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YTL CORPORATION BERHAD 92647-H

annual report 2014

SINCE 1955

YTL CORPORATION BERHAD 92647-H

the journey continues...

annual report 2014

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YTL CORPORATION BERHAD (92647-H)

Financial Highlights

	2014	2013 (Restated)	2012 (Restated)	2011	2010
Revenue (RM'000)	**19,269,237**	20,033,117	20,195,789	18,354,770	16,505,033
Profit Before Taxation (RM'000)	**2,811,599**	2,299,379	2,450,154	2,351,949	2,278,404
Profit After Taxation (RM'000)	**2,604,930**	1,830,905	1,974,090	1,835,920	1,619,092
Profit for the Year Attributable to Owners of the Parent (RM'000)	**1,554,980**	1,266,665	1,181,123	1,034,569	844,165
Total Equity Attributable to Owners of the Parent (RM'000)	**14,386,764**	13,142,113	11,943,641	10,365,853	9,630,115
Earnings per Share (Sen)	**15.00**	12.20	12.25	11.53	9.45
Dividend per Share (Sen)	**2.5**	2.5	4.0	2.0	1.5
Total Assets (RM'000)	**61,042,410**	53,603,401	51,599,872	48,266,185	46,060,048
Net Assets per Share (RM)	**1.39**	1.27	1.23	1.15	1.07

Financial Highlights

Revenue (RM'000)

10	11	12	13	14
16,505,033	18,354,770	20,195,789	20,033,117	**19,269,237**

Profit Before Taxation (RM'000)

10	11	12	13	14
2,278,404	2,351,949	2,450,154	2,299,379	**2,811,599**

Profit After Taxation (RM'000)

10	11	12	13	14
1,619,092	1,835,920	1,974,090	1,830,905	**2,604,930**

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

10	11	12	13	14
844,165	1,034,569	1,181,123	1,266,665	**1,554,980**

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

10	11	12	13	14
9,630,115	10,365,853	11,943,641	13,142,113	**14,386,764**

Earnings per Share (Sen)

10	11	12	13	14
9.45	11.53	12.25	12.20	**15.00**

Dividend per Share (Sen)

10	11	12	13	14
1.5	2.0	4.0	2.5	**2.5**

Total Assets (RM'000)

10	11	12	13	14
46,060,048	48,266,185	51,599,872	53,603,401	**61,042,410**

Net Assets per Share (RM)

10	11	12	13	14
1.07	1.15	1.23	1.27	**1.39**

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 2014.

OVERVIEW

The Group performed well for the financial year under review with the cement, property development and investment and hotels divisions delivering strong results. In the utilities division, the power generation, water and sewerage and mobile broadband segments registered better performance, offsetting lower sales in the merchant multi-utilities division.

The Malaysian economy recorded gross domestic product (GDP) growth of 4.7% for the 2013 calendar year, affected by a weaker external sector, compared to 5.6% in 2012. However, the first half of 2014 registered stronger growth of approximately 6.3%, supported by higher exports and continued strength in private domestic demand. Meanwhile, in other major economies where the Group operates, the United Kingdom

Chairman's Statement

(UK) registered growth of approximately 1.8% during 2013, with the first 6 months of 2014 showing improved growth. Singapore's economy grew 4.1% in 2013 over 1.9% in 2012, although growth had moderated to approximately 2.4% at the end of the second quarter of the 2014 calendar year *(sources: Ministry of Finance Malaysia, Bank Negara Malaysia, Singapore Ministry of Trade & Industry, UK Office for National Statistics updates & reports).*

Utilities

The utilities division recorded a sound set of results for the financial year under review, led by its power generation and water and sewerage operations. The Group's merchant multi-utilities business in Singapore continued to perform well despite being impacted by lower vesting non-fuel margins and volumes, whilst in Malaysia, the Yes mobile Internet with voice service registered good growth of its subscriber base.

Cement Manufacturing

Malaysia's cement industry remained robust in tandem with the ongoing strength of the construction sector, supported by better performance across the board in the non-residential building and civil engineering, residential and special trade subsectors *(source: Ministry of Finance updates & reports).*

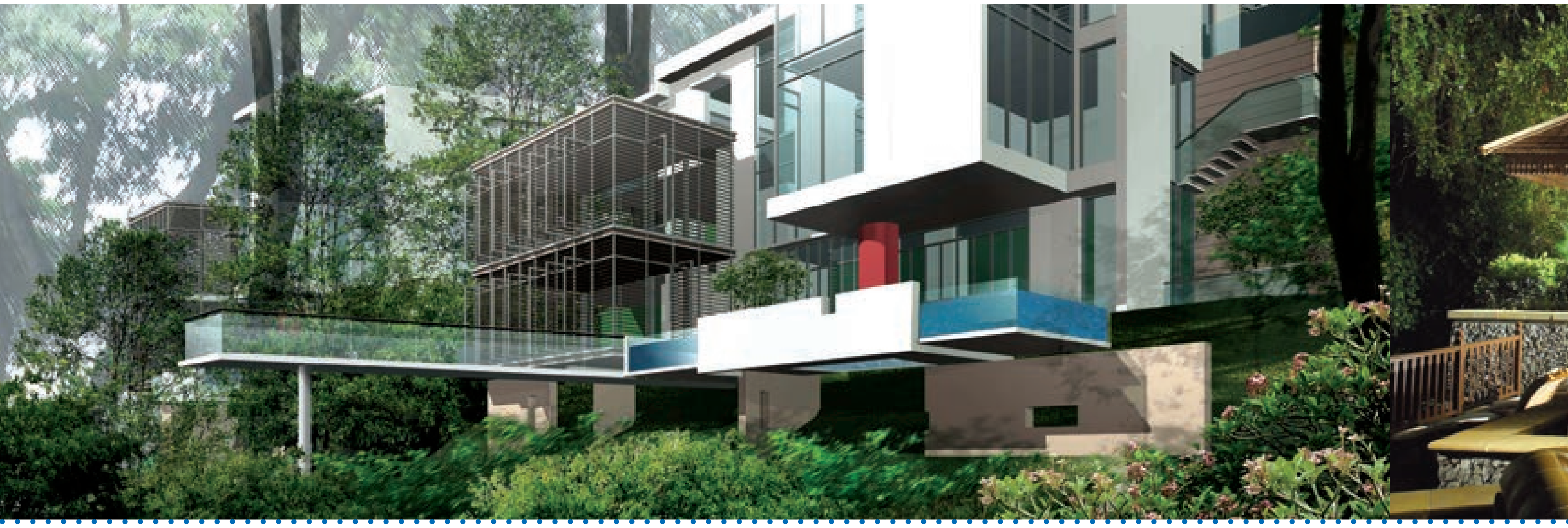
The Group's cement division achieved another excellent performance for the financial year, supported by the strength of its operations across Malaysia and Singapore.

Construction Contracting

The domestic construction sector's growth tapered to 10.9% for the 2013 calendar year compared to the 18.6% surge in 2012. However, construction activity was buoyant for the first half of the 2014 calendar year with growth of 14.3%, owing mainly to the residential segment and large-scale infrastructure projects in the civil engineering sub-sector, including the ongoing rail extension projects across the Klang Valley *(sources: Ministry of Finance, Bank Negara Malaysia updates & reports).*

During the financial year, the construction division completed work on several phases in the Group's residential property developments, with progress well underway on the newer launches such as The Fennel in Sentul.

Chairman's Statement



Operation & Maintenance (O&M) Activities

In its O&M division, the Group provides condition monitoring services for its power stations, cement plants and the Express Rail Link (ERL), 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 megawatt (MW) Deir Amar and 480 MW Zahrani combined-cycle power stations in Lebanon. For its financial year ended 31 December 2013, net generation at the Deir Amar station increased to 2,947 gigawatt hours (GWh) whilst generation at the Zahrani station was 2,966 GWh. Despite ongoing military activity in the Tripoli area during the year, the division continued to fulfil its contract requirements with the highest commitment.

Property Development & Investment

Consumer sentiment began to show signs of moderation as the domestic property market digests the cooling measures introduced last year to curb highly speculative activities, including measures to control excessive household debt levels and reinforce responsible lending practices, the removal of arrangements such as the Developer Interest Bearing Scheme (DIBS) and the revisions in the real property gains tax regime *(sources: Ministry of Finance economic reports; Bank Negara Malaysia quarterly bulletins and annual reports).*

The Group has maintained its long-standing stance in timing and pricing its launches to meet the demands of genuine buyers and, during the year under review, continued to focus on its ongoing developments in its Sentul urban regeneration project, The Capers and The Fennel, as well as its exclusive project in Singapore, 3 Orchard By-The-Park, which has already been awarded the BCA Green Mark Gold Plus Award 2014 by the Building Control Authority of Singapore.

Meanwhile, the Group increased its stake in Singapore-listed Starhill Global REIT to 36.27% (from 29.38% previously) via the conversion of convertible preference units held in the Trust. Starhill Global REIT, which owns retail and office assets in Singapore, Malaysia, Australia, Japan and China, delivered another strong set of results for the year, underpinned mainly by its assets in Singapore, Malaysia and Australia.

Hotel Development & Management

Malaysia's tourism industry achieved a 2.8% growth in tourist arrivals to 25.7 million for the 2013 calendar year. Visit Malaysia Year 2014 was launched in January this year, with a target of attracting 28 million tourists for the full year, and saw an increase in tourist arrivals of approximately 10% the first five months of 2014 over the same period last year as programmes under this initiative get underway *(sources: Ministry of Finance, Bank Negara Malaysia, Tourism Malaysia updates).*

Chairman's Statement

Meanwhile, in international economies where the Group operates, Japan's economy registered measured growth of about 1.5% for the 2013 calendar year and has continued to recover moderately as a trend, although a subsequent decline in demand has been observed following the consumption tax hike from 5% to 8% in April this year. In Australia, the economy recorded lower GDP growth of 2.4% for the 2013 calendar year compared to 3.7% in 2012, although the first half of 2014 has seen an uptick in growth as the key driver of Australian economic growth continues to move away from investment in resources to broader-based activity in non-resources industries, including the tourism sector.

This year, the Group launched the Kasara brand, a collection of unique and luxurious hotels, resorts and residences in exotic locations which presently include Hokkaido, Koh Samui and Pulau Tiga. The Group's newest property, The Gainsborough Bath Spa, is taking shape in the UNESCO World Heritage City of Bath, England, famed for its healing waters over the last 2,000 years.

Information Technology Initiatives

The domestic information technology and communications sector continued to register moderate growth, with the broadband penetration rate increasing to approximately 67.2% as at the end of June 2014, supported by improved network coverage and facilities, as well as upgraded 4G services *(source: Ministry of Finance economic reports).*

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

FINANCIAL PERFORMANCE

The Group's revenue for the financial year ended 30 June 2014 stood at RM19,269.2 million compared to RM20,033.1 million for the last financial year ended 30 June 2013. Profit for the financial year grew 42.3% to RM2,604.9 million, compared to RM1,830.9 million last year, whilst net profit attributable to shareholders increased 22.8% to RM1,555.0 million this year over RM1,266.7 million last year.

Higher revenue from the Group's cement, property development and investment and hotels divisions was offset mainly by lower revenue in the construction division as well as the utilities segment which was affected by fewer units of electricity sold, lower fuel oil trading activities and lower margins on retail contracts in the multi-utilities sub-segment.

The increase in profit for the financial year was contributed mainly by the Group's cement business, which saw better performance in the concrete and quarry segments, as well as the net fair value gain on investment properties recorded by YTL Hospitality REIT in Malaysia and Starhill Global REIT in Singapore.

The Group's foreign operations continue to be largest contributors, with overseas operations accounting for approximately 71.9% of the Group's revenue and 78.8% of non-current assets for the 2014 financial year, compared to 75.4% and 72.4%, respectively, last year.

Chairman's Statement

Dividends

During the year under review, YTL Corp declared three interim dividends in respect of the financial year ended 30 June 2014 amounting to 12.0 sen or 120% per ordinary share of 10 sen each. The first interim dividend of 1.5 sen per share was paid on 16 January 2014, whilst the second interim dividend of 1.0 sen per share was paid on 19 June 2014. The third interim dividend of 9.5 sen per share had a book closure date of 31 October 2014 and a payment date of 14 November 2014. Therefore, the Board of Directors of YTL Corp did not recommend a final dividend for the financial year under review.

This is the 30th consecutive year that YTL Corp has declared dividends to shareholders since its listing on the Main Market of Bursa Malaysia Securities Berhad in 1985.

SIGNIFICANT CORPORATE DEVELOPMENTS

- As reported last year, on 14 June 2013, Pintar Projek Sdn Bhd, the Manager of YTL Hospitality REIT, announced a proposed placement of new units in the Trust to raise gross proceeds of up to RM800 million, a proposed increase in its existing approved fund size from 1.324 billion units to a maximum of 2.125 billion units and a proposed increase in the Trust's borrowing limit to 60% of its total asset value (collectively referred to as the "Proposals").

  On 30 December 2013, Securities Commission Malaysia ("SC") granted its approval for the listing of and quotation for the placement units on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") and the proposed increase in fund size. On 10 January 2014, Bursa Securities approved the listing of and quotation for up to 800.61 million placement units to be issued pursuant to the proposed placement.

  The Trust received approval for the Proposals and the proposed subscription of new units of up to RM310 million by YTL Corp, as an existing major unitholder of the Trust, at the meeting of unitholders held on 11 February 2014. The Trust subsequently received approval for a 6-month extension of time until 29 December 2014 to complete the proposed placement and proposed increase in fund size from the SC on 23 May 2014 and from Bursa Securities on 12 June 2014, and these corporate exercises are currently pending implementation.

- 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"), issued in

Chairman's Statement

2010 by YTL Corp Finance (Labuan) Limited ("YTLCFL") and guaranteed by YTL Corp, were partially utilised to repay the US$300 million Zero Coupon Guaranteed Exchangeable Bonds due 2012 issued by YTLCFL. The balance of the proceeds of the 2015 Bonds is currently placed under fixed deposits pending investment.

CORPORATE RESPONSIBILITY & SUSTAINABILITY INITIATIVES

For the eighth consecutive year, YTL Corp has issued its "Sustainability Report 2014" as a separate report, to enable its shareholders and stakeholders to better assess the Group's sustainability record. Meanwhile, YTL Corp's statements on corporate governance, risk management and internal control, which elaborate further on its systems and controls, can be found as a separate section in this Annual Report.

FUTURE PROSPECTS

The outlook for Malaysia's economy remains fairly stable with GDP growth for the full 2014 calendar year expected to average between 5.0% and 6.0%, supported by better performance in the external sector amid some moderation in domestic demand. The global economy is projected to expand further at a moderate pace for the rest of the 2014 calendar year, with broad-based but uneven recovery expected as economies around the world face pressure in varying degrees from factors such as the anticipated normalisation of monetary policy in major advanced economies, fragilities in the financial sector, high household debt and geopolitical tensions *(sources: Ministry of Finance, Bank Negara Malaysia updates).*

YTL Corp will remain focused on its core capabilities, supported by its cornerstones of strong technical expertise and an established track record in managing investments and improving operational efficiencies that have underpinned the Group's development and resilience to date.

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

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

Managing Director's Review

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

Although the 2014 financial year presented challenges in some of the Group's operating markets, we recorded a 42.3% increase in profit for the period and a 22.8% increase in net profit attributable to shareholders on the back of just over RM19 billion in total revenue.

In keeping with our long-standing commitment to our shareholders, YTL Corp, YTL Power and YTL e-Solutions declared increased dividends to reward shareholders for their confidence and continual support of the Group. YTL Corp declared three interim dividends amounting to 12.0 sen share, representing a dividend yield of approximately 7.7%. YTL Power's dividends for the fiscal year totalled 10.0 sen per share for a dividend yield of 6.9%, whilst YTL e-Solutions paid dividends of 4.0 sen per share representing a dividend yield of 6.7%.

Our utilities in Singapore have seen the impact of increased competition as new capacity came on-line across the industry. Although the new capacity amounts to an increase of approximately 23% over existing system CCGT (combined cycle gas turbine) capacity, YTL PowerSeraya pursued a range of strategies to address the changing market, including sourcing new steam clients to reinforce our position as an integrated energy company offering bundled utilities of electricity, steam and water, as well as bolstering the division's jetty facilities and storage tanks to maintain our competitiveness and cater to a larger customer base. Once completed, the upgraded facilities will further improve our operational efficiency and terminal flexibility to accommodate various vessels and oil tankers, doubling our oil tank leasing capacity and enabling us to better meet increased demand for fuel oil storage on Jurong Island.

The further liberalisation of Singapore's electricity market has led to new opportunities for the Group, enabling us to develop more customer engagement initiatives to attract a new group of eligible non-residential consumers. The increase in consumers with the ability to choose their electricity retailer presents a good opportunity for us to develop and tailor energy price plans and bundled solutions to suit different clients and business needs, and to reach out to this new segment of consumers to help them further benefit from their contestability status and the rewards it yields.

In another milestone for Wessex Water, our water and sewerage operator in the UK, this year marked 40 years since it was formed as a regional water authority on 1 April 1974, and 25 years since its privatisation. The Group acquired Wessex Water more than a decade ago, in 2002. Much of the improvement the division has achieved has been due to privatisation which provided access to private capital for investment and provided incentives to deliver high levels of customer and environmental service as efficiently as possible.

Over the last year, Wessex Water has again been the best performing water and sewerage company in the UK, with more than 96% customer satisfaction and the lowest level of complaints. The company consistently delivered around 100% compliance with environmental standards and had the lowest level of pollution incidents, in addition to having avoided the imposition of any hosepipe bans since 1976. Wessex Water's commitment to embedding sustainability throughout the business has again enabled us to

Managing Director's Review

retain The Queen's Award for Enterprise in Sustainable Development, an unprecedented achievement.

On the domestic front, we expanded our Yes 4G network coverage to Sabah during the year under review. This network expansion adds 4G mobile coverage in most major cities and towns in Sabah, covering approximately 60% of the state's population, and is the continuation of our commitment to deliver the most advanced 4G network throughout Malaysia. We have also made good progress with the 1BestariNet project, initiated by the Malaysian Ministry of Education.

Upon completion, the 1BestariNet project will connect 10,000 primary and secondary government schools in Malaysia with Yes 4G connectivity and the cloud-based Frog virtual learning environment (VLE).

Our cement division turned in a stellar set of results for the fiscal year, with operations in Malaysia and Singapore continuing to grow. Our fourth integrated cement plant in Malaysia is scheduled to begin operating in 2015 with a capacity of 5,000 tons of cement per day, and we are also in the midst of completing a new cement terminal in Singapore which, upon completion, will be the country's largest cement terminal.

Meanwhile, YTL Hospitality REIT has completed its transformation into a pure-play hospitality player and delivered excellent results this year with the full consolidation of the Sydney Harbour, Melbourne and Brisbane Marriott hotels in Australia, which were acquired in November 2012. Following the completion of its transformation, the Trust earns stable, medium to long term lease income from the Malaysian and Japanese portfolio and variable income from the Australian assets, effectively enabling us to better manage the cyclical nature of the hotel business.

In our property development division, the most recent phases of our Sentul urban regeneration project, The Capers and The Fennel, have begun to deliver on the promise of revolutionising Kuala Lumpur's skyline. The two developments are a showcase of architectural dynamism, offering residents stylish and cosmopolitan homes in a tranquil setting.

Our upcoming international luxury development is 3 Orchard By-The-Park, in Orchard Boulevard. Located at one of Singapore's most prestigious residential addresses, the development is set in close proximity to the iconic Orchard Road shopping precinct, the upcoming Orchard Boulevard mass rapid transit (MRT) station and the famous Singapore Botanic Gardens. The project is holistically conceptualised by world-renowned Italian designer Antonio Citterio, who has designed the architecture, interior, fixtures and fittings, and features 77 luxurious apartments spread over 25 floors, including some with private pools and gardens in the sky.

Our shareholders, particularly those who have taken the long journey with us so far, are familiar with our core commitment to enhance shareholder value by ensuring continuing growth and development of the Group in terms of both organic and acquisition-driven expansion, underpinned by our trademark dedication to operational efficiency and financial prudency. We believe the Group has delivered on this commitment so far and will continue to do so going forward.

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

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

Operations Review

Utilities

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

POWER GENERATION, MERCHANT MULTI-UTILITIES & POWER TRANSMISSION

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

Operations in Malaysia

YTL Power Generation Sdn Bhd, a wholly-owned subsidiary of YTL Power, is the owner of the Group's two combined-cycle, gas-fired power stations. Located in Paka, Terengganu, and Pasir Gudang, Johor, the stations have a total generating capacity of 1,212 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 operation and maintenance (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 YTL Power's parent company, YTL Corporation Berhad.

Overall plant availability remained good during the year under review with 97.87% at Paka Power Station and 98.40% at Pasir Gudang Power Station. Combined power production by both stations for the year stood at 100.35% of the scheduled quantities.

Operations in Singapore

YTL Power has a 100% stake in YTL PowerSeraya Pte Ltd ("YTL PowerSeraya") in Singapore, which owns 3,100 MW of installed capacity comprising steam turbine plants, combined-cycle plants and co-generation combined-cycle plants, representing about 25% of Singapore's total installed generation capacity.

YTL PowerSeraya's overall market share for the financial year stood at 20.5% with 9,350 gigawatt hours (GWh) of electricity sold, a decrease of 12.9% compared to last year, due mainly to the coming on-line of new gas-fired combined-cycle gas turbine (CCGT) capacity across the industry, which amounted to an increase of approximately 23% over existing system CCGT capacity.

During the year under review, the division entered into a new steam sales agreement, for a 15-year period commencing September 2015. YTL PowerSeraya will supply up to 25 metric tonnes per hour of medium pressure steam to its new customer. This marks another key development that reinforces the division's position as an integrated energy company offering bundled utilities of electricity, steam and water.

Operations Review

Re-certifications achieved during the financial year included ISO9001, ISO14001 and OHSAS18001, in line with the division's dedication to maintaining its quality, environmental, and health and safety management systems, respectively. The company also received ISO27001 certification in December 2013 as part of its mitigation measures against cyber security threats.

On the retail front, YTL PowerSeraya's retail subsidiary, Seraya Energy Pte Ltd ("Seraya Energy"), saw a slight decrease in its market share in the retail electricity sector to 23.3% for the financial year, as compared to 25.3% last year, with a sales volume of 7,025 GWh.

The emergence of new industry players and the resulting commercial operations of new co-generation combined-cycle plants have led to more intense competition over the last fiscal year. Despite the challenging business environment, Seraya Energy continued to focus on creating value for customers by providing timely information to help them in their electricity purchasing decisions, as well as providing suitable cost-effective pricing plans and products. Seraya Energy also continued to retain its Business SuperBrands status in this financial year, backed by its excellent customer service and suite of value-added energy plans.

Meanwhile, PetroSeraya Pte Ltd ("PetroSeraya"), the trading and fuel management arm of YTL PowerSeraya, focused its efforts on upgrading and enhancing its jetty facilities and storage tanks as part of its efforts to maintain its competitiveness and cater to a bigger customer base. With the ongoing upgrading and retrofitting works, trading margins for fuel oil were lower as compared to the last fiscal year.

The asset development plans are on track to be completed by late 2014, with commercial operations targeted to commence by early 2015. Upon completion, PetroSeraya will be poised to strengthen its business growth as its upgraded jetty facilities will further improve its operational efficiency and terminal flexibility to accommodate various vessels and oil tankers. At the same time, its oil tank leasing capacity will double, enabling the division to better meet customers' increased demand for fuel oil storage on Jurong Island.

Operations Review

Operations in Indonesia

YTL Power has an effective interest of 20% in PT Jawa Power ("Jawa Power") in Indonesia, which owns a 1,220 MW coal-fired thermal power station located at the Paiton Power Generation Complex in Java. The plant supplies power to Indonesia's national utility company, PT 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 YTL Power, under a 30-year agreement.

Jawa Power achieved average availability of 85.99% for its financial year ended 31 December 2013 and 88.78% availability for the six months ended 30 June 2014. The station generated 8,062 GWh of electricity for its financial year compared to 8,450 GWh for its previous financial year for its sole offtaker, PLN. The lower availability and generation were due mainly to steam turbine overhauls and generator inspections during the year.

Operations in Australia

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

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

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.

WATER & SEWERAGE SERVICES

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

Wessex Water continued to maintain its excellent performance levels with customer satisfaction levels of over 96% and the lowest level of complaints. The company consistently delivered around 100% compliance with environmental standards and had the lowest level of pollution incidents. Wessex Water has also avoided having to impose any hosepipe bans since 1976.

Ongoing improvements have put the division in a good position to meet the challenges of climate change, a growing population and increasing customer expectations. This commitment to embedding sustainability throughout the business was rewarded by the company retaining The Queen's Award for Enterprise in Sustainable Development.

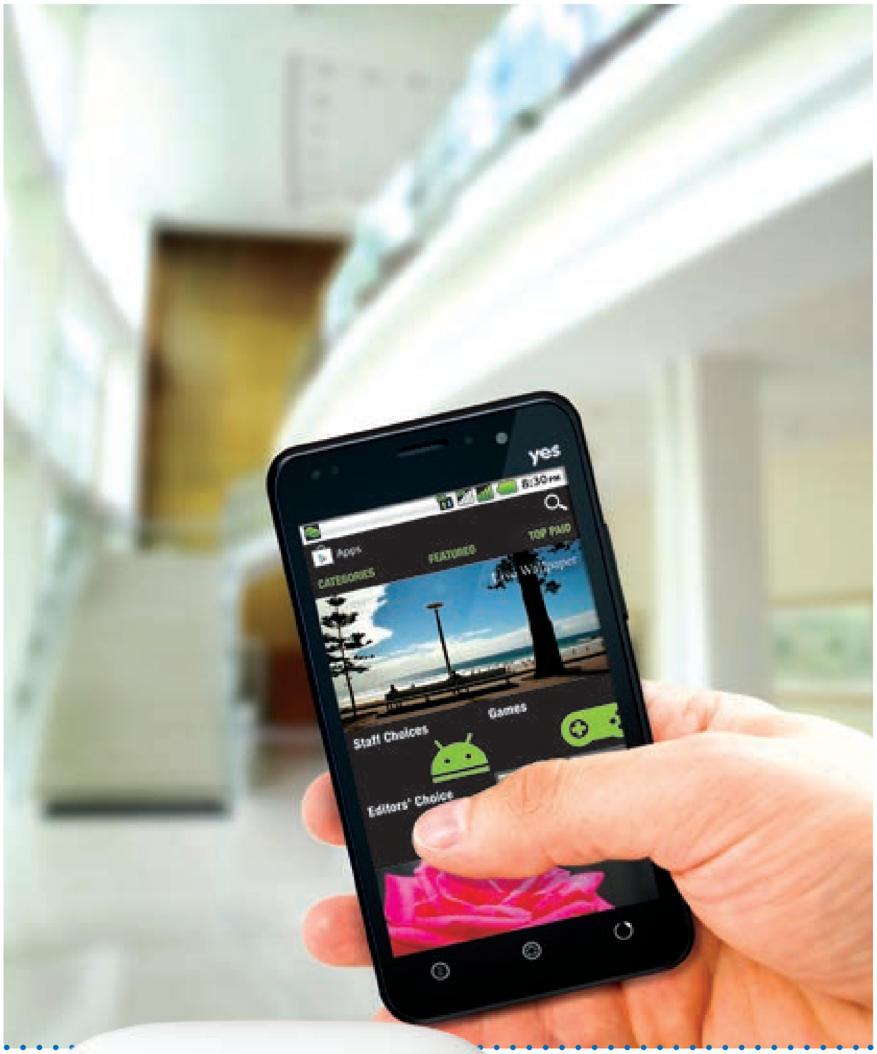
Wessex Water's operating region experienced extremes of weather over the year, most notably an exceptionally wet autumn and winter of 2013-2014, with December 2013 to February 2014 being the wettest months for almost 100 years. Despite introducing temporary tankering and pumping at 48 locations across the region to minimise the impact on customers, Wessex Water continued to maintain very high compliance with drinking water quality at 99.97% and compliance with abstraction licences at 99.98%. However, partly because of the extreme weather, the number of pollution incidents increased, and the division is working to identify additional measures to reverse this position.

During the year, a total of GBP226 million (approximately RM1,175 million) was invested under Wessex Water's ongoing 5-year capital expenditure programme to improve existing infrastructure and build new assets. This investment included continuing work on the regional supply grid which will significantly improve the resilience and quality of water supplies. Other major work included mains refurbishment in and around Taunton, replacement of Ashford water treatment works, phosphorus removal schemes at three sewage treatment works and work to improve the treatment of sewage sludge and to generate more renewable energy at the Trowbridge plant. In total, 700 separate projects were completed and Wessex Water is on target to deliver all its regulatory outputs by the end of 2015.

While continued investment is essential, Wessex Water continued to work to keep bills affordable for its customers. Despite the proportion of household income spent on water and sewerage services having increased by only 0.2% since privatisation, there are still customers who have difficulties meeting their bills. As such, the real terms increase in bills for 2014-2015 that had been agreed with the regulator at the last price review in 2009 was not applied, and the company also extended its tailored assistance programme, tap, to help customers in financial difficulties. Currently, 15,000 households benefit and the latest changes should add another 10,000.

Also on the customer services front, Wessex Water continued to work closely with the Citizens Advice Bureau and debt agencies, and its Money Matters grants have helped 10 organisations that offer financial literacy and money management help. The quality of its overall customer services enabled Wessex Water to retain its Customer Service Excellence award for another year.

Operations Review



COMMUNICATIONS

The Group's communications operations in Malaysia are carried out by YTL Communications Sdn Bhd ("YTL Comms"), a 60% subsidiary of YTL Power, which has approval from the Malaysian Communications and Multimedia Commission to operate a 2.3 gigahertz (GHz) wireless broadband network in Malaysia. YTL Comms' Yes 4G network offers high-speed mobile Internet with voice services and interconnects with all other voice networks (both mobile and fixed line) to provide a converged voice and data service to its customers.

YTL Comms expanded its Yes 4G network coverage to Sabah during the year under review, bringing high-speed 4G Internet to more consumers in Malaysia. The commercial availability of Yes in Sabah is the continuation of YTL Comms' commitment to deliver the most advanced 4G network throughout Malaysia. This network expansion adds 4G mobile coverage in most cities and towns in Sabah, including Kota Kinabalu, Beaufort, Keningau, Kota Belud, Kudat, Lahad Datu, Papar, Sandakan, Tawau and Tuaran, covering approximately 60% of Sabah's population.

YTL Comms also entered into a memorandum of understanding with Universiti Malaysia Sabah to establish a 4G campus-wide network at the university to ensure its students have easier access to the Internet for learning and research purposes, under its Education Partner Programme (EPP). This marks another step in the Group's drive to transform the national education system towards global standards.

Operations Review

In line with this commitment, YTL Comms also hosted a state-wide educational awareness event to enable headmasters and head teachers from national schools in the Kota Kinabalu district to experience new ways to enhance and complement teaching and learning techniques while streamlining administrative duties through the Frog Virtual Learning Environment (VLE) platform. In total, 2,070 headmasters and head teachers from 690 primary and secondary national schools were able to attend the event and gain exposure to this technology. The Frog VLE is one of the cornerstones of the 1BestariNet initiative.

YTL Comms has continued to progress well with the 1BestariNet project, initiated by the Malaysian Ministry of Education. Upon completion, the 1BestariNet project will connect 10,000 primary and secondary government schools in Malaysia with Yes 4G connectivity and the Frog VLE, a cloud-based virtual learning environment.

The programme enables rural and urban schools to be connected together, granting students equal opportunities to thrive in a knowledge-based economy and creating a more level playing field. Within the schools, a built-in content filter provides a safe learning environment to ensure that students are unable to access inappropriate content through the Internet, with only educational websites approved by the Ministry of Education being allowed to pass through the content filter.

During the year, YTL Comms won a number of awards, including "The Most Innovative Partnership Strategy" for its partnership with Google at the Telecom Asia Awards 2014, "Best Enterprise Cloud Offering" at the 2014 Telecoms.com Industry Awards and "Best Broadband Cloud Award" at the 2013 Broadband InfoVision Awards for its cloud-based Frog VLE under the 1BestariNet programme.

Operations
Review

Cement Manufacturing

The Group's cement division registered another year of strong performance, driven by better results in its concrete and quarry businesses.

The Group continued to supply a wide range of commercial, residential, infrastructure and niche projects, including significant large-scale infrastructure developments, such as Kuala Lumpur's Light Rail Transit (LRT) extension and the Klang Valley Mass Rapid Transport (MRT) projects, as well as a number of other infrastructure developments and high-rise buildings across the country.

The Group is nearing completion on the construction of its fourth integrated cement plant in Malaysia, scheduled to commence operations in 2015. The plant has a capacity of 5,000 tons of cement per day and has been built to the latest environmental standards, including technological advancements to meet European standards on lower nitrogen oxide emissions and more energy-efficient operations.

Progress is also ongoing on the new cement terminal being developed in Singapore which, upon completion, will be the country's largest cement terminal. The new terminal will cater for the import of various cementitious products and have the capability to produce a range of blended cement products, further expanding the Group's sizeable operations in Singapore, where demand has remained strong for its range of products.

The division's plant in China continues to maintain its position as one of the major suppliers in the Hangzhou market, with production capacities for 1.55 million tonnes per annum of clinker and 2.00 million tonnes per annum of cement. The plant's waste heat recovery project, which generates power from waste heat discharged in the cement manufacturing process and recovered from its cement kilns, reduces the plant's utilisation of coal as a fuel source, as well as its emission of greenhouse gases including carbon dioxide, nitrogen oxide and sulphur oxide, in line with local and national government emissions reduction programmes.

The division's commitment to its R&D efforts to innovate and develop the best quality, high performance and ecologically-friendly cement remains strong. The Group is amongst the leading eco-friendly and innovative cement producers in Asia, with most of its cement products having been certified under the Singapore Environment Council's Green Labelling Scheme and/or Sirim Malaysia's Eco-Labelling Scheme, in addition to utilising a range of alternative fuels and recycled raw materials. The division has also actively participated in the certification process to ensure that its products meet international levels of quality and standards.

Construction Contracting

The construction division registered a stable performance for the year under review, completing several residential property development phases on schedule and progressing well on existing projects under development.

In the Group's Lake Fields project in Sungei Besi, construction works on the Grove phase, consisting of 102 units of 3-storey homes have been completed, whilst work on the Reed phase, which is made up of 285 units of 3-storey terrace and detached homes, is also nearing completion.

Meanwhile, The Capers at Sentul East is nearing completion, with structural works for all four blocks and the podium having been completed, whilst internal and external architectural works and landscaping are all in the final stages. 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.

Also in Sentul, work has commenced and is progressing well on the newest residential phase, The Fennel, which is due for completion in 2017. Similar to The Capers, The Fennel features exceptional design and architectural elements, including suspended swimming pools and tropical verandas, all of which will transform the silhouette of the Kuala Lumpur skyline.

Internationally, work is ongoing on the Group's luxury residential development in Singapore, named 3 Orchard By-The-Park. The project involves a 25-storey block with 77 exclusive residences on Orchard Boulevard.

The division is also undertaking the civil works for the Group's newest integrated cement plant which will have a capacity of 5,000 tonne per day, and is scheduled for completion by the end of the year.

Operations
Review

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

The Group launched the latest phase of its Sentul development with resounding success last year. **The Fennel** consists of 916 units housed in four high-rise towers, the first two of which were sold out during their preview in July 2013, with 1 further block also achieving excellent take-up rates during its November 2013 preview. The Fennel offers an array of features and unique architectural elements, including two suspended salt-water swimming pools and a multitude of 'tropical verandas', reinterpreted as a series of pocket gardens and sky forests set on selected floors throughout the development.

Meanwhile, **The Capers** at Sentul East is nearing completion, with structural works for all four blocks and the podium having been completed, whilst internal and external architectural works and landscaping are all in the final stages. The Capers features 489 units housed in a 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. Set in proximity to each other, The Capers and The Fennel have begun to deliver on their promise to transform and revolutionise Kuala Lumpur's skyline.

The Group's upcoming international luxury freehold development, **3 Orchard By-The-Park**, is located in Orchard Boulevard, one of Singapore's most prestigious residential addresses. Close to the iconic Orchard Road shopping precinct, it is a stone's throw away from the upcoming Orchard Boulevard mass rapid transit (MRT) station and close to the famous Singapore Botanic Gardens.

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

The condominium features 77 luxurious apartments from 5-bedroom penthouses to 2-bedroom units spread over 25 floors, including some with private pools and gardens in the sky. Residents can enjoy lush gardens surrounding a landscaped pool, gym facilities and a library lounge exclusively designed by Antonio Citterio. 3 Orchard By-The-Park was awarded the **BCA Green Mark Gold Plus Award 2014** by the Building Control Authority of Singapore for achieving high standards of design and construction which are sustainable and environmentally-friendly. The development is currently under construction.

Operations Review

Meanwhile, Lakefront Pte Ltd, a subsidiary of the Group which developed **Kasara, the Lake** in Sentosa Cove, was named as Singapore's Top 1000 Company 2014 by DP Information Group. The ranking is based on annual turnover, net profit and return on equity of companies, derived from their annual audited financial results.

At the Group's **Lake Fields** and **Midfields** developments in Sungei Besi, construction works on **Grove** have been completed whilst **Reed** is also nearing completion. Meanwhile, at the Midfields development, the latest offering, **Midfields 2**, marked another sell-out performance of all 650 units in the first two blocks during the launch in April 2014. Midfields 2 will ultimately encompass 3 blocks, with articulated parks and rooftop gardens covering almost 40% of the entire development to offer residents a tranquil retreat within the city.

STARHILL GLOBAL REIT

The Group owns a 36.27% stake in Starhill Global REIT, which is listed on the Singapore stock exchange and owns retail and office assets in Singapore, Malaysia, Australia, Japan and China. YTL Starhill Global REIT Management Limited, the manager of the REIT, is a wholly-owned subsidiary of the Group.

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

The Trust continued to register strong performance underpinned mainly by its assets in Singapore, Malaysia and Australia. In Singapore, the Trust benefitted from rental uplift from its master tenant at the Ngee Ann City property and positive rental reversions at the Wisma Atria property following an asset redevelopment exercise, as well as healthy demand for office space in the Orchard Road area. Starhill Gallery and the Lot 10 property in Malaysia continued to register full occupancy levels, whilst the David Jones Building and Plaza Arcade in Perth, Australia, are also at near-full occupancy.

Operations Review

Hotel Development & Investment

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

KASARA

The Group announced the launch of the Kasara brand, a collection of unique and luxurious hotels, resorts and residences in exotic locations which presently include Hokkaido in Japan, Koh Samui in Thailand and Pulau Tiga in Borneo. Kasara promises an experience of luxury, authenticity and timelessness. Local influences, culture and traditions are interwoven with luxuriously designed accommodation to create compelling experiences that resonate with the distinctiveness of each destination. The division's studies show these factors are those that influence the decision of affluent and knowledgeable travellers. First to open is the Kasara Niseko Village Townhouse in December this year.

NISEKO VILLAGE, HOKKAIDO, JAPAN

Niseko Village has become very successful. Its popularity as a destination has grown to include a record number of non-resident paying day-use visitors. This surge in popularity is spilling over into the Green Season and will ultimately establish Niseko Village as an all-season resort. World Ski Awards named Niseko United, which includes the Niseko Village, as the Best Ski Resort in Japan.

Timed to match this growth in demand, and opening in December this year, the Group is developing The Village, the heart of the comprehensive project planned to unfold over the next decade. Just moments away from Niseko's award winning hotels, residences and ski lifts, The Village's slopeside location allows seamless ski-in/ski-out day and night access to stylish and diverse shopping and dining facilities in the White Season. Paved yet intimate walkways facilitate Green Season access between mountain adventures and indoor diversions at The Village.

Also opening in December this year is the Kasara Niseko Village Townhouse with the first eight exclusive three-bedroom townhouses, which include uncompromising bespoke services and priority privileges in The Village nearby. These townhouses herald another aspect of luxury living in the integrated alpine resort of Niseko Village.

Operations Review

THERMAE BATH SPA

The Group has taken on the operating contract of the award-winning Thermae Bath Spa from Thermae Development Company. The mutually agreed deal will consolidate the World Heritage city of Bath's position in the UK and further develop its standing as one of Europe's leading spa destinations. The strong Thermae Bath Spa brand, alongside the soon-to-open 5-star Gainsborough Bath Spa Hotel will offer choice and add value to both businesses. Both properties offer access to the only warm mineral rich waters in Britain. Thermae Bath Spa consists of historic spa buildings housing the contemporary New Royal Bath with two pools and aromatic steam rooms, a spectacular outdoor rooftop pool and the indoor Minerva Bath, as well as the Springs Café and Restaurant. The Cross Bath is a separate building with its own open-air thermal pool and offers an alternative to the more extensive facilities of the New Royal Bath.

PANGKOR LAUT RESORT

Pangkor Laut Resort maintained its premier market position, gaining to its credit the following accolades: named one of the Top 25 Hotels in Malaysia by TripAdvisor 2014 Travellers' Choice; named by TripAdvisor as one of 10 Stunning Overwater Bungalows; listed as Top Ten Most Stunning Bungalows 2014 by Fodor's Travel; cited one of 9 Best Luxury Resorts by CNN Travel; Awarded Best Romantic Stay by Expatriate Lifestyle Best of Malaysia Awards 2013 in addition to receiving Excellence Awards for Best Service, Best Beach Resort and Best Spa Resort; Hospitality Asia Platinum Awards 2013-2015 : Resort of the Year - Best Discovery. Spa Village Pangkor Laut won Men's Spa Treatment of the Year by AsiaSpa's Awards 2013 for its Bukit Gantang Warrior Treatment. Celebrity guests included actor Daniel Bruehl and football star Steve McNamanan. Pangkor Laut Resort as well as Muse Pangkor Laut Estates were also featured in Fox International's popular Reality TV series, Asia's Next Top Model.

TANJONG JARA RESORT

Awards won by the resort in the past year include being named one of Top 25 Hotels in Malaysia by TripAdvisor 2014, Travellers' Choice Awards; Best Beach Resort (Excellence Award) by Expatriate Lifestyle Best of Malaysia Awards 2013, and Best Beach Hotel by AsiaRooms.com Hotel Awards 2013. Tanjong Jara Resort was also listed by Fox News as one of the World's Top Ten Diving Resorts.

In keeping with its policy of aggressively maintaining Tanjong Jara in an "as new" condition, the resort will close for four months over the low season to refurbish all guest rooms, and all public areas including restaurants and kitchens, mid-October 2014 to mid-February 2015. The resort was also featured in Fox International's popular Reality TV series, Asia's Next Top Model. It was also the location for a new reality TV series, Fit For Fashion, which will be aired on Star World.

Operations Review

CAMERON HIGHLANDS RESORT

Cameron Highlands Resort remains a popular retreat for both leisure traveller and conference participants. Awards won this year include Best Weekend Break by Expatriate Lifestyle Best of Malaysia Awards 2013, and a Certificate of Excellence from TripAdvisor 2014 Traveler's Choice Awards. Cameron Highlands Resort was included in CNN Travel's 9 Best Luxury Resorts and appeared in the Hot Ten list of LifestyleAsia.

