom configurations, whilst the low-rise suites feature 4+1-bedroom duplexes and 2+1-bedroom suites.

Meanwhile, the completion of the latest phase of Sentul's commercial precinct has created an added vibrancy to the development. Comprising boutique offices, **d6 at Sentul East** was completed in December 2011, and features 3 distinct options – duplex Sky Offices with glass skylights and an internal courtyard, Garden Offices with a landscaped garden terrace and Boutique Office Suites with a spacious, column-free interior.

Future developments at Sentul include the **d2** and **d5** commercial phases, offering innovative design concepts that dovetail with the Sentul master plan. 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 second phase of **Pavilion Terraces** has also been completed, comprising 30 units of the highly sought-after 2½-storey homes at Lake Edge, the Group's gated development in Puchong. These unconventional offerings 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 Group also launched **Grove**, a new phase of its highly successful **Lake Fields** development in Sungei Besi. The extensive mixed development at Lake Fields has achieved excellent take-up rates for all residential phases launched to date, including Dale and Reed, both of which comprise 3-storey terrace houses, and Grove, which consists of 98 units of semi-detached homes, as well as its commercial phase of shop offices, **The Trillium**.

RESIDENTIAL DEVELOPMENTS IN SINGAPORE

In December 2011, the Group completed work on **Sandy Island** and the villas were handed over to homeowners in early 2012. Sandy Island, the Group's maiden residential project in Singapore, is located at Sentosa Cove, and consists of 18 waterfront villas. Designed by the Italian architect Claudio Silvestrin, the entire development is nestled within the lush greenery of an island oasis concept, with each villa featuring a private yacht berth.

Kasara, the Lake, is the Group's second residential project in Sentosa Cove, consisting of 13 lakefront villas with cantilevered pools and outdoor decks offering unobstructed views of the Serapong Lake. The sold-out project was completed in December 2011 and the villas were handed over to homeowners in mid-2012.

The Group's premium residential project in the city is an upcoming luxury condominium on **Orchard Boulevard**, one of the most prestigious residential addresses in Singapore. Located in close proximity to the world-famous Orchard Road shopping district and opposite the future Orchard Boulevard MRT station, this freehold development is being designed by multi-award-winning Italian architect and designer, Antonio Citterio. Renowned for designing the Bulgari hotels and resort in Milan, London and Bali, Citterio has holistically designed the architecture, interior and furnishings of each apartment. The overall concept has also been developed to complement the lush landscape of the surrounding tree-lined Orchard Boulevard. Construction is scheduled to commence in late-2012, and the 25-storey block with 77 exclusive residences is expected to be completed by 2015.

STARHILL GLOBAL REIT

The Group has an effective interest of 29.38% in Starhill Global REIT, which is listed on the Singapore stock exchange, as well as a 100% interest in YTL Starhill Global REIT Management Limited, the manager of the REIT.

Starhill Global REIT's property portfolio comprises retail and office real estate, both in Singapore and overseas. The REIT currently owns stakes in Wisma Atria and Ngee Ann City, two prime shopping complexes along Singapore's famed Orchard Road, seven boutique properties in the up-market areas of Omotesando, Roppongi, Harajyuku, Meguro and Ebisu in Tokyo, Japan, a prime retail shopping centre in Chengdu, China, the David Jones Building in Perth, Australia, and Starhill Gallery and parcels in Lot 10 Shopping Centre in Kuala Lumpur's Golden Triangle.

Starhill Global REIT's creative asset enhancement initiatives, including the ultramodern revamp of the Starhill Gallery and Wisma Atria facades, and proactive leasing efforts continued to ensure a solid performance by the REIT during the year under review.

Hotel Development & Management

The Group's hotel development and management activities are undertaken both directly and through Starhill Real Estate Investment Trust ("Starhill REIT") in Malaysia, which upon completion this year of a rationalisation exercise initiated in 2010, has now been transformed into a pure-play hospitality REIT, focusing on prime, yield-accretive hotel and hospitality-related assets.

Starhill REIT

During the financial year under review, the Group completed a restructuring of part of its hotel assets, with the acquisition by Starhill REIT of nine hotels that operate under long-term lease arrangements with the Group. In late 2011, the Trust acquired the nine assets ranging from business hotels in the Vistana chain to luxury assets such as The Ritz-Carlton, Kuala Lumpur, the Pangkor Laut, Tanjong Jara and Cameron Highlands Resorts and the Hilton Niseko in Hokkaido, Japan. The REIT also owns the JW Marriott Kuala Lumpur and The Residences at The Ritz-Carlton, Kuala Lumpur.

In June 2012, Starhill REIT embarked on the proposed acquisitions of 3 Marriott hotels in Brisbane, Sydney and Melbourne in Australia for a total purchase consideration of A$415 million. The three Marriott hotels are operated by the Marriott International, Inc. group, a leading worldwide operator and franchisor of hotels.

- **Sydney Harbour Marriott Hotel**
  The Sydney Harbour Marriott Hotel, occupying a freehold site of 3,084 square meters, is located on Pitt Street in the heart of the Sydney Central Business District (CBD) and in close proximity to renowned tourist attractions, including Circular Quay, The Rocks and the Sydney Opera House, as well as the city's major office and retail precincts. It is a 33-level building with 563 guest rooms, and has a 5-star AAA tourism rating.

- **Brisbane Marriott Hotel**
  The Brisbane Marriott Hotel, occupying a freehold site of 1,532 square meters, is located on the northern end of the Brisbane CBD area, close to the Brisbane River and with a view of the Storey Bridge. It is a 28-level building with 267 guest rooms, and has a 5-star AAA tourism rating.

- **Melbourne Marriott Hotel**
  The Melbourne Marriott Hotel, occupying a freehold site of 1,636 square meters, is located in the eastern section of the Melbourne CBD on the corner of Exhibition and Lonsdale Streets. It is a 16-level building with 186 guest rooms, and has a 5-star AAA tourism rating.

Niseko Village, Hokkaido, Japan

Niseko Village continues to grow in popularity as a lifestyle destination, both as a ski resort and a summer vacation site. The most prominent amongst events held this year was the 'World Airlines Ski Championship 2012 (WASC)' organised by International Airways Ski Foundation (IASF) in March 2012. An international event for the past 50 years, this year's Ski Championship was the second time the event was held in Japan. Niseko Village introduced a new green season activity in July. Named the "Zip Line Tour", it is a flying fox aerial cable runway and with seven stages and extending 1.2 kilometers, it is the longest Tyrolean Traverse in Hokkaido. The Green Leaf and Hilton Niseko hotels have both received the 2012 TripAdvisor Certificate of Excellence Award. Niseko Village was voted number one ski resort in Japan by ski enthusiasts on Snow Japan, an authoritative web site.

Pangkor Laut Resort

Pangkor Laut Resort has been handpicked by the industry's leading luxury travel network, Virtuoso, for inclusion in their elite portfolio. Virtuoso is a travel consultant to prestigious travellers worldwide and only the most exclusive holiday destinations are deemed suitable for listing. Destinations are selected by invitation only. Celebrities welcomed by Pangkor Laut Resort included UK fashion designer Julien Macdonald OBE, Chef Johan Lafer and Dato' Jimmy Choo.

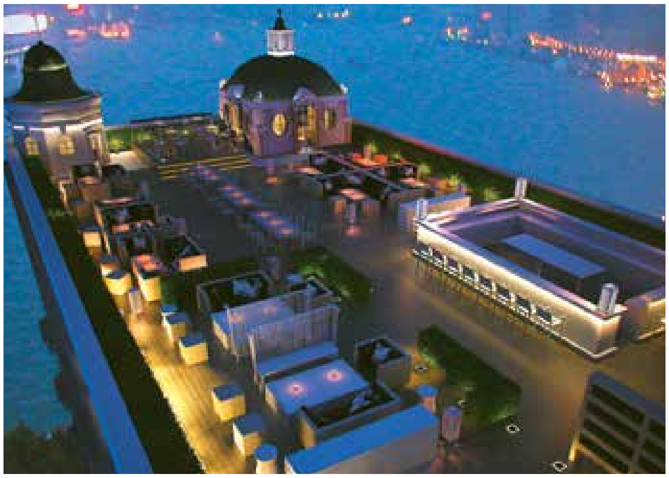
Amongst the awards won by the resort in the past year are the 2012 World Luxury Spa Awards where Spa Village Pangkor Laut was a Global Winner for Best Luxury Medical/ Wellness Spa; TripAdvisor Travelers' Choice Awards 2012 named the Resort in the Top 25 Hotels in Malaysia as well as Top 25 Relaxation/Spa Hotels in Malaysia and Top 20 Hotels for Service in Malaysia; the Resort came 4th in Condé Nast Traveller Spa Awards Best Hotel Spas, Asia & Indian Subcontinent; won a Harper's Bazaar Spa Award 2012 for the spa treatment Royal Secrets of Puteri Lindungan Bulan and made the Top 25 Spa Hotels and Resorts List in Smart Travel Asia Readers Poll 2012 Best In Travel. Pangkor Laut Resort was also named Resort of The Year in the Hospitality Asia Platinum Awards.

Tanjong Jara Resort

Enhancements to the Resort continue. Tennis courts have been upgraded. Guided bamboo rafting over 7 kilometres of river was introduced as an activity. The 60 foot luxury yacht, Kura Kura was based at the resort this summer, offering evening cruises as well as exclusive tours to Pulau Tenggol, with optional overnight stays on-board. Celebrities who visited the resort included Hong Kong singer and songwriter Nicholas Tse and English actress Imogen Stubbs. The Resort won Tripadvisor 2012 Travelers' Choice Awards for Top Ten Hotels for Families in Malaysia, Top 25 Relaxation/Spa Hotels in Malaysia and Top 25 Hotels in Malaysia; Spa Village Tanjong Jara won a Harper's Bazaar Spa Award 2012 for its Asam Roselle Treatment and came 7th in Condé Nast Traveller Spa Awards Best Hotel Spas, Asia & Indian Subcontinent.

Cameron Highlands Resort

Cameron Highlands Resort remains a popular retreat for both leisure traveller and conference participants. The Resort received a Certificate of Excellence 2012 from TripAdvisor, and the Best Romantic Stay Excellence Award from Expatriate Lifestyle magazine in September 2011. Hospitality Asia Platinum Awards 2011-2013, Regional Series gave Cameron Highlands a Gold award for Signature Boutique Hotel and The Best of Malaysia Awards 2011 presented the Resort with an Excellence Award for Best Romantic Stay.




The Ritz-Carlton, Kuala Lumpur

The Ritz-Carlton, Kuala Lumpur is planning to refurbish its guest rooms and update its public areas. The Spa Village Kuala Lumpur is undergoing renovation works. Celebrity guests welcomed in the past year included music producer David Foster with his concert guests, the groups Westlife and Maroon 5 and David Coulthard. The Hotel was listed in the Top 25 Luxury Hotels in Malaysia by TripAdvisor Travelers' Choice Awards 2012 and won Best Weekend Break in The Best of Malaysia Awards 2011 Travel Awards as well as Best City Spa for Spa Village Kuala Lumpur. Harper's Bazaar Awards 2011 presented 2 awards to the Spa Village for Most Decadent Facial Treatment: Ultimate Caviar Facial and Best Body Smooth Treatment: Royal Malay Treatment. Malaysia Spa & Wellness Awards 2011 also named the Spa Village Best Hotel Spa.

JW Marriott Kuala Lumpur

JW Marriott Kuala Lumpur continues as a leading business, meetings and conference hotel in the city with levels of performance better than last year. Celebrities at the hotel included US singers Greyson Chance and Christina Perri. The Hotel won a Travel Award Best Service (Excellence Award) at The Best of Malaysia Awards 2011 and was listed in the Top 25 Luxury Hotels in Malaysia by TripAdvisor Travelers' Choice Awards 2012.

Vistana Group of Hotels

Renovations to guest rooms, meeting rooms and public areas are planned for all the Vistana Hotels in the coming year. These will upgrade the hotels and enable their continuing competitive performance as leaders in their class.

Muse Hôtel De Luxe, St. Tropez, France

The Muse Hotel continues to be one of the most desirable destinations on the French Riviera. A gymnasium featuring state of the art equipment as been added to its facilities. Media coverage worldwide remains high. The hotel has been featured on several French and European television channels as a destination of choice. One of these channels is aired in-flight on Air France. The hotel was named in "The 20 best hotels in Europe" by Condé Nast Traveller Russia and is in the top 5 of "Best Gardens in France" by "Les Victoires du Paysage".

Swatch Art Peace Hotel Shanghai, China

The Group manages the Residences at The Swatch Art Peace Hotel and the Shook! restaurant. Two floors of this historic building are designed as 18 workshops and living quarters for guest artists in residence. These artists represent a broad range of disciplines and are selected by a special committee headed by Nick Hayek, CEO of Swatch Group, to live and work in the hotel for six months.

Shook! Shanghai is styled after Shook! at the Starhill Gallery in Kuala Lumpur. It occupies the penthouse floor of The Swatch Art Peace Hotel. Two of the world's largest and finest vertical wine collections from Chateau Cheval Blanc and Chateau d'Yquem, along with other premium wines, are available at Shook! Shanghai. Since the restaurant's highly publicised opening in July last year it has been rated the No. 1 restaurant in Shanghai by TripAdvisor. Shook! Shanghai was also awarded the "Best Modern Restaurant" by Modern Weekly in the Modern Weekly 2011 Best Restaurants Awards.

Spa Village Resort Tembok, Bali

The fourth Bali Oracle Retreat, a wellness programme that encourages healthy lifestyles will be convened at the Spa Village Resort in October. The popularity of this programme reflects the success of this spa-based resort which was opened five years ago. Enhancements to the Resort include a dedicated centre for activities presented by visiting artistes. Spa Village Resort Tembok won a Harper's Bazaar Spa Award 2012 for Retreat: Massage Under The Stars and TripAdvisor Travelers' Choice Awards 2012 listed the Resort in the Top 25 Relaxation/Spa Hotels in Indonesia as well in the Top 25 Hotels for Service.

Spa Village Hangzhou, China

Since the 2002 launch of the flagship Spa at the Pangkor Laut Resort, the Spa Village brand has grown to encompass seven Spa Village operations in Malaysia, Borneo and Bali. Earlier last year, the Spa Village organisation was recognised in the Malaysia Spa & Wellness Awards as Best Spa Group 2011.

The Group's Spa Village brand has introduced its award-winning spa concept to China, opening this September. The Spa Village Hangzhou is a luxurious 13,000 square foot facility located in the city of Hangzhou, capital of Zhejiang Province. It features eight designer treatment rooms, four of which have private state-of-the-art saunas, German-engineered treatment couches and over-sized soaking tubs. Customised treatment programmes and products are offered each season. Spa Village Hangzhou is operated by the Spa Village brand of the Group and is owned by Hangzhou Potaala Management Co. Ltd.

The Majestic Malacca

The Majestic Malacca continues to be a popular destination with visitors to Malacca. Operating results are ahead of last year, and retains its reputation as the best hotel in Malacca. The hotel hosted Hong Kong celebrity food critic, columnist and media host Chua Lam. TripAdvisor 2012 Travellers' Choice Awards named the hotel in its Top 25 Luxury Hotels in Malaysia, Top 25 Hotels in Malaysia and Top 20 Hotels for Service, and it is ranked No 1 out of 117 hotels in Malacca by TripAdvisor hotel travellers. The hotels were also nominated as a finalist for Best Hotel to Experience UNESCO Sites by Hotelclub and received Harper's Bazaar Spa Awards 2012 for Best Hair Treatment: Pandan Coconut Hair Mask/Limau Kasturi-Yoghurt Hair Mask.

The Majestic Hotel Kuala Lumpur

YTL Hotels will open its second Classic Hotel, The Majestic Hotel Kuala Lumpur, in December 2012. The 3.2 acre site opposite the Old Railway Station includes the original Majestic Hotel building opened in 1932. After its first opening the Hotel experienced great popularity and commercial success, becoming an icon of Malaya's boom years leading to World War II. It came to be the place for glamorous social events and the residence for prominent international visitors.

The Majestic Hotel Kuala Lumpur is positioned to share the heritage, popularity and success of its predecessor. It consists of four buildings, the new Tower Wing, the original hotel or Majestic Wing, and two fully restored related buildings on the site, which will house The Majestic Spa and the Smoke House. The hotel will total 300 guest rooms and suites, 2 full-service restaurants, a bar, tea lounge, 16 meeting rooms, and a rooftop garden above a pillarless ballroom that seats 1,200 for dinner.

Operations Review

Gaya Island Resort, Sabah, Malaysia

The Resort soft opened in August 2012 and has met immediate commercial success. Less than 35 percent of the Resort's 40 acre area has been developed, and its construction uses techniques that preserve the natural environment. The 120 spacious hill villas and one suite showcase traditional Sabahan architecture. The Resort features two restaurants, Feast Village and Fisherman's Cove, a swimming pool and a Spa Village, particularly unique in its mangrove setting.

The Surin Phuket, Thailand

The resort will complete the second and final phase of renovation by end of November this year. Upon completion, the resort will feature 103 cottages, three restaurants, two bars, a sea-front gymnasium and meeting facilities. The five star Surin is poised to become the premier beach resort in Phuket, featuring the only guest cottages sited directly on the beach at this resort island. The Surin was recently the location for the South Africa edition of Sports Illustrated's world famous calendar. The project included a movie in conjunction with filming the calendar and the Resort will feature in movie clips and photos in South Africa this November.

Eastern & Oriental Express

E&O has performed well in the past 12 months with marked improvements in demand and revenue. Passenger numbers and fares are up and the train looks set to complete 2012 with positive results. The number of scheduled departures offered has remained constant. Capacity has been well balanced and there is a continued focus on fewer but fuller trips to achieve both operational efficiency and financial goals. Increased interest in "touring train" holidays has brought increased demand for E&O's *Chronicles of South-East Asia* journeys. Capitalising on the enthusiasm for holiday celebrations, E&O will introduce a 4-night New Year's Eve journey in December. The outlook for 2013 is most encouraging with booked revenue presently at 25% ahead of the same time last year.

IT & e-Commerce Initiatives

The Group's operating segments continued to perform well during the year under review, driven by fee income from its 2.3 gigahertz (GHz) Worldwide Interoperability for Microwave Access (WiMAX) spectrum and digital media applications under YTL Info Screen Sdn Bhd ("YTLIS").

During the year under review, the Group continued to see good growth from its WiMAX/broadband operations, carried out by its subsidiary, Y-Max Networks Sdn Bhd ("Y-Max Networks"). Y-Max Networks is the owner of the 2.3 GHz WiMAX spectrum, which is leased to YTL Communication Sdn Bhd ("YTL Comms"), a subsidiary of the Group. YTL Comms launched its 'YES'-branded wireless broadband network across Peninsular Malaysia in November 2010, facilitating the introduction of high speed WiMAX mobility services in Malaysia.

The Group's digital media narrowcasting and content operations, undertaken by YTLIS, a wholly-owned subsidiary of the Group, continued to perform steadily during the year under review, despite competitive market conditions. YTLIS creates content and delivers advertising on digital narrowcast media networks in the Bintang Walk area of Kuala Lumpur, including the iconic digital "cube" outside Lot 10 shopping centre, other digital networks in other shopping centres such as Sungei Wang Plaza in Kuala Lumpur, and on the Kuala Lumpur Express Rail Link (KLIA Ekspres) trains.

The division also embarked on a cost cutting exercise to mitigate the financial effects of more competitive conditions in the marketplace, which included the de-listing of Infoscreen Networks Plc, which had been listed on AIM, a market operated by the London Stock Exchange, and has commenced a network re-planting and expansion programme of its key digital media assets to enhance its competitiveness.

PROTECTION OF THE

Environment

“The impending revolution in our industrial and capitalist systems that will move us away from a diet of fossil fuels and unlimited resources requires vision, genius, energy and creativity from all citizens of all nations. The future belongs to those who understand that doing more with less of our precious resources is common sense and compassionate, and thus more intelligent and competitive. The prize is a huge one for the sake of the planet.”

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

Corporate Events

22 SEPTEMBER 2011

ASIA BUSINESS COUNCIL AUTUMN FORUM

Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, Managing Director of YTL Corporation Berhad, and Mr Stan Shih, the founder of Acer and Chairman of Taiwan's iD SoftCapital Group, at the Asia Business Council's Autumn Forum in Hong Kong. The Asia Business Council, which comprises prominent business people and is the first pan-Asian CEO organisation, works toward the continued economic growth and competitiveness of Asia as a region.

17 NOVEMBER 2011

SOUTH EAST ASIA PROPERTY AWARDS 2011

YTL Land & Development Berhad won the award for Best Developer (Malaysia), and also picked up awards for Best Housing Development (Singapore) and Best Architectural Design (Southeast Asia) for the ground-breaking conceptualisation of its Sandy Island development in Sentosa, Singapore.

Ms Ruth Yeoh Pei Cheen, Director of Investments, YTL Corporation Berhad, at the awards ceremony in Singapore.

1 DECEMBER 2011

RE-LAUNCH OF STARHILL GALLERY

Starhill Gallery unveiled an iconic new façade, revitalising the Bintang Walk landscape. Starhill Gallery is part of retail portfolio of Singapore's Starhill Global Real Estate Investment Trust, which is managed and 29.4%-owned by the YTL Corp Group.

From left to right:- Mr Julio Iglesias, Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, Managing Director of YTL Corporation Berhad, 13th Yang di-Pertuan Agong, Duli Yang Maha Mulia Mizan Zainal Abidin and Raja Permaisuri Agong Tuanku Nur Zahirah, officiating the ceremony, observed by Dato' Yeoh Soo Min, Executive Director of YTL Corporation Berhad, and Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay, Executive Chairman of YTL Corporation Berhad.

Tan Sri Dato' (Dr) Francis Yeoh Sock Ping and legendary Latin vocalist and Grammy Award winner, Julio Iglesias, who officiated Starhill Gallery's re-launch and later headlined the YTL Concert of Celebration 2011.

1 DECEMBER 2011

YTL CONCERT OF CELEBRATION 2011

YTL Corporation Berhad held its Concert of Celebration 2011 at Bintang Walk, headlined by Julio Iglesias. As with previous YTL Concerts of Celebration, free tickets were provided to the public through an online ballot. YTL's Concerts of Celebration in recent years have featured the Three Tenors, Russell Watson and Andrea Bocelli.

10 DECEMBER 2011

STARHILL GALLERY'S 'A JOURNEY THROUGH TIME V'

Starhill Gallery held 'A Journey Through Time', its luxury watch and jewellery showcase, for the fifth year, attended by watch aficionados from around the world.

From left to right:- Datuk Jimmy Choo, renowned Malaysian fashion designer; Dato' Yeoh Soo Min, Executive Director of YTL Corporation Berhad; Datuk Dr Victor Wee, Chairman of Tourism Malaysia; 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.

8 FEBRUARY 2012

LVMH VISIT

Bernard Arnault, Chairman and Chief Executive Officer, LVMH Group, and Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, Managing Director of YTL Corporation Berhad during the visit in Singapore.

STABILO
Swans
don't waste it
yes

SUPPORTING Education & Community development

"The world we live in worships short-termism. Our global economy is driven by instant rewards, quick fixes and unethical gains. Political and business leaders who know too little of sustainability lend themselves to gamble with our nations, societies and environment towards an empty future. The world needs to make it a little easier to walk in the light. Business can lead the way by growing social responsibility as part of corporate DNA and culture and becoming a force for good."

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

Corporate Events

13 FEBRUARY 2012

BAKTI CHINESE NEW YEAR CELEBRATION

YTL Corporation Berhad sponsored a Chinese New Year Celebration with Badan Amal dan Kebajikan Tenaga Isteri-isteri (BAKTI) which champions community and welfare programmes across the country.

Beginning third from left:- YAB Datin Paduka Sri Rosmah Mansor, President of BAKTI, YAB Tun Dr Siti Hasmah Mohd Ali and Dato' Yeoh Soo Min, Executive Director of YTL Corporation Berhad, at the celebration.

23 FEBRUARY 2012

LAUNCH OF MALAYSIA'S FIRST 4G INTERNET CARS

YTL Communications Sdn Bhd and Proton, Malaysia's national car manufacturer, entered into a trailblazing collaboration to offer the country's first 4G Internet cars. Proton's new Prevé sedan features YES as a value-added standard feature, enabling customers to tap into the wireless YES network throughout the Peninsula.

From left to right:- Dato' Seri Haji Syed Zainal Abidin, Managing Director of Proton Group; Dato' Yeoh Seok Hong, Executive Director of YTL Corporation Berhad; and Mr Wing K. Lee, Chief Executive Officer of YTL Communications Sdn Bhd.

6 MARCH 2012

YES INTRODUCES UNLIMITED SUPER POSTPAID PLANS

YTL Communications Sdn Bhd ("YTL Comms") launched its all-new Unlimited Super Postpaid Plans, designed to offer consumers flexibility and freedom based on their usage patterns.

Standing, left to right:- Mr Ali Tabassi, Director of YTL Comms; Mr Wing K. Lee, Chief Executive Officer of YTL Comms; Dato' Yeoh Soo Keng, Executive Director of YTL Corporation Berhad; Mr Chee Pok Jin, Chief Marketing Officer of YTL Comms; and Mr Jacob Yeoh Keong Yeow, Deputy Chief Executive Officer of YTL Comms and Executive Director of YTL e-Solutions Berhad.

13 MARCH 2012

COURTESY VISIT FROM HANGZHOU MAYORAL DELEGATION

YTL Corporation Berhad hosted the Deputy Mayor of the Hangzhou Municipal Government, Madam Tong Guili, and her delegation, during their visit to Malaysia. The YTL Corp Group owns Zhejiang Hangzhou Dama Cement Co Ltd, which is a major cement producer in Hangzhou.

From left to right:- Dato' Sri Michael Yeoh Sock Siong, Executive Director of YTL Corporation Berhad; Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay, Executive Chairman of YTL Corporation Berhad; and Madam Tong Guili, Deputy Mayor of Hangzhou Municipal Government.

2 MAY 2012

YES 'ECLIPSE' LAUNCH

YTL Communications Sdn Bhd launched the Eclipse, its Android-powered smartphone built to run on the high-speed YES 4G network. The Eclipse is Malaysia's first dual network smartphone, providing users with advanced telephony and data connectivity via the high-speed YES 4G network and legacy GSM telephony at the same time.

From left to right:- Mr Wing K. Lee, Chief Executive Officer of YTL Communications Sdn Bhd; Dato' Mohamed Sharil Mohamed Tarmizi, Chairman of the Malaysian Communications and Multimedia Commission; Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, Managing Director of YTL Corporation Berhad; YB Dato' Seri Utama Dr Rais Yatim, Minister of Information, Communication and Culture; and Dato' Sri Michael Yeoh Sock Siong, Executive Director of YTL Corporation Berhad.

22 SEPTEMBER 2012

H&M OPENS FLAGSHIP STORE IN MALAYSIA AT LOT 10

Hennes and Mauritz SB, H&M, the Swedish multinational clothing company, chose Lot 10 Shopping Centre as the location for its first flagship store in Malaysia, spanning over 3,000 square feet across 3 retail floors. Lot 10 Shopping Centre is part of retail portfolio of Singapore's Starhill Global Real Estate Investment Trust, which is managed and 29.4%-owned by the YTL Corp Group.

Mr Lex Keijser, Country Manager of H&M, and Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, Managing Director of YTL Corporation Berhad, at the launch.

PROMOTION OF Arts & Culture

“The arts offer us an alternative means of expression, enhancing our vocabulary in communication beyond words with each other, wielding the power to foster greater understanding amongst peoples, bringing us closer in sharing and understanding common human experiences and emotions. This is the miracle that constantly impassions us to celebrate and support the arts.”

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

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Twenty-Ninth Annual General Meeting of YTL Corporation Berhad ("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 27th day of November, 2012 at 3.00 p.m. to transact the following business:-

AS ORDINARY BUSINESS

1. To lay before the meeting the Audited Financial Statements for the financial year ended 30 June 2012 together with the Reports of the Directors and Auditors thereon; **Please refer Explanatory Note A**

2. To re-elect the following Directors who retire pursuant to Article 84 of the Company's Articles of Association:-

   (i) Tan Sri Dato' (Dr) Francis Yeoh Sock Ping **Resolution 1**

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

   (iii) Dato' Yeoh Soo Keng **Resolution 3**

3. To re-elect Faiz Bin Ishak who retires pursuant to Article 90 of the Company's Articles of Association. **Resolution 4**

4. To consider and if thought fit, pass the following Ordinary Resolutions in accordance with Section 129(6) of the Companies Act, 1965:-

   (i) "THAT Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay, retiring pursuant to Section 129(6) of the Companies Act, 1965, be and is hereby re-appointed a Director of the Company to hold office until the next Annual General Meeting." **Resolution 5**

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

   (iii) "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 7**

5. To approve the payment of Directors' fees amounting to RM533,333 for the financial year ended 30 June 2012; **Resolution 8**

6. To re-appoint the Auditors and to authorise the Directors to fix their remuneration. **Resolution 9**

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 10**

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

(i) The maximum number of shares which may be purchased and/or held by the Company at any point of time pursuant to the Proposed Share Buy-Back shall not exceed ten per centum (10%) of the total issued and paid-up share capital of the Company for the time being quoted on Bursa Securities provided always that in the event that the Company ceases to hold all or any part of such shares as a result of, amongst others, cancellation of shares, sale of shares on the market of Bursa Securities or distribution of treasury shares to shareholders as dividend in respect of shares bought back under the previous shareholder mandate for share buy-back which was obtained at the Annual General Meeting held on 29 November 2011, 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 2012, the audited Retained Profits and Share Premium Account of the Company were RM4,134,751,000 and RM1,674,497,000 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 11**

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 5 November 2012 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 12**

By Order of the Board,

HO SAY KENG
Company Secretary

KUALA LUMPUR
5 November 2012

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. The original instrument appointing a proxy shall be deposited at the Registered Office of the Company at least 48 hours before the appointed time for holding the meeting. For the purpose of determining a member who shall be entitled to attend the Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd, in accordance with Article 60(2) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors as at 20 November 2012. Only a depositor whose name appears on the General Meeting Record of Depositors as at 20 November 2012 shall be entitled to attend the said meeting or appoint proxy to attend and/or vote in his stead.

Explanatory Note A

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

Explanatory Notes to Special Business

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

Resolution 10 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-Eighth Annual General Meeting held on 29 November 2011 ("Previous Mandate").

As at the date of this Notice, the Company has not issued any new shares pursuant to the Previous Mandate which will lapse at the conclusion of the Twenty-Ninth Annual General Meeting to be held on 27 November 2012.

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

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

For Resolution 11, further information on the Share Buy-Back is set out in the Share Buy-Back Statement dated 5 November 2012 which is despatched together with the Company's Annual Report 2012.

Resolution pertaining to the Recurrent Related Party Transactions

For Resolution 12, further information on the Recurrent Related Party Transactions is set out in the Circular to Shareholders dated 5 November 2012 which is despatched together with the Company's Annual Report 2012.

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-Ninth 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

Dato' Cheong Keap Tai

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

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

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

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

Dato' Mark Yeoh Seok Kah
DSSA
LLB (Hons)

Eu Peng Meng @ Leslie Eu
BCom, FCILT

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

Faiz Bin Ishak
FCCA
(Appointed on 1.12.2011)

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)

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
Bank of China Limited
BNP Paribas
CIMB Bank Berhad
Citibank Berhad
Commerzbank
DBS Bank Ltd
DBS Bank (China) Limited
Deutsche Bank (Malaysia) Berhad
European Investment Bank
Great Eastern Life Assurance (Malaysia) Berhad
Hong Leong Bank Berhad
HSBC Bank Malaysia Berhad
HSBC Bank Plc
KfW Bankengruppe
Malayan Banking Berhad
Mizuho Corporate Bank Ltd
National Australia Bank Limited
National Westminster Bank Plc
OCBC Bank (Malaysia) Berhad
Oversea-Chinese Banking Corporation Limited
RHB Bank Berhad
Standard Chartered Bank Malaysia Berhad
The Bank of Tokyo-Mitsubishi UFJ, Ltd
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 82, was appointed to the Board on 24 June 1984 and has been the Executive Chairman since 24 January 1985. His contributions are well recognised with the conferment of the title of Doctor of Engineering by Heriot-Watt University, Edinburgh and his appointment as Honorary Life President of the Master Builders Association of Malaysia in 1988. He is the co-founder and the first Chairman of the ASEAN Constructors' Federation. On 26 October 2002, Tan Sri Yeoh Tiong Lay was conferred the Honorary Doctorate in Philosophy (Business Administration) by Universiti Malaysia Sabah. He was installed as Pro-Chancellor for Universiti Malaysia Sabah on 1 July 2005. He is the past President and Lifetime member of the International Federation of Asian and Western Pacific Contractors Association. On 19 January 2008, Tan Sri Yeoh Tiong Lay was conferred the prestigious Order of the Rising Sun, Gold Rays with Neck Ribbon by the Emperor of Japan in recognition of his outstanding contribution towards the economic co-operation and friendship between Japan and Malaysia, including his efforts as an executive member and Vice President of the Malaysia-Japan Economic Association. On 20 August 2009, Tan Sri Yeoh Tiong Lay was accorded a Lifetime Achievement Award at the Asia Pacific Entrepreneurship Awards 2009 (APEA 2009) in recognition of his outstanding entrepreneurial achievements and contribution towards the development of the nation. He is also the Honorary Chairman of Tung Shin Hospital and is on the board of Governors of several schools. Tan Sri Yeoh Tiong Lay is also the Executive Chairman of YTL Power International Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad and YTL Cement Berhad. He is also 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 58, 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 Land & Development Berhad, YTL e-Solutions Berhad, Starhill Real Estate Investment Trust and YTL Cement Berhad (which was delisted on 16 April 2012). He is presently Managing Director of YTL Power International Berhad and YTL Land & Development Berhad, both listed on the Main Market of Bursa Malaysia Securities Berhad and YTL Cement 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 a 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 prestigious 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.

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

Profile of the Board of Directors

DATO' YEOH SEOK KIAN

Malaysian, aged 55, was appointed to the Board on 24 June 1984 as an Executive Director. He is currently the Deputy Managing Director of the Company. He graduated from Heriot-Watt University, Edinburgh, United Kingdom in 1981 with a Bachelor of Science (Hons) Degree in Building. He attended the Advance Management Programme conducted by Wharton Business School, University of Pennsylvania in 1984. Dato' Yeoh is a Fellow of the Faculty of Building, United Kingdom as well as a Member of the Chartered Institute of Building (UK). He is also the Deputy Managing Director of YTL Power International Berhad and the Executive Director of YTL Land & Development Berhad, both listed on the Main Market of Bursa Malaysia Securities Berhad and an Executive Director of YTL Cement Berhad. Dato' Yeoh 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 of Starhill Global REIT, a vehicle listed on the Main Board of the Singapore Exchange Securities Trading Limited (SGX-ST). He is also an Executive Director of Pintar Projek Sdn Bhd, the manager of Starhill Real Estate Investment Trust.

DATO' (DR) YAHYA BIN ISMAIL

Malaysian, aged 84, was appointed to the Board on 6 April 1984 as an Independent Non-Executive Director. He is also 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.

DATO' CHEONG KEAP TAI

Malaysian, aged 64, 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, Partner and Chairman of the Governance Board of PricewaterhouseCoopers until his retirement in December 2003. He is currently also a director of YTL Land & Development Berhad, YTL e-Solutions Berhad, Gromutual Berhad and several private limited companies.

DATO' YEOH SOO MIN

Malaysian, aged 56, was appointed to the Board on 24 June 1984 as an Executive Director. She graduated with a Bachelor of Art (Hons) Degree in Accounting. She did her Articleship at Leigh Carr and Partners, London and has gained vast experience in accounting and management. She was responsible for the setting up of the Travel and Accounting Division of the YTL Group in December 1990. Dato' Yeoh Soo Min is currently responsible for the accounting and finance systems for the YTL Group. She is 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 and YTL Industries Berhad.

DATO' YEOH SEOK HONG

Malaysian, aged 53, 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. In 2010, he was conferred an Honorary Doctor of Science degree by Aston University in the United Kingdom. Dato' Yeoh Seok Hong has vast experience in the construction industry, being the Executive Director responsible for the YTL Group construction division. He was the project director responsible for the development and the construction of the two Independent Power Producer power stations owned by YTL Power Generation Sdn Bhd. His other achievements include the construction of the Express Rail Link between the Kuala Lumpur International Airport and the Kuala Lumpur Sentral Station. He is also responsible for developing the power and utility businesses of the YTL Power International Berhad Group and is currently overseeing the building of the fourth generation (4G) Worldwide Interoperability for Microwave Access (WiMAX) network by YTL Communications Sdn Bhd. He is a director of YTL Power International Berhad and YTL Land & Development Berhad, both listed on the Main Market of Bursa Malaysia Securities Berhad and YTL Cement Berhad. Dato' Yeoh Seok Hong also sits on the board of YTL Industries Berhad and YTL Foundation, and utilities companies, Wessex Water Limited, Wessex Water Services Limited and YTL PowerSeraya Pte Limited.

DATO' SRI MICHAEL YEOH SOCK SIONG

Malaysian, aged 52, 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 a director of YTL Power International Berhad and YTL Land & Development Berhad, both listed on the Main Market of Bursa Malaysia Securities Berhad, YTL e-Solutions Berhad, a company listed on the ACE Market of Bursa Malaysia Securities Berhad and YTL Cement 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' YEOH SOO KENG

Malaysian aged 49, 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 and Perak-Hanjoong Simen Sdn Bhd. She is also a director of YTL Power International Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad and YTL Cement Berhad.

DATO' MARK YEOH SEOK KAH

Malaysian, aged 47, 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 and YTL Land & Development Berhad, both listed on the Main Market of the Bursa Malaysia Securities Berhad and YTL Cement Berhad. He is a board member of YTL Vacation Club Berhad and private utilities company, Wessex Water Limited, as well as YTL PowerSeraya Pte Limited. He is also an Executive Director of Pintar Projek Sdn Bhd, the manager of Starhill Real Estate Investment Trust.

