YTL Power
YTL GROUP

BUILDING THE RIGHT THING

Annual Report **2017**

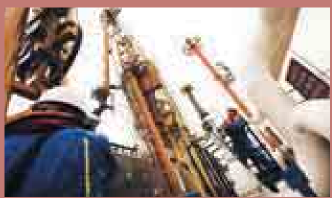
YTL Power
YTL GROUP

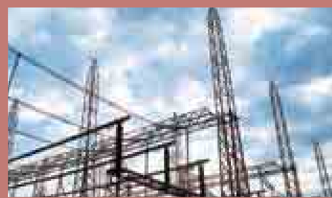
BUILDING THE RIGHT THING

Our work stands the test of time by turning the right opportunity into the right thing and the right thing into lasting value. YTL is about building value that is not simply lasting, but is worthy of lasting.

CONT

CORPORATE REVIEW






E N T S

FINANCIAL STATEMENTS

CHAIRMAN'S STATEMENT

OVERVIEW

YTL Power International Berhad ("YTL Power") and its subsidiaries ("Group") recorded a stable set of results for the financial year under review. Although the merchant multi-utilities business in Singapore recorded lower revenue, mainly due to a decrease in electricity units sold, this was offset by lower operating and interest expenses, resulting in higher profit before tax for the segment. The Group's water and sewerage business in the United Kingdom (UK) saw a decrease in revenue and profit before tax as a result of the strengthening of the Malaysian Ringgit against the British Pound, whilst the mobile broadband network segment registered improved performance arising from the launch of nationwide 4G LTE services.

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

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

CHAIRMAN'S STATEMENT

The Group recorded revenue of RM9.78 billion for the financial year ended 30 June 2017 compared to RM10.25 billion for the financial year ended 30 June 2016. Profit before tax decreased to RM892.2 million this year, compared to RM1,314.1 million for the same period last year, whilst net profit attributable to shareholders decreased to RM693.8 million this year compared to RM1,061.9 million last year. However, the previous financial year ended 30 June 2016 included a one-off gain from an arbitration award and interest income in the power generation (contracted) segment, as well as a deferred tax credit recorded on the revaluation of plant assets of an associate. Adjusting for the one-off gain and deferred tax credit, profit before taxation would have been RM863.4 million last year, which is comparable to profit before tax of RM892.2 million for the current financial year under review.

YTL Power declared an interim cash dividend of 5 sen per ordinary share for the financial year ended 30 June 2017, together with a share dividend on the basis of 1 treasury share for every 50 ordinary shares held. The combined dividend yield of the cash and share dividends amounts to 5.4% based on the volume weighted average price during the financial year of RM1.49 per share.

OPERATIONS IN SINGAPORE

Singapore's wholesale electricity market continues to see an over-supply in generation capacity, outstripping market demand, impacting the performance of YTL PowerSeraya Pte Ltd ("YTL PowerSeraya"), which undertakes the Group's merchant multi-utilities business in Singapore.

However, the division registered improved performance, mainly through its ongoing focus on customer service and diversification of its income streams beyond its core activities, into integrated multi-utilities supply and non-regulated ancillary businesses in steam sales, oil storage tank leasing, bunkering services and potable water sales.

CHAIRMAN'S STATEMENT

OPERATIONS IN UK

Wessex Water Limited ("Wessex Water"), the Group's water and sewerage business in the UK, continued to perform well, driven primarily by its outstanding customer service standards, which are of key importance given its existing base of 2.8 million customers across its operating region in the south west of England.

Wessex Water topped the water and sewerage company league table in satisfaction surveys conducted by Ofwat, the economic regulator for the UK water industry, retained its UK government Customer Service Excellence award and achieved the Institute of Customer Service's ServiceMark with distinction for its operational contact centre. The division made good progress on its affordability action plan, leading to a 28% increase in the number of low income customers receiving support with their bills or debt, launched five new projects in hard-to-reach areas to promote its discounted tariffs to customers and demonstrated its commitment to accessible and inclusive services for all by retaining the British Standard for inclusive services provision (BS18477) and the Louder than Words charter mark.

OPERATIONS IN MALAYSIA

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

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

INTERNATIONAL PROJECTS & INVESTMENTS

Earlier in the year, the Group increased its stake in Attarat Power Company PSC ("APCO") to 45%, from 30% previously, upon the project achieving financial close in March 2017. APCO is developing a 554 megawatt oil shale fired power generating project in the Hashemite Kingdom of Jordan under a 30-year power purchase agreement for the plant's entire generation capacity with National Electric Power Company (NEPCO), Jordan's state-owned power utility, with an option for the utility to extend the operating period to 40 years. The plant is scheduled to commence commercial operations in 2020.

The Group is also working towards financial close of its 80%-owned Tanjung Jati A project, a 2 x 660 megawatt coal-fired power project in Java, Indonesia, which has a 30-year power purchase agreement with PT PLN (Persero), the Indonesian state-owned electricity utility.

Meanwhile, the Group's existing investments, comprising a 33.5% interest in ElectraNet Pty Ltd, which owns and operates the electricity transmission grid in South Australia, and an effective interest of 20% in PT Jawa Power, the owner of a 1,220 megawatt coal-fired power station in Indonesia, continued to perform well.

CHAIRMAN'S STATEMENT

SUSTAINABILITY

On the sustainability front, as a multi-utility provider with operations, investments and projects under development in Malaysia, the UK, Singapore, Indonesia, Jordan and Australia, the Group works to ensure that its businesses are operated sustainably, to protect and preserve the resources on which its operations depend.