THE RITZ-CARLTON, KUALA LUMPUR

Plans to renovate The Ritz-Carlton, Kuala Lumpur are being finalised. The scope of the project includes creating a new guest arrival and registration lobby that will integrate operations of both the hotel and suite wings; building an expanded Cesar's restaurant, and creating a new guest lounge, and tea and library areas to enhance the customers' experience; and renovating all guest rooms and suites. When completed, these upgrades will position The Ritz-Carlton, Kuala Lumpur as being without peer in the luxury category of Kuala Lumpur hotels.

Awards garnered this year include being named as one of the Top 25 Luxury Hotels in Malaysia by TripAdvisor Traveller's Choice Awards 2014. Spa Village Kuala Lumpur was included in LifestyleAsia's Hot Ten. The hotel was also featured prominently in Fox International's popular Reality TV series, Asia's Next Top Model. Celebrity guests welcomed for the past year included President of the United States, Barack Obama, actors Jackie Chan and Tan Sri Michelle Yeoh and the fashion designer Dato' Jimmy Choo.

Operations Review

JW MARRIOTT KUALA LUMPUR

JW Marriott Kuala Lumpur continues as the leading business, meetings and conference hotel in the city with attained levels of performance topping last year. The hotel was listed in the Top 25 Luxury Hotels in Malaysia by TripAdvisor Travellers' Choice Awards 2014. Shanghai Restaurant received the Excellence Dining Award in Malaysia by La Chaine des Rotisseurs.

VISTANA GROUP OF HOTELS

The updated and renovated Vistana Hotels were launched in February 2014, featuring the brand promises of 'Vibrance', 'Verve' and 'Value'. All guest rooms, suites and public areas have been fully renovated to provide a guest experience of comfort, efficiency and practicality. New facilities include a 24-hour Barista, a grab-and-go coffee bar; the HUB247, a customer driven business solutions centre; and a gym for all registered guests. Guests now enjoy greater connectivity with free WiFi provided throughout the hotels. Since the first Vistana opening in 1995, the division has strived to evolve the brand to suit the needs and trends of travellers. Brisk and efficient service, seamless communications and strategic location are the hallmarks of each Vistana hotel.

MUSE HÔTEL DE LUXE, ST. TROPEZ, FRANCE

The Muse Hotel continues to be featured in many lifestyle magazines such as Gala and Pure Saint Tropez. St. Tropez is still the destination to be seen in during the summer and The Muse has firmed its hold as a premier boutique hotel in this highly competitive St. Tropez market, and is enjoying a high percentage of repeat guests. Muse continues to provide its guests with unparalleled quality service and a matchless guest experience.

SWATCH ART PEACE HOTEL SHANGHAI, CHINA

The Group continues to manage and operate the Residences at The Swatch Art Peace Hotel and the Shook! Shanghai restaurant. Shook! Shanghai won 3rd Best Restaurant for Dining at Shanghai's Restaurant Week. Organised by DiningCity, the leading worldwide restaurant guide, Restaurant Week selected eleven winning restaurants worldwide for this year's edition. Shook! Shanghai was ranked alongside other world class restaurants in Shanghai such as Nougatine by Jean Georges and Paris Rouge. The restaurant was also rated No. 1 restaurant in Shanghai by TripAdvisor.

GAYA ISLAND RESORT, SABAH, MALAYSIA

Gaya Island Resort is making a name for itself as the luxury destination of choice in Sabah. The Gaya Island Marine Centre was officially launched, together with the Group's latest coffee table book, reflecting its commitment to conservation. The Centre's three conservation pillars are: Turtle Rescue, Coral Reef Restoration and Conservation Through Education. Several turtles with various injuries have been rescued, rehabilitated and successfully released. A Proboscis Monkey, an endangered species unique to this region, was also rescued from the sea. These conservation achievements are popular with guests and have been closely followed on social media. The book, Natural Wonders – Mountain, Rainforest and Reef Natural Wonders, features nature's splendour at eight of the Group's resorts in distinctive locations in the region. Gaya Island Resort received a Certificate of Excellence from TripAdvisor 2014 Travellers' Choice Awards and was featured in LifestyleAsia's Hot Ten. The resort was also featured in Fox International's popular Reality TV series, Asia's Next Top Model.

Operations Review

THE SURIN PHUKET, THAILAND

The Surin Phuket has performed well, posting the highest occupancy in 5 years, enabled to a large degree by earlier aggressive renovations to all guest rooms and public area facilities. Efforts continue to introduce environmentally friendly systems of operations, including the extensive use of natural bio-chemicals.

SPA VILLAGE RESORT TEMBOK, BALI

Spa Village Resort continues to develop and enhance its product. New activities introduced highlight various local customs including a traditional full moon temple ceremony. The Resort also continues to host Guest Artists and Practitioners who add to the activities available daily.

THE MAJESTIC MALACCA

The Majestic Malacca remains the leading hotel in world heritage city Malacca. It was named one of the Top 25 Hotels in Malaysia by TripAdvisor 2014 Travellers' Choice Award and also won Best Boutique Stay by Expatriate Lifestyle Best of Malaysia Awards 2013. The Majestic Malacca was also featured in Fox International's popular Reality TV series, Asia's Next Top Model.

THE MAJESTIC HOTEL KUALA LUMPUR

This Classic Hotel has performed well, and exceeded expectations on both revenue and occupancy in its first year of operation. Banquet operations have picked up, with The Majestic Ballroom establishing itself as a popular wedding and social event venue. The past year has also seen a growth in corporate meetings. Afternoon Tea remains a draw at the Tea Lounge and Orchid Conservatory and Contango's interactive dining concept is now well known and very popular. The Smoke House has also become an attractive location with its private dining room and Trufitt & Hill gentlemen's grooming services.

The Majestic Hotel Kuala Lumpur hosted the prestigious Laureus World Sports Awards Academy Dinner, which was held for the first time in Southeast Asia. The hotel won numerous awards within a year of opening. These are: Named in DestinAsian's exclusive "The Luxe List", which recognises the best hotels in Asia Pacific; at the Hospitality Asia Platinum Awards 2013 - 2015: HAPA Hotel of The Year Award, Top 3 for HAPA 5 Star Hotel Exceptional Experience, Top Ten for HAPA Concept Restaurant - Contango, Top Ten for HAPA Indulging Spa of the Year - Majestic Spa; named "Best City Hotel" by "Best Of Malaysia" Expatriate Lifestyle Awards as well as received an Excellence Award for Best Boutique Hotel; named in Malaysia's Hot Ten by LifestyleAsia; and received a Certificate of Excellence from TripAdvisor Traveller's Choice Awards 2014. From Harper's Bazaar Malaysia Spa Awards 2014, The Majestic Spa won Best Heritage Spa Experience for Queen Victoria's Lavender treatment as well as Harper's Bazaar Editor's Pick: Best Couples Therapy – Malaya Golden Chersonese.

Operations Review

THE GAINSBOROUGH BATH SPA

The Gainsborough Bath Spa will have direct access to the city's famous thermal waters - the only hotel in the United Kingdom to enjoy such a privilege. The soon-to-open hotel spreads itself out over three key historical buildings – Gainsborough, Bellotts and Hetling House, the first two with a Grade II-listed Georgian façade, while Hetling House is said to be the city's only surviving Elizabethan building.

The lower level of the property will be home to the 1,300-square-metre Spa Village Bath and mosaic thermal pools set within an atrium flooded with natural light. The 99 rooms come with high ceilings, heated bathroom floors and Georgian windows, and include three spa suites with roll-top baths. Bellotts, a 17th-century annex to the Gainsborough building, has 14 guest rooms with an underground passageway to the Spa Village. The hotel was named by CNN as one of the 12 most anticipated hotel openings of 2014.

EASTERN & ORIENTAL EXPRESS

The Eastern & Oriental Express performed well in revenue until first quarter 2014. Unfortunately in the following months, the situation in Bangkok significantly impacted business in the direct and travel agent segment and on the shorter lead time business. Since the situation has stabilised, travellers and the tourism industry have regained confidence in Thailand which is very encouraging for 2015. There may be an opportunity to operate in Cambodia soon providing the E&O new destinations in the next two years.

YTL REIT

The Trust registered a strong performance for the financial year ended 30 June 2014, due mainly to the consolidation of results from the Sydney Harbour, Melbourne and Brisbane Marriott hotels in Australia for the full financial year, compared to 7 months last year. YTL REIT completed the acquisition of these 3 prime properties in November 2012, extending its geographic diversity to cover Malaysia, Japan and Australia. The total valuation of the Trust's property portfolio now stands at RM3.15 billion.

On 11 December 2013, the Trust officially changed its name from Starhill Real Estate Investment Trust to YTL Hospitality REIT, marking the final step of its transformation into a pure-play hospitality REIT focused on a single class of hotel and hospitality-related assets.

Malaysian Portfolio

The Trust's portfolio in Malaysia comprises a diverse range of nine assets, from luxury resorts in Pangkor Laut, Tanjong Jara and Cameron Highlands, to five-star properties in the heart of Kuala Lumpur's Golden Triangle and business hotels in key city centres across the Peninsula. YTL REIT maintains fixed lease arrangements for the properties and benefits from the stable income produced by this revenue structure.

During the financial year under review, YTL REIT continued to see good results from the JW Marriott Hotel Kuala Lumpur, The Ritz-Carlton, Kuala Lumpur, and The Residences at The Ritz-Carlton, Kuala Lumpur. These three luxury properties are situated in the Golden Triangle which forms Kuala Lumpur's premier commercial precinct and operate in close proximity to high-end retail destinations, such as Starhill Gallery, the Feast Village fine dining pavilion, the Carlton Conference Centre and Spa Village Kuala Lumpur, to ensure guests have access to a comprehensive collection of luxury amenities and services.

Operations Review

Similar high quality offerings can also be experienced across the Trust's luxury resorts, comprising Pangkor Laut Resort on the west coast of the Peninsular, Tanjong Jara Resort on the east coast and Cameron Highlands Resort. These properties continue to draw affluent customers from Europe, the Americas and the Asia-Pacific rim. Meanwhile, the rebranding of the Vistana chain of business hotels has upgraded the customer experience at these hotels which operate in Malaysia's key business city centres in Kuala Lumpur, Kuantan and Penang.

International Portfolio

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

Hilton Niseko Village operates under a fixed lease arrangement which ensures a stable level of income for the Trust. The hotel is one of Asia's most well-rounded winter and summer resort destinations, forming a cornerstone of Niseko Village, a prime destination set at the foot of the Niseko Annupuri Mountain with scenic views of Mountain Yotei, a landmark dormant volcano.

YTL REIT's Australian assets continued to register strong occupancy levels during the financial year under review. The Trust is afforded the benefit of a variable source of income from the operation of the Sydney Harbour, Brisbane and Melbourne Marriott hotels.

Occupancy at the Sydney Harbour Marriott increased to 87.2% this year compared to 86.0% last year as it stepped up efforts to expand its clientele, in both the corporate and leisure segments. The Sydney Harbour Marriott is a 5-star, 563-room hotel set in the heart of Circular Quay, overlooking iconic landmarks including Harbour Bridge and the Sydney Opera House.

Meanwhile, the 186-room Melbourne Marriott achieved occupancy levels of 88.2% for the year under review, over 81.6% last year. The hotel is located close to the city's theatre precinct and within minutes of the Bourke and Collins street shopping districts, Chinatown, the Melbourne Museum and the Royal Exhibition Building.

The Brisbane Marriott, however, registered a decrease in occupancy to 75.0% compared to 78.0% last year, due mainly to reduced corporate business associated with the downturn in the mining industry which has impacted the Brisbane market. The hotel has embarked on a series of marketing strategies to expand its corporate client base, as well as to attract the weekend stay segment. The Brisbane Marriott consists of 263 rooms and 4 suites and is situated between Brisbane's central business district and the Fortitude Valley hub, close to shopping, riverside dining, and the city's corporate and cultural locales.

IT & e-Commerce Initiatives

As with previous years, the division continued to see steady earnings from the licence of its 2.3 gigahertz (GHz) Worldwide Interoperability for Microwave Access (WiMAX) spectrum, which is utilised by YTL Communications Sdn Bhd ("YTL Comms") for its Yes mobile Internet with voice service. YTL Comms continued to expand its network coverage and saw good growth of its subscriber base during the financial year ended 30 June 2014.

In the content and digital media division, YTL Info Screen Sdn Bhd ("YTLIS"), a subsidiary of the Group, delivered a steady performance for the financial year attracting many renowned brand names, although the change in the opening date for the low cost carrier terminal at Kuala Lumpur International Airport, KLIA 2, impacted advertising revenue for the company's digital media network aboard the KLIA Express Rail Link.

YTLIS creates content and delivers advertising on digital narrowcast media networks in the Bintang Walk area of Kuala Lumpur, the iconic digital "cube" fronting Lot 10 shopping centre, digital networks in other shopping centres such as Starhill Gallery and on the Kuala Lumpur Express Rail Link (KLIA Ekspres) trains. YTLIS expanded its offering during the year with the addition of a large LED screen near the Selangor Turf Club in the Mines area of Selangor to the portfolio of digital media assets it markets to advertisers.

protection of the environment

"The range and scope of our environmental initiatives sometimes seem lost in the overwhelming plethora of issues and challenges faced by the natural environment. But if we all play our part and focus on specific issues, our collective impact will eventually be felt. Maintaining balance with nature and stakeholders will never be a simple undertaking, and the results may take years to be realised."

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

Corporate Events

11 NOVEMBER 2013

Malaysia Business Awards 2013
Conglomerate of the Year Award
– YTL Corporation Berhad

YTL Corporation Berhad garnered top awards at the Malaysia Business Awards 2013 organised by the ASEAN Business Advisory Council Malaysia in collaboration with the Kuala Lumpur Malay Chamber of Commerce. The award for Conglomerate of the Year was presented in acknowledgement of the exceptional performance of YTL Corporation Berhad for the year and the ground-breaking milestones achieved, reflecting the continuous growth and success in its business activities.

Tan Sri Dato' (Dr) Francis Yeoh Sock Ping (3rd from left), Managing Director of YTL Corporation Berhad, receiving the Conglomerate of the Year Award at the ceremony.

Legendary Lifetime Achievement Award
– Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay

The Legendary Lifetime Achievement Award was conferred upon Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay, Executive Chairman of YTL Corporation Berhad, in recognition of his long service having founded the YTL Group in 1955 and for being an outstanding and successful business personality.

Corporate Events

22 NOVEMBER 2013

Starhill Gallery's 'A Journey Through Time VII'

Starhill Gallery held 'A Journey Through Time', its luxury watch and jewellery showcase, for the seventh year. The event showcased over RM1 billion worth of first-in-market editions of luxurious watches and jewellery pieces from names including Bedat & Co, Chopard, Garrard, Gubelin, Hublot, Hermes, Jaeger-LeCoultre, Mouawad, Omega, Rolex and Van Cleef & Arpels.

Tan Sri Dato' (Dr) Francis Yeoh Sock Ping (left), Managing Director of YTL Corporation Berhad, and Dato' Sri Mohamed Nazri (right), Minister of Tourism, officiating the opening gala.

10 DECEMBER 2013

"Best Broadband Cloud Award" at the 2013 Broadband InfoVision Awards

YTL Communications Sdn Bhd won the Best Broadband Cloud Award at the 2013 Broadband InfoVision Awards for its work in connecting 10,000 national schools across Malaysia with Yes' 4G Internet service and the cloud-based Frog Virtual Learning Environment (VLE) under the 1BestariNet programme.

Mr Wing K. Lee (centre), Chief Executive Officer of YTL Communications Sdn Bhd, receiving the award at the ceremony in The Netherlands.

Corporate Events

12 DECEMBER 2013

Collaboration with Intel Malaysia

YTL Communications Sdn Bhd and Intel Malaysia formalised an agreement to introduce Intel-based integrated 4G laptop and tablet solutions supporting Chrome and Android for the education sector in Malaysia. A memorandum of understanding was signed by both organisations to accelerate progress of the 1BestariNet programme, which will deliver a cloud-based virtual learning platform and high-speed Internet connectivity to 10,000 schools nationwide.

From left to right:- Mr Wing K. Lee, Chief Executive Officer of YTL Communications Sdn Bhd; Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, Managing Director of YTL Corporation Berhad; and Mr Gregory Bryant, Vice President of Sales and Marketing & General Manager of Intel APAC and Japan.

26 FEBRUARY 2014

2014 Telecoms.com Industry Award for "Best Enterprise Cloud Offering"

YTL Communications Sdn Bhd won the "Best Enterprise Cloud Offering" award at the 2014 Telecoms.com Industry Awards for its Frog Virtual Learning Environment (VLE) operating on the Yes 4G platform.

Mr Wing K. Lee (2nd from left), Chief Executive Officer of YTL Communications Sdn Bhd, and Mr Ali Tabassi (3rd from left), Chief Operating Officer of YTL Communications Sdn Bhd, receiving the award at the ceremony in Barcelona, Spain.

19 MARCH 2014

Courtesy Visit with LVMH Group

Tan Sri Dato' (Dr) Francis Yeoh Sock Ping *(left)*, Managing Director of YTL Corporation Berhad, met Mr Olivier Lefebvre *(right)*, Director and Head of Hotel Activities of LVMH Moët Hennessy-Louis Vuitton SA, at Hilton Niseko Village in Hokkaido, Japan, a luxury winter and summer destination hotel which is part of YTL Hospitality REIT.

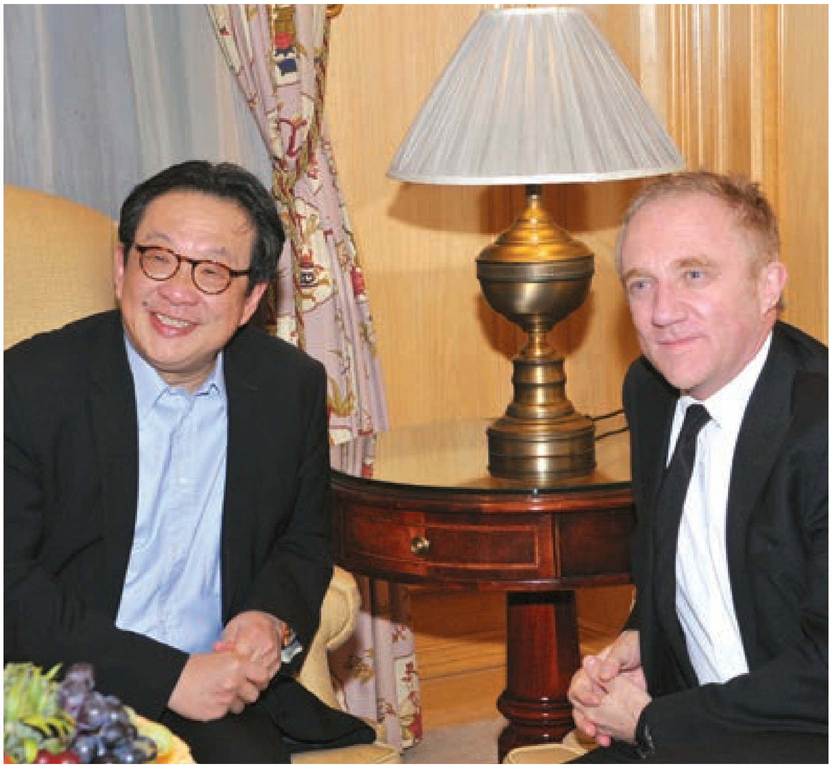
Corporate Events

31 MARCH 2014

YTL Corporation Berhad Hosts Athletes for the 2014 Laureus World Sports Awards

The 2014 Laureus World Sports Awards were held in Kuala Lumpur and YTL Corporation Berhad played host to some of the athletes at The Majestic Hotel Kuala Lumpur, in addition to serving as the Malaysian Partner for the Laureus World Sports Academy Dinner and the Laureus All-Star Unity Cup. The Laureus World Sports Academy is dedicated to effecting on social change through sport and its Laureus Sport for Good Foundation focuses on helping young people overcome challenging social issues such as poverty, war, violence, drug abuse and AIDS.

Mr Edwin Moses (left), Laureus Chairman and Olympic gold medallist, with Tan Sri Dato' (Dr) Francis Yeoh Sock Ping (right), Managing Director of YTL Corporation Berhad.



9 APRIL 2014

Corporate Visit by Kering Group

Tan Sri Dato' (Dr) Francis Yeoh Sock Ping *(left)*, Managing Director of YTL Corporation Berhad, hosted Mr Francois-Henri Pinault *(right)*, Chief Executive Officer and Chairman of Kering Group, during his visit to Malaysia. Kering is a world leader in apparel and accessories with an ensemble of powerful brands, including Gucci, Bottega Veneta, Saint Laurent, Alexander McQueen, Balenciaga, Brioni, McQ, Stella McCartney, Sergio Rossi and Boucheron, a number of which are housed in Starhill Gallery. Starhill Gallery is owned by Starhill Global REIT in Singapore, in which YTL Corporation Berhad has a 36.27% stake, as well as ownership of the REIT's management company.

supporting education & community development

"Education remains at the heart of our promise to communities we touch. Just like the built environment, laying a solid foundation for a child means that he or she can grow taller and stronger, and reach greater heights. Providing access to the right tools, infrastructure and basic needs is also essential in ensuring that communities are able to thrive. There can be no compromise in this solemn commitment."

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

Corporate Events

19 APRIL 2014

Launch of Yes 4G Network in Sabah

YTL Communications Sdn Bhd expanded its Yes 4G network coverage to Sabah, with 60% population coverage, bringing high-speed 4G Internet to more consumers in Malaysia. The launch was officiated by the Chief Minister of Sabah Datuk Seri Panglima Musa Bin Aman at Universiti Malaysia Sabah. The event also saw YTL Communications Sdn Bhd and Universiti Sabah Malaysia enter into a memorandum of understanding to establish a 4G campus-wide network at the university under the Education Partner Programme (EPP).

From left to right:- Professor Datuk Dr Harun Abdullah, Vice Chancellor of Universiti Sabah Malaysia; Datuk Jame Bin Alip, Director of Education, Sabah; Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay, Executive Chairman of YTL Corporation Berhad; Datuk Seri Panglima Musa Bin Aman, Chief Minister of Sabah; Dato' Yeoh Soo Keng, Executive Director of YTL Corporation Berhad; Mr Wing K. Lee, Chief Executive Officer of YTL Communications Sdn Bhd; and Datuk Abdullah Hj Mohd Said, Registrar of Universiti Sabah Malaysia.

20 MAY 2014

"Most Innovative Partnership Strategy" at the Telecom Asia Awards 2014

YTL Communications Sdn Bhd ("YTL Comms") won the award for "The Most Innovative Partnership Strategy" for its partnership with Google at the Telecom Asia Awards 2014. YTL Comms and Google collaborated to deploy Google-designed Chromebooks in schools throughout Malaysia and seamlessly integrated Google Apps for Education into YTL Comms' cloud-based virtual learning platform for students, teachers and parents in 10,000 schools across Malaysia, to improve the national education system through the Internet and technology under the 1BestariNet programme.

Mr Amish Kacker (left), Partner of Analysis Mason, presenting the award to Mr Jacob Yeoh Keong Yeow (right), Deputy Chief Executive Officer and Director of YTL Communications Sdn Bhd and Executive Director of YTL e-Solutions Berhad, at the ceremony in Jakarta, Indonesia.

Corporate Events

11-13 JUNE 2014

JP Morgan Asia Pacific Owner & CEO Forum

Mr Jamie Dimon *(left)*, Chairman and Chief Executive Officer of JPMorgan Chase & Co, and Tan Sri Dato' (Dr) Francis Yeoh Sock Ping *(right)*, Managing Director of YTL Corporation Berhad, at JP Morgan's Asia Pacific Owner & CEO Forum, held in Beijing, China. The forum's focus was on the transformation and long-term development of China's economy, and the impact on sustainable growth in Asia Pacific and global economic rebalancing.

From left to right:- Ms Thérèse Esperdy, Co-Head, Banking, Asia Pacific, Corporation & Investment Bank, JPMorgan Chase & Co; Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, Managing Director, YTL Corporation Berhad; and Mr Jaime Zobel de Ayala, Chairman & Chief Executive Officer of Ayala Corporation, during the panel discussion on "Encouraging Private Participation in Asia's Infrastructure Development".

From left to right:- Mr Sunny George Verghese, Co-Founder, Group Managing Director & CEO, Olam International Limited; Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, Managing Director, YTL Corporation Berhad; Mr Lim Ming Yan, President & Group CEO, CapitaLand Limited; Mr Jamie Dimon, Chairman & CEO, JPMorgan Chase & Co; Mr Jaime Zobel de Ayala, Chairman & CEO, Ayala Corporation; and Mr Choi Kwang, Chairman & CEO, National Pension Service, Republic of Korea.

promotion of arts & culture

"A passionate supporter of the arts and culture, YTL constantly endeavours to bring the arts to the people, to nurture the potential and confidence of young creative minds and to help to promote the uniqueness of our art and culture with pride and joy."

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

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Thirty-First Annual General Meeting of YTL Corporation Berhad ("the Company") will be held at The Banquet Hall, Level 3, Conference Center, The Ritz Carlton Kuala Lumpur, 168 Jalan Imbi, 55100 Kuala Lumpur on Tuesday, the 25th day of November, 2014 at 4.00 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 2014 together with the Reports of the Directors and Auditors thereon; **Please refer Explanatory Note A**

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

   (i) Dato' Yeoh Soo Min **Resolution 1**

   (ii) Dato' Yeoh Seok Hong **Resolution 2**

   (iii) Syed Abdullah Bin Syed Abd. Kadir **Resolution 3**

3. 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 4**

   (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 5**

   (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 6**

4. To approve the payment of Directors' fees amounting to RM720,000 for the financial year ended 30 June 2014; **Resolution 7**

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

AS SPECIAL BUSINESS

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

Ordinary Resolutions:-

6. **CONTINUING IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTORS**

   (i) "THAT approval be and is hereby given to Dato' Cheong Keap Tai, who has served as Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to serve as an Independent Non-Executive Director of the Company." **Resolution 9**

   (ii) "THAT subject to the passing of the Ordinary Resolution 5, approval be and is hereby given to Dato' (Dr) Yahya Bin Ismail, who has served as Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to serve as an Independent Non-Executive Director of the Company." **Resolution 10**

(iii) "THAT subject to the passing of the Ordinary Resolution 6, approval be and is hereby given to Eu Peng Meng @ Leslie Eu, who has served as Independent Non-Executive Director for a cumulative term of more than nine years, to continue to serve as an Independent Non-Executive Director of the Company." **Resolution 11**

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

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

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

"THAT subject to the Company's compliance with all applicable rules, regulations, orders and guidelines made pursuant to the Companies Act, 1965, the provisions of the Company's Memorandum and Articles of Association and the Main Market Listing Requirements ("Main LR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approvals of all relevant authorities, the Company be and is hereby authorised, to the fullest extent permitted by law, to buy-back and/or hold from time to time and at any time such amount of ordinary shares of RM0.10 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 26 November 2013, 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 2014, the audited Retained Profits and Share Premium Account of the Company were RM4,496,291,000 and RM1,987,700,000 respectively; and

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

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

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

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

Notice of
Annual General Meeting

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

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

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 3 November 2014 subject to the following:-

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

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

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

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

By Order of the Board,

HO SAY KENG
Company Secretary

KUALA LUMPUR
3 November 2014

Notice of Annual General Meeting

NOTES:-

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

The instrument appointing a proxy, in the case of an individual, shall be signed by the appointor or his attorney and in the case of a corporation, either under seal or under the hand of an officer or attorney duly authorised in writing. The original instrument appointing a proxy shall be deposited at the 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 18 November 2014. Only a depositor whose name appears on the General Meeting Record of Depositors as at 18 November 2014 shall be entitled to attend the said meeting or appoint proxy to attend and/or vote in his stead.

Explanatory Note A

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

Explanatory Notes to Special Business

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

In line with Recommendation 3.3 of the Malaysian Code on Corporate Governance 2012, Resolutions 9, 10 and 11 are to enable Dato' Cheong Keap Tai, Dato' (Dr) Yahya Bin Ismail and Eu Peng Meng @ Leslie Eu to continue serving as Independent Directors of the Company to fulfill the requirements of Paragraph 3.04 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The justifications of the Board of Directors for recommending and supporting the resolutions for their continuing in office as Independent Directors are set out under the Nominating Committee Statement in the Company's Annual Report 2014.

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

Resolution 12 is a renewal of the general authority given to the Directors of the Company to allot and issue shares ("S132D Mandate") as approved by the shareholders at the Thirtieth Annual General Meeting held on 26 November 2013 ("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 Thirty-First Annual General Meeting to be held on 25 November 2014.

Resolution 12, 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 13, further information on the Share Buy-Back is set out in Part A of the Statement/Circular dated 3 November 2014 which is despatched together with the Company's Annual Report 2014.

Resolution pertaining to the Recurrent Related Party Transactions

For Resolution 14, further information on the Recurrent Related Party Transactions is set out in Part B of the Statement/Circular dated 3 November 2014 which is despatched together with the Company's Annual Report 2014.

Statement Accompanying Notice of Annual General Meeting

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

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

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

Corporate Information

BOARD OF DIRECTORS

Executive Chairman

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

Managing Director

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

Deputy Managing Director

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

Directors

Dato' (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
Fellow of the Chartered Association of Certified Accountants

COMPANY SECRETARY

Ho Say Keng

REGISTERED OFFICE

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

BUSINESS OFFICE

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

REGISTRAR

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

Corporate Information

SOLICITORS

Allen & Gledhill
Dorairaj, Low & Teh
Lee, Perara & Tan
Makarim & Taira S.
Rahmat Lim & Partners
Shook Lin & Bok
Slaughter & May
TSMP Law Corporation

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)

NOMINATING COMMITTEE

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

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

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

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

AUDITORS

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

PRINCIPAL BANKERS OF THE GROUP

Affin Bank Berhad
AmBank (M) Berhad
Australia and New Zealand Banking Group Ltd
Bank Muamalat Malaysia Berhad
Bank of China Limited
BNP Paribas
CIMB Bank Berhad
CIMB Islamic Bank Berhad
Citibank Berhad
Commonwealth Bank of Australia
Credit Agricole Corporate & Investment Bank
DBS Bank Ltd
Deutsche Bank (Malaysia) Berhad
European Investment Bank
Hong Leong Bank Berhad
HSBC Bank Malaysia Berhad
HSBC Bank Plc
Malayan Banking Berhad
Mega International Commercial Bank Co Ltd
Mizuho Bank, Ltd
National Australian Bank Limited
National Westminster Bank Plc
OCBC Bank (Malaysia) Berhad
Oversea-Chinese Banking Corporation Limited
RHB Bank Berhad
Standard Chartered Bank Malaysia Berhad
Sumitomo Mitsui Banking Corporation Malaysia Berhad
The Bank of Tokyo-Mitsubishi UFJ, Ltd
United Overseas Bank Limited
United Overseas Bank (Malaysia) Berhad
United Overseas Bank (Thai) Public Company Limited

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

TAN SRI DATO' (DR) FRANCIS YEOH SOCK PING

Malaysian, aged 60, was appointed to the Board on 6 April 1984 as an Executive Director and has been the Managing Director of the Company since April 1988. Tan Sri Francis studied at Kingston University in the United Kingdom, where he obtained a Bachelor of Science (Hons) Degree in Civil Engineering and was conferred an Honorary Doctorate of Engineering in 2004. In July 2014, Tan Sri Francis was conferred an Honorary Degree of Doctor of Laws from University of Nottingham. He became the Managing Director of YTL Corporation Berhad Group in 1988 which, under his stewardship, has grown from a single listed company into a force comprising five listed entities ie. YTL Corporation Berhad, YTL Power International Berhad, YTL Land & Development Berhad, YTL e-Solutions Berhad and YTL Hospitality REIT.

He is presently the Managing Director of YTL Power International Berhad and YTL Land & Development Berhad which are listed on the Main Market of Bursa Malaysia Securities Berhad. He is the Executive Chairman and Managing Director of YTL e-Solutions Berhad which is listed on the ACE Market of Bursa Malaysia Securities Berhad. He is also the Executive Chairman of YTL Starhill Global REIT Management Limited, the manager of Starhill Global REIT, a vehicle listed on the Main Board of the Singapore Exchange Securities Trading Limited (SGX-ST). Tan Sri Francis sits on the boards of several public companies such as YTL Cement Berhad and YTL Industries Berhad, and private utilities companies, including Wessex Water Limited and Wessex Water Services Limited in England and Wales, and YTL PowerSeraya Pte Limited in Singapore. He also sits on the board of trustees of YTL Foundation. Tan Sri Francis is also an Independent Non-Executive Director of The Hong Kong and Shanghai Banking Corporation Limited, and is a director and Chief Executive Officer of Pintar Projek Sdn Bhd, the manager of YTL Hospitality REIT.

He is a Founder Member of the Malaysian Business Council and The Capital Markets Advisory Council, member of The Nature Conservancy Asia Pacific Council, and the Asia Business Council, Trustee of the Asia Society and Chairman for South East Asia of the International Friends of the Louvre. He is also a member of the Advisory Council of London Business School, Wharton School and INSEAD. He served as a member of the Barclays Asia-Pacific Advisory Committee from 2005 to 2012.

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

In 2006, he was awarded the Commander of the Most Excellent Order of the British Empire (CBE) by Her Majesty Queen Elizabeth II, and received a prestigious professional accolade when made a Fellow of the Institute of Civil Engineers in London in 2008. He was the Primus Inter Pares Honouree of the 2010 Oslo Business for Peace Award, for his advocacy of socially responsible business ethics and practices. The Award was conferred by a panel of Nobel Laureates in Oslo, home of the Nobel Peace Prize. He also received the Corporate Social Responsibility Award at CNBC's 9th Asia Business Leaders Awards 2010.

DATO' YEOH SEOK KIAN

Malaysian, aged 57, was appointed to the Board on 24 June 1984 as an Executive Director. He is currently the Deputy Managing Director of the Company. He graduated from Heriot-Watt University, Edinburgh, United Kingdom in 1981 with a Bachelor of Science (Hons) Degree in Building. He attended the Advance Management Programme conducted by Wharton Business School, University of Pennsylvania in 1984. Dato' Yeoh is a Fellow of the Faculty of Building, United Kingdom as well as a Member of the Chartered Institute of Building (UK). He serves as Deputy Managing Director of YTL Power International Berhad and Executive Director of YTL Land & Development Berhad, both listed on the Main Market of Bursa Malaysia Securities Berhad. Dato' Yeoh also sits on the boards of other public companies such as YTL Cement Berhad, YTL Industries Berhad and The Kuala Lumpur Performing Arts Centre, and private utilities companies, Wessex Water Limited in England and Wales, YTL PowerSeraya Pte Limited in Singapore, as well as YTL Starhill Global REIT Management Limited, the manager of Starhill Global REIT, a vehicle listed on the Main Board of the Singapore Exchange Securities Trading Limited (SGX-ST). He is also an Executive Director of Pintar Projek Sdn Bhd, the manager of YTL Hospitality REIT.

DATO' (DR) YAHYA BIN ISMAIL

Malaysian, aged 86, was appointed to the Board on 6 April 1984 as an Independent Non-Executive Director. He is also a member of the Audit Committee and Nominating Committee. He was formerly with the Government and his last appointment was the Director General of the National Livestock Authority Malaysia. He was 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 boards of Metroplex Berhad and Pintar Projek Sdn Bhd, the manager of YTL Hospitality REIT.

DATO' CHEONG KEAP TAI

Malaysian, aged 66, was appointed to the Board on 30 September 2004 as an Independent Non-Executive Director. He is also a member of the Audit Committee and Nominating Committee. Dato' Cheong graduated from the University of Singapore with a Bachelor of Accountancy. He is a Chartered Accountant of Malaysian Institute of Accountants, a member of the Malaysian Institute of Certified Public Accountants, member of Malaysian Institute of Taxation and 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, Tanah Makmur Berhad and several private limited companies.

DATO' YEOH SOO MIN

Malaysian, aged 58, was appointed to the Board on 24 June 1984 as an Executive Director. She graduated with a Bachelor of Art (Hons) Degree in Accounting. She did her Articleship at Leigh Carr and Partners, London and has gained vast experience in accounting and management. She was responsible for the setting up of the Travel and Accounting Division of the YTL Group in December 1990. Dato' Yeoh Soo Min is currently responsible for the accounting and finance systems for the YTL Group. She is an Associate Fellow member of the Malaysian Institute of Management. She was the past President of the Women in Travel Industry. She is currently a Fellow of the Governors of International Students House, London and is a Trustee of Yayasan Tuanku Fauziah, IJN Foundation, and Women's Leadership Endowment Fund. She also holds directorships in YTL Power International Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad and YTL Industries Berhad.

Profile of the Board of Directors

DATO' YEOH SEOK HONG

Malaysian, aged 55, was appointed to the Board on 19 June 1985 as an Executive Director. He obtained his Bachelor of Engineering (Hons) Civil & Structural Engineering Degree from the University of Bradford, United Kingdom in 1982. He is a member of the Faculty of Building, United Kingdom. In 2010, he was conferred an Honorary Doctor of Science degree by Aston University in the United Kingdom. Dato' Yeoh Seok Hong has vast experience in the construction industry, being the Executive Director responsible for the YTL Group construction division. He was the project director responsible for the development and the construction of the two Independent Power Producer power stations owned by YTL Power Generation Sdn Bhd. His other achievements include the construction of the Express Rail Link between the Kuala Lumpur International Airport and the Kuala Lumpur Sentral Station. He is also responsible for developing the power and utility businesses of the YTL Power International Berhad Group and the building of the fourth generation (4G) Worldwide Interoperability for Microwave Access (WiMAX) network by YTL Communications Sdn Bhd. He serves as an Executive Director of YTL Power International Berhad and YTL Land & Development Berhad, both listed on the Main Market of Bursa Malaysia Securities Berhad. Dato' Yeoh Seok Hong also sits on the boards of other public companies such as YTL Cement Berhad and YTL Industries Berhad, and private utilities companies, Wessex Water Limited and Wessex Water Services Limited in England and Wales and YTL PowerSeraya Pte Limited in Singapore. He also sits on the board of trustees of YTL Foundation.

DATO' SRI MICHAEL YEOH SOCK SIONG

Malaysian, aged 54, was appointed to the Board on 19 June 1985 as an Executive Director. He graduated from University of Bradford, United Kingdom in 1983 with a Bachelor of Engineering (Hons) Civil & Structural Engineering Degree. Dato' Sri Michael Yeoh is primarily responsible for the YTL Group Manufacturing Division which activities involve cement manufacturing and other building material industries. He serves as an Executive Director of YTL Power International Berhad and YTL Land & Development Berhad, both listed on the Main Market of Bursa Malaysia Securities Berhad and YTL e-Solutions Berhad which is listed on the ACE Market of Bursa Malaysia Securities Berhad. He also sits on the boards of other public companies such as YTL Cement Berhad and YTL Industries Berhad, and private utilities companies, Wessex Water Limited in England and Wales and YTL PowerSeraya Pte Limited in Singapore.

DATO' YEOH SOO KENG

Malaysian, aged 51, 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 currently Chairman of Cement and Concrete Association since her appointment in August 2013. She is also a director of YTL Power International Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad, YTL Cement Berhad and World Scout Foundation.

DATO' MARK YEOH SEOK KAH

Malaysian, aged 49, was appointed to the Board on 22 June 1995 as an Executive Director. He graduated from King's College, University of London, with an LLB (Hons) and was subsequently called to the Bar at Gray's Inn, London in 1988. He was awarded Fellowship of King's College London in July 2014.

Dato' Mark Yeoh joined YTL Group in 1989 and is presently the Executive Director responsible for the YTL Hotels and Resorts Division. In addition, he is also part of YTL Power's Mergers & Acquisitions Team and was involved in the acquisition of ElectraNet SA (Australia), Wessex Water Limited (UK), P.T. Jawa Power (Indonesia) and PowerSeraya Limited (Singapore). He serves as an Executive Director of YTL Power International

Profile of the Board of Directors

Berhad and YTL Land & Development Berhad, both listed on the Main Market of Bursa Malaysia Securities Berhad. He is also a board member of YTL Cement Berhad and private utilities companies, Wessex Water Limited and Wessex Water Services Limited in England and Wales, and YTL PowerSeraya Pte Limited in Singapore. He is also an Executive Director of Pintar Projek Sdn Bhd, the manager of YTL Hospitality REIT.

EU PENG MENG @ LESLIE EU

Malaysian, aged 79, was appointed to the Board on 31 March 2003 as an Independent Non-Executive Director. He is also the Chairman of the Audit Committee and a member of Nominating Committee. Mr Leslie Eu graduated with a Bachelor of Commerce degree from the University College 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 boards of YTL Land & Development Berhad and YTL Cement Berhad. He is also a director of Pintar Projek Sdn Bhd, the manager of YTL Hospitality REIT.

SYED ABDULLAH BIN SYED ABD. KADIR

Malaysian, aged 60, was appointed to the Board on 20 October 1999 as an Executive Director. He graduated from the University of Birmingham in 1977 with a Bachelor of Science (Engineering Production) and a Bachelor of Commerce (Economics) Double Degree. He has extensive experience in banking and financial services, having been with Bumiputra Merchant Bankers Berhad from 1984 to 1994, holding the position of general manager immediately prior to his departure from the bank. Prior to joining YTL Corporation Berhad Group, he was, from November 1994 to February 1996, the general manager of Amanah Capital Partners Berhad (now known as MIDF Amanah Capital Berhad), a company which has interests in, inter alia, discount, money broking, unit trusts, finance and fund management operations. He currently also serves on the boards of YTL Power International Berhad, YTL e-Solutions Berhad, Iris Corporation Berhad and Versatile Creative Berhad, all listed on Bursa Malaysia Securities Berhad.

FAIZ BIN ISHAK

Malaysian, aged 56, was appointed to the Board on 1 December 2011 as an Independent Non-Executive Director. He is also the Chairman of the Nominating Committee. He graduated from MARA University of Technology in 1978 with a Diploma in Accountancy. In 1979, he went on to pursue professional accountancy with The Chartered Association of Certified Accountants in the United Kingdom and graduated in 1982. He was admitted as associateship and fellowship of the association in 1993 and 1998 respectively.

He served in various posts in The New Straits Times Press (M) Berhad since 1982 and was appointed as the Managing Director in 1999 till 2003. He joined Commerce Assurance Berhad (a licensed general insurance underwriter, now part of Allianz General Insurance Berhad) as Executive Director in 2003 and became the Chief Executive Officer from 2006 to 2007. Encik Faiz is presently a business entrepreneur in retail food and beverage.

Profile of the Board of Directors

DETAILS OF ATTENDANCE OF DIRECTORS AT BOARD MEETINGS

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

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

Notes:-

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

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

2. **Conflict of Interest**

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

3. **Conviction of Offences**

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

Statement of Directors' Responsibilities

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

In preparing the financial statements for the financial year ended 30 June 2014, the Directors have:-

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

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

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

Audit Committee Report

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's 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. Instill 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 explicit 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 with the external auditors their evaluation of the system of internal controls, during the course of their audit, including any significant suggestions for improvements and management's response;

(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.

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.

Audit Committee Report

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 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 2014 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 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. **ESOS**

(a) Verified the allocation of share options pursuant to the ESOS as being in compliance with the criteria set out in the By-Laws of the ESOS and applicable provisions of the Main LR.

6. **Annual Report**

(a) Reviewed the Audit Committee Report and Statement on Risk Management and 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. On a quarterly basis, presented significant audit findings and areas for improvements raised by the IA to the Committee for consideration on the recommended corrective measures together with the management's response.