EU PENG MENG @ LESLIE EU

Malaysian, aged 77, 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 Dublin, 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 50 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 Land & Development Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad and YTL Cement Berhad. He is also a director of Pintar Projek Sdn Bhd, the manager of Starhill Real Estate Investment Trust.

Profile of the Board of Directors

SYED ABDULLAH BIN SYED ABD. KADIR

Malaysian, aged 58, was appointed to the Board on 20 October 1999 as an Executive Director. He graduated from the University of Birmingham in 1977 with a Bachelor of Science (Engineering Production) and a Bachelor of Commerce (Economics) Double Degree. He has extensive experience in banking and financial services, having been with Bumiputra Merchant Bankers Berhad from 1984 to 1994, holding the position of general manager immediately prior to his departure from the bank. Prior to joining YTL Corporation Berhad Group, he was, from November 1994 to February 1996, the general manager of Amanah Capital Partners Berhad (now known as MIDF Amanah Capital Berhad), a company which has interests in, *inter alia*, discount, money broking, unit trusts, finance and fund management operations. He currently also serves on the board of YTL Power International Berhad, YTL e-Solutions Berhad, Iris Corporation Berhad, and Versatile Creative Berhad, all listed on Bursa Malaysia Securities Berhad.

FAIZ BIN ISHAK

Malaysian, aged 54, was appointed to the Board on 1 December 2011 as an Independent Non-Executive Director. He graduated from the MARA University Technology in 1978 with a Diploma in Accounting. He is a Fellow of The Chartered Association of Certified Accountants. He served in various posts in The New Straits Times Press (M) Berhad ("NSTP") since year 1982 and his last position was as the Managing Director of NSTP in year 1999 till 2003. He joined Commerce Assurance Berhad ("CAB") as Executive Director in year 2003 and became Chief Executive Officer of CAB from year 2006 till 2007. Encik Faiz is presently a business entrepreneur in retail food and beverage.

DETAILS OF ATTENDANCE OF DIRECTORS AT BOARD MEETINGS

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

	Attendance
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	4
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping	6
Dato' Yeoh Seok Kian	5
Dato' (Dr) Yahya Bin Ismail	6
Dato' Cheong Keap Tai	6
Dato' Yeoh Soo Min	6
Dato' Yeoh Seok Hong	5
Dato' Sri Michael Yeoh Sock Siong	6
Dato' Yeoh Soo Keng	6
Dato' Mark Yeoh Seok Kah	4
Eu Peng Meng @ Leslie Eu	6
Syed Abdullah Bin Syed Abd. Kadir	6
Faiz Bin Ishak *(Appointed on 1 December 2011)*	3

Notes:-

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

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

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

Statement of Directors' Responsibilities

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

In preparing the financial statements for the financial year ended 30 June 2012, the Directors have:

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

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

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

Audit Committee Report

MEMBERS

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

Dato' (Dr) Yahya Bin Ismail
(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 of Directors ("Board") in fulfilling its fiduciary responsibilities relating to the corporate accounting and practices for YTL Corporation Berhad and its subsidiaries ("Group").

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

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

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

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

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

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

8. Instil discipline and control to reduce incidence of fraud.

Composition

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

2. At least one member of the Audit Committee:-

   (a) must be a member of the Malaysian Institute of Accountants; or

   (b) if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and -

      (i) he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or

      (ii) he must be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967; or

   (c) fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad ("Bursa Securities").

3. The Board must ensure that no alternate Director is appointed as a member of the Audit Committee.

4. The members of the Committee shall elect a Chairman from amongst their number who shall be an Independent Director.

5. In the event of any vacancy in the Committee resulting in the non-compliance of sub-paragraph 15.09(1) of the Bursa Securities Main Market Listing Requirements ("Main LR"), the Company must fill the vacancy within three (3) months.

Authority

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

1. have authority to investigate any matter within its terms of reference;

2. have the resources which are required to perform its duties;

3. have full and unrestricted access to any information pertaining to the Company and the Group;

4. have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;

5. be able to obtain independent professional or other advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary;

6. be able to convene meetings with the internal auditors without the presence of other directors and employees of the Company, whenever deemed necessary; and

7. to meet with the external auditors at least twice a year without the presence of the other directors and employees of the Company.

Functions And Duties

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

1. Financial Reporting

(a) Review the quarterly financial results and annual financial statements prior to its recommendation to the Board for approval, focusing particularly on:-

- changes in or implementation of major accounting policies and practices;
- significant and unusual events;
- the accuracy and adequacy of the disclosure of information essential to a fair and full presentation of the financial affairs of the Company and the Group;
- compliance with applicable approved accounting standards, other statutory and legal requirements and the going concern assumption.

2. External Audit

(a) Review the audit plan, scope of audit and audit report with the external auditors;

(b) Review 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 Company and the Group's operations and efforts and processes taken to reduce the Company and the Group's operational risks;

(c) Recommend the nomination of a person or persons as external auditors and the audit fee;

(d) Review any letter of resignation from the external auditors of the Company;

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

(f) Review any significant audit findings, reservations, difficulties encountered or material weaknesses reported by the external auditors.

3. Internal Audit

(a) Review the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;

(b) Review the internal audit programme, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;

(c) Review any significant audit findings, reservations, difficulties encountered or material weaknesses reported by the internal auditors.

4. Related Party Transactions

(a) Review any related party transaction and conflict of interest situation that may arise within the Company/Group and any related parties outside the Company/Group including any transaction, procedure or course of conduct that raises questions of management integrity.

Audit Committee Report

5. **Employees Share Option Scheme ("ESOS")**

   (a) Verify allocation of share options to the eligible employees pursuant to the criteria set out in the By-Laws of the ESOS in accordance to the Main LR.

6. **Other Matters**

   (a) Carry out any other function that may be mutually agreed upon by the Committee and the Board which would be beneficial to the Company/ Group and ensure the effective discharge of the Committee's duties and responsibilities;

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

Meetings

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

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

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

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

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

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

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

Minutes

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

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

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

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

Secretary

The Secretary to the Committee shall be the Company Secretary.

SUMMARY OF ACTIVITIES

In line with the terms of reference of the Committee, the following activities were carried out by the Committee during the financial year ended 30 June 2012 in discharging its functions:-

1. **Financial Reporting**

   (a) Reviewed the quarterly financial results and annual financial statements to ensure compliance with the Main LR, Financial Reporting Standards and other statutory and regulatory requirements prior to its recommendation to the Board for approval.

2. **External Audit**

   (a) Reviewed the external auditors' scope of work and their audit plan and recommended the proposed audit fee to the Board for approval;

   (b) Reviewed with the external auditors on the findings of their audit, the audit report and internal control recommendations in respect of control weaknesses noted in the course of their audit.

3. **Internal Audit**

   (a) Reviewed the internal auditors' audit plan to ensure adequate scope and coverage of activities of the Company and the Group;

   (b) Reviewed with the internal auditors, the internal audit reports on their findings and recommendations and management's responses thereto and ensure that material findings are adequately addressed by management;

   (c) Reviewed the adequacy and competency of the internal audit function and the profiles of the internal auditors.

4. **Related Party Transactions**

   (a) Reviewed the related party transactions entered into by the Company/Group in compliance with the Main LR;

   (b) Reviewed the recurrent related party transactions ("RRPT") of a revenue or trading nature within the Company/Group prior to its recommendation to the Board for approval for inclusion in the circular to the shareholders in relation to the proposed renewal of shareholder mandate and new shareholder mandate for RRPT.

5. **Annual Report**

   (a) Reviewed the Audit Committee Report and Statement on Internal Control and recommended to the Board for approval prior to their inclusion in the Company's Annual Report.

INTERNAL AUDIT FUNCTION

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

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

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

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

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

4. Presented audit findings to the Committee for consideration.

5. Conducted recurrent related party transactions reviews to assess accuracy and completeness of reporting.

Costs amounting to RM1,784,495 were incurred in relation to the internal audit function for the financial year ended 30 June 2012.

NUMBER OF MEETINGS HELD AND DETAILS OF ATTENDANCE

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

	Attendance
Eu Peng Meng @ Leslie Eu	6
Dato' (Dr) Yahya Bin Ismail	6
Dato' Cheong Keap Tai	6

Statement on Corporate Governance

for the financial year ended 30 June 2012

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, which was issued in 2000 and revised in 2007 ("Code"). The Directors are also cognisant of the revised Malaysian Code on Corporate Governance 2012 issued by the Securities Commission Malaysia in March 2012 and will determine the measures to be adopted by the Board to comply with the relevant revisions.

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.

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 4 of whom are independent. This provides an effective check and balance in the functioning of the Board, and complies with the Listing Requirements, which require one-third of the Board to be independent.

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 profitability and development of the YTL Corp Group, consistent with the primary aim of enhancing long-term shareholder value.

The Independent Non-Executive Directors have the experience and business acumen necessary to carry sufficient weight in the Board's decisions and the presence of these Independent Non-Executive Directors brings an additional element of balance to the Board as they do not participate in the day-to-day running of the 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 judgment to bear on issues of strategy, performance and resources brought before the Board.

The Executive Directors are collectively accountable for the running and management of the YTL 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 6 times during the financial year ended 30 June 2012. 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.

Statement on Corporate Governance

for the financial year ended 30 June 2012

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 6 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 enable 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 3 Non-Executive Directors in compliance with 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 6 times during the financial year ended 30 June 2012. 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 Financial Reporting Standards in Malaysia. In presenting the financial statements, the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates to present a true and fair assessment of the Company's position and prospects. 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:** 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 including a Thirteenth Month wage supplement, annual bonuses and biannual reviews of staff performance, as well as an Employees' Share Option Scheme which was approved by shareholders at an extraordinary general meeting in November 2010.

- **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 2012.

This statement was approved by the Board of Directors on 16 August 2012.

Statement on Internal Control

for the financial year ended 30 June 2012

During the financial year under review, YTL Corporation Berhad ("YTL Corp" or "Company") and its subsidiaries ("YTL Corp Group") continued to enhance the YTL Corp Group's system of internal control and risk management, to comply with the applicable provisions of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") and the Malaysian Code on Corporate Governance, which was issued in 2000 and revised in 2007 ("Code"). The Directors are also cognisant of the revised Malaysian Code on Corporate Governance 2012 issued by the Securities Commission Malaysia in March 2012 and will determine the measures to be adopted by the Board of Directors ("Board") to comply with the relevant revisions.

The 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 analyses of the YTL Corp Group's state of affairs are disclosed to shareholders after review and audit by the external auditors.

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

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

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

- **Internal Audit Function:** The YTL Corp Group's internal audit function is carried out by its Internal Audit department ("YTLIA"), which provides assurance on the efficiency and effectiveness of the internal control systems implemented by Management, and reports directly to the Audit Committee. A description of the 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 YTL PowerSeraya Pte Limited group ("YTL PowerSeraya") based in Singapore were also not covered by YTLIA. YTL PowerSeraya's operations are subject to stringent financial and operational controls imposed by its regulator, the Energy Market Authority ("EMA"), a statutory board under the Minister of Trade and Industry of Singapore. YTL PowerSeraya possesses its own internal audit department which reports to its audit committee. Its findings are also presented to YTL Power's Audit Committee. YTL PowerSeraya's internal audit department has the responsibility to ensure that the internal controls and systems in place are maintained to provide reasonable assurance as to the integrity and reliability of its financial statements.

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

Statement on Internal Control

for the financial year ended 30 June 2012

- **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.

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 and YTL PowerSeraya, as well as its interests in ElectraNet Pty Ltd and P.T. Jawa Power. These assets share common characteristics of highly predictable operating costs and revenue streams, which in turn generate stable and predictable cash flows and profits, underpinned by an established regulatory environment in their respective markets of operation.

The Board acknowledges that all areas of the YTL Corp Group's business activities involve some degree of risk. The YTL Corp Group is committed to ensuring that there is an effective risk management framework which allows management to manage risks within defined parameters and standards, and promotes profitability of the YTL Corp Group's operations in order to enhance shareholder value.

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 2012, 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 4 October 2012.

Analysis of Shareholdings

as at 28 September 2012

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

DISTRIBUTION OF SHAREHOLDINGS

Size of holding	No. of Shareholders	%	No. of Shares#	%#
Less than 100	1,863	8.96	47,384	0.00
100 – 1,000	2,985	14.36	1,194,779	0.01
1,001 – 10,000	9,187	44.20	38,304,798	0.37
10,001 – 100,000	5,577	26.83	155,131,249	1.50
100,001 to less than 5% of issued shares	1,171	5.63	3,331,842,616	32.17
5% and above of issued shares	4	0.02	6,831,976,627	65.95
Total	**20,787**	**100.00**	**10,358,497,453**	**100.00**

THIRTY LARGEST SHAREHOLDERS

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

	Name	No. of Shares	%#
1	Yeoh Tiong Lay & Sons Holdings Sdn Bhd	4,247,969,909	41.01
2	DB (Malaysia) Nominee (Asing) Sdn Bhd – Exempt An for Deutsche Bank Ag Singapore (PWM Asing)	1,048,099,571	10.12
3	Citigroup Nominees (Tempatan) Sdn Bhd – Employees Provident Fund Board	828,707,147	8.00
4	Malaysia Nominees (Tempatan) Sendirian Berhad – Pledged Securities Account for Yeoh Tiong Lay & Sons Holdings Sdn Bhd (88–00006–000)	707,200,000	6.83
5	HSBC Nominees (Asing) Sdn Bhd – Exempt An for JPMorgan Chase Bank, National Association (JPMINTL BK Ltd)	159,730,022	1.54
6	AmanahRaya Trustees Berhad – Skim Amanah Saham Bumiputera	140,500,000	1.36
7	Cartaban Nominees (Asing) Sdn Bhd – Exempt An for State Street Bank & Trust Company (West CLT OD67)	130,554,656	1.26
8	Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	97,477,545	0.94
9	HSBC Nominees (Asing) Sdn Bhd – BBH and Co Boston for Vanguard Emerging Markets Stock Index Fund	95,581,056	0.92
10	State Secretary, Pahang	94,697,451	0.91
11	Cartaban Nominees (Asing) Sdn Bhd – BBH and Co Boston for Fidelity Contrafund	92,209,226	0.89
12	UOBM Nominees (Asing) Sdn Bhd – Deutsche Bank Ag Singapore Branch (PBD) for Orchestral Harmony Limited	84,626,832	0.82
13	UOBM Nominees (Asing) Sdn Bhd – Deutsche Bank Ag Singapore Branch (PBD) for Velvet Properties Limited	82,872,522	0.80

	Name	No. of Shares	%#
14	AmanahRaya Trustees Berhad – Amanah Saham Wawasan 2020	82,453,642	0.80
15	Citigroup Nominees (Asing) Sdn Bhd – CBNY for Dimensional Emerging Markets Value Fund	66,050,350	0.64
16	Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	58,340,667	0.56
17	Dato' Yeoh Soo Keng	53,916,634	0.52
18	Dato' Yeoh Soo Min	51,797,932	0.50
19	HSBC Nominees (Asing) Sdn Bhd – Exempt An for JPMorgan Chase Bank, National Association (U.A.E.)	50,538,176	0.49
20	Bara Aktif Sdn Bhd	49,387,829	0.48
21	UOBM Nominees (Asing) Sdn Bhd – Deutsche Bank Ag Singapore Branch (PBD) for Windchime Developments Limited	48,088,309	0.46
22	Yeoh Tiong Lay & Sons Holdings Sdn Bhd	45,023,429	0.43
23	UOBM Nominees (Asing) Sdn Bhd – Deutsche Bank Ag Singapore Branch (PBD) for Water City Limited	43,414,362	0.42
24	Maybank Nominees (Tempatan) Sdn Bhd – Maybank Trustees Berhad Berhad for Public Ittikal Fund (N14011970240)	39,631,661	0.38
25	CIMB Group Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Bara Aktif Sdn Bhd (50150 CBD)	39,395,802	0.38
26	Yeoh Tiong Lay & Sons Holdings Sdn Bhd	37,814,090	0.37
27	HSBC Nominees (Asing) Sdn Bhd – Exempt An for JPMorgan Chase Bank, National Association (USA)	36,602,722	0.35
28	Dato' Yeoh Seok Kian	35,632,125	0.34
29	Dato' Sri Michael Yeoh Sock Siong	34,272,253	0.33
30	HSBC Nominees (Asing) Sdn Bhd TNTC For Saudi Arabian Monetary Agency	34,133,333	0.33
	Total	**8,616,719,253**	**83.18**

SUBSTANTIAL SHAREHOLDERS

(as per register of substantial shareholders)

	No. of Shares Held			
Name	**Direct**	**%#**	**Indirect**	**%#**
Yeoh Tiong Lay & Sons Holdings Sdn Bhd	5,042,806,618	48.68	–	–
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	90,561,164	0.87	5,042,806,618*	48.68
Employees Provident Fund Board	862,216,747	8.32	–	–

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

\# *Based on the issued and paid-up share capital of the Company of RM1,063,347,399.20 comprising 10,633,473,992 ordinary shares net of 274,976,539 treasury shares retained by the Company as per Record of Depositors.*

Statement of Directors' Interests

in the company and related corporations as at 28 September 2012

THE COMPANY
YTL CORPORATION BERHAD

	No. of Shares Held			
Name	**Direct**	**%**	**Indirect**	**%**
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	90,561,164	0.87	5,087,101,282(1) (2)	49.11
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	133,001,216	1.28	–	–
Dato' Yeoh Seok Kian	55,481,889	0.54	4,244,248(2)	0.04
Dato' (Dr) Yahya Bin Ismail	544,000	0.01	529,418(2)	0.01
Dato' Yeoh Soo Min	51,797,932	0.50	1,525,605(2) (7)	0.01
Dato' Yeoh Seok Hong	44,535,079	0.43	23,549,759(2)	0.23
Dato' Sri Michael Yeoh Sock Siong	53,652,534	0.52	19,332,622(2)	0.19
Dato' Yeoh Soo Keng	53,916,634	0.52	758,214(2)	0.01
Dato' Mark Yeoh Seok Kah	20,081,152	0.19	4,005,597(2)	0.04
Syed Abdullah Bin Syed Abd Kadir	9,604,133	0.09	19,642(2)	*

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

HOLDING COMPANY
YEOH TIONG LAY & SONS HOLDINGS SDN BHD

	No. of Shares Held			
Name	**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	%
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	–	–	479,985,819(8)	99.57

Name	No. of Irredeemable Convertible Unsecured Loan Stocks 2005/2015 Held Direct	%	Indirect	%
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	–	–	468,770,269(3)	99.60

YTL E-SOLUTIONS BERHAD

Name	No. of Shares Held Direct	%	Indirect	%
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	–	–	999,172,000(4)	74.27
Dato' Yeoh Soo Min	–	–	1,053,800(7)	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	–	–	497,846,293(4)	60.04
Dato' Yeoh Seok Kian	61,538	0.01	–	–
Dato' Yeoh Soo Min	–	–	625,582(7)	0.08
Dato' Yeoh Soo Keng	100,000	0.01	–	–

Name	No. of Irredeemable Convertible Unsecured Loan Stocks 2011/2021 Held Direct	%	Indirect	%
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	–	–	793,717,049(4)	80.02
Dato' Yeoh Seok Kian	37,000	*	–	–
Dato' Yeoh Soo Keng	60,000	0.01	–	–

Statement of Directors' Interests

in the company and related corporations as at 28 September 2012

YTL POWER INTERNATIONAL BERHAD

Name	No. of Shares Held Direct	%	Indirect	%
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	20,380,250	0.28	4,013,899,231(2)(5)	55.15
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	945,040	0.01	–	–
Dato' Yeoh Seok Kian	6,386,760	0.09	–	–
Dato' (Dr) Yahya Bin Ismail	343,000	*	38,610(2)	*
Dato' Yeoh Soo Min	12,769,934	0.18	3,283,424(2)(7)	0.05
Dato' Yeoh Seok Hong	27,510,268	0.38	3,281,179(2)	0.05
Dato' Sri Michael Yeoh Sock Siong	7,601,744	0.10	1,019,291(2)	0.01
Dato' Yeoh Soo Keng	8,081,777	0.11	133,500(2)	*
Dato' Mark Yeoh Seok Kah	7,665,920	0.11	1,093,601(2)	0.02
Syed Abdullah Bin Syed Abd Kadir	2,268,203	0.03	524(2)	*

Name	No. of Warrants 2008/2018 Held Direct	%	Indirect	%
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	–	–	869,295,557(4)	74.38
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	4,860,175	0.42	–	–
Dato' Yeoh Seok Kian	632,962	0.05	–	–
Dato' Yeoh Soo Min	–	–	207,000(7)	0.02
Dato' Sri Michael Yeoh Sock Siong	1,496,502	0.13	298,956(2)	0.03
Dato' Yeoh Soo Keng	1,585,944	0.14	36,507(2)	*

Name	No. of Share Options Direct	Indirect
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	7,000,000	–
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	7,000,000	–
Dato' Yeoh Seok Kian	5,000,000	–
Dato' (Dr) Yahya Bin Ismail	1,000,000	–
Dato' Yeoh Soo Min	3,000,000	100,000(2)
Dato' Yeoh Seok Hong	5,000,000	500,000(2)
Dato' Sri Michael Yeoh Sock Siong	5,000,000	–
Dato' Yeoh Soo Keng	3,000,000	–
Dato' Mark Yeoh Seok Kah	5,000,000	–
Syed Abdullah Bin Syed Abd Kadir	3,000,000	–

SYARIKAT PELANCONGAN SERI ANDALAN (M) SDN BHD

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

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

SAMUI HOTEL 2 CO. LTD

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

SWISS WATER SYSTEM AG

Name	No. of Shares Held Direct	%
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	12,250	31.90

* *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 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 by Tan & Yeoh Properties Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.*
(8) *Deemed interests by virtue of interests held by YTL Corporation Berhad and YTL Power International Berhad pursuant to Section 6A of the Companies Act, 1965.*

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 2012

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)
July 2011	3,315,000	1.50	1.57	1.51889	5,035,120.58
August 2011	6,487,800	1.30	1.42	1.37990	8,952,507.61
September 2011	16,423,000	1.35	1.43	1.38072	22,675,633.56
October 2011	35,654,800	1.34	1.55	1.46986	52,407,695.64
November 2011	29,768,000	1.38	1.50	1.43249	42,642,434.46
December 2011	17,901,000	1.41	1.54	1.51866	27,185,551.99
January 2012	3,695,000	1.48	1.54	1.54216	5,698,277.68
February 2012	18,574,000	1.45	1.58	1.52493	28,324,123.23
March 2012	30,426,000	1.70	1.79	1.74901	53,215,405.14
April 2012	27,320,000	1.62	1.79	1.70916	46,694,183.72
May 2012	82,439,900	1.62	1.89	1.73384	142,937,459.48
June 2012	47,271,400	1.87	2.07	2.00222	94,647,939.17
TOTAL	**319,275,900**	**1.30**	**2.07**	**1.66131**	**530,416,332.26**

During the financial year, all the shares purchased by the Company were retained as treasury shares. As at 30 June 2012, the number of treasury shares held was 868,588,445. None of the treasury shares were resold or cancelled during the financial year.

List of Properties

for the financial year ended 30 June 2012

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 2012 RM'000	Date of Acquisition
Lot 1070N of Town Subdivision 24, Orchard Boulevard	Freehold	1.427 acres	Future Development Land	–	–	–	1,187,943	22.11.2007
HS (D) 460/88 PT 1122#	Leasehold	59.79 acres	Cement plant	–	–	Year 2087	505,191	30.7.1998
HS (D) 461/88 PT 1123#		0.9864 acres	Cement plant	–	–	Year 2087		30.7.1988
HS (D) 2675 PT 1327#		22.21 acres	Cement plant	–	–	Year 2095		17.4.1996
HS (D) 3705 PT 1417#		1.46 acres	Warehouse & depot	–	–	Year 2096		29.12.1997
HS (D) 3706 PT 1418#		14.55 acres	Cement plant	–	–	Year 2096		29.12.1997
HS (D) 2676 PT 1328#		8.20 acres	Cement plant	–	–	Year 2095		17.4.1996
HS (D) 2677 PT 1329#		30.25 acres	Cement plant	–	–	Year 2095		17.4.1996
HS (D) 2678 PT 1330#		102.33 acres	Cement plant	–	–	Year 2095		17.4.1996
HS (D) 2679 PT 1331#		130.97 acres	Cement plant	–	–	Year 2026		17.4.1996
HS (D) 2680 PT 1332#		14.41 acres	Cement plant	–	–	Year 2026		17.4.1996
HS (D) 2735 PT 1326#		28.24 acres	Staff quarter building	–	–	Year 2095		29.5.1996
HS (D) 2737 PT 417#		28.17 acres	Cement plant	–	–	Year 2095		27.6.1996
HS (D) 2681 PT 1333#		278.24 acres	Cement plant	–	–	Year 2026		17.4.1996
HS (D) 4170 PT 1419#		30.06 acres	Cement plant	–	–	Year 2097		15.9.1998
HS (D) 4171 PT 1420#		3.54 acres	Cement plant	–	–	Year 2097		15.9.1998
HS (D) 8804 PT 1421#		13.38 acres	Cement plant	–	–	Year 2102		1.10.2003
PN 00108181, Lot 2764#		49.57 acres	Cement plant	–	–	Year 2886		1.11.1996
Avonmouth STW, Kings Weston Lane, Avonmouth, Bristol BS11 OYS	Freehold	394,600 sq.m.	Sewerage treatment works	–	–	–	384,676	21.5.2002

List of Properties
for the financial year ended 30 June 2012

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 2012 RM'000	Date of Acquisition
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 sq.m.	15	–	349,700	16.12.2005
Land No. 919-15, 919-18 and 919-19 Aza-Soga, Niseko-cho, Abuta-gun; Land No. 920-4, 920-5 and 920-7 Aza-Soga, Niseko-cho, Abuta-gun; and Land No. 214-6, 252-2 and 264-4 Aza-Kabayama, Kutchan-cho, Abuta-gun, Hokkaido, Japan	Freehold	19,015 sq.m.	16-storey hotel building with 1-storey of basement comprising 506 rooms	35,481.33 sq.m.	18	–	255,898	21.12.2011
Geran 26579, Lot No. 225, Section 67, Bandar and Daerah Wilayah Persekutuan Kuala Lumpur	Freehold	1,596.206 sq.m.	22-storey 5-star hotel building with 4-storey basement car parks comprising 251 rooms	31,613.3 sq.m.	18	–	253,017	15.11.2011
Poole STW, Cabot Lane, Poole, Dorset, BH17 7BX	Freehold	91,800 sq.m.	Sewerage treatment works	–	–	–	231,091	21.5.2002
Section 81, 83 & 84 Bandar Kuala Lumpur, Wilayah Persekutuan and Mukim Batu, Kuala Lumpur	Freehold	65.346 acres	Mixed residential and commercial development	–	–	–	212,179	1995
Maudown Water Treatment Works, Maudown, Wiveliscombe, Tauton, TA4, 2UN	Freehold	68,500 sq.m.	Water treatment works	–	–	–	168,910	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 sq.m.	7	–	150,000	16.05.2007

Mukim Kampung Buaya, Daerah Kuala Kangsar, Negeri Perak Darul Ridzuan
@ *Revalued on 1 March 2011*
* *Revalued on 8 June 2012*

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 2012.

PRINCIPAL ACTIVITIES

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

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

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

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Profit for the year	1,974,090	520,693
Attributable to:-		
Owners of the parent	1,181,123	520,693
Non-controlling interests	792,967	–
	1,974,090	520,693

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 2011:-	
An interim single tier dividend of 20% or 2 sen per ordinary share of 10 sen each paid on 24 November 2011	181,900
In respect of the financial year ended 30 June 2012:-	
An interim single tier dividend of 20% or 2 sen per ordinary share of 10 sen each paid on 27 June 2012	193,956
	375,856

On 29 May 2012, a distribution of treasury shares ("Share Dividend") of one (1) treasury share for every fifteen (15) existing ordinary shares of RM0.10 each was declared and the book closure date for the Share Dividend was 18 June 2012. The Share Dividend was completed on 2 July 2012 and a total of 647,539,006 treasury shares amounting to RM934,139,770 were distributed to the entitled shareholders.

The Board of Directors does not recommend the payment of a final dividend for the financial year ended 30 June 2012.

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	135,000	Cash	0.55	Exercise of ESOS 2001
Ordinary	875,000	Cash	0.88	Exercise of ESOS 2001
Ordinary	180,729,000	Cash	0.96	Exercise of ESOS 2001
Ordinary	368,000	Cash	1.38	Exercise of ESOS 2001
Ordinary	787,951,284	Otherwise than cash	1.42	Share Exchange Offer
Ordinary	48,699,195	Otherwise than cash	1.80	Conversion of exchangeable bonds

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 29 November 2011. 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 319,275,900 ordinary shares of RM0.10 each of its issued share capital from the open market. The average price paid for the shares repurchased was RM1.66 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 2 July 2012, a total of 647,539,006 treasury shares amounting to RM934,139,770 were distributed as share dividend to the shareholders on the basis of one (1) treasury share for every fifteen (15) ordinary shares held on 18 June 2012.

As at 30 June 2012, the Company held as treasury shares a total of 868,588,445 of its 10,546,774,669 issued ordinary shares of RM0.10 each. Such treasury shares are held at a carrying amount of RM1,253,032,153.

EMPLOYEES' SHARE OPTION SCHEME

The Employees Share Option Scheme ("ESOS") for employees and Executive Directors of the Company and its subsidiaries who meet the criteria of eligibility for participation was governed by the by-laws approved by the shareholder at an Extraordinary General Meeting ("EGM") held on 16 October 2001 ("ESOS 2001"). The ESOS 2001 expired on 29 November 2011 and all unexercised share options lapsed as at that date. The salient features and terms of the ESOS 2011, and the ordinary shares issued during the period prior to expiry by virtue of the exercise of options under the ESOS 2001 are set out in Note 28(b) to the financial statements.

A new ESOS for employees and Directors of the Company and its subsidiaries who meet the criteria of eligibility for participation was established as approved by the shareholders of the Company at the EGM held on 30 November 2010 ("ESOS 2011"). The scheme was implemented on 1 April 2011. The salient features and terms of the ESOS 2011 are set out in Note 28(b) to the financial statements.

Directors' Report

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
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
Faiz Bin Ishak *(Appointed on 1 December 2011)*

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 RM0.10 each --------->			
	Balance at 1.7.2011	Acquired	Disposed	Balance at 30.6.2012
Direct interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	47,523,040	37,378,053	–	84,901,093
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	84,094,530	40,594,111	–	124,688,641
Dato' Yeoh Seok Kian	30,483,085	21,531,187	–	52,014,272
Dato' (Dr) Yahya Bin Ismail	510,000	–	–	510,000
Dato' Yeoh Soo Min	32,495,020	16,065,542	–	48,560,562
Dato' Yeoh Seok Hong	25,686,095	16,065,542	–	41,751,637
Dato' Sri Michael Yeoh Sock Siong	26,153,345	24,145,907	–	50,299,252
Dato' Yeoh Soo Keng	29,084,105	21,462,740	–	50,546,845
Dato' Mark Yeoh Seok Kah	17,942,040	15,884,040	(15,000,000)	18,826,080
Syed Abdullah Bin Syed Abd. Kadir	15,641,375	–	(6,450,000)	9,191,375

DIRECTORS' INTERESTS (CONTINUED)

The Company (continued)

	<---------- Number of ordinary shares of RM0.10 each --------->			
	Balance at 1.7.2011	Acquired	Disposed	Balance at 30.6.2012
Deemed interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	4,753,641,470[(1)(2)]	15,515,984	–	4,769,157,454[(1)(2)]
Dato' Yeoh Seok Kian	2,109,980[(2)]	1,869,003	–	3,978,983[(2)]
Dato' (Dr) Yahya Bin Ismail	496,330[(2)]	5,000	(5,000)	496,330[(2)]
Dato' Yeoh Soo Min	991,800[(2)(7)]	438,455	–	1,430,255[(2)(7)]
Dato' Yeoh Seok Hong	19,864,810[(2)]	2,213,090	–	22,077,900[(2)]
Dato' Sri Michael Yeoh Sock Siong	12,885,305[(2)]	5,239,029	–	18,124,334[(2)]
Dato' Yeoh Soo Keng	424,820[(2)]	286,006	–	710,826[(2)]
Dato' Mark Yeoh Seok Kah	3,116,775[(2)]	638,473	–	3,755,248[(2)]
Syed Abdullah Bin Syed Abd. Kadir	18,415[(2)]	–	–	18,415[(2)]

	Number of share options [(a)] <-------------- over ordinary shares of RM0.10 each -------------->			
	Balance at 1.7.2011	Granted	Exercised	Balance at 30.6.2012
Direct interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	25,000,000	–	(25,000,000)	–
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	25,000,000	–	(25,000,000)	–
Dato' Yeoh Seok Kian	17,500,000	–	(17,500,000)	–
Dato' Yeoh Soo Min	15,000,000	–	(15,000,000)	–
Dato' Yeoh Seok Hong	15,000,000	–	(15,000,000)	–
Dato' Sri Michael Yeoh Sock Siong	15,000,000	–	(15,000,000)	–
Dato' Yeoh Soo Keng	15,000,000	–	(15,000,000)	–
Dato' Mark Yeoh Seok Kah	15,000,000	–	(15,000,000)	–
Deemed interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	15,000,000[(2)]	–	(15,000,000)	–
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	2,000,000[(6)]	–	(2,000,000)	–
Dato' Yeoh Seok Hong	2,000,000[(2)]	–	(2,000,000)	–

[(a)] *Options granted pursuant to the ESOS 2001 which expired on 29 November 2011.*

Directors' Report

DIRECTORS' INTERESTS (CONTINUED)

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

	<--------- Number of ordinary shares of RM1.00 each --------->			
	Balance at 1.7.2011	Acquired	Disposed	Balance at 30.6.2012
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)

Subsidiaries
– YTL Cement Berhad∆

	<--------- Number of ordinary shares of RM0.50 each --------->			
	Balance at 1.7.2011	Acquired	Disposed	Balance at 30.6.2012
Direct interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	1,681,634	2,224,330	(3,905,964)	–
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	2,042,923	2,246,775	(4,289,698)	–
Dato' Yeoh Seok Kian	618,754	653,310	(1,272,064)	–
Dato' Yeoh Soo Min	225,634	110,604	(336,238)	–
Dato' Yeoh Seok Hong	225,634	110,604	(336,238)	–
Dato' Sri Michael Yeoh Sock Siong	1,265,634	1,620,408	(2,886,042)	–
Dato' Yeoh Soo Keng	938,251	1,101,103	(2,039,354)	–
Dato' Mark Yeoh Seok Kah	187,200	91,764	(278,964)	–
Deemed interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	238,607,356(2)(3)	693,918,866	(452,540,403)	479,985,819(2)(8)
Dato' Yeoh Seok Kian	83,200(2)	49,019	(132,219)	–
Dato' Yeoh Soo Min	138,357(7)	–	(138,357)	–
Dato' Yeoh Seok Hong	45,123(2)	22,119	(67,242)	–
Dato' Sri Michael Yeoh Sock Siong	1,109,388(2)	543,817	(1,653,205)	–
Dato' Yeoh Soo Keng	90,251(2)	–	(90,251)	–
Dato' Mark Yeoh Seok Kah	135,200(2)	66,274	(201,474)	–

DIRECTORS' INTERESTS (CONTINUED)

Subsidiaries

– YTL Cement Berhad^Δ (continued)

	Number of Irredeemable Convertible Unsecured Loan Stocks 2005/2015			
	Balance at 1.7.2011	Acquired	Converted/ Disposed	Balance at 30.6.2012
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)	14,569,170	(109,251)	468,770,269(2)(9)
Dato' Yeoh Seok Kian	100,000(2)	–	(100,000)	–
Dato' Yeoh Seok Hong	45,123(2)	–	(45,123)	–
Dato' Sri Michael Yeoh Sock Siong	1,109,388(2)	–	(1,109,388)	–
Dato' Mark Yeoh Seok Kah	135,200(2)	–	(135,200)	–

	Number of share options (b) over ordinary shares of RM0.50 each			
	Balance at 1.7.2011	Granted	Exercised	Balance at 30.6.2012
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)	–

(b) *Options granted pursuant to the YTL Cement Berhad ESOS 2001 which expired on 29 November 2011.*

Δ *Securities of YTL Cement Berhad were removed from Official List of Bursa Malaysia Securities Bhd on 16 April 2012.*

Directors' Report

DIRECTORS' INTERESTS (CONTINUED)

Subsidiaries

– YTL Power International Berhad

	<----------Number of ordinary shares of RM0.50 each ---------->			
	Balance at 1.7.2011	Acquired	Disposed	Balance at 30.6.2012
Direct interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	13,380,250	7,000,000	–	20,380,250
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	14,945,040	7,000,000	(21,000,000)	945,040
Dato' Yeoh Seok Kian	5,021,360	3,000,000	(1,634,600)	6,386,760
Dato' (Dr) Yahya Bin Ismail	343,000	–	–	343,000
Dato' Yeoh Soo Min	12,769,934	–	–	12,769,934
Dato' Yeoh Seok Hong	22,510,268	5,000,000	–	27,510,268
Dato' Sri Michael Yeoh Sock Siong	4,601,744	3,000,000	–	7,601,744
Dato' Yeoh Soo Keng	5,081,777	3,000,000	–	8,081,777
Dato' Mark Yeoh Seok Kah	7,665,920	3,000,000	(3,000,000)	7,665,920
Syed Abdullah Bin Syed Abd. Kadir	2,268,203	–	–	2,268,203
Deemed interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	4,013,961,231(2)(4)	–	(24,000)	4,013,937,231(2)(4)
Dato' Yeoh Seok Kian	1,445,941(2)	313,000	(1,758,941)	–
Dato' (Dr) Yahya Bin Ismail	38,610(2)	–	–	38,610(2)
Dato' Yeoh Soo Min	3,283,424(2)(7)	–	–	3,283,424(2)(7)
Dato' Yeoh Seok Hong	3,281,179(2)	–	–	3,281,179(2)
Dato' Sri Michael Yeoh Sock Siong	1,019,291(2)	–	–	1,019,291(2)
Dato' Yeoh Soo Keng	133,500(2)	–	–	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)

	<------------------ Number of Warrants 2008/2018 ------------------>			
	Balance at 1.7.2011	Acquired	Exercised/ Disposed	Balance at 30.6.2012
Direct interests				
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	4,860,175	–	–	4,860,175
Dato' Yeoh Seok Kian	1,632,962	–	(1,000,000)	632,962
Dato' Sri Michael Yeoh Sock Siong	1,496,502	–	–	1,496,502
Dato' Yeoh Soo Keng	1,585,944	–	–	1,585,944
Deemed interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	1,100,821,922(5)	–	(231,526,365)	869,295,557(5)
Dato' Yeoh Seok Kian	450,000(2)	–	(450,000)	–
Dato' Yeoh Soo Min	207,000(7)	–	–	207,000(7)
Dato' Sri Michael Yeoh Sock Siong	298,956(2)	–	–	298,956(2)
Dato' Yeoh Soo Keng	36,507(2)	–	–	36,507(2)

DIRECTORS' INTERESTS (CONTINUED)

Subsidiaries

– YTL Power International Berhad (continued)

	Number of share options over ordinary shares of RM0.50 each				
	Balance at 1.7.2011#	Granted†	Exercised#	Lapsed#	Balance at 30.6.2012†
Direct interests					
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	14,000,000	7,000,000	(7,000,000)	(7,000,000)	7,000,000
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	14,000,000	7,000,000	(7,000,000)	(7,000,000)	7,000,000
Dato' Yeoh Seok Kian	6,000,000	5,000,000	(3,000,000)	(3,000,000)	5,000,000
Dato' (Dr) Yahya Bin Ismail	–	1,000,000	–	–	1,000,000
Dato' Yeoh Soo Min	–	3,000,000	–	–	3,000,000
Dato' Yeoh Seok Hong	5,000,000	5,000,000	(5,000,000)	–	5,000,000
Dato' Sri Michael Yeoh Sock Siong	6,000,000	5,000,000	(3,000,000)	(3,000,000)	5,000,000
Dato' Yeoh Soo Keng	6,000,000	3,000,000	(3,000,000)	(3,000,000)	3,000,000
Dato' Mark Yeoh Seok Kah	6,000,000	5,000,000	(3,000,000)	(3,000,000)	5,000,000
Syed Abdullah Bin Syed Abd. Kadir	6,000,000	3,000,000	–	(6,000,000)	3,000,000
Deemed interests					
Dato' Yeoh Soo Min	–	100,000	–	–	100,000(2)
Dato' Yeoh Seok Hong	–	500,000	–	–	500,000(2)

Options granted pursuant to the YTL Power International Berhad ("YTLPI") ESOS 2001 which expired on 29 November 2011.

† *Options granted pursuant to the YTLPI ESOS 2011 which was implemented on 1 April 2011.*

- YTL Land & Development Berhad

	Number of ordinary shares of RM0.50 each			
	Balance at 1.7.2011	Acquired	Disposed	Balance at 30.6.2012
Direct interests				
Dato' Yeoh Seok Kian	61,538	–	–	61,538
Dato' Yeoh Soo Keng	100,000	–	–	100,000
Deemed interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	497,846,293(5)	–	–	497,846,293(5)
Dato' Yeoh Soo Min	625,582(7)	–	–	625,582(7)

DIRECTORS' INTERESTS (CONTINUED)

Subsidiaries

– YTL Land & Development Berhad (continued)

	Number of Irredeemable Convertible <- Unsecured Loan Stocks 2011/2021 ("ICULS") of RM0.50 each ->			
	Balance at 31.10.2011++	Acquired	Converted/ Disposed	Balance at 30.6.2012
Direct interests				
Dato' Yeoh Seok Kian	–	37,000	–	37,000
Dato' Yeoh Soo Keng	–	60,000	–	60,000
Deemed interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	–	793,717,049	–	793,717,049(5)

++ *ICULS issued on 31 October 2011*

– YTL e-Solutions Berhad

	<--------- Number of ordinary shares of RM0.10 each --------->			
	Balance at 1.7.2011	Acquired	Disposed	Balance at 30.6.2012
Direct interests				
Dato' Yeoh Soo Keng	500,000	–	–	500,000
Syed Abdullah Bin Syed Abd. Kadir	300,000	–	–	300,000
Deemed interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	999,172,000(5)	–	–	999,172,000(5)
Dato' Yeoh Soo Min	1,053,800(7)	–	–	1,053,800(7)
Dato' Sri Michael Yeoh Sock Siong	1,905,500(2)	–	–	1,905,500(2)

– Infoscreen Networks PLC*

	<--------- Number of ordinary shares of £0.01 each --------->			
	Balance at 1.7.2011	Acquired	Disposed	Balance at 30.6.2012
Direct interests				
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	100	–	–	100

DIRECTORS' INTERESTS (CONTINUED)

Subsidiaries

– YTL Corporation (UK) PLC*

	<---------- Number of ordinary shares of £0.25 each ---------->			
	Balance at 1.7.2011	Acquired	Disposed	Balance at 30.6.2012
Direct interests				
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	1	–	–	1

* *Incorporated in England & Wales*

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

	<---------- Number of ordinary shares of RM1.00 each ---------->			
	Balance at 1.7.2011	Acquired	Disposed	Balance at 30.6.2012
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 1.7.2011	Acquired	Disposed	Balance at 30.6.2012
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

– Samui Hotel 2 Co., Ltd+

	<---------- Number of ordinary shares of THB10 each ---------->			
	Balance at 1.7.2011	Acquired	Disposed	Balance at 30.6.2012
Direct interests				
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	1	–	–	1
Dato' Mark Yeoh Seok Kah	1	–	–	1

\+ *Incorporated in Thailand*

DIRECTORS' INTERESTS (CONTINUED)

Subsidiaries

– Swiss Water System AG[Ω]

	<----------- Number of ordinary shares of CHF10 each ---------->			
	Balance at 5.6.2012[∂]	Acquired	Disposed	Balance at 30.6.2012
Direct interests				
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	12,250	–	–	12,250

Ω *Incorporated in Switzerland*

∂ *Became a related corporation on 5 June 2012.*

(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, YTL Power Services Sdn. Bhd. and Cornerstone Crest Sdn. Bhd. pursuant to Section 6A of the Companies Act 1965.

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

(6) 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 2001.

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

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

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

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

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

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangement subsisted to which the Company is a party, with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than those arising from the share options granted pursuant to the ESOS 2001 and ESOS 2011.

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

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

At the date of this Report, there does not exist:-

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

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

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

OTHER STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

The Directors state that:-

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

In their opinion,

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

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

Directors' Report

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: 4 October 2012
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 Financial Reporting Standards ("FRS") 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 2012 and of the results of the operations and cash flows of the Group and of the Company for the financial year then ended.

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

Signed on behalf of the Board in accordance with a resolution of the Directors, dated 4 October 2012.

Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay

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

Statutory Declaration

I, TAN SRI DATO' (DR) FRANCIS YEOH SOCK PING, CBE, FICE, being the Director primarily responsible for the financial management of YTL CORPORATION BERHAD, do solemnly and sincerely declare that to the best of my knowledge and belief the accompanying financial statements are correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

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

Subscribed and solemnly declared by the abovenamed
TAN SRI DATO' (DR) FRANCIS YEOH SOCK PING, CBE, FICE
at Kuala Lumpur on 4 October 2012

Before me:

Tan Seok Kett
Commissioner for Oaths

Independent Auditors' Report

to the members of YTL Corporation Berhad

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of YTL CORPORATION BERHAD, which comprise the Statements of Financial Position as at 30 June 2012 of the Group and of the Company, and the Income Statements, Statements of Comprehensive Income, Statements of Changes in Equity and Statements of Cash Flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other information notes, as set out on pages 84 to 236.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

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

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

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

OPINION

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards 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 2012 and of their financial performance and cash flows for the 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 13 to the Financial Statements.

Report on Other Legal and Regulatory Requirements (continued)

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

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

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out on page 237 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

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

HLB LER LUM
AF 0276
Chartered Accountants

LUM TUCK CHEONG
1005/3/13(J/PH)
Chartered Accountant

Dated : 4 October 2012
Kuala Lumpur

Income Statements

For the financial year ended 30 June 2012

	Note	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Revenue	3	**20,195,789**	18,354,770	**569,776**	623,825
Cost of sales	4	**(15,965,415)**	(14,263,058)	**–**	–
Gross profit		**4,230,374**	4,091,712	**569,776**	623,825
Other operating income		**331,339**	341,709	**132,029**	6,441
Selling & distribution costs		**(318,146)**	(280,296)	**–**	–
Administration expenses		**(1,052,069)**	(947,576)	**(48,706)**	(47,586)
Other operating expenses		**(112,063)**	(206,133)	**–**	–
Finance costs	5	**(1,009,220)**	(1,051,513)	**(85,179)**	(81,545)
Share of results of associated companies & jointly controlled entities, net of tax		**379,939**	404,046	**–**	–
Profit before tax	6	**2,450,154**	2,351,949	**567,920**	501,135
Income tax expenses	7	**(476,064)**	(516,029)	**(47,227)**	(44,221)
Profit for the year		**1,974,090**	1,835,920	**520,693**	456,914
Attributable to:-					
Owners of the parent		**1,181,123**	1,034,569	**520,693**	456,914
Non-controlling interests		**792,967**	801,351	**–**	–
		1,974,090	1,835,920	**520,693**	456,914
Earnings per share (sen)					
Basic	8	**12.25**	11.53		
Diluted	8	**12.25**	11.44		
Dividend per ordinary shares (sen)	9	**4.00**	2.00		

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

Statements of Comprehensive Income

For the financial year ended 30 June 2012

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Profit for the year	**1,974,090**	1,835,920	**520,693**	456,914
Other comprehensive income:-				
Available-for-sale financial assets				
– fair value gains	**(47,762)**	23,207	**538**	1,149
– reclassifications	**(617)**	–	**(617)**	–
Hedging reserve	**(244,812)**	100,593	**–**	–
Share of other comprehensive losses of associated companies	**(8,741)**	(15,020)	**–**	–
Foreign currency translation differences for foreign operations	**151,536**	643,853	**–**	–
Other comprehensive (loss)/income for the year, net of tax	**(150,396)**	752,633	**(79)**	1,149
Total comprehensive income for the year	**1,823,694**	2,588,553	**520,614**	458,063
Total comprehensive income attributable to:-				
Owners of the parent	**1,055,264**	1,445,154	**520,614**	458,063
Non-controlling interests	**768,430**	1,143,399	**–**	–
	1,823,694	2,588,553	**520,614**	458,063

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

Statements of Financial Position

As at 30 June 2012

	Note	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
ASSETS					
Non-current assets					
Property, plant & equipment	10	**20,620,111**	19,774,461	**3,220**	2,790
Investment properties	11	**627,851**	137,484	**–**	–
Development expenditures	12	**955,625**	960,717	**–**	–
Investment in subsidiaries	13	**–**	–	**5,772,096**	4,221,732
Investment in associated companies	14	**3,203,471**	2,831,508	**210,641**	210,641
Joint ventures	15	**22,493**	22,897	**–**	–
Investments	16	**168,010**	696,606	**120,360**	38,709
Intangible assets	18	**4,717,126**	4,569,986	**–**	–
Biological assets	19	**1,316**	1,128	**–**	–
Trade and other receivables	20	**446,688**	31,949	**–**	–
Other non-current assets	23	**72,646**	41,367	**–**	–
Derivative financial instruments	24	**3,797**	2,611	**–**	–
		30,839,134	29,070,714	**6,106,317**	4,473,872
Current assets					
Inventories	21	**928,654**	835,802	**–**	–
Property development costs	22	**1,224,628**	1,485,700	**–**	–
Trade & other receivables	20	**3,889,539**	3,656,630	**13,518**	74,058
Other current assets	23	**667,463**	254,971	**1,481**	1,608
Derivative financial instruments	24	**75,856**	95,904	**–**	–
Income tax assets		**47,480**	50,233	**15,776**	13,037
Amounts due from related parties	26	**25,303**	21,798	**1,995,525**	1,625,579
Short term investments	27	**572,881**	554,925	**572,881**	554,925
Fixed deposits	17	**12,569,307**	11,478,146	**774,765**	1,589,660
Cash & bank balances	17	**783,068**	761,362	**3,560**	8,489
		20,784,179	19,195,471	**3,377,506**	3,867,356
Assets held for sale	40	**–**	–	**–**	36,595
TOTAL ASSETS		**51,623,313**	48,266,185	**9,483,823**	8,377,823

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

		Group		Company	
		2012	2011	2012	2011
	Note	RM'000	RM'000	RM'000	RM'000
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	28	**1,054,677**	952,802	**1,054,677**	952,802
Share premium	29	**1,674,496**	1,317,192	**1,674,496**	1,317,192
Other reserves	29	**397,317**	(415,426)	**935,282**	24,851
Retained earnings		**10,305,216**	9,233,901	**4,134,751**	3,989,083
Treasury shares, at cost	28	**(1,253,032)**	(722,616)	**(1,253,032)**	(722,616)
		12,178,674	10,365,853	**6,546,174**	5,561,312
Non-controlling interests		**2,200,582**	2,171,082	–	–
TOTAL EQUITY		**14,379,256**	12,536,935	**6,546,174**	5,561,312
Non-current liabilities					
Long term payables	30	**314,453**	57,844	–	–
Other non-current liabilities	31	**67,696**	67,696	–	–
Bonds	32	**12,419,213**	11,747,506	**500,000**	500,000
Borrowings	33	**5,165,377**	6,063,114	**183**	–
Grant and contribution	34	**280,011**	256,834	–	–
Deferred tax liabilities	35	**2,696,881**	2,785,365	**100**	100
Post-employment benefit obligations	36	**127,898**	132,769	–	–
Derivative financial instruments	24	**239,719**	19,989	–	–
TOTAL NON-CURRENT LIABILITIES		**21,311,248**	21,131,117	**500,283**	500,100
Current liabilities					
Trade & other payables	37	**3,509,211**	3,290,520	**22,457**	6,435
Other current liabilities	38	**98,077**	228,330	–	–
Derivative financial instruments	24	**284,648**	248,648	–	–
Amounts due to related parties	26	**9,806**	3,501	**760,730**	655,920
Bonds	32	**615,500**	499,990	–	–
Borrowings	33	**11,003,283**	9,940,546	**1,653,944**	1,653,855
Provision for liabilities & charges	39	**4,777**	24,791	–	–
Post-employment benefit obligations	36	**4,589**	2,478	**235**	201
Income tax liabilities		**402,918**	359,329	–	–
TOTAL CURRENT LIABILITIES		**15,932,809**	14,598,133	**2,437,366**	2,316,411
TOTAL LIABILITIES		**37,244,057**	35,729,250	**2,937,649**	2,816,511
TOTAL EQUITY AND LIABILITIES		**51,623,313**	48,266,185	**9,483,823**	8,377,823

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

Statements of Changes in Equity

For the financial year ended 30 June 2012

Group – 2012

	Attributable to Owners of the Parent							
	Non-distributable			Distributable			Non-controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Share premium RM'000	Other reserves RM'000	Retained earnings RM'000	Treasury shares RM'000	Total RM'000		
At 1 July 2011	952,802	1,317,192	(415,426)	9,233,901	(722,616)	10,365,853	2,171,082	12,536,935
Profit for the year	–	–	–	1,181,123	–	1,181,123	792,967	1,974,090
Other comprehensive income for the year	–	–	(125,859)	–	–	(125,859)	(24,537)	(150,396)
Total comprehensive income for the year	–	–	(125,859)	1,181,123	–	1,055,264	768,430	1,823,694
Treasury shares	–	–	–	–	(530,416)	(530,416)	–	(530,416)
Issue of share capital	101,875	1,302,324	(22,799)	–	–	1,381,400	–	1,381,400
Share options expenses	–	–	1,181	–	–	1,181	–	1,181
Share options lapsed	–	–	(12,666)	12,666	–	–	–	–
Dividends paid	–	–	–	(375,856)	–	(375,856)	–	(375,856)
Dividends paid to non-controlling interest	–	–	–	–	–	–	(340,752)	(340,752)
Changes in composition of the Group	–	–	(4,545)	253,264	–	248,719	(589,060)	(340,341)
Share dividend declared		(934,140)	934,140	–	–	–	–	–
Issuance of ICULS	–	–	60,305	–	–	60,305	–	60,305
Share issuance expenses	–	(10,880)	–	–	–	(10,880)	–	(10,880)
Effect of issue of shares by subsidiaries to non-controlling interest	–	–	(9,446)	118	–	(9,328)	190,882	181,554
Conversion of ICULS	–	–	(7,568)	–	–	(7,568)	–	(7,568)
At 30 June 2012	1,054,677	1,674,496	397,317	10,305,216	(1,253,032)	12,178,674	2,200,582	14,379,256

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

Group – 2011

	Share capital RM'000	Share premium RM'000	Other reserves RM'000	Retained earnings RM'000	Treasury shares RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
	<----------------------------Attributable to Owners of the Parent				---------------------------->			
	<------------ Non-distributable		------------>	<------ Distributable	------>			
At 1 July 2010	950,109	1,292,354	(827,635)	8,299,439	(687,121)	9,027,146	1,662,261	10,689,407
Profit for the year	-	-	-	1,034,569	-	1,034,569	801,351	1,835,920
Other comprehensive income for the year	-	-	410,585	-	-	410,585	342,048	752,633
Total comprehensive income for the year	-	-	410,585	1,034,569	-	1,445,154	1,143,399	2,588,553
Issue of share capital	2,693	24,838	(1,601)	-	-	25,930	-	25,930
Dividends paid	-	-	-	(134,525)	-	(134,525)	-	(134,525)
Dividends paid to non-controlling interest	-	-	-	-	-	-	(447,670)	(447,670)
Treasury shares	-	-	-	-	(35,495)	(35,495)	-	(35,495)
Share options expenses	-	-	4,116	-	-	4,116	-	4,116
Effect of issue of shares by subsidiaries to non-controlling interest	-	-	-	-	-	-	51,590	51,590
Changes in ownership interest in subsidiaries	-	-	-	34,353	-	34,353	(238,498)	(204,145)
Disposal of subsidiaries	-	-	(65)	65	-	-	-	-
Conversion of ICULS	-	-	(826)	-	-	(826)	-	(826)
At 30 June 2011	952,802	1,317,192	(415,426)	9,233,901	(722,616)	10,365,853	2,171,082	12,536,935

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

Statements of Changes in Equity

For the financial year ended 30 June 2012

Company	Share capital RM'000	<------ Non-distributable ------> Share premium RM'000	Other reserves RM'000	<----- Distributable -----> Retained earnings RM'000	Treasury shares RM'000	Total RM'000
Balance at 1 July 2010	950,109	1,292,354	25,254	3,666,694	(687,121)	5,247,290
Profit for the year	–	–	–	456,914	–	456,914
Other comprehensive income	–	–	1,149	–	–	1,149
Total comprehensive income	–	–	1,149	456,914	–	458,063
Issue of share capital	2,693	24,838	(1,601)	–	–	25,930
Dividends paid	–	–	–	(134,525)	–	(134,525)
Treasury shares	–	–	–	–	(35,495)	(35,495)
Share options granted	–	–	49	–	–	49
Balance at 30 June 2011	**952,802**	**1,317,192**	**24,851**	**3,989,083**	**(722,616)**	**5,561,312**
Profit for the year	–	–	–	**520,693**	–	**520,693**
Other comprehensive income	–	–	**(79)**	–	–	**(79)**
Total comprehensive income	–	–	**(79)**	**520,693**	–	**520,614**
Issue of share capital	**101,875**	**1,302,324**	**(22,799)**	–	–	**1,381,400**
Share dividend declared	–	**(934,140)**	**934,140**	–	–	–
Dividends paid	–	–	–	**(375,856)**	–	**(375,856)**
Treasury shares	–	–	–	–	**(530,416)**	**(530,416)**
Share options lapsed	–	–	**(831)**	**831**	–	–
Share issuance expenses	–	**(10,880)**	–	–	–	**(10,880)**
Balance at 30 June 2012	**1,054,677**	**1,674,496**	**935,282**	**4,134,751**	**(1,253,032)**	**6,546,174**

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

Statements of Cash Flows

For the financial year ended 30 June 2012

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Cash flows from operating activities				
Profit before tax	**2,450,154**	2,351,949	**567,920**	501,135
Adjustments for:-				
Adjustment on fair value of investment properties	**(4,390)**	(6,343)	–	–
Allowance for inventories obsolescence	**7,630**	2,868	–	–
Amortisation of grant	**(10,157)**	(9,506)	–	–
Amortisation of other intangible assets	**71**	–	–	–
Bad debts recovered	**(32)**	(574)	–	–
Bad debts written off	**1,741**	6,437	–	–
Defined benefit plan	**79,700**	29,413	–	–
Depreciation	**1,348,377**	1,154,646	**734**	610
Dividend income	**(27,742)**	(41,236)	**(487,296)**	(550,727)
Fair value changes of derivatives	**50,663**	5,239	–	–
Gain on disposal of investments	**(263)**	(5,504)	**(263)**	(5,708)
Gain on disposal of investment properties	**(5,198)**	(31)	–	–
Gain on disposal of land/property	**(550)**	(1,555)	–	–
Gain on disposal of property, plant & equipment	**(6,391)**	(12,081)	–	–
Gain on disposal of subsidiaries	**(71,409)**	(83)	**(130,814)**	–
Gain on derecognition of financial assets	**(87,608)**	–	–	–
Impairment losses	**9,234**	48,762	**9,540**	8,642
Ineffective portion on cash flow hedges	**5,283**	4,385	–	–
Interest expenses	**1,009,220**	1,051,513	**85,179**	81,545
Interest income	**(212,221)**	(195,059)	**(82,346)**	(72,710)
Inventories written off	**14**	291	–	–
MCST* expenses	–	30	–	–
Property, plant & equipment written off	**7,310**	19,574	–	–
Prospective expenditure written off	**13**	1,621	–	–
Share based payments	**1,181**	4,116	–	1
Share of results of associated companies & jointly controlled entities	**(379,939)**	(404,046)	–	–
(Over)/under provision for liabilities & charges	**(17,059)**	7,122	–	–
Unrealised loss/(gain) on foreign exchange – net	**36,133**	(109,401)	–	9
Provision for fuel cost	**3,867**	5,049	–	–
Operating profit/(loss) before changes in working capital	**4,187,632**	3,907,596	**(37,346)**	(37,203)

* *Building management and sinking fund*

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

Statements of Cash Flows

For the financial year ended 30 June 2012

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Changes in working capital:-				
Inventories	**(94,857)**	(9,873)	**–**	–
Property development costs	**273,133**	(31,566)	**–**	–
Receivables	**(277,545)**	168,951	**(13,091)**	(564)
Other assets	**(443,771)**	(15,833)	**–**	–
Other liabilities	**(130,253)**	112,364	**–**	–
Payables	**592,587**	214,563	**16,057**	(1,209)
Related parties balances	**(11,722)**	70,338	**(455,331)**	(190,138)
Cash generated from/(used in) operations	**4,095,204**	4,416,540	**(489,711)**	(229,114)
Dividends received	**191,994**	292,152	**498,646**	567,111
Interest paid	**(813,845)**	(846,034)	**(85,179)**	(81,545)
Interest received	**131,739**	200,451	**82,346**	72,710
Payment to a retirement benefits scheme	**(93,026)**	(95,534)	**–**	–
Income tax paid	**(590,761)**	(459,811)	**(7,238)**	(12,383)
Income tax refunded	**10,729**	59,328	**7,982**	57,283
Net cash from operating activities	**2,932,034**	3,567,092	**6,846**	374,062
Cash flows from investing activities				
Acquisition of additional shares in existing subsidiaries	**(17,093)**	(211,068)	**(187,069)**	(3,019)
Acquisition of associated companies	**–**	(40,664)	**–**	–
Acquisition of new subsidiaries (net of cash acquired)	**(32,334)**	–	**–**	–
Additional investment in associated companies	**(15,751)**	–	**–**	–
Development expenditure incurred	**(105,519)**	(94,056)	**–**	–
Grants received in respect of infrastructure assets	**27,475**	25,650	**–**	–
Proceeds from disposal of investment properties	**17,760**	1,512	**–**	–
Proceeds from disposal of property, plant & equipment	**75,175**	24,303	**–**	–
Proceeds from disposal of land/property	**550**	6,648	**–**	–
Proceeds from disposal of investments	**63,343**	65,644	**2,386**	2,708
Proceeds from disposal of shares in existing subsidiaries	**644,369**	5,888	**99,202**	5,840
Purchase of investment properties	**(433,247)**	(7,589)	**–**	–
Purchase of property, plant & equipment	**(1,508,993)**	(1,497,558)	**(885)**	(564)
Purchase of short term investments	**(17,956)**	(14,905)	**(17,956)**	(14,905)
Purchase of investments	**(26,566)**	(74,254)	**(720)**	(6,631)
Purchase of biological asset	**(188)**	(104)	**–**	–
Redemption of preference shares in a subsidiary	**–**	–	**9,800**	–
Net cash used in investing activities	**(1,328,975)**	(1,810,553)	**(95,242)**	(16,571)

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

	Note	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Cash flows from financing activities					
Dividends paid		**(375,856)**	(134,525)	**(375,856)**	(134,525)
Dividends paid to non-controlling interest by subsidiaries		**(340,752)**	(447,670)	**–**	–
Repurchase of own shares by the Company (at net)		**(530,416)**	(35,495)	**(530,416)**	(35,495)
Repurchase of subsidiaries' shares by subsidiaries		**(1)**	(368)	**–**	–
Redemption of subsidiary's preference shares by subsidiary		**(9,800)**	–	**–**	–
Proceeds from borrowings		**16,612,899**	4,010,530	**–**	–
Proceeds from issue of shares in subsidiaries to non-controlling interests		**91,359**	48,816	**–**	–
Proceeds from issue of shares		**174,851**	25,930	**174,851**	25,930
Repayment of bonds		**(2,227,430)**	(834,330)	**–**	–
Repayment of borrowings		**(14,052,028)**	(3,466,763)	**(7)**	(65)
Net cash used in financing activities		**(657,174)**	(833,875)	**(731,428)**	(144,155)
Net changes in cash and cash equivalents		**945,885**	922,664	**(819,824)**	213,336
Effects of exchange rate changes		**141,346**	221,151	**–**	–
Cash and cash equivalents at beginning of the financial year		**12,189,844**	11,046,029	**1,598,149**	1384,813
Cash and cash equivalents at the end of the financial year	17	**13,277,075**	12,189,844	**778,325**	1,598,149

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

Notes to the Financial Statements

1. GENERAL INFORMATION

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements of the Group and of the Company have been prepared under historical cost convention (unless stated otherwise in the significant accounting policies below) and in accordance with FRS and the Companies Act, 1965 in Malaysia.

The preparation of financial statements in conformity with the FRS and the Companies Act, 1965 requires the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. It also requires the Directors to exercise their judgements in the process of applying the Group's accounting policies. Although these estimates and judgements are based on Directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 47 to the Financial Statements.

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

(b) Changes in accounting policies

On 1 July 2011, the Group and the Company adopted the following new and amended FRS and IC Interpretations ('IC Int') mandatory for annual financial year beginning on or after 1 January 2011.

FRS, Amendments to FRS and IC Int	Effective for financial periods beginning on or after
• Amendments to FRS 3 'Business Combination'	1 January 2011
• Amendments to FRS 7 'Financial Instrument: Improving Disclosure about Financial Instruments'	1 January 2011
• Amendments to FRS 7 'Financial Instruments: Disclosures'	1 January 2011
• Amendments to FRS 101 'Presentation of Financial Statements'	1 January 2011
• Amendments to FRS 121 'The Effects of Changes in Foreign Exchange Rates'	1 January 2011
• Amendments to FRS 128 'Investment in Associates'	1 January 2011

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Changes in accounting policies (continued)

FRS, Amendments to FRS and IC Int	Effective for financial periods beginning on or after
• Amendments to FRS 131 'Interests in Joint Ventures'	1 January 2011
• Amendments to FRS 132 'Financial Instruments: Presentation'	1 January 2011
• Amendments to FRS 134 'Interim Financial Reporting'	1 January 2011
• Amendments to FRS 139 'Financial Instruments: Recognition and Measurement'	1 January 2011
• IC Interpretation 4 'Determining Whether an Arrangement contains a Lease'	1 January 2011
• IC Interpretation 18 'Transfer of Assets from Customers'	1 January 2011
• IC Interpretation 19 'Extinguishing Financial Liabilities with Equity Instruments'	1 July 2011
• Amendment to IC Interpretation 13 'Customer Loyalty Programmes'	1 January 2011
• Amendment to IC Interpretation 14 'Prepayments of a Minimum Funding Requirement'	1 January 2011

The adoption of the new and revised FRS, Amendments to FRS and IC Int did not have any significant financial impact on the Group and the Company other than the effects of the following FRS:

Amendments to FRS 7: Improving Disclosures about Financial Instruments

The amendment promotes enhanced disclosures on fair value measurement of financial instrument via the introduction of the concept of the fair value hierarchy. There is no financial impact on the results of the Group and of the Company as these changes only affect disclosures.

(c) Property, plant & equipment and depreciation

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

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

Certain freehold land and buildings were revalued by the Directors in 1983 based on valuations carried out by independent professional valuers on the open market basis. In accordance with the transitional provisions issued by FRS 116 'Property, Plant & 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

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

	%
Buildings	1 – 10
Leasehold land	1 – 3
Infrastructure & site facilities	0.9 – 20
Plant & machinery	4 – 20
Telecommunication equipment	4 –20
Furniture, fixtures & equipment	10 – 50
Vehicles	10 – 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 profit or loss.

(d) Impairment of non-financial assets

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

An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there 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 profit or loss immediately, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of previously recognised revaluation surplus for the same asset.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Leases

(i) Finance leases - the Group as lessee

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

The asset is treated as if they had been purchased and the corresponding capital cost is shown as an obligation. Leasing payments are treated as consisting of a capital element and finance costs, the capital element reducing the obligation to the lessor and the finance charge being written off to profit or loss over the period of the lease in reducing amounts in a constant rate in relation to the outstanding obligations.

When assets are leased out under an operating lease, the asset is included in the Statement of Financial Position based on the nature of the asset. Lease income is recognised over the term of the lease on a straight line basis. The assets are depreciated in accordance with the relevant accounting policy for property, plant and equipment.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment.

(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 were significant portion of the risks and rewards of ownership retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on the straight line basis over the lease period.

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

(iii) Operating leases - the Group as lessor

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

(f) Investment properties

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

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

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

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Investment properties (continued)

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

(g) Biological assets

Plantation development expenditure

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

(h) Development expenditure

(i) Land held for property development

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

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

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

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Acquisitions of subsidiaries are accounted for by applying the purchase method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in other comprehensive income. The cost of a business combination is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the business combination. Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the statement of financial position. The accounting policy for goodwill is set out in Note 2(n) to the financial statements. Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in profit or loss on the date of acquisition. When the Group acquires a business, embedded derivatives separated from the host contract by the acquiree are reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract. Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

(j) Transactions with non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(k) Investment in subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its 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.

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

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Investment in associated companies

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

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. Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has significant influence over another entity.

Investments in associated companies are initially recognised at cost. 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. Goodwill on associated companies represents the excess of the cost of acquisition of the associate over the Group's share of the fair value of the identifiable net assets of the associate and is included in the carrying amount of the investments.

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Joint ventures

(i) Jointly controlled entities

In the Company's separate financial statements, investment in jointly controlled entities is stated at cost less accumulated impairment losses in the Company's statement of financial position. On disposal of investments in jointly controlled entities, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

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 profit or loss 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 Statement of Financial Position 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 the jointly controlled entities equals or exceeds its interest in the jointly controlled entities, the Group does not recognise further losses, unless it has obligations or has made payments on behalf of the jointly controlled entities.

(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.

(n) Goodwill

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) 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.

(p) Construction contracts

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

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.

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

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

(q) Property development costs

Property development costs comprise costs associated with the acquisition of land and all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Property development costs (continued)

Where the financial outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on properties sold are recognised as an expense in the period in which they are incurred.

(r) Financial assets

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

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

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

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

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

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

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

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

(ii) Loans and receivables

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Financial assets (continued)

(iii) Available-for-sale financial assets

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

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

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

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

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

(s) Impairment of financial assets

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

(i) Assets carried at amortised cost

The Group and the Company assess at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

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

(ii) Available-for-sale financial assets

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Cash and cash equivalents

Cash and cash equivalents consist of cash and bank balances, bank overdrafts, deposits held at call with financial institutions and highly liquid investments which have an insignificant risk of changes in value. For the purpose of the Statements of Cash Flows, cash and cash equivalents are presented net of bank overdrafts.

(u) Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition, subject only to terms that are usual and customary.

Immediately before classification as held for sale, the measurement of the non-current assets is brought up to-date in accordance with applicable FRS. Then, on initial classification as held for sale, non-current assets are measured in accordance with FRS 5: 'Non-Current Assets Held for Sale and Discontinued Operations' that is, at the lower of carrying amount and fair value less costs to sell. Any differences are included in profit or loss.

(v) Financial liabilities

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

Financial liabilities, within the scope of FRS 139, are recognised in the Statements of Financial Position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

(ii) Other financial liabilities

The Group's and the Company's other financial liabilities include trade and other payables and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting date.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) Financial liabilities (continued)

(ii) Other financial liabilities (continued)

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

(w) Derivatives financial instruments and hedging activities

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

(i) Hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or

(ii) Hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge); or

(iii) Embedded derivatives in exchangeable bonds

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative instruments used for hedging purposes are disclosed in Note 24. Movements on the hedging reserve in other comprehensive income are shown in Note 29. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

(i) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The Group only applies fair value hedge accounting for hedging fixed interest risk on borrowings. The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate borrowings is recognised in profit or loss within ‘finance costs’. The gain or loss relating to the ineffective portion is recognised in profit or loss within ‘other gains/(losses) – net’. Changes in the fair value of the hedge fixed rate borrowings attributable to interest rate risk are recognised in profit or loss within ‘finance costs’.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

(ii) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within 'other gains/(losses) – net'.

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

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to profit or loss within 'other gains/(losses) – net'.

(iii) Embedded derivatives in exchangeable bonds

The fair values of the derivative financial instrument component embedded in the exchangeable bonds are determined at issuance of the exchangeable bonds with the residual amounts being allocated to the values of the liability component of the bonds. The derivative financial instrument components are remeasured at each reporting date. Resulting gains or losses arising from subsequent fair value measurements of derivative financial instruments are taken to profit or loss. The fair values of derivative financial instruments are determined by using valuation techniques with assumptions mainly based on market conditions at each reporting date.

(x) Bonds and borrowings

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

Interest relating to a financial instrument classified as a liability is reported within finance cost in the profit or loss.

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 reporting date.

Upon issuance of exchangeable bonds, the proceeds are allocated between the derivative financial instrument component arising from the conversion option, and the liability component of the bond. The derivative financial instrument component is recognised at its fair value using the method mentioned in Note 2(w)(iii).

The liability component is recognised as the difference between total proceeds and the fair value of the derivative financial instrument component. The liability component is carried at amortised cost until the liability is extinguished on conversion or redemption. When a conversion option is exercised, the carrying amounts of the liability component and the derivative financial instrument component are derecognised with a corresponding recognition of share capital.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(y) 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 profit or loss 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.

(z) 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 judgements about the ultimate resolution of these obligations. As a result, provisions are reviewed at each reporting date and adjusted to reflect the Group's current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

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

(aa) 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.

(bb) Share capital

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

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

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

(cc) Treasury shares

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

ICULS are compound instruments which contain both a liability component and an 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 equity attributable to owners.

(ee) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

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 capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

(ff) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ff) Employee benefits (continued)

(ii) Post-employment benefits (continued)

Defined contribution plan

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

Defined benefit plan

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

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

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 profit or loss 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 profit or loss over the vesting periods of the grant with a corresponding increase in equity.

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(gg) Income tax and deferred tax

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

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

Deferred tax is recognised in full, using the liability method, on temporary differences arising between the amounts attributable to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences or unused tax losses can be utilised.

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

(hh) Revenue recognition

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

(i) Sale of goods and rendering of services

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

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

(ii) Sale of electricity

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

(iii) Sale of 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.

(iv) Sale of physical fuel oil

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(hh) Revenue recognition (continued)

(v) Sale of steam

Revenue is recognised upon delivery of steam.

(vi) Property development projects

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

(vii) Construction contracts

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

(viii) Interest income

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

(ix) Dividend income

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

(x) Rental income

Rental income from operating leases (net of any incentives given to the lesees) is recognised on the straight-line basis over the lease term.

(xi) Hotel operations

Revenue from room rental is recognised on the accrual basis. Revenue from the sale of food and beverages is recognised based on invoiced value of goods sold.

(xii) Broadband and telecommunications revenue

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

(ii) Concession asset usage rights

(i) Recognition and measurement

Concession asset usage rights comprise development and upgrading expenditure (including financing costs relating to financing of the development) incurred in connection with the concession which increases the future economic benefits arising from the concession asset usage rights.

Concession asset usage rights are stated at cost less any accumulated amortisation and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits arising from the concession asset usage rights. All other expenditure is recognised in profit or loss as incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ii) Concession asset usage rights (continued)

(iii) Amortisation

The concession asset usage rights are amortised from the date of commencement of the provision of concession services over the concession period. The amortisation is calculated on a straight-line basis over the concession period.

(jj) Foreign currencies

(i) Functional and presentation currency

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Ringgit Malaysia, which is also the Company's functional and presentation currency.

(ii) Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

(iii) Group companies

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

- assets and liabilities are translated at the rate of exchange ruling at the reporting date;
- income and expenses are translated at exchange rates at the dates of the transactions; and
- all exchange differences arising on the translation are recognised as other comprehensive income.

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

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

(kk) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ll) Financial guarantee

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

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with FRS 137 "Provisions, contingent liabilities and contingent assets" and the amount initially recognised less cumulative amortisation, where appropriate.