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

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

Costs amounting to RM2,305,675 were incurred in relation to the internal audit function for the financial year ended 30 June 2014.

NUMBER OF MEETINGS HELD AND DETAILS OF ATTENDANCE

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

	Attendance
Eu Peng Meng @ Leslie Eu	4
Dato' (Dr) Yahya Bin Ismail	5
Dato' Cheong Keap Tai	5

Nominating Committee Statement

for the financial year ended 30 June 2014

NOMINATING COMMITTEE ("NC")

The NC was established on 23 May 2013. The terms of reference of the NC provide that it shall comprise no fewer than three members, all of whom must be non-executive Directors, with a majority being independent directors.

Members of the NC are as follows:-

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

The NC met on 3 occasions during 2014, attended by all members.

The primary purpose of the NC is to provide assistance to the Board of Directors of YTL Corporation Berhad (the "Company") ("Board") in overseeing the selection and assessment of Directors to ensure that the composition of the Board meets the need of the Company and its subsidiaries ("YTL Corp Group"). The functions and duties of the NC include, *inter alia*, the following:-

i. Formulating the nomination, selection and succession policies for the members of the Board;

ii. Making recommendations to the Board on candidates for appointments, re-election/re-appointment of Directors to the Board and/or Board Committees;

iii. Reviewing the composition in terms of appropriate size, mix of skills, experience, competencies and other qualities of the Board annually;

iv. Assessing annually the effectiveness of the Board and Board Committees as well as the contribution by each individual Director and Board Committee;

v. Establishing a set of quantitative and qualitative performance criteria to evaluate the performance of the members of the Board;

vi. Developing criteria for assessing independence for application by the Board upon admission, annually and when any new interest or relationship develops;

vii. Facilitating and determining Board induction and training programmes.

Activities of the NC for the financial year ended 30 June 2014

(a) Board nomination and election process and criteria used

The NC is responsible for considering and making recommendations to the Board candidates for directorship when the need arises such as to fill a vacancy arising from resignation or retirement or to close any skills, competencies or diversity gap that has been identified. Candidates may be proposed by the Managing Director or any Director or shareholder and must fulfill the requirements prescribed under the relevant laws and regulations for appointment as director. In assessing the suitability of a candidate, the NC will take into consideration the candidate's skills, knowledge, expertise, competence and experience, time commitment, character, professionalism and integrity. For the position of independent non-executive director, the NC will evaluate the candidate's ability to discharge such responsibilities as expected from an independent non-executive director.

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

In accordance with Article 84 of the Articles of Association of the Company ("Article 84"), Directors are to be elected at every annual general meeting when one-third of the Directors longest in office shall retire and if eligible, may offer themselves for re-election.

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

In June 2014, based on the results of the assessment undertaken for the financial year, the NC (save for the members who had abstained from deliberations on their own re-election/re-appointment) recommended to the Board that:-

- Dato' Yeoh Soo Min, Dato' Yeoh Seok Hong and Syed Abdullah Bin Abd. Kadir who are due to retire pursuant to Article 84 at the Thirty-First Annual General Meeting of the Company ("AGM"), stand for re-election; and

Nominating Committee Statement

for the financial year ended 30 June 2014

- Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay, Dato' (Dr) Yahya Bin Ismail and Eu Peng Meng @ Leslie Eu, who are all of or over the age of 70 years and due to retire pursuant to Section 129 at the AGM, stand for re-appointment.

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

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

As part of the annual assessment of Directors and in accordance with Recommendation 3.1 of the Malaysian Code on Corporate Governance 2012, an assessment of independence was conducted on the INED. In addition to the criteria for independence prescribed in Bursa Malaysia Securities Berhad Main Market Listing Requirements and Practice Note 13, INED were assessed on their ability and commitment to continue to bring independent and objective judgment to board deliberations.

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

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

(b) Annual assessment

In May 2014, the NC carried out its annual assessment of the effectiveness of the Board as a whole, the Board Committees and individual Directors. The assessment exercise was facilitated by the Company Secretary and took the form of completion of questionnaires/evaluation forms comprising a Board and Board Committees Effectiveness Evaluation Form, and Individual Director Performance Evaluation Form.

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

The assessment of the individual Directors covered areas such as calibre, personality, conduct, integrity, knowledge, experience, time commitment, competency and participation in board decisions.

Results of the assessment were summarised and discussed at the NC meeting held in June 2014 and reported to the Board by the Chairman of the NC. These results form the basis of the NC's recommendations to the Board for the re-election and re-appointment of Directors at the AGM.

Nominating Committee Statement

for the financial year ended 30 June 2014

Policy on Board Composition

The Board aims to maintain a balance in terms of the range of experience and skills of individual Board members. The Board views gender, nationality, cultural and socio-economic backgrounds diversity as important considerations when reviewing the composition of the Board. The Board recognises, in particular, the importance of gender diversity. Currently, two or 22% of the Company's Executive Directors are women and they make up 15% of the full Board. Although it has not set any specific measurable objectives, the Board intends to continue its current approach to diversity in all aspects while at the same time seeking Board members of the highest calibre, and with the necessary strength, experience and skills to meet the needs of the Company.

Training and development of Directors

The Board, through the NC, assesses the training needs of its Directors on an ongoing basis by determining areas that would best strengthen their contributions to the Board.

Besides the findings from the annual performance assessment of Directors, which provide the NC with useful insights into the training needs of the Directors, each Director is requested to identify appropriate training that he/she believes will enhance his/her contribution to the Board.

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

All the Directors have undergone training programmes during the financial year ended 30 June 2014. The conferences, seminars and training programmes attended by one or more of the Directors covered the following areas:-

➢ **Corporate Governance**

- Integrating Corporate Governance with Business Acumen & Corporate Disclosure;
- Corporate Governance Statement Reporting Workshop;
- Nominating Committee Program;
- Advocacy Session on Corporate Disclosure for Directors of Listed Issuers;
- Common Breaches of the Listing Requirements with Case Studies.

➢ **Leadership, Legal and Business Management**

- Infrastructure, Power & Utilities Roundtable;
- Leveraging the Private Sector to Accelerate Infrastructure Development in Asia;
- Dialogue on Sustainability & Diversity;
- Encouraging Private Participation in Asia's Infrastructure Development;
- 63rd Asia Cement Producers Amity Club (ACPAC) Workshop by The Cement & Concrete Association of Malaysia;
- Personal Data Protection Act 2010 and The Competition Act 2010: Implications on Capital Market;
- YTL Leadership Conference 2013;
- Roundtable Discussion on Financial Reporting;
- MIA National Accountants Conference 2013;
- 2014 Budget Proposal.

➢ **Information Technology**

- Mobile World Congress 2014;
- Qualcomm Reference Design & Wireless Innovation Summit 2014.

Statement on Corporate Governance

for the financial year ended 30 June 2014

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

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

In implementing its governance system and ensuring compliance with the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities"), the Board has been guided by the principles and recommendations of the Malaysian Code on Corporate Governance 2012 ("Code").

The Board is satisfied that the Company has, in all material aspects, complied with the principles and recommendations of the Code for the financial year ended 30 June 2014. This statement explains the Company's application of the principles and compliance with the recommendations as set out in the Code for the financial year under review, including, where otherwise indicated, explanations of its alternative measures and processes.

ROLES & RESPONSIBILITIES OF THE BOARD

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

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

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

The roles of Executive and Non-Executive Directors are differentiated, both having fiduciary duties towards shareholders. Executive Directors have a direct responsibility for business operations whereas Non-Executive Directors have the necessary skill and experience to bring an independent 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.

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

Statement on Corporate Governance

for the financial year ended 30 June 2014

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

The Board believes sustainability is integral to the long-term success of the YTL Corp Group. Further information on the YTL Corp Group's sustainability activities can be found in YTL Corp's ***Sustainability Report 2014***, a separate report published in conjunction with this Annual Report.

The Board's functions are governed and regulated by the Memorandum and Articles of Association of the Company and the various applicable legislation, Listing Requirements and other regulations and codes. The Board's charter was formalised during the financial year under review and a copy can be found on the Company's website at **www.ytl.com**.

Board meetings are scheduled with due notice in advance at least 5 times in a year in order to review and approve the annual and interim financial results. Additional meetings may also be convened on an ad-hoc basis when significant issues arise relating to the YTL Corp Group and when necessary to review the progress of its operating subsidiaries in achieving their strategic goals. The Board met 5 times during the financial year ended 30 June 2014.

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

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

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

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

Statement on Corporate Governance
for the financial year ended 30 June 2014

COMPOSITION & INDEPENDENCE OF THE BOARD

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

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

The Nominating Committee, which was established by the Board on 23 May 2013, is now responsible for assessing suitable candidates for appointment to the Board for approval, taking into account the required mix of skills, experience and expertise of members of the Board before submitting their recommendation to the Board for decision. Further information on the activities of the Nominating Committee can be found in the ***Nominating Committee Statement*** set out in this Annual Report.

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

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

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

BOARD COMMITMENT

In accordance with the Listing Requirements, each member of the Board holds not more than five directorships in public listed companies. This ensures that their commitment, resources and time are focused on the affairs of the YTL Corp Group thereby enabling them to discharge their duties effectively. The details of each Director's attendance of Board meetings are also disclosed in the ***Profile of the Board of Directors*** in this Annual Report. Meanwhile, details on the training programmes attended by the Directors during the year under review can be found in the ***Nominating Committee Statement*** in this Annual Report.

Statement on Corporate Governance
for the financial year ended 30 June 2014

INTEGRITY IN FINANCIAL REPORTING

The Company has in place an Audit Committee which comprises 3 Non-Executive Directors, in compliance with the Listing Requirements which require all the members of the Audit Committee to be non-executive members. The Audit Committee holds quarterly meetings to review matters including the YTL Corp Group's financial reporting, the audit plans for the financial year and recurrent related party transactions, as well as to deliberate the findings of the internal and external auditors.

The Audit Committee met 5 times during the financial year ended 30 June 2014. 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.

The Audit Committee 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.

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

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

RISK MANAGEMENT

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

CORPORATE DISCLOSURE & COMMUNICATION WITH SHAREHOLDERS

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

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

Statement on Corporate Governance

for the financial year ended 30 June 2014

The Managing Director and the Executive Directors meet with analysts, institutional shareholders and investors throughout the year not only to promote the dissemination of the YTL Corp Group's financial results but to provide updates on strategies and new developments to ensure better understanding of the YTL Corp Group's operations and activities. Presentations based on permissible disclosures are made to explain the YTL Corp Group's performance and major development programs. Whilst efforts are made to provide as much information as possible to its shareholders and stakeholders, the Directors are cognisant of the legal and regulatory framework governing the release of material and sensitive information so as to not mislead its shareholders. Therefore, the information that is price-sensitive or that may be regarded as undisclosed material information about the YTL Corp Group is not disclosed to any party until after the prescribed announcement to Bursa Securities has been made.

The AGM is the principal forum for dialogue with shareholders. The Board provides opportunities for shareholders to raise questions pertaining to issues in the Annual Report, corporate developments in the YTL Corp Group, the resolutions being proposed and the business of the YTL Corp Group in general at every general meeting of the Company. The notice of the AGM and a circular to shareholders in relation to the renewal of the Company's share buy-back and recurrent related party transactions mandates, if applicable, are sent to shareholders at least 21 days prior to the AGM in accordance with the Listing Requirements and the Companies Act 1965 in order to enable shareholders to review the YTL Corp Group's financial and operational performance for the financial year and to fully evaluate new resolutions being proposed.

The Managing Director and Executive Directors take the opportunity to present a comprehensive review of the progress and performance of the YTL Corp Group and provide appropriate answers in response to shareholders' questions during the meeting, thereby ensuring a high level of accountability, transparency and identification with the YTL Corp Group's business operations, strategy and goals. Each item of special business included in the notice of the meeting is accompanied by an explanatory statement for the proposed resolution to facilitate full understanding and evaluation of the issues involved.

The rights of shareholders, including the right to demand for a poll, are found in the Articles of Association of the Company. At the 30th AGM of the Company, held on 26 November 2013, the resolutions put forth for shareholders' approval were voted on by a show of hands as there were no shareholder demands for voting to be done by way of a poll.

This statement was approved by the Board of Directors on 9 October 2014.

Statement on Risk Management & Internal Control

for the financial year ended 30 June 2014

During the financial year under review, YTL Corporation Berhad ("YTL Corp" or "Company") and its subsidiaries ("YTL Corp Group") continued to enhance the YTL Corp Group's system of internal control and risk management, to comply with the applicable provisions of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") and the principles and recommendations of the Malaysian Code on Corporate Governance 2012 ("Code").

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

RESPONSIBILITIES OF THE BOARD

The Board is ultimately responsible for maintaining a sound system of risk management and internal control which includes the establishment of an appropriate control environment framework to address the need to safeguard shareholders' investments and the assets of the YTL Corp Group, and for reviewing the adequacy and integrity of the system. The system of internal control covers not only financial controls but operational and compliance controls and risk management. However, the Board recognises that reviewing the YTL Corp Group's system of risk management and internal control is a concerted and continuing process, designed to minimise the likelihood of fraud and error, and to manage rather than eliminate the risk of failure to achieve business objectives. Accordingly, the system of risk management and internal control can only provide reasonable but not absolute assurance against material misstatement, fraud and loss.

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

PRINCIPAL FEATURES OF THE YTL CORP GROUP'S SYSTEM OF INTERNAL CONTROL

The Board is committed to maintaining a sound internal control structure that includes processes for continuous monitoring and review of effectiveness of control activities, and to govern the manner in which the YTL Corp Group and its staff conduct themselves. The principal features which formed part of the YTL Corp Group's system of internal control can be summarised as follows:-

- **Authorisation Procedures:** The YTL Corp Group has a clear definition of authorisation procedures and a clear line of accountability, with strict authorisation, approval and control procedures within the Board and the senior management. Responsibility levels are communicated throughout the YTL Corp Group which set out, among others, authorisation levels, segregation of duties and other control procedures to promote effective and independent stewardship in the best interests of shareholders.

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

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

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

Statement on Risk Management & Internal Control

for the financial year ended 30 June 2014

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

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

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

Similarly, the companies of the YTL PowerSeraya Pte Limited group ("YTL PowerSeraya"), which are subsidiaries of YTL Power, based in Singapore, were also not covered by YTLIA. YTL PowerSeraya's operations are subject to stringent financial and operational controls imposed by its regulator, the Energy Market Authority (EMA), a statutory board under the Minister of Trade and Industry of Singapore. YTL PowerSeraya possesses its own internal audit department which reports to its audit committee, and 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 Risk Management & Internal Control

for the financial year ended 30 June 2014

- **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.

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

The YTL Corp Group's strong financial profile is the result of a system of internal control and risk management designed to mitigate risks which arise in the course of business. This is exemplified by the YTL Corp Group's strategy of acquiring regulated assets and financing acquisitions on a non-recourse basis. These include YTL Power's wholly-owned subsidiaries, 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.

The Board assumes overall responsibility for the YTL Corp Group's risk management framework. Identifying, evaluating and managing any significant risks faced by the YTL Corp Group is an ongoing process which is undertaken by the senior management at each level of operations and by the Audit Committee, which assesses and analyses these findings and reports to the Board. At the same time, YTLIA in the performance of its internal audit function, will identify and evaluate any significant risks faced by the YTL Corp Group and report these findings to the Audit Committee. During the financial year under review, the Board's functions in the risk management framework were exercised primarily by the Executive Directors through their participation in management meetings to ensure the adequacy and integrity of the system of internal control. Emphasis is placed on reviewing and updating the process for identifying and evaluating the significant risks affecting the business, and policies and procedures by which these risks are managed.

The YTL Corp Group's activities expose it to a variety of financial risks, including market risk (comprising foreign currency exchange risk, interest rate risk and price risk), credit risk, liquidity risk and capital risk. The YTL Corp Group's overall financial risk management objective is to ensure that the YTL Corp Group creates value for its shareholders. The YTL Corp Group focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance. Financial risk management is carried out through regular risk review analysis, internal control systems and adherence to the YTL Corp Group's financial risk management policies. The Board regularly reviews these risks and approves the appropriate control environment framework. Further discussion and details on the YTL Corp Group's financial risk management is contained in ***Note 40*** of the ***Notes to the Financial Statements*** in this Annual Report.

Statement on Risk Management & Internal Control

for the financial year ended 30 June 2014

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

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

REVIEW BY EXTERNAL AUDITORS

The external auditors, Messrs HLB Ler Lum, have reviewed this Statement on Risk Management & Internal Control for inclusion in the Annual Report for the financial year ended 30 June 2014, in compliance with Paragraph 15.23 of the Listing Requirements, and reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal controls.

CONCLUSION

The Board is of the view that the system of risk management and internal control being instituted throughout the YTL Corp Group is sound and effective. The monitoring, review and reporting arrangements in place give reasonable assurance that the structure and operation of controls are appropriate for the YTL Corp Group's operations and that risks are at an acceptable level throughout its businesses. The Managing Director and the Executive Director primarily responsible for the financial management of YTL Corp have provided assurance to the Board that the YTL Corp Group's risk management and internal control system is operating adequately and effectively. Reviews of all the control procedures will be continuously carried out to ensure the ongoing effectiveness and adequacy of the system of risk management and internal control, so as to safeguard shareholders' investments and the YTL Corp Group's assets.

This statement was approved by the Board of Directors on 9 October 2014.

Analysis of Shareholdings

as at 26 September 2014

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

DISTRIBUTION OF SHAREHOLDINGS

Size of holding	No. of Shareholders	%	No. of Shares#	%#
Less than 100	2,340	9.29	61,098	0.00
100 – 1,000	3,813	15.14	1,798,650	0.02
1,001 – 10,000	11,523	45.75	53,569,764	0.52
10,001 – 100,000	6,213	24.67	181,433,103	1.75
100,001 to less than 5% of issued shares	1,292	5.13	3,467,865,145	33.46
5% and above of issued shares	4	0.02	6,658,858,674	64.25
Total	**25,185**	**100.00**	**10,363,586,434**	**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	4,167,969,909	40.22
2	DB (Malaysia) Nominee (Asing) Sdn Bhd – Exempt An for Deutsche Bank Ag Singapore (PWM Asing)	1,047,276,418	10.11
3	Citigroup Nominees (Tempatan) Sdn Bhd – Employees Provident Fund Board	736,412,347	7.11
4	Malaysia Nominees (Tempatan) Sendirian Berhad – Pledged Securities Account for Yeoh Tiong Lay & Sons Holdings Sdn Bhd (88-00006-000)	707,200,000	6.82
5	HSBC Nominees (Asing) Sdn Bhd – Exempt An for JPMorgan Chase Bank, National Association (JPMINTL BK Ltd)	159,730,022	1.54
6	Cartaban Nominees (Asing) Sdn Bhd – Exempt An for State Street Bank & Trust Company (West CLT OD67)	127,047,471	1.23
7	HSBC Nominees (Asing) Sdn Bhd – BBH and Co Boston for Vanguard Emerging Markets Stock Index Fund	97,771,356	0.94
8	Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	97,477,545	0.94
9	State Secretary, Pahang	94,697,451	0.91
10	UOBM Nominees (Asing) Sdn Bhd – Deutsche Bank Ag Singapore Branch (PBD) for Orchestral Harmony Limited	84,626,832	0.82
11	UOBM Nominees (Asing) Sdn Bhd – Deutsche Bank Ag Singapore Branch (PBD) for Velvet Properties Limited	82,872,522	0.80
12	Maybank Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Yeoh Tiong Lay & Sons Holdings Sdn Bhd (514084576710)	80,000,000	0.77
13	Citigroup Nominees (Asing) Sdn Bhd – CBNY for Dimensional Emerging Markets Value Fund	74,166,550	0.72

Analysis of Shareholdings
as at 26 September 2014

	Name	No. of Shares	%#
14	Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	58,340,667	0.56
15	HSBC Nominees (Asing) Sdn Bhd – Exempt An for The Bank of New York Mellon (MELLON ACCT)	57,974,783	0.56
16	HSBC Nominees (Asing) Sdn Bhd – Exempt An for JPMorgan Chase Bank, National Association (U.A.E.)	55,533,943	0.54
17	Dato' Yeoh Seok Kian	55,481,889	0.54
18	Dato' Yeoh Soo Keng	53,916,634	0.52
19	Dato' Sri Michael Yeoh Sock Siong	53,652,534	0.52
20	Amanahraya Trustees Berhad – Amanah Saham Wawasan 2020	53,041,742	0.51
21	Amanahraya Trustee Berhad – Skim Amanah Saham Bumiputera	52,789,500	0.51
22	Dato' Yeoh Soo Min	51,797,932	0.50
23	Bara Aktif Sdn Bhd	49,387,829	0.48
24	UOBM Nominees (Asing) Sdn Bhd – Deutsche Bank Ag Singapore Branch (PBD) for Windchime Developments Limited	48,088,309	0.46
25	Yeoh Tiong Lay & Sons Holdings Sdn Bhd	45,023,429	0.43
26	Puan Sri Datin Seri Tan Kai Yong @ Tan Kay Neong	44,294,664	0.43
27	UOBM Nominees (Asing) Sdn Bhd – Deutsche Bank Ag Singapore Branch (PBD) for Water City Limited	43,414,362	0.42
28	HSBC Nominees (Asing) Sdn Bhd – Exempt An for JPMorgan Chase Bank, National Association (U.S.A)	41,703,554	0.40
29	HSBC Nominees (Asing) Sdn Bhd – Six Sis for Bank Sarasin Cie	39,530,000	0.38
30	CIMB Group Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Bara Aktif Sdn Bhd (50150 GCM)	39,395,802	0.38
	Total	**8,400,615,996**	**81.07**

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	48.66	–	–
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	90,561,164	0.87	5,042,806,618*	48.66
Employees Provident Fund Board	775,527,747	7.48	–	–

* *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 RM1,073,893,147.30 comprising 10,738,931,473 ordinary shares net of 375,345,039 treasury shares retained by the Company as per Record of Depositors.*

Statement of Directors' Interests

in the Company and the related corporations as at 26 September 2014

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)	49.09
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	133,001,216	1.28	–	–
Dato' Yeoh Seok Kian	55,481,889	0.54	8,444,248(2)	0.08
Dato' (Dr) Yahya Bin Ismail	480,000	*	517,418(2)	*
Dato' Yeoh Soo Min	51,797,932	0.50	1,525,605(2)(5)	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	9,304,133	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	–	–

Statement of Directors' Interests

in the Company and the related corporations as at 26 September 2014

SUBSIDIARY COMPANIES

YTL Cement Berhad

	No. of Shares Held			
Name	**Direct**	**%**	**Indirect**	**%**
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	–	–	737,646,110[(6)]	99.61

	No. of Irredeemable Convertible Unsecured Loan Stocks 2005/2015 Held			
Name	**Direct**	**%**	**Indirect**	**%**
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	–	–	10,000[(7)]	3.85

YTL e-Solutions Berhad

	No. of Shares Held			
Name	**Direct**	**%**	**Indirect**	**%**
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	–	–	999,172,000[(3)]	74.27
Dato' Yeoh Soo Min	–	–	1,053,800[(5)]	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

	No. of Shares Held			
Name	**Direct**	**%**	**Indirect**	**%**
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	–	–	497,846,293[(3)]	60.04
Dato' Yeoh Seok Kian	61,538	0.01	–	–
Dato' Yeoh Soo Min	–	–	625,582[(5)]	0.08
Dato' Yeoh Soo Keng	100,000	0.01	–	–

	No. of Irredeemable Convertible Unsecured Loan Stocks 2011/2021 Held			
Name	**Direct**	**%**	**Indirect**	**%**
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	–	–	793,717,049[(3)]	80.03
Dato' Yeoh Seok Kian	37,000	*	–	–
Dato' Yeoh Soo Keng	60,000	0.01	–	–

Statement of Directors' Interests

in the Company and the related corporations as at 26 September 2014

YTL Power International Berhad

Name	No. of Shares Held Direct	%	Indirect	%
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	21,399,262	0.31	4,214,534,386(2)(4)	62.03
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	992,291	0.01	–	–
Dato' Yeoh Seok Kian	6,706,098	0.10	2,937,210(2)	0.04
Dato' (Dr) Yahya Bin Ismail	283,500	*	40,540(2)	*
Dato' Yeoh Soo Min	13,408,430	0.20	3,447,595(2)(5)	0.05
Dato' Yeoh Seok Hong	28,885,780	0.43	3,445,237(2)	0.05
Dato' Sri Michael Yeoh Sock Siong	7,981,831	0.12	1,070,255(2)	0.02
Dato' Yeoh Soo Keng	8,485,865	0.12	140,175(2)	*
Dato' Mark Yeoh Seok Kah	8,049,216	0.12	1,148,281(2)	0.02
Syed Abdullah Bin Syed Abd Kadir	2,381,613	0.04	550(2)	*

Name	No. of Warrants 2008/2018 Held Direct	%	Indirect	%
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	6,037,432	0.56	519,265,210(3)	48.31
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	13,726,922	1.28	–	–
Dato' Yeoh Seok Kian	3,698,792	0.34	282,949(2)	0.03
Dato' Yeoh Soo Min	3,454,000	0.32	308,893(2)(5)	0.03
Dato' Yeoh Seok Hong	2,969,004	0.28	1,569,981(2)	0.15
Dato' Sri Michael Yeoh Sock Siong	6,073,302	0.57	1,587,797(2)	0.15
Dato' Yeoh Soo Keng	5,180,386	0.48	87,054(2)	0.01
Dato' Mark Yeoh Seok Kah	1,338,743	0.12	267,039(2)	0.02

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	–
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	–

Statement of Directors' Interests

in the Company and the related corporations as at 26 September 2014

Syarikat Pelancongan Seri Andalan (M) Sdn Bhd

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

YTL Corporation (UK) PLC

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

YTL Construction (Thailand) Limited

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

Samui Hotel 2 Co. Ltd

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

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

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

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

Schedule of Share Buy-Back

for the financial year ended 30 June 2014

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

Monthly Breakdown	No. of Shares of RM0.10 each Purchased And Retained As Treasury Shares	Purchase Price Per Share (RM) Lowest	Purchase Price Per Share (RM) Highest	Average Cost Per Share (RM)	Total Cost (RM)
August 2013	100	1.53	1.53	1.94050	194.05
February 2014	2,000,000	1.61	1.61	1.61541	3,230,826.00
Total	**2,000,100**				**3,231,020.05**

During the financial year, all the shares purchased by the Company were retained as treasury shares. As at 30 June, 2014 a total of 375,344,039 ordinary shares were held as treasury shares. None of the treasury shares were resold or cancelled during the financial year.

List of Properties

as at 30 June 2014

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 2014 RM'000	Date of Acquisition
Ngee Ann City Property, 391/391B Orchard Road, Singapore 238874^	Leasehold	26,846.4 sq.m.	Four strata lots in Ngee Ann City representing 27.23% of the total share value of the strata lots in Ngee Ann City	40,210	21	31.03.2072	2,762,346	20.09.2005
Wisma Atria Property, 435 Orchard Road, Singapore 238877^	Leasehold	8,218.7 sq.m.	257 strata lots in Wisma Atria representing 74.23% of the total share value of the strata lots in Wisma Atria. Wisma Atria is a building comprising a podium block with four levels and one basement level of retail space, three levels of car parking space and 13 levels of office space in the office block	21,161	28	31.03.2061	2,472,994	20.09.2005
Lot 1070N of Town Subdivision 24, Orchard Boulevard	Freehold	1.427 acres	Residential development	–	–	–	1,446,634	22.11.2007
Lot 1 in Deposited Plan 804285 in the Local Government Area of Sydney, Parish of St James, County of Cumberland@	Freehold	3,084 sq.m.	33-storey hotel building with central atrium comprising 563 rooms including 3 levels of basement with car parking bays	47,276	25	–	933,567	29.11.2012
Starhill Gallery, 181 Jalan Bukit Bintang, 55100 Kuala Lumpur, Malaysia^	Freehold	12,338 sq.m.	Shopping centre comprising part of a seven-storey building with five basements and a 12-storey annex building with three basements	76,401	19	–	679,500	28.06.2010

List of Properties
as at 30 June 2014

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 2014 RM'000	Date of Acquisition
HS (D) 460/88 PT 1122#	Leasehold	59.79 acres	Cement plant	–	–	Year 2087		30.7.1998
HS (D) 461/88 PT 1123#	Leasehold	0.9864 acres	Cement plant	–	–	Year 2087		30.7.1988
HS (D) 2675 PT 1327#	Leasehold	22.21 acres	Cement plant	–	–	Year 2095		17.4.1996
HS (D) 3705 PT 1417#	Leasehold	1.46 acres	Warehouse & depot	–	–	Year 2096		29.12.1997
HS (D) 3706 PT 1418#	Leasehold	14.55 acres	Cement plant	–	–	Year 2096		29.12.1997
HS (D) 2676 PT 1328#	Leasehold	8.20 acres	Cement plant	–	–	Year 2095		17.4.1996
HS (D) 2677 PT 1329#	Leasehold	30.25 acres	Cement plant	–	–	Year 2095		17.4.1996
HS (D) 2678 PT 1330#	Leasehold	102.33 acres	Cement plant	–	–	Year 2095		17.4.1996
HS (D) 2679 PT 1331#	Leasehold	130.97 acres	Cement plant	–	–	Year 2026	478,274	17.4.1996
HS (D) 2680 PT 1332#	Leasehold	14.41 acres	Cement plant	–	–	Year 2026		17.4.1996
HS (D) 2735 PT 1326#	Leasehold	28.24 acres	Staff quarter building	–	–	Year 2095		29.5.1996
HS (D) 2737 PT 417#	Leasehold	28.17 acres	Cement plant	–	–	Year 2095		27.6.1996
HS (D) 2681 PT 1333#	Leasehold	278.24 acres	Cement plant	–	–	Year 2026		17.4.1996
HS (D) 4170 PT 1419#	Leasehold	30.06 acres	Cement plant	–	–	Year 2097		15.9.1998
HS (D) 4171 PT 1420#	Leasehold	3.54 acres	Cement plant	–	–	Year 2097		15.9.1998
HS (D) 8804 PT 1421#	Leasehold	13.38 acres	Cement plant	–	–	Year 2102		1.10.2003
PN 00108181, Lot 2764#	Leasehold	49.57 acres	Cement plant	–	–	Year 2886		1.11.1996

List of Properties
as at 30 June 2014

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 2014 RM'000	Date of Acquisition
Avonmouth STW, Kings Weston Lane, Avonmouth, Bristol BS11 OYS	Freehold	394,600 sq.m.	Sewerage treatment works	–	–	–	451,509	21.5.2002
Lot 10 Property, 50 Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia^	Leasehold	10,138 sq.m.	137 strata parcels and two accessory parcels within Lot 10 shopping centre	39,984	24	29.07.2076	429,000	28.06.2010
David Jones Building, 622-648 Hay Street Mall, Perth, Australia^	Freehold	6,640 sq.m.	A four-level property known as David Jones Building which has heritage-listed components including the Savoy Hotel	24,069 (Gross Lettable Area)	12	–	403,058	20.01.2010
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 centrew	45,834	17	–	383,000	16.12.2005

Mukim Kampung Buaya, Daerah Kuala Kangsar, Negeri Perak Darul Ridzuan
@ *Revalued on 12 May 2014*
^ *Based on valuation on 31 December 2013*

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 2014.

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	2,604,930	103,718
Attributable to:-		
Owners of the parent	1,554,980	103,718
Non-controlling interests	1,049,950	–
	2,604,930	103,718

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 2014:-	
A first interim single tier dividend of 15% or 1.5 sen per ordinary share of 10 sen each paid on 16 January 2014	155,484
A second interim single tier dividend of 10% or 1.0 sen per ordinary share of 10 sen each paid on 19 June 2014	103,636
	259,120

The Board of Directors does not recommend the payment of a final dividend for the financial year ended 30 June 2014.

On 28 August 2014, the Board of Directors declared a third interim single tier dividend of 95% or 9.5 sen per ordinary share of 10 sen each for the financial year ended 30 June 2014. The book closure and payment dates in respect of the aforesaid dividend are 31 October 2014 and 14 November 2014, respectively.

Directors' Report

RESERVES AND PROVISIONS

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

TREASURY SHARES

The shareholders of the Company granted a mandate to the Company to repurchase its own shares at the Annual General Meeting held on 26 November 2013. The Directors of the Company are committed to enhance the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interest of the Company and its shareholders.

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

EMPLOYEES' SHARE OPTION SCHEME

The Employees Share Option Scheme ("ESOS") for employees and Executive Directors of the Company and its subsidiaries who meet the criteria of eligibility for participation was governed by the by-laws approved by the shareholder at an Extraordinary General Meeting ("EGM") held on 30 November 2010. ("ESOS"). The scheme was implemented on 1 April 2011. The salient features and terms of the ESOS are set out in Note 28(b) to the financial statements.

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

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

	Actual Allocation Since 1.4.2011	Financial Year 30.6.2014
Key management personnel	48.52%	–

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

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

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 1.7.2013	Acquired	Disposed	Balance at 30.6.2014
Direct interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	90,561,164	–	–	90,561,164
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	133,001,216	–	–	133,001,216
Dato' Yeoh Seok Kian	55,481,889	–	–	55,481,889
Dato' (Dr) Yahya Bin Ismail	544,000	–	(64,000)	480,000
Dato' Yeoh Soo Min	51,797,932	–	–	51,797,932
Dato' Yeoh Seok Hong	44,535,079	–	–	44,535,079
Dato' Sri Michael Yeoh Sock Siong	53,652,534	–	–	53,652,534
Dato' Yeoh Soo Keng	53,916,634	–	–	53,916,634
Dato' Mark Yeoh Seok Kah	20,081,152	–	–	20,081,152
Syed Abdullah Bin Syed Abd. Kadir	9,304,133	–	–	9,304,133
Deemed interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	5,087,101,282(1)(2)	–	–	5,087,101,282(1)(2)
Dato' Yeoh Seok Kian	4,844,248(1)	3,000,000	–	7,844,248(1)
Dato' (Dr) Yahya Bin Ismail	529,418(1)	–	(12,000)	517,418(1)
Dato' Yeoh Soo Min	1,525,605(1)(5)	–	–	1,525,605(1)(5)
Dato' Yeoh Seok Hong	23,549,759(1)	–	–	23,549,759(1)
Dato' Sri Michael Yeoh Sock Siong	19,332,622(1)	–	–	19,332,622(1)
Dato' Yeoh Soo Keng	758,214(1)	–	–	758,214(1)
Dato' Mark Yeoh Seok Kah	4,005,597(1)	–	–	4,005,597(1)
Syed Abdullah Bin Syed Abd. Kadir	19,642(1)	–	–	19,642(1)

Directors' Report

DIRECTORS' INTERESTS (CONTINUED)

The Company

	Number of share options over ordinary shares of RM0.10 each			
	Balance at 1.7.2013	Granted	Exercised	Balance at 30.6.2014
Direct interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	7,000,000	–	–	7,000,000
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	7,000,000	–	–	7,000,000
Dato' Yeoh Seok Kian	5,000,000	–	–	5,000,000
Dato' (Dr) Yahya Bin Ismail	1,000,000	–	–	1,000,000
Dato' Chong Keap Thai @ Cheong Keap Tai	1,000,000	–	–	1,000,000
Dato' Yeoh Soo Min	5,000,000	–	–	5,000,000
Dato' Yeoh Seok Hong	5,000,000	–	–	5,000,000
Dato' Sri Michael Yeoh Sock Siong	5,000,000	–	–	5,000,000
Dato' Yeoh Soo Keng	5,000,000	–	–	5,000,000
Dato' Mark Yeoh Seok Kah	5,000,000	–	–	5,000,000
Eu Peng Meng @ Leslie Eu	1,000,000	–	–	1,000,000
Syed Abdullah Bin Syed Abd. Kadir	1,000,000	–	–	1,000,000
Deemed interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	5,000,000[(1)]	–	–	5,000,000[(1)]
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	2,000,000[(1)]	–	–	2,000,000[(1)]
Dato' Yeoh Seok Hong	3,000,000[(1)]	–	–	3,000,000[(1)]

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

	Number of ordinary shares of RM0.10 each			
	Balance at 1.7.2013	Acquired	Disposed	Balance at 30.6.2014
Direct interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	8,220,004	–	–	8,220,004
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	5,000,000	–	–	5,000,000
Dato' Yeoh Seok Kian	5,000,000	–	–	5,000,000
Dato' Yeoh Soo Min	1,250,000	–	–	1,250,000
Dato' Yeoh Seok Hong	5,000,000	–	–	5,000,000
Dato' Sri Michael Yeoh Sock Siong	5,000,000	–	–	5,000,000
Dato' Yeoh Soo Keng	1,250,000	–	–	1,250,000
Dato' Mark Yeoh Seok Kah	5,000,000	–	–	5,000,000
Deemed interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	5,000,004[(1)]	–	–	5,000,004[(1)]

DIRECTORS' INTERESTS (CONTINUED)

Subsidiaries
– YTL Cement Berhad

	<-------- Number of ordinary shares of RM0.50 each -------->			
	Balance at 1.7.2013	Acquired	Disposed	Balance at 30.6.2014
Deemed interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	737,551,897[(3)]	68,673	–	737,620,570[(3)]

	Number of Irredeemable Convertible <--------------- Unsecured Loan Stocks 2005/2015 --------------->			
	Balance at 1.7.2013	Acquired	Converted/ Disposed	Balance at 30.6.2014
Deemed interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	–	10,000	–	10,000[(7)]

Subsidiaries
– YTL Power International Berhad

	<-------- Number of ordinary shares of RM0.50 each -------->			
	Balance at 1.7.2013	Acquired	Disposed	Balance at 30.6.2014
Direct interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	20,380,250	1,019,012	–	21,399,262
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	945,040	47,251	–	992,291
Dato' Yeoh Seok Kian	6,386,760	319,338	–	6,706,098
Dato' (Dr) Yahya Bin Ismail	343,000	13,500	(73,000)	283,500

Directors' Report

DIRECTORS' INTERESTS (CONTINUED)

Subsidiaries
– YTL Power International Berhad (continued)

	<-------- Number of ordinary shares of RM0.50 each -------->			
	Balance at 1.7.2013	Acquired	Disposed	Balance at 30.6.2014
Direct interests				
Dato' Yeoh Soo Min	12,769,934	638,496	–	13,408,430
Dato' Yeoh Seok Hong	27,510,268	1,375,512	–	28,885,780
Dato' Sri Michael Yeoh Sock Siong	7,601,744	380,087	–	7,981,831
Dato' Yeoh Soo Keng	8,081,777	404,088	–	8,485,865
Dato' Mark Yeoh Seok Kah	7,665,920	383,296	–	8,049,216
Syed Abdullah Bin Syed Abd. Kadir	2,268,203	113,410	–	2,381,613
Deemed interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	4,013,881,231(1)(4)	200,693,155	(18,000)	4,214,556,386(1)(4)
Dato' Yeoh Seok Kian	1,940,200(1)	97,010	–	2,037,210(1)
Dato' (Dr) Yahya Bin Ismail	38,610(1)	1,930	–	40,540(1)
Dato' Yeoh Soo Min	3,283,424(1)(5)	164,171	–	3,447,595(1)(5)
Dato' Yeoh Seok Hong	3,281,179(1)	164,058	–	3,445,237(1)
Dato' Sri Michael Yeoh Sock Siong	1,019,291(1)	50,964	–	1,070,255(1)
Dato' Yeoh Soo Keng	133,500(1)	6,675	–	140,175(1)
Dato' Mark Yeoh Seok Kah	1,093,601(1)	54,680	–	1,148,281(1)
Syed Abdullah Bin Syed Abd. Kadir	524(1)	26	–	550(1)

	<---------------- Number of Warrants 2008/2018 ---------------->			
	Balance at 1.7.2013	Acquired	Exercised/ Disposed	Balance at 30.6.2014
Direct interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	6,037,432	–	–	6,037,432
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	13,726,922	–	–	13,726,922
Dato' Yeoh Seok Kian	3,698,792	–	–	3,698,792
Dato' Yeoh Soo Min	3,454,000	–	–	3,454,000
Dato' Yeoh Seok Hong	2,969,004	–	–	2,969,004
Dato' Sri Michael Yeoh Sock Siong	6,073,302	–	–	6,073,302
Dato' Yeoh Soo Keng	5,180,386	–	–	5,180,386
Dato' Mark Yeoh Seok Kah	1,338,743	–	–	1,338,743

DIRECTORS' INTERESTS (CONTINUED)

Subsidiaries
– YTL Power International Berhad (continued)

	<----- Number of Warrants 2008/2018 ----->			
	Balance at 1.7.2013	Acquired	Exercised/ Disposed	Balance at 30.6.2014
Deemed interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	519,265,210(1)(6)	–	–	519,265,210(1)(6)
Dato' Yeoh Seok Kian	282,949(1)	–	–	282,949(1)
Dato' Yeoh Soo Min	308,893(5)	–	–	308,893(5)
Dato' Yeoh Seok Hong	1,569,981(1)	–	–	1,569,981(1)
Dato' Sri Michael Yeoh Sock Siong	1,587,797(1)	–	–	1,587,797(1)
Dato' Yeoh Soo Keng	87,054(1)	–	–	87,054(1)
Dato' Mark Yeoh Seok Kah	267,039(1)	–	–	267,039(1)

	Number of share options <----- over ordinary shares of RM0.50 each ----->			
	Balance at 1.7.2013	Granted	Exercised	Balance at 30.6.2014
Direct interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	7,000,000	–	–	7,000,000
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	7,000,000	–	–	7,000,000
Dato' Yeoh Seok Kian	5,000,000	–	–	5,000,000
Dato' (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
Dato' Sri Michael Yeoh Sock Siong	5,000,000	–	–	5,000,000
Dato' Yeoh Soo Keng	3,000,000	–	–	3,000,000
Dato' Mark Yeoh Seok Kah	5,000,000	–	–	5,000,000
Syed Abdullah Bin Syed Abd. Kadir	3,000,000	–	–	3,000,000
Deemed interests				
Dato' Yeoh Seok Hong	500,000(1)	–	–	500,000(1)

Directors' Report

DIRECTORS' INTERESTS (CONTINUED)

Subsidiaries
– YTL Land & Development Berhad

	<-------- Number of ordinary shares of RM0.50 each -------->			
	Balance at 1.7.2013	Acquired	Disposed	Balance at 30.6.2014
Deemed 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(6)	–	–	497,846,293(6)
Dato' Yeoh Soo Min	625,582(5)	–	–	625,582(5)

	Number of Irredeemable Convertible <--- Unsecured Loan Stocks 2011/2021 of RM0.50 each --->			
	Balance at 1.7.2013	Acquired	Converted/ Disposed	Balance at 30.6.2014
Direct interests				
Dato' Yeoh Seok Kian	37,000	–	–	37,000
Dato' Yeoh Soo Keng	60,000	–	–	60,000
Deemed interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	793,717,049(6)	–	–	793,717,049(6)

Subsidiaries
– YTL e-Solutions Berhad

	<-------- Number of ordinary shares of RM0.10 each -------->			
	Balance at 1.7.2013	Acquired	Disposed	Balance at 30.6.2014
Direct interests				
Dato' Yeoh Soo Keng	500,000	–	–	500,000
Syed Abdullah Bin Syed Abd. Kadir	300,000	–	–	300,000
Deemed interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	999,172,000(6)	–	–	999,172,000(6)
Dato' Yeoh Soo Min	1,053,800(5)	–	–	1,053,800(5)
Dato' Sri Michael Yeoh Sock Siong	1,905,500(1)	–	–	1,905,500(1)

DIRECTORS' INTERESTS (CONTINUED)

Subsidiaries
– Infoscreen Networks PLC*^

	<--------- Number of ordinary shares of £0.01 each ---------->			
	Balance at 1.7.2013	Acquired	Disposed	Balance at 30.6.2014
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	100	–	(100)	–

^ *Re-registered from a public company to a private company on 19.5.2014*

Subsidiaries
– YTL Corporation (UK) PLC*

	<---------- Number of ordinary shares of £0.25 each ---------->			
	Balance at 1.7.2013	Acquired	Disposed	Balance at 30.6.2014
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 1.7.2013	Acquired	Disposed	Balance at 30.6.2014
Direct interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	1	–	–	1
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	1	–	–	1

DIRECTORS' INTERESTS (CONTINUED)

Subsidiaries
– YTL Construction (Thailand) Limited+

	Number of ordinary shares of THB100 each			
	Balance at 1.7.2013	Acquired	Disposed	Balance at 30.6.2014
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

Subsidiaries
– Samui Hotel 2 Co., Ltd+

	Number of ordinary shares of THB100 each			
	Balance at 1.7.2013	Acquired	Disposed	Balance at 30.6.2014
Direct interests				
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	1	–	–	1
Dato' Mark Yeoh Seok Kah	1	–	–	1

+ *Incorporated in Thailand*

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

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

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

DIRECTORS' BENEFITS

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

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

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

Directors' Report

OTHER STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

The Directors state that:-

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

In their opinion,

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

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

HOLDING COMPANY

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

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 : 9 October 2014
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 Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 June 2014 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 9 October 2014.