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

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

3. REVENUE

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Sale of electricity	**11,288,180**	10,280,326	–	–
Sale of water, treatment and disposal of waste water	**2,398,553**	2,293,708	–	–
Sale of goods	**2,528,166**	2,309,012	–	–
Sale of fuel oil	**1,632,803**	1,776,564	–	–
Property development projects	**960,701**	665,462	–	–
Hotel operations	**284,114**	259,265	–	–
Construction contracts revenue	**214,736**	171,566	–	–
Rendering of services	**277,868**	218,707	**134**	389
Sale of steam	**185,076**	150,795	–	–
Broadband and telecommunications revenue	**209,499**	26,603	–	–
Rental income				
– investment properties	**27,680**	3,183	–	–
– other properties	**41,796**	56,601	–	–
Interest income				
– loan stocks quoted in Malaysia	–	–	**18,590**	10,710
– others	**119,477**	102,417	**63,756**	62,000
Dividends				
– quoted investment, in Malaysia				
– subsidiaries	–	–	**249,063**	377,848
– other investments	**1,265**	6,053	**557**	348
– unquoted investment				
– subsidiaries, in Malaysia	–	–	**237,676**	172,530
– other investments, outside Malaysia	**25,875**	34,508	–	–
	20,195,789	18,354,770	**569,776**	623,825

4. COST OF SALES

Included in cost of sales are the following:-

	Group	
	2012 RM'000	2011 RM'000
Cost of inventories	**2,927,478**	3,082,344
Construction contracts costs	**159,950**	130,085
Energy costs	**10,828,729**	9,756,682
Property development costs	**673,078**	535,581

5. FINANCE COSTS

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Interest expense				
– Bonds	**650,533**	645,302	**24,184**	24,250
– Borrowings	**403,594**	447,932	**60,995**	57,295
	1,054,127	1,093,234	**85,179**	81,545
Less : Amount capitalised in				
– Development expenditure	**(2,464)**	(1,018)	**–**	–
– Property developments costs	**(41,180)**	(40,369)	**–**	–
– Construction contracts	**(1,263)**	(334)	**–**	–
Interest expenses of financial liabilities carried at amortised cost	**1,009,220**	1,051,513	**85,179**	81,545

6. PROFIT BEFORE TAX

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Profit before tax is stated after charging:-				
Allowance for inventories obsolescence	**7,630**	2,868	**–**	–
Auditors' remuneration				
– statutory				
– current financial year	**5,097**	4,321	**201**	175
– under-provision in prior financial year	**426**	36	**26**	–
– others	**6**	3	**–**	–
Bad debts written off	**1,741**	6,437	**–**	–
Depreciation (Note 10)	**1,348,377**	1,154,646	**734**	610
Directors' remuneration				
– emoluments	**56,697**	51,619	**45**	56
– fees	**2,392**	1,910	**533**	510
– benefits in kind	**170**	211	**–**	–
Fair value changes of derivatives – loss	**50,663**	7,277	**–**	–
Hiring of plant & machinery	**9,589**	9,949	**18**	15
Impairment losses on				
– Development expenditure (Note 12)	**5,065**	29,821	**–**	–
– Goodwill (Note 18)	**8,491**	6,482	**–**	–
– Property, plant & equipment (Note 10)	**–**	1,202	**–**	–
– Receivables – net of reversal (Note 20)	**(13,862)**	11,257	**–**	–
– Investments	**9,540**	–	**9,540**	8,642
Ineffective portion of cash flow hedges	**5,283**	4,385	**–**	–
Inventories written off	**14**	291	**–**	–
Loss on foreign exchange – net				
– realised	**7,943**	26,220	**53**	1
– unrealised	**36,133**	–	**–**	9
Property, plant & equipment written off	**7,310**	19,574	**–**	–
Provision for liabilities & charges – net (Note 39)	**–**	7,122	**–**	–
Provision of fuel cost	**3,867**	5,049	**–**	–
Prospective expenditure written off	**13**	1,621	**–**	–
Rental of land & buildings	**149,485**	168,467	**686**	674
And crediting (other than those disclosed in Note 3 to the Financial Statements) :-				
Adjustment on fair value of investment properties (Note 11)	**4,390**	6,343	**–**	–
Amortisation of grant (Note 34)	**10,157**	9,506	**–**	–
Bad debts recovered	**32**	574	**–**	–
Fair value changes of derivatives – gain	**–**	2,038	**–**	–
Gain on disposal of investments	**263**	5,504	**263**	5,708
Gain on disposal of investment properties	**5,198**	31	**–**	–
Gain on disposal of land	**550**	1,555	**–**	–
Gain on disposal of property, plant & equipment	**6,391**	12,081	**–**	–
Gain on disposal of subsidiaries	**71,409**	83	**130,814**	–

6. PROFIT BEFORE TAX (CONTINUED)

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Gain on foreign exchange – net				
– realised	**–**	–	**55**	–
– unrealised	**–**	109,401	**8**	–
Gross dividend from quoted investments				
– within Malaysia	**602**	675	**–**	–
Gain on derecognition of financial assets	**87,608**	–	**–**	–
Hiring income from plant, machinery & equipment	**–**	533	**–**	–
Interest income	**92,744**	92,642	**–**	–
Ineffective portion on cash flow hedge	**5,283**	–	**–**	–
Provision for liabilities & charges – net (Note 39)	**17,059**	–	**–**	–
Rental income				
– investment properties	**1,036**	1,718	**–**	–
– other properties	**1,803**	1,164	**70**	73

Direct operating expenses from investment properties that generated rental income of the Group during the financial year amounted to RM4,546,757 (2011: RM3,232,373).

Direct operating expenses from investment properties that did not generate rental income of the Group during the financial year amounted to RM162,969 (2011: RM33,029).

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

Group – 2012

	Fees RM'000	Salaries RM'000	Bonus RM'000	Others* RM'000	Total RM'000
Executive Directors	**1,889**	**24,643**	**25,691**	**6,423**	**58,646**
Non-Executive Directors	**503**	**–**	**–**	**110**	**613**

Company – 2012

	Fees RM'000	Salaries RM'000	Bonus RM'000	Others* RM'000	Total RM'000
Executive Directors	**360**	**–**	**–**	**–**	**360**
Non-Executive Directors	**173**	**–**	**–**	**45**	**218**

Group – 2011

	Fees RM'000	Salaries RM'000	Bonus RM'000	Others* RM'000	Total RM'000
Executive Directors	1,430	23,117	20,672	7,909	53,128
Non-Executive Directors	480	–	–	132	612

Company – 2011

	Fees RM'000	Salaries RM'000	Bonus RM'000	Others* RM'000	Total RM'000
Executive Directors	360	–	–	–	360
Non-Executive Directors	150	–	–	56	206

6. PROFIT BEFORE TAX (CONTINUED)

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

	Group	
	2012 RM'000	2011 RM'000
Defined contribution plan	**5,988**	5,238
Share options expenses	**271**	2,460

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 2012 are as follows:-

	Group No. of Directors		Company No. of Directors	
Range of remuneration	Executive	Non-Executive	Executive	Non-Executive
Below RM50,001	–	**1**	**9**	–
RM50,001 – RM100,000	–	–	–	**3**
RM150,001 – RM200,000	**1**	**2**	–	–
RM200,001 – RM250,000	–	**1**	–	–
RM950,001 – RM1,000,000	**1**	–	–	–
RM5,400,001 – RM5,450,000	**1**	–	–	–
RM5,600,001 – RM5,650,000	**1**	–	–	–
RM6,100,001 – RM6,150,000	**1**	–	–	–
RM6,200,001 – RM6,250,000	**1**	–	–	–
RM6,500,001 – RM6,550,000	**1**	–	–	–
RM7,700,001 – RM7,750,000	**1**	–	–	–
RM19,850,001 – RM19,900,000	**1**	–	–	–

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 2011 are as follows:-

	Group No. of Directors		Company No. of Directors	
Range of remuneration	Executive	Non-Executive	Executive	Non-Executive
Below RM50,001	–	1	9	1
RM50,001 – RM100,000	–	1	–	3
RM150,001 – RM200,000	–	2	–	–
RM200,001 – RM250,000	–	2	–	–
RM550,001– RM600,000	1	–	–	–
RM1,200,001 – RM1,250,000	1	–	–	–
RM5,050,001 – RM5,100,000	1	–	–	–
RM5,300,001 – RM5,350,000	1	–	–	–
RM5,900,001 – RM5,950,000	2	–	–	–
RM6,200,001 – RM6,250,000	1	–	–	–
RM6,550,001 – RM6,600,000	1	–	–	–
RM16,150,001 – RM16,200,000	1	–	–	–

6. PROFIT BEFORE TAX (CONTINUED)

EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Employees compensation (excluding Directors' remuneration)				
Salaries, wages & bonus	**613,960**	657,127	**8,793**	7,844
Defined contribution plan	**44,720**	57,598	**1,023**	921
Defined benefit plan	**79,706**	29,413	**–**	–
Share options expenses	**925**	6,696	**–**	1
Other benefits	**24,075**	41,285	**435**	390
	763,386	792,119	**10,251**	9,156

7. INCOME TAX EXPENSE

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Current income tax				
– Malaysian income tax	**314,782**	216,363	**47,227**	44,221
– Foreign income tax	**300,780**	327,643	**–**	–
Deferred tax (Note 35)	**(139,498)**	(27,977)	**–**	–
	476,064	516,029	**47,227**	44,221
Current income tax				
– current financial year	**681,899**	585,330	**55,300**	53,300
– Over-provision in prior financial years	**(66,337)**	(41,324)	**(8,073)**	(9,079)
Deferred tax				
– Origination and reversal of temporary differences	**(139,498)**	(27,977)	**–**	–
	476,064	516,029	**47,227**	44,221

7. INCOME TAX EXPENSE (CONTINUED)

A reconciliation of income tax expense applicable to profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:-

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Profit before tax	**2,450,154**	2,351,949	**567,920**	501,135
Income tax using Malaysian tax rate of 25% (2011: 25%)	**612,538**	587,987	**141,980**	125,284
Non-deductible expenses	**297,576**	203,464	**21,911**	25,743
Income not subject to tax	**(60,231)**	(49,193)	**(108,591)**	(97,727)
Different tax rates in other countries including remeasuring of deferred tax*	**(205,065)**	(160,355)	**–**	–
Double deductible expenses	**(1,275)**	(1,207)	**–**	–
Over-provision in prior financial years	**(66,337)**	(41,324)	**(8,073)**	(9,079)
Tax effect on share of profits of associated companies	**(98,770)**	(101,006)	**–**	–
Tax effect of under-provision of deferred tax	**3,306**	183	**–**	–
Tax effect of unrecognised deferred tax assets	**42,815**	77,480	**–**	–
Utilisation of reinvestment allowances	**(48,493)**	–	**–**	–
	476,064	516,029	**47,227**	44,221

* The remeasuring of deferred tax during the year is due to a reduction in corporation tax rate from 26% to 24% in Wessex Water Ltd and its subsidiary (incorporated in England and Wales) with effect from 1 April 2012.

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 RM30,217,000 (2011: RM62,293,000) of its retained earnings as at 30 June 2012, if paid out as dividends. The remaining profits of RM4,104,534,000 (2011: RM3,926,790,000) can be distributed as exempt dividends under the single-tier tax system.

In addition, the Company has tax exempt income as at 30 June 2012 arising from the Income Tax (Amendment) Act 1999, relating to tax waived on income earned in 1999 amounting to approximately RM15,009,000 (2011: 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.

8. EARNINGS PER SHARE ("EPS")

(i) Basic EPS

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

	Group 2012	2011
Profit for the financial year attributable to owners (RM'000)	**1,181,123**	1,034,569
Weighted average number of ordinary shares in issue for basic EPS ('000)	**9,641,231**	8,970,720
Basic EPS (sen)	**12.25**	11.53

(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 2012	2011
Profit for the year attributable to owners of the parent (RM'000)	**1,181,123**	1,034,569
Weighted average number of ordinary shares in issue for basic EPS as above ('000)	**9,641,231**	8,970,720
Adjustment for ordinary shares deemed issued at no consideration on assumed exercise of options ('000)	–	70,051
	9,641,231	9,040,771
Diluted EPS (sen)	**12.25**	11.44

The average market value of the Company's shares for the purposes of calculating the dilutive effect of share options was based on the quoted market prices for the period during which the options were outstanding.

Notes to the Financial Statements

9. DIVIDENDS

	Group/Company			
	2012		2011	
	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 2010 – first and final, less 25% tax	–	–	2.0	134,525
(b) Financial year ended 30 June 2011 – Interim dividend single tier	**2.0**	**181,900**	–	–
(c) Financial year ended 30 June 2012 – Interim dividend single tier	**2.0**	**193,956**	–	–
Dividend recognised as distribution to ordinary equity holders of the Company	**4.0**	**375,856**	2.0	134,525

Distribution of treasury shares ("Share Dividend")

On 29 May 2012, a Share Dividend of one (1) treasury share for every fifteen (15) existing ordinary shares of RM0.10 each was declared and the book closure date for the Share Dividend was 18 June 2012. The Share Dividend was completed on 2 July 2012 and a total of 647,539,006 treasury shares amounting to RM934,139,770 were distributed to the entitled shareholders.

10. PROPERTY, PLANT & EQUIPMENT

Group – 2012

	Land & buildings* RM'000	Infra-structure & site facilities RM'000	Plant & machinery RM'000	Furniture, fixtures & equipment RM'000	Vehicles RM'000	Telecom-munication equipment RM'000	Assets under construction RM'000	Total RM'000
Cost/Valuation								
At 1.7.2011	6,124,504	4,729,421	13,288,341	776,320	373,379	923,898	690,074	26,905,937
Additions	121,604	300,893	364,667	3,896	65,755	14,537	871,418	1,742,770
Disposals	(939)	(11)	(8,088)	(8,466)	(14,503)	(194)	–	(32,201)
Written off	(4,240)	–	(75,801)	(5,863)	(1,184)	(58)	(308)	(87,454)
Transfer on commissioning	19,528	31,137	239,424	13,030	2,249	376,790	(682,158)	–
Transfer from project development expenditure	38,714	–	–	–	–	–	121,934	160,648
Currency translation differences	66,116	117,386	203,781	14,474	12	–	11,419	413,188
At 30.6.2012	6,365,287	5,178,826	14,012,324	793,391	425,708	1,314,973	1,012,379	29,102,888
Accumulated depreciation & impairment losses								
At 1.7.2011	1,387,738	208,222	4,954,728	356,680	201,684	22,424	–	7,131,476
Charge for the financial year	219,409	45,180	926,336	50,784	35,443	75,649	–	1,352,801
Disposals	(42)	(5)	(4,973)	(1,559)	(13,037)	(91)	–	(19,707)
Written off	(1,105)	–	(72,966)	(4,884)	(1,183)	(6)	–	(80,144)
Currency translation differences	17,595	5,298	68,878	5,664	916	–	–	98,351
At 30.6.2012	1,623,595	258,695	5,872,003	406,685	223,823	97,976	–	8,482,777
Representing:- Accumulated depreciation	1,623,595	258,695	5,872,003	406,685	223,823	97,976	–	8,482,777
	1,623,595	258,695	5,872,003	406,685	223,823	97,976	–	8,482,777
Net Book Value								
At 30.6.2012	4,741,692	4,920,131	8,140,321	386,706	201,885	1,216,997	1,012,379	20,620,111

10. PROPERTY, PLANT & EQUIPMENT (CONTINUED)

Group – 2011

	Land & buildings* RM'000	Infra-structure & site facilities RM'000	Plant & machinery RM'000	Furniture, fixtures & equipment RM'000	Vehicles RM'000	Telecom-munication equipment RM'000	Assets under construction RM'000	Total RM'000
Cost/Valuation								
At 1.7.2010	5,761,179	4,582,076	12,715,172	732,987	295,350	104	1,012,454	25,099,322
Additions	49,261	134,236	257,381	42,475	58,549	749	1,163,080	1,705,731
Disposals	(4,747)	(18)	(21,300)	(10,898)	(9,879)	–	(2,896)	(49,738)
Written off	(4,454)	–	(113,874)	(6,534)	(92)	(80)	–	(125,034)
Transfer on commissioning	168,371	53,442	284,845	22,356	28,244	923,125	(1,480,383)	–
Reclassified from prepaid lease payment	166,406	–	–	–	–	–	–	166,406
Currency translation differences	(11,512)	(40,315)	166,117	(4,066)	1,207	–	(2,181)	109,250
At 30.6.2011	6,124,504	4,729,421	13,288,341	776,320	373,379	923,898	690,074	26,905,937
Accumulated depreciation & impairment losses								
At 1.7.2010	1,196,800	166,154	4,214,356	321,186	173,729	10	–	6,072,235
Charge for the financial year	166,087	42,591	839,757	51,008	36,773	22,488	–	1,158,704
Impairment losses	–	1,123	–	79	–	–	–	1,202
Disposals	(2,546)	(18)	(12,739)	(9,670)	(9,551)	–	–	(34,524)
Written off	(338)	–	(100,316)	(4,724)	(8)	(74)	–	(105,460)
Reclassified from prepaid lease payment	30,710	–	–	–	–	–	–	30,710
Currency translation differences	(2,975)	(1,628)	13,670	(1,199)	741	–	–	8,609
At 30.6.2011	1,387,738	208,222	4,954,728	356,680	201,684	22,424	–	7,131,476
Representing:-								
Accumulated depreciation	1,387,738	207,099	4,954,728	356,049	201,684	22,424	–	7,129,722
Accumulated impairment losses	–	1,123	–	631	–	–	–	1,754
	1,387,738	208,222	4,954,728	356,680	201,684	22,424	–	7,131,476
Net Book Value								
At 30.6.2011	4,736,766	4,521,199	8,333,613	419,640	171,695	901,474	690,074	19,774,461

10. PROPERTY, PLANT & EQUIPMENT (CONTINUED)

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

Group – 2012

	Freehold land RM'000	Long term leasehold land RM'000	Short term leasehold land RM'000	Freehold oil palm plantation RM'000	Building on freehold land RM'000	Building on long term leasehold land RM'000	Building on short term leasehold land RM'000	Factory & other buildings RM'000	Total RM'000
Cost/Valuation									
At 1.7.2011									
At cost	361,414	89,673	76,547	–	3,459,940	898,663	1,228,561	2,484	6,117,282
At valuation	4,566	186	–	2,000	470	–	–	–	7,222
	365,980	89,859	76,547	2,000	3,460,410	898,663	1,228,561	2,484	6,124,504
Additions	1,732	42,780	–	–	27,409	49,488	195	–	121,604
Disposals	(72)		–	–	(867)	–	–	–	(939)
Written off	–	–	–	–	(4,079)	–	(161)	–	(4,240)
Transfers	–	–	–	–	11,217	46,941	84	–	58,242
Currency translation differences	2,123	4,212	–	–	35,807	6,121	17,853	–	66,116
At 30.6.2012	369,763	136,851	76,547	2,000	3,529,897	1,001,213	1,246,532	2,484	6,365,287
Representing:-									
At cost	365,252	136,851	76,547	–	3,529,427	1,001,213	1,246,532	2,484	6,358,306
At valuation	4,511	–	–	2,000	470	–	–	–	6,981
At 30.6.2012	369,763	136,851	76,547	2,000	3,529,897	1,001,213	1,246,532	2,484	6,365,287
Accumulated depreciation									
At 1.7.2011									
At cost	–	19,627	11,083	–	591,091	206,692	557,618	1,597	1,387,708
At valuation	–	–	–	–	30	–	–	–	30
	–	19,627	11,083	–	591,121	206,692	557,618	1,597	1,387,738
Charge for the financial year	–	8,105	–	–	178,424	16,221	16,659	–	219,409
Disposals	–	–	–	–	(42)	–	–	–	(42)
Written off	–	–	–	–	(1,105)	–	–	–	(1,105)
Currency translation differences	–	1,053	–	–	12,131	1,229	3,129	53	17,595
At 30.6.2012	–	28,785	11,083	–	780,529	224,142	577,406	1,650	1,623,595
Net Book Value:-									
At cost	365,252	108,066	65,464	–	2,748,928	777,071	669,126	834	4,734,741
At valuation	4,511	–	–	2,000	440	–	–	–	6,951
At 30.6.2012	369,763	108,066	65,464	2,000	2,749,368	777,071	669,126	834	4,741,692

10. PROPERTY, PLANT & EQUIPMENT (CONTINUED)

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

Group – 2011

	Freehold land RM'000	Long term leasehold land RM'000	Short term leasehold land RM'000	Freehold oil palm plantation RM'000	Building on freehold land RM'000	Building on long term leasehold land RM'000	Building on short term leasehold land RM'000	Factory & other buildings RM'000	Total RM'000
Cost/Valuation									
At 1.7.2010									
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
	276,525	–	–	2,000	3,401,113	900,012	1,179,045	2,484	5,761,179
Additions	1,144	–	–	–	9,508	892	37,717	–	49,261
Disposals	(337)	–	–	–	(3,911)	–	(499)	–	(4,747)
Written off	–	–	–	–	(4,429)	–	(25)	–	(4,454)
Transfers	85,674	89,859	76,547	–	81,986	–	711	–	334,777
Currency translation differences	2,974	–	–	–	(23,857)	(2,241)	11,612	–	(11,512)
At 30.6.2011	365,980	89,859	76,547	2,000	3,460,410	898,663	1,228,561	2,484	6,124,504
Representing:-									
At cost	361,414	89,673	76,547	–	3,459,940	898,663	1,228,561	2,484	6,117,282
At valuation	4,566	186	–	2,000	470	–	–	–	7,222
At 30.6.2011	365,980	89,859	76,547	2,000	3,460,410	898,663	1,228,561	2,484	6,124,504
Accumulated Depreciation									
At 1.7.2010									
At cost	–	–	–	–	523,742	186,810	484,611	1,515	1,196,678
At valuation	–	–	–	–	122	–	–	–	122
	–	–	–	–	523,864	186,810	484,611	1,515	1,196,800
Charge for the financial year	–	–	–	–	74,729	20,237	71,071	50	166,087
Disposals	–	–	–	–	(2,546)	–	–	–	(2,546)
Written off	–	–	–	–	(338)	–	–	–	(338)
Transfers	–	19,627	11,083	–	–	–	–	–	30,710
Currency translation differences	–	–	–	–	(4,588)	(355)	1,936	32	(2,975)
At 30.6.2011	–	19,627	11,083	–	591,121	206,692	557,618	1,597	1,387,738
Net Book Value:-									
At cost	361,414	70,232	65,464	–	2,868,941	691,971	670,943	887	4,729,852
At valuation	4,566	–	–	2,000	348	–	–	–	6,914
At 30.6.2011	365,980	70,232	65,464	2,000	2,869,289	691,971	670,943	887	4,736,766

10. PROPERTY, PLANT & EQUIPMENT (CONTINUED)

Company – 2012

	Building RM'000	Furniture, fittings & equipment RM'000	Vehicles RM'000	Total RM'000
Cost				
At 1.7.2011	1,207	3,389	3,479	8,075
Additions	–	842	322	1,164
At 30.6.2012	1,207	4,231	3,801	9,239
Accumulated Depreciation				
At 1.7.2011	343	2,696	2,246	5,285
Charge for the financial year	72	576	86	734
At 30.6.2012	415	3,272	2,332	6,019
Net Book Value				
At 30.6.2012	792	959	1,469	3,220

Company – 2011

	Building RM'000	Furniture, fittings & equipment RM'000	Vehicles RM'000	Total RM'000
Cost				
At 1.7.2010	1,207	2,915	5,349	9,471
Additions	–	474	90	564
Disposals	–	–	(1,960)	(1,960)
At 30.6.2011	1,207	3,389	3,479	8,075
Accumulated Depreciation				
At 1.7.2010	343	2,204	4,088	6,635
Charge for the financial year	–	492	118	610
Disposals	–	–	(1,960)	(1,960)
At 30.6.2011	343	2,696	2,246	5,285
Net Book Value				
At 30.6.2011	864	693	1,233	2,790

10. PROPERTY, PLANT & EQUIPMENT (CONTINUED)

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

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Profit or loss (Note 6)	**1,348,377**	1,154,646	**734**	610
Amount due from contract customers	**4,424**	4,058	**–**	–
	1,352,801	1,158,704	**734**	610

(b) Assets under finance lease

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

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Plant & machinery	**224,118**	250,552	**–**	–
Vehicles	**2,155**	1,188	**292**	–
	226,273	251,740	**292**	–

(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	
	2012 RM'000	2011 RM'000
Buildings	**973,563**	940,420
Plant & machinery	**506,373**	517,016
Furniture, fixtures & equipment	**3,803**	3,476
Vehicles	**4,491**	2,527
Assets under construction	**18,783**	21,859
	1,507,013	1,485,298

(d) Borrowing cost

No borrowing costs arising on financing specifically entered into for the construction of property, plant and equipment was capitalised during the financial year.

(e) Residual value of property, plant and equipment

The Group has revised the useful life and residual value of certain property, plant and equipment. The revision was accounted for as a change in accounting estimate and as a result, the depreciation charge for the current financial year has increased by RM104,941,176 (2011: RM84,156,983).

11. INVESTMENT PROPERTIES

Group – 2012

	Freehold land & buildings RM'000	Long term leasehold land & buildings RM'000	Total RM'000
At beginning of the financial year	**78,538**	**58,946**	**137,484**
Additions	**228,959**	**262,395**	**491,354**
Disposals	**(12,562)**	**–**	**(12,562)**
Currency translation differences	**7,226**	**471**	**7,697**
Change in fair value recognised in profit or loss (Note 6)	**4,312**	**78**	**4,390**
Transfer to project development expenditure (Note 12)	**(512)**	**–**	**(512)**
At end of the financial year	**305,961**	**321,890**	**627,851**

Group – 2011

	Freehold land & buildings RM'000	Long term leasehold land & buildings RM'000	Total RM'000
At beginning of the financial year	1,123,148	210,572	1,333,720
Additions	7,561	28	7,589
Disposals	(1,617)	–	(1,617)
Currency translation differences	61,073	–	61,073
Change in fair value recognised in profit or loss (Note 6)	6,343	–	6,343
Transfer to property development costs (Note 22)	(1,117,970)	–	(1,117,970)
Transfer to project development expenditure (Note 12)	–	(151,654)	(151,654)
At end of the financial year	78,538	58,946	137,484

12. DEVELOPMENT EXPENDITURES

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

Group – 2012

	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	407,698	163,890	230,098	801,686
Additions	1,270	1,400	16,095	18,765
Transfer from project development expenditure	5,235	11,707	556	17,498
At end of the financial year	414,203	176,997	246,749	837,949
(b) Project development expenditure				
At beginning of the financial year	8,872	39,747	110,412	159,031
Additions	–	51,097	103,212	154,309
Charge to profit or loss	–	–	(12,965)	(12,965)
Impairment losses (Note 6)	–	–	(5,065)	(5,065)
Transfer to land held for property development	(5,235)	(11,707)	(556)	(17,498)
Transfer from investment properties (Note 11)	–	–	512	512
Transfer to property, plant & equipment (Note 10)	–	(38,714)	(121,934)	(160,648)
At end of the financial year	3,637	40,423	73,616	117,676
Total	417,840	217,420	320,365	955,625

12. DEVELOPMENT EXPENDITURES (CONTINUED)

Group – 2011

	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	251,411	163,890	209,708	625,009
Additions	–	–	36,937	36,937
Transfer from investment property (Note 11)	159,436	–	–	159,436
Transfer to property development cost (Note 22)	(2,849)	–	(16,547)	(19,396)
Disposal of land	(300)	–	–	(300)
At end of the financial year	407,698	163,890	230,098	801,686
(b) Project development expenditure				
At beginning of the financial year	8,872	43,928	91,506	144,306
Additions	–	–	57,119	57,119
Disposals	–	(4,181)	(610)	(4,791)
Impairment losses (Note 6)	–	–	(29,821)	(29,821)
Transfer to investment properties (Note 11)	–	–	(7,782)	(7,782)
At end of the financial year	8,872	39,747	110,412	159,031
Total	416,570	203,637	340,510	960,717

Included in development expenditure of the Group is interest capitalised during the financial year amounting to RM2,464,684 (2011: RM1,018,382).

12. DEVELOPMENT EXPENDITURES (CONTINUED)

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

Group – 2012

	Freehold land RM'000	Leasehold land RM'000	Development costs RM'000	Total RM'000
Cost:				
Land held for property development	414,203	176,997	246,749	837,949
Project development expenditure	3,637	40,423	112,696	156,756
	417,840	217,420	359,445	994,705
Accumulated amortisation:				
Project development expenditure	–	–	(3,877)	(3,877)
Accumulated impairment losses:				
Project development expenditure	–	–	(35,203)	(35,203)
Net book value:				
Land held for property development	414,203	176,997	246,749	837,949
Project development expenditure	3,637	40,423	73,616	117,676
	417,840	217,420	320,365	955,625

Group – 2011

	Freehold land RM'000	Leasehold land RM'000	Development costs RM'000	Total RM'000
Cost:				
Land held for property development	407,698	163,890	230,098	801,686
Project development expenditure	8,872	39,747	144,427	193,046
	416,570	203,637	374,525	994,732
Accumulated amortisation:				
Project development expenditure	–	–	(3,877)	(3,877)
Accumulated impairment losses:				
Project development expenditure	–	–	(30,138)	(30,138)
Net book value:				
Land held for property development	407,698	163,890	230,098	801,686
Project development expenditure	8,872	39,747	110,412	159,031
	416,570	203,637	340,510	960,717

13. SUBSIDIARIES

(a) Investment in subsidiaries

		Company	
		2012 RM'000	2011 RM'000
	Quoted shares, at cost	**3,352,807**	3,410,552
	Unquoted shares, at cost	**1,627,385**	382,995
#	Quoted warrants, at cost	**95,147**	122,930
*	Quoted ICULS, at cost	**391,502**	305,255
*	Unquoted ICULS, at cost	**305,255**	-
		5,772,096	4,221,732
	Market value		
	– Quoted shares	**7,734,853**	9,685,566
	– Quoted warrants	**432,900**	1,040,288
	– Quoted ICULS	**368,012**	610,444
	The number of warrants held in a subsidiary is as follows ('000):-		
	YTL Power International Berhad		
	– Warrant 2008/2018	**780,000**	1,011,526

\# Quoted warrants – Warrants 2008/2018

Each warrant entitles its registered holder to subscribe for one (1) new ordinary share of RM0.50 each in YTL Power International Berhad at the revised exercise price of RM1.21 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 ("Bursa Securities").

* ICULS

(i) ICULS – YTL Land & Development Berhad

These are related to ten (10) years ICULS issued by YTL Land & Development Berhad, a subsidiary of the Group, on 31 October 2011. These ICULS bear a step-up coupon rate ranging from 3% to 6% per annum until its maturity date. The interest is payable semi-annually. The conversion price of the ICULS is fixed at a step-down basis. In the first four (4) years, the conversion price is at RM1.32 for one (1) ordinary share in YTL Land & Development Berhad, after which it is at RM0.99 in the next three (3) years and at RM0.66 for the remaining three (3) years.

The ICULS are quoted on Bursa Securities.

Notes to the Financial Statements

13. SUBSIDIARIES (CONTINUED)

(a) Investment in subsidiaries (continued)

(ii) ICULS – YTL Cement Berhad

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.

The ICULS were quoted on Bursa Securities and have been delisted effective from 16 April 2012.

Details of the subsidiaries are as follows:-

Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest 2012 %	2011 %
Held by the company:				
Arah Asas Sdn. Bhd.	Malaysia	Property development	**100.00**	100.00
Cane Creations Sdn. Bhd.	Malaysia	Manufacture & trading of cane furniture	**100.00**	100.00
Cornerstone Crest Sdn. Bhd.	Malaysia	Investment holding	**100.00**	100.00
Divine View Sdn. Bhd.	Malaysia	Commercial trading property dealing investment holding	**100.00**	100.00
Dynamic Project Development Sdn. Bhd.	Malaysia	Civil engineering works and construction	**100.00**	100.00
Intellectual Mission Sdn. Bhd.	Malaysia	Education & training using advanced technology	**100.00**	100.00
Prisma Tulin Sdn. Bhd.	Malaysia	Hotel operator	**59.30**	59.30
Spectacular Corner Sdn. Bhd.	Malaysia	Dormant	**100.00**	100.00
Starhill Real Estate Investment Trust	Malaysia	Real estate investment	**58.82**	65.27
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

13. SUBSIDIARIES (CONTINUED)

(a) Investment in subsidiaries (continued)

	Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest 2012 %	Effective Equity Interest 2011 %
	Held by the company (Continued):				
*	YTL Cayman Limited	Cayman Islands	Investment holding, ownership & chartering of yachts & vessels	**100.00**	100.00
	YTL Cement Berhad	Malaysia	Investment holding, management services & hiring of vehicles	**98.56**	49.55
	YTL Charters Sdn. Bhd.	Malaysia	Chartering of aircrafts	**100.00**	100.00
*	YTL Corporation (UK) Plc	England & Wales	Inactive	**100.00**	100.00
*	YTL Corp Finance (Cayman) Ltd.	Cayman Islands	Inactive	**100.00**	100.00
	YTL Corp Finance (Labuan) Limited	Malaysia	Special purpose vehicle for issuance of securities & investment holding	**100.00**	100.00
	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	**74.12**	74.12
	YTL Energy Sdn. Bhd.	Malaysia	Investment holding	**100.00**	100.00
*	YTL (Guernsey) Limited	Guernsey	Investment & property holding	**100.00**	100.00
*	YTL Hotel Management Saint Tropez SARL	France	Hotel operator & management services	**100.00**	100.00
	YTL Hotels & Properties Sdn. Bhd.	Malaysia	Investment holding & management services	**100.00**	100.00

13. SUBSIDIARIES (CONTINUED)

(a) Investment in subsidiaries (continued)

	Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest 2012 %	Effective Equity Interest 2011 %
	Held by the company (Continued):				
	YTL Industries Berhad	Malaysia	Investment holding, property development & property investment	**100.00**	100.00
	YTL Land Sdn. Bhd.	Malaysia	Property investment & property management	**100.00**	100.00
*	YTL Land & Development Berhad	Malaysia	Investment holding & the provision of financial, treasury & secretarial services	**57.89**	57.90
*	YTL Power International Berhad	Malaysia	Investment holding & provision of administrative & technical support services	**51.40**	51.75
*	YTL Singapore Pte. Ltd.	Singapore	Property investment	**100.00**	100.00
	YTL-SV Carbon Sdn. Bhd.	Malaysia	Providing consultancy services	**75.00**	75.00
	YTL Vacation Club Berhad	Malaysia	Inactive	**100.00**	100.00
	Held through Cane Creations Sdn. Bhd.:				
	Cane Creations (Marketing) Sdn. Bhd.	Malaysia	Trading in cane furniture, local handicrafts, accessories & related services	**100.00**	100.00
	Natural Adventure Sdn. Bhd.	Malaysia	Retailing of merchandise furniture and cafe	**100.00**	100.00
	Niche Retailing Sdn. Bhd.	Malaysia	Retailing business	**100.00**	100.00
	Star Hill Living.Com Sdn. Bhd.	Malaysia	Project management services, trading of painting, furniture, accessories & related services	**100.00**	100.00
	Trendy Retailing Sdn. Bhd.	Malaysia	Retailing business	**100.00**	100.00

13. SUBSIDIARIES (CONTINUED)

(a) Investment in subsidiaries (continued)

	Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest 2012 %	Effective Equity Interest 2011 %
	Held through Divine View Sdn. Bhd.:				
*	SCI YTL Hotels Saint Tropez	France	Acquisition, management, renting & administration and/or resale of real estate	**100.00**	100.00
	Held through Syarikat Pembenaan Yeoh Tiong Lay Sdn. Bhd.:				
*	Austasia Metal Sdn. Bhd.	Malaysia	Inactive	**100.00**	100.00
	Austasia Timbers Malaysia Sdn. Bhd.	Malaysia	Inactive	**100.00**	100.00
	Builders Brickworks Sdn. Bhd.	Malaysia	Inactive	**93.80**	93.80
	Construction Lease (M) Sdn. Bhd.	Malaysia	Leasing, hire purchase & credit	**100.00**	100.00
	Dynamic Marketing Sdn. Bhd.	Malaysia	Trading of building & construction materials	**100.00**	100.00
	Dynamic Property Management Sdn. Bhd.	Malaysia	Property development	**100.00**	100.00
	First Commercial Development Sdn. Bhd.	Malaysia	Property investment	**100.00**	100.00
	Lay Seng Oil Palm Plantations Sdn. Bhd.	Malaysia	Cultivation of oil palms	**100.00**	100.00
	Permai Property Management Sdn. Bhd.	Malaysia	Property management & related services	**100.00**	100.00
	Suri Travel & Tours Sdn. Bhd.	Malaysia	Rental of motor vehicles, air ticketing & other related services	**70.00**	70.00
	Transportable Camps Sdn. Bhd.	Malaysia	Trading & rental of transportable cabins & wood based products	**100.00**	100.00
	Yap Yew Hup Brickworks (Perak) Sdn. Bhd.	Malaysia	Inactive	**93.80**	93.80

13. SUBSIDIARIES (CONTINUED)

(a) Investment in subsidiaries (continued)

	Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest 2012 %	2011 %
	Held through Syarikat Pembenaan Yeoh Tiong Lay Sdn. Bhd. (continued):				
	Yeoh Tiong Lay Realty Sdn. Bhd.	Malaysia	Realty, investment & management services	**100.00**	100.00
*	YTL Construction GmbH	Germany	Dormant	**100.00**	100.00
*	YTL Construction (S) Pte. Ltd.	Singapore	Construction related activities & real estate developer	**100.00**	100.00
	YTL Civil Engineering Sdn. Bhd.	Malaysia	Civil engineering works & construction	**90.00**	90.00
	YTL Project Management Services Sdn. Bhd.	Malaysia	Provision of management services for construction projects	**100.00**	100.00
	YTL Technologies Sdn. Bhd.	Malaysia	Servicing & hiring of equipment	**99.42**	79.82
	Held through Starhill Real Estate Investment Trust:				
	Marvellous Calibre Sdn. Bhd.	Malaysia	Investment holding	**58.82**	–
*	Starhill Hospitality (Australia) Pty. Ltd.	Australia	Trustee company	**58.82**	–
*	Starhill Hospitality REIT (Australia) Trust	Australia	Real estate investment	**58.82**	–
*	Starhill Hospitality REIT (Brisbane) Trust	Australia	Real estate investment	**58.82**	–
*	Starhill Hospitality REIT (Melbourne) Trust	Australia	Real estate investment	**58.82**	–
*	Starhill Hospitality REIT (Sydney) Trust	Australia	Real estate investment	**58.82**	–
*	Starhill Hotel (Brisbane) Pty. Ltd.	Australia	Hotel operator	**58.82**	–
*	Starhill Hotel (Melbourne) Pty. Ltd.	Australia	Hotel operator	**58.82**	–