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 9 October 2014

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 2014 of the Group and of the Company, and the Income Statements, Statements of Comprehensive Income, Statements of Changes in Equity and Statements of Cash Flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other information notes, as set out on pages 96 to 267.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

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

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

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

OPINION

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 30 June 2014 and of their financial performance and cash flows for the year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

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.

Independent Auditors' Report

to the members of YTL Corporation Berhad

OPINION (CONTINUED)

Report on Other Legal and Regulatory Requirements (continued)

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

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

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

Other Reporting Responsibilities

The supplementary information set out on page 268 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

DATO' LER CHENG CHYE
871/3/15(J/PH)
Chartered Accountant

Dated : 9 October 2014
Kuala Lumpur

Income Statements

for the financial year ended 30 June 2014

	Note	Group 2014 RM'000	Group 2013 RM'000 (Restated)	Company 2014 RM'000	Company 2013 RM'000
Revenue	3	**19,269,237**	20,033,117	**288,376**	826,350
Cost of sales	4	**(14,424,659)**	(15,816,653)	–	–
Gross profit		**4,844,578**	4,216,464	**288,376**	826,350
Other operating income		**850,544**	406,936	**31,592**	97,162
Selling and distribution costs		**(342,977)**	(318,667)	–	–
Administration expenses		**(1,254,101)**	(1,077,422)	**(53,295)**	(45,975)
Other operating expenses		**(412,367)**	(305,643)	–	–
Finance costs	5	**(1,123,749)**	(1,018,759)	**(116,629)**	(85,644)
Share of results of associated companies and joint ventures, net of tax		**249,671**	396,470	–	–
Profit before tax	6	**2,811,599**	2,299,379	**150,044**	791,893
Income tax expenses	7	**(206,669)**	(468,474)	**(46,326)**	(16,031)
Profit for the year		**2,604,930**	1,830,905	**103,718**	775,862
Attributable to:-					
Owners of the parent		**1,554,980**	1,266,665	**103,718**	775,862
Non-controlling interests		**1,049,950**	564,240	–	–
		2,604,930	1,830,905	**103,718**	775,862
Earning per share (sen)					
Basic	8	**15.00**	12.20		
Diluted	8	**15.00**	12.20		
Dividend per ordinary shares (sen)	9	**2.50**	2.50		

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

Statements of Comprehensive Income

for the financial year ended 30 June 2014

	Group		Company	
	2014 RM'000	2013 RM'000 (Restated)	2014 RM'000	2013 RM'000
Profit for the year	**2,604,930**	1,830,905	**103,718**	775,862
Other comprehensive income/(loss):-				
Items that may not be reclassified subsequently to income statement:				
– remeasurement gain of post-employment benefit obligations	**51,679**	92,299	**–**	–
Items that may be reclassified subsequently to income statement:				
– available-for-sale financial assets				
– fair value gain	**3,338**	(54,234)	**29,099**	1,083
– reclassification	**–**	–	**(28,700)**	(525)
– cash flow hedges	**19,138**	165,728	**–**	–
– foreign currency translation	**696,561**	(239,906)	**–**	–
Other comprehensive income/(loss) for the year, net of tax	**770,716**	(36,113)	**399**	558
Total comprehensive income for the year	**3,375,646**	1,794,792	**104,117**	776,420
Total comprehensive income attributable to:-				
Owners of the parent	**1,977,071**	1,299,236	**104,117**	776,420
Non-controlling interests	**1,398,575**	495,556	**–**	–
	3,375,646	1,794,792	**104,117**	776,420

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

Statements of Financial Position

as at 30 June 2014

	Note	Group 2014 RM'000	Group 2013 RM'000 (Restated)	Group 2012 RM'000 (Restated)	Company 2014 RM'000	Company 2013 RM'000	Company 2012 RM'000
ASSETS							
Non-current assets							
Property, plant and equipment	10	**25,314,106**	22,207,486	20,637,157	**3,256**	4,419	3,220
Investment properties	11	**7,586,285**	633,608	627,851	–	–	–
Development expenditures	12	**940,529**	975,874	955,625	–	–	–
Investment in subsidiaries	13	–	–	–	**6,123,489**	5,952,235	5,772,096
Investment in associated companies	14	**1,649,437**	3,430,066	3,203,471	**205,241**	205,241	210,641
Joint ventures	15	**26,312**	24,229	22,493	–	–	–
Investments	16	**192,605**	155,035	168,010	**31,640**	174,141	120,360
Intangible assets	18	**5,013,992**	4,785,485	4,717,126	–	–	–
Biological assets	19	**1,798**	1,700	1,316	–	–	–
Trade and other receivables	20	**576,776**	558,521	778,068	–	–	–
Other non-current assets	23	**60,965**	147,762	72,646	–	–	–
Derivative financial instruments	24	**19,848**	7,850	3,797	–	–	–
		41,382,653	32,927,616	31,187,560	**6,363,626**	6,336,036	6,106,317
Current assets							
Inventories	21	**773,878**	848,975	888,167	–	–	–
Property development costs	22	**1,530,598**	1,370,881	1,224,628	–	–	–
Trade and other receivables	20	**2,966,771**	3,537,001	3,558,159	**17,953**	17,361	13,518
Other current assets	23	**485,059**	398,295	667,463	**392**	1,054	1,481
Derivative financial instruments	24	**30,590**	37,654	75,856	–	–	–
Income tax assets		**4,661**	37,251	47,480	**18,433**	20,650	15,776
Amounts due from related parties	26	**42,173**	41,000	25,303	**2,251,775**	2,385,369	1,995,525
Short term investments	27	**609,531**	590,715	572,881	**609,531**	590,715	572,881
Fixed deposits	17	**11,907,881**	13,145,698	12,569,307	**1,284,720**	1,750,043	774,765
Cash and bank balances	17	**1,308,615**	668,315	783,068	**228,839**	4,405	3,560
		19,659,757	20,675,785	20,412,312	**4,411,643**	4,769,597	3,377,506
Total assets		**61,042,410**	53,603,401	51,599,872	**10,775,269**	11,105,633	9,483,823

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

Statements of Financial Position

as at 30 June 2014

	Note	Group 2014 RM'000	Group 2013 RM'000 (Restated)	Group 2012 RM'000 (Restated)	Company 2014 RM'000	Company 2013 RM'000	Company 2012 RM'000
EQUITY AND LIABILITIES							
Equity attributable to owners of the parent							
Share capital	28	**1,073,893**	1,073,893	1,054,677	**1,073,893**	1,073,893	1,054,677
Share premium	29	**1,987,700**	1,987,700	1,674,496	**1,987,700**	1,987,700	1,674,496
Other reserves	29	**(111,478)**	(527,520)	397,317	**33,659**	17,560	935,282
Retained earnings		**12,033,219**	11,201,379	10,070,183	**4,496,291**	4,651,693	4,134,751
Treasury shares, at cost	28	**(596,570)**	(593,339)	(1,253,032)	**(596,570)**	(593,339)	(1,253,032)
		14,386,764	13,142,113	11,943,641	**6,994,973**	7,137,507	6,546,174
Non-controlling interests		**5,392,919**	2,042,832	1,979,871	**–**	–	–
Total equity		**19,779,683**	15,184,945	13,923,512	**6,994,973**	7,137,507	6,546,174
Non-current liabilities							
Long term payables	30	**644,071**	320,281	314,453	**–**	–	–
Other non-current liabilities	31	**67,696**	67,696	67,696	**–**	–	–
Bonds	32	**14,319,274**	13,336,110	12,419,213	**1,500,000**	1,000,000	500,000
Borrowings	33	**13,869,725**	13,178,701	5,165,377	**340**	545	183
Grants and contributions	34	**347,207**	295,774	280,011	**–**	–	–
Deferred tax liabilities	35	**2,275,723**	2,403,546	2,564,648	**100**	100	100
Post-employment benefit obligations	36	**553,780**	566,310	692,434	**–**	–	–
Derivative financial instruments	24	**10,754**	140,332	239,719	**–**	–	–
Total non-current liabilities		**32,088,230**	30,308,750	21,743,551	**1,500,440**	1,000,645	500,283

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

Statements of Financial Position

as at 30 June 2014

	Note	Group 2014 RM'000	Group 2013 RM'000 (Restated)	Group 2012 RM'000 (Restated)	Company 2014 RM'000	Company 2013 RM'000	Company 2012 RM'000
EQUITY AND LIABILITIES (CONTINUED)							
Current liabilities							
Trade and other payables	37	**3,253,302**	3,460,399	3,509,211	**12,469**	14,886	22,457
Other current liabilities	38	**91,938**	34,436	98,077	–	–	–
Derivative financial instruments	24	**77,831**	61,282	284,648	–	–	–
Amounts due to related parties	26	**6,559**	5,359	9,806	**999,716**	1,048,115	760,730
Bonds	32	**1,518,590**	1,350,000	615,500	–	500,000	–
Borrowings	33	**3,877,519**	2,877,257	11,003,283	**1,267,341**	1,404,216	1,653,944
Provision for liabilities and charges	39	**27,302**	5,275	4,777	–	–	–
Post-employment benefit obligations	36	**4,606**	4,949	4,589	**330**	264	235
Income tax liabilities		**316,850**	310,749	402,918	–	–	–
Total current liabilities		**9,174,497**	8,109,706	15,932,809	**2,279,856**	2,967,481	2,437,366
Total liabilities		**41,262,727**	38,418,456	37,676,360	**3,780,296**	3,968,126	2,937,649
Total equity and liabilities		**61,042,410**	53,603,401	51,599,872	**10,775,269**	11,105,633	9,483,823

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 2014

Group – 2014

	<-- Attributable to Owners of the Parent -->							
	<-- Non-distributable -->			<-- Distributable -->				
	Share capital RM'000	Share premium RM'000	Other reserves RM'000	Retained earnings RM'000	Treasury shares RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 July 2013	1,073,893	1,987,700	(527,520)	11,201,379	(593,339)	13,142,113	2,042,832	15,184,945
Profit for the year	–	–	–	1,554,980	–	1,554,980	1,049,950	2,604,930
Other comprehensive income for the year	–	–	392,234	29,857	–	422,091	348,625	770,716
Total comprehensive income for the year	–	–	392,234	1,584,837	–	1,977,071	1,398,575	3,375,646
Changes in composition of the Group	–	–	–	(493,877)	–	(493,877)	2,276,605	1,782,728
Goodwill impairment	–	–	–	–	–	–	5,290	5,290
Dividends paid	–	–	–	(259,120)	–	(259,120)	(330,885)	(590,005)
Treasury shares	–	–	–	–	(3,231)	(3,231)	–	(3,231)
Share options forfeiture	–	–	(502)	–	–	(502)	502	–
Share options granted by subsidiary	–	–	8,610	–	–	8,610	–	8,610
Share options granted	–	–	15,700	–	–	15,700	–	15,700
At 30 June 2014	1,073,893	1,987,700	(111,478)	12,033,219	(596,570)	14,386,764	5,392,919	19,779,683

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 2014

Group – 2013

	<---- Attributable to Owners of the Parent ---->							
	<---- Non-distributable ---->			<---- Distributable ---->				
	Share capital RM'000	Share premium RM'000	Other reserves RM'000	Retained earnings RM'000	Treasury shares RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 July 2012 (As previously reported)	1,054,677	1,674,496	397,317	10,305,216	(1,253,032)	12,178,674	2,200,582	14,379,256
Effect of changes in accounting policies	–	–	–	(235,033)	–	(235,033)	(220,711)	(455,744)
At 1 July 2012 (Restated)	1,054,677	1,674,496	397,317	10,070,183	(1,253,032)	11,943,641	1,979,871	13,923,512
Profit for the year	–	–	–	1,266,665	–	1,266,665	564,240	1,830,905
Other comprehensive (loss)/income for the year	–	–	(16,027)	48,598	–	32,571	(68,684)	(36,113)
Total comprehensive (loss)/income for the year	–	–	(16,027)	1,315,263	–	1,299,236	495,556	1,794,792
Changes in composition of the Group	–	–	80	74,853	–	74,933	(271,425)	(196,492)
Conversion of ICULS	–	–	(53)	–	–	(53)	–	(53)
Dividends paid	–	–	–	(258,920)	–	(258,920)	(161,170)	(420,090)
Issue of share capital	19,216	313,204	–	–	–	332,420	–	332,420
Share dividend distributed	–	–	(934,140)	–	934,140	–	–	–
Share options granted by subsidiary	–	–	9,443	–	–	9,443	–	9,443
Share options granted	–	–	15,860	–	–	15,860	–	15,860
Treasury shares	–	–	–	–	(274,447)	(274,447)	–	(274,447)
At 30 June 2013 (Restated)	1,073,893	1,987,700	(527,520)	11,201,379	(593,339)	13,142,113	2,042,832	15,184,945

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 2014

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 2012	1,054,677	1,674,496	935,282	4,134,751	(1,253,032)	6,546,174
Profit for the year	–	–	–	775,862	–	775,862
Other comprehensive income	–	–	558	–	–	558
Total comprehensive income	–	–	558	775,862	–	776,420
Issue of share capital	19,216	313,204	–	–	–	332,420
Share dividend distributed	–	–	(934,140)	–	934,140	–
Dividends paid	–	–	–	(258,920)	–	(258,920)
Treasury shares	–	–	–	–	(274,447)	(274,447)
Share options granted	–	–	15,860	–	–	15,860
Balance at 30 June 2013	**1,073,893**	**1,987,700**	**17,560**	**4,651,693**	**(593,339)**	**7,137,507**
Profit for the year	–	–	–	**103,718**	–	**103,718**
Other comprehensive income	–	–	**399**	–	–	**399**
Total comprehensive income	–	–	**399**	**103,718**	–	**104,117**
Dividends paid	–	–	–	**(259,120)**	–	**(259,120)**
Treasury shares	–	–	–	–	**(3,231)**	**(3,231)**
Share options granted	–	–	**15,700**	–	–	**15,700**
Balance at 30 June 2014	**1,073,893**	**1,987,700**	**33,659**	**4,496,291**	**(596,570)**	**6,994,973**

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 2014

	Group 2014 RM'000	Group 2013 RM'000 (Restated)	Company 2014 RM'000	Company 2013 RM'000
Cash flows from operating activities				
Profit before tax	**2,811,599**	2,299,379	**150,044**	791,893
Adjustments for:-				
Adjustment on fair value of investment properties	**(447,530)**	(1,475)	–	–
(Write back)/allowance for fuel cost	**(559)**	12,849	–	–
(Write back)/allowance for inventories obsolescence	**(1,180)**	5,408	–	–
Amortisation of deferred income	**(3,399)**	(2,011)	–	–
Amortisation of grants and contributions	**(9,757)**	(9,324)	–	–
Amortisation of other intangible assets	**47,776**	21,276	–	–
Bad debts recovered	–	(84)	–	–
Bad debts written off	**831**	15,274	–	28
Depreciation	**1,561,281**	1,447,585	**862**	1,086
Dividend income	**(2,089)**	(944)	**(204,258)**	(759,810)
Fair value changes of derivatives	**(55,459)**	(93,250)	–	–
Gain on derecognition of financial assets	–	–	**(28,054)**	–
Gain on derecognition of associated companies	**(61,580)**	–	–	–
Gain on disposal of investments	**(6,793)**	(12,408)	**(880)**	(739)
Gain on disposal of investment properties	**(999)**	–	–	–
(Gain)/loss on disposal of property, plant and equipment	**(6,402)**	(29,614)	**1**	22
Gain on disposal of subsidiaries	–	(55,134)	–	(55,134)
Gain on redemption of financial assets	**(768)**	(39,600)	–	(39,600)
Impairment losses	**290,269**	170,770	**359**	300
Ineffective portion on cash flow hedges	**(2,290)**	(130)	–	–
Interest expense	**1,123,749**	1,018,759	**116,629**	85,644
Interest income	**(211,244)**	(195,201)	**(84,075)**	(66,536)
Property, plant and equipment written off	**13,366**	14,256	–	–
Provision for post-employment benefit	**61,197**	54,898	–	–
Provision for liabilities and charges	**24,064**	1,611	–	–
Share options expenses	**18,838**	25,329	**6,678**	6,377
Share of results of associated companies and joint ventures	**(249,671)**	(396,470)	–	–
Unrealised (gain)/loss on foreign exchange – net	**(25,720)**	(35,658)	–	–
Operating profit/(loss) before changes in working capital	**4,867,530**	4,216,091	**(42,694)**	(36,469)

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 2014

	Group		Company	
	2014 RM'000	2013 RM'000 (Restated)	2014 RM'000	2013 RM'000
Cash flows from operating activities (continued)				
Changes in working capital:-				
Inventories	**90,017**	16,708	**–**	–
Property development costs	**(101,222)**	(115,939)	**–**	–
Receivables	**588,381**	(156,547)	**468**	(5,962)
Other assets	**6,258**	194,053	**–**	–
Other liabilities	**100,071**	(63,641)	**–**	–
Payables	**(38,700)**	(80,565)	**(2,270)**	(15,582)
Related parties balances	**(27)**	532	**94,218**	(53,919)
Cash generated from/(absorbed by) operations	**5,512,308**	4,010,692	**49,722**	(111,932)
Dividends received	**302,438**	220,329	**178,895**	734,455
Interest paid	**(1,030,076)**	(862,597)	**(116,629)**	(77,604)
Interest received	**190,382**	149,042	**65,260**	48,702
Payment to a retirement benefits scheme	**(98,663)**	(90,068)	**–**	–
Income tax paid	**(576,594)**	(694,651)	**(18,746)**	(4,046)
Income tax refunded	**6,485**	38,290	**–**	8,496
Net cash from operating activities	**4,306,280**	2,771,037	**158,502**	598,071
Cash flows from investing activities				
Acquisition of additional shares in existing subsidiaries	**(418)**	(19,741)	**(260)**	(19,741)
Acquisition of new subsidiaries (net of cash acquired)	**71,064**	(3,752)	**–**	–
Additional investments accounted for using the equity method	**(8,137)**	(11,317)	**–**	(600)
Development expenditure incurred	**(21,689)**	(136,891)	**–**	–
Grants received in respect of infrastructure assets	**33,766**	29,059	**–**	–
Proceeds from disposal of investment properties	**32,583**	–	**–**	–
Proceeds from disposal of property, plant and equipment	**73,380**	31,210	**791**	145
Proceeds from disposal of investments	**65,541**	17,036	**–**	–
Proceed from redemption of preference shares	**–**	45,600	**–**	45,600
Proceeds from disposal of shares in existing subsidiaries	**–**	137,834	**–**	137,834
Purchase of intangible assets	**(74,308)**	(61,477)	**–**	–
Purchase of investment properties	**(12,547)**	(4,255)	**–**	–
Purchase of property, plant and equipment	**(2,680,069)**	(3,241,471)	**(133)**	(1,630)
Purchase of investments	**(38,969)**	(50,011)	**–**	–
Purchase of biological asset	**(98)**	(384)	**–**	–
Redemption of share	**–**	218	**–**	–
Net cash (used in)/from investing activities	**(2,559,901)**	(3,268,342)	**398**	161,608

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 2014

	Group		Company	
	2014 RM'000	2013 RM'000 (Restated)	2014 RM'000	2013 RM'000
Cash flows from financing activities				
Dividends paid	**(259,120)**	(258,920)	**(259,120)**	(258,920)
Dividends paid to non-controlling interests by subsidiaries	**(330,885)**	(161,170)	–	–
Repurchase of own shares by the company (at net)	**(3,231)**	(274,447)	**(3,231)**	(274,447)
Repurchase of subsidiaries' shares by subsidiaries	**(1,332,167)**	(270,176)	–	–
Proceeds from bonds	–	522,212	–	–
Proceeds from borrowings	**2,382,943**	11,086,790	–	1,000,000
Proceeds from disposal of interest in subsidiary to non-controlling interests	**(2,240)**	273	–	–
Proceeds from issue of shares in subsidiaries to non-controlling interests	**108,247**	11,914	–	–
Repayment of bonds	–	(3,090)	–	–
Repayment of borrowings	**(3,263,137)**	(9,620,870)	**(137,438)**	(250,189)
Net cash (used in)/from financing activities	**(2,699,590)**	1,032,516	**(399,789)**	216,444
Net changes in cash and cash equivalents	**(953,211)**	535,211	**(240,889)**	976,123
Effects of exchange rate changes	**359,764**	(69,675)	–	–
Cash and cash equivalents at beginning of the financial year	**13,742,611**	13,277,075	**1,754,448**	778,325
Cash and cash equivalents at the end of the financial year (Note 17)	**13,149,164**	13,742,611	**1,513,559**	1,754,448

NOTES TO THE STATEMENTS OF CASH FLOWS

Analysis of acquisition of property, plant & equipment:-

	Group 2014	Group 2013	Company 2014	Company 2013
Cash	**2,680,069**	3,241,471	**133**	1,630
Finance lease arrangement	**61,348**	3,018	**358**	823
Provision of liabilities	**25,000**	–	–	–
Transfer of assets from customers	**264,835**	–	–	–
Payables	**137,874**	94,224	–	–
Receivables	**16,965**	–	–	–
	3,186,091	3,338,713	**491**	2,453

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

Notes to the Financial Statements

1. GENERAL INFORMATION

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

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

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

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

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

(b) Changes in accounting policies

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

On 1 July 2013, the Group and the Company have adopted the following new and amendments to FRSs and IC Interpretation which are mandatory for annual financial year beginning on or after 1 January 2013.

FRS 10: Consolidated Financial Statements
FRS 11: Joint Arrangements
FRS 12: Disclosure of Interests in Other Entities
FRS 13: Fair Value Measurement
FRS 127: Separate Financial Statements
FRS 128: Investment in Associates and Joint Ventures

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Changes in accounting policies (continued)

Amendments to FRS 7: Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to FRS 10: Consolidated Financial Statements – Transition Guidance
Amendments to FRS 11: Joint Arrangements – Transition Guidance
Amendments to FRS 12: Disclosure of Interests in Other Entities – Transition Guidance
Amendments to FRS 101: Presentation of Financial Statements
Amendments to FRS 116: Property, Plant and Equipment
Amendments to FRS 119: Employee Benefits
Amendments to FRS 132: Financial Instruments – Presentation
Amendments to FRS 134: Interim Financial Reporting

Adoption of the above new and amendments to FRSs and IC Interpretation did not have any effect on the financial position and policy of the Group and the Company except for those discussed below:-

FRS 10: Consolidated Financial Statements

FRS 10 replaces part of FRS 127 Consolidated and Separate Financial Statements that deals with consolidated financial statements and IC Interpretation 112 Consolidation – Special Purpose Entities.

Under FRS 10, an investor controls an investee when (a) the investor has power over an investee, (b) the investor has exposure, or rights, to variable returns from its investment with the investee, and (c) the investor has the ability to use its power over the investee to affect the amount of the investor's returns. Under FRS 127 Consolidated and Separate Financial Statements, control was defined as the power to govern the financial and operating policies of an entity so as to obtain the benefits from its activities.

FRS 10 includes detailed guidance to explain when an investor that owns less than 50 percent of the voting shares in an investee has control over the investee. FRS 10 requires the investor to take into account all relevant facts and circumstances, particularly the size of the investor's holding of voting rights relative to the size and dispersion of holdings of the other vote holders.

The application of FRS 10 affected the accounting for the Group's equity interest in Starhill Global Real Estate Investment Trust ("SGREIT"), which was previously treated as an associate of the Group and accounted for using the equity method of accounting as discussed below:

On 5 July 2013, the Group's interest in SGREIT increased by 6.89% from 29.38% to 36.27% as a result of the issuance of 210,195,189 new units by SGREIT through the conversion of 152,727,825 convertible preferred units in SGREIT by the Company and YTL Hotels & Properties Sdn Bhd, a wholly-owned subsidiary of the Company.

In accordance to the requirements of FRS 10, the above increase in interest has effectively made SGREIT a subsidiary of the Company by the Company's de factor control in SGREIT.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Changes in accounting policies (continued)

FRS 12: Disclosure of Interests in Other Entities

FRS 12 sets out the required disclosures for entities reporting under the two new standards, FRS 10 and FRS 11, and replaces the disclosure requirements currently found in FRS 128, 'Investments in Associates'. It requires entities to disclose information that helps financial statement readers to evaluate the nature, risks and financial effects associated with the entity's interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities.

FRS 13: Fair Value Measurement

FRS 13 establishes a single source of guidance under FRS for all fair value measurements. FRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under FRS. FRS 13 defines fair value as an exit price. As a result of the guidance in FRS 13, the Group re-assessed its policies for measuring fair values, in particular, its valuation inputs such as non-performance risk for fair value measurement of liabilities. FRS 13 also requires additional disclosures.

Application of FRS 13 has not materially impacted the fair value measurements of the Group. Additional disclosures where required, are provided in the individual notes relating to the assets and liabilities whose fair values were determined.

Amendments to FRS 116: Property, Plant and Equipment

Amendments to FRS 116, Property, Plant and Equipment clarifies that items such as spare parts, stand-by equipment and servicing equipment are recognised as property, plant and equipment when they meet the definition of property, plant and equipment. Otherwise, such items are classified as inventory.

Amendments to FRS 119: Employee Benefits

Amendments to FRS 119, Employee Benefits makes significant changes to the recognition and measurement of defined benefit pension expense and termination benefits, and to the disclosures for all employee benefits. Actuarial gains and losses will no longer be deferred using the corridor approach.

Please refer to Note 51 for the impact of the amendments to FRS 116 and FRS 119 on the financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Property, plant and equipment and depreciation

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

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

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

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

Freehold land and freehold oil palm plantation are not amortised.

Assets under construction are stated at cost and are not depreciated. Upon completion, assets under construction are transferred to categories of property, plant and equipment depending on nature of assets and depreciation commences when they are ready for their intended used.

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

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

	%
Buildings	1 – 10
Leasehold land	1 – 3
Infrastructure & site facilities	0.9 – 20
Plant & machinery	4 – 20
Telecommunication equipment	4 – 20
Furniture, fixtures & equipment	10 – 50
Vehicles	10 – $33^1/_3$

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 and equipment.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Impairment of non-financial assets

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

An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

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

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

(e) Leases

(i) Finance leases – the Group as lessee

Leases of property, plant and equipment where the Group assumes substantially all 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Leases (continued)

(ii) Operating leases – the Group as lessee

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

Leases of assets where 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 a 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 in 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 a straight line basis over the lease term.

(f) Investment properties

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

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

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

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

(g) Biological assets

Plantation development expenditure

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 subsequent periods.

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

(i) Basis of consolidation

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Basis of consolidation (continued)

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

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

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Basis of consolidation (continued)

The cost of a business combination is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the business combination. Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill in the 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.

(j) Transactions with non-controlling interests

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

(k) Investment in subsidiaries

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

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

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

(l) Investment in associated companies

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

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

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Investment in associated companies (continued)

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

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

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

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

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

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

(m) Joint arrangements

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Joint arrangements (continued)

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

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

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

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

(n) Intangible assets

(i) Customer acquisition costs

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

(ii) Goodwill

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is determined on the weighted average or first-in-first-out basis and includes the cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

The cost of finished goods and work-in-progress consists of raw materials, direct labour, other direct charges and an appropriate proportion of production overheads (based on normal operating capacity).

The cost of developed properties comprises costs associated with the acquisition of land, direct costs and appropriate proportions of common costs.

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

(p) Construction contracts

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

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

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

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

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

(q) Property development costs

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

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

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.

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Financial assets (continued)

(ii) Loans and receivables

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

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

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

(iii) Available-for-sale financial assets

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

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

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

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

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

(s) Impairment of financial assets

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Impairment of financial assets (continued)

(i) Assets carried at amortised cost

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

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

(ii) Available-for-sale financial assets

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

(t) Cash and cash equivalents

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

(u) Financial liabilities

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

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

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Financial liabilities (continued)

(ii) Other financial liabilities

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

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

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

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

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

(v) Derivatives financial instruments and hedging activities

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

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

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

(iii) Embedded derivatives in exchangeable bonds

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

(i) Fair value hedge

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

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

(ii) Cash flow hedge

The 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.

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(w) Bonds and borrowings

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

Bonds and borrowings are classified as current liabilities unless the Group 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(v)(iii). The liability component is recognised as the difference between total proceeds and the fair value of the derivative financial instrument component. The liability component is subsequently carried at amortised cost until the liability is extinguished on conversion or redemption. When a conversion option is exercised, the carrying amounts of the liability component and the derivative financial instrument component are derecognised with a corresponding recognition of share capital.

(x) Grants and contributions

Grants and contributions are benefits received in respect of specific qualifying expenditure, and investment tax credits and tax benefits in respect of qualifying property, plant and equipment. These are released to the profit or loss over the expected economic useful lives of the related assets.

(y) Deferred income

Deferred income represents the cash received in advance from customer and transfer of asset from customer in respect of services which are yet to be provided. Such amounts are recorded as liabilities in the Statement of Financial Position and are only recognised in the Income Statement upon the rendering of services to customers.

(z) Provisions

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(aa) Share capital

Ordinary shares are equity instruments and recorded at the proceeds received, net of directly attributable incremental transaction costs.

Dividends on ordinary shares are recognised in equity in the period in which they are declared.

(bb) Treasury shares

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

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

The ICULS are regarded as compound instruments, consisting of a liability component and an equity component. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar instrument. The difference between the proceeds of issue of the ICULS and the fair value assigned to the liability component, representing the conversion option is included in equity. The liability component is subsequently stated at amortised cost using the effective interest rate method until extinguished on conversion or cancellation, whilst the value of the equity component is not adjusted in subsequent periods. Attributable transaction costs are apportioned and deducted directly from the liability and equity components based on their carrying amounts at the date of issue.

Under the effective interest rate method, the interest expense on the liability component is calculated by applying the prevailing market interest rate for a similar non-convertible instrument at the date of issue. The difference between this amount and the interest paid is added to the carrying amount of the ICULS.

The value of the conversion option is not adjusted in subsequent periods, except in times of ICULS conversion into ordinary shares. Upon conversion of the instrument into ordinary shares, the amount credited to share capital is the aggregate of the amounts classified within liability and equity at the time of conversion. No gain or loss is recognised in profit or loss.

(dd) Borrowing costs

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ee) Employee benefits

(i) Short term employee benefits

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

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.

Defined contribution plan

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

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

Defined benefit plan

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ee) Employee benefits (continued)

(ii) Post-employment benefits (continued)

Defined benefit plan (continued)

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

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

(iii) Share-based compensation

The Company and certain subsidiaries operate equity-settled, share-based compensation plan for the employees of the Group. The fair value of the employee services received in exchange for the grant of the share options is recognised as an expense in the profit or loss over the vesting periods of the grant with a corresponding increase in equity.

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

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

(ff) Income tax and deferred tax

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(gg) Revenue recognition

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

(i) Sale of goods and rendering of services

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

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

(ii) Sale of electricity

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

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

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

(iv) Sale of fuel oil

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

(v) Sale of steam

Revenue is recognised upon delivery of steam.

(vi) Property development projects

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

(vii) Construction contracts

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

(viii) Interest income

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

(ix) Dividend income

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(gg) Revenue recognition (continued)

(x) Rental income

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

(xi) Hotel operations

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

(xii) Broadband and telecommunications revenue

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

Revenue from the sale of devices is recognosed upon transfer of significant risks and rewards of ownership of the goods to the customer which generally coincides with delivery and acceptance of the goods sold.

(hh) Foreign currencies

(i) Functional and presentation currency

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

(ii) Foreign currency transactions

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

(iii) Group companies

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ii) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker who is responsible for allocating resources and assessing performance of the operating segments.

(jj) Financial guarantee

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

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

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

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

(kk) Contingent liabilities and contingent assets

The Group and the Company do not recognise a contingent liability but disclose its existence in the financial statements, except in a business combination.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by uncertain future events beyond the control of the Group and the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. When a change in the probability of an outflow of economic resources occurs and the outflow is probable, it will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by uncertain future events beyond the control of the Group and the Company. The Group and the Company do not recognise contingent assets but disclose their existence where inflows of economic benefits are probable, but not virtually certain. When inflow of economic resources is virtually certain, the asset is recognised.

In the acquisition of subsidiaries by the Group under a business combination, the contingent liabilities assumed are measured initially at their fair value at the acquisition date, irrespective of the extent of any non-controlling interests.

The Group recognises separately the contingent liabilities of the acquirees as part of allocating the cost of a business combination where the fair values can be measured reliably. Where the fair values cannot be measured reliably, the resulting effect will be reflected in the goodwill arising from the acquisitions.

3. REVENUE

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Sale of electricity	**9,391,057**	11,006,805	–	–
Sale of water, treatment and disposal of waste water	**2,896,355**	2,507,191	–	–
Sale of goods	**2,841,754**	2,545,660	–	–
Sale of fuel oil	**965,078**	1,523,348	–	–
Property development projects	**405,690**	447,831	–	–
Hotel operations	**669,730**	489,975	–	–
Construction contracts revenue	**102,685**	245,112	–	–
Rendering of services	**345,628**	395,004	**43**	4
Sale of steam	**191,833**	188,451	–	–
Broadband and telecommunications revenue	**787,086**	430,300	–	–
Rental income				
– investment properties	**518,934**	54,996	–	–
– other properties	**2,884**	59,549	–	–
Interest income				
– loan stocks, in Malaysia				
– quoted	–	–	**11,745**	11,745
– unquoted	–	–	–	3,902
– others	**149,599**	138,032	**72,330**	50,889
Dividends				
– quoted investments, in Malaysia				
– subsidiaries, in Malaysia	–	–	**92,965**	135,259
– subsidiary, outside Malaysia	–	–	**9,298**	–
– other investments, in Malaysia	**924**	863	**553**	527
– unquoted investments				
– subsidiaries, in Malaysia	–	–	**101,442**	624,024
	19,269,237	20,033,117	**288,376**	826,350

Notes to the Financial Statements

4. COST OF SALES

Included in cost of sales are the following:-

	Group	
	2014 RM'000	2013 RM'000
Cost of inventories	**2,156,563**	2,634,976
Construction contracts costs	**80,059**	179,337
Energy costs	**8,627,402**	10,549,333
Property development costs	**258,312**	283,501

5. FINANCE COSTS

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Interest expense				
– Bonds	**689,477**	627,634	**68,050**	32,290
– Borrowings	**483,010**	431,268	**48,579**	53,354
	1,172,487	1,058,902	**116,629**	85,644
Less : Amount capitalised in				
– Development expenditure	**(1,743)**	(2,304)	–	–
– Property developments costs	**(29,851)**	(30,792)	–	–
– Construction contracts	**(414)**	(625)	–	–
– Property, plant and equipment	**(16,730)**	(6,422)	–	–
Interest expenses of financial liabilities carried at amortised cost	**1,123,749**	1,018,759	**116,629**	85,644

6. PROFIT BEFORE TAX

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Profit before tax is stated after charging (other than those disclosed in Note 4 & 5 to the Financial Statements):-				
Amortisation of intangible assets	**47,776**	21,276	**–**	–
Auditors' remuneration				
– statutory				
– current financial year	**6,237**	6,076	**222**	205
– under-provision in prior financial year	**54**	132	**17**	4
– others	**60**	58	**7**	7
Bad debts written off	**831**	15,274	**–**	28
Depreciation (Note 10)	**1,561,281**	1,447,585	**862**	1,086
Directors' remuneration				
– emoluments	**65,194**	68,178	**5,649**	5,407
– fees	**2,410**	2,140	**720**	550
– benefits in kind	**366**	252	**–**	–
Net fair value loss on derivatives	**13,350**	–	**–**	–
Hiring of plant and machinery	**28,172**	18,722	**25**	14
Impairment losses on				
– Goodwill (Note 18)	**27,696**	–	**–**	–
– Receivables – net of reversal (Note 20)	**139,013**	170,470	**–**	–
– Investments	**1,253**	300	**359**	300
– Investment in associates	**23,938**	–	**–**	–
– Property, plant and equipment	**98,369**	–	**–**	–
Loss on foreign exchange – net				
– realised	**22,363**	7,300	**154**	46
– unrealised	**82,441**	–	**6**	2
Property, plant and equipment written off	**13,366**	14,256	**–**	–
(Write back)/allowance for inventories obsolescence	**(1,180)**	5,408	**–**	–
(Write back)/provision of fuel cost	**(559)**	12,849	**–**	–
Provision for liabilities and charges – net (Note 39)	**24,064**	1,611	**–**	–
Rental of land and buildings	**122,986**	188,386	**789**	794

Notes to the Financial Statements

6. PROFIT BEFORE TAX (CONTINUED)

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
And crediting (other than those disclosed in Note 3 to the Financial Statements):-				
Adjustment on fair value of investment properties (Note 11)	**447,530**	1,475	**–**	–
Amortisation of deferred income	**3,399**	2,011	**–**	–
Amortisation of grants and contributions (Note 34)	**9,757**	9,324	**–**	–
Bad debts recovered	**–**	84	**–**	–
Gain on derecognition of financial assets	**768**	–	**28,054**	–
Net fair value gains on derivatives	**68,809**	93,250	**–**	–
Gain/(Loss) on disposal of				
– Investments – net	**6,793**	12,408	**880**	739
– Investment properties	**999**	–	**–**	–
– Property, plant and equipment	**6,402**	29,614	**1**	(22)
– Subsidiaries	**–**	55,134	**–**	55,134
Gain on redemption of Mudharabah Redeemable Convertible Preference Shares	**–**	39,600	**–**	39,600
Gain on derecognition of associated companies	**61,580**	–	**–**	–
Gain on foreign exchange – net				
– realised	**568**	–	**101**	1
– unrealised	**56,721**	35,658	**5**	–
Gross dividend from quoted investments				
– within Malaysia	**1,165**	81	**–**	–
Hiring income from plant, machinery and equipment	**2,473**	455	**–**	–
Interest income	**61,645**	57,169	**–**	–
Ineffective portion of cash flow hedges	**2,290**	130	**–**	–
Rental income				
– investment properties	**50**	14	**–**	–
– other properties	**5,351**	3,439	**–**	43

Direct operating expenses from investment properties that generated rental income of the Group during the financial year amounted to RM84,188,000 (2013: RM6,639,000).

Direct operating expenses from investment properties that did not generate rental income of the Group during the financial year amounted to RM423,000 (2013: RM123,000).

6. PROFIT BEFORE TAX (CONTINUED)

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

	Fees RM'000	Salaries RM'000	Bonus RM'000	Others* RM'000	Total RM'000
Group – 2014					
Executive Directors	**1,730**	**31,351**	**19,367**	**14,302**	**66,750**
Non-Executive Directors	**680**	–	–	**539**	**1,219**
Company – 2014					
Executive Directors	**450**	–	–	**399**	**849**
Non-Executive Directors	**270**	–	–	**5,250**	**5,520**

	Fees RM'000	Salaries RM'000	Bonus RM'000	Others* RM'000	Total RM'000
Group – 2013					
Executive Directors	1,620	27,711	25,741	14,477	69,549
Non-Executive Directors	520	–	–	501	1,021
Company – 2013					
Executive Directors	360	–	–	5,032	5,392
Non-Executive Directors	190	–	–	375	565

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

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Defined contribution plan	**5,510**	6,017	–	–
Share options expenses	**8,850**	8,617	**5,600**	5,367

Notes to the Financial Statements

6. PROFIT BEFORE TAX (CONTINUED)

The number of Directors of the Group and of the Company whose total remuneration fall within the following bands are as follows:-

2014

Range of remuneration	Group No. of Directors Executive	Group No. of Directors Non-Executive	Company No. of Directors Executive	Company No. of Directors Non-Executive
RM50,001 – RM100,000	–	**1**	–	**1**
RM150,001 – RM200,000	–	–	**1**	**2**
RM200,001 – RM250,000	–	–	–	**1**
RM300,001 – RM350,000	–	**1**	–	–
RM350,001 – RM400,000	–	**1**	–	–
RM400,001 – RM450,000	–	**1**	–	–
RM600,001 – RM650,000	–	–	**6**	–
RM850,001 – RM900,000	–	–	**2**	–
RM1,400,001 – RM1,450,000	**1**	–	–	–
RM1,450,001 – RM1,500,000	**1**	–	–	–
RM7,000,001 – RM7,050,000	**1**	–	–	–
RM7,200,001 – RM7,250,000	**1**	–	–	–
RM7,700,001 – RM7,750,000	**1**	–	–	–
RM8,000,001 – RM8,050,000	**1**	–	–	–
RM8,100,001 – RM8,150,000	**1**	–	–	–
RM8,750,001 – RM8,800,000	**1**	–	–	–
RM16,950,001 – RM17,000,000	**1**	–	–	–

2013

Range of remuneration	Group No. of Directors Executive	Group No. of Directors Non-Executive	Company No. of Directors Executive	Company No. of Directors Non-Executive
Below RM50,001	–	1	–	1
RM150,001 – RM200,000	–	–	1	3
RM250,001 – RM300,000	–	1	–	–
RM300,001 – RM350,000	–	1	–	–
RM350,001 – RM400,000	–	1	–	–
RM550,001 – RM600,000	–	–	6	–
RM800,001 – RM850,000	–	–	2	–
RM1,250,001 – RM1,300,000	1	–	–	–
RM1,400,001 – RM1,450,000	1	–	–	–
RM6,400,001 – RM6,450,000	1	–	–	–
RM6,850,001 – RM6,900,000	1	–	–	–
RM7,050,001 – RM7,100,000	1	–	–	–
RM7,350,001 – RM7,400,000	1	–	–	–
RM7,500,001 – RM7,550,000	1	–	–	–
RM8,600,001 – RM8,650,000	1	–	–	–
RM22,850,001 – RM22,900,000	1	–	–	–

6. PROFIT BEFORE TAX (CONTINUED)

EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2014 RM'000	**2013 RM'000**	**2014 RM'000**	**2013 RM'000**
Employees compensation (excluding Directors' remuneration)				
Salaries, wages and bonus	**832,802**	749,971	**12,292**	10,049
Defined contribution plan	**81,968**	68,424	**1,491**	1,157
Defined benefit plan	**61,197**	54,898	**–**	–
Share options expenses	**15,460**	16,686	**1,078**	1,010
Other benefits	**34,584**	39,736	**535**	1,122
	1,026,011	929,715	**15,396**	13,338

7. INCOME TAX EXPENSE

	Group		Company	
	2014 RM'000	**2013 RM'000**	**2014 RM'000**	**2013 RM'000**
Current income tax				
– Malaysian income tax	**392,858**	293,018	**46,326**	16,031
– Foreign income tax	**206,441**	322,958	**–**	–
Deferred tax (Note 35)	**(392,630)**	(147,502)	**–**	–
	206,669	468,474	**46,326**	16,031
Current income tax				
– current financial year	**714,687**	643,196	**42,648**	29,762
– (Over)/Under-provision in prior financial years	**(115,388)**	(27,220)	**3,678**	(13,731)
Deferred tax				
– Origination and reversal of temporary differences	**(392,630)**	(147,502)	**–**	–
	206,669	468,474	**46,326**	16,031

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	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Profit before tax	**2,811,599**	2,299,379	**150,044**	791,893
Income tax using Malaysian tax rate of 25% (2013: 25%)	**702,900**	574,845	**37,511**	197,973
Non-deductible expenses	**315,393**	165,999	**25,721**	10,237
Income not subject to tax	**(158,866)**	(50,111)	**(20,584)**	(178,448)
Different tax rates in other countries including remeasuring of deferred tax*	**(272,928)**	(115,180)	–	–
Double deductible expenses	**(1,636)**	(1,559)	–	–
(Over)/Under-provision in prior financial years**	**(115,388)**	(27,220)	**3,678**	(13,731)
Tax effect on share of profits of associated companies	**(64,418)**	(99,118)	–	–
Tax effect of (over)/under-provision of deferred tax	**(380)**	5,942	–	–
Tax effect of unrecognised deferred tax assets	**27,701**	69,195	–	–
Adjustments in respect of prior year**	**(165,787)**	–	–	–
Utilisation of reinvestment allowances	**(59,922)**	(54,319)	–	–
	206,669	468,474	**46,326**	16,031

* The remeasuring of deferred tax during the year is due to a reduction in the United Kingdom corporation tax rate from 23% to 21% with effect from 1 April 2014 and from 21% to 20% with effect from 1 April 2015 which were substantively enacted on 2 July 2013. This will reduce the subsidiary's future current tax change accordingly. The deferred tax liability at 30 June 2014 has been calculated based on the 20% rate substantively enacted at the financial year ended 30 June 2014.