13. SUBSIDIARIES (CONTINUED)

(a) Investment in subsidiaries (continued)

	Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest 2012 %	Effective Equity Interest 2011 %
	Held through Starhill Real Estate Investment Trust (continued):				
*	Starhill Hotel (Sydney) Pty. Ltd.	Australia	Hotel operator	**58.82**	–
*	Starhill REIT (Australia) Pty. Ltd.	Australia	Trustee company	**58.82**	–
*	Starhill REIT Niseko G.K.	Japan	Purchase, possession, disposal lease and management of real properties	**58.82**	–
	Versatile Degree Sdn. Bhd.	Malaysia	Investment holding	**58.82**	–
	Held through YTL Cayman Limited:				
*	Just Heritage Sdn. Bhd.	Malaysia	Property management & related services	**100.00**	75.00
*	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
*	YTL Construction International (Cayman) Ltd.	Cayman Islands	Investment holding in construction related activities	**100.00**	100.00
*	YTL Construction (Thailand) Limited	Thailand	Construction activities	**74.89**	74.89
*	YTL Power Services (Cayman) Ltd.	Cayman Islands	Investment holding & provision of operations & maintenance services of power plants	**100.00**	100.00
*	YTL Property Investments Limited	Cayman Islands	Investment holding	**100.00**	–
*	YTL Power Services (Leb) SARL	Lebanon	Operation & maintenance of power station	**100.00**	100.00
	YTL Power Services Sdn. Bhd.	Malaysia	Operation & maintenance of power stations	**100.00**	100.00

13. SUBSIDIARIES (CONTINUED)

(a) Investment in subsidiaries (continued)

	Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest 2012 %	Effective Equity Interest 2011 %
	Held through YTL Cayman Limited (continued):				
*	YTL Power Services (S) Pte. Ltd.	Singapore	Operation & maintenance of power station	**100.00**	–
*	YTL Starhill Global Property Management Pte. Ltd.	Singapore	Property management services	**100.00**	75.00
*	YTL Starhill Global REIT Management Holdings Pte. Ltd.	Singapore	Investment holding	**100.00**	75.00
*	YTL Starhill Global REIT Management Limited	Singapore	Investment advisor, property fund management	**100.00**	75.00
	Held through YTL Cement Berhad:				
	Awan Serunding Sdn. Bhd.	Malaysia	Dormant	**98.56**	49.55
	Batu Tiga Quarry Sdn. Bhd.	Malaysia	Quarry business & trading of granite aggregates	**98.56**	49.55
	Batu Tiga Quarry (Sg. Buloh) Sdn. Bhd.	Malaysia	Quarry business & related services	**98.56**	49.55
	Buildcon-Cimaco Concrete Sdn. Bhd.	Malaysia	Manufacture & sale of ready-mixed concrete	**49.72**	25.00
	Buildcon Concrete Enterprise Sdn. Bhd.	Malaysia	Investment holding	**98.56**	49.55
	Buildcon Concrete Sdn. Bhd.	Malaysia	Manufacture & sale of ready-mixed concrete	**98.56**	49.55
	Buildcon Desa Sdn. Bhd.	Malaysia	Inactive	**98.56**	49.55
	C.I. Quarrying & Marketing Sdn. Bhd.	Malaysia	Granite quarrying	**98.56**	49.55
	C.I. Readymix Sdn. Bhd.	Malaysia	Manufacture & sale of ready-mixed concrete	**98.56**	49.55
*	Concrete Industries Pte. Ltd.	Singapore	Dormant	**98.56**	49.55

13. SUBSIDIARIES (CONTINUED)

(a) Investment in subsidiaries (continued)

	Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest 2012 %	Effective Equity Interest 2011 %
	Held through YTL Cement Berhad (continued):				
	Gemilang Pintar Sdn. Bhd.	Malaysia	Marketing & trading of quarry products	**68.99**	34.69
*	Industrial Procurement Limited	Cayman Islands	Dormant	**98.56**	49.55
	Jaksa Quarry Sdn. Bhd.	Malaysia	Quarry operator, manufacture of granite blocks, aggregates, chippings & crusher runs	**98.56**	49.55
	Kenneison Construction Materials Sdn. Bhd.	Malaysia	Inactive	**98.56**	49.55
	Kenneison Northern Quarry Sdn. Bhd.	Malaysia	Manufacturing, selling & distribution of premix products, construction & building materials	**98.56**	49.55
*	Linan Lu Hong Transport Co. Ltd.	The People's Republic of China	Road transport of goods, storage & associated services	**98.56**	49.55
	Mini-Mix Sdn. Bhd.	Malaysia	Inactive	**98.56**	49.55
	Mutual Prospect Sdn. Bhd.	Malaysia	Quarry business & related services	**98.56**	49.55
*	Pahang Cement Sdn. Bhd.	Malaysia	Manufacture & sale of ordinary portland cement, clinker & related products	**98.56**	49.55
*	Pahang Cement Marketing Sdn. Bhd.	Malaysia	Inactive	**98.56**	49.55
	Permodalan Hitec Sdn. Bhd.	Malaysia	Dormant	**98.56**	–
	Perak-Hanjoong Simen Sdn. Bhd.	Malaysia	Manufacture & sale of clinker, ordinary portland cement & blended cement	**98.56**	49.55
	PHS Trading Sdn. Bhd.	Malaysia	Marketing of cement products	**98.56**	49.55
*	P.T. YTL Simen Indonesia	Indonesia	Dormant	**98.56**	49.55

13. SUBSIDIARIES (CONTINUED)

(a) Investment in subsidiaries (continued)

	Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest 2012 %	2011 %
	Held through YTL Cement Berhad (continued):				
	Slag Cement Sdn. Bhd.	Malaysia	Manufacture & sale of ordinary portland cement and blended cement	**98.56**	49.55
	Slag Cement (Southern) Sdn. Bhd.	Malaysia	Manufacture & sale of ordinary portland cement and blended cement	**98.56**	49.55
	SMC Mix Sdn. Bhd.	Malaysia	Inactive	**98.56**	49.55
	Straits Cement Sdn. Bhd.	Malaysia	Inactive	**98.56**	49.55
	Tugas Sejahtera Sdn. Bhd.	Malaysia	Investment holding	**98.56**	49.55
	YTL Cement Enterprise Sdn. Bhd.	Malaysia	Dormant	**98.56**	49.55
*	YTL Cement (Hong Kong) Limited	Hong Kong	Investment holding	**98.56**	49.55
	YTL Cement Marketing Sdn. Bhd.	Malaysia	Sale & marketing of cementitious products	**98.56**	49.55
*	YTL Cement Marketing Singapore Pte. Ltd.	Singapore	Sales & marketing of cement, cementitious products & other related construction products	**98.56**	49.55
*	YTL Cement Singapore Pte. Ltd.	Singapore	Investment holding, sale & marketing of construction products	**98.56**	49.55
*	YTL Cement Terminal Services Pte. Ltd.	Singapore	Operation of port terminal & specialise in handling of cementitious products	**98.56**	–
*	YTL Concrete (S) Pte. Ltd.	Singapore	Manufacture & sale of ready-mixed concrete & related products	**98.56**	49.55
	YTL Premix Sdn. Bhd.	Malaysia	Trading of building materials & related services	**98.56**	49.55

13. SUBSIDIARIES (CONTINUED)

(a) Investment in subsidiaries (continued)

	Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest 2012 %	2011 %
	Held through YTL Cement Berhad (continued):				
	YTL Quarry Sdn. Bhd.	Malaysia	Dormant	**98.56**	49.55
*	Zhejiang Hangzhou Dama Cement Co., Ltd.	The People's Republic of China	Manufacture & sale of cement & cementitious products	**98.56**	49.55
*	Zhejiang YTL Cement Marketing Co., Ltd.	The People's Republic of China	Sale & marketing of cement & cementitious products	**98.56**	49.55
	Held through YTL Charters Sdn. Bhd.:				
	Island Air Sdn. Bhd.	Malaysia	Chartering of aircrafts	**80.00**	80.00
	Nusantara Sakti Sdn. Bhd.	Malaysia	Carriage of passengers & air carriers	**80.00**	80.00
	Held through YTL e-Solutions Berhad:				
	Airzed Services Sdn. Bhd.	Malaysia	Inactive	**41.50**	33.21
	Airzed Broadband Sdn. Bhd.	Malaysia	Providing wired line & wireless broadband internet access services & developing, producing, marketing, selling & maintaining software applications, research & development, consultancy & related services	**51.88**	41.51
	Bizsurf MSC Sdn. Bhd.	Malaysia	Providing wireless network distribution equipment & services, broadband & internet services & other internet related services	**44.47**	44.47
*	Infoscreen Networks Plc	England & Wales	Investment holding	**73.96**	73.96
	PropertyNetAsia (Malaysia) Sdn. Bhd.	Malaysia	Inactive	**74.12**	74.12

13. SUBSIDIARIES (CONTINUED)

(a) Investment in subsidiaries (continued)

	Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest 2012 %	2011 %
	Held through YTL e-Solutions Berhad (continued):				
	YTL Info Screen Sdn. Bhd.	Malaysia	Creating, providing & advertising content, media, web media & up to date information via electronic media	**73.96**	73.96
	YMax Sdn. Bhd.	Malaysia	Inactive	**68.19**	56.33
	Y-Max Networks Sdn. Bhd.	Malaysia	Providing computer networking & related information technology services	**44.47**	44.47
	Y-Max Solutions Holdings Sdn. Bhd.	Malaysia	Investment holding	**74.12**	59.30
	Held through YTL (Guernsey) Limited:				
*	YTL Construction (SA) (Proprietary) Ltd.	South Africa	Inactive	**100.00**	100.00
	Held through YTL Hotels & Properties Sdn. Bhd.:				
	Autodome Sdn. Bhd.	Malaysia	Operator of food & beverage outlets & sub-letting of premises	**100.00**	100.00
*	Bath Hotel & SPA B.V.	Netherlands	Investment holding	**100.00**	–
	Borneo Cosmeceutical Sdn. Bhd.	Malaysia	Development of holiday resorts	**90.00**	90.00
	Borneo Island Villas Sdn. Bhd.	Malaysia	Dormant	**80.00**	80.00
	Business & Budget Hotels Sdn. Bhd.	Malaysia	Investment holding & property investment	**100.00**	100.00
	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

13. SUBSIDIARIES (CONTINUED)

(a) Investment in subsidiaries (continued)

	Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest 2012 %	2011 %
	Held through YTL Hotels & Properties Sdn. Bhd. (continued):				
	Cameron Highlands Resort Sdn. Bhd.	Malaysia	Hotel & resort operator	**100.00**	100.00
	Diamond Recipe Sdn. Bhd.	Malaysia	Operator of food & beverage outlet	**51.00**	51.00
*	Gainsborough Hotel (Bath) Limited	England & Wales	Hotel operations	**100.00**	–
	Happy Steamboat Sdn. Bhd.	Malaysia	Operator of food & beverage outlet	**100.00**	100.00
	Kampung Tiong Development Sdn. Bhd.	Malaysia	Property development	**70.00**	70.00
	Magna Boundary Sdn. Bhd.	Malaysia	Hotel & resort operator	**90.00**	90.00
	Marble Valley Sdn. Bhd.	Malaysia	Management & investment holding	**80.00**	80.00
	Marble Valley Two Sdn. Bhd.	Malaysia	Hotel & resort operator	**64.00**	64.00
*	M Hotel Management Pte. Ltd.	Singapore	Hotel management services	**51.00**	51.00
*	Niseko Village K.K.	Japan	Owning, managing, maintaining and developing the Niseko Village Resort	**100.00**	100.00
*	Niseko Village (S) Pte. Ltd.	Singapore	Investment holding	**100.00**	100.00
*	P.T. Jepun Bali	Indonesia	Managing & operating a hotel	**100.00**	100.00
	Restoran Kisap Sdn. Bhd.	Malaysia	Inactive	**100.00**	100.00
*	Samui Hotel 2 Co., Ltd	Thailand	Hotel operator	**100.00**	100.00
	Sentul Park Koi Centre Sdn. Bhd.	Malaysia	Breeders, wholesalers, retailers & distributors of Koi fish	**55.00**	55.00
	Star Hill Hotel Sdn. Bhd.	Malaysia	Hotel operator	**100.00**	100.00

13. SUBSIDIARIES (CONTINUED)

(a) Investment in subsidiaries (continued)

	Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest 2012 %	Effective Equity Interest 2011 %
	Held through YTL Hotels & Properties Sdn. Bhd. (continued):				
	YTL Heritage Hotels Sdn. Bhd.	Malaysia	Dormant	**100.00**	100.00
*	YTL Hotels B.V.	Netherlands	Investment holding	**100.00**	100.00
*	YTL Hotels (Cayman) Limited	Cayman Islands	Hotel operator & hotel management services	**100.00**	100.00
	YTL Hotels Central Services Sdn. Bhd.	Malaysia	Dormant	**100.00**	100.00
	YTL Hotel Management Services Sdn. Bhd.	Malaysia	Providing professional & commercial education & training in hospitality	**70.00**	70.00
*	YTL Hotels (Singapore) Pte. Ltd.	Singapore	Travel and hospitality related business	**100.00**	100.00
	Held through YTL Industries Berhad:				
	Yeoh Tiong Lay Brickworks Sdn. Bhd.	Malaysia	Inactive	**100.00**	100.00
	Yeoh Tiong Lay Management Sdn. Bhd.	Malaysia	Dormant	**100.00**	100.00
	Held through YTL Land Sdn. Bhd.:				
	Katagreen Development Sdn. Bhd.	Malaysia	Property leasing management & related services	**100.00**	100.00
	Pintar Projek Sdn. Bhd.	Malaysia	Management of real estate investment trust funds, licensing of trademarks & brand management	**70.00**	70.00
	Puncak Serunding Sdn. Bhd.	Malaysia	Dormant	**100.00**	100.00
	YTL Design Services Sdn. Bhd.	Malaysia	Dormant	**100.00**	100.00
	YTL Majestic Hotel Sdn. Bhd.	Malaysia	Development of hotel	**100.00**	100.00

13. SUBSIDIARIES (CONTINUED)

(a) Investment in subsidiaries (continued)

	Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest 2012 %	Effective Equity Interest 2011 %
	Held through YTL Land & Development Berhad:				
	Amanresorts Sdn. Bhd.	Malaysia	Dormant	**57.89**	57.90
	Bayumaju Development Sdn. Bhd.	Malaysia	Property development	**57.89**	57.90
*	Boom Time Strategies Sdn. Bhd.	Malaysia	Inactive	**57.89**	57.90
	Budaya Bersatu Sdn. Bhd.	Malaysia	Dormant	**57.89**	100.00
	Emerald Hectares Sdn. Bhd.	Malaysia	Property development	**40.52**	70.00
*	Lakefront Pte. Ltd.	Singapore	Real estate developer	**57.89**	70.00
*	Lot Ten Security Sdn. Bhd.	Malaysia	Inactive	**57.89**	57.90
*	Mayang Sari Sdn. Bhd.	Malaysia	Inactive	**57.89**	57.90
	Noriwasa Sdn. Bhd.	Malaysia	Dormant	**57.89**	57.90
	Pakatan Perakbina Sdn. Bhd.	Malaysia	Property development & building construction	**57.89**	57.90
	Pinnacle Trend Sdn. Bhd.	Malaysia	Investment holding & property development	**57.89**	100.00
	PYP Sendirian Berhad	Malaysia	Property development	**57.89**	57.90
*	Sandy Island Pte. Ltd.	Singapore	Real estate developer & related services	**57.89**	70.00
	Satria Sewira Sdn. Bhd.	Malaysia	Property development & property investment	**57.89**	100.00
*	Sentul Raya Sdn. Bhd.	Malaysia	Property development & property investment	**40.52**	40.53
*	Sentul Raya Golf Club Berhad	Malaysia	Inactive	**40.52**	40.53
*	Sentul Raya City Sdn. Bhd.	Malaysia	Inactive	**40.52**	40.53

Notes to the Financial Statements

13. SUBSIDIARIES (CONTINUED)

(a) Investment in subsidiaries (continued)

	Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest 2012 %	2011 %
	Held through YTL Land & Development Berhad (continued):				
*	Sentul Park Management Sdn. Bhd.	Malaysia	Park management	**40.52**	40.53
*	SR Property Management Sdn. Bhd.	Malaysia	Property management	**57.89**	57.90
	Syarikat Kemajuan Perumahan Negara Sdn. Bhd.	Malaysia	Property development	**57.89**	57.90
	Trend Acres Sdn. Bhd.	Malaysia	Investment holding & property development	**57.89**	100.00
	Udapakat Bina Sdn. Bhd.	Malaysia	Property development	**57.89**	57.90
*	YTL Land & Development (MM2H) Sdn. Bhd.	Malaysia	Dormant	**57.89**	57.90
*	YTL Land & Development Management Pte Ltd	Singapore	Provision of financial services and management consultancy services	**57.89**	–
*	YTL Westwood Properties Pte. Ltd.	Singapore	Real estate developer	**57.89**	100.00
	Held through YTL Power International Berhad:				
	Extiva Communications Sdn. Bhd.	Malaysia	Developing & marketing of VoIP telephony and other advanced network media appliance for services provider and enterprise telephony markets	**30.84**	31.05
	FrogAsia Sdn. Bhd.	Malaysia	Software license reseller focusing on virtual education learning platforms	**29.60**	–
*	Frogtrade Limited	England & Wales	Sale into the education market and further development of the company's web environment products	**51.40**	–

13. SUBSIDIARIES (CONTINUED)

(a) Investment in subsidiaries (continued)

	Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest 2012 %	Effective Equity Interest 2011 %
	Held through YTL Power International Berhad (continued):				
*	Geneco Limited	England & Wales	Dormant	**51.40**	51.75
*	Granite Investments (Cayman Islands) Limited	Cayman Islands	Dormant	**51.40**	–
*	PowerSeraya Limited	Singapore	In voluntary liquidation	**51.40**	51.75
*	PetroSeraya Pte. Limited	Singapore	Oil trading & oil tank leasing	**51.40**	51.75
*	P.T. YTL Jawa Timur	Indonesia	Provision construction management, consultancy services & power station operation services	**51.40**	51.75
*	Seraya Energy & Investment Pte. Limited	Singapore	Investment holding	**51.40**	51.75
*	Seraya Energy Pte. Limited	Singapore	Sale of electricity	**51.40**	51.75
*	SC Technology Deutschland GmbH	Germany	Waste treatment processes	**51.40**	51.75
*	SC Technology GmbH	Switzerland	Waste treatment processes	**51.40**	51.75
*	SC Technology Nederlands B.V.	Netherlands	Waste treatment processes	**51.40**	51.75
*	Swiss Water System AG	Switzerland	Dormant	**30.33**	–
*	Wessex Electricity Utilities Limited	England & Wales	Dormant	**51.40**	51.75
*	Wessex Engineering & Construction Services Ltd.	England & Wales	Engineering & construction services	**51.40**	51.75
*	Wessex Logistics Limited	England & Wales	Dormant	**51.40**	51.75
*	Wessex Promotions Limited	England & Wales	Entertainment promotion	**51.40**	51.75
*	Wessex Property Services Limited	England & Wales	Dormant	**51.40**	51.75

Notes to the Financial Statements

13. SUBSIDIARIES (CONTINUED)

(a) Investment in subsidiaries (continued)

	Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest 2012 %	Effective Equity Interest 2011 %
	Held through YTL Power International Berhad (continued):				
*	Wessex Spring Water Limited	England & Wales	Dormant	**51.40**	51.75
*	Wessex Water Commercial Limited	England & Wales	Dormant	**51.40**	51.75
*	Wessex Water Engineering Services Limited	England & Wales	Dormant	**51.40**	51.75
*	Wessex Water Enterprises Limited	England & Wales	Water supply & waste water services	**51.40**	51.75
	Wessex Water International Limited	Cayman Islands	Investment holding	**51.40**	51.75
*	Wessex Water Limited	England & Wales	Investment holding	**51.40**	51.75
*	Wessex Water Pension Scheme Trustee Limited	England & Wales	Management of Wessex Water Pension Scheme	**51.40**	51.75
*	Wessex Water Services Finance Plc	England & Wales	Issue of bonds	**51.40**	51.75
*	Wessex Water Services Limited	England & Wales	Water supply & waste water services	**51.40**	51.75
*	Wessex Water Trustee Company Limited	England & Wales	Dormant	**51.40**	51.75
*	Wessex Water Utility Solutions Ltd.	England & Wales	Dormant	**51.40**	51.75
*	YTL Communications International Ltd.	Cayman Islands	Inactive	**30.84**	31.05
	YTL Communications Sdn. Bhd.	Malaysia	Providing wired, line & wireless broadband access services	**30.84**	31.05
*	YTL Communications (S) Pte. Ltd.	Singapore	Dormant	**30.84**	–

13. SUBSIDIARIES (CONTINUED)

(a) Investment in subsidiaries (continued)

	Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest 2012 %	Effective Equity Interest 2011 %
	Held through YTL Power International Berhad (continued):				
*	YTL-CPI Power Limited	Hong Kong	Inactive	**26.21**	26.40
	YTL Digital Sdn. Bhd.	Malaysia	Sale and marketing of telecommunication products	**30.84**	100.00
*	YTL EcoGreen Pte. Ltd.	Singapore	Dormant	**51.40**	51.75
*	YTL Education (UK) Limited	England & Wales	Investment holdings	**51.40**	–
*	YTL Engineering Limited	England & Wales	Dormant	**51.40**	51.75
*	YTL Events Limited	England & Wales	Providing public entertainment events & public relations services	**51.40**	51.75
*	YTL Global Networks Limited	Cayman Islands	Dormant	**30.84**	31.05
	YTL Jawa O & M Holdings B.V.	Netherlands	Investment holding	**51.40**	51.75
	YTL Jawa O & M Holdings Limited	Cyprus	Investment holding	**51.40**	51.75
	YTL Jawa Power B.V.	Netherlands	Investment holding	**51.40**	51.75
	YTL Jawa Power Finance Limited	Cayman Islands	Investment holding	**51.40**	51.75
	YTL Jawa Power Holdings B.V.	Netherlands	Investment holding	**29.37**	51.75
	YTL Jawa Power Holdings Limited	Cyprus	Investment holding	**51.40**	51.75
	YTL Jawa Power Services B.V.	Netherlands	Investment holding	**51.40**	51.75
	YTL Power Australia Limited	Cayman Islands	Investment holding	**51.40**	51.75

Notes to the Financial Statements

13. SUBSIDIARIES (CONTINUED)

(a) Investment in subsidiaries (continued)

	Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest 2012 %	Effective Equity Interest 2011 %
	Held through YTL Power International Berhad (continued):				
	YTL Power Finance (Cayman) Limited	Cayman Islands	Dormant	**51.40**	51.75
*	YTL Power Generation Sdn. Bhd.	Malaysia	Developing, constructing, completing, maintaining & operating power plants	**51.40**	51.75
	YTL Power Investments Limited	Cayman Islands	Investment holding	**51.40**	–
	YTL Power International Holdings Limited	Cayman Islands	Investment holding	**51.40**	51.75
*	YTL PowerSeraya Pte. Limited	Singapore	Own and operate energy facilities and services (full value chain of electricity generation including trading of physical fuels and fuel related derivative instruments, tank leasing activities and sale of by-products from the electricity generation process)	**51.40**	51.75
	YTL Power Trading (Labuan) Limited	Malaysia	Dormant	**51.40**	–
	YTL Seraya Limited	Cayman Islands	Investment holding	**51.40**	51.75
*	YTL Services Limited	England & Wales	Dormant	**51.40**	51.75
	YTL Utilities Limited	Cayman Islands	Investment holding	**51.40**	51.75
	YTL Utilities Finance Limited	Cayman Islands	Investment holding	**51.40**	51.75
	YTL Utilities Finance 2 Limited	Cayman Islands	Investment holding	**51.40**	51.75
	YTL Utilities Finance 3 Limited	Cayman Islands	Investment holding	**51.40**	51.75

13. SUBSIDIARIES (CONTINUED)

(a) Investment in subsidiaries (continued)

	Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest 2012 %	Effective Equity Interest 2011 %
	Held through YTL Power International Berhad (continued):				
	YTL Utilities Finance 4 Limited	Cayman Islands	Financial services	**51.40**	51.75
	YTL Utilities Finance 5 Limited	Cayman Islands	Financial services	**51.40**	51.75
	YTL Utilities Finance 6 Limited	Cayman Islands	Investment holding	**51.40**	51.75
	YTL Utilities Finance 7 Limited	Cayman Islands	Financial services	**51.40**	51.75
	YTL Utilities Holdings Limited	Cayman Islands	Investment holding	**51.40**	51.75
*	YTL Utilities Holdings (S) Pte. Limited	Singapore	Investment holding	**51.40**	51.75
*	YTL Utilities (S) Pte. Limited	Singapore	Investment holding	**51.40**	51.75
*	YTL Utilities (UK) Limited	England & Wales	Investment holding	**51.40**	51.75
	Held through YTL Singapore Pte. Ltd.:				
*	Ideal World Pte. Ltd.	Singapore	Wholesale of furniture	**51.00**	51.00
*	Genesis-Alliance Retail Pte. Ltd.	Singapore	Retailing of furniture	**51.00**	51.00
	Prestige Lifestyles & Living Sdn. Bhd.	Malaysia	Trading of furniture, accessories & related services	**51.00**	51.00
*	Shanghai Autodome Food & Beverage Co., Ltd.	The People's Republic of China	Operator of food & beverage outlets	**100.00**	100.00
*	Shanghai YTL Hotels Management Co., Ltd.	The People's Republic of China	Dormant	**100.00**	100.00

* Subsidiaries not audited by HLB Ler Lum

Notes to the Financial Statements

13. SUBSIDIARIES (CONTINUED)

(b) Subsidiaries' financial statements

The unaudited financial statements of Bath Hotel & SPA B.V., Gainsborough Hotel (Bath) Limited, Industrial Procurement Limited, Niseko Village K.K, 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, SCI YTL Hotels Saint Tropez, YTL Power Services (Cayman) Ltd. and YTL Property Investments Limited, were consolidated in the Group's financial statements as these subsidiaries were not required by their local legislations to have their financial statements audited.

(c) Significant changes in group structure

(i) On 7 July 2011, YTL Power International Berhad ("YTL Power") together with YTL Jawa Power Holdings Limited, a wholly-owned subsidiary of YTL Power, entered into a share purchase agreement ("SPA") with Marubeni Corporation ("Marubeni") and Aster Power Holding B.V., a wholly-owned subsidiary of Marubeni, relating to the sale and purchase of 7,714 ordinary shares of EUR1.00 and certain Company Interests (as defined in the SPA) in YTL Jawa Power Holdings BV ("YTLJPH") representing 15/35 or 42.86% equity interests in YTLJPH. The sale was completed on 15 August 2011.

(ii) On 4 November 2011, the disposal of the following companies ("Subject Companies") to YTL Land & Development Berhad ("YTL Land") pursuant to the rationalisation to house the property development assets of the YTL Corp Group under YTL Land, have been completed:-

(a) Budaya Bersatu Sdn Bhd
(b) Emerald Hectares Sdn Bhd
(c) Lakefront Pte Ltd ("LFPL")
(d) Pinnacle Trend Sdn Bhd
(e) Sandy Island Pte Ltd ("SIPL")
(f) Satria Sewira Sdn Bhd
(g) Trend Acres Sdn Bhd
(h) YTL Westwood Properties Pte Ltd

for a total consideration of RM209,414,726.

The sale shares of the Subject Companies were registered in the name of YTL Land on 14 November 2011 and 6 December 2011, respectively.

As a result, all the Subject Companies have become direct subsidiaries of YTL Land and remain indirect subsidiaries of the Company.

In June 2012, YTL Land acquired the remaining 30% equity interests each in LFPL and SIPL from their non-controlling interests for a total consideration of RM42,593,385. Consequent thereto, LFPL and SIPL have become wholly-owned subsidiaries of YTL Land and indirect subsidiaries of the Company.

(iii) On 19 December 2011, YTL Industries Berhad ("YTL Industries" or "Offeror"), a wholly-owned subsidiary of the Company, undertook a conditional share exchange offer to acquire the following securities of YTL Cement Berhad ("YTL Cement") through the issuance of ordinary shares of RM0.10 each in the Company at an issue price of RM1.42 each ("Consideration Shares"):-

(a) all the remaining voting shares of RM0.50 each (excluding treasury shares) in YTL Cement ("YTL Cement Shares") not already held by YTL Industries and the Company, as the "Ultimate Offeror", ("Offer Shares"), at an offer price of RM4.50 for each Offer Share, translating to an exchange ratio of approximately 3.17 Consideration Shares for each Offer Share ("Shares Offer"); and

13. SUBSIDIARIES (CONTINUED)

(c) Significant changes in group structure (continued)

(b) all the remaining irredeemable convertible unsecured loan stocks issued by YTL Cement ("ICULS") not already held by the Offeror and the Ultimate Offeror ("Offer ICULS"), at an offer price of RM2.21 for each Offer ICULS, translating to an exchange ratio of approximately 1.56 Consideration Shares for each Offer ICULS ("ICULS Offer"),

The Shares Offer and ICULS Offer are collectively referred to as the "Offer" or "Share Exchange Offer".

On 9 February 2012, the Offeror had received acceptances in respect of the Offer resulting in the Offeror and Ultimate Offeror collectively holding more than 75% of YTL Cement Shares. As a result, YTL Cement was no longer in compliance with the public shareholding spread requirement set out under paragraph 8.02(1) of the Main Market Listing Requirements ("Main LR") of Bursa Securities.

All listed securities of YTL Cement were removed from the Official List of Bursa Securities pursuant to Paragraph 16.07(a) of the Main LR, with effect from 9.00 a.m. on 16 April 2012.

The Offer was completed on 13 June 2012, after the expiry period for the non-accepting shareholders of YTL Cement to exercise their rights to require the Offeror to acquire their voting shares in YTL Cement in accordance with Section 223 of the Capital Markets and Services Act 2007.

The total number of YTL Cement Shares held by the Offeror and the Ultimate Offeror is 469,962,541 YTL Cement Shares, representing 97.49% of the total share capital in YTL Cement.

On 19 June 2012, YTL Industries transferred all its 452,386,912 ordinary shares of RM0.50 each in YTL Cement to the Company pursuant to the Offer ("Shares Transfers").

As a result of the Shares Transfers, YTL Cement ceased to be a subsidiary of YTL Industries and has become direct subsidiary of the Company.

(iv) On 2 April 2012, PowerSeraya Limited ("PowerSeraya") transferred all its ordinary shares in the following subsidiaries to YTL PowerSeraya Pte Limited ("YTL PowerSeraya") the holding company, for the consideration stated herein ("the Shares Transfers"):-

Name of subsidiary	Number of ordinary shares	Transfer consideration (S$)
Seraya Energy Pte Ltd ("SE")	50,000,002	2
Seraya Energy and Investment Pte Ltd ("SEI")	5,400,002	5,400,002

As a result of the Shares Transfers, SE and SEI have become direct subsidiaries of YTL PowerSeraya and remain indirect subsidiaries of YTL Power and the Company.

PowerSeraya ceased business operations following the completion of the Shares Transfers and commenced member's voluntary winding up pursuant to Section 290(1)(b) of the Companies Act (Cap 50) of Singapore on 30 June 2012.

13. SUBSIDIARIES (CONTINUED)

(c) Significant changes in group structure (continued)

(v) On 5 April 2012, Batu Tiga Quarry Sdn Bhd ("BTQ"), a wholly-owned subsidiary of YTL Cement, acquired an aggregate of one million (1,000,000) ordinary shares of RM1.00 each in Permodalan Hitec Sdn Bhd ("Permodalan Hitec"), representing the entire issued and paid-up share capital of Permodalan Hitec from Lee Boon Hong, Lee Boon Chuan, Low Boon Chuen, Yee Phey Fern, Koh Kok Wee, Tang Poey Poey, Tan Hua Ait and Wong Chin Choy, for a cash consideration of RM32,333,622.56 ("Acquisition"). As a result of the Acquisition, Permodalan Hitec has become a wholly-owned subsidiary of BTQ and an indirect subsidiary of YTL Cement and the Company.

(vi) On 2 May 2012, Infoscreen Networks Plc ("INP"), a 99.7% owned subsidiary of YTL e-Solutions Berhad, announced of its intention to cancel the admission of its ordinary shares of 1 penny each ("Ordinary Shares") on AIM ("Delisting") subject to the shareholders' approval being obtained.

On 23 May 2012, the shareholders of INP had at the general meeting approved the Delisting and consequent thereto, the trading of the Ordinary Shares on AIM ceased at the close of business on 30 May 2012 and the Delisting took place on 31 May 2012.

(vii) On 29 June 2012, YTL Power transferred all its shares comprising 3 ordinary shares of GBP1.00 each and 45,000 ordinary shares of USD1.00 each in YTL Utilities Limited ("YTL Utilities"), representing the entire issued and paid-up of YTL Utilities to its wholly-owned subsidiary, YTL Power Generation Sdn Bhd ("YTLPG") for RM3,000,000,000 being the book value of the shares by way of issuance of 3,000,000,000 ordinary shares of RM0.20 each in YTLPG to YTL Power at RM1.00 per share ("Shares Transfers").

As a result of the Shares Transfers, YTL Utilities became a direct subsidiary of YTLPG and indirect subsidiary of YTL Power and the Company.

(viii) On 15 June 2012, YTL Education (UK) Limited ("YTL Education"), a wholly-owned subsidiary of YTL Power Investments Limited ("YTLPIL"), acquired an additional 52,347 ordinary shares of 10p each in the capital of Frogtrade Limited ("Frogtrade") for a total consideration of £5,549,828.94 in cash ("Acquisition").

Following the Acquisition, YTL Education holds a total of 80,778 ordinary shares of 10p each in Frogtrade, representing an equity stake of approximately 57.58% of the capital in Frogtrade. As a result, Frogtrade has become a subsidiary of YTL Education and an indirect subsidiary YTL Power and the Company.

(ix) On 29 June 2012, YTL Education transferred its shares in the following subsidiaries to YTL Power Investments Limited ("YTLPIL"), at the cost as indicated below ("Shares Transfer"):-

Corporation	Number of shares transferred	% of issued & paid-up share capital of Corporation	Cost
FrogAsia Sdn Bhd ("FrogAsia")	2 ordinary shares of RM1.00 each	100	RM2.00
Frogtrade	80,778 ordinary shares of 10p each	57.58	£7,549,828.94

As a result of the Shares Transfer, FrogAsia and Frogtrade have become direct subsidiaries of YTLPIL and remain indirect subsidiaries of YTL Power and the Company.

14. INVESTMENT IN ASSOCIATED COMPANIES

(a) Investment in associated companies

	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Unquoted shares, at cost	**1,078,162**	834,155	**210,641**	210,641
Quoted shares, outside Malaysia, at cost	**817,369**	817,369	–	–
Unquoted Convertible Preference Units, ("CPU")* outside Malaysia, at cost	**405,000**	405,000	–	–
Share of post acquisition profits	**902,940**	774,984	–	–
	3,203,471	2,831,508	**210,641**	210,641
Market value of quoted shares outside Malaysia	**950,550**	899,185	–	–

* The CPUs are issued by Starhill Global Real Estate Investment Trust ("SG REIT"), in which the Group has an interest in 570,777,858 (2011: 570,777,858) units representing 29.38% (2011: 29.38%). The CPU holders are entitled to receive a discretionary, non-cumulative variable SGD coupon distribution of up to RM0.1322 per CPU, which is equivalent to a distribution rate of 5.65% per annum. The CPU holders have the right to convert the CPU after a period of three years commencing from the date of issuance of the CPU at a conversion price of SGD0.7266 per unit. Any CPU remaining in existence after seven years from the date of issuance of the CPU shall be mandatorily converted into SG REIT units at the conversion price.

The CPU to be held by the YTL Corporation Berhad Group in accordance with the SC's approval vide its letter dated 24 February 2010.