** The tax credits recognised by a subsidiary company in the United Kingdom includes a deferred tax credits of RM165.8 million and current tax credit of RM101.7 million which arises from a refund of over payment of tax in prior periods. It was a result of an industry-wide agreement reached with Her Majesty's Revenue and Customs ('HMRC') for the re-categorisation of capital allowances from industrial building allowances ('IBA') into long life plant during the financial year. The agreement followed HMRC's decision under the UK Finance Act 2008 issued on 2 July 2008 to reduce IBA over the period 2008 to 2012 from 4% in the year 2008 to zero in the year 2012.

8. EARNINGS PER SHARE ("EPS")

(i) Basic/diluted EPS

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

	Group	
	2014	**2013**
	RM'000	**RM'000**
Profit for the financial year attributable to owners of the parent (RM'000)	**1,554,980**	1,266,665
Weighted average number of ordinary shares in issue for basic EPS ('000)	**10,363,587**	10,365,587
Basic EPS (sen)	**15.00**	12.20
Diluted EPS (sen)	**15.00**	12.20

138,135,000 (2013: 141,075,000) share options granted to employees under ESOS have not been included in the calculation of diluted earnings per share because they are anti-dilutive.

9. DIVIDENDS

	Group/Company			
	2014		2013	
	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 2013				
– First interim, single tier	–	–	1.0	103,436
– Second interim, single tier	–	–	1.5	155,484
(b) Financial year ended 30 June 2014				
– First interim, single tier	**1.5**	**155,484**	–	–
– Second interim, single tier	**1.0**	**103,636**	–	–
Dividend recognised as distribution to ordinary equity holders of the Company	**2.5**	**259,120**	2.5	258,920

Subsequent to the financial year ended 30 June 2014, the Directors of the Company had on 28 August 2014 declared an interim single tier dividend of 95% or 9.5 sen per ordinary share of RM0.10 each, with the total amounting to approximately RM984,541,000 computed based on the total issued and paid-up share capital of 10,363,587,434 ordinary shares of RM0.10 each in the Company, excluding treasury shares, in respect of the financial year ended 30 June 2014. The financial statements for the current financial year do not reflect these dividends. Upon declaration, the cash dividend payment will be accounted for in equity as an appropriation of retained earnings during the financial year ending 30 June 2015. The Directors do not propose any final dividend in respect of the financial year ended 30 June 2014.

Distribution of treasury shares ("Share Dividend")

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.

10. PROPERTY, PLANT AND EQUIPMENT

Group – 2014

	Land & buildings* RM'000	Infrastructure & site facilities RM'000	Plant & machinery RM'000	Furniture, fixtures & equipment RM'000	Vehicles RM'000	Telecom-munication equipment RM'000	Assets under construction RM'000	Total RM'000
Cost/Valuation								
At 1.7.2013	7,703,191	5,346,878	14,326,337	1,198,088	442,393	1,598,190	1,364,027	31,979,104
Acquisition of subsidiaries	55,015	311	–	15,022	–	–	–	70,348
Additions	633,198	585,376	580,587	71,005	81,439	2,445	1,232,041	3,186,091
Disposals	(6,168)	–	(17,248)	(11,585)	(15,431)	(71,214)	–	(121,646)
Written off	(2,611)	(9)	(235,437)	(4,972)	(1,801)	(344)	–	(245,174)
Impairment loss	(58,084)	–	–	–	–	–	–	(58,084)
Transfer on commissioning	51,748	75,017	440,958	25,916	14,544	176,221	(784,404)	–
Transfer from project development expenditures (Note 12)	6,143	–	–	–	–	–	916	7,059
Transfer from investment properties (Note 11)	4,000	–	–	–	–	–	–	4,000
Currency translation differences	424,922	691,149	781,830	87,090	4,967	–	77,558	2,067,516
At 30.6.2014	8,811,354	6,698,722	15,877,027	1,380,564	526,111	1,705,298	1,890,138	36,889,214
Accumulated depreciation and impairment								
At 1.7.2013	1,814,034	302,603	6,754,385	468,981	243,885	187,730	–	9,771,618
Acquisition of subsidiaries	4,404	311	–	8,154	–	–	–	12,869
Charge for the financial year	270,199	59,358	985,556	90,707	56,594	104,639	–	1,567,053
Disposals	(3,970)	–	(14,370)	(7,992)	(13,014)	(15,322)	–	(54,668)
Written off	(245)	(3)	(226,462)	(3,206)	(1,801)	(91)	–	(231,808)
Impairment loss	(14,411)	–	–	2	–	11,368	43,326	40,285
Currency translation differences	90,221	37,348	306,317	34,717	1,156	–	–	469,759
At 30.6.2014	2,160,232	399,617	7,805,426	591,363	286,820	288,324	43,326	11,575,108
Net Book Value								
At 30.6.2014	6,651,122	6,299,105	8,071,601	789,201	239,291	1,416,974	1,846,812	25,314,106

Notes to the Financial Statements

10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group – 2013

	Land & buildings* RM'000	Infrastructure & site facilities RM'000	Plant & machinery RM'000	Furniture, fixtures & equipment RM'000	Vehicles RM'000	Telecom-munication equipment RM'000	Assets under construction RM'000	Total RM'000
Cost/Valuation								
At 1.7.2012	6,420,739	5,178,825	14,041,103	840,921	428,368	1,314,973	927,088	29,152,017
Additions	1,166,596	255,128	283,238	367,504	41,874	12,624	1,211,749	3,338,713
Disposals	(636)	–	(31,337)	(7,088)	(17,870)	(14)	–	(56,945)
Written off	–	–	(41,304)	(14,506)	(6,684)	(2)	(4)	(62,500)
Transfer on commissioning	232,546	43,364	237,511	40,228	–	270,609	(824,258)	–
Transfer from project development expenditures (Note 12)	48,192	–	–	–	–	–	62,363	110,555
Currency translation differences	(164,246)	(130,439)	(162,874)	(28,971)	(3,295)	–	(12,911)	(502,736)
At 30.6.2013	7,703,191	5,346,878	14,326,337	1,198,088	442,393	1,598,190	1,364,027	31,979,104
Accumulated depreciation								
At 1.7.2012	1,593,863	258,687	5,931,089	409,105	224,140	97,976	–	8,514,860
Charge for the financial year	239,953	49,950	949,609	81,701	41,360	89,755	–	1,452,328
Disposals	(302)	–	(26,171)	(5,082)	(16,593)	(1)	–	(48,149)
Written off	–	–	(29,694)	(13,830)	(4,720)	–	–	(48,244)
Transfers/adjustment	–	–	–	–	–	–	–	–
Currency translation differences	(19,480)	(6,034)	(70,448)	(2,913)	(302)	–	–	(99,177)
At 30.6.2013	1,814,034	302,603	6,754,385	468,981	243,885	187,730	–	9,771,618
Net Book Value								
At 30.6.2013	5,889,157	5,044,275	7,571,952	729,107	198,508	1,410,460	1,364,027	22,207,486

10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

Group – 2014

	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 1.7.2013									
At cost	578,170	189,521	95,731	–	5,643,790	1,023,968	160,390	2,432	7,694,002
At valuation	4,511	200	–	2,000	2,478	–	–	–	9,189
	582,681	189,721	95,731	2,000	5,646,268	1,023,968	160,390	2,432	7,703,191
Acquisition of subsidiaries	17,406	10,982	–		–	–	26,627	–	55,015
Additions	127,310	197,886	59,346	–	227,507	19,626	1,320	203	633,198
Disposals	(774)	–	(2,788)	–	(1,998)	–	(608)	–	(6,168)
Written off	–	–	–	–	(2,611)	–	–	–	(2,611)
Impairment loss	(9,624)	–	–	–	(48,460)	–	–	–	(58,084)
Transfers	7,896	31,960	–	–	22,035	–	–	–	61,891
Currency translation differences	19,995	663	1,015	–	401,736	521	992	–	424,922
At 30.6.2014	744,890	431,212	153,304	2,000	6,244,477	1,044,115	188,721	2,635	8,811,354
Representing:-									
At cost	740,619	431,012	153,304	–	6,241,999	1,044,115	188,721	2,635	8,802,405
At valuation	4,271	200	–	2,000	2,478	–	–	–	8,949
At 30.6.2014	744,890	431,212	153,304	2,000	6,244,477	1,044,115	188,721	2,635	8,811,354

Notes to the Financial Statements

10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

* Land and buildings of the Group are as follows (continued):-

Group – 2014

	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
Accumulated depreciation									
At 1.7.2013									
At cost	–	24,863	25,869	–	1,469,550	253,476	38,269	1,844	1,813,871
At valuation	–	20	–	–	143	–	–	–	163
	–	24,883	25,869	–	1,469,693	253,476	38,269	1,844	1,814,034
Acquisition of subsidiaries	–	142	–	–	–	–	4,262	–	4,404
Charge for the financial year	–	6,155	6,931	–	226,465	23,410	7,159	79	270,199
Disposals	–	–	(2,788)	–	(579)	–	(603)	–	(3,970)
Written off	–	–	–	–	(245)	–	–	–	(245)
Impairment loss	–	–	–	–	(14,411)	–	–	–	(14,411)
Transfers	–	–	–	–	–	–	–	–	–
Currency translation differences	–	677	418	–	88,653	(99)	572	–	90,221
At 30.6.2014	–	31,857	30,430	–	1,769,576	276,787	49,659	1,923	2,160,232
Net Book Value:-									
At cost	740,619	399,177	122,874	–	4,472,578	767,328	139,062	712	6,642,350
At valuation	4,271	178	–	2,000	2,323	–	–	–	8,772
At 30.6.2014	744,890	399,355	122,874	2,000	4,474,901	767,328	139,062	712	6,651,122

10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

* Land and buildings of the Group are as follows (continued):-

Group – 2013

	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 1.7.2012									
At cost	365,658	148,661	89,202	–	4,629,512	1,005,361	170,724	2,432	6,411,550
At valuation	4,511	200	–	2,000	2,478	–	–	–	9,189
	370,169	148,861	89,202	2,000	4,631,990	1,005,361	170,724	2,432	6,420,739
Additions	179,669	2,146	6,529	–	966,670	9,063	2,519	–	1,166,596
Disposals	–	–	–	–	(636)	–	–	–	(636)
Written off	–	–	–	–	–	–	–	–	–
Transfers	48,192	38,714	–	–	184,288	9,544	–	–	280,738
Currency translation differences	(15,349)	–	–	–	(136,044)	–	(12,853)	–	(164,246)
At 30.6.2013	582,681	189,721	95,731	2,000	5,646,268	1,023,968	160,390	2,432	7,703,191
Representing:-									
At cost	578,170	189,521	95,731	–	5,643,790	1,023,968	160,390	2,432	7,694,002
At valuation	4,511	200	–	2,000	2,478	–	–	–	9,189
At 30.6.2013	582,681	189,721	95,731	2,000	5,646,268	1,023,968	160,390	2,432	7,703,191

Notes to the
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10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

* Land and buildings of the Group are as follows (continued):-

Group – 2013

	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
Accumulated depreciation									
At 1.7.2012									
At cost	–	22,549	20,839	–	1,289,840	229,247	29,459	1,774	1,593,708
At valuation	–	18	–	–	137	–	–	–	155
	–	22,567	20,839	–	1,289,977	229,247	29,459	1,774	1,593,863
Charge for the financial year	–	2,316	5,030	–	197,470	24,229	10,838	70	239,953
Disposals	–	–	–	–	(302)	–	–	–	(302)
Written off	–	–	–	–	–	–	–	–	–
Transfers	–	–	–	–	–	–	–	–	–
Currency translation differences	–	–	–	–	(17,452)	–	(2,028)	–	(19,480)
At 30.6.2013	–	24,883	25,869	–	1,469,693	253,476	38,269	1,844	1,814,034
Net Book Value:-									
At cost	578,170	164,658	69,862	–	4,174,240	770,492	122,121	588	5,880,131
At valuation	4,511	180	–	2,000	2,335	–	–	–	9,026
At 30.6.2013	582,681	164,838	69,862	2,000	4,176,575	770,492	122,121	588	5,889,157

10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company – 2014

	Building RM'000	Furniture, fittings & equipment RM'000	Vehicles RM'000	Total RM'000
Cost				
At 1.7.2013	**1,207**	**5,781**	**4,402**	**11,390**
Additions	**–**	**93**	**398**	**491**
Disposals	**(1,207)**	**–**	**–**	**(1,207)**
At 30.6.2014	**–**	**5,874**	**4,800**	**10,674**
Accumulated Depreciation				
At 1.7.2013	**415**	**4,196**	**2,360**	**6,971**
Charge for the financial year	**–**	**580**	**282**	**862**
Disposals	**(415)**	**–**	**–**	**(415)**
At 30.6.2014	**–**	**4,776**	**2,642**	**7,418**
Net Book Value				
At 30.6.2014	**–**	**1,098**	**2,158**	**3,256**

Company – 2013

	Building RM'000	Furniture, fittings & equipment RM'000	Vehicles RM'000	Total RM'000
Cost				
At 1.7.2012	1,207	4,231	3,801	9,239
Additions	–	1,550	903	2,453
Disposals	–	–	(302)	(302)
At 30.6.2013	1,207	5,781	4,402	11,390
Accumulated Depreciation				
At 1.7.2012	415	3,272	2,332	6,019
Charge for the financial year	–	924	162	1,086
Disposals	–	–	(134)	(134)
At 30.6.2013	415	4,196	2,360	6,971
Net Book Value				
At 30.6.2013	792	1,585	2,042	4,419

Notes to the Financial Statements

10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Profit or loss (Note 6)	**1,561,281**	1,447,585	**862**	1,086
Amount due from contract customers	**5,772**	4,743	**–**	–
	1,567,053	1,452,328	**862**	1,086

(b) Assets under finance lease

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

	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Plant and machinery	**260,686**	194,050	**–**	–
Vehicles	**12,673**	10,921	**1,366**	1,104
	273,359	204,971	**1,366**	1,104

(c) Security

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

	Group 2014 RM'000	Group 2013 RM'000
Buildings	**1,936,962**	2,473,087
Plant and machinery	**–**	476,931
Furniture, fixtures and equipment	**–**	3,440
Vehicles	**–**	3,742
Assets under construction	**–**	58,534
	1,936,962	3,015,734

(d) Borrowing cost

Borrowing costs of RM16,730,000 (2013: RM6,422,000) arising on financing specifically entered into for the construction of property, plant and equipment was capitalised during the financial year.

11. INVESTMENT PROPERTIES

	Freehold land & buildings RM'000	Long term leasehold land & buildings RM'000	Total RM'000
Group – 2014			
At beginning of the financial year	**314,074**	**319,534**	**633,608**
Acquisition of subsidiary	**1,160,609**	**5,409,839**	**6,570,448**
Additions	**4,363**	**8,184**	**12,547**
Currency translation differences	**(25,809)**	**(16,455)**	**(42,264)**
Change in fair value recognised in profit or loss (Note 6)	**84,325**	**363,205**	**447,530**
Disposal	**(31,007)**	**(577)**	**(31,584)**
Transfer to property, plant and equipment (Note 10)	**(4,000)**	**–**	**(4,000)**
At end of the financial year	**1,502,555**	**6,083,730**	**7,586,285**
Group – 2013			
At beginning of the financial year	313,527	314,324	627,851
Additions	–	4,255	4,255
Currency translation differences	34	(7)	27
Change in fair value recognised in profit or loss (Note 6)	513	962	1,475
At end of the financial year	314,074	319,534	633,608

Investment properties with carrying amount of RM7,456 million (2013 : RM466 million) are charged as security for a borrowing granted to the Group as disclosed in Note 32 and 33 to the Financial Statements.

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Group – 2014				
Recurring fair value measurements:				
Investment properties				
– Commercial properties	–	–	**6,913,734**	**6,913,734**
– Hotel properties	–	–	**600,000**	**600,000**
– Other properties	–	**72,551**	–	**72,551**
Total	–	**72,551**	**7,513,734**	**7,586,285**

Investment properties are stated at fair value based on valuations performed by independent professional valuers having appropriate recognised professional qualifications and recent experience in the location and category of property being valued.

11. INVESTMENT PROPERTIES (CONTINUED)

In determining the fair value, the valuers have used valuation techniques which involve certain estimates. In relying on the valuation reports, the Group has exercised its judgement and is satisfied that the valuation methods and estimates are reflective of current market conditions. The valuation reports are prepared in accordance with recognised appraisal and valuation standards. The estimates underlying the valuation techniques in the next financial year may differ from current estimates, which may result in valuations that may be materially different from the valuations as at balance sheet date.

The valuers have considered the capitalisation approach and/or discounted cash flows in arriving at the open market value as at the balance sheet date. The capitalisation approach capitalises an income stream into a present value using single-year capitalisation rates. The income stream used is adjusted to market rentals currently being achieved within comparable investment properties and recent leasing transactions achieved within the investment property. The discounted cash flow method involves the estimation and projection of an income stream over a period and discounting the income stream with an internal rate of return to arrive at the market value. The discounted cash flow method requires the valuer to assume a rental growth rate indicative of market and the selection of a target internal rate of return consistent with current market requirements.

Fair value information

The Group's investment properties are valued based on sale comparison approach and unobservable inputs and classified in Level 2 and Level 3 respectively of the fair value hierarchy. The different levels of the fair value hierarchy are defined in Note 41(b) to the Financial Statements.

During the current financial year, there were no transfers between Level 1, Level 2 and Level 3 fair value measurements.

Valuation techniques used to derive Level 2 fair values,

Level 2 fair values of the Group's properties have been generally derived using the sales comparison approach. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is selling price per square meter.

Fair value measurements using significant unobservable inputs (Level 3)

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation models.

Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Discounted cash flow method is the total of discounted income stream and present value of the properties'	Discount rate of 4.10% to 11.50%	The higher the discount rate, the lower the fair value.
anticipated sale value in arriving at the total present market value.	Capitalisation rate of 4.25% to 11.50%	The higher the capitalisation rate, the lower the fair value.

Key unobservable inputs correspond to:
– Capitalisation rates derived from specialised publications from the related markets and comparable transactions.
– Discount rate, based on the risk-free rate for 10-year bonds issued by the government in the relevant market, adjusted for a risk premium to reflect both the increased risk of investing in the asset class.

12. DEVELOPMENT EXPENDITURES

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

Group – 2014

		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	476,881	176,537	268,006	921,424
	Additions	–	–	6,315	6,315
	Transfer to property development costs	(4,725)	–	(24,339)	(29,064)
	At end of the financial year	472,156	176,537	249,982	898,675
(b)	**Project development expenditure**				
	At beginning of the financial year	3,637	2,506	48,307	54,450
	Additions	13,089	–	2,285	15,374
	Charge to profit or loss	–	–	(20,573)	(20,573)
	Transfer to property, plant and equipment (Note 10)	(3,637)	(2,506)	(916)	(7,059)
	Currency translation difference	–	–	(338)	(338)
	At end of the financial year	13,089	–	28,765	41,854
	Total	485,245	176,537	278,747	940,529

12. DEVELOPMENT EXPENDITURES (CONTINUED)

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

Group – 2013

	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	414,203	176,997	246,749	837,949
Additions	62,678	–	21,257	83,935
Charge to profit or loss	–	(460)	–	(460)
At end of the financial year	476,881	176,537	268,006	921,424
(b) Project development expenditure				
At beginning of the financial year	3,637	51,998	62,041	117,676
Additions	–	–	53,416	53,416
Transfer to property, plant and equipment (Note 10)	–	(48,192)	(62,363)	(110,555)
Currency translation difference	–	(1,300)	(4,787)	(6,087)
At end of the financial year	3,637	2,506	48,307	54,450
Total	480,518	179,043	316,313	975,874

Included in development expenditure of the Group is interest capitalised during the financial year amounting to RM1,743,000 (2013: RM2,304,000).

12. DEVELOPMENT EXPENDITURES (CONTINUED)

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

	Freehold land RM'000	Leasehold land RM'000	Development costs RM'000	Total RM'000
Group – 2014				
Cost				
Land held for property development	**472,156**	**176,537**	**249,982**	**898,675**
Project development expenditure	**13,089**	**–**	**67,845**	**80,934**
	485,245	**176,537**	**317,827**	**979,609**
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	**472,156**	**176,537**	**249,982**	**898,675**
Project development expenditure	**13,089**	**–**	**28,765**	**41,854**
	485,245	**176,537**	**278,747**	**940,529**
Group – 2013				
Cost				
Land held for property development	476,881	176,537	268,006	921,424
Project development expenditure	3,637	2,506	87,387	93,530
	480,518	179,043	355,393	1,014,954
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	476,881	176,537	268,006	921,424
Project development expenditure	3,637	2,506	48,307	54,450
	480,518	179,043	316,313	975,874

13. SUBSIDIARIES

(a) Investment in subsidiaries

	Company 2014 RM'000	2013 RM'000
Quoted shares, at cost	**3,523,801**	3,352,807
Unquoted shares, at cost	**2,195,720**	2,195,479
# Quoted warrants, at cost	**12,447**	12,447
* Quoted ICULS, at cost	**391,502**	391,502
* Unquoted ICULS, at cost	**19**	–
	6,123,489	5,952,235
Market value		
– Quoted shares	**6,946,725**	7,189,377
– Quoted warrants	**47,686**	40,419
– Quoted ICULS	**340,606**	340,606
The number of warrants held in a subsidiary is as follows ('000):-		
YTL Power International Berhad		
– Warrant 2008/2018	**90,830**	90,830

\# **Quoted warrants - Warrants 2008/2018**

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

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

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

13. SUBSIDIARIES (CONTINUED)

(a) Investment in subsidiaries (continued)

* 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.

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 2014 %	Effective Equity Interest 2013 %
Held by the Company:				
Arah Asas Sdn. Bhd.	Malaysia	Property development	**100.00**	100.00
Business & Budget Hotels Sdn. Bhd.	Malaysia	Investment holding & property investment	**100.00**	100.00
Cane Creations Sdn. Bhd.	Malaysia	Investment holding	**100.00**	100.00
Cornerstone Crest Sdn. Bhd.	Malaysia	Investment holding	**100.00**	100.00
Divine View Sdn. Bhd.	Malaysia	Commercial trading property dealing & investment holding	**100.00**	100.00

Notes to the Financial Statements

13. SUBSIDIARIES (CONTINUED)

(a) Investment in subsidiaries (continued)

	Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest 2014 %	Effective Equity Interest 2013 %
	Held by the Company (continued):				
	Dynamic Project Development Sdn. Bhd.	Malaysia	Civil engineering works & 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	**100.00**	100.00
	Spectacular Corner Sdn. Bhd.	Malaysia	Dormant	**100.00**	100.00
*	Starhill Global Real Estate Investment Trust	Singapore	Investment in prime real estate	**36.27**	–
	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
*	YTL Cayman Limited	Cayman Islands	Investment holding, ownership & chartering of yachts & vessels	**100.00**	100.00
	YTL Hospitality REIT	Malaysia	Real estate investment	**59.03**	58.86
	YTL Cement Berhad	Malaysia	Investment holding, management services & hiring of vehicles	**98.13**	97.94
	YTL Charters Sdn. Bhd.	Malaysia	Chartering of aircrafts, helicopters, ships & vehicles	**100.00**	100.00
*	YTL Corporation (UK) Plc	England & Wales	Inactive	**100.00**	100.00
*	YTL Corp Finance (Cayman) Ltd.	Cayman Islands	Inactive	**100.00**	100.00
	YTL Corp Finance (Labuan) Limited	Malaysia	Special purpose vehicle for issuance of securities & investment holding	**100.00**	100.00

13. SUBSIDIARIES (CONTINUED)

(a) Investment in subsidiaries (continued)

	Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest 2014 %	Effective Equity Interest 2013 %
	Held by the Company (continued):				
	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 Eco Solution Sdn. Bhd.	Malaysia	Consultancy services in relation to the promotion of the gasification of municipal solid waste for disposal in cement plant kilns	**100.00**	100.00
	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
	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**	57.89
*	YTL Power International Berhad ("YTL Power")	Malaysia	Investment holding & provision of administrative & technical support services	**57.77**	52.63

Notes to the Financial Statements

13. SUBSIDIARIES (CONTINUED)

(a) Investment in subsidiaries (continued)

	Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest 2014 %	Effective Equity Interest 2013 %
	Held by the Company (continued):				
*	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 Business & Budget Hotels Sdn. Bhd.:				
	Business & Budget Hotels (Penang) Sdn. Bhd.	Malaysia	Hotel & resort operator	**51.00**	51.00
	Business & Budget Hotels (Seberang Jaya) Sdn. Bhd.	Malaysia	Inactive	**51.00**	51.00
	Held through Cane Creations Sdn. Bhd.:				
	Cane Creations (Marketing) Sdn. Bhd.	Malaysia	Trading in cane furniture, local handicrafts, accessories & related services	**100.00**	100.00
	Natural Adventure Sdn. Bhd.	Malaysia	Retailing of merchandise furniture & cafe	**100.00**	100.00
	Niche Retailing Sdn. Bhd.	Malaysia	Retailing business	**100.00**	100.00
	Star Hill Living.Com Sdn. Bhd.	Malaysia	Project management services, trading of painting, furniture, accessories & related services	**100.00**	100.00
	Trendy Retailing Sdn. Bhd.	Malaysia	Retailing business	**100.00**	100.00
	Held through Divine View Sdn. Bhd.:				
*	SCI YTL Hotels Saint Tropez	France	Acquisition, management, renting & administration and/or resale of real estate	**100.00**	100.00

13. SUBSIDIARIES (CONTINUED)

(a) Investment in subsidiaries (continued)

	Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest 2014 %	Effective Equity Interest 2013 %
	Held through Starhill Global Real Estate Investment Trust. ("SGREIT"):				
*	Ara Bintang Berhad	Malaysia	Property investment	**36.27**	–
*	Renhe Spring Department Store Co., Ltd.	China	Property investment	**36.27**	–
*	SG REIT (M) Pte. Ltd.	Singapore	Investment holding	**36.27**	–
*	SG REIT (WA) Pte. Ltd.	Singapore	Investment holding	**36.27**	–
*	SG REIT (WA) Trust	Australia	Property investment	**36.27**	–
*	SG REIT (WA) Sub-Trust1	Australia	Property investment	**36.27**	–
*	Starhill Global REIT Japan SPC One Pte. Ltd.	Singapore	Investment holding	**36.27**	–
*	Starhill Global REIT Japan SPC Two Pte. Ltd.	Singapore	Investment holding	**36.27**	–
*	Starhill Global REIT MTN Pte. Ltd.	Singapore	Issuer of notes under the Medium Term Note Program	**36.27**	–
*	Starhill Global REIT One TMK	Japan	Property investment	**36.27**	–
*	Starhill Global ML K.K.	Japan	Master lessee of Japan properties	**36.27**	–
*	Top Sure Investment Limited	Hong Kong	Investment holding	**36.27**	–
	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

Notes to the Financial Statements

13. SUBSIDIARIES (CONTINUED)

(a) Investment in subsidiaries (continued)

Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest 2014 %	2013 %
Held through Syarikat Pembenaan Yeoh Tiong Lay Sdn. Bhd. (continued):				
Dynamic Marketing Sdn. Bhd.	Malaysia	Trading of building & construction materials	**100.00**	100.00
Dynamic Property Management Sdn. Bhd.	Malaysia	Property development	**100.00**	100.00
First Commercial Development Sdn. Bhd.	Malaysia	Property investment	**100.00**	100.00
Kampung Tiong Development Sdn. Bhd.	Malaysia	Property development	**70.00**	70.00
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	**100.00**	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
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 Development Sdn. Bhd.	Malaysia	Property development	**70.00**	–
YTL Civil Engineering Sdn. Bhd.	Malaysia	Civil engineering works & construction	**90.00**	90.00

13. SUBSIDIARIES (CONTINUED)

(a) Investment in subsidiaries (continued)

	Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest 2014 %	Effective Equity Interest 2013 %
	Held through Syarikat Pembenaan Yeoh Tiong Lay Sdn. Bhd. (continued):				
	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	**99.25**	99.18
	Held through YTL Cayman Limited:				
*	Just Heritage Sdn. Bhd.	Malaysia	Property management & related services	**100.00**	100.00
*	Starhill Global REIT Investments Limited	Cayman Islands	Investment holding	**100.00**	100.00
*	Starhill Global REIT Management Limited	Cayman Islands	Investment holding	**100.00**	100.00
*	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**	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 station	**100.00**	100.00
*	YTL Power Services (S) Pte. Ltd.	Singapore	Operation & maintenance of power station	**100.00**	100.00
*	YTL Starhill Global Property Management Pte. Ltd.	Singapore	Property management services	**100.00**	100.00

Notes to the Financial Statements

13. SUBSIDIARIES (CONTINUED)

(a) Investment in subsidiaries (continued)

	Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest 2014 %	Effective Equity Interest 2013 %
	Held through YTL Cayman Limited:				
*	YTL Starhill Global REIT Management Holdings Pte. Ltd.	Singapore	Investment holding	**100.00**	100.00
*	YTL Starhill Global REIT Management Limited	Singapore	Investment advisor, property fund management	**100.00**	100.00
	Held through YTL Cement Berhad:				
	Batu Tiga Quarry Sdn. Bhd.	Malaysia	Quarry business & trading of granite aggregates	**98.13**	97.94
	Batu Tiga Quarry (Sg. Buloh) Sdn. Bhd.	Malaysia	Quarry business & related services	**98.13**	97.94
	Bentara Gemilang Industries Sdn. Bhd. *(formerly known as Shatoosh.com Sdn. Bhd.)*	Malaysia	Manufacture & sale of ready-mixed concrete	**49.06**	–
	Buildcon-Cimaco Concrete Sdn. Bhd.	Malaysia	Manufacture & sale of ready-mixed concrete	**49.51**	49.41
	Buildcon Concrete Enterprise Sdn. Bhd.	Malaysia	Investment holding	**98.13**	97.94
	Buildcon Concrete Sdn. Bhd.	Malaysia	Manufacture & sale of ready-mixed concrete	**98.13**	97.94
	Buildcon Desa Sdn. Bhd.	Malaysia	Manufacture & sale of ready-mixed concrete	**98.13**	97.94
	C.I. Quarrying & Marketing Sdn. Bhd.	Malaysia	Granite quarrying	**98.13**	97.94
	C.I. Readymix Sdn. Bhd.	Malaysia	Manufacture & sale of ready-mixed concrete	**98.13**	97.94
	Competent Teamwork Sdn. Bhd.	Malaysia	Investment holding	**98.13**	–

13. SUBSIDIARIES (CONTINUED)

(a) Investment in subsidiaries (continued)

	Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest 2014 %	Effective Equity Interest 2013 %
	Held through YTL Cement Berhad (continued):				
*	Concrete Industries Pte. Ltd.	Singapore	Dormant	**98.13**	97.94
	Gemilang Pintar Sdn. Bhd.	Malaysia	Marketing & trading of quarry products	**68.69**	68.56
*	Industrial Procurement Limited	Cayman Islands	Dormant	**98.13**	97.94
	Jaksa Quarry Sdn. Bhd.	Malaysia	Quarry operator, manufacture of granite blocks, aggregates, chippings & crusher runs	**98.13**	97.94
	Kenneison Construction Materials Sdn. Bhd.	Malaysia	Inactive	**98.13**	97.94
	Kenneison Northern Quarry Sdn. Bhd.	Malaysia	Manufacturing, selling & distribution of premix products, construction & building materials	**98.13**	97.94
*	Linan Lu Hong Transport Co., Ltd.	The People's Republic of China	Road transport of goods, storage & associated services	**98.13**	97.94
	Madah Seloka Sdn. Bhd.	Malaysia	Investment holding	**98.13**	–
	Mini-Mix Sdn. Bhd.	Malaysia	Inactive	**98.13**	97.94
	Mutual Prospect Sdn. Bhd.	Malaysia	Quarry business & related services	**98.13**	97.94
	Oasis Vision Sdn. Bhd.	Malaysia	Manufacturing, production, trading & delivery of building & construction materials & products to the building & construction industry	**35.03**	–
*	Pahang Cement Sdn. Bhd.	Malaysia	Manufacture & sale of ordinary portland cement, clinker & related products	**98.13**	97.94
*	Pahang Cement Marketing Sdn. Bhd.	Malaysia	Inactive	**98.13**	97.94

Notes to the Financial Statements

13. SUBSIDIARIES (CONTINUED)

(a) Investment in subsidiaries (continued)

Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest 2014 %	2013 %
Held through YTL Cement Berhad (continued):				
Permodalan Hitec Sdn. Bhd.	Malaysia	Dormant	**98.13**	97.94
Perak-Hanjoong Simen Sdn. Bhd.	Malaysia	Manufacture & sale of clinker, ordinary portland cement & blended cement	**98.13**	97.94
PHS Trading Sdn. Bhd.	Malaysia	Marketing of cement products	**98.13**	97.94
* P.T. YTL Simen Indonesia	Indonesia	Dormant	**98.13**	97.94
Slag Cement Sdn. Bhd.	Malaysia	Manufacture & sale of ordinary portland cement and blended cement	**98.13**	97.94
Slag Cement (Southern) Sdn. Bhd.	Malaysia	Manufacture & sale of ordinary portland cement and blended cement	**98.13**	97.94
SMC Mix Sdn. Bhd.	Malaysia	Inactive	**98.13**	97.94
Solaris Concept Sdn. Bhd.	Malaysia	Manufacturing, production, trading & delivery of building & construction materials & products to the building & construction industry	**50.05**	–
Straits Cement Sdn. Bhd.	Malaysia	Production & sale of cement	**98.13**	97.94
Tugas Sejahtera Sdn. Bhd.	Malaysia	Investment holding	**98.13**	97.94
YTL Cement Enterprise Sdn. Bhd.	Malaysia	Investment holding	**98.13**	97.94
* YTL Cement (Hong Kong) Limited	Hong Kong	Investment holding	**98.13**	97.94
YTL Cement Marketing Sdn. Bhd.	Malaysia	Sale & marketing of cementitious products	**98.13**	97.94
* YTL Cement Marketing Singapore Pte. Ltd.	Singapore	Sale & marketing of cement, cementitious products & other related construction products	**98.13**	97.94

13. SUBSIDIARIES (CONTINUED)

(a) Investment in subsidiaries (continued)

	Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest 2014 %	Effective Equity Interest 2013 %
	Held through YTL Cement Berhad (continued):				
*	YTL Cement (Myanmar) Pte. Ltd.	Singapore	Investment holding	**98.13**	–
	YTL Cement (Sabah) Sdn. Bhd.	Malaysia	Dormant	**98.13**	97.94
*	YTL Cement Singapore Pte. Ltd.	Singapore	Investment holding, sale & marketing of construction products	**98.13**	97.94
*	YTL Cement Terminal Services Pte. Ltd.	Singapore	Operation of port terminal & specialise in handling of cementitious products	**98.13**	97.94
*	YTL Cement (Vietnam) Pte. Ltd.	Singapore	Investment holding	**98.13**	97.94
*	YTL Concrete (S) Pte. Ltd.	Singapore	Manufacture & sale of ready-mixed concrete & related products	**98.13**	97.94
	YTL Premix Sdn. Bhd.	Malaysia	Trading of building materials & related services	**98.13**	97.94
	YTL Quarry Sdn. Bhd.	Malaysia	Dormant	**98.13**	97.94
*	Zhejiang Hangzhou Dama Cement Co., Ltd.	The People's Republic of China	Manufacture & sale of cement & cementitious products	**98.13**	97.94
*	Zhejiang YTL Cement Marketing Co., Ltd.	The People's Republic of China	Sale & marketing of cement & cementitious products	**98.13**	97.94
	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

Notes to the Financial Statements

13. SUBSIDIARIES (CONTINUED)

(a) Investment in subsidiaries (continued)

	Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest 2014 %	Effective Equity Interest 2013 %
	Held through YTL e-Solutions Berhad:				
	Airzed Services Sdn. Bhd.	Malaysia	Inactive	**41.50**	41.50
	Airzed Broadband Sdn. Bhd.	Malaysia	Providing wired line & wireless broadband internet access services & developing, producing, marketing, selling & maintaining software applications, research & development, consultancy & related services	**51.88**	51.88
	Bizsurf MSC Sdn. Bhd.	Malaysia	Providing wireless network distribution equipment & services, broadband & internet services & other internet related services	**44.47**	44.47
*	Infoscreen Networks Ltd	England & Wales	Investment holding	**74.12**	73.96
	PropertyNetAsia (Malaysia) Sdn. Bhd.	Malaysia	Inactive	**74.12**	74.12
	YTL Info Screen Sdn. Bhd.	Malaysia	Creating, providing & advertising content, media, web media & up to date information via electronic media	**74.12**	73.96
	YMax Sdn. Bhd.	Malaysia	Inactive	**74.12**	74.12
	Y-Max Networks Sdn. Bhd.	Malaysia	Providing computer networking & related information technology services	**44.47**	44.47
	Y-Max Solutions Holdings Sdn. Bhd.	Malaysia	Investment holding	**74.12**	74.12
	Held through YTL (Guernsey) Limited:				
*	YTL Construction (SA) (Proprietary) Ltd.	South Africa	Inactive	**100.00**	100.00

13. SUBSIDIARIES (CONTINUED)

(a) Investment in subsidiaries (continued)

Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest 2014 %	2013 %
Held through YTL Hospitality REIT ("YTL REIT"):				
* Starhill Hospitality (Australia) Pty. Ltd.	Australia	Trustee company	**59.03**	58.86
* Starhill Hospitality REIT (Australia) Trust	Australia	Real estate investment	**59.03**	58.86
* Starhill Hospitality REIT (Brisbane) Trust	Australia	Real estate investment	**59.03**	58.86
* Starhill Hospitality REIT (Melbourne) Trust	Australia	Real estate investment	**59.03**	58.86
* Starhill Hospitality REIT (Sydney) Trust	Australia	Real estate investment	**59.03**	58.86
Starhill Hospitality REIT (Australia) Sdn. Bhd.	Malaysia	Investment holding	**59.03**	58.86
Starhill Hotel (Australia) Sdn. Bhd. *(formerly known as Marvellous Calibre Sdn. Bhd.)*	Malaysia	Investment holding	**59.03**	58.86
* Starhill Hotel (Brisbane) Pty. Ltd.	Australia	Hotel operator	**59.03**	58.86
* Starhill Hotel (Melbourne) Pty. Ltd.	Australia	Hotel operator	**59.03**	58.86
* Starhill Hotel (Sydney) Pty. Ltd.	Australia	Hotel operator	**59.03**	58.86
* Starhill REIT (Australia) Pty. Ltd.	Australia	Trustee company	**59.03**	58.86
* Starhill REIT Niseko G.K.	Japan	Purchase, possession, disposal, lease and management of real properties	**59.03**	58.86
YTL REIT MTN Sdn. Bhd.	Malaysia	To undertake the issuance of medium term notes	**59.03**	–

Notes to the Financial Statements

13. SUBSIDIARIES (CONTINUED)

(a) Investment in subsidiaries (continued)

Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest 2014 %	2013 %
Held through YTL Hotels & Properties Sdn. Bhd.:				
Autodome Sdn. Bhd.	Malaysia	Operator of food & beverage outlets & sub-letting of premises	**100.00**	100.00
* Bath Hotel & SPA B.V.	Netherlands	Investment holding	**100.00**	100.00
* Bath Hotel and SPA Limited	England & Wales	Hotel developer & operator	**100.00**	100.00
Borneo Cosmeceutical Sdn. Bhd.	Malaysia	Development of holiday resorts	**90.00**	90.00
Borneo Island Villas Sdn. Bhd.	Malaysia	Dormant	**80.00**	80.00
Cameron Highlands Resort Sdn. Bhd.	Malaysia	Hotel & resort operator	**100.00**	100.00
Diamond Recipe Sdn. Bhd.	Malaysia	Operator of food & beverage outlet	**51.00**	51.00
* Gainsborough Hotel (Bath) Limited	England & Wales	Hotel operations	**100.00**	100.00
Happy Steamboat Sdn. Bhd.	Malaysia	Operator of food & beverage outlet	**100.00**	100.00
Magna Boundary Sdn. Bhd.	Malaysia	Hotel & resort operator	**90.00**	90.00
Marble Valley Sdn. Bhd.	Malaysia	Management & investment holding	**80.00**	80.00
Marble Valley Two Sdn. Bhd.	Malaysia	Hotel & 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 & developing the Niseko Village Resort	**100.00**	100.00
* Niseko Village (S) Pte. Ltd.	Singapore	Investment holding	**100.00**	100.00

13. SUBSIDIARIES (CONTINUED)

(a) Investment in subsidiaries (continued)

	Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest 2014 %	Effective Equity Interest 2013 %
	Held through YTL Hotels & Properties Sdn. Bhd. (continued):				
*	P.T. Jepun Bali	Indonesia	Managing & operating a hotel	**100.00**	100.00
	Restoran Kisap Sdn. Bhd.	Malaysia	Inactive	**100.00**	100.00
*	Samui Hotel 2 Co., Ltd.	Thailand	Hotel operator	**100.00**	100.00
	Sentul Park Koi Centre Sdn. Bhd.	Malaysia	Breeders, wholesalers, retailers & distributors of Koi fish	**100.00**	100.00
	Star Hill Hotel Sdn. Bhd.	Malaysia	Hotel operator	**100.00**	100.00
*	Thermae Development Company Limited	England & Wales	Licence to operate the Thermae bath SPA complex	**100.00**	–
	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

Notes to the
Financial Statements

13. SUBSIDIARIES (CONTINUED)

(a) Investment in subsidiaries (continued)

Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest 2014 %	2013 %
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	Hotel operator	**100.00**	100.00
Held through YTL Land & Development Berhad:				
Amanresorts Sdn. Bhd.	Malaysia	Dormant	**57.89**	57.89
Bayumaju Development Sdn. Bhd.	Malaysia	Property development	**57.89**	57.89
* Boom Time Strategies Sdn. Bhd.	Malaysia	Inactive	**57.89**	57.89
Budaya Bersatu Sdn. Bhd.	Malaysia	Dormant	**57.89**	57.89
Emerald Hectares Sdn. Bhd.	Malaysia	Property development	**40.52**	40.52
* Lakefront Pte. Ltd.	Singapore	Real estate developer	**57.89**	57.89
* Lot Ten Security Sdn. Bhd.	Malaysia	Inactive	**57.89**	57.89
* Mayang Sari Sdn. Bhd.	Malaysia	Inactive	**57.89**	57.89
Noriwasa Sdn. Bhd.	Malaysia	Dormant	**57.89**	57.89
Pakatan Perakbina Sdn. Bhd.	Malaysia	Property development & building construction	**57.89**	57.89

13. SUBSIDIARIES (CONTINUED)

(a) Investment in subsidiaries (continued)

	Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest 2014 %	Effective Equity Interest 2013 %
	Held through YTL Land & Development Berhad (continued):				
	Pinnacle Trend Sdn. Bhd.	Malaysia	Investment holding & property development	**57.89**	57.89
	PYP Sendirian Berhad	Malaysia	Property development	**57.89**	57.89
*	Sandy Island Pte. Ltd.	Singapore	Real estate developer & related services	**57.89**	57.89
	Satria Sewira Sdn. Bhd.	Malaysia	Property development & property investment	**57.89**	57.89
*	Sentul Raya Sdn. Bhd.	Malaysia	Property development & property investment	**40.52**	40.52
*	Sentul Raya Golf Club Berhad	Malaysia	Inactive	**40.52**	40.52
*	Sentul Raya City Sdn. Bhd.	Malaysia	Inactive	**40.52**	40.52
*	Sentul Park Management Sdn. Bhd.	Malaysia	Park management	**40.52**	40.52
*	SR Property Management Sdn. Bhd.	Malaysia	Property development	**57.89**	57.89
	Syarikat Kemajuan Perumahan Negara Sdn. Bhd.	Malaysia	Property development	**57.89**	57.89
	Trend Acres Sdn. Bhd.	Malaysia	Investment holding & property development	**57.89**	57.89
	Udapakat Bina Sdn. Bhd.	Malaysia	Property development	**57.89**	57.89
*	YTL Land & Development (MM2H) Sdn. Bhd.	Malaysia	Dormant	**57.89**	57.89
*	YTL Land & Development Management Pte. Ltd.	Singapore	Provision of financial services & management consultancy services	**57.89**	57.89
*	YTL Westwood Properties Pte. Ltd.	Singapore	Real estate developer	**57.89**	57.89

Notes to the Financial Statements

13. SUBSIDIARIES (CONTINUED)

(a) Investment in subsidiaries (continued)

	Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest 2014 %	Effective Equity Interest 2013 %
	Held through YTL Power International Berhad ("YTL Power"):				
*	Enterprise Laundry Services Limited	England & Wales	Provision of laundry services	**57.77**	52.63
	Extiva Communications Sdn. Bhd.	Malaysia	Developing & marketing of VoIP telephony & other advanced network media appliance for services provider & enterprise telephony markets	**34.66**	31.58
	FrogAsia Sdn. Bhd.	Malaysia	Software licence reseller focusing on virtual education learning platforms	**57.77**	52.63
*	Frog Education Limited *(formerly known as Frogtrade Limited)*	England & Wales	Sale into the education market & further development of the company's web environment products	**33.26**	30.30
*	Geneco Limited	England & Wales	Dormant	**57.77**	52.63
*	Granite Investments (Cayman Islands) Limited	Cayman Islands	Dormant	**57.77**	52.63
*	I Education Limited	England & Wales	Providing internet services, development & provision of software	**16.96**	15.45
^*	Pagabo Limited	England & Wales	Providing internet services, development & provision of software	–	15.45
*	PowerSeraya Limited	Singapore	In voluntary liquidation	**57.77**	52.63
*	PetroSeraya Pte. Limited	Singapore	Oil trading & oil tank leasing	**57.77**	52.63
*	P.T. YTL Jawa Timur	Indonesia	Provision of construction management, consultancy services & power station operation services	**57.77**	52.63
*	Seraya Energy & Investment Pte. Ltd.	Singapore	Investment holding	**57.77**	52.63
*	Seraya Energy Pte. Ltd.	Singapore	Sale of electricity	**57.77**	52.63

13. SUBSIDIARIES (CONTINUED)

(a) Investment in subsidiaries (continued)

	Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest 2014 %	2013 %
	Held through YTL Power International Berhad (continued):				
*	SC Technology Deutschland GmbH	Germany	Waste treatment processes	**57.77**	52.63
*	SC Technology GmbH	Switzerland	Waste treatment processes	**57.77**	52.63
*	SC Technology Nederlands B.V.	Netherlands	Waste treatment processes	**57.77**	52.63
	SIPP Power Sdn. Bhd.	Malaysia	Develop, constructing, completing, maintaining & operating power plants	**40.44**	–
*	Sword Bidco (Holdings) Limited	England & Wales	Investment holding	**57.77**	52.63
*	Sword Bidco Limited	England & Wales	Investment holding	**57.77**	52.63
*	Sword Holdings Limited	Cayman Islands	Investment holding	**57.77**	52.63
*	Sword Midco Limited	England & Wales	Investment holding	**57.77**	52.63
*	Water 2 Business Limited	England & Wales	Licenced water supplier, providing retail water services to business customers	**57.77**	52.63
*	Wessex Electricity Utilities Limited	England & Wales	Dormant	**57.77**	52.63
*	Wessex Engineering & Construction Services Ltd.	England & Wales	Engineering & construction services	**57.77**	52.63
*	Wessex Logistics Limited	England & Wales	Dormant	**57.77**	52.63
*	Wessex Promotions Limited	England & Wales	Entertainment promotion	**57.77**	52.63
*	Wessex Property Services Limited	England & Wales	Dormant	**57.77**	52.63

Notes to the Financial Statements

13. SUBSIDIARIES (CONTINUED)

(a) Investment in subsidiaries (continued)

	Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest 2014 %	Effective Equity Interest 2013 %
	Held through YTL Power International Berhad (continued):				
*	Wessex Spring Water Limited	England & Wales	Dormant	**57.77**	52.63
*	Wessex Water Commercial Limited	England & Wales	Dormant	**57.77**	52.63
*	Wessex Water Engineering Services Limited	England & Wales	Dormant	**57.77**	52.63
*	Wessex Water Enterprises Limited	England & Wales	Water supply & waste water services	**57.77**	52.63
	Wessex Water International Limited	Cayman Islands	Investment holding	**57.77**	52.63
*	Wessex Water Limited	England & Wales	Investment holding	**57.77**	52.63
*	Wessex Water Pension Scheme Trustee Limited	England & Wales	Management of Wessex Water Pension Scheme	**57.77**	52.63
*	Wessex Water Services Finance Plc	England & Wales	Issue of bonds	**57.77**	52.63
*	Wessex Water Services Limited	England & Wales	Water supply & waste water services	**57.77**	52.63
*	Wessex Water Trustee Company Limited	England & Wales	Dormant	**57.77**	52.63
*	Wessex Water Utility Solutions Ltd.	England & Wales	Dormant	**57.77**	52.63
*	YTL Communications International Ltd.	Cayman Islands	Inactive	**34.66**	31.58
	YTL Communications Sdn. Bhd.	Malaysia	Providing wired, line & wireless broadband access services	**34.66**	31.58

13. SUBSIDIARIES (CONTINUED)

(a) Investment in subsidiaries (continued)

	Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest 2014 %	Effective Equity Interest 2013 %
	Held through YTL Power International Berhad (continued):				
*	YTL Communications (S) Pte. Ltd.	Singapore	Dormant	**34.66**	31.58
	YTL Digital Sdn. Bhd.	Malaysia	Sale & marketing of telecommunication products	**34.66**	31.58
*	YTL EcoGreen Pte. Ltd.	Singapore	Dormant	**57.77**	52.63
*	YTL Education (UK) Limited	England & Wales	Investment holding	**57.77**	52.63
	YTL Energy Holdings Sdn. Bhd. *(formerly known as YTL Power Energy Holdings Sdn. Bhd., and prior to that, Tunas Madani Sdn. Bhd.)*	Malaysia	Investment holding	**57.77**	–
*	YTL Engineering Limited	England & Wales	Dormant	**57.77**	52.63
*	YTL Events Limited	England & Wales	Providing public entertainment events & public relations services	**57.77**	52.63
*	YTL Global Networks Limited	Cayman Islands	Dormant	**34.66**	31.58
*	YTL Infrastructure Limited	Cayman Islands	Investment holding	**57.77**	52.63
	YTL Jawa O & M Holdings B.V.	Netherlands	Investment holding	**57.77**	52.63
	YTL Jawa O & M Holdings Limited	Cyprus	Investment holding	**57.77**	52.63
	YTL Jawa Power B.V.	Netherlands	Investment holding	**33.01**	30.07
	YTL Jawa Power Finance Limited	Cayman Islands	Investment holding	**57.77**	52.63

Notes to the Financial Statements

13. SUBSIDIARIES (CONTINUED)

(a) Investment in subsidiaries (continued)

Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest 2014 %	Effective Equity Interest 2013 %
Held through YTL Power International Berhad (continued):				
YTL Jawa Power Holdings B.V.	Netherlands	Investment holding	**33.01**	30.07
YTL Jawa Power Holdings Limited	Cyprus	Investment holding	**57.77**	52.63
YTL Jawa Power Services B.V.	Netherlands	Investment holding	**57.77**	52.63
YTL Power Australia Limited	Cayman Islands	Investment holding	**57.77**	52.63
* YTL Power Finance (Cayman) Limited	Cayman Islands	Dormant	**57.77**	52.63
* YTL Power Generation Sdn. Bhd.	Malaysia	Developing, constructing, completing, maintaining & operating power plants	**57.77**	52.63
YTL Power Investments Limited	Cayman Islands	Investment holding	**57.77**	52.63
YTL Power International Holdings Limited	Cayman Islands	Investment holding	**57.77**	52.63
* YTL PowerSeraya Pte. Ltd.	Singapore	Own & operate energy facilities & services (full value chain of electricity generation including trading of physical fuels & fuel related derivative instruments, tank leasing activities & sale of by-products from the electricity generation process)	**57.77**	52.63
* YTL Power (Thailand) Limited	Cayman Islands	Investment holding	**57.77**	52.63
YTL Power Trading (Labuan) Limited	Malaysia	Dormant	**57.77**	52.63

13. SUBSIDIARIES (CONTINUED)

(a) Investment in subsidiaries (continued)

	Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest 2014 %	2013 %
	Held through YTL Power International Berhad (continued):				
	YTL Seraya Limited	Cayman Islands	Investment holding	**57.77**	52.63
*	YTL Services Limited	England & Wales	Dormant	**57.77**	52.63
	YTL SIPP Power Holdings Sdn. Bhd. *(formerly known as Budaya Kencana Sdn. Bhd.)*	Malaysia	Investment holding	**40.44**	–
	YTL Utilities Limited	Cayman Islands	Investment holding	**57.77**	52.63
	YTL Utilities Finance Limited	Cayman Islands	Investment holding	**57.77**	52.63
	YTL Utilities Finance 2 Limited	Cayman Islands	Investment holding	**57.77**	52.63
	YTL Utilities Finance 3 Limited	Cayman Islands	Investment holding	**57.77**	52.63
	YTL Utilities Finance 4 Limited	Cayman Islands	Financial services	**57.77**	52.63
	YTL Utilities Finance 5 Limited	Cayman Islands	Financial services	**57.77**	52.63
	YTL Utilities Finance 6 Limited	Cayman Islands	Investment holding	**57.77**	52.63
*	YTL Utilities Finance 7 Limited	Cayman Islands	Financial services	**57.77**	52.63
	YTL Utilities Holdings Limited	Cayman Islands	Investment holding	**57.77**	52.63
*	YTL Utilities Holdings (S) Pte. Limited	Singapore	Investment holding	**57.77**	52.63

Notes to the Financial Statements

13. SUBSIDIARIES (CONTINUED)

(a) Investment in subsidiaries (continued)

	Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest 2014 %	2013 %
	Held through YTL Power International Berhad (continued):				
*	YTL Utilities (S) Pte. Limited	Singapore	Investment holding	**57.77**	52.63
*	YTL Utilities (UK) Limited	England & Wales	Investment holding	**57.77**	52.63
	Held through YTL Singapore Pte. Ltd.:				
*	Ideal World Pte. Ltd.	Singapore	Wholesale of furniture	**51.00**	51.00
*	Genesis-Alliance Retail Pte. Ltd.	Singapore	Retailing of furniture	**51.00**	51.00
*	Guangzhou Autodome Food & Beverage Management Co., Ltd.	The People's Republic of China	Operator of food & beverage outlets	**100.00**	100.00
	Prestige Lifestyles & Living Sdn. Bhd.	Malaysia	Trading of furniture, accessories & related services	**51.00**	51.00
*	Shanghai Autodome Food & Beverage Co., Ltd.	The People's Republic of China	Operator of food & beverage outlets	**100.00**	100.00
*	Shanghai YTL Hotels Management Co., Ltd.	The People's Republic of China	Dormant	**100.00**	100.00

* *Subsidiaries not audited by HLB Ler Lum*

^ *Dissolved during the financial year*

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 5 July 2013, the Group's interest in Starhill Global Real Estate Investment Trust ("SGREIT") increased by 6.89% from 29.38% to 36.27% as a result of the issuance of 210,195,189 new units by SGREIT through the conversion of 152,727,825 convertible preferred units in SGREIT by the Company and YTL Hotels & Properties Sdn Bhd, a wholly-owned subsidiary of the Company.

The above increase in interest has effectively made SGREIT a subsidiary of the Company by the Company's de facto control in SGREIT pursuant to the new Financial Reporting Standard 10.

(ii) On 6 November 2013, Batu Tiga Quarry Sdn Bhd ("BTQ"), a wholly-owned subsidiary of YTL Cement Berhad ("YTL Cement"), acquired a total of 250,002 ordinary shares of RM1.00 each in Madah Seloka Sdn Bhd ("MSSB"), representing the entire issued and paid-up share capital of MSSB for a cash consideration of RM18,000,000 ("Acquisition"). As a result of the Acquisition, MSSB has become a wholly-owned subsidiary of BTQ and an indirect subsidiary of YTL Cement and the Company.

(iii) On 20 November 2013, YTL Cement acquired a total of 250,000 ordinary shares of RM1.00 each in Competent Teamwork Sdn Bhd ("CTSB"), representing the entire issued and paid-up share capital of CTSB for a cash consideration of RM11,177,868. As a result, CTSB has become a wholly-owned subsidiary of YTL Cement and an indirect subsidiary of the Company.

(iv) On 31 January 2014, YTL Hotels & Properties Sdn Bhd ("YTLHP"), a wholly-owned subsidiary of the Company, acquired the entire issued and paid-up share capital of Thermae Development Company Limited ("Thermae Development") comprising 260,000 ordinary shares of £1 each, at a total cash consideration of £12,000,000. As a result, Thermae Development became a wholly-owned subsidiary of YTLHP and an indirect subsidiary of the Company.

Notes to the Financial Statements

13. SUBSIDIARIES (CONTINUED)

(d) Non-controlling interests in subsidiaries

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

Group – 2014

	YTL Power Group RM'000	SGREIT Group RM'000	YTL REIT Group RM'000	Other individually immaterial subsidiaries RM'000	Total RM'000
NCI effective equity interest	**42.23%**	***63.73%***	***40.97%***		
Carrying amount of NCI	**1,168,765**	**3,306,288**	**570,459**	**347,407**	**5,392,919**
Profit allocated to NCI	**762,803**	**464,576**	**94,848**	**76,519**	**1,398,746**

Summarised financial information before inter-company elimination

	YTL Power Group RM'000	SGREIT Group RM'000	YTL REIT Group RM'000
As at 30 June			
Non-current assets	**28,662,323**	**7,381,138**	**3,157,589**
Current assets	**11,422,782**	**234,114**	**168,045**
Non-current liabilities	**(24,806,283)**	**(1,996,980)**	**(1,578,770)**
Current liabilities	**(4,595,099)**	**(443,739)**	**(77,197)**
Net assets	**10,683,723**	**5,174,533**	**1,669,667**
Year ended 30 June			
Revenue	**14,383,623**	**504,189**	**425,114**
Profit for the year	**1,202,413**	**617,202**	**195,094**
Total comprehensive income	**1,846,069**	**794,855**	**465,658**
Cash flows from operating activities	**2,474,532**	**259,411**	**116,038**
Cash flows (used in)/from investing activities	**(1,456,888)**	**181,934**	**(3,522)**
Cash flows used in financing activities	**(2,007,950)**	**(226,322)**	**(129,386)**
Net changes in cash and cash equivalents	**(990,306)**	**215,023**	**(16,870)**
Dividend paid to NCI	**57,292**	**167,272**	**85,061**

14. INVESTMENT IN ASSOCIATED COMPANIES

(a) Investment in associated companies

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Unquoted shares, at cost	**1,135,933**	1,210,958	**205,241**	205,241
Quoted shares, outside Malaysia, at cost#	–	817,267	–	–
Unquoted Convertible Preference Units ("CPU")*#, outside Malaysia, at cost	–	405,000	–	–
Share of post acquisition reserves	**537,442**	996,841	–	–
Allowance for impairment	**(23,938)**	–	–	–
	1,649,437	3,430,066	**205,241**	205,241
Market value of quoted shares outside Malaysia	–	1,207,842	–	–

* In previous financial year, the CPU are issued by Starhill Global Real Estate Investment Trust ("SGREIT"), in which the Group has an interest in 570,777,858 units representing 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 SGREIT 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.

On 5 July 2013, the Group's interest in SGREIT increased by 6.89% from 29.38% to 36.27% as a result of the issuance of 210,195,189 new units by SGREIT through the conversion of 152,727,825 convertible preferred units in SGREIT by the Company and YTL Hotels & Properties Sdn. Bhd., a wholly-owned subsidiary of the Company.

The above increase in interest has effectively made SGREIT a subsidiary of the Company by the Company's de facto control in SGREIT pursuant to the new Financial Reporting Standard 10.

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 2014 %	Effective Equity Interest 2013 %
	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 Pty. Ltd.	Australia	Trade as ElectraNet SA (operates & manages the electricity transmission network throughout South Australia)	**19.35+**	17.63+
^	Endless Momentum Sdn. Bhd.	Malaysia	Investment holding	**22.24**	22.24
*	Enefit Jordan B.V.	Netherlands	Investment holding	**17.33**	15.79
*	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	**28.30**	25.78
	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	**11.55+**	10.52+
ß^*	Starhill Global Real Estate Investment Trust	Singapore	Invest in prime real estate	**–**	29.38
	Superb Aggregates Sdn. Bhd.	Malaysia	Extraction, removal, processing & sale of sand	**49.07**	48.97
^*	Surin Bay Company Limited	Thailand	Hotel operator	**49.00**	49.00

14. INVESTMENT IN ASSOCIATED COMPANIES (CONTINUED)

(a) Investment in associated companies (continued)

Details of the associated companies are as follows (continued):-

	Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest 2014 %	Effective Equity Interest 2013 %
Ω@*	Teknologi Tenaga Perlis (Overseas) Consortium Sdn. Bhd.	Malaysia	Under striking off process	–	15.79
	Trans-Pacific Hotels Sdn. Bhd.	Malaysia	Inactive	**50.00**	50.00
	Trans-Pacific Resorts Sdn. Bhd.	Malaysia	Inactive	**50.00**	50.00
*	YTL (Thailand) Limited	Thailand	Investment holding	**49.90**	49.90

* *Companies not audited by HLB Ler Lum*
@ *Companies with financial year end of 31 October*
^ *Companies with financial year end of 31 December*
ß *The Group has deemed SGREIT a subsidiary of the Group during the financial year upon the conversion of the convertible preferred units in SGREIT*
Ω *Struck off during the financial year*
\+ *The Group's direct interest in ElectraNet Pty. Ltd. and P.T. Jawa Power are 33.5% and 35.0% respectively*

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

14. INVESTMENT IN ASSOCIATED COMPANIES (CONTINUED)

(b) The summarised financial information of material associates adjusted for any differences in accounting policies between the Group and the associates are as follows:-

(i) Summarised financial information:

	P.T. Jawa Power 2014 RM'000	ElectraNet Pty. Ltd. 2014 RM'000
Non-current assets	3,757,213	7,638,353
Current assets	746,207	104,286
Non-current liabilities	(977,298)	(5,410,711)
Current liabilities	(207,337)	(1,133,398)
Net assets	3,318,785	1,198,530
Profit for the financial year	656,014	54,039
Other comprehensive loss	–	(71,904)
Total comprehensive income/(loss)	656,014	(17,865)
Included in the total comprehensive income is:		
Revenue	1,930,149	941,926
Other information:		
Dividends received from associate	280,172	20,177

14. INVESTMENT IN ASSOCIATED COMPANIES (CONTINUED)

(b) The summarised financial information of material associates adjusted for any differences in accounting policies between the Group and the associates are as follows (continued):-

(ii) Reconciliation of net assets to carrying amount:

	P.T. Jawa Power 2014 RM'000	ElectraNet Pty. Ltd. 2014 RM'000	Total 2014 RM'000
Opening net assets,1 July	3,597,644	1,243,288	4,840,932
Profit for the financial year	656,014	54,039	710,053
Other comprehensive loss	–	(71,904)	(71,904)
Repayment of loan stock	(135,671)	–	(135,671)
Foreign exchange differences	1,289	33,338	34,627
Dividend received	(800,491)	(60,231)	(860,722)
Closing net assets, 30 June	3,318,785	1,198,530	4,517,315
Interest in associates direct hold by subsidiary	35.0%	33.5%	
Carrying amount	1,161,575	401,508	1,563,083

Goodwill amounting to RM23,357,000 (2013: RM23,442,000) 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 RM15,235,000 (2013: RM20,726,000) because the Group's cumulative share of losses exceeds its interest in that entity and the Group has no obligation in respect of those losses. The cumulative unrecognised losses amounted to RM276,459,000 (2013: RM261,224,000) at the reporting date.

Notes to the Financial Statements

15. JOINT VENTURES

(a) Investments in joint ventures

	Group 2014 RM'000	Group 2013 RM'000
Unquoted investments, at cost	**23,400**	23,400
Share of post acquisition losses	**2,912**	829
	26,312	24,229

Upon assessment of control under FRS 11, the Group has recognised Bristol Wessex Billing Services Limited ("BWBSL") which is incorporated in England and Wales as a joint venture. Based on the terms of the agreements, BWBSL is a separate legal entity, and neither party has been given rights to the assets or liabilities and, BWBSL is able to settles its own liabilities.

(i) Details of the joint ventures are as follows:-

Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest 2014 %	Effective Equity Interest 2013 %
PDC Heritage Hotel Sdn. Bhd.	Malaysia	Property development	**28.95**	28.95
Bristol Wessex Billing Services Limited	England & Wales	Billing services	**28.89**	26.31
Xchanging Malaysia Sdn. Bhd.	Malaysia	Mobile internet & cloud-based technology solutions	**17.33**	15.79

(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 joint ventures are as follows:-

	Group 2014 RM'000	Group 2013 RM'000
Non-current assets	**324**	400
Current assets	**25,768**	22,338
Current liabilities	**(9,339)**	(8,069)
Net assets	**16,753**	14,669
Total comprehensive income	**2,083**	1,236

16. INVESTMENTS

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Available-for-sale financial assets				
Quoted equity investments				
– Within Malaysia	**16,313**	16,376	**4,436**	4,415
– Outside Malaysia	**12,432**	10,810	**7,721**	7,303
Unquoted equity investments				
– Within Malaysia	**19,533**	19,532	**19,483**	19,483
– Outside Malaysia	**144,327**	108,317	**–**	142,940
	192,605	155,035	**31,640**	174,141

During the financial year, the gains arising from the changes in fair values recognised in other comprehensive income amounted to RM3,453,000 (2013: RM13,013,000) and RM1,045,000 (2013: RM1,083,000), for the Group and Company, respectively.

During the financial year, the Group and the Company recognised an impairment loss of RM1,253,000 (2013: RM300,000) and RM359,000 (2013: RM300,000) against equity investments whose trade prices had been below cost for a prolonged period, respectively.

17. CASH AND CASH EQUIVALENTS

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Deposits with licensed banks	**11,907,881**	13,145,698	**1,284,720**	1,750,043
Cash and bank balances	**1,308,615**	668,315	**228,839**	4,405
Cash and cash equivalents	**13,216,496**	13,814,013	**1,513,559**	1,754,448
Bank overdrafts (Note 33)	**(67,332)**	(71,402)	**–**	–
Cash and cash equivalents as per statements of cash flows	**13,149,164**	13,742,611	**1,513,559**	1,754,448

Cash and bank balances of the Group included amounts totalling RM30,684,000 (2013: RM14,903,000) held pursuant to Section 7A of the Housing Developers (Control and Licensing) Act 1966. Those amounts were restricted from use in other operations.

17. CASH AND CASH EQUIVALENTS (CONTINUED)

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

	Group		Company	
	2014 %	2013 %	2014 %	2013 %
Deposits with licensed banks	**0.01 – 3.50**	0.01 – 3.70	**2.95 – 3.40**	2.50 – 3.40

Deposits of the Group and of the Company have maturities ranging from 1 day to 365 days (2013: 1 day to 365 days). Bank balances are deposits held at call with banks.

Included in the deposits with licensed banks amounting to RM5,211,000 (2013: RM5,077,000) is pledged as a security for a borrowing as disclosed in Note 33.

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

18. INTANGIBLE ASSETS

The details of intangible assets are as follows:-

	Customer acquisition costs RM'000	Goodwill on consolidation RM'000	Total RM'000
Group – 2014			
At cost			
At beginning of the financial year	**61,477**	**4,762,953**	**4,824,430**
Additions	**74,308**	**–**	**74,308**
Arising from acquisition of new subsidiaries	**–**	**74,263**	**74,263**
Currency translation differences	**–**	**150,118**	**150,118**
At end of the financial year	**135,785**	**4,987,334**	**5,123,119**
Accumulated amortisation and impairment			
At beginning of the financial year	**(21,276)**	**(17,669)**	**(38,945)**
Amortisation (Note 6)	**(47,776)**	**–**	**(47,776)**
Impairment losses (net of NCI)	**–**	**(22,406)**	**(22,406)**
At end of the financial year	**(69,052)**	**(40,075)**	**(109,127)**
Net carrying amount			
At 30 June 2014	**66,733**	**4,947,259**	**5,013,992**

18. INTANGIBLE ASSETS (CONTINUED)

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

	Customer acquisition costs RM'000	Goodwill on consolidation RM'000	Total RM'000
Group – 2013			
At cost			
At beginning of the financial year	–	4,734,795	4,734,795
Additions	61,477	–	61,477
Currency translation differences	–	28,158	28,158
At end of the financial year	61,477	4,762,953	4,824,430
Accumulated amortisation and impairment			
At beginning of the financial year	–	(17,669)	(17,669)
Amortisation (Note 6)	(21,276)	–	(21,276)
At end of the financial year	(21,276)	(17,669)	(38,945)
Net carrying amount			
At 30 June 2013	40,201	4,745,284	4,785,485

Goodwill only arises in business combinations. The amount of goodwill initially recognised is dependent on the allocation of the purchase price to the fair value of the identifiable assets acquired and the liabilities assumed. The determination of the fair value of the assets and liabilities is based, to a considerable extent, on management judgement.

For the purposes of impairment testing, goodwill is allocated to the Group's cash-generating units ("CGUs") identified according to the following business segments:-

	Group	
	2014 RM'000	2013 RM'000
Utilities	**4,379,016**	4,241,269
Management services	**251,080**	245,445
Cement manufacturing & trading	**102,883**	114,025
Property investment & development	**124,728**	98,093
Hotel & restaurant operations	**64,798**	21,698
Others	**24,754**	24,754
	4,947,259	4,745,284

18. INTANGIBLE ASSETS (CONTINUED)

Goodwill is tested for impairment on an annual basis by comparing the carrying amount with the recoverable amount of the CGUs.

The recoverable amount of these CGUs was determined based on value-in-use calculations. Cash flow projections used in these calculations were based on financial budgets approved by management covering a three-year period. Cash flows beyond the three-year period were extrapolated using the estimated growth rate. The growth rate did not exceed the long-term average growth rate for the segment business in which the CGUs operates.

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

The following assumption has been applied in the value-in-use calculation for the two of the major goodwill in utilities segment amounting to RM 3.7 billion (2013: RM3.5 billion) ("A") and RM670 million (2013: RM670 million ("B"), respectively, one of the major goodwill in management services ("C") and cement manufacturing & trading ("D") segment amounting to RM251 million (2013: RM245 million) and RM103 million (2013: RM114 million), respectively.

	2014				2013			
	A	B	C	D	A	B	C	D
	%	%	%	%	%	%	%	%
Pre-tax discounts	**6.0**	**5.7**	**4.5**	**4.5**	6.0	7.1	4.5	4.5
Terminal growth rate	**2.0**	**0.1**	**6.5**	**6.5**	2.0	1.5	N/A	N/A
Revenue growth	**2.7**	**2.5**	**3.0**	**3.0**	1.2	2.7	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.

(b) Sensitivity to change in key assumptions

Changing the assumptions selected by management, in particular the discount rate and growth rate assumptions used in the cash flow projections, could significantly affect the Group's results. The Group's review includes the sensitivity of key assumptions to the cash flow projections.

The circumstances where a reasonable possible change in key assumptions will result in the recoverable amounts of goodwill on the CGUs to equal the corresponding carrying amounts assuming no change in the other variables are as follows:-

	2014		2013	
	A	B	A	B
	%	%	%	%
Pre-tax discount	**8.6**	**12.5**	9.4	14.7
Terminal growth rate	**(4.1)**	**(0.5)**	(5.5)	(0.3)
Revenue growth	**1.8**	**(4.4)**	(0.2)	(13.1)

18. INTANGIBLE ASSETS (CONTINUED)

(b) Sensitivity to change in key assumptions (continued)

The 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 except the above mentioned CGU "A" and "B".

19. BIOLOGICAL ASSETS

	Group	
	2014 RM'000	2013 RM'000
Plantation development expenditure – at cost		
At beginning of the financial year	**1,700**	1,316
Addition	**98**	384
At end of the financial year	**1,798**	1,700

20. TRADE AND OTHER RECEIVABLES

	Group	
	2014 RM'000	2013 RM'000
Non-current		
Amounts recoverable from supplier*	**410,446**	357,235
Less : Allowance for impairment	**(149,390)**	(102,605)
Amounts recoverable from supplier (net)	**261,056**	254,630
Other receivables	**22,857**	–
Accrued income	**895**	1,162
Deposits	**900**	13,188
Receivables from associate company^	**291,068**	289,541
	576,776	558,521

20. TRADE AND OTHER RECEIVABLES (CONTINUED)

	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Current				
Trade receivables	**2,511,045**	3,029,499	–	–
Shareholder amounts held by solicitors	**1,948**	15,728	–	–
	2,512,993	3,045,227	–	–
Less : Allowance for impairment	**(313,591)**	(260,887)	–	–
Trade receivables – net	**2,199,402**	2,784,340	–	–
Other receivables	**297,928**	298,592	**12,661**	17,129
Less : Allowance for impairment	**(1,703)**	(1,503)	–	–
Other receivables – net	**296,225**	297,089	**12,661**	17,129
Progress billings and final sum receivables	–	1,133	–	–
Retention sum	**2,424**	7,861	–	–
Accrued income	**413,097**	358,700	–	–
Deposits	**55,623**	87,878	**5,292**	232
	2,966,771	3,537,001	**17,953**	17,361

^ Receivables from associate comprises three loan notes issued by the associate. The notes have been issued by the associate in accordance to a loan note facility agreement. These receivables will mature in October 2030. Contingent interests are receivable on loan notes to the extent that there is sufficient available cash. In the event that cash is insufficient, interest will be accrued.

* A subsidiary of the Group had entered into 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. The gas supplier unilaterally withdrew a discount provided for under the market price-related formula and as a consequence, a dispute arose over whether the discount is, in the circumstances, applicable under the GSA.

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

The Directors have been advised that there is more than a reasonable prospect that the amount of RM261 million paid under protest would be recoverable in the pending arbitration proceedings against the gas supplier. However, the final amount recoverable would be subject to determination in the pending arbitration proceedings.

20. TRADE AND OTHER RECEIVABLES (CONTINUED)

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

	Group	
	2014 RM'000	2013 RM'000
Neither past due nor impaired	**1,638,360**	2,266,662
1 to 90 days past due not impaired	**263,831**	188,258
91 to 120 days past due not impaired	**26,865**	72,086
More than 120 days past due not impaired	**270,346**	257,334
Total past due not impaired	**561,042**	517,678
Impaired	**313,591**	260,887
	2,512,993	3,045,227

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

Receivables amounting to RM86.1 million (2013: RM116.5 million) are secured by financial guarantees given by banks and RM12.1 million (2013: RM11.9 million) are secured by cash collateral.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM561,042,000 (2013: RM517,678,000) 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:-

	Trade receivables RM'000	Others RM'000	Total RM'000
Group – 2014			
At beginning of the financial year	**260,887**	**104,108**	**364,995**
Acquisition of subsidiary	**1,931**	–	**1,931**
Charge for the year	**94,351**	**46,985**	**141,336**
Reversal of impairment losses	**(2,323)**	–	**(2,323)**
Bad debts written off	**(64,374)**	–	**(64,374)**
Currency translation differences	**23,119**	–	**23,119**
At end of the financial year	**313,591**	**151,093**	**464,684**

20. TRADE AND OTHER RECEIVABLES (CONTINUED)

Receivables that are impaired (continued)

	Trade receivables RM'000	Others RM'000	Total RM'000
Group – 2013			
At beginning of the financial year	228,934	1,430	230,364
Charge for the year	69,177	102,678	171,855
Reversal of impairment losses	(1,385)	–	(1,385)
Bad debts written off	(31,702)	–	(31,702)
Currency translation differences	(4,137)	–	(4,137)
At end of the financial year	260,887	104,108	364,995

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	
	2014 RM'000	2013 RM'000
At cost		
Consumable stores	**16,958**	17,780
Finished goods	**108,143**	79,838
Fuel	**227,228**	270,278
Properties held for sale	**67,248**	153,593
Raw materials	**126,309**	107,871
Spare parts	**168,632**	150,987
Work-in-progress	**41,645**	31,491
At fair value less cost to sell		
Fuel	**17,715**	37,137
	773,878	848,975

22. PROPERTY DEVELOPMENT COSTS

Group – 2014

	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	1,155,192	66,577	473,398	1,695,167
Cost incurred during the financial year	–	5,171	354,069	359,240
Transfer from land held for property development	4,725	–	24,339	29,064
Reversal of completed projects	–	(18,415)	(114,609)	(133,024)
Currency translation differences	24,926	–	4,799	29,725
At end of the financial year	1,184,843	53,333	741,996	1,980,172
Cumulative cost recognised in profit or loss:-				
At beginning of the financial year				(324,286)
Recognised during the financial year				(258,312)
Reversal of completed projects				133,024
At end of the financial year				(449,574)
Property development costs at end of the financial year				1,530,598

Notes to the Financial Statements

22. PROPERTY DEVELOPMENT COSTS (CONTINUED)

Group – 2013

	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	1,165,856	105,716	424,928	1,696,500
Cost incurred during the financial year	–	20,243	407,655	427,898
Transfer to inventories	–	(285)	(2,916)	(3,201)
Reversal of completed projects	(14,449)	(59,097)	(357,541)	(431,087)
Currency translation differences	3,785	–	1,272	5,057
At end of the financial year	1,155,192	66,577	473,398	1,695,167
Cumulative cost recognised in profit or loss:-				
At beginning of the financial year				(471,872)
Recognised during the financial year				(283,501)
Reversal of completed projects				431,087
At end of the financial year				(324,286)
				1,370,881

Included in property development costs of the Group is interest capitalised during the financial year amounting to RM29,851,000 (2013: RM30,792,000).

Included in property development costs of the Group is a freehold land under development with carrying value of RM1,451,000,000 (2013: RM1,316,000,000) pledged as security for a borrowing granted to the Group as disclosed in Note 33 to the Financial Statements.

23. OTHER ASSETS

	Group 2014 RM'000	Group 2013 RM'000
Non-current		
Prepayments	**60,965**	147,762

	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Current				
Prepayments	**383,051**	304,326	**392**	1,054
Accrued billings in respect of property development costs	**87,619**	84,815	–	–
Amount due from contract customers (Note 25)	**14,389**	9,154	–	–
	485,059	398,295	**392**	1,054

24. DERIVATIVE FINANCIAL INSTRUMENTS

	Assets RM'000	Liabilities RM'000	Total RM'000
Group – 2014			
At beginning of the financial year	**45,504**	**(201,614)**	**(156,110)**
Acquisition of subsidiary	**11,431**	**(2,383)**	**9,048**
Movement during the year	**(7,857)**	**119,577**	**111,720**
Currency translation differences	**1,360**	**(4,165)**	**(2,805)**
At end of the financial year	**50,438**	**(88,585)**	**(38,147)**
Group – 2013			
At beginning of the financial year	79,653	(524,367)	(444,714)
Movement during the year	(34,167)	319,387	285,220
Currency translation differences	18	3,366	3,384
At end of the financial year	45,504	(201,614)	(156,110)

24. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Analysed as:-

	<------------ Group	------------>	
	Contract/ notional amount RM'000	Assets RM'000	Fair values Liabilities RM'000
2014			
Cash-flow hedges			
– fuel oil swaps	**1,785,786**	**33,534**	**6,473**
– currency forwards	**2,055,391**	**5,472**	**16,249**
– interest rate swaps	**1,897,347**	**2,533**	**5,433**
Fair value through profit or loss			
– fuel oil swaps	**315,843**	**8,515**	**835**
– currency forwards	**324,841**	**384**	**2,176**
– 1.875% exchangeable bonds		**–**	**57,419**
		50,438	**88,585**
Current portion		**30,590**	**77,831**
Non-current portion		**19,848**	**10,754**
		50,438	**88,585**
2013			
Cash-flow hedges			
– fuel oil swaps	1,889,283	5,140	60,069
– currency forwards	1,955,169	35,088	1,828
– interest rate swaps	431,922	–	12,653
Fair value through profit or loss			
– fuel oil swaps	376,657	4,208	2,937
– currency forwards	109,795	1,068	57
– 1.875% exchangeable bonds	–	–	124,070
		45,504	201,614
Current portion		37,654	61,282
Non-current portion		7,850	140,332
		45,504	201,614

24. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

The changes in fair value that arose from fair value through profit or loss and the ineffective portion of cash flow hedge recognised in the income statement amounted to a gain of RM55.5 million (2013: gain of RM93.2 million) and a gain of RM2.3 million (2013: gain of RM0.1 million), respectively.

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

(a) Fuel oil swaps

Fuel oil swaps are entered into to hedge highly probable forecast fuel purchases that are expected to occur at various dates within 50 months (2013: 36 months) from financial year end. The fuel oil swaps have maturity dates that match the expected occurrence of these transactions. Gains and losses recognised in the hedging reserve prior to the occurrence of these transactions are transferred to the inventory of fuels upon acquisition or cost of sales upon consumption of natural gas. The gains and losses relating to fuel oil inventory are subsequently recognised in profit or loss upon consumption of the underlying fuels.

The fair values of fuel oil swaps are determined using the quoted market prices for similar instruments.

(b) Currency forwards

Currency forwards are entered into to hedge highly probable forecast transactions denominated in foreign currency expected to occur at various dates within 52 months (2013: 36 months) from financial year end. The currency forwards have maturity dates that match the expected occurrence of these transactions.

Gains and losses relating to highly probable forecast fuel payments are recognised in the hedging reserve prior to the occurrence of these transactions and are transferred to the inventory of fuels upon acquisition or cost of sales upon consumption of natural gas. The gains and losses relating to fuel oil inventory are subsequently transferred to profit or loss upon consumption of the underlying fuels.

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

For those currency forwards used to hedge highly 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.

24. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

(d) 1.875% Exchangeable bonds

These represent the exchange features which are separate embedded derivatives contained in the Group's bonds. Bondholders are able to exchange the bonds into ordinary shares of RM0.10 each in the Company ("YTL Corp Shares") at fixed exchange prices as disclosed in Note 32(I). 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	
	2014	**2013**
	RM'000	**RM'000**
YTL Corp Share price (RM)	**1.62**	1.66
Exchange price (RM)	**1.67**	1.67
Expected volatility (%)	**21.6**	26.5
Expected life of exchange feature (years)	**0.72**	1.72
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.

25. CONSTRUCTION CONTRACTS

	Group	
	2014	**2013**
	RM'000	**RM'000**
Aggregate costs incurred to date	**945,707**	1,520,238
Recognised profits less recognised losses	**18,275**	204,321
Exchange differences	–	(1,508)
	963,982	1,723,051
Less : Progress billings	**(956,077)**	(1,746,337)
Total	**7,905**	(23,286)
Representing:		
Amount due to contract customers (Note 38)	**(6,484)**	(32,440)
Amount due from contract customers (Note 23)	**14,389**	9,154
Total	**7,905**	(23,286)

Included in aggregate costs incurred to date of the Group are depreciation and interest capitalised during the financial year amounting to RM5,772,000 (2013: RM4,743,000) and RM414,000 (2013: RM625,000), respectively.

26. AMOUNTS DUE FROM/TO RELATED PARTIES

	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
(a) Amounts due from related parties				
Amounts due from:-				
– Holding company	–	1,000	–	–
– Subsidiaries	–	–	**2,250,051**	2,384,099
– Related companies	**14,029**	9,744	**1,384**	930
– Associated companies	**13,078**	23,646	**340**	340
– Joint ventures	**15,066**	6,610	–	–
	42,173	41,000	**2,251,775**	2,385,369
(b) Amounts due to related parties				
Amounts due to:-				
– Holding company	**845**	–	–	–
– Subsidiaries	–	–	**999,602**	1,048,085
– Related companies	**4,148**	4,679	**114**	30
– Associated companies	**1,566**	680	–	–
	6,559	5,359	**999,716**	1,048,115

(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 RM38.7 million (2013: RM38.7 million) which bear interest rate of 4.4% per annum (2013: 4.4% per annum).