Notes to the Financial Statements

14. INVESTMENT IN ASSOCIATED COMPANIES (CONTINUED)

(a) Investment in associated companies (continued)

Details of the associated companies are as follows:-

	Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest 2012 %	Effective Equity Interest 2011 %
	Business & Budget Hotels (Kuantan) Sdn. Bhd.	Malaysia	Hotel operator	**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	In the process of deregistration	**17.22**	17.34
*	ElectraNet Pty. Ltd.	Australia	Trade as ElectraNet SA (operates & manages the electricity transmission network throughout South Australia)	**17.22**	–
*	Enefit Jordan B.V.	Netherlands	Investment holding	**15.42**	15.53
*	Express Rail Link Sdn. Bhd.	Malaysia	Operation & maintenance of the ERL railway system between KLIA in Sepang & KL Sentral Station	**50.00**	50.00
^	Jimah Power Generation Sdn. Bhd.	Malaysia	Dormant	**25.18**	25.36
	North South Development Sdn. Bhd.	Malaysia	Realty, investment & management services	**49.00**	49.00
*	P.T. Jawa Power	Indonesia	To construct, commission & operate a coal-fired thermal power station	**13.78**	18.11
^*	Starhill Global Real Estate Investment Trust	Singapore	Invest in prime real estate	**29.38**	29.21
	Superb Aggregates Sdn. Bhd.	Malaysia	Extraction, removal, processing & sale of sand	**49.28**	24.78
^*	Surin Bay Company Limited	Thailand	Hotel operator	**49.00**	49.00
@*	Teknologi Tenaga Perlis (Overseas) Consortium Sdn. Bhd.	Malaysia	Dormant	**15.42**	15.53

14. INVESTMENT IN ASSOCIATED COMPANIES (CONTINUED)

(a) Investment in associated companies (continued)

	Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest 2012 %	Effective Equity Interest 2011 %
	Trans-Pacific Hotels Sdn. Bhd.	Malaysia	Inactive	**50.00**	50.00
	Trans-Pacific Resorts Sdn. Bhd.	Malaysia	Inactive	**50.00**	50.00
	Xchanging Malaysia Sdn. Bhd.	Malaysia	Provision of information technology outsourcing services	**15.42**	–
*	YTL (Thailand) Limited	Thailand	Investment holding	**49.90**	49.90
ß	ZE-SPYTL Sdn. Bhd.	Malaysia	Inactive	–	50.00

* Companies not audited by HLB Ler Lum
@ Companies with financial year end of 31 October
^ Companies with financial year end of 31 December
ß Struck off 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) The summarised financial information of the associated companies are as follows:-

	Group 2012 RM'000	Group 2011 RM'000
Non-current assets	**21,156,496**	13,112,761
Current assets	**2,148,757**	2,845,770
Current liabilities	**(2,089,548)**	(995,134)
Non-current liabilities	**(11,163,795)**	(6,140,713)
Net assets	**10,051,910**	8,822,684
Revenue	**3,029,975**	2,789,236
Profit for the financial year	**989,628**	911,199

Goodwill amounting to RM18,416,000 (2011: RM18,416,000) was included in the carrying amount of investment in associated companies.

The Group has not recognised its share of losses of an associated company amounting to RM27,963,000 because the Group's cumulative share of losses exceeds its interest in that entity and the Group has no obligation in respect of those losses. The cumulative unrecognised losses amount to RM200,898,000 at reporting date.

Notes to the Financial Statements

15. JOINT VENTURES

(a) Investments in a jointly controlled entity

	Group 2012 RM'000	Group 2011 RM'000
Unquoted investments, at cost	**22,900**	22,900
Share of post acquisition losses	**(407)**	(3)
	22,493	22,897

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

Name of Company	Place of Incorporation	Principal Activity	Effective Equity Interest 2012 %	Effective Equity Interest 2011 %
PDC Heritage Hotel Sdn. Bhd.	Malaysia	Property development	**28.95**	28.95

(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 2012 RM'000	Group 2011 RM'000
Non-current assets	**–**	15,237
Current assets	**15,638**	*
Current liabilities	**(2,705)**	(1,900)
Net assets	**12,933**	13,337
Income	**2**	–
Expenses	**(406)**	(2)

* Representing less than RM1,000

(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.

15. JOINT VENTURES (CONTINUED)

(b) Jointly controlled operations (continued)

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	
	2012 RM'000	2011 RM'000
Non-current assets	**259**	428
Current assets	**3,535**	3,649
Current liabilities	**(3,794)**	(4,077)
Net assets	–	–
Expenses	**51,879**	48,815

16. INVESTMENTS

		Group		Company	
	Note	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Available-for-sale financial assets	16 (a)	**168,010**	203,901	**120,360**	38,709
Loans and receivables	16 (b)	–	492,705	–	–
		168,010	696,606	**120,360**	38,709

(a) Available-for-sale financial assets

The investments are in relation to the following:-

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Quoted equity investments				
– Within Malaysia	**92,355**	79,450	**8,096**	9,820
– Outside Malaysia	**3,018**	3,589	**106**	106
Unquoted equity investments				
– Within Malaysia	**18,933**	34,457	**19,483**	28,783
– Outside Malaysia	**53,704**	86,405	**92,675**	–
	168,010	203,901	**120,360**	38,709

16. INVESTMENTS (CONTINUED)

(a) Available-for-sale financial assets (continued)

During current financial year, the gains arising from the changes in fair values recognised in other comprehensive income amounted to RM47,762,000 (2011: RM23,207,191) and RM538,000 (2011: RM1,149,000), for the Group and Company, respectively.

During financial year, the Group and the Company recognised an impairment loss of RM9,540,491 (2011: RM8,642,157) and RM9,540,491 (2011: RM8,642,157) against equity investments whose trade prices had been below cost for a prolonged period, respectively.

(b) Loans and receivables

	Group	
	2012 RM'000	2011 RM'000
Unquoted investments, outside Malaysia	–	492,705

Loans and receivables for the previous financial year consist of investment of unquoted preference shares that is 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 any time on the terms agreeable between the preference shares issuer and holder thereof.

During the financial year, a change in the terms of the preference shares was introduced. Under this change the holder of the preference shares was granted an option to convert the preference shares into ordinary shares of YTL Power Investments Limited ("YTLPIL"). In June 2012 the holder exercised the convertible option and further acquired all remaining shares in YTLPIL making it a wholly owned subsidiary of the Group. As a result of this conversion, the preference shares were derecognised.

A gain of RM87.6 million was recorded in the Group Income Statement as a result of the derecognition of the preference shares.

17. CASH AND CASH EQUIVALENTS

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Deposits with licensed banks	**12,569,307**	11,478,146	**774,765**	1,589,660
Cash and bank balances	**783,068**	761,362	**3,560**	8,489
Cash and cash equivalents	**13,352,375**	12,239,508	**778,325**	1,598,149
Bank overdrafts (Note 33)	**(75,300)**	(49,664)	**–**	–
Cash and cash equivalents as per statements of cash flows	**13,277,075**	12,189,844	**778,325**	1,598,149

Cash and bank balances of the Group included amounts totalling RM33,363,271 (2011: RM23,184,820) held pursuant to Section 7A of the Housing Developers (Control and Licensing) Act 1966 and RM184,303,941 [SGD73,594,993] (2011: RM45,089,269) [SGD18,346,124] held under the "Project Account Rules - 1977 Ed, Singapore". Those amounts were restricted from use in other operations.

17. CASH AND CASH EQUIVALENTS (CONTINUED)

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

	Group		Company	
	2012	2011	2012	2011
	%	%	%	%
Deposits with licensed banks	**0.01 – 4.68**	0.05 – 3.50	**2.95 – 3.40**	2.95 – 3.40

Deposits of the Group and of the Company have maturities ranging from 1 day to 365 days (2011: 1 day to 365 days). Bank balances are deposits held at call with banks.

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

18. INTANGIBLE ASSETS

	Group	
	2012	2011
	RM'000	RM'000
Goodwill on consolidation		
At cost		
At beginning of the financial year	**4,579,164**	4,350,366
Arising from acquisition of new subsidiaries	**36,685**	–
Arising from acquisition of additional shares in existing subsidiaries	**–**	827
Currency translation differences	**118,946**	348,703
Adjustment of goodwill - remeasurement of fair value of net identifiable assets	**–**	(120,732)
At end of the financial year	**4,734,795**	4,579,164
Accumulated impairment		
At beginning of the financial year	**(9,178)**	(2,696)
Impairment losses (Note 6)	**(8,491)**	(6,482)
At end of the financial year	**(17,669)**	(9,178)
Carrying amount at end of the financial year	**4,717,126**	4,569,986

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.

18. INTANGIBLE ASSETS (CONTINUED)

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 2012 RM'000	Group 2011 RM'000
Utilities*	**4,215,131**	4,066,611
Cement manufacturing & trading^	**119,988**	118,222
Property investment & development*	**91,873**	98,668
Management services^	**244,345**	240,696
Hotel operations^	**20,855**	20,855
Others^	**24,934**	24,934
	4,717,126	4,569,986

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 rate for the segment business in which the CGUs operates.

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

The following assumption has been applied in the value-in-use calculation for the one of major goodwill in management services ("A") and cement manufacturing & trading ("B") segment of amounting to RM244 million (2011: RM238 million) and RM119 million (2011: RM118 million) respectively.

	2012 A %	2012 B %	2011 A %	2011 B %
Pre-tax discounts	**7.0**	**6.7**	6.8	*
Growth rate	**3.0**	**3.0**	3.0	*

The discount rates used are pre-tax and reflect specific risks relating to the CGU. The discount rates applied to the cash flow projections are derived from the cost of capital plus a reasonable risk premium at the date of the assessment of the respective CGU.

18. INTANGIBLE ASSETS (CONTINUED)

(b) Sensitivity to change in key assumptions

With regard to the assessment of value-in-use of the Group's CGUs, management believes that no reasonable possible change in any of the above key assumptions would cause the carrying values of the units to materially differ from their recoverable amounts.

No impairment loss was recognised for the financial year ended 30 June 2012 for the goodwill assessed as their recoverable values were in excess of their carrying values except for CGUs where impairment losses have been made.

19. BIOLOGICAL ASSETS

	Group 2012 RM'000	Group 2011 RM'000
Plantation development expenditure – at cost		
At beginning of the financial year	**1,128**	1,024
Addition	**188**	223
Less: Government grant	**–**	(119)
At end of the financial year	**1,316**	1,128

20. TRADE & OTHER RECEIVABLES

	Group 2012 RM'000	Group 2011 RM'000
Non-current		
Other receivables	**877**	860
Deposits	**12,308**	31,089
Receivable in associate ^	**433,503**	–
	446,688	31,949

20. TRADE & OTHER RECEIVABLES (CONTINUED)

	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Current				
Trade receivables	**2,379,475**	2,314,160	–	–
Shareholder amounts held by solicitors	**41,716**	2,998	–	–
	2,421,191	2,317,158	–	–
Less : Allowance for impairment	**(228,934)**	(209,774)	–	–
Trade receivables-net	**2,192,257**	2,107,384	–	–
Other receivables	**298,103**	408,245	**13,286**	73,734
Less : Allowance for impairment	**(1,430)**	(34,452)	–	–
Other receivables-net	**296,673**	373,793	**13,286**	73,734
Progress billings & final sum receivables	**535,824**	496,515	–	–
Retention sum	**21,338**	10,470	–	–
Accrued income	**305,594**	273,750	–	–
Deposits	**206,473**	109,089	**232**	324
Amounts recoverable from a supplier *	**331,380**	285,629	–	–
	3,889,539	3,656,630	**13,518**	74,058

^ Receivables from associate comprises of 3 loan notes to the associate. The notes have been issued by the associate in accordance to Loan Note Facility Agreement. These receivables will mature in October 2030. Contingent interest is receivables on loan notes to the extent that there is sufficient available cash detained in Loan Notes Facility Agreement. In the event non-contingent interest is unable to be paid during the year, it is accrued until sufficient cash is available to pay the interest.

* 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 2002 the discount has been withdrawn.

Consequently, as at 30 June 2012, a sum of RM331.4 million (2011: RM285.6 million) has been paid to the gas supplier under protest and which is due and owing to the Company. The Directors have obtained legal advice on the matter and based on the advice received believe that the amounts are fully recoverable. The remaining balances within other receivable are neither past due nor impaired.

20. TRADE & OTHER RECEIVABLES (CONTINUED)

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

	Group	
	2012 RM'000	2011 RM'000
Neither past due nor impaired	**1,708,699**	594,183
1 to 90 days past due not impaired	**214,039**	1,296,268
91 to 120 days past due not impaired	**113,331**	60,818
More than 120 days past due not impaired	**156,188**	156,115
Total past due not impaired	**483,558**	1,513,201
Impaired	**228,934**	209,774
	2,421,191	2,317,158

Trade receivables that are neither past due nor impaired are creditworthy receivables with good payment records with the Group.

Receivables amounting to RM123.8 million (2011: RM257.6 million) are secured by financial guarantees given by banks and RM39.4 million (2011: RM133.9 million) are secured by cash collateral.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM483,558,000 (2011: RM1,513,201,000) that are past due at the reporting date but not impaired. These include mainly trade receivables past due for technical or strategic reasons and there is no concern on the credit worthiness of the counter parties and the recoverability of these debts.

Receivables that are impaired

The Group's receivables that are individually impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:-

Group – 2012

	Trade receivables RM'000	Other receivables RM'000	Total RM'000
At beginning of the financial year	**209,774**	**34,452**	**244,226**
Charge for the year	**49,669**	**390**	**50,059**
Reversal of impairment losses	**(30,509)**	**(33,412)**	**(63,921)**
At end of the financial year	**228,934**	**1,430**	**230,364**

20. TRADE & OTHER RECEIVABLES (CONTINUED)

Receivables that are impaired (continued)

Group – 2011

	Trade receivables RM'000	Other receivables RM'000	Total RM'000
At beginning of the financial year	197,977	34,992	232,969
Charge for the year	53,881	40	53,921
Reversal of impairment losses	(42,084)	(580)	(42,664)
At end of the financial year	209,774	34,452	244,226

Receivables that are individually determined to be impaired at the reporting date relate to receivables that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

21. INVENTORIES

	Group	
	2012 RM'000	2011 RM'000
Consumable stores	**10,648**	12,978
Finished goods	**83,466**	88,387
Fuel	**325,110**	326,838
Properties held for sale	**187,462**	66,439
Raw materials	**88,587**	142,237
Spare parts	**196,551**	173,123
Work-in-progress	**36,830**	25,800
	928,654	835,802

22. PROPERTY DEVELOPMENT COSTS

Group – 2012

	Freehold land RM'000	Leasehold land RM'000	Development costs RM'000	Total RM'000
Cumulative property development costs:-				
At beginning of the financial year	1,122,035	429,551	761,789	2,313,375
Cost incurred during the financial year	–	20,336	472,872	493,208
Transfer to inventories	(979)	(43,925)	(87,072)	(131,976)
Reversal of completed projects	(1,467)	(299,824)	(725,756)	(1,027,047)
Currency translation differences	46,267	(422)	3,095	48,940
At end of the financial year	1,165,856	105,716	424,928	1,696,500
Cumulative cost recognised in profit or loss:-				
At beginning of the financial year				(827,675)
Recognised during the financial year				(673,078)
Reversal of completed projects				1,027,047
Currency translation differences				1,834
At end of the financial year				(471,872)
Property development costs at end of the financial year				1,224,628

Notes to the Financial Statements

22. PROPERTY DEVELOPMENT COSTS (CONTINUED)

Group – 2011

	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	392,547	501,708	898,703
Cost incurred during the financial year	-	30,977	381,963	412,940
Transfer from investment property (Note 11)	1,117,970	-	-	1,117,970
Transfer from land held for property development (Note 12(a))	2,849	-	16,547	19,396
Transfer to inventories	-	(122)	(28,203)	(28,325)
Reversal of completed projects	(3,232)	(1,175)	(116,037)	(120,444)
Currency translation differences	-	7,324	5,811	13,135
At end of the financial year	1,122,035	429,551	761,789	2,313,375
Cumulative cost recognised in profit or loss:-				
At beginning of the financial year				(419,221)
Recognised during the financial year				(535,581)
Reversal of completed projects				120,444
Currency translation differences				6,683
At end of the financial year				(827,675)
Property development costs at end of the financial year				1,485,700

Included in property development costs of the Group is interest capitalised during the financial year amounting to RM41,179,636 (2011: RM40,369,277).

Included in property development costs of the Group is a freehold land under development with carrying value of RM1,188,847,000 (2011: Nil) pledged as security for a borrowing granted to the Group as disclosed in Note 33 to the Financial Statements.

23. OTHER ASSETS

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Non-current				
Prepayments	**72,646**	41,367	–	–
Current				
Prepayment	**526,657**	138,323	**1,481**	1,608
Accrued billings in respect of property development costs	**100,706**	103,360	–	–
Amount due from contract customers (Note 25)	**40,100**	13,288	–	–
	667,463	254,971	**1,481**	1,608

24. DERIVATIVE FINANCIAL INSTRUMENTS

Group – 2012

	Assets RM'000	Liabilities RM'000	Total RM'000
At beginning of the financial year	98,515	(268,637)	(170,122)
Movement during the year	(20,282)	(239,254)	(259,536)
Exchange differences	1,420	(16,476)	(15,056)
At end of the financial year	79,653	(524,367)	(444,714)

Group – 2011

	Assets RM'000	Liabilities RM'000	Total RM'000
At beginning of the financial year	26,799	(275,823)	(249,024)
Movement during the year	68,067	2,692	70,759
Exchange differences	3,649	4,494	8,143
At end of the financial year	98,515	(268,637)	(170,122)

Analysed as:-

	<---------------------- Group	---------------------->	
	Contract/ notional amount RM'000	Fair values Assets RM'000	Fair values Liabilities RM'000
2012			
Cash-flow hedges			
– fuel oil swaps	2,275,887	40,734	235,311
– currency forwards	2,349,746	25,649	15,483
– interest rate swap	508,686	–	42,545
Fair value through profit or loss			
– fuel oil swaps	477,935	13,129	36,785
– currency forwards	39,085	141	2
– exchangeable bonds		–	194,241
Total		79,653	524,367
Current portion		75,856	284,648
Non-current portion		3,797	239,719
Total		79,653	524,367

24. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Analysed as:-

	Group		
	Contract/ notional amount RM'000	Fair values Assets RM'000	Fair values Liabilities RM'000
2011			
Cash-flow hedges			
– fuel oil swaps	1,152,633	78,646	6,193
– currency forwards	1,484,390	734	30,503
– interest rate swap	614,425	–	55,527
Fair value through profit or loss			
– fuel oil swaps	1,013,275	18,193	19,121
– currency forwards	520,488	942	2,797
– exchangeable bonds		–	154,496
Total		98,515	268,637
Current portion		95,904	248,648
Non-current portion		2,611	19,989
Total		98,515	268,637

The changes in fair value that arose from fair value through profit or loss and the ineffective portion of cash flow hedge are recognised in the profit or loss amounted to a gain of RM20.6 million (2011: RM2.0 million) and a loss of RM35.9 million (2011: RM11.7 million), respectively.

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

(a) Fuel oil swaps

Fuel oil swaps are entered into to hedge highly probable forecast fuel purchases that are expected to occur at various dates. The fuel oil swaps have maturity dates that match the expected occurrence of these transactions. Gains and losses recognised in the hedging reserve prior to the occurrence of these transactions are transferred to the inventory of fuels upon acquisition or cost of sales upon consumption of natural gas. The gains and losses relating to fuel oil inventory are subsequently recognised in profit or loss upon consumption of the underlying fuels.

The fair values of fuel oil swaps are determined using the active market rate.

(b) Forward foreign currency exchange

Forward foreign currency exchange are entered into to hedge highly probable forecast transactions denominated in foreign currency expected to occur at various dates. The currency forwards have maturity dates that match the expected occurrence of these transactions. Gains and losses relating to highly probable forecast fuel purchases are recognised in the hedging reserve prior to the occurrence of these transactions and are transferred to the inventory of fuels upon acquisition or cost of sales upon consumption of natural gas. The gains and losses relating to fuel oil inventory are subsequently transferred to profit or loss upon consumption of the underlying fuels.

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

24. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

(b) Forward Foreign Currency Exchange (continued)

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

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

(c) Interest rate swaps

Interest rate swaps are entered into to hedge floating semi-annual interest payments on borrowings. Since the borrowings are obtained specifically for the construction of property, plant and equipment, the interest on these borrowings along with the net interest on the interest swaps are capitalised. The interest payments are included in the cost of the assets and recognised in profit or loss over their estimated useful lives as part of depreciation expense.

The fair values of interest rate swaps are calculated using the present value of the estimated future cash flows discounted at actively quoted interest rates.

(d) Exchangeable bonds

These represent the exchange features which are separate embedded derivatives contained in the Group's bonds. Bondholders are able to exchange the bonds into ordinary shares of RM0.10 each in the Company ("YTL Corp Shares") at fixed exchange prices as disclosed in Note 32(J) and Note 32(L). The derivative financial instruments are carried at fair value through profit or loss.

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

Group – 2012

	ZCEG Bonds	1.875% Exchangeable Bonds
YTL Corp Share price (RM)	*	**2.02**
Exchange price (RM)	*	**1.80**
Expected volatility (%)	*	**15**
Expected life of exchange feature (years)	*	**2.62**
Risk free rate per annum (%)	*	**1.48**

* The ZCEG Bonds were fully redeemed during the current financial year.

Group – 2011

	ZCEG Bonds	1.875% Exchangeable Bonds
YTL Corp Share price (RM)	1.55	1.55
Exchange price (RM)	1.98	1.80
Expected volatility (%)	15	21
Expected life of exchange feature (years)	0.88	3.72
Risk free rate per annum (%)	1.48	1.48

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

Notes to the Financial Statements

25. CONSTRUCTION CONTRACTS

	Group 2012 RM'000	Group 2011 RM'000
Aggregate costs incurred to date	**1,343,776**	1,066,487
Recognised profits less recognised losses	**172,527**	100,344
Exchange differences	**(1,418)**	(2,137)
	1,514,885	1,164,694
Less: Progress billings	**(1,512,543)**	(1,292,842)
Total	**2,342**	(128,148)
Representing:-		
Amount due to contract customers (Note 38)	**(37,758)**	(141,436)
Amount due from contract customers (Note 23)	**40,100**	13,288
Total	**2,342**	(128,148)

Included in aggregate costs incurred to date of the Group are depreciation and interest capitalised during the financial year amounting to RM4,424,003 (2011: RM4,057,673) and RM1,262,962 (2011: RM334,209) respectively.

26. AMOUNTS DUE FROM/TO RELATED PARTIES

	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
(a) Amounts due from related parties				
Amounts due from:-				
– Holding company	**87**	116	**–**	–
– Subsidiaries	**–**	–	**1,994,419**	1,623,480
– Related companies	**11,900**	10,836	**764**	1,764
– Associated companies	**7,910**	7,042	**342**	335
– Jointly controlled entity	**5,406**	3,804	**–**	–
	25,303	21,798	**1,995,525**	1,625,579

26. AMOUNTS DUE FROM/TO RELATED PARTIES (CONTINUED)

(b) Amounts due to related parties

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Amounts due to:-				
– Subsidiaries	–	–	**760,631**	655,825
– Related companies	**6,003**	862	**99**	95
– Associated companies	**3,803**	2,639	–	–
	9,806	3,501	**760,730**	655,920

(c) The amounts due from/to related parties pertain mainly to trade receivables/payables, advances and payments on behalf. The outstanding amounts are unsecured, interest free and payable on demand except for advances given to a subsidiary amounting RM44.8 million (2011: RM44.8 million) which bear interest rate of 4.4% per annum (2011: 4.4% per annum).

The significant related parties' transactions of the Group and the Company are disclosed in Note 43 to the Financial Statements.

(d) Holding company

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

27. SHORT TERM INVESTMENTS

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Available-for-sale financial assets				
Unquoted unit trusts in Malaysia				
– at cost	**572,881**	554,925	**572,881**	554,925

Unquoted unit trusts are measured at cost less impairment losses at each reporting date because fair values cannot be obtained directly from quoted market price.

28. SHARE CAPITAL

	Group/Company 2012 RM'000	Group/Company 2011 RM'000
Authorised:-		
At beginning and end of the financial year – 15,000,000,000 ordinary shares of RM0.10 each	**1,500,000**	1,500,000
Issued and fully paid:-		
At beginning of the financial year – 9,528,017,190 (2011: 9,501,086,190) ordinary shares of RM0.10 each	**952,802**	950,109
Exercise of share options under ESOS 2001 – 182,107,000 (2011: 26,931,000) ordinary shares of RM0.10 each	**18,210**	2,693
Share Exchange Offer – 787,951,284 (2011: Nil) ordinary shares of RM0.10 each	**78,795**	–
Conversion of exchangeable bonds – 48,699,195 (2011: Nil) ordinary shares of RM0.10 each	**4,870**	–
At end of the financial year – 10,546,774,669 (2011: 9,528,017,190) ordinary shares of RM0.10 each	**1,054,677**	952,802

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	135,000	Cash	0.55	Exercise of ESOS 2001
Ordinary	875,000	Cash	0.88	Exercise of ESOS 2001
Ordinary	180,729,000	Cash	0.96	Exercise of ESOS 2001
Ordinary	368,000	Cash	1.38	Exercise of ESOS 2001
Ordinary	787,951,284	Otherwise than cash	1.42	Share Exchange Offer
Ordinary	48,699,195	Otherwise than cash	1.80	Conversion of exchangeable bonds

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

Out of a total of 10,546,774,669 (2011: 9,528,017,190) ordinary shares of RM0.10 issued and fully paid-up ordinary shares, the Company holds 868,588,445 (2011: 549,312,545) ordinary shares of RM0.10 as treasury shares. As at 30 June 2012, the number of ordinary shares in issue and fully paid net of treasury shares are 9,678,186,224 (2011: 8,978,704,645).

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share and rank equally with regard to the Company's residual assets.

28. SHARE CAPITAL (CONTINUED)

(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 29 November 2011. 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 319,275,900 ordinary shares of RM0.10 each (2011: 22,452,500) ordinary shares of RM0.10 each of its issued share capital from the open market. The average price paid for the shares repurchased was RM1.66 (2011: RM1.58) per ordinary share of RM0.10 each. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

As at 30 June 2012, the Company held as treasury shares a total of 868,588,445 (2011: 549,312,545) of its 10,546,774,669 (2011: 9,528,017,190) issued ordinary shares. Such treasury shares are held at a carrying amount of RM1,253,032,153 (2011: 722,615,821).

On 2 July 2012, a total of 647,539,006 treasury shares amounting to RM934,139,770 were distributed as share dividend to the shareholders on the basis of one (1) treasury share for every fifteen (15) ordinary shares held on 18 June 2012.

(b) Share options

ESOS 2001

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

The main features of the ESOS 2001 are as follows:-

(i) The ESOS 2001 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 2001 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 2001 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 By-Laws not being met, at any time and from time to time.

(iv) The price payable for shares under the ESOS 2001 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.

28. SHARE CAPITAL (CONTINUED)

(b) Share options (continued)

(v) Subject to Clause 14 of the By-Laws, the options committee may, at any time and from time to time, before or after an option is granted, limit the exercise of the 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 By-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 2001 is as follows:-

			Number of share options <----- over ordinary shares of RM0.10 each ----->				
Date Granted	Exercise period	Exercise price RM	At beginning of financial year '000	Granted '000	Exercised '000	Lapsed '000	At end of financial year '000
Financial year ended 30.6.2012							
Scheme							
* 16.10.2002	16.10.2005-29.11.2011	0.55	640	–	(135)	(505)	–
01.07.2005	01.07.2008-29.11.2011	0.96	181,684	–	(180,729)	(955)	–
07.08.2006	07.08.2009-29.11.2011	0.88	915	–	(875)	(40)	–
16.01.2008	16.01.2011-29.11.2011	1.38	2,585	–	(368)	(2,217)	–
			185,824	–	(182,107)	(3,717)	–

28. SHARE CAPITAL (CONTINUED)

(b) Share options (continued)

Date Granted	Exercise period	Exercise price RM	Number of share options <----------------- over ordinary shares of RM0.10 each -----------------> At beginning of financial year '000	Granted '000	Exercised '000	Lapsed '000	At end of financial year '000
Financial year ended 30.6.2011							
Scheme							
* 16.10.2002	16.10.2005-29.11.2011	0.55	730	–	(10)	(80)	640
01.07.2005	01.07.2008-29.11.2011	0.96	208,870	–	(26,276)	(910)	181,684
07.08.2006	07.08.2009-29.11.2011	0.88	1,565	–	(420)	(230)	915
16.01.2008	16.01.2011-29.11.2011	1.38	3,250	–	(225)	(440)	2,585
			214,415	–	(26,931)	(1,660)	185,824

* *FRS 2 not applicable to these options.*

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.

ESOS 2011

At an EGM held on 30 November 2010, the Company's shareholders approved the establishment of a new employees' share option scheme ("ESOS 2011") for eligible employees and directors of the Company and/or its subsidiaries who meet the criteria of eligibility for participation, in place of ESOS 2001 which expired on 29 November 2011.

The main features of the ESOS 2011 are as follows:-

(i) The ESOS 2011 shall be in force for a period of ten (10) years, effective from 1 April 2011.

28. SHARE CAPITAL (CONTINUED)

(b) Share options (continued)

ESOS 2011 (continued)

(ii) The maximum number of shares to be allotted and issued pursuant to the exercise of the options which may be granted under the ESOS 2011 shall not exceed fifteen per cent (15%) of the total issued and paid-up share capital of the Company at the point of time throughout the duration of the ESOS 2011.

(iii) Any employee (including the directors) of the Group shall be eligible to participate in the ESOS 2011 if, as at the date of offer of an option ("Offer Date"), the person:-

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

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

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

(iv) The subscription price for shares under the ESOS 2011 shall be determined by the Board upon recommendation of the options committee and shall be fixed based on the higher of the following:-

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

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

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

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

As at the end of the financial year, no options have been granted under the ESOS 2011.

On 16 July 2012, 146,830,000 options were offered by the Company to eligible employees and directors under the ESOS 2011 at an exercise price of RM1.75 per ordinary share.

29. NON-DISTRIBUTABLE RESERVES

(A) Share premium

	Group/Company 2012 RM'000	Group/Company 2011 RM'000
At beginning of the financial year	**1,317,192**	1,292,354
Shares issued upon exercise of share options under ESOS 2001	**156,641**	23,237
Transfer from share options reserve on exercise of ESOS 2001 [Note 29(B)]	**22,799**	1,601
Share exchange offer	**1,040,096**	–
Conversion of exchangeable bonds	**82,788**	–
Share issuance expense	**(10,880)**	–
Share dividend declared	**(934,140)**	–
At end of the financial year	**1,674,496**	1,317,192

(B) Other reserves

	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Capital reserve	**101,994**	102,625	–	–
Equity component of Irredeemable Convertible Unsecured Loan Stocks	**74,119**	21,382	–	–
Currency translation reserve	**(614,643)**	(675,518)	–	–
Share options reserve	**1,298**	45,028	–	23,630
Statutory reserve	**27,236**	45,136	–	–
Available-for-sale reserve	**(13,945)**	31,788	**1,142**	1,221
Hedging reserve	**(112,882)**	14,133	–	–
Share dividend payable reserve	**934,140**	–	**934,140**	–
	397,317	(415,426)	**935,282**	24,851

Notes to the Financial Statements

29. NON-DISTRIBUTABLE RESERVES (CONTINUED)

(B) Other reserves – Group

	Capital reserve RM'000	Equity component of ICULS RM'000	Currency translation reserve RM'000	Share options reserve RM'000	Statutory reserve[1] RM'000	Available-for-sale reserve RM'000	Hedging reserve RM'000	Share dividend payable reserve RM'000	Total other reserves RM'000
2012									
At beginning of the financial year	102,625	21,382	(675,518)	45,028	45,136	31,788	14,133	–	(415,426)
Changes in fair values	–	–	–	–	–	(45,733)	(126,624)	–	(172,357)
Exchange differences	–	–	61,944	–	–	–	–	–	61,944
Total comprehensive Income for the year	–	–	61,944	–	–	(45,733)	(126,624)	–	(110,413)
Issue of share capital	–	–	–	(22,799)	–	–	–	–	(22,799)
Effect of issue of shares by subsidiaries to non-controlling interest	–	–	–	(9,446)	–	–	–	–	(9,446)
Share options lapsed	–	–	–	(12,666)	–	–	–	–	(12,666)
Share options expenses	–	–	–	1,181	–	–	–	–	1,181
Issue of ICULS	–	60,305	–	–	–	–	–	–	60,305
Conversion of ICULS	–	(7,568)	–	–	–	–	–	–	(7,568)
Share dividend declared	–	–	–	–	–	–	–	934,140	934,140
Changes in composition of the group	(648)	–	–	–	(19,343)	–	–	–	(19,991)
Exchange differences	17	–	(1,069)	–	1,443	–	(391)	–	–
At end of the financial year	101,994	74,119	(614,643)	1,298	27,236	(13,945)	(112,882)	934,140	397,317

29. NON-DISTRIBUTABLE RESERVES (CONTINUED)

(B) Other reserves – Group

	Capital reserve RM'000	Equity component of ICULS RM'000	Currency translation reserve RM'000	Share options reserve RM'000	Statutory reserve[1] RM'000	Available-for-sale reserve RM'000	Hedging reserve RM'000	Total other reserves RM'000
2011								
At beginning of the financial year	102,717	22,208	(1,026,680)	42,513	48,677	20,121	(37,193)	(827,637)
Changes in fair values	–	–	–	–	–	11,667	52,059	63,726
Exchange differences	–	–	346,861	–	–	–	–	346,861
Total comprehensive Income for the year	–	–	346,861	–	–	11,667	52,059	410,587
Issue of share capital	–	–	–	(1,601)	–	–	–	(1,601)
Share options expenses	–	–	–	4,116	–	–	–	4,116
Disposal of subsidiaries	–	–	(65)	–	–	–	–	(65)
Conversion of ICULS	–	(826)	–	–	–	–	–	(826)
Exchange differences	(92)	–	4,366	–	(3,541)	–	(733)	–
At end of the financial year	102,625	21,382	(675,518)	45,028	45,136	31,788	14,133	(415,426)

Note:-

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

(B) Other reserves – Company

	Share options reserve RM'000	Available-for-sale reserve RM'000	Share dividend payable reserve RM'000	Total other reserves RM'000
2012				
At beginning of the financial year	**23,630**	**1,221**	–	**24,851**
Changes in fair values	–	**538**	–	**538**
Disposal of available-for-sales investment securities	–	**(617)**	–	**(617)**
Share dividend declared	–	–	**934,140**	**934,140**
Issue of share capital	**(22,799)**	–	–	**(22,799)**
Share options lapsed	**(831)**	–	–	**(831)**
At end of the financial year	–	**1,142**	**934,140**	**935,282**
2011				
At beginning of the financial year	25,182	72	–	25,254
Changes in fair values	–	1,149	–	1,149
Issue of share capital	(1,601)	–	–	(1,601)
Share options granted	49	–	–	49
At end of the financial year	23,630	1,221	–	24,851

Notes to the Financial Statements

30. LONG TERM PAYABLES

	Group	
	2012 RM'000	2011 RM'000
Deposits	**70,979**	57,844
Loan from non-controlling interest	**79,419**	–
Deferred income	**164,055**	–
	314,453	57,844

Non-current payables comprises of deposits collected from retail customers in electricity sales, deposits received from developers of housing development in relation to the provision of water and sewerage infrastructure and the corresponding entry for assets transferred from customer.

31. OTHER NON-CURRENT LIABILITIES

	Group	
	2012 RM'000	2011 RM'000
Amount due to contract customer	**67,696**	67,696

This represents the balance of the total purchase consideration of not less than RM105,616,000 (2011: RM105,616,000) for the acquisition of the Sentul Raya Development Project Site from Keretapi Tanah Melayu Berhad ("KTMB"), which will be settled by way of phased development, construction and completion of the Railway Village by Sentul Raya Sdn. Bhd. ("SRSB"), a subsidiary of YTL Land & Development Berhad for KTMB at its sole cost and expense in accordance with the provisions of the Development Agreement dated 8 December 1993 between SRSB and KTMB as amended pursuant to the Supplementary Development Agreement dated 21 December 2000.

32. BONDS

		Group		Company	
	Note	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Current		**615,500**	499,990	–	–
Non-current		**12,419,213**	11,747,506	**500,000**	500,000
Total		**13,034,713**	12,247,496	**500,000**	500,000

Represented by:-

Current:-

	Note	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Medium Term Notes	32(A)	**615,500**	470,000	–	–
Zero Coupon Exchangeable Guaranteed Bonds Due 2012	32(L)	–	29,990	–	–
		615,500	499,990	–	–

32. BONDS (CONTINUED)

	Note	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Non-current:-					
Medium Term Notes	32(A)	**4,288,191**	2,729,824	**500,000**	500,000
3.52% Retail Price Index Guaranteed Bonds	32(B)	**342,309**	309,444	–	–
5.75% Guaranteed Unsecured Bonds	32(C)	**1,699,265**	1,679,649	–	–
5.375% Guaranteed Unsecured Bonds	32(D)	**997,157**	963,033	–	–
1.75% Index Linked Guaranteed Bonds	32(E)	**893,983**	832,431	–	–
1.369% and 1.374% Index Linked Guaranteed Bonds	32(F)	**893,983**	832,431	–	–
1.489%, 1.495% & 1.499% Index Linked Guaranteed Bonds	32(G)	**852,291**	791,423	–	–
3.0% Redeemable Non Guaranteed Unsecured Bonds	32(H)	–	2,143,984	–	–
2.186% Index Linked Guaranteed Bonds Due 2039	32(I)	**279,780**	263,794	–	–
1.875% Guaranteed Exchangeable Bonds Due 2015	32(J)	**1,188,441**	1,201,493	–	–
4.0% Unsecured Fixed rate Bonds Due 2021	32(K)	**983,813**	–	–	–
		12,419,213	11,747,506	**500,000**	500,000
Total		**13,034,713**	12,247,496	**500,000**	500,000

The bonds are repayable:-

	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Not later than 1 year	**615,500**	499,990	–	–
Later than 1 year but not later than 5 years	**5,476,633**	6,075,302	**500,000**	500,000
Later than 5 years	**6,942,580**	5,672,204	–	–
Total	**13,034,713**	12,247,496	**500,000**	500,000

32. BONDS (CONTINUED)

The weighted average effective interest rates of the bonds of the Group and the Company as at the reporting date are as follows:-

	Group		Company	
	2012 %	2011 %	2012 %	2011 %
Medium Term Notes	**4.63**	4.681	**4.850**	4.850
3.52% Retail Price Index Guaranteed Bonds	**8.23**	5.560	–	–
5.75% Guaranteed Unsecured Bonds	**5.89**	5.869	–	–
5.375% Guaranteed Unsecured Bonds	**5.51**	5.501	–	–
1.75% Index Linked Guaranteed Bonds	**6.51**	3.897	–	–
1.369% and 1.374% Index Linked Guaranteed Bonds	**6.05**	3.484	–	–
Zero Coupon Exchangeable Guaranteed Bonds Due 2012	–	2.800	–	–
1.489%, 1.495% & 1.499% Index Linked Guaranteed Bonds	**6.75**	5.969	–	–
3.0% Redeemable Non Guaranteed Unsecured Bonds	–	4.850	–	–
2.186% Index Linked Guaranteed Bonds Due 2039	**6.06**	8.365	–	–
1.875% Guaranteed Exchangeable Bonds Due 2015	**1.875**	1.875	–	–
4% Guaranteed Unsecured Bonds Due 2021	**3.05**	–	–	–

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

	Group	
	Carrying amount RM'000	Fair value RM'000
2012		
3.52% Retail Price Index Guaranteed Bonds	**342,309**	**361,453**
5.75% Guaranteed Unsecured Bonds	**1,699,265**	**2,075,365**
5.375% Guaranteed Unsecured Bonds	**997,157**	**1,153,092**
1.75% Index Linked Guaranteed Bonds	**893,983**	**1,312,950**
1.369% and 1.374% Index Linked Guaranteed Bonds	**893,983**	**1,117,075**
1.489%, 1.495% & 1.499% Index Linked Guaranteed Bonds	**852,291**	**1,117,477**
2.186% Index Linked Guaranteed Bonds Due 2039	**279,780**	**282,521**
1.875% Guaranteed Exchangeable Bonds Due 2015	**1,188,441**	**1,426,129**
4.0% Unsecured Fixed rate Bonds Due 2021	**983,813**	**1,053,733**
Medium Term Notes	**4,903,691**	**5,094,484**
Total	**13,034,713**	**14,994,279**

32. BONDS (CONTINUED)

	Group Carrying amount RM'000	Group Fair value RM'000
2011		
3.52% Retail Price Index Guaranteed Bonds	309,444	325,083
5.75% Guaranteed Unsecured Bonds	1,679,649	1,790,521
5.375% Guaranteed Unsecured Bonds	963,033	990,999
1.75% Index Linked Guaranteed Bonds	832,431	1,029,909
1.369% and 1.374% Index Linked Guaranteed Bonds	832,431	927,299
Zero Coupon Exchangeable Guaranteed Bonds Due 2012	29,990	32,633
1.489%, 1.495% & 1.499% Index Linked Guaranteed Bonds	791,423	918,046
3.0% Redeemable Non Guaranteed Unsecured Bonds	2,143,984	2,309,404
2.186% Index Linked Guaranteed Bonds Due 2039	263,794	268,359
1.875% Guaranteed Exchangeable Bonds Due 2015	1,201,493	1,265,653
Medium Term Notes	3,199,824	3,272,404
Total	12,247,496	13,130,310

(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% (2011: 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 in arrears. The MTNs bear interest rates ranging from 3.93% to 4.05% (2011: 3.93% to 4.05%) per annum.

(iii) The MTNs of YTL Power International Berhad ("YTLPI") were issued pursuant to:-

(a) 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; and

(b) a MTN issuance programme of up to RM5.0 billion ("MTN Programme") constituted by a Trust Deed and MTN Programme Agreement, both dated 11 August 2011.

During the financial year, YTLPI issued new MTNs with a nominal value of RM2,670,000,000. The facilities bear interest rates ranging from 3.80% to 5.55% (2011: 3.80% to 5.55%). The MTN repaid during the year was RM934,500,000 (2011: Nil).

32. BONDS (CONTINUED)

(B) 3.52% RETAIL PRICE INDEX GUARANTEED BONDS ('RPIG Bonds')

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 2012 is 8.68% (2011: 8.237%). Unless previously redeemed, repurchased, cancelled or otherwise satisfied by the Issuer, the RPIG Bonds will be redeemed in full on 30 July 2023 at their indexed value together with all accrued interest.

(C) 5.75% Guaranteed Unsecured Bonds

On 15 October 2003, Wessex Water Services Finance Plc ('Issuer'), a subsidiary of the Group, issued GBP350,000,000 nominal value of 5.75% Guaranteed Unsecured Bonds due 2033 ('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 2012 GBP345,375,188 (2011: GBP345,265,801) 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 GU Bonds bear interest at 5.75% per annum, payable annually on 14 October of each year. The GU Bonds will be redeemed in full by the Issuer on 14 October 2033 at their nominal value together with all accrued interest.

(D) 5.375% GUANRANTEED UNSECURED BONDS

On 10 March 2005, Wessex Water Services Finance Plc ('Issuer'), a subsidiary of the Group, issued GBP200,000,000 nominal value 5.375% Guaranteed Unsecured Bonds due 2028 ('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 GBP198,036,108 (2011: GBP197,959,499) remained outstanding as at 30 June 2012, 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.

(E) 1.75% INDEX LINKED GUARANTEED BONDS

On 31 July 2006, Wessex Water Services Finance Plc ('Issuer'), a subsidiary of the Group, issued two (2) tranches of GBP75,000,000 nominal value of 1.75% Index Linked Guaranteed Bonds ('ILG Bonds') 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 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 2012 is 6.91% (2011: 6.46%). 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.

(F) 1.369% AND 1.374% INDEX LINKED GUARANTEED BONDS

On 31 January 2007, Wessex Water Services Finance Plc ('Issuer'), a subsidiary of the Group, issued GBP75,000,000 nominal value of 1.369% Index Linked Guaranteed Bonds and GBP75,000,000 nominal value of 1.374% Index Linked Guaranteed Bonds, both due 2057 ('ILG Bonds') 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 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 2012 is 6.53% (2011: 6.08%). 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.

32. BONDS (CONTINUED)

(G) 1.489%, 1.495% AND 1.499% INDEX LINKED GUARANTEED BONDS

On 28 September 2007, Wessex Water Services Finance Plc ('Issuer'), a subsidiary of the Group, issued GBP50,000,000 nominal value of 1.489% Index Linked Guaranteed Bonds, GBP50,000,000 nominal value of 1.495% Index Linked Guaranteed Bonds and GBP50,000,000 nominal value of 1.499% Index Linked Guaranteed Bonds, all due 2058 ('ILG Bonds') 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 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 2012 is 5.06% (2011: 6.84%). The ILG Bonds will be redeemed in full by the Issuer on 29 November 2058 at their indexed value together with all accrued interest.

(H) 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 Bonds are issued at discount (91.87%) of the nominal value. The bonds bear interest at 3.0% per annum, payable semi-annually on 18 October and 18 April. The Bonds are redeemable on 18 April 2013 ('Maturity Date') at one hundred percent (100%) of its nominal value. This has been repaid during the financial year.

(I) 2.186% INDEX LINKED GUARANTEED BONDS

On 7 September 2009, Wessex Water Services Finance Plc ('Issuer') issued GBP50,000,000 nominal value 2.186% Index Linked Guaranteed Bonds due 2039 ('ILG Bonds') 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 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 2012 is 3.40% (2011: 5.38%).

The ILG Bonds will be redeemed in full by the Issuer on 1 June 2039 at their indexed value together with all accrued interest.

(J) 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.

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.

32. BONDS (CONTINUED)

(J) 1.875% Guaranteed Exchangeable Bonds due 2015 (continued)

Each Bond entitles its registered holder to exchange for fully paid ordinary 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 exchange price was adjusted to RM1.80 with effect from 29 April 2011 as a result of the subdivision of every 1 existing ordinary share of RM0.50 each of the Company into 5 ordinary shares of RM0.10 each.

The Bonds bear interest at the rate of 1.875% per annum calculated semi-annually and payable on 18 March and 18 September each year. 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.

(K) 4% GUARANTEED UNSECURED BONDS DUE 2021

On 24 January 2012, Wessex Water Services Finance Plc ('Issuer'), a subsidiary of the Group, issued GBP200,000,000 nominal value 4.00% Guaranteed Unsecured Bonds due 2021 ('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 24 January 2012. The nominal value of GU Bonds issued amounted to GBP200,000,000, of which GBP197,536,948 remained outstanding as at 30 June 2012, 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 GU Bonds bear interest at 4.00% per annum, payable annually on 24 September of each year. The GU bonds will be redeemed in full by the Issuer on 24 September 2021 at their norminal value together with all accrued interest.

(L) 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% of 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 entitled its registered holder to exchange for fully paid ordinary 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 was 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 and subsequently adjusted to RM1.98 with effect from 29 April 2011 as a result of the subdivision of every 1 existing ordinary share of RM0.50 each of the Company into 5 ordinary shares of RM0.10 each.

The ZCEG Bonds carried no coupon and had a maturity yield of 2.800%. The ZCEG Bods were fully redeemed during the current financial year.

33. BORROWINGS

		Group		Company	
		2012	2011	2012	2011
	Note	RM'000	RM'000	RM'000	RM'000
Term loans	33(A)	**12,595,754**	10,143,890	**–**	
Revolving credit	33(B)	**2,794,285**	4,961,937	**1,403,855**	1,403,855
Committed bank loans	33(C)	**22,620**	38,449	**–**	–
Commercial papers	33(D)	**250,000**	400,000	**250,000**	250,000
Irredeemable convertible unsecured loan stocks	33(E)	**29,074**	6,227	**–**	–
Bankers' acceptances	33(F)	**95,324**	69,240	**–**	–
Bank overdrafts	33(G)	**75,300**	49,664	**–**	–
Finance lease liabilities	33(H)	**306,303**	334,253	**272**	–
		16,168,660	16,003,660	**1,654,127**	1,653,855
Represented by:-					
Current		**11,003,283**	9,940,546	**1,653,944**	1,653,855
Non-current		**5,165,377**	6,063,114	**183**	–
		16,168,660	16,003,660	**1,654,127**	1,653,855

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 2012				
Term loans	**7,719,312**	**4,009,554**	**866,888**	**12,595,754**
Revolving credit	**2,794,285**	**–**	**–**	**2,794,285**
Committed bank loans	**22,620**	**–**	**–**	**22,620**
Commercial papers	**250,000**	**–**	**–**	**250,000**
Irredeemable convertible unsecured loan stocks	**4,630**	**–**	**24,444**	**29,074**
Bankers' acceptances	**95,324**	**–**	**–**	**95,324**
Bank overdrafts	**75,300**	**–**	**–**	**75,300**
Finance lease liabilities	**41,812**	**193,700**	**70,791**	**306,303**
	11,003,283	**4,203,254**	**962,123**	**16,168,660**

Notes to the Financial Statements

33. BORROWINGS (CONTINUED)

	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
Group				
At 30 June 2011				
Term loans	5,307,635	4,790,206	46,049	10,143,890
Revolving credit	3,921,934	1,040,003	–	4,961,937
Committed bank loans	26,943	11,506	–	38,449
Commercial papers	400,000	–	–	400,000
Irredeemable Convertible Unsecured Loan Stocks	–	–	6,227	6,227
Bankers' acceptances	69,240	–	–	69,240
Bank overdrafts	49,664	–	–	49,664
Finance lease liabilities	165,130	82,291	86,832	334,253
	9,940,546	5,924,006	139,108	16,003,660
Company				
At 30 June 2012				
Revolving credit	**1,403,855**	–	–	**1,403,855**
Commercial papers	**250,000**	–	–	**250,000**
Finance lease liabilities	**89**	**183**	–	**272**
	1,653,944	**183**	–	**1,654,127**
At 30 June 2011				
Revolving credit	1,403,855	–	–	1,403,855
Commercial papers	250,000	–	–	250,000
	1,653,855	–	–	1,653,855

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

33. BORROWINGS (CONTINUED)

The weighted average effective interest rates of the borrowings of the Group and the Company as at the reporting date are as follows:-

	Group		Company	
	2012 %	2011 %	2012 %	2011 %
Term loans	**0.72**	1.37	–	–
Revolving credit	**2.44**	1.45	**3.72**	3.70
Committed bank loans	**3.14**	1.46	–	–
Commercial papers	**2.88**	1.80	**3.41**	3.40
Irredeemable convertible unsecured loan stocks	**7.93**	8.00	–	–
Bankers' acceptances	**7.23**	3.28	–	–
Bank overdrafts	**7.48**	9.06	–	–
Finance lease liabilities	**4.94**	4.96	**2.40**	–

Group		
2012 RM'000	2011 RM'000	Securities
2,353,402	7,351,299	– Clean
6,511,180	3,561,807	– A charge over the shares and assets of a subsidiary
277,335	410,679	– 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
–	252,844	– Corporate guarantee by the Company
		– Personal guarantee by a subsidiary's directors
5,215,783	1,991,749	– Corporate guarantee by subsidiaries
180,000	180,000	– A first fixed charge over the properties of a subsidiary
–	6,662	– 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
771,324	–	– Corporate guarantee by subsidiary
		– A fixed charge over the freehold land under development
365,510	1,461,592	– Corporate guarantee by the Company
306,303	10,008	– A fixed charge over the respective vehicles of the Group
187,823	777,020	– A charge over quoted shares of the subsidiaries
16,168,660	16,003,660	

33. BORROWINGS (CONTINUED)

Company 2012 RM'000	Company 2011 RM'000	Securities
1,653,855	1,653,855	– Clean
272	–	– A fixed charge over the respective vehicles of the Company
1,654,127	1,653,855	

(A) Term loans

(i) Term loans denominated in Great Britain Pounds

The term loans of RM871,570,000 [GBP175,000,000] (2011: RM486,480,000 [GBP100,000,000]) are unsecured loans of Wessex Water Services Limited and are guaranteed by Wessex Water Limited. The loans bear interest rates of LIBOR plus a different variable margin of the GBP100,000,000 loans and LIBOR plus 0.471% on the GBP75,000,000.

The term loan of RM697,256,000 [GBP140,000,000] (2011: RM681,072,000 [GBP140,000,000]) are unsecured loans of Wessex Water Services Limited and are guaranteed by Wessex Water Limited. The loan bears an interest rate of LIBOR plus 0.18%.

The term loan of RM249,020,000 [GBP50,000,000] (2011: RM243,240,000 [GBP50,000,000]) was drawn by Wessex Water Services Limited. The loan bears an interest rate of LIBOR plus 1.10%.

On 6 October 2011, a new term loan of RM498,040,000 [GBP100,000,000] was drawn by YTL Utilities Finance & Ltd, a subsidiary of the Group. The term loan is unsecured and is guaranteed by YTL Power International Berhad. The loan is repayable on 6 October 2014. The loan bears an average interest rate of 1.39% per annum.

(ii) Term loans denominated in US Dollars

Term loans of RM1,270,428,039 [USD398,315,736] (2011: RM1,200,240,185 [USD397,364,736]) 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 average interest rate of 1.64% and 1.89% per annum, respectively.

(iii) Term loans denominated in Ringgit Malaysia

Save for the term loans of certain subsidiaries amounting to RM457,335,000 (2011: RM728,590,980) 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 RM6,511,180,000 [SGD2,600,000,000] (2011: RM3,561,807,250 [SGD1,449,244,110]) is a secured loan of YTL PowerSeraya Pte. Limited, a subsidiary of the Group. The loan bears average interest rate of 1.07% per annum and is repayable in full on 29 November 2012. The loan is secured by a charge over the shares and assets of YTL PowerSeraya Pte. Limited.

In previous year, term loan of RM1,130,542,000 [SGD460 million] was an unsecured loan of YTL Corp Finance (Cayman) Limited, a subsidiary of the Company. The term loan bears interest rates between 1.30% and 1.61% per annum and was fully repayment during the financial year. This facility is guaranteed by the Company.

33. BORROWINGS (CONTINUED)

(A) Term loans (continued)

(iv) Term loans denominated in Singapore Dollars (continued)

PowerSeraya Limited has a SGD400,000,000 term loan facility. As at 30 June 2012, this amount has been fully repaid.

The term loan of Sandy Island Pte. Ltd., a subsidiary of the Group amounting to RM144,554,369 [SGD57,722,465] (2011: RM227,884,002 [SGD92,722,465] bears average interest rates of 1.45% to 1.76% (2011: 1.46% to 1.69%) per annum and matures in June 2013. This facility is guaranteed by YTL Land & Development Berhad ("YTL Land").

Term loan of RM771,324,400 [SGD308,000,000] is a secured loan of YTL Westwood Properties Pte. Ltd. ("YTLW"), a subsidiary of YTL Land. This term loan bears interest rates between 2.21% and 2.26% per annum and is secured by legal mortgage of the property of YTLW.

(v) Term loan denominated in Japanese Yen

Term loan of subsidiary of the Group, Niseko Village (S) Pte. Ltd., RM315,739,300 [Yen 7,900,000,000] (2011: RM243,997,000 [Yen 6,500,000,000] is unsecured and matures on 31 March 2015. The term loan bears average interest rate of 1.24% (2011: 1.24%) per annum. This facility is guarantee by the Company.

(B) Revolving credit

PowerSeraya Limited has a total SGD750,000,000 (2011: SGD750,000,000) revolving credit facilities, of which SGD50,000,000 and SGD350,000,000 terminate on 28 August 2012 and 13 September 2013 respectively. As at 30 June 2012, this amount has been fully repaid.

During the financial year, a subsidiary of the Group, YTL Utilities Holdings (S) Pte. Ltd. has entered into a SGD100,000,000 revolving credit facility which matures on 16 May 2013 and is guaranteed by the Company. The subsidiary has a choice to select an interest period of one, two, three or six months on the facility.

The borrowings bear an interest rate swap rate plus 1.10% margin per annum and are subject to annual renewal by the Bank.

During the financial year 2012, revolving credit facilities of RM300,000,000 and RM600,000,000 drawn down by YTL Power International Berhad and its subsidiary were fully repaid during the financial year. A new revolving credit of the same amount was obtained by a subsidiary of the Company which is guaranteed by the Company. The revolving credit bears an interest rate between 3.74% to 4.06%.

(C) Committed bank loans

Committed bank loans amounted to RM22,620,143 [EUR5,700,000] (2011: RM38,449,311 [EUR8,814,067]) and are a direct obligation of Wessex Water Limited and bears an interest rate of EURIBOR plus 0.90%.

(D) Commercial Papers ("CPs")

The CPs of the Company were constituted under the Trust Deed dated 18 June 2004 and expires on 19 October 2012.

Notes to the Financial Statements

33. BORROWINGS (CONTINUED)

(D) Commercial Papers ("CPs") (continued)

During the financial year, the Company has issued and repaid RM750,000,000 (2011: RM750,000,000) respectively of the CPs which bears upfront interest rates ranging from 3.40% to 3.41% (2011: 2.88% to 3.40%) per annum.

The CPs 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.

As at 30 June 2012, this has been fully repaid.

(E) Irredeemable convertible unsecured loan stocks ("ICULS")

ICULS 2005/2015

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% ICULS at a nominal value of RM1.00 each, maturing 10 November 2015 ("Maturity Date").

The salient terms of the ICULS 2005/2015 are as follows:-

(i) The ICULS 2005/2015 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 2005/2015 bear interest at 6% per annum up to the maturity date. The interest is payable semi-annually in arrears.

(ii) The ICULS 2005/2015 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; and
- For conversion at any time after seventh anniversary of issue up to the maturity date, conversion price is RM1.82

(iii) The ICULS 2005/2015 are not redeemable and any ICULS 2005/2015 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 2005/2015 will be deemed fully paid-up and rank pari passu in all respects with all existing ordinary shares of YTL Cement.

The fair values of the liability component and the equity conversion component were determined at issuance of the ICULS 2005/2015.

A certain amount of the ICULS 2005/2015 are held by the Company (refer Note 13(a) to the Financial Statements) and other companies within the Group. The relevant amounts have been eliminated in the Consolidated Statement of Financial Position.

33. BORROWINGS (CONTINUED)

(E) Irredeemable convertible unsecured loan stocks ("ICULS") (continued)

ICULS 2011/2021

On 31 October 2011, YTL Land & Development Berhad ("YTL Land"), a subsidiary of the Group issued 992,378,023 10 years 3% stepping up to 6% ICULS at a nominal value of RM0.50 each, maturing 31 October 2021 ("Maturity Date").

The salient terms of the ICULS 2011/2021 are as follows:-

(i) The ICULS 2011/2021 bear interest of 3% per annum from date of issue up to fourth anniversary and 4.5% per annum from the date after the fourth anniversary up to the seventh anniversary. Thereafter, the ICULS 2011/2021 bear interest at 6% per annum up to the maturity date. The interest is payable semi-annually in arrears.

(ii) The ICULS 2011/2021 are convertible at any time on or after its issuance date into new ordinary shares of YTL Land at the conversion price, which is fixed on a step-down basis, as follows:-

- For conversion at any time from the date of issue up to the fourth anniversary, conversion price is RM1.32;
- For conversion at any time after fourth anniversary of issue up to the seventh anniversary, conversion price is RM0.99; and
- For conversion at any time after seventh anniversary of issue up to the maturity date, conversion price is RM0.66

(iii) The ICULS 2011/2021 are not redeemable and any ICULS 2011/2021 remaining immediately after the maturity date shall be mandatorily converted into ordinary shares at the conversion price.

(iv) The new ordinary shares issued from the conversion of ICULS 2011/2021 will be deemed fully paid-up and rank pari passu in all respects with all existing ordinary shares of YTL Land.

A certain amount of the ICULS 2011/2021 are held by the Company (refer Note 13(a) to the Financial Statements). The relevant amounts have been eliminated in the Consolidated Statement of Financial Position.

(F) Bankers' acceptances

Included in the bankers' acceptances is RM49,685,174 (2011: RM25,049,478) of unsecured loan of a subsidiary of the Group. Bankers' acceptances bear interest as at the reporting date ranging from 3.45% to 3.81% (2011: 3.21% to 3.78%) per annum.

(G) Bank overdrafts

Included in the bank overdrafts is RM85,407 (2011: RM2,228,660) of unsecured loans of subsidiaries of the Group. These unsecured loans are repayable in full on demand and bore interest as at the reporting date ranging from 7.35% to 7.60% (2011: 6.80% to 7.60%) per annum.

Included in the bank overdrafts was RM75,214,133 [GBP15,102,027] (2011: RM47,434,886 [GBP9,750,634]) 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%.

Notes to the Financial Statements

33. BORROWINGS (CONTINUED)

(H) Finance lease liabilities

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Minimum lease payments:-				
Payable not later than 1 year	**56,676**	55,406	**100**	–
Payable later than 1 year and not later than 5 years	**226,840**	219,815	**191**	–
Payable later than 5 years	**80,127**	130,440	**–**	–
	363,643	405,661	**291**	–
Less: Finance charges	**(57,340)**	(71,408)	**(19)**	–
Present value of finance lease liabilities	**306,303**	334,253	**272**	–

Finance lease of RM291,671,046 (2011: RM324,244,711) 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. GRANT AND CONTRIBUTION

	Group	
	2012 RM'000	2011 RM'000
At beginning of the financial year	**256,834**	218,140
Currency translation differences	**5,859**	4,634
Amortisation of grant (Note 6)	**(10,157)**	(9,506)
Received during the financial year	**27,475**	29,196
Recognition of investment allowance	**–**	14,370
At end of the financial year	**280,011**	256,834

This represents government grants in foreign subsidiaries in respect of specific qualifying expenditure on infrastructure assets, non-infrastructure assets and a cogeneration plant.

35. DEFERRED TAX LIABILITIES

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
At beginning of the financial year	**2,785,365**	2,816,360	**100**	100
Credited to profit or loss (Note 7)	**(139,498)**	(27,977)	–	–
Currency translation differences	**51,014**	(5,076)	–	–
Recognition of investment income	–	(14,370)	–	–
Utilisation of investment allowance	–	16,428	–	–
At end of the financial year	**2,696,881**	2,785,365	**100**	100

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off income tax assets against income tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts determined after appropriate offsetting are shown in the Statements of Financial Position:-

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Deferred tax provided are in respect of:-				
Deferred tax assets (before offsetting)				
Unutilised capital allowances	**(164)**	(113)	–	–
Retirement benefits	**(29,275)**	(32,941)	–	–
Unabsorbed tax losses	**(8,127)**	(27,941)	–	–
Provisions	**(45,347)**	(27,496)	–	–
Others	**(5,601)**	(7,088)	–	–
	(88,514)	(95,579)	–	–
Offsetting	**74,621**	60,438	–	–
Deferred tax assets (after offsetting)	**(13,893)**	(35,141)	–	–
Deferred tax liabilities (before offsetting)				
Property, plant & equipment				
– capital allowances in excess of depreciation	**2,730,702**	2,836,390	**100**	100
Land held for property				
– development revaluation surplus	**44,086**	44,253	–	–
Others	**10,607**	301	–	–
	2,785,395	2,880,944	**100**	100
Offsetting	**(74,621)**	(60,438)	–	–
Deferred tax liabilities (after offsetting)	**2,710,774**	2,820,506	**100**	100

35. DEFERRED TAX LIABILITIES (CONTINUED)

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

	Group	
	2012 RM'000	2011 RM'000
Unabsorbed tax losses	**144,150**	107,211
Unutilised capital allowances	**522,251**	312,816
Unutilised investment tax allowance	**34,905**	34,705
Deductible temporary differences	**–**	9,808
Taxable temporary differences – property, plant & equipment	**(12,062)**	(25,418)
	689,244	439,122
Potential tax benefits calculated at 25% (2011: 25%) tax rate	**172,311**	109,781

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	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Malaysia	**4,589**	2,478	**235**	201

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	
	2012 RM'000	2011 RM'000
Overseas		
– United Kingdom	**120,575**	126,608
– Indonesia	**7,323**	6,161
	127,898	132,769

36. POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONTINUED)

(b) Defined benefit plans – Non-current (continued)

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 2010. This valuation was updated as at 30 June 2012 using revised assumptions.

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

	Group	
	2012 RM'000	2011 RM'000
At beginning of the financial year	**126,608**	180,304
Pension cost	**83,616**	42,104
Contributions and benefits paid	**(92,495)**	(94,705)
Currency translation differences	**2,846**	(1,095)
At end of the financial year	**120,575**	126,608

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

	Group	
	2012 RM'000	2011 RM'000
Present value of funded obligations	**2,579,100**	2,105,485
Fair value of plan assets	**(1,896,536)**	(1,750,355)
Status of funded plan	**682,564**	355,130
Unrecognised actuarial loss	**(561,989)**	(228,522)
Liability in the Statement of Financial Position	**120,575**	126,608

36. POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONTINUED)

(b) Defined benefit plans – Non-current (continued)

Overseas (continued)

(i) United Kingdom (continued)

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

	Group 2012 RM'000	Group 2011 RM'000
At beginning of the financial year	**2,105,485**	2,024,342
Currency translation differences	**57,628**	(18,223)
Interest cost	**117,386**	107,954
Current service cost	**45,297**	48,825
Contributions by scheme participants	**1,467**	2,944
Past service cost	**1,467**	(23,554)
Net benefits paid	**(78,747)**	(76,059)
Actuarial loss on obligation	**329,117**	39,256
At end of the financial year	**2,579,100**	2,105,485

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

	Group 2012 RM'000	Group 2011 RM'000
At beginning of the financial year	**1,750,355**	1,528,990
Currency translation differences	**43,468**	(15,152)
Expected return on plan assets	**111,517**	93,724
Contributions by employer	**92,442**	94,705
Contributions by scheme participants	**1,467**	2,944
Net benefits paid	**(78,747)**	(76,059)
Actuarial (loss)/gain on plan assets	**(23,966)**	121,203
At end of the financial year	**1,896,536**	1,750,355

The pension cost recognised may be analysed as follows:-

	Group 2012 RM'000	Group 2011 RM'000
Current service cost	**45,297**	48,825
Interest cost	**117,386**	107,954
Expected return on plan assets	**(111,517)**	(93,724)
Past service cost	**1,467**	(23,554)
Actuarial loss recognised	**30,983**	2,603
Total	**83,616**	42,104
Actual return on plan assets	**132,486**	(297,244)

36. POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONTINUED)

(b) Defined benefit plans – Non-current (continued)

Overseas (continued)

(i) United Kingdom (continued)

	Group 2012 RM'000	Group 2011 RM'000
The charge to the profit or loss was included in the following line items:-		
– Cost of sales	**66,056**	21,556
– Administration expenses	**11,692**	6,318
– Interest cost	**5,868**	14,230
	83,616	42,104

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

	Group 2012 %	Group 2011 %
Discount rate	**4.40**	5.60
Expected rate of increase in pension payment	**2.10 – 2.90**	2.20 – 3.30
Expected rate of salary increases	**3.80**	4.40
Price inflation	**3.00**	3.60

(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 2012 RM'000	Group 2011 RM'000
Obligation relating to post-employment benefits	**5,444**	4,453
Obligation relating to other long term employee benefits	**1,879**	1,708
Total	**7,323**	6,161

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 2012.

36. POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONTINUED)

(b) Defined benefit plans – Non-current (continued)

(ii) Indonesia (continued)

Post employment benefits obligation

The movements during the financial year in the amounts recognised in the profit or loss are as follows:-

	Group 2012 RM'000	Group 2011 RM'000
At beginning of the financial year	**4,453**	3,808
Pension cost	**1,445**	1,064
Contributions and benefits paid	**(263)**	(325)
Currency translation differences	**(191)**	(94)
At end of the financial year	**5,444**	4,453

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

	Group 2012 RM'000	Group 2011 RM'000
Present value of obligations	**7,992**	7,088
Unrecognised actuarial loss	**(2,223)**	(2,261)
Unrecognised past service cost	**(325)**	(374)
Liability in the Statement of Financial Position	**5,444**	4,453

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

	Group 2012 RM'000	Group 2011 RM'000
At beginning of the financial year	**4,453**	3,808
Currency translation differences	**(191)**	(95)
Interest cost	**592**	475
Current service cost	**704**	529
Past service cost	**35**	36
Net benefits paid	**(263)**	(325)
Actuarial loss on obligation	**114**	25
At end of the financial year	**5,444**	4,453

36. POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONTINUED)

(b) Defined benefit plans – Non-current (continued)

(ii) Indonesia (continued)

Post employment benefits obligation (continued)

The pension cost recognised can be analysed as follows:-

	Group	
	2012	2011
	RM'000	RM'000
Current service cost	**704**	529
Interest cost	**592**	475
Past service cost	**35**	35
Net actuarial losses	**114**	25
Total	**1,445**	1,064

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 Statement of Financial Position are as follows:-

	Group	
	2012	2011
	RM'000	RM'000
Present value of obligations	**1,879**	1,708

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

	Group	
	2012	2011
	RM'000	RM'000
At beginning of the financial year	**1,708**	1,754
Pension cost	**507**	475
Contributions and benefits paid	**(268)**	(505)
Currency translation differences	**(68)**	(16)
At end of the financial year	**1,879**	1,708

36. POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONTINUED)

(b) Defined benefit plans – Non-current (continued)

(ii) Indonesia (continued)

Post employment benefits obligation (continued)

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

	Group 2012 RM'000	Group 2011 RM'000
At beginning of the financial year	**1,708**	1,754
Currency translation differences	**(68)**	(15)
Interest cost	**137**	145
Current service cost	**209**	215
Net benefits paid	**(268)**	(505)
Actuarial loss on obligation	**161**	114
At end of the financial year	**1,879**	1,708

The amounts relating to other long term employee benefits obligation recognised in the Consolidated Statement of Comprehensive Income are as follows:-

	Group 2012 RM'000	Group 2011 RM'000
Current service cost	**209**	215
Interest cost	**137**	145
Net actuarial losses	**161**	115
Total	**507**	475

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

The principal actuarial assumptions used are as follows:-

	Group 2012 %	Group 2011 %
Discount rate	**7.0**	8.8
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	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Trade payables	**1,524,263**	1,394,871	–	–
Other payables	**712,295**	896,788	**19,165**	3,662
Receipts in advance	**182,903**	161,499	–	–
Accruals	**871,669**	720,377	**3,292**	2,773
Deferred income	**89,128**	–	–	–
Security deposits	**128,953**	116,985	–	–
	3,509,211	3,290,520	**22,457**	6,435

The credit terms of trade payables granted to the Group vary from 30 days to 180 days (2011: 30 days to 180 days). Other credit terms are assessed and approved on a case-by-case basis.

38 OTHER CURRENT LIABILITIES

	Group	
	2012 RM'000	2011 RM'000
Progress billings in respect of property development cost	**56,181**	82,228
Amount due to contract customers (Note 25)	**37,758**	141,436
Accrual for rectification works	**4,138**	4,666
	98,077	228,330

39. PROVISION FOR LIABILITIES & CHARGES

	Group 2012 RM'000	Group 2011 RM'000
Restructuring (Note a)	**773**	20,099
Damages claims (Note b)	**4,004**	4,692
	4,777	24,791

Movements in the provision are as follows:-

Group – 2012

	Restructuring RM'000	Damages claims RM'000	Total RM'000
At beginning of the financial year	**20,099**	**4,692**	**24,791**
Currency translation differences	**(44)**	**–**	**(44)**
(Credited)/Charged to profit or loss (Note 6)	**(17,278)**	**219**	**(17,059)**
Payments	**(2,004)**	**(907)**	**(2,911)**
At end of the financial year	**773**	**4,004**	**4,777**

Group – 2011

	Restructuring RM'000	Damages claims RM'000	Total RM'000
At beginning of the financial year	20,660	9,496	30,156
Currency translation differences	1,064	(1,726)	(662)
Charged to profit or loss (Note 6)	3,705	3,417	7,122
Payments	(5,330)	(6,495)	(11,825)
At end of the financial year	20,099	4,692	24,791

(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.

40. ASSETS HELD FOR SALE

	Company 2012 RM'000	Company 2011 RM'000
Statements of Financial Position:-		
Assets:-		
Investment in subsidiaries	–	36,595

On 23 November 2010, the Board of Directors approved the disposal of the entire equity interests of the Company in the following subsidiaries ("Subject Companies") to YTL Land & Development Berhad ("the Disposals"):-

(i) 100% equity interest in Arah Asas Sdn Bhd ("AASB")
(ii) 100% equity interest in Satria Sewira Sdn Bhd
(iii) 70% equity interest in Emerald Hectares Sdn Bhd
(iv) 100% equity interest in Pinnacle Trend Sdn Bhd
(v) 100% equity interest in Trend Acres Sdn Bhd
(vi) 100% equity interest in YTL Westwood Properties Pte Ltd

Save for the acquisition of AASB where the AASB's agreement was terminated by mutual agreement on 27 October 2011, the Disposals of the remaining Subject Companies have been completed in November 2011.

41. FINANCIAL RISK MANAGEMENT

The Group's and the Company's operations are subject to foreign currency exchange risk, interest rate risk, price risk, credit risk and liquidity risk.

The Group's and the Company's financial risk management policy seeks to ensure that adequate resources are available to manage the above risks and to create value for its shareholders. It is not the Group's and the Company's policy to engage in speculative transactions.

The Board of Directors reviews and agrees policies and procedures for managing each of these risks and they are summarised below.

(a) Foreign currency exchange risk

Foreign currency exchange risk is the risk that the fair values or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to risks arising from various currency exposures primarily with respect to the Great Britain Pounds ("GBP") and Singapore Dollars ("SGD"). The Group has investments in foreign operations whose net assets are exposed to foreign currency translation risk. Such exposures are mitigated through borrowings denominated in the respective functional currencies.

Where necessary, the Group enters into forward foreign currency exchange contracts to limit its exposure on foreign currency receivables and payables, and on cash flows generated from anticipated transactions denominated in foreign currencies.

41. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Foreign currency exchange risk (continued)

The following table illustrates the effects on the Group's net assets resulting from currency sensitivities (on the basis all other remains other variables remain constant).

	Increase/Decrease in Net assets RM '000
Group – 2012	
5% changes on GBP exchange rate	**85,553**
5% changes on SGD exchange rate	**228,227**
Group – 2011	
5% changes on GBP exchange rate	140,958
5% changes on SGD exchange rate	359,638

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

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and of the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arise primarily from their floating rate bonds and borrowings, which is partially offset by the deposits and short term investments held at variable rates. The Group and the Company manage their cash flow interest rate risk by using a mix of fixed and variable rate debts. Derivative financial instruments are used, where appropriate, to generate the desired interest rate profile.

The interest rate profile of the Group's and of the Company's significant interest–bearing financial instruments, based on their carrying amounts as at the reporting date, was:-

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Fixed rate instruments				
Financial assets	–	68,274	–	–
Financial liabilities	**8,811,022**	9,555,993	**500,000**	500,000
	8,811,022	9,624,267	**500,000**	500,000
Variable rate instruments				
Financial assets	**13,142,188**	12,033,071	**1,347,646**	2,144,585
Financial liabilities	**20,392,351**	18,695,163	**1,654,127**	1,653,855
	33,534,539	30,728,234	**3,001,773**	3,798,440

41. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Interest rate risk (continued)

At the reporting date, if the interest rates had been 50 basis points lower/higher, with all other variables held constant, the Group's and the Company's profit after tax would be higher/lower by approximately RM101.9 million (2011: RM94.4 million) and RM8.3 million (2011: RM8.3 million), respectively, as a result of lower/higher interest expense on borrowings.

The Group and the Company do not account for any fixed rate instruments at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect their profit after tax.

The excess funds of the Group and of the Company are invested in bank deposits and other short term instruments. The Group and the Company manage their liquidity risks by placing such excess funds on short term maturities to match its cash flow needs. If interest deposit rates increased/decreased by 10 basis points, interest income of the Group and of the Company for the financial year would increase/decrease by RM13 million (2011: RM12.0 million) and RM1.3 million (2011: RM2.1 million), respectively.

(c) Price risk

Equity price risk

The Group's and the Company's exposure to equity price risk arise primarily from their investments in quoted securities.

To manage their price risk arising from investments in equity securities, the Group and the Company diversify their portfolio.

At the reporting date, the Group's and the Company's exposure to quoted equity investments at fair value are RM95,373,000 (2011: RM83,039,000) and RM8,202,000 (2011: RM9,926,000), respectively.

The following table demonstrates the indicative effects on the Group's and the Company's equity applying reasonably foreseeable market movements in the quoted market prices at the reporting date, assuming all other variables remain constant.

	Carrying amounts RM '000	Increase/ Decrease in quoted market prices %	Effect on equity RM '000
Group – 2012			
Local equities	**92,355**	+/- **10**	**9,235**
Foreign equities	**3,018**	+/- **10**	**302**
Group – 2011			
Local equities	79,450	+/- 10	7,945
Foreign equities	3,589	+/- 10	359
Company – 2012			
Local equities	**8,096**	+/- **10**	**810**
Foreign equities	**106**	+/- **10**	**11**
Company – 2011			
Local equities	9,820	+/- 10	982
Foreign equities	106	+/- 10	11

41. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Price risk (continued)

Fuel commodity price risk

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

Exposure to price fluctuations arising from the purchase of fuel is managed via fuel oil swaps where the price of fuel is indexed to a benchmark fuel price index, for example 180 CST fuel oil. As at 30 June 2012, if the forward fuel oil price curve increased/decreased by 2% (2011: 2%), the profit before tax would be lower/higher by RM2.7 million (2011: RM4.5 million) for the Group.