The significant related parties' transactions of the Group and the Company are disclosed in Note 42 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	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Available-for-sale financial assets				
Unquoted unit trusts in Malaysia				
– at cost	**609,531**	590,715	**609,531**	590,715

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	
	2014 RM'000	2013 RM'000
Authorised:-		
At beginning and end of the financial year		
– 15,000,000,000 ordinary shares of RM0.10 each	**1,500,000**	1,500,000
Issued and fully paid:-		
At beginning of the financial year		
– 10,738,931,473 (2013: 10,546,774,669) ordinary shares of RM0.10 each	**1,073,893**	1,054,677
Conversion of exchangeable bonds		
– Nil (2013: 192,156,804) ordinary shares of RM0.10 each	–	19,216
At end of the financial year		
– 10,738,931,473 (2013: 10,738,931,473) ordinary shares of RM0.10 each	**1,073,893**	1,073,893

Out of a total of 10,738,931,473 (2013: 10,738,931,473) ordinary shares of RM0.10 issued and fully paid-up ordinary shares, the Company holds 375,344,039 (2013: 373,343,939) ordinary shares of RM0.10 as treasury shares. As at 30 June 2014, the number of ordinary shares in issue and fully paid net of treasury shares are 10,363,587,434 (2013: 10,365,587,534).

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 26 November 2013. 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 2,000,100 ordinary shares of RM0.10 each (2013: 152,294,500) ordinary shares of RM0.10 each of its issued share capital from the open market. The average price paid for the shares repurchased was RM1.62 (2013: RM1.80) 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.

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 2014, the Company held as treasury shares a total of 375,344,039 (2013: 373,343,939) of its 10,738,931,473 (2013: 10,738,931,473) issued ordinary shares. Such treasury shares are held at a carrying amount of RM596,570,004 (2013: RM593,338,983).

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

On 1 April 2011, the Company implemented a new share issuance scheme known as the Employees Share Option Scheme which was approved by the shareholders of the Company at an Extraordinary General Meeting held on 30 November 2010, the ESOS is for eligible employees and directors of the Company and/or its subsidiaries who meet the criteria of eligibility for participation as set out in the by-laws of the ESOS ("By-Laws").

The salient terms of the ESOS are as follows:-

(i) The ESOS shall be in force for a period of ten (10) years, effective from 1 April 2011.

(ii) The maximum number of shares to be allotted and issued pursuant to the exercise of the options which may be granted under the ESOS shall not exceed fifteen per cent (15%) of the total issued and paid-up share capital of the Company at the point of time throughout the duration of the ESOS.

28. SHARE CAPITAL (CONTINUED)

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

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

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

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

(c) in the case of employees, has been in the employment of the Group for a period of at least one (1) year of continuous service prior to and up to the Offer Date, including service during the probation period, and is confirmed in service. The options committee may, at its discretion, nominate any employee (including directors) of the Group to be an eligible employee despite the eligibility criteria under Clause 3.1(iii) of the By-Laws not being met, at any time and from time to time.

(iv) The subscription price for shares under the ESOS shall be determined by the Board upon recommendation of the options committee and shall be fixed based on the higher of the following:-

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

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

(v) Subject to Clause 13 of the By-Laws, the options committee may, at any time and from time to time, before or after an option is granted, limit the exercise of the option to a maximum number of new ordinary shares of the Company and/or such percentage of the total ordinary shares of the Company comprised in the options during such period(s) within the option period and impose any other terms and/or conditions deemed appropriate by the options committee in its sole discretion including amending/varying any terms and conditions imposed earlier. Notwithstanding the above, and subject to Clauses 10 and 11 of the By-Laws, the options can only be exercised by the grantee no earlier than three (3) years after the Offer Date or such other period as may be determined by the options committee at its absolute discretion, by notice in writing to the options committee, provided however that the options committee may at its discretion or upon the request in writing by the grantee allow the options to be exercised at any earlier or other period.

(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.

28. SHARE CAPITAL (CONTINUED)

The movements during the financial year in the number of share options of the Company are as follows:-

Grant date	Expiry date	Exercise price RM	Number of share options over ordinary shares of RM0.10 each: At beginning of financial year '000	Granted '000	Lapsed '000	At end of financial year '000
Financial year ended 30 June 2014						
Scheme						
16.07.2012	31.03.2021	**1.75**	**141,075**	–	**(2,940)**	**138,135**
			141,075	–	**(2,940)**	**138,135**
Financial year ended 30 June 2013						
Scheme						
16.07.2012	31.03.2021	1.75	–	146,830	(5,755)	141,075
			–	146,830	(5,755)	141,075

None of the 138,135,000 (2013: 141,075,000) outstanding options are exercisable.

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

	Share options granted on 16.07.2012
Valuation assumptions:-	
Expected volatility	23.6%
Expected dividend yield	4.5%
Expected option life	3 – 4 years
Risk-free interest rate per annum (based on Malaysian securities bonds)	3.1%

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome.

Notes to the Financial Statements

28. SHARE CAPITAL (CONTINUED)

Value of employee services received for issue of share options:-

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Share options granted				
by the Company	**15,700**	15,860	**15,700**	15,860
by the subsidiary	**8,610**	9,443	**–**	–
Allocation to subsidiaries	**–**	–	**(9,022)**	(9,483)
Total share options expenses	**24,310**	25,303	**6,678**	6,377

29. NON-DISTRIBUTABLE RESERVES

(A) Share premium

	Group/Company	
	2014 RM'000	2013 RM'000
At beginning of the financial year	**1,987,700**	1,674,496
Conversion of exchangeable bonds	**–**	313,204
At end of the financial year	**1,987,700**	1,987,700

(B) Other reserves

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Capital reserve	**102,000**	101,991	**–**	–
Equity component of Irredeemable Convertible Unsecured Loan Stocks	**74,066**	74,066	**–**	–
Foreign currency translation reserve	**(359,761)**	(739,135)	**–**	–
Share options reserve	**50,409**	26,601	**31,560**	15,860
Statutory reserve	**27,415**	27,141	**–**	–
Available-for-sale reserve	**8,754**	5,299	**2,099**	1,700
Hedging reserve	**(14,361)**	(23,483)	**–**	–
	(111,478)	(527,520)	**33,659**	17,560

29. NON-DISTRIBUTABLE RESERVES (CONTINUED)

(B) Other reserves – Group

	Capital reserve RM'000	Equity component of ICULS RM'000	Foreign currency translation reserve RM'000	Share options reserve RM'000	Statutory reserve[1] RM'000	Available-for-sale reserve RM'000	Hedging reserve RM'000	Total other reserves RM'000
2014								
At beginning of the financial year	101,991	74,066	(739,135)	26,601	27,141	5,299	(23,483)	(527,520)
Changes in fair values	–	–	–	–	–	3,453	11,057	14,510
Exchange differences	–	–	377,724	–	–	–	–	377,724
Total comprehensive income for the year	–	–	377,724	–	–	3,453	11,057	392,234
Share options granted	–	–	–	15,700	–	–	–	15,700
Share option issued by subsidiary	–	–	–	8,610	–	–	–	8,610
Share options forfeiture	–	–	–	(502)	–	–	–	(502)
Currency translation differences	9	–	1,650	–	274	2	(1,935)	–
At end of the financial year	102,000	74,066	(359,761)	50,409	27,415	8,754	(14,361)	(111,478)

29. NON-DISTRIBUTABLE RESERVES (CONTINUED)

(B) Other reserves – Group (continued)

	Capital reserve RM'000	Equity component of ICULS RM'000	Foreign currency translation reserve RM'000	Share options reserve RM'000	Statutory reserve[1] RM'000	Available-for-sale reserve RM'000	Hedging reserve RM'000	Share dividend payable reserves RM'000	Total other reserves RM'000
2013									
At beginning of the financial year	101,994	74,119	(614,643)	1,298	27,236	(13,945)	(112,882)	934,140	397,317
Changes in fair values	–	–	–	–	–	19,244	87,217	–	106,461
Exchange differences	–	–	(122,488)	–	–	–	–	–	(122,488)
Total comprehensive (loss)/income for the year	–	–	(122,488)	–	–	19,244	87,217	–	(16,027)
Share options granted	–	–	–	15,860	–	–	–	–	15,860
Share option issued by subsidiary	–	–	–	9,443	–	–	–	–	9,443
Conversion of ICULS	–	(53)	–	–	–	–	–	–	(53)
Share dividend distributed	–	–	–	–	–	–	–	(934,140)	(934,140)
Changes in composition of the group	–	–	80	–	–	–	–	–	80
Currency translation differences	(3)	–	(2,084)	–	(95)	–	2,182	–	–
At end of the financial year	101,991	74,066	(739,135)	26,601	27,141	5,299	(23,483)	–	(527,520)

Note:

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

29. NON-DISTRIBUTABLE RESERVES (CONTINUED)

(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
2014				
At beginning of the financial year	**15,860**	**1,700**	–	**17,560**
Changes in fair values	–	**29,099**	–	**29,099**
Disposal of available-for-sale investment securities	–	**(646)**	–	**(646)**
Gain on derecognition of financial assets	–	**(28,054)**	–	**(28,054)**
Share options granted	**15,700**	–	–	**15,700**
At end of the financial year	**31,560**	**2,099**	–	**33,659**
2013				
At beginning of the financial year	–	1,142	934,140	935,282
Changes in fair values	–	1,083	–	1,083
Disposal of available-for-sale investment securities	–	(525)	–	(525)
Share dividend distributed	–	–	(934,140)	(934,140)
Issue of share capital	–	–	–	–
Share options granted	15,860	–	–	15,860
At end of the financial year	15,860	1,700	–	17,560

30. LONG TERM PAYABLES

	Group 2014 RM'000	Group 2013 RM'000
Deferred income	**449,230**	160,002
Deposits	**132,969**	78,685
Loan from non-controlling interest	–	79,145
Other payables	**61,872**	2,449
	644,071	320,281

Non-current payables comprises deposits collected from retail customers in relation to the provision of electricity, deposits received from developers of housing development in relation to the provision of water and sewerage infrastructure. The deferred income in relation to assets transferred from customer and services which are yet to be provided.

31. OTHER NON-CURRENT LIABILITIES

	Group 2014 RM'000	Group 2013 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 (2013: 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

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Current					
Medium Term Notes	32(A)	**628,988**	1,350,000	–	500,000
1.875% Guaranteed Exchangeable Bonds Due 2015	32(I)	**889,602**	–	–	–
		1,518,590	1,350,000	–	500,000
Non-current					
Medium Term Notes	32(A)	**5,821,545**	5,041,625	**1,500,000**	1,000,000
3.52% Retail Price Index Guaranteed Bonds	32(B)	**391,000**	337,548	–	–
5.75% Guaranteed Unsecured Bonds	32(C)	**1,889,545**	1,676,908	–	–
5.375% Guaranteed Unsecured Bonds	32(D)	**1,083,603**	961,599	–	–
1.75% Index Linked Guaranteed Bonds	32(E)	**1,051,822**	908,032	–	–
1.369% and 1.374% Index Linked Guaranteed Bonds	32(F)	**1,051,822**	908,032	–	–
1.489%, 1.495% and 1.499% Index Linked Guaranteed Bonds	32(G)	**999,857**	860,054	–	–
2.186% Index Linked Guaranteed Bonds Due 2039	32(H)	**325,135**	281,679	–	–
1.875% Guaranteed Exchangeable Bonds Due 2015	32(I)	–	878,128	–	–
4.0% Guaranteed Unsecured Bonds Due 2021	32(J)	**1,666,236**	1,482,505	–	–
Japan bonds	32(K)	**38,709**	–	–	–
		14,319,274	13,336,110	**1,500,000**	1,000,000
Total		**15,837,864**	14,686,110	**1,500,000**	1,500,000

32. BONDS (CONTINUED)

The bonds are repayable:-

	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Not later than 1 year	**1,518,590**	1,350,000	–	500,000
Later than 1 year but not later than 5 years	**2,534,071**	1,178,101	**500,000**	–
Later than 5 years	**11,785,203**	12,158,009	**1,000,000**	1,000,000
Total	**15,837,864**	14,686,110	**1,500,000**	1,500,000

The weighted average effective interest rates of the bonds of the Group and the Company as at the reporting date are as follows:-

	Group 2014 %	Group 2013 %	Company 2014 %	Company 2013 %
Medium Term Notes	**2.25**	2.28	**4.424**	4.615
Bonds	**4.66**	4.95	–	–

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

	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
3.52% Retail Price Index Guaranteed Bonds	**301,106**	313,440	–	–
5.75% Guaranteed Unsecured Bonds	**2,273,931**	1,973,643	–	–
5.375% Guaranteed Unsecured Bonds	**1,237,774**	1,090,743	–	–
1.75% Index Linked Guaranteed Bonds	**1,473,790**	1,272,083	–	–
1.369% and 1.374% Index Linked Guaranteed Bonds	**1,361,222**	1,134,892	–	–
1.489%, 1.495% and 1.499% Index Linked Guaranteed Bonds	**1,353,949**	1,128,934	–	–
2.186% Index Linked Guaranteed Bonds Due 2039	**312,811**	273,911	–	–
1.875% Guaranteed Exchangeable Bonds Due 2015	**886,300**	868,945	–	–
4.0% Guaranteed Unsecured Bonds Due 2021	**1,701,863**	1,507,729	–	–
Medium Term Notes	**6,109,509**	5,904,360	**1,491,279**	1,492,327
Japan Bonds	**39,559**	–	–	–
Total	**17,051,814**	15,468,680	**1,491,279**	1,492,327

32. BONDS (CONTINUED)

(A) MEDIUM TERM NOTES ("MTNs")

(i) The MTNs of the Company were issued pursuant to:-

(a) An MTN issuance programme of up to RM500 million constituted by a Trust Deed and Programme Agreement, both dated 18 June 2004, and the First Supplemental MTN Trust Deed dated 13 July 2004.

A nominal value of RM500 million of MTNs was issued on 25 June 2014 to refinance the Company's existing RM500 million nominal value MTNs. The coupon rate of the MTNs is 4.468% (2013: 4.85%) per annum, payable semi-annually in arrears and the MTNs are redeemable on 25 June 2019 at nominal value.

(b) An MTN issuance programme of up to RM2.0 billion constituted by a Trust Deed and Programme Agreement, both dated 26 March 2013.

A nominal value of RM1,000,000,000 of MTNs was issued under the programme on 25 April 2013 at a coupon rate 4.38% (2013: 4.38%) per annum, payable semi-annually in arrears. The MTNs are redeemable on 25 April 2023 at nominal value.

(ii) The MTN 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.

The facility bears interest rates ranging from 4.35% to 4.62% (2013: 3.80% to 5.55%) per annum. The MTN repaid during the financial year was RM550,000,000 (2013: RM315,500,000).

The MTN of YTL Power Generation Sdn. Bhd., a subsidiary of the Group, was issued pursuant to a Medium Term Notes program of up to RM1,300,000,000 constituted by a Trust Deed and Facility Agreement, both dated 9 July 2003. Interest is payable semi-annually. The facility bears interest rate at 4.05% (2013: 4.00% to 4.05%) per annum. During the financial year MTN of RM300,000,000 (2013: RM300,000,000) has been repaid.

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

(a) Singapore MTN (Series 001 Notes)

The Group issued SGD124 million unsecured five-year Singapore MTN comprised in Series 001 (the "Series 001 Notes") in July 2010 (maturing in July 2015) under its SGD2 billion Multicurrency MTN Programme. The Series 001 Notes bear a fixed rate interest of 3.405% per annum payable semi-annually in arrear and have a rating of "BBB+" by Standard & Poor's Rating Services.

32. BONDS (CONTINUED)

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

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

(b) Singapore MTN (Series 002 Notes)

The Group issued SGD100 million unsecured seven-year Singapore MTN comprised in Series 002 (the "Series 002 Notes") in February 2014 (maturing in February 2021) under its SGD2 billion Multicurrency MTN Programme. The Series 002 Notes bear a fixed rate interest of 3.5% per annum payable semi-annually in arrear and have a rating of "BBB+" by Standard & Poor's Rating Services.

(c) Malaysia MTN

The Group acquired the Malaysia Properties through an asset-backed securitisation structure in June 2010. Under the structure, the properties were acquired by Ara Bintang Berhad, a subsidiary of the Group (a bankruptcy-remote special purpose vehicle) which issued five-year fixed-rate RM330 million SGD128.3 million) of Malaysia MTN to partially fund the acquisition of the Malaysia Properties. The Malaysia MTN have an expected maturity date of 5 years and legal maturity date of 6.5 years from the issuance date, and are secured, inter alia, by a fixed and floating charge over all the assets of Ara Bintang Berhad, a subsidiary of the Group.

(B) 3.52% RETAIL PRICE INDEX GUARANTEED BONDS ('RPIG Bonds')

The RPIG Bonds of Wessex Waters Services Finance Plc, a subsidiary of the Group, bear interest semi-annually on 30 January and 30 July at an interest rate of 3.52% initially, indexed up by the inflation rate every year. The effective interest rate as at 30 June 2014 is 6.17% (2013: 6.50%) per annum. 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 ('5.75% GU Bonds') unconditionally and irrevocably guaranteed by Wessex Water Services Limited ('Guarantor'), a subsidiary of the Group. The 5.75% GU Bonds are constituted under a Trust Deed dated 15 October 2003. The nominal value of 5.75% GU Bonds issued amounted to GBP350,000,000 and as at 30 June 2014 GBP345,614,692 (2013: GBP345,490,751) remained outstanding, net of amortised fees and discount. The net proceeds of the 5.75% GU Bonds were used for refinancing of existing financial indebtedness and for general corporate purposes.

The 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 ('5.375% GU Bonds') unconditionally and irrevocably guaranteed by Wessex Water Services Limited ('Guarantor'), a subsidiary of the Group. The 5.375% GU Bonds are constituted under a Trust Deed dated 10 March 2005. The nominal value of 5.375% GU Bonds issued amounted to GBP200,000,000, of which GBP198,200,754 (2013: GBP198,116,716) remained outstanding as at 30 June 2014, 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 5.375% per annum, payable annually on 10 March of each year. The GU bonds will be redeemed in full by the Issuer on 10 March 2028 at their nominal value together with all accrued interest.

32. BONDS (CONTINUED)

(E) 1.75% INDEX LINKED GUARANTEED BONDS

On 31 July 2006, Wessex Water Services Finance Plc ('Issuer'), a subsidiary of the Group, issued two (2) tranches of GBP75,000,000 nominal value of 1.75% Index Linked Guaranteed Bonds ('ILG Bonds 1') unconditionally and irrevocably guaranteed by Wessex Water Services Limited ('Guarantor'), a subsidiary of the Group. The ILG Bonds 1 were each constituted under a Trust Deed dated 31 July 2006 and are unsecured.

The ILG Bonds 1 bear interest semi-annually on 31 January and 31 July at an interest rate of 1.75% initially, indexed up by the inflation rate every year. The effective interest rate as at 30 June 2014 is 4.40% (2013: 4.73%) per annum. The Bonds will be redeemed in full by the Issuer on 31 July 2046 for one tranche, and 31 July 2051 for the other tranche, at their indexed value together with all accrued interest.

(F) 1.369% AND 1.374% INDEX LINKED GUARANTEED BONDS

On 31 January 2007, Wessex Water Services Finance Plc ('Issuer'), a subsidiary of the Group, issued GBP75,000,000 nominal value of 1.369% Index Linked Guaranteed Bonds and GBP75,000,000 nominal value of 1.374% Index Linked Guaranteed Bonds, both due 2057 ('ILG Bonds 2') unconditionally and irrevocably guaranteed by Wessex Water Services Limited ('Guarantor'), a subsidiary of the Group. The ILG Bonds 2 were each constituted under a Trust Deed dated 31 January 2007 and are unsecured.

The ILG Bonds 2 bear interest semi-annually on 31 January and 31 July at an interest rate of 1.369% and 1.374% initially, indexed up by the inflation rate every year. The effective interest rate as at 30 June 2014 is 4.02% (2013: 4.35%) per annum. The Bonds will be redeemed in full by the Issuer on 31 July 2057 at their indexed value together with all accrued interest.

(G) 1.489%, 1.495% AND 1.499% INDEX LINKED GUARANTEED BONDS

On 28 September 2007, Wessex Water Services Finance Plc ('Issuer'), a subsidiary of the Group, issued GBP50,000,000 nominal value of 1.489% Index Linked Guaranteed Bonds, GBP50,000,000 nominal value of 1.495% Index Linked Guaranteed Bonds and GBP50,000,000 nominal value of 1.499% Index Linked Guaranteed Bonds, all due 2058 ('ILG Bonds 3') unconditionally and irrevocably guaranteed by Wessex Water Services Limited ('Guarantor'), a subsidiary of the Group. The ILG Bonds 3 were each constituted under a Trust Deed dated 28 September 2007 and are unsecured.

The ILG Bonds 3 bear interest semi-annually on 29 November and 29 May at an interest rate of 1.489%, 1.495% and 1.499% initially, indexed up by the inflation rate every year. The effective interest rate as at 30 June 2014 is 3.94% (2013: 4.78%) per annum. The ILG Bonds will be redeemed in full by the Issuer on 29 November 2058 at their indexed value together with all accrued interest.

(H) 2.186% INDEX LINKED GUARANTEED BONDS

On 7 September 2009, Wessex Water Services Finance Plc ('Issuer') issued GBP50,000,000 nominal value 2.186% Index Linked Guaranteed Bonds due 2039 ('ILG Bonds 4') unconditionally and irrevocably guaranteed by Wessex Water Services Limited ('Guarantor'). The ILG Bonds 4 were constituted under a Trust Deed dated 7 September 2009 and are unsecured.

The ILG Bonds 4 bear interest semi-annually on 1 December and 1 June at an interest rate of 2.186% initially, indexed up by the inflation rate every half year. The effective interest rate as at 30 June 2014 is 3.34% (2013: 4.03%) per annum. The ILG Bonds 4 are redeemed in full by the Issuer on 1 June 2039 at their indexed value together with all accrued interest.

32. BONDS (CONTINUED)

(I) 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.

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 on of every 1 existing ordinary share of RM0.50 each of the Company into 5 ordinary shares of RM0.10 each. Subsequently, the exchange price was adjusted to RM1.67.

The Bonds bear interest at the rate of 1.875% per annum calculated semi-annually and payable in arrears 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.

(J) 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 ('4% GU Bonds') unconditionally and irrevocably guaranteed by Wessex Water Services Limited ('Guarantor'), a subsidiary of the Group. The 4% GU Bonds are constituted under a Trust Deed dated 24 January 2012. The nominal value of 4% GU Bonds issued amounted to GBP200,000,000, of which GBP198,069,500 (2013: GBP197,803,224) remained outstanding as at 30 June 2014, net of amortised fees and discount. The net proceeds of the 4% GU Bonds were used for refinancing of existing financial indebtedness and for general corporate purposes.

On 30 August 2012, Wessex Water Services Finance Plc ('Issuer'), a subsidiary of the Group, issued GBP100,000,000 nominal value 4.00% Guaranteed Unsecured Bonds due 2021 ('4% GU Bonds') unconditionally and irrevocably guaranteed by Wessex Water Services Limited ('Guarantor'), a subsidiary of the Group. The 4% GU Bonds are constituted under a Trust Deed dated 30 August 2012. The nominal value of 4% GU Bonds issued amounted to GBP100,000,000 of which GBP106,700,037 (2013: GBP107,634,926) remained outstanding as at 30 June 2014, net of amortised fees and discount. The net proceeds of the 4% GU Bonds were used for refinancing of existing financial indebtedness and for general corporate purposes.

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 nominal value together with all accrued interest.

The 4% GU Bonds GBP100,000,000 due 24 September 2021 were consolidated to form a single series with the 4% GU Bonds GBP200,000,000 which was issued on 24 January 2012.

(K) JAPAN BONDS

Starhill Global REIT One TMK, a subdsiary of the Group, has JPY1.2 billion (SGD15.4 million) of Japan bonds outstanding as at 30 June 2014, maturing in November 2016 ("Series 2 Bonds"). The bondholders of Series 2 Bonds have a statutory preferred right, under the Japan Asset Liquidation Law, to receive payment of all obligations under the bonds prior to other creditors out of the assets of Starhill Global REIT One TMK.

33. BORROWINGS

		Group		Company	
	Note	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Current					
Bankers' acceptances	33(A)	**33,841**	40,211	–	–
Bank overdrafts	33(B)	**67,332**	71,402	–	–
Committed bank loans	33(C)	**16,192**	17,434	–	–
Finance lease liabilities	33(D)	**69,820**	44,137	**486**	361
Irredeemable Convertible Unsecured Loan Stocks	33(E)	**5,329**	4,958	–	–
Revolving credit	33(F)	**2,580,977**	2,548,855	**1,266,855**	1,403,855
Term loans	33(G)	**1,031,334**	150,260	–	–
Trade loans	33(H)	**72,694**	–	–	–
		3,877,519	2,877,257	**1,267,341**	1,404,216
Non-current					
Finance lease liabilities	33(D)	**225,486**	217,981	**340**	545
Irredeemable Convertible Unsecured Loan Stocks	33(E)	**27,708**	29,117	–	–
Revolving credit	33(F)	**1,784,421**	1,740,243	–	–
Term loans	33(G)	**11,832,110**	11,191,360	–	–
		13,869,725	13,178,701	**340**	545
Total					
Bankers' acceptances	33(A)	**33,841**	40,211	–	–
Bank overdrafts	33(B)	**67,332**	71,402	–	–
Committed bank loans	33(C)	**16,192**	17,434	–	–
Finance lease liabilities	33(D)	**295,306**	262,118	**826**	906
Irredeemable Convertible Unsecured Loan Stocks	33(E)	**33,037**	34,075	–	–
Revolving credit	33(F)	**4,365,398**	4,289,098	**1,266,855**	1,403,855
Term loans	33(G)	**12,863,444**	11,341,620	–	–
Trade loans	33(H)	**72,694**	–	–	–
		17,747,244	16,055,958	**1,267,681**	1,404,761

33. BORROWINGS (CONTINUED)

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 2014				
Bankers' acceptances	**33,841**	**–**	**–**	**33,841**
Bank overdrafts	**67,332**	**–**	**–**	**67,332**
Committed bank loans	**16,192**	**–**	**–**	**16,192**
Finance lease liabilities	**69,820**	**225,486**	**–**	**295,306**
Irredeemable Convertible Unsecured Loan Stocks	**5,329**	**–**	**27,708**	**33,037**
Revolving credit	**2,580,977**	**1,784,421**	**–**	**4,365,398**
Term loans	**1,031,334**	**9,019,867**	**2,812,243**	**12,863,444**
Trade loans	**72,694**	**–**	**–**	**72,694**
	3,877,519	**11,029,774**	**2,839,951**	**17,747,244**
At 30 June 2013				
Bankers' acceptances	40,211	–	–	40,211
Bank overdrafts	71,402	–	–	71,402
Committed bank loans	17,434	–	–	17,434
Finance lease liabilities	44,137	204,283	13,698	262,118
Irredeemable Convertible Unsecured Loan Stocks	4,958	–	29,117	34,075
Revolving credit	2,548,855	1,740,243	–	4,289,098
Term loans	150,260	8,169,175	3,022,185	11,341,620
	2,877,257	10,113,701	3,065,000	16,055,958

33. BORROWINGS (CONTINUED)

Company

	Not later than 1 year RM'000	Later than 1 year but not later than 5 years RM'000	Later than 5 years RM'000	Total RM'000
At 30 June 2014				
Finance lease liabilities	**486**	**340**	**–**	**826**
Revolving credit	**1,266,855**	**–**	**–**	**1,266,855**
	1,267,341	**340**	**–**	**1,267,681**
At 30 June 2013				
Finance lease liabilities	361	545	–	906
Revolving credit	1,403,855	–	–	1,403,855
	1,404,216	545	–	1,404,761

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

The weighted average effective interest rates of the borrowings of the Group and the Company as at the reporting date are as follows:-

	Group		Company	
	2014 %	2013 %	2014 %	2013 %
Term loans	**1.91**	2.27	**–**	–
Trade loans	**1.68**	–	**–**	–
Revolving credit	**2.77**	2.98	**3.74**	3.73
Committed bank loans	**1.10**	1.78	**–**	–
Irredeemable convertible unsecured loan stocks	**7.49**	7.49	**–**	–
Bankers' acceptances	**3.94**	3.53	**–**	–
Bank overdrafts	**2.25**	2.25	**–**	–
Finance lease liabilities	**1.02**	1.11	**2.38**	2.39

Notes to the Financial Statements

33. BORROWINGS (CONTINUED)

Group 2014 RM'000	Group 2013 RM'000	Securities
3,080,199	1,766,799	– Clean
–	180,000	– 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 – An assignment of insurance proceeds of a subsidiary
11,107,510	10,867,536	– Corporate guarantee by the subsidiaries
1,576,899	1,575,469	– A first fixed charge over the properties of subsidiaries – An assignment of insurance proceeds of subsidiaries – A charge over the fixed deposit account of subsidiary
78,161	26,925	– A first party first fixed charge over the land of a subsidiary – A debenture creating a first fixed and floating charge over a subsidiary's present and future assets – Charge over the shares of a subsidiary
834,162	774,004	– Corporate guarantee by a subsidiary – A fixed charge over the freehold land under development – An assignment of insurance proceeds of a subsidiary
509,035	477,457	– Corporate guarantee by the Company
295,306	262,118	– A fixed charge over the respective vehicles, plant and machinery of the Group
77,109	125,650	– A charge over quoted shares of the subsidiaries
188,863	–	– A charge over the investment properties of the subsidiary
17,747,244	16,055,958	

Company 2014 RM'000	Company 2013 RM'000	Securities
1,266,855	1,403,855	– Clean
826	906	– A fixed charge over the respective vehicles of the Company
1,267,681	1,404,761	

33. BORROWINGS (CONTINUED)

(A) Bankers' acceptances

All the bankers' acceptances are unsecured and repayable on demand.

(B) Bank overdrafts

All the bank overdraft facilities are unsecured and repayable on demand.

(C) Committed bank loans

All Committed bank loan are unsecured and repayable in full on 1 August 2014.

(D) Finance lease liabilities

	Group		Company	
	2014 RM'000	**2013 RM'000**	**2014 RM'000**	**2013 RM'000**
Minimum lease payments:-				
Payable not later than 1 year	**82,224**	56,449	**513**	393
Payable later than 1 year and not later than 5 years	**245,883**	232,340	**348**	564
Payable later than 5 years	**–**	14,357	**–**	–
	328,107	303,146	**861**	957
Less : Finance charges	**(32,801)**	(41,028)	**(35)**	(51)
Present value of finance lease liabilities	**295,306**	262,118	**826**	906

Finance lease of RM285,147,010 (2013: RM251,769,051) is repayable in instalments until 30 June 2019. This finance lease bears an interest rate ranging from 0.91% to 3.62% per annum.

(E) Irredeemable convertible unsecured loan stocks ("ICULS")

ICULS 2011/2021

On 31 October 2011, YTL Land & Development Berhad ("YTL Land"), a subsidiary of the Group issued 992,378,023 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.

33. BORROWINGS (CONTINUED)

(E) Irredeemable convertible unsecured loan stocks ("ICULS") (continued)

(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) Revolving credit

Included in the revolving credit is unsecured facility of YTL Power Seraya Pte Ltd of RM1,784,421,126 [SGD694,246,246] (2013: RM1,740,243,046 [SGD692,496,238]). The borrowing bears interest rate between 1.24% to 1.29% (2013: 1.28% to 1.42%) per annum and is repayable in full on 14 September 2017.

Save for the above, all the revolving credit facilities are unsecured and repayable on demand.

(G) Term loans

(i) Term loans denominated in Great Britain Pounds

The term loans of RM956,760,000 [GBP175,000,000] (2013: RM849,397,500 [GBP175,000,000]) are unsecured loans of Wessex Water Services Limited and are guaranteed by Wessex Water Limited. The loans bear interest rates between 0.76% to 0.81% (2013: 0.76% to 1.20%) per annum on the GBP100,000,000 loan and 1.06% to 1.13% (2013: 1.13% to 1.52%) per annum on the GBP75,000,000 loan. The loans of GBP100.0 million and GBP75.0 million on 15 December 2015 and 22 July 2021 respectively.

The term loan of RM765,408,000 [GBP140,000,000] (2013: RM697,518,000 [GBP140,000,000]) are unsecured loans of Wessex Water Services Limited and are guaranteed by Wessex Water Limited. The loan bears interest rates between 0.78% to 0.80% (2013: 0.78% to 1.23%) per annum and is repayable in full on 15 December 2018.

33. BORROWINGS (CONTINUED)

(G) Term loans (continued)

(ii) Term loans denominated in US Dollars

Term loans of RM1,279,929,194 [USD398,669,738] (2013: RM1,263,122,353 [USD397,395,738]) are unsecured and guaranteed by YTL Power International Berhad. On 17 December 2012, the loan of USD200.0 million was fully repaid at maturity and a new term loan of the same amount was drawn by the subsidiary. The loans of USD200 million each are repayable on 30 June 2015 and 17 December 2015, respectively. These loans bear average interest rate between 1.30% to 1.84% (2013: 1.34% and 1.90%) per annum.

(iii) Term loans denominated in Ringgit Malaysia

Included in the term loan is the borrowing of YTL Hospitality REIT amounting to RM1,576,899,000 (2013: RM1,581,000,000) secured by first fixed charge over the properties of the subsidiary. The facility bears a weighted average interest rate of 4.54% (2013: 4.52%) per annum. The facility is repayable in full on 23 November 2017.

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

(iv) Term loans denominated in Singapore Dollars

Term loans of RM972,538,411 [SGD378,375,447] (2013: RM947,674,352 [SGD377,108,775]) is unsecured loan of YTL PowerSeraya Pte. Limited. The borrowings bear interest rate between 0.94% to 0.99% per annum (2013: 0.98% to 1.12%) per annum and is repayable in full on 14 September 2015.

Term loans of RM1,937,371,503 [SGD753,753,065] (2013: RM1,889,406,732 [SGD751,853,057]) is unsecured loan of YTL PowerSeraya Pte. Limited. The borrowings bear interest rate between 1.24% to 1.29% (2013: 1.28% to 1.42%) per annum and is repayable in full on 14 September 2017.

Term loans of RM1,926,981,998 [SGD749,710,928] (2013: RM1,879,139,738 [SGD747,767,504]) is unsecured loan of YTL PowerSeraya Pte. Limited. The borrowings bear interest rate between 1.34% to 1.39% (2013: 1.38% to 1.52%) per annum and is repayable in full on 14 September 2019.

Term loan of RM834,162,000 [SGD324,539,000] (2013: RM774,004,000 [SGD308,000,000]) is a secured loan of YTL Westwood Properties Pte. Ltd. ("YTLW"). This term loan bears interest rates between 2.12% and 2.17% (2013: 2.14% and 2.30%) per annum and is secured by legal mortgage of the property of YTLW.

Starhill Global Real Estate Investment Trust in withdraw three year and five year unsecured loan facilities in September 2013 with a club of eight banks, at inception, which comprise SGD100 million three years loan (maturing in September 2016) and SGD250 million five years loan (maturing in September 2018). The interest rate on the unsecured loan facilities was largely hedged using a combination of interest rate swaps and caps.

(H) Trade loans

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

Notes to the Financial Statements

34. GRANTS AND CONTRIBUTIONS

	Group 2014 RM'000	Group 2013 RM'000
At beginning of the financial year	**295,774**	280,011
Currency translation differences	**27,424**	(3,972)
Amortisation of grants and contributions (Note 6)	**(9,757)**	(9,324)
Received during the financial year	**33,766**	29,059
At end of the financial year	**347,207**	295,774

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	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
At beginning of the financial year	**2,403,546**	2,696,881	**100**	100
Credited to profit or loss (Note 7)	**(392,630)**	(147,502)	**–**	–
Currency translation differences	**190,744**	(38,157)	**–**	–
Acquisition of subsidiary	**49,113**	(2,554)	**–**	–
Recognised directly in equity	**24,950**	(105,122)	**–**	–
At end of the financial year	**2,275,723**	2,403,546	**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	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Deferred tax provided are in respect of:-				
Deferred tax assets before offsetting				
Unutilised capital allowances	**(264)**	(27)	**–**	–
Retirement benefits	**(109,745)**	(128,979)	**–**	–
Unabsorbed tax losses	**(1,995)**	(1,589)	**–**	–
Provisions	**(10,399)**	(36,731)	**–**	–
Others	**(11,734)**	(11,714)	**–**	–
	(134,137)	(179,040)	**–**	–
Offsetting	**134,137**	179,040	**–**	–
Deferred tax assets after offsetting	**–**	–	**–**	–

35. DEFERRED TAX LIABILITIES (CONTINUED)

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Deferred tax liabilities before offsetting				
Property, plant and equipment				
– capital allowances in excess of depreciation	**2,342,436**	2,513,907	**100**	100
Land held for property development	**52,918**	54,614	**–**	–
Others	**14,506**	14,065	**–**	–
	2,409,860	2,582,586	**100**	100
Offsetting	**(134,137)**	(179,040)	**–**	–
Deferred tax liabilities after offsetting	**2,275,723**	2,403,546	**100**	100

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

	Group	
	2014 RM'000	2013 RM'000
Unabsorbed tax losses	**1,041,494**	894,641
Unutilised capital allowances	**1,087,567**	739,830
Unutilised investment tax allowance	**40,537**	41,267
Deductible temporary differences	**101,218**	38,987
Taxable temporary differences		
– property, plant and equipment	**(810,855)**	(44,484)
	1,459,961	1,670,241

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	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Malaysia	**4,606**	4,949	**330**	264

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	
	2014 RM'000	2013 RM'000
Overseas		
– United Kingdom	**546,654**	558,734
– Indonesia	**7,126**	7,576
	553,780	566,310

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 2014 using revised assumptions.

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

	Group	
	2014 RM'000	2013 RM'000
At beginning of the financial year	**558,734**	682,564
Pension cost	**87,525**	82,308
Contributions and benefits paid	**(98,261)**	(89,756)
Currency translation differences	**68,043**	(17,408)
Remeasurement gain	**(69,387)**	(98,974)
At end of the financial year	**546,654**	558,734

36. POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONTINUED)

(b) Defined benefit plans – Non-current (continued)

Overseas (continued)

(i) United Kingdom (continued)

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

	Group 2014 RM'000	Group 2013 RM'000
Present value of funded obligations	**3,105,038**	2,607,480
Fair value of plan assets	**(2,558,384)**	(2,048,746)
Liability in the Statement of Financial Position	**546,654**	558,734

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

	Group 2014 RM'000	Group 2013 RM'000
At beginning of the financial year	**2,607,480**	2,579,100
Currency translation differences	**334,821**	(65,573)
Interest cost	**129,769**	109,649
Current service cost	**56,275**	51,258
Contributions by scheme participants	**1,059**	970
Past service cost	**1,059**	970
Net benefits paid	**(93,752)**	(81,994)
Remeasurement (gain)/loss:		
– Actuarial loss arising from demographic assumptions	**2,118**	–
– Actuarial loss arising from financial assumptions	**14,831**	14,070
– Actuarial loss/(gain) arising from experience adjustments	**51,378**	(970)
At end of the financial year	**3,105,038**	2,607,480

36. POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONTINUED)

(b) Defined benefit plans – Non-current (continued)

Overseas (continued)

(i) United Kingdom (continued)

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

	Group	
	2014 RM'000	2013 RM'000
At beginning of the financial year	**2,048,746**	1,896,536
Currency translation differences	**266,778**	(48,165)
Interest income	**102,226**	81,024
Contributions by employer	**98,261**	89,756
Contributions by scheme participants	**1,059**	970
Net benefits paid	**(93,752)**	(81,994)
Administration expenses	**(2,648)**	(1,455)
Remeasurement gain:		
– Return on plan assets excluding interest income	**137,714**	112,074
At end of the financial year	**2,558,384**	2,048,746

The pension cost recognised is analysed as follows:-

	Group	
	2014 RM'000	2013 RM'000
Current service cost	**56,275**	51,258
Interest cost	**27,543**	28,625
Past service cost	**1,059**	970
Administration expenses	**2,648**	1,455
Total charge to Income Statement	**87,525**	82,308

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

	Group	
	2014 RM'000	2013 RM'000
Cost of sales	**44,987**	40,262
Administration expenses	**14,995**	13,421
Interest cost	**27,543**	28,625
Total	**87,525**	82,308

36. POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONTINUED)

(b) Defined benefit plans – Non-current (continued)

Overseas (continued)

(i) United Kingdom (continued)

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

	Group 2014 %	Group 2013 %
Discount rate	**4.40**	4.60
Expected rate of increase in pension payment	**2.10 – 3.10**	2.20 – 3.20
Expected rate of salary increases	**2.30 – 3.80**	4.20
Price inflation	**3.30**	3.40

The plan assets are comprised as follow:-

	2014		2013	
	RM'000	%	RM'000	%
Equity instrument	**1,320,876**	**51.6**	916,379	44.7
Debt instrument	**1,112,028**	**43.5**	911,039	44.5
Property	**119,731**	**4.7**	219,387	10.7
Others	**5,749**	**0.2**	1,941	0.1
	2,558,384	**100.0**	2,048,746	100.0

	Group 2014 %	Group 2013 %
Actual return on plan assets	**239,940**	193,098

36. POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONTINUED)

(b) Defined benefit plans – Non-current (continued)

Overseas (continued)

(ii) Indonesia

Summary of obligations relating to employee benefits due under prevailing law and regulations as well as under the Indonesia subsidiary's regulations are as presented below:-

	Group	
	2014	**2013**
	RM'000	**RM'000**
Obligation relating to post-employment benefits	**5,598**	6,025
Obligation relating to other long term employee benefits	**1,528**	1,551
Total	**7,126**	7,576

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 2014.

Post employment benefits obligation

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

	Group	
	2014	**2013**
	RM'000	**RM'000**
At beginning of the financial year	**6,025**	7,992
Pension cost	**866**	1,239
Contributions and benefits paid	**(286)**	(115)
Currency translation differences	**(1,041)**	(448)
Remeasurement loss/(gain)	**34**	(2,643)
At end of the financial year	**5,598**	6,025

36. POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONTINUED)

(b) Defined benefit plans – Non-current (continued)

Post employment benefits obligation (continued)

The obligations relating to post-employment benefits recognised in the Statement of Financial Position are as follows:-

	Group	
	2014 RM'000	2013 RM'000
Present value of obligations	**5,598**	6,025

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

	Group	
	2014 RM'000	2013 RM'000
At beginning of the financial year	**6,025**	7,992
Currency translation differences	**(1,041)**	(448)
Interest cost	**406**	519
Current service cost	**460**	720
Net benefits paid	**(286)**	(115)
Remeasurement loss/(gain)		
– Actuarial loss/(gain) arising from experience adjustments	**34**	(2,643)
At end of the financial year	**5,598**	6,025

The pension cost recognised can be analysed as follows:-

	Group	
	2014 RM'000	2013 RM'000
Current service cost	**460**	720
Interest cost	**406**	519
Total charge to Income Statement	**866**	1,239

36. POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONTINUED)

(b) Defined benefit plans – Non-current (continued)

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 2014 RM'000	Group 2013 RM'000
Present value of obligations	**1,528**	1,551

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

	Group 2014 RM'000	Group 2013 RM'000
At beginning of the financial year	**1,551**	1,878
Pension cost	**349**	(24)
Contributions and benefits paid	**(116)**	(197)
Currency translation differences	**(256)**	(106)
At end of the financial year	**1,528**	1,551

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

	Group 2014 RM'000	Group 2013 RM'000
At beginning of the financial year	**1,551**	1,878
Currency translation differences	**(256)**	(106)
Interest cost	**–**	118
Current service cost	**349**	(142)
Net benefits paid	**(116)**	(197)
At end of the financial year	**1,528**	1,551

36. POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONTINUED)

(b) Defined benefit plans – Non-current (continued)

Other long term employee benefits obligation (continued)

The amounts relating to other long term employee benefits obligation recognised in the Income Statement are as follows:-

	Group	
	2014 RM'000	2013 RM'000
Current service cost	**349**	(142)
Interest cost	–	118
At end of the financial year	**349**	(24)

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

The principal actuarial assumptions used are as follows:-

	Group	
	2014 %	2013 %
Discount rate	**8.5**	7.8
Expected rate of salary increase	**8.0**	8.0

37. TRADE AND OTHER PAYABLES

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Trade payables	**1,282,403**	1,503,628	–	–
Other payables	**436,662**	347,203	**1,617**	3,248
Receipts in advance	**285,828**	256,818	–	–
Accruals	**1,080,792**	1,053,099	**10,852**	11,638
Deferred income	**50,507**	134,745	–	–
Security deposits	**117,110**	164,906	–	–
	3,253,302	3,460,399	**12,469**	14,886

The credit terms of trade payables granted to the Group vary from 30 days to 180 days (2013: 30 days to 180 days). Other credit terms are assessed and approved on a case-by-case basis.

Notes to the Financial Statements

38. OTHER CURRENT LIABILITIES

	Group	
	2014 RM'000	2013 RM'000
Progress billings in respect of property development cost	**79,016**	–
Amount due to contract customers (Note 25)	**6,484**	32,440
Accrual for rectification works	**6,438**	1,996
	91,938	34,436

39. PROVISION FOR LIABILITIES AND CHARGES

	Group	
	2014 RM'000	2013 RM'000
Restructuring (Note a)	**27,265**	870
Damages claims (Note b)	**37**	4,405
	27,302	5,275

Movements in the provision are as follows:-

	Restructuring RM'000	Damages claims RM'000	Total RM'000
Group – 2014			
At beginning of the financial year	**870**	**4,405**	**5,275**
Currency translation differences	**150**	**–**	**150**
Charged/(credited) to profit or loss (Note 6)	**27,542**	**(3,478)**	**24,064**
Payments	**(1,297)**	**(890)**	**(2,187)**
At end of the financial year	**27,265**	**37**	**27,302**
Group – 2013			
At beginning of the financial year	773	4,004	4,777
Currency translation differences	(20)	–	(20)
Charged to profit or loss (Note 6)	1,206	405	1,611
Payments	(1,089)	(4)	(1,093)
At end of the financial year	870	4,405	5,275

39. PROVISION FOR LIABILITIES AND CHARGES

(a) Restructuring

The provision for restructuring mainly relates to assets retirement obligations.

(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. FINANCIAL RISK MANAGEMENT

The Group's and the Company's operations are subject to foreign currency exchange risk, interest rate risk, price risk, credit risk and liquidity risk.

The Group's and the Company's financial risk management policy seeks to ensure that adequate resources are available to manage the above risks and to create value for its shareholders. It is not the Group's and the Company's policy to engage in speculative transactions.

The Board of Directors reviews and agrees policies and procedures for managing each of these risks and they are summarised below:-

(a) Foreign currency exchange risk

Foreign currency exchange risk is the risk that the fair values or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to risks arising from various currency exposures primarily with respect to the Great Britain Pounds ("GBP") and Singapore Dollars ("SGD"). The Group has investments in foreign operations whose net assets are exposed to foreign currency translation risk. Such exposures are mitigated through borrowings denominated in the respective functional currencies.

Where necessary, the Group enters into forward foreign currency exchange contracts to limit its exposure on foreign currency receivables and payables, and on cash flows generated from anticipated transactions denominated in foreign currencies.

The following table illustrates the effects on the Group's net assets resulting from currency sensitivities (on the basis all other remains other variables remain constant).

	Increase/Decrease in Net assets	
	2014 RM'000	2013 RM'000
Group		
5% changes on GBP exchange rate	**169,555**	166,894
5% changes on SGD exchange rate	**438,880**	408,493

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

40. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and of the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arise primarily from their floating rate bonds and borrowings, which is partially offset by the deposits and short term investments held at variable rates. The Group and the Company manage their cash flow interest rate risk by using a mix of fixed and variable rate debts. Derivative financial instruments are used, where appropriate, to generate the desired interest rate profile.

The interest rate profile of the Group's and of the Company's significant interest–bearing financial instruments, based on their carrying amounts as at the reporting date, was:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Fixed rate instruments				
Financial liabilities	**17,414,763**	16,264,966	**1,500,000**	1,500,000
Variable rate instruments				
Financial assets	**12,517,412**	13,736,413	**1,894,251**	2,340,758
Financial liabilities	**16,170,345**	14,477,099	**1,267,681**	1,404,761
	28,687,757	28,213,512	**3,161,932**	3,745,519

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 RM80.8 million (2013: RM72.4 million) and RM6.3 million (2013: RM7.0 million), respectively, as a result of lower/higher interest expense on borrowings.

The Group and the Company do not account for any fixed rate instruments at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect their profit after tax.

The excess funds of the Group and of the Company are invested in bank deposits and other short term instruments. The Group and the Company manage their liquidity risks by placing such excess funds on short term maturities to match its cash flow needs. If interest deposit rates increased/decreased by 10 basis points, interest income of the Group and of the Company for the financial year would increase/decrease by RM12.5 million (2013: RM13.7 million) and RM1.9 million (2013: RM1.3 million), respectively.

40. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Price risk

Equity price risk

The Group's and the Company's exposure to equity price risk arise primarily from their investments in quoted securities.

To manage their price risk arising from investments in equity securities, the Group and the Company diversify their portfolio.

At the reporting date, the Group's and the Company's exposure to quoted equity investments at fair value are RM28,745,000 (2013: RM27,186,000) and RM12,157,000 (2013: RM11,718,000), 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 – 2014			
Local equities	**16,313**	+/– **10**	**1,631**
Foreign equities	**12,432**	+/– **10**	**1,243**
Group – 2013			
Local equities	16,376	+/– 10	1,638
Foreign equities	10,810	+/– 10	1,081
Company – 2014			
Local equities	**4,436**	+/– **10**	**444**
Foreign equities	**7,721**	+/- **10**	**772**
Company – 2013			
Local equities	4,415	+/– 10	442
Foreign equities	7,303	+/– 10	730

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 2014, if the forward fuel oil price curve increased/decreased by 5% (2013: 1%), the profit before tax would be lower/higher by RM0.1 million (2013: RM0.2 million) for the Group.

Notes to the Financial Statements

40. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations.

The Group's and the Company's exposure to credit risk arise primarily from trade and other receivables. For other financial assets (including investment securities, cash and cash equivalents and derivatives), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

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 RM1,440,161,000 (2013: RM1,365,227,000) relating to corporate guarantees provided by the Company to the banks is in respect of subsidiaries' banking facilities.

As at the reporting date, there was no indication that any subsidiary would default on repayment.

The financial guarantees have not been recognised as their fair values on initial recognition are insignificant.

Inter company balances

The Company provides advances to subsidiaries and where necessary makes payments for expenses on behalf of its subsidiaries. The Company monitors the results of the subsidiaries regularly. As at 30 June 2014, 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 2014, there was no indication that the advances extended to the subsidiaries are not recoverable.

40. FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arise primarily from mismatches of the maturities of financial assets and liabilities.

The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the reporting date based on contractual undiscounted repayment obligation:-

	2014			
	On demand or within 1 year RM'000	1 to 5 years RM'000	Over 5 years RM'000	Total RM'000
Group				
Non-derivative				
Bonds and borrowings	6,290,573	15,542,043	27,730,273	49,562,889
Trade and other payables	3,202,795	194,841	–	3,397,636
Related parties	6,559	–	–	6,559
	9,499,927	15,736,884	27,730,273	52,967,084
Derivative				
Net – Interest rate swaps	3,625	1,808	–	5,433
Gross – fuel oil swaps	6,784	524	–	7,308
Gross – currency forwards	10,003	8,422	–	18,425
Exchangeable bonds	57,419	–	–	57,419
	77,831	10,754	–	88,585
Company				
Non-derivative				
Bonds and borrowings	1,270,082	612,048	1,386,160	3,268,290
Trade and other payables	12,469	–	–	12,469
Related parties	999,716	–	–	999,716
	2,282,267	612,048	1,386,160	4,280,475

Notes to the Financial Statements

40. FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Liquidity risk (continued)

	2013			
	On demand or within 1 year RM'000	1 to 5 years RM'000	Over 5 years RM'000	Total RM'000
Group				
Non-derivative				
Bonds and borrowings	4,537,641	10,680,611	17,292,775	32,511,027
Trade and other payables	3,325,654	160,279	–	3,485,933
Related parties	5,359	–	–	5,359
	7,868,654	10,840,890	17,292,775	36,002,319
Derivative				
Net – Interest rate swaps	9,532	3,120	–	12,652
Gross – fuel oil swaps	50,262	12,744	–	63,006
Gross – currency forwards	1,487	398	–	1,885
Exchangeable bonds	–	124,070	–	124,070
	61,281	140,332	–	201,613
Company				
Non-derivative				
Bonds and borrowings	1,972,298	155,883	1,219,120	3,347,301
Trade and other payables	14,886	–	–	14,886
Related parties	1,048,115	–	–	1,048,115
	3,035,299	155,883	1,219,120	4,410,302

41. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

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

	Note	Financial Assets				
		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 – 2014						
Non-current						
Investments	16	–	–	–	**192,605**	**192,605**
Trade and other receivables	20	**576,776**	–	–	–	**576,776**
Derivative financial instruments	24	–	–	**19,848**	–	**19,848**
Current						
Derivative financial instruments	24	–	**8,899**	**21,691**	–	**30,590**
Trade and other receivables	20	**2,966,771**	–	–	–	**2,966,771**
Amount due from related parties	26	**42,173**	–	–	–	**42,173**
Short term investments	27	**609,531**	–	–	–	**609,531**
Fixed deposits	17	**11,907,881**	–	–	–	**11,907,881**
Cash and bank balances	17	**1,308,615**	–	–	–	**1,308,615**
Total		**17,411,747**	**8,899**	**41,539**	**192,605**	**17,654,790**

41. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Categories of financial instruments (continued)

	Note	Financial Assets 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 – 2013						
Non-current						
Investments	16	–	–	–	155,035	155,035
Trade and other receivables	20	558,521	–	–	–	558,521
Derivative financial instruments	24	–	–	7,850	–	7,850
Current						
Derivative financial instruments	24	–	5,276	32,378	–	37,654
Trade and other receivables	20	3,537,001	–	–	–	3,537,001
Amount due from related parties	26	41,000	–	–	–	41,000
Short term investments	27	590,715	–	–	–	590,715
Fixed deposits	17	13,145,698	–	–	–	13,145,698
Cash and bank balances	17	668,315	–	–	–	668,315
Total		18,541,250	5,276	40,228	155,035	18,741,789

41. 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 – 2014					
Non-current					
Long term payables	30	–	–	**194,841**	**194,841**
Bonds	32	–	–	**14,319,274**	**14,319,274**
Borrowings	33	–	–	**13,869,725**	**13,869,725**
Derivative financial instruments	24	**3,011**	**7,743**	–	**10,754**
Current					
Trade and other payables	37	–	–	**3,202,795**	**3,202,795**
Derivative financial instruments	24	**57,419**	**20,412**	–	**77,831**
Amount due to related parties	26	–	–	**6,559**	**6,559**
Bonds	32	–	–	**1,518,590**	**1,518,590**
Borrowings	33	–	–	**3,877,519**	**3,877,519**
Total		**60,430**	**28,155**	**36,989,303**	**37,077,888**
Group – 2013					
Non-current					
Long term payables	30	–	–	160,279	160,279
Bonds	32	–	–	13,336,110	13,336,110
Borrowings	33	–	–	13,178,701	13,178,701
Derivative financial instruments	24	124,070	16,262	–	140,332
Current					
Trade and other payables	37	–	–	3,325,654	3,325,654
Derivative financial instruments	24	2,994	58,288	–	61,282
Amount due to related parties	26	–	–	5,359	5,359
Bonds	32	–	–	1,350,000	1,350,000
Borrowings	33	–	–	2,877,257	2,877,257
Total		127,064	74,550	34,233,360	34,434,974

41. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Categories of financial instruments (continued)

		Financial Assets		
	Note	Loans and receivables RM'000	Available-for-sale RM'000	Total RM'000
Company – 2014				
Non-current				
Investments	16	–	**31,640**	**31,640**
Current				
Trade and other receivables	20	**17,953**	–	**17,953**
Amount due from related parties	26	**2,251,775**	–	**2,251,775**
Short term investments	27	**609,531**	–	**609,531**
Fixed deposits	17	**1,284,720**	–	**1,284,720**
Cash and bank balances	17	**228,839**	–	**228,839**
Total		**4,392,818**	**31,640**	**4,424,458**
Company – 2013				
Non–current				
Investments	16	–	174,141	174,141
Current				
Trade and other receivables	20	17,361	–	17,361
Amount due from related parties	26	2,385,369	–	2,385,369
Short term investments	27	590,715	–	590,715
Fixed deposits	17	1,750,043	–	1,750,043
Cash and bank balances	17	4,405	–	4,405
Total		4,747,893	174,141	4,922,034

41. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Categories of financial instruments (continued)

		Financial Liabilities	
	Note	Other financial liabilities at amortised cost RM'000	Total RM'000
Company – 2014			
Non-current			
Bonds	32	**1,500,000**	**1,500,000**
Borrowings	33	**340**	**340**
Current			
Trade and other payables	37	**12,469**	**12,469**
Amount due to related parties	26	**999,716**	**999,716**
Borrowings	33	**1,267,341**	**1,267,341**
Total		**3,779,866**	**3,779,866**
Company – 2013			
Non-current			
Bonds	32	1,000,000	1,000,000
Borrowings	33	545	545
Current			
Trade and other payables	37	14,886	14,886
Amount due to related parties	26	1,048,115	1,048,115
Bonds	32	500,000	500,000
Borrowings	33	1,404,216	1,404,216
Total		3,967,762	3,967,762

41. 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:-

	Level 1 RM'000	Level 2 RM'000	Total RM'000
Group – 2014			
Assets			
Financial assets at fair value through profit and loss:			
– Trading derivatives	–	8,899	8,899
Derivative used for hedging	–	41,539	41,539
Available-for-sale financial assets	28,745	–	28,745
Total	28,745	50,438	79,183
Liabilities			
Financial liabilities at fair value through profit and loss:			
– Trading derivatives	–	3,011	3,011
Derivative used for hedging	–	85,574	85,574
Total	–	88,585	88,585

41. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Fair value measurement (continued)

	Level 1 RM'000	Level 2 RM'000	Total RM'000
Group – 2013			
Assets			
Financial assets at fair value through profit and loss:			
– Trading derivatives	–	5,276	5,276
Derivative used for hedging	–	40,228	40,228
Available-for-sale financial assets	27,186	–	27,186
Total	27,186	45,504	72,690
Liabilities			
Financial liabilities at fair value through profit and loss:			
– Trading derivatives	–	2,994	2,994
Derivative used for hedging	–	198,620	198,620
Total	–	201,614	201,614

	Level 1 RM'000	Level 2 RM'000	Total RM'000
Company – 2014			
Assets			
Available-for-sale financial assets	**12,157**	–	**12,157**
Total	**12,157**	–	**12,157**
Company – 2013			
Assets			
Available-for-sale financial assets	11,718	–	11,718
Total	11,718	–	11,718

During the current financial year, there were no transfers between Level 1 and Level 2 fair value measurements.

41. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value.

	Group		Company	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
2014				
Financial assets:				
Unquoted equity investments				
– Within Malaysia	**19,533**	*	**19,483**	*
– Outside Malaysia	**144,327**	*	–	–
Financial liabilities:				
Bonds	**15,837,864**	^	**1,500,000**	^
2013				
Financial assets:				
Unquoted equity investments				
– Within Malaysia	19,532	*	19,483	*
– Outside Malaysia	108,317	*	142,940	-
Financial liabilities:				
Bonds	14,686,110	^	1,500,000	^

* 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.

41. 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.

42. SIGNIFICANT RELATED PARTY TRANSACTIONS

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group.

42. 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 2014 RM'000	Group 2013 RM'000
Ara Bintang Berhad	A special purpose vehicle of SG REIT^	Service fees charged	–	2,601
		Rental of premises expenses	–	73,894
Business & Budget Hotels (Kuantan) Sdn. Bhd.	Associated company	Management fee, incentive fee and software maintenance cost	**712**	1,155
		Lease rental of investment property	**6,000**	6,000
Commercial Central Sdn. Bhd.	Subsidiary of holding company	Rental of office and car park	**2,207**	2,206
Corporate Promotions Sdn. Bhd.	Subsidiary of holding company	Advertising & promotion expenses	**12,310**	8,891
Express Rail Link Sdn. Bhd.	Associated company	Progress billings related to civil engineering & construction works	**3,812**	38,885
		Sale of computer equipment & services income	**1,705**	1,336
		Advertising & maintenance fees	**1,350**	1,368
East West Ventures Sdn. Bhd.	Subsidiary of holding company	Lease rental of investment property	**19,250**	19,250
		Hotel accommodation & lease rental of equipment	**5,638**	–
Oriental Place Sdn. Bhd.	Subsidiary of holding company	Rental of premises expenses	**7,847**	7,434
PDC Heritage Hotel Sdn. Bhd.	Joint venture company	Construction works	**7,000**	–

42. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Significant related party transactions (continued)

i) In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions. (continued)

Entity	Relationship	Type of transactions	Group 2014 RM'000	Group 2013 RM'000
Starhill Global Real Estate Investment Trust ("SG REIT")	Real Estate Investment Trust^	Management fees	–	51,795
Superb Aggregates Sdn. Bhd.	Associated company	Purchase of building materials	**1,727**	2,018
Syarikat Pelancongan Pangkor Laut Sdn. Bhd.	Subsidiary of holding company	Lease rental of investment property	**8,400**	8,400
		Hotel accommodation	**6,392**	3,680
		Management fees & data processing fees & royalty income	**2,534**	1,511
Thunder Match Technology Sdn. Bhd.	Subsidiary of associated company	Commission, incentives and/or reimbursement of bundle device sold	**10,310**	–
Xchanging Malaysia Sdn. Bhd.	Joint venture company	IT Consultancy & related services expenses	**34,456**	38,368

Entity	Relationship	Type of transactions	Company 2014 RM'000	Company 2013 RM'000
Construction Lease (M) Sdn. Bhd.	Subsidiary	Other interest income	**1,702**	1,960
Express Rail Link Sdn. Bhd.	Associate	Proceed from redemption of preference share	–	45,600
Prisma Tulin Sdn. Bhd.	Subsidiary	Acquisition of investment	–	50,265
YTL Cement Berhad	Subsidiary	ICULS interest income	–	3,902
YTL Corp Finance (Labuan) Ltd.	Subsidiary	Issue of shares for exchangeable bonds	–	332,419

42. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Significant related party transactions (continued)

i) In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions. (continued)

Entity	Relationship	Type of transactions	Company 2014 RM'000	Company 2013 RM'000
YTL Industries Berhad	Subsidiary	Acquisition of investment	–	243,097
YTL Land & Development Berhad	Subsidiary	ICULS interest income	**11,745**	11,745
YTL e-Solutions Berhad	Subsidiary	Computer equipment & services income	**1,332**	1,324

^ The Group has an interest of 780,973,047 (2013: 570,777,885) units in SG REIT representing 36.27% (2013: 29.38%).

On 5 July 2013, The Group has deemed SGREIT a subsidiary of the Group during the financial year upon the conversion of the convertible preferred units in SGREIT.

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 2014 RM'000	Group 2013 RM'000
Progress billings related to purchase of properties	**11,388**	29,717

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.

42. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(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	
	2014 RM'000	**2013 RM'000**	**2014 RM'000**	**2013 RM'000**
Progress billings related to sale of properties – close family members of key management personnel	**715**	177	–	–
Disposal of investment – Cornerstone Crest Sdn. Bhd.	–	–	**384,190**	384,190

43. COMMITMENTS AND OPERATING LEASE ARRANGEMENTS

(a) Capital commitments

	Group	
	2014 RM'000	**2013 RM'000**
Authorised but not contracted for	**389,120**	33,692
Contracted but not provided for	**1,988,464**	1,558,025

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

	Company	
	2014 RM'000	**2013 RM'000**
Capital commitments in relation to addition investment	**310,000**	310,000

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

Notes to the Financial Statements

43. COMMITMENTS AND OPERATING LEASE ARRANGEMENTS

(b) Operating lease arrangements

(i) The Group as lessee

The Group leases land, office and warehouses under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights. Except for a few long-term leases in land, the Group's leases generally range from one to five years. None of the leases included contingent rentals.

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

	Group	
	2014	**2013**
	RM'000	**RM'000**
Not later than 1 year	**103,359**	170,024
Later than 1 year and not later than 5 years	**263,966**	404,974
Later than 5 years	**148,240**	152,130
	515,565	727,128

(ii) The Group as lessor

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

	Group	
	2014	**2013**
	RM'000	**RM'000**
Not later than 1 year	**489,473**	109,405
Later than 1 year and not later than 5 years	**1,129,930**	247,240
Later than 5 years	**1,274,983**	325,454
	2,894,386	682,099

Except for one long term lease and master lease arrangement in certain retail properties, the Group's leases for its retail properties generally range from one to five years. The future minimum lease payments receivable relating to retail properties from non-related parties are approximately RM2.2 billion. The Group leases out its hotel properties under operating leases for the lease term of fifteen years and twenty five years. All lease arrangements are provided with a step-up rate of 5% every five years and an option to grant the respective lessees to renew the lease for a further term similar to the original lease agreements. The future minimum lease payments receivable relating to hotel properties from non-related parties are approximately RM531 million (2013: RM573 million).

43. COMMITMENTS AND OPERATING LEASE ARRANGEMENTS (CONTINUED)

(b) Operating lease arrangements (continued)

(ii) The Group as lessor (continued)

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

	Group	
	2014 RM'000	2013 RM'000
Not later than 1 year	**445,283**	420,960
Later than 1 year but not later than 5 years	**117,007**	532,894
	562,290	953,854

The future minimum lease receivables are an estimate as they include minimum lease payments and other elements.

44. SEGMENTAL INFORMATION

The Group has seven reportable segments as described below:-

(i) Construction
(ii) Information technology & e-commerce related business
(iii) Hotel operations
(iv) Cement manufacturing & trading
(v) Management services & others
(vi) Property investment & development
(vii) Utilities

Management has determined the operating segments based on the reports reviewed by the chief operating decision-maker ("CODM") that are used to make strategic decisions.

The CODM considers the business from both a geographic and business segment perspective. Geographically, management manages and monitors the business in the three primary geographic areas: Malaysia, United Kingdom and Singapore. The details of the geographical segments are disclosed in the below note of the financial statements.

Notes to the Financial Statements

44. SEGMENTAL INFORMATION (CONTINUED)

The segment information provided to the CODM for the reportable segments is as follows:-

	Construction RM'000	Information technology & e-commerce related business RM'000	Hotel operations RM'000	Cement manu-facturing & trading RM'000	Management services & others RM'000	Property investment & development RM'000	Utilities RM'000	Total RM'000
2014								
Total revenue	436,178	86,834	716,451	2,695,960	815,050	1,239,016	14,312,822	20,302,311
Inter-segment revenue	(333,111)	(81,542)	(15,169)	(48,340)	(349,440)	(198,813)	(6,659)	(1,033,074)
External revenue	103,067	5,292	701,282	2,647,620	465,610	1,040,203	14,306,163	19,269,237
Results								
Interest income	1,673	4,153	859	17,750	5,631	7,005	24,574	61,645
Finance costs	(9)	(12)	(12,764)	(19,478)	(351,955)	(153,495)	(586,036)	(1,123,749)
Share of results of associated companies and joint ventures	–	–	(765)	(49)	16	(10)	250,479	249,671
Segment profit before tax	(20,708)	2,204	4,312	664,012	(141,343)	888,782	1,414,340	2,811,599
Segment assets								
Investment in associated companies and joint ventures	–	–	30,944	901	11,220	24,864	1,607,820	1,675,749
Other segment assets	720,479	143,672	1,014,639	4,838,483	11,378,296	13,388,668	27,882,424	59,366,661
Segment liabilities								
Bonds and Borrowings	16,794	190	573,657	603,377	9,297,919	5,127,666	17,965,505	33,585,108
Other segment liabilities	267,466	3,859	196,777	785,071	314,376	451,463	5,658,607	7,677,619
Other segment information								
Capital expenditure	17,785	80	116,143	685,973	28,656	506,678	1,865,012	3,220,327
Impairment losses	–	110	44,648	27,686	1,253	6,952	211,550	292,199
Depreciation and amortisation	8,979	610	78,945	168,420	10,442	35,205	1,312,228	1,614,829

44. SEGMENTAL INFORMATION (CONTINUED)

	Construction RM'000	Information technology & e-commerce related business RM'000	Hotel operations RM'000	Cement manu-facturing & trading RM'000	Management services & others RM'000	Property investment & development RM'000	Utilities RM'000	Total RM'000
2013								
Total revenue	487,677	87,884	519,122	2,409,900	808,821	743,444	15,746,897	20,803,745
Inter-segment revenue	(239,096)	(82,665)	(14,337)	(43,259)	(254,634)	(136,422)	(215)	(770,628)
External revenue	248,581	5,219	504,785	2,366,641	554,187	607,022	15,746,682	20,033,117
Results								
Interest income	1,099	3,251	972	17,898	4,671	6,065	23,213	57,169
Finance costs	(12)	(8)	(10,058)	(27,601)	(321,808)	(50,679)	(608,593)	(1,018,759)
Share of results of associated companies and joint ventures	–	–	(3,228)	(60)	5,214	93,888	300,656	396,470
Segment profit before tax	16,752	2,947	32,757	509,106	118,085	292,937	1,326,795	2,299,379
Segment assets								
Investment in associated companies and joint ventures	–	–	31,916	949	11,652	1,670,530	1,739,248	3,454,295
Other segment assets	972,789	146,839	1,925,741	4,177,561	12,478,944	4,302,911	26,144,321	50,149,106
Segment liabilities								
Bonds and Borrowings	35,042	313	500,962	620,295	9,464,832	2,878,319	17,242,305	30,742,068
Other segment liabilities	244,023	4,240	200,709	678,868	537,166	214,617	5,796,765	7,676,388
Other segment information								
Capital expenditure	6,526	1,833	215,657	320,634	13,252	1,403,066	1,515,912	3,476,880
Impairment losses	–	–	(2)	3,657	3,478	3,672	159,665	170,470
Depreciation and amortisation	7,493	412	13,680	150,946	9,901	68,019	1,223,153	1,473,604

44. SEGMENTAL INFORMATION (CONTINUED)

(b) Geographical information

The Group's seven business segments operate in four main geographical areas:-

(i) Malaysia
- Construction
- Information technology & e-commerce related business
- Hotel operations
- Cement manufacturing & trading
- Management services & others
- Property investment & development
- Utilities

(ii) United Kingdom
- Utilities

(iii) Singapore
- Utilities
- Cement trading
- Property investment & development

	Revenue		Non-current assets	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Malaysia	**5,414,954**	4,935,794	**8,243,849**	7,900,090
United Kingdom	**2,919,758**	2,507,191	**14,352,500**	11,979,298
Singapore	**10,108,952**	11,865,825	**13,980,979**	6,261,178
Other countries	**825,573**	724,307	**2,279,382**	2,463,587
	19,269,237	20,033,117	**38,856,710**	28,604,153

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

	Non-current assets	
	2014 RM'000	2013 RM'000
Property, plant and equipment	**25,314,106**	22,207,486
Investment properties	**7,586,285**	633,608
Development expenditure	**940,529**	975,874
Intangible assets	**5,013,992**	4,785,485
Biological assets	**1,798**	1,700
	38,856,710	28,604,153

44. SEGMENTAL INFORMATION (CONTINUED)

(c) Major customers

The following are major customers with revenue equal or more than 10 per cent of the Group's revenue:-

	Revenue		
	2014 RM'000	2013 RM'000	Segment
Energy Market Company	**4,351,541**	5,703,228	Utilities

45. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group and Company make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:-

(a) Estimated impairment of property, plant and equipment

Determining whether the property, plant and equipment are impaired requires an estimation of value in use of the property, plant and equipment. The value in use calculation requires the management to estimate the future cash flows and an appropriate discount rate in order to calculate the present value of future cash flows. The management has evaluated such estimates and is confident that no allowance for impairment is necessary.

The Group management follows its accounting policy set out in Note 2(d) in determining when property, plant and equipment are considered impaired.

Impairment is recognised when events and circumstances indicate that these assets may be impaired and the carrying amount of these assets exceeds the recoverable amounts. In determining the recoverable amount of these assets, certain estimates regarding the cash flows of these assets are made.

(b) Estimated residual value and useful life of property, plant and equipment

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

(c) 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 and buildings and leasehold land and buildings that are held to earn rentals or for capital appreciation.

45. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(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.

(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 and the Company assesses at each reporting date whether there is objective evidence that receivables have been impaired. Impairment loss is calculated based on a review of the current status of existing receivables and historical collections experience. Such provisions are adjusted periodically to reflect the actual and anticipated impairment. The carrying amount of the Group's receivables at the reporting date is disclosed in Note 20 to Financial Statements.

(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.

45. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(h) Income tax expense (continued)

(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.

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) Consolidation of entities in which the group holds less than 50%

Management considers that the Group has de facto control of Starhill Global REIT even though it has less than 50% of the voting rights. The Group is the majority shareholder of Starhill Global REIT with a 36.27% equity interest, while all other shareholders individually own less than 1% of its equity shares except a shareholder holds 9%. There is no history of other shareholders forming a group to exercise their votes collectively.

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

At the date of authorisation of these financial statements, the following new or revised FRSs, amendments to FRSs and IC Interpretation have been issued but are not yet effective and have not been adopted by the Group and the Company:-

Description	Effective for financial periods beginning on or after
Amendments to FRS 10: Consolidated Financial Statements – Investment Entities	1 January 2014
Amendments to FRS 12: Disclosure of Interests in Other Entities – Investment Entities	1 January 2014
Amendments to FRS 127: Separate Financial Statements – Investment Entities	1 January 2014
Amendments to FRS 132: Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to FRS 136: Impairment of Assets – Recoverable Amount Disclosure for Non-Financial Assets	1 January 2014
Amendments to FRS 139: Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IC Interpretation 21: Levies	1 January 2014
Amendments to FRS 119 Defined Benefit Plans: Employee Contributions	1 July 2014
Annual improvements to FRSs 2010 – 2012 cycle	1 July 2014
Annual improvements to FRSs 2011 – 2013 cycle	1 July 2014
FRS 9: Financial Instruments	To be announced
FRS 11: Accounting for acquisition of interest in joint operation	1 January 2016
FRS 14: Regulatory Deferral Accounts	1 July 2016
Amendments to FRS 116 and FRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 July 2016

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

FRS 9: Financial Instruments: Classification and Measurement

FRS 9 reflects the first phase of work on the replacement of FRS 139 and applies to classification and measurement of financial assets and financial liabilities as defined in FRS 139. The standard was initially effective for annual periods beginning on or after 1 January 2013, but Amendments to FRS 9: Mandatory Effective Date of FRS 9 and Transition Disclosures, issued in March 2012, moved the mandatory effective date to 1 January 2015. Subsequently, on 14 February 2014, it was announced that the new effective date will be decided when the project is closer to completion. The adoption of the first phase of FRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will not have an impact on classification and measurements of the Group's financial liabilities. The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

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

Amendments to FRS 136 Recoverable Amount Disclosures for Non-Financial Assets

These amendments remove the unintended consequences of FRS 13 on the disclosures required under FRS 136. In addition, these amendments require disclosure of the recoverable amounts for the assets of CGUs for which impairment loss has been recognised or reversed during the period. These amendments are effective retrospectively for annual periods beginning on or after 1 January 2014 with earlier application permitted.

Amendments to FRS 139 Novation of Derivatives and Continuation of Hedge Accounting

These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. The Group has not novated its derivatives during the current period. However, these amendments would be considered for future novation.

Malaysian Financial Reporting Standards ("MFRS Framework")

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the MFRS Framework.

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer (herein called 'Transitioning Entities'). Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2017. Early application of MFRS is permitted.

The Group and the Company fall within the scope definition of Transitioning Entities and have opted to defer adoption of MFRS Framework. Accordingly, the Group and the Company will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the financial year ending 30 June 2018.

The Group and the Company are in the process of assessing the financial effects of the differences between the accounting standards under Financial Reporting Standards and under the MFRS Framework.

47. CORPORATE PROPOSALS

(i) On 14 June 2013, Pintar Projek Sdn Bhd, a 70% subsidiary of the Company and the Manager for Starhill Real Estate Investment Trust, now known as YTL Hospitality REIT proposed to undertake the following proposals:-

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

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

(c) Increase in borrowing limit to 60% of total assets value of YTL Hospitality REIT and its subsidiaries, to provide YTL Hospitality REIT with the flexibility of funding larger acquisition opportunities through borrowings in the future. This flexibility will be essential in situations where potential acquisitions are made through bidding or tender process as raising finance through borrowings may be more expedient as compared to an equity fund raising via issuance of new units.

On 28 June 2013, the Company accepted the YTL Hospitality REIT's conditional invitation to subscribe for the Placement Units of up to RM310 million in value ("Subscription").

Unitholders of YTL Hospitality REIT approved the Placement and Subscription at the meeting of unitholders held on 11 February 2014.

On 14 May 2014 and 28 May 2014, an application was submitted by the Manager of YTL Hospitality REIT to the Securities Commission Malaysia ("SC") and Bursa Malaysia Securities Berhad ("Bursa Securities") respectively, to seek an extension of time of six (6) months from 30 June 2014 until 29 December 2014 to complete the Placement and Increase in Fund Size ("Extension of Time"). SC and Bursa Securities had vide their letter dated 23 May 2014 and 12 June 2014 approved the Extension of Time.

The Placement and the Subscription are now pending implementation.

48. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

On 5 July 2013, the Group's interest in Starhill Global Real Estate Investment Trust ("SGREIT") increased by 6.89% from 29.38% to 36.27% as a result of the issuance of 210,195,189 new units by SGREIT through the conversion of 152,727,825 convertible preferred units in SGREIT by the Company and YTL Hotels & Properties Sdn Bhd, a wholly-owned subsidiary of the Company.

The above increase in interest has effectively made SGREIT a subsidiary of the Company by the Company's de facto control in SGREIT pursuant to the new Financial Reporting Standard 10.

49. CAPITAL MANAGEMENT

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

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

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

	Group		Company	
	2014 RM'000	2013 RM'000 (Restated)	2014 RM'000	2013 RM'000
Bonds (Note 32)	**15,837,864**	14,686,110	**1,500,000**	1,500,000
Borrowings (Note 33)	**17,747,244**	16,055,958	**1,267,681**	1,404,761
Loans and borrowings	**33,585,108**	30,742,068	**2,767,681**	2,904,761
Less: Cash and cash equivalents (Note 17)	**(13,216,496)**	(13,814,013)	**(1,513,559)**	(1,754,448)
Net debt	**20,368,612**	16,928,055	**1,254,122**	1,150,313
Equity attributable to owners of the parent	**14,386,764**	13,142,113	**6,994,973**	7,137,507
Capital and net debt	**34,755,376**	30,070,168	**8,249,095**	8,287,820
Debt-to-equity ratio (%)	**59**	56	**15**	14

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.

50. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

On 2 June 2014, YTL Communications Sdn Bhd ("YTL Comm"), a subsidiary of YTL Power International Berhad ("YTL Power"), acquired a total of 1,500,000 ordinary shares of RM1.00 each in the capital of Konsortium Jaringan Selangor Sdn Bhd ("KJS"), representing 60% of the issued and paid-up share capital of KJS, from Kumpulan Darul Ehsan Berhad and Ingres Software (M) Sdn Bhd, for an aggregate consideration of RM49,800,000.00, in cash subject to adjustment, if any ("Acquisition"). KJS is principally engaged in the business of planning, implementation and maintenance of telecommunication towers and telecommunication related services. The Acquisition was completed on 1 August 2014. Consequent thereto, KJS has become a direct subsidiary of YTL Comm and indirect subsidiary of YTL Power and the Company.

51. COMPARATIVES

Subsequent to the last financial year end, the Group has changed its accounting policy for recognition and measurement of spare parts and post-employment benefit obligations upon adoption of Amendment to FRS 116 and Amendment to FRS 119.

The adoption of these Amendments to MFRS 116 and MFRS 119 resulted in the capitalisation of spare parts, stand-by equipment and servicing equipments which meet the definition of property, plant and equipment and the full recognition of all actuarial gains and losses which were previously deferred under the corridor approach is recognised immediately in other comprehensive income in the financial period in which they occur.

Reclassification is made to conform to the current financial year's presentation.

The effects of these changes have been applied retrospectively and the comparatives have been restated as follows:

	As previously reported RM'000	FRS 116 Adjustment RM'000	FRS 119 Adjustment RM'000	Re-classification RM'000	As restated RM'000
Group					
As at 1 July 2012					
Statement of financial position					
Non-current assets					
Property, plant and equipment	20,620,111	17,046	–	–	20,637,157
Current assets					
Inventories	928,654	(40,487)	–	–	888,167
Non-current liabilities					
Post-employment benefit obligations	127,898	–	564,536	–	692,434
Deferred tax liabilities	2,696,881	–	(132,233)	–	2,564,648
Equity					
Retained earnings	10,305,216	(12,049)	(222,984)	–	10,070,183
Non-controlling interest	2,200,582	(11,392)	(209,319)	–	1,979,871

51. COMPARATIVES (CONTINUED)

	As previously reported RM'000	FRS 116 Adjustment RM'000	FRS 119 Adjustment RM'000	Re-classification RM'000	As restated RM'000
Group					
As at 30 June 2013					
Income statement					
Revenue	19,972,948	–	–	60,169	20,033,117
Cost of sales	(15,816,569)	(6,022)	5,938	–	(15,816,653)
Administrative expenses	(1,075,820)	–	(364)	(1,238)	(1,077,422)
Other operating expenses	(305,947)	304	–	–	(305,643)
Finance costs	(1,001,293)	–	(17,466)	–	(1,018,759)
Shares of results of associated companies and joint ventures net of tax	451,801	–	–	(55,331)	396,470
Income tax expenses	(467,607)	–	2,733	(3,600)	(468,474)
Statement of comprehensive income					
Other comprehensive income/(loss)					
– remeasurement gain of post-employment benefit obligations	–	–	92,299	–	92,299
– foreign currency translation	(245,428)	–	5,522	–	(239,906)
Statement of Financial Position					
Non-current assets					
Property, plant and equipment	22,193,050	14,436	–	–	22,207,486
Investment in associated companies	3,418,740	–	11,326	–	3,430,066
Joint ventures	22,490	–	1,739	–	24,229
Current assets					
Inventories	892,569	(43,594)	–	–	848,975
Non-current liabilities					
Post-employment benefit obligations	100,012	–	466,298	–	566,310
Deferred tax liabilities	2,513,137	–	(109,591)	–	2,403,546
Equity					
Others reserves	(530,426)	–	2,906	–	(527,520)
Retained earnings	11,395,643	(15,058)	(179,206)	–	11,201,379
Non-controlling interests	2,224,274	(14,100)	(167,342)	–	2,042,832

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 9 October 2014.

Supplementary Information

Disclosed Persuant To Bursa Malaysia Securities Berhad Listing Requirement

The breakdown of the retained earnings of the Group and of the Company as at 30 June 2014 into realised and unrealised profits/(losses) is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Listing Requirements of Bursa Malaysia Securities Berhad, as issued by the Malaysian Institute of Accountants.

	Group		Company	
	2014 RM'000	2013 RM'000 (Restated)	2014 RM'000	2013 RM'000
Retained earnings of the Company and its subsidiaries				
– Realised	**16,791,495**	15,350,932	**4,496,392**	4,651,795
– Unrealised	**(467,772)**	(741,926)	**(101)**	(102)
	16,323,723	14,609,006	**4,496,291**	4,651,693
Share of retained earnings from associated companies and joint ventures				
– Realised	**1,323,531**	1,636,815	–	–
– Unrealised	**(145,205)**	(140,136)	–	–
	17,502,049	16,105,685	**4,496,291**	4,651,693
Less: Consolidation adjustments	**(5,468,830)**	(4,904,306)	–	–
Total retained earnings	**12,033,219**	11,201,379	**4,496,291**	4,651,693

Form of Proxy

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

____

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

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

of *(full address)* ____________________

____

being a member of **YTL Corporation Berhad** hereby appoint *(full name as per NRIC in block letters)*

____

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

of *(full address)* ____________________

____

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the 31st Annual General Meeting of the Company to be held at The Banquet Hall, Level 3, Conference Center, The Ritz Carlton Kuala Lumpur, 168 Jalan Imbi, 55100 Kuala Lumpur on Tuesday, 25 November 2014 at 4.00 p.m. and at any adjournment thereof.

My/Our proxy is to vote as indicated below:-

NO.	RESOLUTIONS	FOR	AGAINST
1.	Re-election of Dato' Yeoh Soo Min		
2.	Re-election of Dato' Yeoh Seok Hong		
3.	Re-election of Syed Abdullah Bin Syed Abd. Kadir		
4.	Re-appointment of Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay		
5.	Re-appointment of Dato' (Dr) Yahya Bin Ismail		
6.	Re-appointment of Eu Peng Meng @ Leslie Eu		
7.	Approval of the payment of Directors' fees		
8.	Re-appointment of Messrs HLB Ler Lum as Company Auditors		
9.	Approval for Dato' Cheong Keap Tai to continue in office as Independent Non-Executive Director		
10.	Approval for Dato' (Dr) Yahya Bin Ismail to continue in office as Independent Non-Executive Director		
11.	Approval for Eu Peng Meng @ Leslie Eu to continue in office as Independent Non-Executive Director		
12.	Authorisation for Directors to Allot and Issue Shares		
13.	Proposed Renewal of Share Buy-Back Authority		
14.	Proposed Renewal of Shareholder Mandate and New Shareholder Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		

Number of shares held

Signed this ____________ day of ____________ 2014 Signature ____________________

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Notes:-

1. *A member entitled to attend and vote at the meeting may appoint a proxy to vote in his stead. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. A member other than an Authorised Nominee shall not be entitled to appoint more than one proxy to attend and vote at the same meeting and where such member appoints more than one proxy to attend and vote at the same meeting, such appointment shall be invalid. Where a member of the Company is an Exempt Authorised Nominee as defined under the Securities Industry (Central Depositories) Act, 1991, which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.*
2. *This original form of proxy and the Power of Attorney or other authority (if any) under which it is signed or notarially certified copy thereof must be lodged at the 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 18 November 2014. Only a depositor whose name appears on the General Meeting Record of Depositors as at 18 November 2014 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

THE COMPANY SECRETARY
YTL CORPORATION BERHAD
11th Floor, Yeoh Tiong Lay Plaza
55 Jalan Bukit Bintang
55100 Kuala Lumpur

First fold here