(d) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations.

The Group's and the Company's exposure to credit risk arise primarily from trade and other receivables. For other financial assets (including investments securities, cash & cash equivalents and derivatives), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

In the Group's Power Generation business in Malaysia, trade receivables are solely from its off taker, a national electricity utility company and the counter party risk is considered to be minimal. As for the Group's Power Generation business in Singapore, credit review are performed on all customers with established credit limits and supported by collateral in the form of guarantees. For the Group's Water and Sewerage business, the credit risk of receivables is mitigated through strict collection procedures. In addition, the Directors are of the view that credit risk arising from the Water and Disposal of Waste Water businesses is limited due to its large customer base.

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

Receivable balances are monitored continually with the result that the Group's exposure to credit risk is minimised.

The ageing analysis, information regarding impairment, credit quality and significant concentration of credit risk of the Group and of the Company are disclosed in Note 20 to the Financial Statements.

At the reporting date, the maximum exposure to credit risk arising from receivables are represented by their carrying amounts in the Statements of Financial Position.

Financial guarantees

The Company provides financial guarantees to financial institutions in respect of banking facilities granted to certain subsidiaries.

The Company monitors on an ongoing basis the financial results and repayments of the subsidiaries.

A nominal amount of RM1,581,202,000 (2011: RM2,976,551,000) relating to corporate guarantees provided by the Company to the banks in respect of subsidiaries' banking facilities.

As at the reporting date, there was no indication that any subsidiary would default on repayment.

The financial guarantees have not been recognised as their fair values on initial recognition are insignificant.

41. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Credit risk (continued)

Inter company balances

The Company provides advances to subsidiaries and where necessary makes payments for expenses on behalf of its subsidiaries. The Company monitors the results of the subsidiaries regularly. As at 30 June 2012, the maximum exposure to credit risk is represented by their carrying amounts in the Statements of Financial Position.

Management has taken reasonable steps to ensure that intercompany receivables are stated at the realisable values. As at 30 June 2012, there was no indication that the advances extended to the subsidiaries are not recoverable.

(e) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arise primarily from mismatches of the maturities of financial assets and liabilities.

The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the reporting date based on contractual undiscounted repayment obligation:-

	2012			
Group	**On demand or within 1 year RM'000**	**1 to 5 years RM'000**	**Over 5 years RM'000**	**Total RM'000**
Non-derivative				
Bonds and borrowings	11,796,260	7,259,431	10,604,090	29,659,781
Trade & other payables	3,607,288	382,149	–	3,989,437
Related parties	9,806	–	–	9,806
	15,413,354	7,641,580	10,604,090	33,659,024
Derivative				
Net – Interest rate swaps	14,803	27,742	–	42,545
Gross – fuel oil swaps	255,426	16,670	–	272,096
Gross – currency forwards	14,419	1,066	–	15,485
Exchangeable bonds	–	194,241	–	194,241
	284,648	239,719	–	524,367
Company				
Non-derivative				
Bonds & borrowings	1,653,944	548,683	–	2,202,627
Trade & other payables	22,457	–	–	22,457
Related parties	760,730	–	–	760,730
	2,437,131	548,683	–	2,985,814

41. FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Liquidity risk (continued)

	2011			
Group	**On demand or within 1 year RM'000**	**1 to 5 years RM'000**	**Over 5 years RM'000**	**Total RM'000**
Non-derivative				
Bonds and borrowings	9,937,113	13,247,719	6,515,196	29,700,028
Trade & other payables	3,518,850	125,540	–	3,644,390
Related parties	3,501	–	–	3,501
	13,459,464	13,373,259	6,515,196	33,347,919
Derivative				
Net – Interest rate swaps	36,934	10,227	8,366	55,527
Gross – fuel oil swaps	25,314	–	–	25,314
Gross – currency forwards	31,904	1,386	10	33,300
Exchangeable bonds	154,496	–	–	154,496
	248,648	11,613	8,376	268,637
Company				
Non-derivative				
Bonds & borrowings	1,715,048	572,750	–	2,287,798
Trade & other payables	6,435	–	–	6,435
Related parties	655,920	–	–	655,920
	2,377,403	572,750	–	2,950,153

42. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

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

		Financial Assets				
	Note	Loans and receivables RM'000	Fair value through profit or loss RM'000	Derivatives used for hedging RM'000	Available-for-sale RM'000	Total RM'000
Group – 2012						
Non-current						
Investments	16	–	–	–	**168,010**	**168,010**
Trade & other receivables	20	**446,688**	–	–	–	**446,688**
Derivative financial instruments	24	–	–	**3,797**	–	**3,797**
Current						
Derivative financial instruments	24	–	**13,270**	**62,586**	–	**75,856**
Trade & other receivables	20	**3,889,539**	–	–	–	**3,889,539**
Amount due from related parties	26	**25,303**	–	–	–	**25,303**
Short term investments	27	**572,881**	–	–	–	**572,881**
Fixed deposits	17	**12,569,307**	–	–	–	**12,569,307**
Cash and bank balances	17	**783,068**	–	–	–	**783,068**
Total		**18,286,786**	**13,270**	**66,383**	**168,010**	**18,534,449**
Group – 2011						
Non-current						
Investments	16	492,705	–	–	203,901	696,606
Trade & other receivables	20	31,949	–	–	–	31,949
Derivative financial instruments	24	–	–	2,611	–	2,611
Current						
Derivative financial instruments	24	–	19,135	76,769	–	95,904
Trade & other receivables	20	3,656,630	–	–	–	3,656,630
Amount due from related parties	26	21,798	–	–	–	21,798
Short term investments	27	554,925	–	–	–	554,925
Fixed deposits	17	11,478,146	–	–	–	11,478,146
Cash and bank balances	17	761,362	–	–	–	761,362
Total		16,997,515	19,135	79,380	203,901	17,299,931

42. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Categories of financial instruments (continued)

	Note	Financial Liabilities Fair value through profit or loss RM'000	Derivatives used for hedging RM'000	Other financial liabilities at amortised cost RM'000	Total RM'000
Group – 2012					
Non-current					
Long term payables	30	–	–	**314,453**	**314,453**
Bonds	32	–	–	**12,419,213**	**12,419,213**
Borrowings	33	–	–	**5,165,377**	**5,165,377**
Derivative financial instruments	24	**194,241**	**45,478**	–	**239,719**
Current					
Trade and other payables	37	–	–	**3,509,211**	**3,509,211**
Derivative financial instruments	24	**36,787**	**247,861**	–	**284,648**
Amount due to related parties	26	–	–	**9,806**	**9,806**
Bonds	32	–	–	**615,500**	**615,500**
Borrowings	33	–	–	**11,003,283**	**11,003,283**
Total		**231,028**	**293,339**	**33,036,843**	**33,561,210**
Group – 2011					
Non-current					
Long term payables	30	–	–	57,844	57,844
Bonds	32	–	–	11,747,506	11,747,506
Borrowings	33	–	–	6,063,114	6,063,114
Derivative financial instruments	24	19,989	–	–	19,989
Current					
Trade and other payables	37	–	–	3,290,520	3,290,520
Derivative financial instruments	24	156,425	92,223	–	248,648
Amount due to related parties	26	–	–	3,501	3,501
Bonds	32	–	–	499,990	499,990
Borrowings	33	–	–	9,940,546	9,940,546
Total		176,414	92,223	31,603,021	31,871,658

42. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Categories of financial instruments (continued)

	Note	Financial Assets: Loans and receivables RM'000	Financial Assets: Available-for-sale RM'000	Financial Assets: Total RM'000
Company – 2012				
Non-current				
Investments	16	–	**120,360**	**120,360**
Current				
Trade and other receivables	20	**13,518**	–	**13,518**
Amount due from related parties	26	**1,995,525**	–	**1,995,525**
Short term investments	27	**572,881**	–	**572,881**
Fixed deposits	17	**774,765**	–	**774,765**
Cash and bank balances	17	**3,560**	–	**3,560**
Total		**3,360,249**	**120,360**	**3,480,609**
Company – 2011				
Non-current				
Investments	16	–	38,709	38,709
Current				
Trade and other receivables	20	74,058	–	74,058
Amount due from related parties	26	1,625,579	–	1,625,579
Short term investments	27	554,925	–	554,925
Fixed deposits	17	1,589,660	–	1,589,660
Cash and bank balances	17	8,489	–	8,489
Total		3,852,711	38,709	3,891,420

42. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Categories of financial instruments (continued)

	Note	Financial Liabilities Other Financial liabilities at amortised cost RM'000	Total RM'000
Company – 2012			
Non-current			
Bonds	32	**500,000**	**500,000**
Borrowings	33	**183**	**183**
Current			
Trade and other payables	37	**22,457**	**22,457**
Amount due to related parties	26	**760,730**	**760,730**
Borrowings	33	**1,653,944**	**1,653,944**
Total		**2,937,314**	**2,937,314**
Company – 2011			
Non-current			
Bonds	32	500,000	500,000
Current			
Trade and other payables	37	6,435	6,435
Amount due to related parties	26	655,920	655,920
Borrowings	33	1,653,855	1,653,855
Total		2,816,210	2,816,210

42. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Fair value measurement

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:-

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

(b) Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices).

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

At the reporting date, the Group and the Company held the following financial instruments carried at fair value on the statement of financial position:-

Group – 2012	Level 1 RM'000	Level 2 RM'000	Total RM'000
Assets			
Financial assets at fair value through profit and loss			
– Derivative financial instruments	–	79,653	79,653
Available-for-sale financial assets	95,373	–	95,373
Total	95,373	79,653	175,026
Liabilities			
Financial liabilities at fair value through profit or loss			
– Derivative financial instruments	–	524,367	524,367
Total	–	524,367	524,367

Company – 2012	Level 1 RM'000	Level 2 RM'000	Total RM'000
Assets			
Available-for-sale financial assets	8,202	–	8,202
Total	8,202	–	8,202

During the current financial year, there were no transfers between Level 1 and Level 2 fair value measurements.

42. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

	Group		Company	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
2012				
Financial assets:-				
Unquoted equity investments				
– Within Malaysia	**18,933**	*	**19,483**	*
– Outside Malaysia	**53,704**	*	**92,675**	*
Financial liabilities:-				
Bonds	**13,034,714**	^	**500,000**	^
2011				
Financial assets:-				
Unquoted equity investments				
– Within Malaysia	34,457	*	28,783	*
– Outside Malaysia	86,405	*	–	–
Unquoted debt instruments				
– Outside Malaysia	492,705	*	–	–
Financial liabilities:-				
Bonds	12,247,496	^	500,000	^

* **Unquoted equity and debt investments carried at cost (Note 16)**

Fair value information has not been disclosed for these unquoted equity and debt instruments as fair value cannot be measured reliably as these instruments are not quoted on any market and does not have any comparable industry peer that is listed. In addition, the variability in the range of reasonable fair value estimates derived from valuation techniques is significant.

^ **Bonds (Note 32)**

Fair value information regarding these bonds is as disclosed in the Note 32 to the Financial Statements. The fair values of these bonds are estimated using discounted cash flow analysis, based on current incremental lending rates for similar types of lending and borrowing arrangements and of the same remaining maturities.

42. FINANCIAL INSTRUMENTS (CONTINUED)

(d) Determination of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair values:-

	Note
Other receivables (non-current)	20
Trade and other receivables (current)	20
Short term investments (current)	27
Fixed deposits (current)	17
Cash and bank balances (current)	17
Long term payables (non-current)	30
Trade and other payables (current)	37
Borrowings (current)	33

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The carrying amounts of the current portion of loans and borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

The fair values of current loans and borrowings are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

Financial guarantees

Fair value is determined based on probability weighted discounted cash flow method. The probability has been estimated and assigned for the following key assumptions:-

– The likelihood of the guaranteed party defaulting within the guaranteed period;

– The exposure on the portion that is not expected to be recovered due to the guaranteed party's default;

– The estimated loss exposure if the party guaranteed were to default.

43. SIGNIFICANT RELATED PARTY TRANSACTIONS

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group.

43. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(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 2012 RM'000	Group 2011 RM'000
Ara Bintang Berhad	A special purpose vehicle of SG REIT^	Service fees charged	**2,596**	2,624
		Rental of premises expenses	**73,427**	70,300
		Turnkey contract fee charged	**25,000**	–
Business & Budget Hotels (Kuantan) Sdn. Bhd.	Associated company	Management fee, incentive fee and software maintenance cost	**1,089**	1,045
		Lease rental of investment property	**3,767**	–
		Acquisition of investment property	**75,000**	–
Commercial Central Sdn. Bhd.	Subsidiary of holding company	Rental of office and car park	**718**	869
Corporate Promotions Sdn. Bhd.	Subsidiary of holding company	Advertising & promotion expenses	**5,062**	2,582
Express Rail Link Sdn. Bhd.	Associated company	Civil engineering & construction works income	**69,437**	17,076
		Sale of computer equipment & services income	**2,780**	3,884
		Advertising & maintenance fees	**1,350**	1,350
Megahub Development Sdn. Bhd.	Subsidiary of holding company	Rental of properties expenses	**1,407**	3,600
		Acquisition of investment properties	**73,000**	–
Oriental Place Sdn. Bhd.	Subsidiary of holding company	Rental of premises expenses	**2,907**	4,432

43. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Significant related party transactions (continued)

(i) In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions. (continued)

Entity	Relationship	Type of transactions	Group 2012 RM'000	Group 2011 RM'000
Starhill Global Real Estate Investment Trust ("SG REIT")	Real Estate Investment Trust^	Management fees	**44,821**	30,837
East West Ventures Sdn. Bhd.	Subsidiary of holding company	Lease rental of investment property	**12,085**	–
		Acquisition of investment properties	**250,000**	–
Superb Aggregates Sdn. Bhd.	Associated company	Purchase of building materials	**2,356**	1,143
Syarikat Pelanchongan Pangkor Laut Sdn. Bhd.	Subsidiary of holding company	Lease rental of investment property	**5,273**	–
		Hotel accommodation	**1,804**	689
		Management fees & data processing fees & royalty income	**2,198**	1,952
		Acquisition of investment properties	**97,000**	–

Entity	Relationship	Type of transactions	Company 2012 RM'000	Company 2011 RM'000
Construction Lease (M) Sdn. Bhd.	Subsidiary	Other interest income	**1,974**	1,971
YTL Cement Berhad	Subsidiary	ICULS interest income	**10,739**	10,710
YTL Land & Development Berhad	Subsidiary	ICULS interest income	**7,852**	–
YTL e-Solutions Berhad	Subsidiary	Computer equipment & services income	**1,264**	2,003

^ The Group has an interest of 570,777,885 (2011: 570,777,885) units in SG REIT representing 29.38% (2011: 29.38%).

43. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Significant related party transactions (continued)

(ii) The following significant transactions which have been transacted with close family members of key management personnel and an entity controlled by key management personnel and close family members are as follows:-

	Group 2012 RM'000	Group 2011 RM'000
Progress billings related to purchase of properties	**60,926**	88,695

The Directors are of the opinion that the above transactions have been entered into in the normal course of business and have been established on terms and conditions negotiated and agreed by the related parties.

(b) Key management personnel compensation

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

(c) Significant related party balances

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

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Progress billings related to sale of properties – close family members of key management personnel	**312**	143	–	–
Disposal of investment – Cornerstone Crest Sdn. Bhd.	–	–	**384,190**	384,190

44. CONTINGENT LIABILITIES – UNSECURED

The Directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

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 RM37,189,570 (2011: RM35,219,030) in PT Jawa Power, an associate of the Group.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

45. COMMITMENTS AND OPERATING LEASE ARRANGEMENTS

	Group 2012 RM'000	Group 2011 RM'000
(a) Capital commitments:-		
Authorised but not contracted for	**1,501,025**	1,267,316

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

(b) Operating lease arrangements:-

(i) The Group as lessee

The Group leases land, hotel properties, retail shopping complexes and warehouses under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights. Except for a few long-term leases in retail shopping complexes, hotel properties and land, the Group's leases generally range from one to five years. None of the leases included contingent rentals.

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

	Group 2012 RM'000	Group 2011 RM'000
Not later than 1 year	**131,971**	118,476
Later than 1 year and not later than 5 years	**417,942**	442,327
Later than 5 years	**92,767**	85,638
	642,680	646,441

The Group leases hotel properties and retail shopping complexes (master lease arrangement) under operating leases from related parties. The leases run for a period of 25 years and 3 years plus 3 years respectively, with an option to renew the leases after each expired term. Lease payments are increased every five years and three years respectively to reflect market rentals. The future minimum lease payments related to hotel properties and retail shopping complexes are approximately RMNil million (2011: RM81 million) and RM341 million (2011: RM376 million) respectively.

The leased retail shopping complexes leased under the master tenancy arrangement are sublet by the Group. The leases expire in 2016 and subleases expire within 1 to 5 years. Sublease payments of approximately RM68 million (2011: RM63 million) are expected to be received during the sublet periods.

45. COMMITMENTS AND OPERATING LEASE ARRANGEMENTS (CONTINUED)

(b) Operating lease arrangements (continued):-

(ii) The Group as lessor

The Group leases out its hotel properties under operating leases of the average tenure is a lease term of 15 years. Those lease arragements are provided with a step-up rate of 5% every five years and an option to grant the respective lessees to renew the lease for a future term similar to the original lease agreements. The future minimum lease payments receivable related to hotel properties are approximately RM615 million (2011: Nil).

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

	Group	
	2012	**2011**
	RM'000	**RM'000**
Not later than 1 year	**102,003**	70,618
Later than 1 year and not later than 5 years	**256,897**	47,449
Later than 5 years	**331,623**	–
	690,523	118,067

46. SEGMENTAL INFORMATION

The Group has seven reportable segments as described below:-

(i) Construction
(ii) Information technology & e-commerce related business
(iii) Hotel operations
(iv) Cement manufacturing & trading
(v) Management services & others
(vi) Property investment & development
(vii) Utilities

Management has determined the operating segments based on the reports reviewed by the chief operating decision-maker ("CODM") that are used to make strategic decisions.

The CODM considers the business from both a geographic and business segment perspective. Geographically, management manages and monitors the business in the three primary geographic areas: Malaysia, United Kingdom and Singapore. The details of the geographical segments are disclosed in the below note of the financial statements.

46. SEGMENTAL INFORMATION (CONTINUED)

The segment information provided to the CODM for the reportable segments is as follows:-

	Construction RM'000	Information technology & e-commerce related business RM'000	Hotel operations RM'000	Cement manufacturing & trading RM'000	Management services & others RM'000	Property investment & development RM'000	Utilities RM'000	Total RM'000
2012								
Total revenue	504,674	86,054	294,413	2,425,644	700,656	1,203,714	15,769,372	20,984,527
Inter-segment revenue	(289,938)	(82,787)	(10,299)	(41,760)	(262,676)	(101,278)	-	(788,738)
External revenue	214,736	3,267	284,114	2,383,884	437,980	1,102,436	15,769,372	20,195,789
Results								
Interest income	1,953	5,757	1,178	27,196	11,629	21,220	23,811	92,744
Finance costs	(8,970)	-	(10,123)	(37,578)	(323,697)	(8,583)	(620,269)	(1,009,220)
Share of results of associated companies & joint ventures	-	-	23,282	144	(1,452)	72,726	285,239	379,939
Segment profit before tax	56,540	1,868	16,539	533,269	159,892	284,891	1,397,155	2,450,154
Segment assets								
Investment in associated companies and joint ventures	2,405	-	42,436	5,428	1,233,176	417,751	1,524,768	3,225,964
Other segment assets	1,022,796	220,579	643,022	4,047,007	4,073,130	4,398,449	33,992,366	48,397,349
Segment liabilities								
Bonds & Borrowings	45,069	-	326,447	598,321	10,487,971	2,905,085	14,840,480	29,203,373
Other segment liabilities	477,509	7,422	5,160	798,046	410,038	419,381	5,923,128	8,040,684
Other segment information								
Capital expenditure	8,304	358,342	122,405	161,322	6,274	589,227	1,161,513	2,407,387
Depreciation & amortisation	6,877	84,804	7,684	142,006	7,486	22,475	1,081,469	1,352,801

46. SEGMENTAL INFORMATION (CONTINUED)

	Construction RM'000	Information technology & e-commerce related business RM'000	Hotel operations RM'000	Cement manufacturing & trading RM'000	Management services & others RM'000	Property investment & development RM'000	Utilities RM'000	Total RM'000
2011								
Total revenue	384,415	74,148	265,225	2,281,916	740,834	851,486	14,533,570	19,131,594
Inter-segment revenue	(212,613)	(65,915)	(5,960)	(86,807)	(313,012)	(92,517)	-	(776,824)
External revenue	171,802	8,233	259,265	2,195,109	427,822	758,969	14,533,570	18,354,770
Results								
Interest income	4,998	4,877	595	18,882	2,639	46,909	13,742	92,642
Finance costs	(129)	(4)	(5,328)	(32,199)	(518,805)	(38,536)	(456,512)	(1,051,513)
Share of results of associated companies & joint ventures	-	-	1,694	(9)	(2)	115,551	286,812	404,046
Segment profit before tax	46,276	(1,712)	6,716	456,154	101,749	156,473	1,586,293	2,351,949
Segment assets								
Investment in associated companies and joint ventures	-	-	34,552	906	14,158	1,666,769	1,138,020	2,854,405
Other segment assets	1,110,526	270,337	1,031,694	3,717,648	9,659,239	4,432,852	25,189,484	45,411,780
Segment liabilities								
Bonds & Borrowings	23,184	21	323,964	870,696	8,122,561	2,542,107	16,368,623	28,251,156
Other segment liabilities	404,403	7,029	77,188	697,557	423,081	292,753	5,576,083	7,478,094
Other segment information								
Capital expenditure	3,340	709	70,083	94,926	11,316	81,345	1,545,657	1,807,376
Depreciation & amortisation	6,099	26,534	14,220	133,815	12,722	2,718	962,596	1,158,704

46. SEGMENTAL INFORMATION (CONTINUED)

(b) Geographical information

The Group's seven business segments operate in four main geographical areas:-

(i) Malaysia	–	Construction
	–	Information technology & e-commerce related business
	–	Hotel operations
	–	Cement manufacturing & trading
	–	Management services & others
	–	Property investment & development
	–	Utilities
(ii) United Kingdom	–	Utilities
(iii) Singapore	–	Utilities
	–	Cement trading

	Revenue		Non-current assets	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Malaysia	**4,906,030**	3,720,645	**5,240,557**	7,335,174
United Kingdom	**2,396,160**	2,295,527	**11,688,817**	10,652,952
Singapore	**12,442,250**	11,879,346	**9,268,668**	6,840,983
Other countries	**451,349**	459,252	**723,987**	614,667
	20,195,789	18,354,770	**26,922,029**	25,443,776

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

	Non-current assets	
	2012 RM'000	2011 RM'000
Property, plant & equipment	**20,620,111**	19,774,461
Investment properties	**627,851**	137,484
Development expenditure	**955,625**	960,717
Intangible assets	**4,717,126**	4,569,986
Biological assets	**1,316**	1,128
	26,922,029	25,443,776

(c) Major customers

The following are major customers with revenue equal or more than 10 per cent of the Group's revenue:-

	Revenue		
	2012 RM'000	2011 RM'000	Segment
Tenaga Nasional Berhad	**1,155,417**	1,087,338	Power generation (Contracted)
Energy Market Company	**6,139,438**	5,108,249	Multi utilities business (Merchant)

47. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

(a) Estimated impairment of property, plant & 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.

The Group management follows its accounting policy set out in Note 2(d) in determining when property, plant and equipment are considered impaired.

Impairment is recognised when events and circumstances indicate that these assets may be impaired and the carrying amount of these assets exceeds the recoverable amounts. In determining the recoverable amount of these assets, certain estimates regarding the cash flows of these assets are made.

(b) Estimated residual value and 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 judgement.

During the financial year, the estimated residual value of certain property, plant and equipment with a net book value as at 1 July 2011 of RM1.1 billion were revised. The revision was accounted for as a change in accounting estimate, the impact of which is disclosed in Note 10 to the financial statements. A further 10% decrease in the revised residual value of these plant and equipment will increase the annual depreciation charge by RM6.3 million.

(c) Classification of investment properties

The Group has developed certain criteria based on FRS 140 in making judgement 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 assessment of goodwill

The Group tests goodwill for impairment annually, in accordance with its accounting policy. The recoverable amounts of cash generating units have been determined based on either value-in-use or fair value less costs to sell calculations. These calculations require the use of estimates as set out in Note 18 to the Financial Statements.

(e) Property development

The Group recognises property development revenue and expenses in the profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Significant judgement is required in determining the stage of completion, the extent of the property development costs incurred, the estimated total property development revenue and costs, as well as the recoverability of the development projects. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

47. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(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 judgement is required in determining the stage of completion, the extent of the contract costs incurred, the estimated total contract revenue and contract costs, as well as the recoverability of the contracts. Total contract revenue also includes an estimation of the variation works and claims that are recoverable from the customers. In making the judgement, the Group has relied on past experience and the work of specialists.

(g) Impairment of receivables

The Group assesses at each reporting date whether there is objective evidence that receivables have been impaired. Impairment loss is calculated based on a review of the current status of existing receivables and historical collections experience. Such provisions are adjusted periodically to reflect the actual and anticipated impairment. The carrying amount of the Group's receivables at the reporting date is disclosed in Note 20 to Financial Statements.

(h) Income tax expense

(i) Income taxes

The Group is subject to income tax in numerous jurisdictions. Judgement 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 judgement 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 reporting date. The assumptions of the valuation model used to determine fair value are set out in Note 28(b) to Financial Statements.

(j) 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.

Notes to the Financial Statements

47. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(j) Estimation of pension benefits (continued)

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.

(k) Determining whether an arrangement contains a lease

YTL Power Generation Sdn Bhd, a wholly owned subsidiary of the Company is required, under the current financial reporting framework, to evaluate whether its Power Purchase Agreements ('PPA') are leasing agreements in accordance with IC Interpretation 4 "Determining whether an arrangement contains a lease".

When a leasing arrangement is established, the subsidiary is required to make a further assessment on whether the risks and rewards of the ownership of each power plant is vested on the off-taker (which will define this as a financial lease arrangement) or if the risk and rewards are substantially vested on the subsidiary (i.e. an operating lease). In making this evaluation, both quantitative and qualitative criteria are prescribed by the FRS. In such situations, considerable judgement is brought to bear in determining which party bears most of the risk and rewards.

In assessing this, the subsidiary has determined its PPA arrangements as operating leases.

(l) Adoption of private drains and sewers

On 1 October 2011, Wessex Water Limited (a wholly owned indirect subsidiary of YTL Power International Berhad) was required to adopt drains and sewers as a result of legislations. The Group's policy is to recognise adopted assets at fair value at the point of adoption. The following assumptions were made in estimating the fair value of these assets:-

- the cost required to bring the assets up to the required standard;
- the cost required to maintain the operating capability of the assets at the required standards; and
- the extent and timing of recovery of these costs.

In all reasonably probable scenarios, the present value of the costs recovered will not exceed the present value of the costs incurred and hence a fair value of nil has been attributed to these assets.

48. THE NEW OR REVISED FINANCIAL REPORTING STANDARDS NOT YET EFFECTIVE

At the date of authorisation of these financial statements, the following new or revised FRSs, amendments to FRSs and IC 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 1 January 2012

Amendments to FRS 1: Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
Amendments to FRS 7: Disclosures – Transfers of Financial Assets
Amendments to FRS 112: Deferred tax – Recovery of Underlying Assets
FRS 124: Related Party Disclosures

Effective for financial periods beginning on or after 1 July 2012

Amendments to FRS 101: Presentation of Items of Other Comprehensive Income

Effective for financial periods beginning on or after 1 January 2013

Amendments to FRS 1: Government Loan
Amendments to FRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities
FRS 10: Consolidated Financial Statements
FRS 11: Joint Arrangements
FRS 12: Disclosure of Interests in Other Entities
FRS 13: Fair Value Measurement
FRS 119: Employee Benefits
FRS 127: Separate Financial Statements
FRS 128: Investment in Associates and Joint Ventures
IC Interpretation 20: Stripping Costs in the Production Phase of a Surface Mine
Improvements to FRSs (2012) issued in July 2012

Effective for financial periods beginning on or after 1 January 2014

Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities

Effective for financial periods beginning on or after 1 January 2015

FRS 9: Financial Instruments

The Group and the Company plan to adopt the above pronouncements when they become effective in the respective financial periods. However, the adoption of Amendments to FRS 1 and IC Int 20 are not relevant to the Group's and the Company's operations. These pronouncements are expected to have no significant impact to the financial statements of the Group and of the Company upon their initial application.

Malaysia Financial Reporting Standards ("MFRS Framework")

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the MFRS Framework.

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer (herein called 'Transitioning Entities').

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

Malaysia Financial Reporting Standards ("MFRS Framework") (continued)

The Group and the Company fall within the scope definition of Transitioning Entities and have opted to defer adoption of the new MFRS Framework.

Accordingly, the Group and the Company will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 30 June 2015. In presenting its first MFRS financial statements, the Group and the Company will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained earnings.

Certain subsidiaries within the Group are required to prepare financial statements using the MFRS Framework in their first MFRS financial statements for the year ending 30 June 2013. Accordingly, reconciliations will be performed for the different Financial Reporting Frameworks. However, the differences are expected to have no significant impact to the financial statements of the Group.

49. CORPORATE PROPOSAL

(i) On 29 May 2012, the Company announced the proposal to undertake a renounceable offer for sale ("Proposed ROS") of its holdings of warrants 2008/2018 in YTL Power International Berhad ("YTL Power Warrants") to the entitled shareholders of the Company at an offer price RM0.20 per YTL Power Warrant on the basis of 1 YTL Power Warrant for every 15 ordinary shares of RM0.10 each in the Company held by the shareholders on an entitlement date to be determined by the Board of Directors of the Company at a later date.

Securities Commission ("SC") in its letter dated 29 August 2012, approved the Proposed ROS subject to the compliance with the relevant requirements under the Equity Guidelines issued by the SC pertaining to the implementation of the ROS by the Company.

On 18 September 2012, the Company announced, inter alia, the book closure date of 2 October 2012 for entitlement to the Proposed ROS. The Proposed ROS is pending completion.

(ii) On 13 June 2012, Pintar Projek Sdn Bhd, a 70% subsidiary of the Company and the Manager for Starhill REIT, announced that the following wholly-owned subsidiaries and trusts of Starhill REIT:-

(a) Starhill Hospitality (Australia) Pty Ltd as the Trustee for Starhill Hospitality REIT (Sydney) Trust, Starhill Hospitality REIT (Brisbane) Trust and Starhill Hospitality REIT (Melbourne) Trust, the Hotel Property Buyers

(b) Starhill Hotel (Sydney) Pty Ltd, Starhill Hotel (Brisbane) Pty Ltd and Starhill Hotel (Melbourne) Pty Ltd, the Hotel Business Buyers

had entered into three (3) separate Hotel Business and Property Sale Agreements ("SPAs") with the respective sellers, namely Commonwealth Managed Investments Limited, 30 Pitt Street Pty Limited, 515 Queen Street Pty Limited and Lonex Pty Limited to acquire the following hotel properties for a total cash consideration of AUD415,000,000 (equivalent to RM1,310,570,000[1]), subject to the terms and conditions as set out in the SPAs:-

(i) Sydney Harbour Marriott Hotel
(ii) Melbourne Marriott Hotel; and
(iii) Brisbane Marriott Hotel

(hereinafter referred to as the "Proposed Acquisition")

[1] *Based on the RM:AUD exchange rate of RM3.158:AUD1.00*

49. CORPORATE PROPOSAL (CONTINUED)

The Proposed Acquisition is expected to be funded through a combination of bank borrowings and existing cash of Starhill REIT.

The Foreign Investment Review Board of Australia had vide its letter dated 31 July 2012 granted its statement of no objections to the Proposed Acquisition.

The Proposed Acquisition is now pending completion.

50. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(i) As part of the rationalisation exercise to reposition Starhill REIT as a full-fledged hospitality REIT, the acquisition of all the following hospitality assets by MTB, the trustee of Starhill REIT were completed on 15 November 2011, save for the acquisition of Hilton Niseko, which was completed on 22 December 2011:-

(a) Cameron Highlands Resort;
(b) Vistana Penang;
(c) Vistana Kuala Lumpur;
(d) Vistana Kuantan;
(e) Residences@Ritz-Carlton;
(f) Ritz Carlton, Kuala Lumpur;
(g) Pangkor Laut Resort; and
(h) Tanjong Jara Resort.

On 15 November 2011, a total of 145,500,000 new units were issued to the respective vendors at an issue price of RM1.00 per unit as part payment of the purchase consideration for the acquisition of the following hospitality related properties:-

(i) Vistana Kuantan;
(ii) Residences@Ritz-Carlton;
(iii) Ritz Carlton, Kuala Lumpur;
(iv) Pangkor Laut Resort;

and such new units were quoted on Bursa Securities on 15 November 2011.

As a result, the fund size of the Starhill REIT increased from 1,178,888,889 units to 1,324,388,889 units.

(ii) On 26 March 2012, the Company acquired 17,498,325 convertible preferred units ("CPUs") representing the entire CPUs held by Maybank Trustee Berhad ("MTB"), as the trustee of Starhill REIT in Starhill Global Real Estate Investment Trust ("Starhill Global REIT"), for a total purchase consideration of SGD17,498,325 or RM42,674,915 at the rate of SGD1=RM2.4388, based on the closing RM:SGD exchange rate of Bank Negara Malaysia Interbank Foreign Exchange Mid Rate as at 5.00 p.m. on 23 March 2012.

51. CAPITAL MANAGEMENT

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

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

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

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Bonds (Note 32)	**13,034,713**	12,247,496	**500,000**	500,000
Borrowings (Note 33)	**16,168,660**	16,003,660	**1,654,127**	1,653,855
Loans & borrowings	**29,203,373**	28,251,156	**2,154,127**	2,153,855
Less: Cash and cash equivalents (Note 17)	**(13,352,375)**	(12,239,508)	**(778,325)**	(1,598,149)
Net debt	**15,850,998**	16,011,648	**1,375,802**	555,706
Equity attributable to owners of the parent	**12,178,674**	10,365,853	**6,546,174**	5,561,312
Capital and net debt	**28,029,672**	26,377,501	**7,921,976**	6,117,018
Debt-to-equity ratio (%)	**57**	61	**17**	9

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

52. 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 4 October 2012.

Supplementary Information

BREAKDOWN OF RETAINED EARNINGS INTO REALISED AND UNREALISED

The breakdown of the retained earnings of the Group and of the Company as at 30 June 2012 and 30 June 2011, into realised and unrealised profits, pursuant to a directive issued by Bursa Securities on 25 March 2010 and 20 December 2010 is as follows:-

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Retained earnings of the Company and its subsidiaries				
– Realised	**15,553,424**	13,341,038	**4,134,843**	3,989,192
– Unrealised	**(1,547,816)**	(1,239,198)	**(92)**	(109)
	14,005,608	12,101,840	**4,134,751**	3,989,083
Share of retained earnings from associated companies & jointly controlled entities				
– Realised	**1,577,314**	1,320,940	**–**	–
– Unrealised	**(150,392)**	(132,633)	**–**	–
	15,432,530	13,290,147	**4,134,751**	3,989,083
Less: Consolidated adjustments	**(5,127,314)**	(4,056,246)	**–**	–
Total retained earnings as per financial statements	**10,305,216**	9,233,901	**4,134,751**	3,989,083

The determination of realised and unrealised profits or losses is based on Guidance of Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Securities Listing Requirements, issued by the Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised profits above is solely for the purposes of complying with the disclosure requirements stipulated in the directive of Bursa Securities and should not be applied for any other purposes.

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 29th 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, 27 November 2012 at 3.00 p.m. and at any adjournment thereof.

My/Our proxy is to vote as indicated below:-

NO.	RESOLUTIONS	FOR	AGAINST
1.	Re-election of Tan Sri Dato' (Dr) Francis Yeoh Sock Ping		
2.	Re-election of Dato' Sri Michael Yeoh Sock Siong		
3.	Re-election of Dato' Yeoh Soo Keng		
4.	Re-election of Faiz Bin Ishak		
5.	Re-appointment of Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay		
6.	Re-appointment of Dato' (Dr) Yahya Bin Ismail		
7.	Re-appointment of Eu Peng Meng @ Leslie Eu		
8.	Approval of the payment of Directors' fees		
9.	Re-appointment of Messrs HLB Ler Lum as Company Auditors		
10.	Authorisation for Directors to Allot and Issue Shares		
11.	Proposed Renewal of Share Buy-Back Authority		
12.	Proposed Renewal of Shareholder Mandate and New Shareholder Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		

Number of shares held

Signed this __________ day of ____________________ 2012 Signature ______________________

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 original form of proxy and the Power of Attorney or other authority (if any) under which it is signed or notarily certified copy thereof must be lodged at the Registered Office, 11th Floor, Yeoh Tiong Lay Plaza, 55 Jalan Bukit Bintang, 55100 Kuala Lumpur not less than 48 hours before the time appointed for the Meeting. Facsimile transmission of such documents will not be accepted.*
3. *In the case of a corporation, this form of proxy should be executed under its Common Seal or under the hand of some officer of the corporation duly authorised in writing on its behalf.*
4. *Unless voting instructions are indicated in the spaces provided above, the proxy may vote as he thinks fit.*
5. *For the purpose of determining a member who shall be entitled to attend the Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd, in accordance with Article 60(2) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors as at 20 November 2012. Only a depositor whose name appears on the General Meeting Record of Depositors as at 20 November 2012 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
Here

The Company Secretary

YTL CORPORATION BERHAD
11th Floor, Yeoh Tiong Lay Plaza
55 Jalan Bukit Bintang
55100 Kuala Lumpur
Malaysia

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