Wessex Water in the UK, YTL PowerSeraya in Singapore and the Group's 20% associate, PT Jawa Power, in Indonesia, together with PT YTL Jawa Timur, a wholly-owned subsidiary of YTL Power which carries out operation and maintenance for the power station, have extensive, long-standing and long-term sustainability programmes that have been integrated into their regulatory structures and business operations, for the benefit of their customers and stakeholders. Meanwhile in Jordan, the Group's 45% associate, APCO, has commenced engagements with local community and school representatives to develop initiatives for community improvement, including food distributions for the needy during the holy month of Ramadan and building a playground for a local school.

The Group is also part of the wider network of the YTL group of companies under the umbrella of its parent company, YTL Corporation Berhad, which has a long-standing commitment to creating successful, profitable and sustainable businesses. Further details can be found in the new ***Sustainability Statement***, included in this year's Annual Report, and the ***YTL Group Sustainability Report 2017***, issued as a separate report to enable shareholders and stakeholders to better assess the Group's sustainability record and activities.

OUTLOOK

Looking ahead, the Group's performance is expected to remain stable. Whilst the outlook for Singapore's electricity market remains highly competitive, YTL PowerSeraya's operating efficiency ensures that the business is well-positioned to meet this challenge. In the UK, Wessex Water continues to be a solid performer with its proven operational track record and unceasing efforts to improve customer services standards and outperform its regulatory targets. On the Malaysian front, the commencement of supply under the new power purchase agreement for Paka Power Station reinstates the income stream for the Group's domestic power generation segment, whilst in the mobile broadband business, the successful launch of 4G LTE and VoLTE services bodes well for the growth and expansion of the network's subscriber base.

As the Group embarks on another year, the Board of Directors of YTL Power 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 Power to deliver another year of strong performance.

TAN SRI DATO' SERI (DR) YEOH TIONG LAY

PSM, SPMS, SPDK, DPMS, KMN, PPN, PJK

CORPORATE EVENTS

30 NOV 2016

FROGASIA SDN BHD LAUNCHES FREE VIRTUAL LEARNING EDUCATION CONTENT PARTNERSHIP

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

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

15 JAN 2016

LAUNCH OF THE 'PROTON YES ALTITUDE PLAN'

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

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

CORPORATE EVENTS

16 MAR 2017

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

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

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

11 MAY 2017

YTL COMMUNICATIONS SDN BHD WINS MOST INNOVATIVE VOICE SERVICE AWARD

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

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

CORPORATE EVENTS

19 SEP 2017

PROJECT BRIEFING TO THE PRIME MINISTER OF JORDAN

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

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

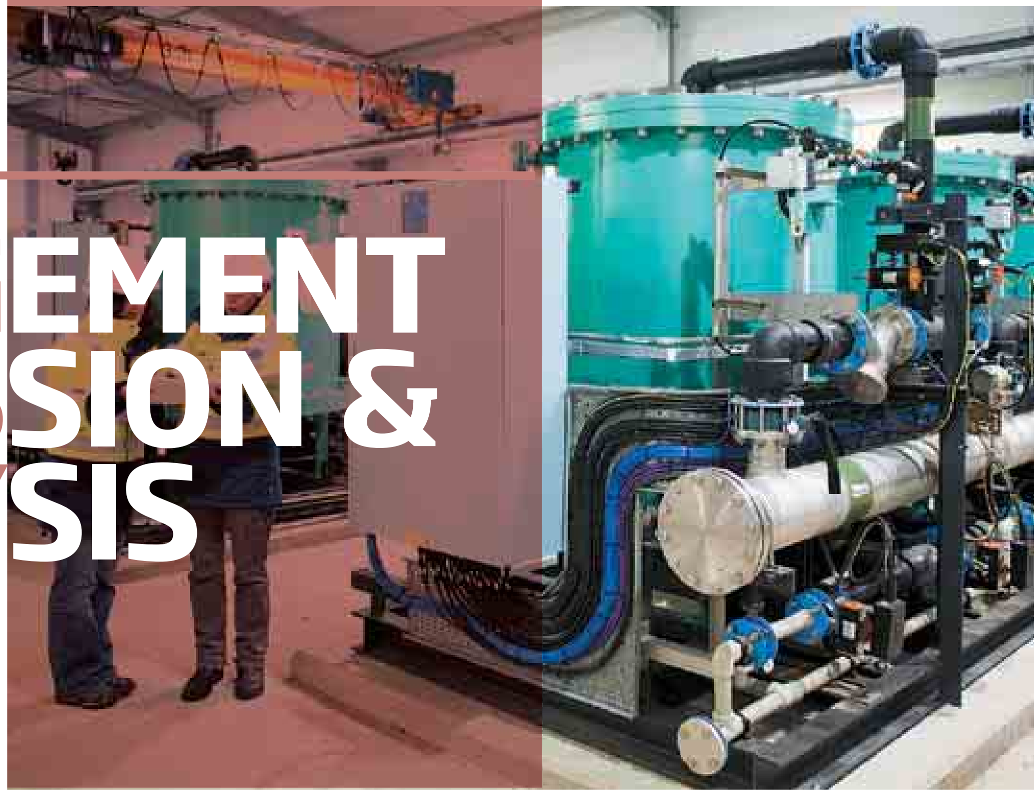
21 SEP 2017

ASIAN POWER AWARDS 2017

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

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

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



MANAGEMENT DISCUSSION & ANALYSIS

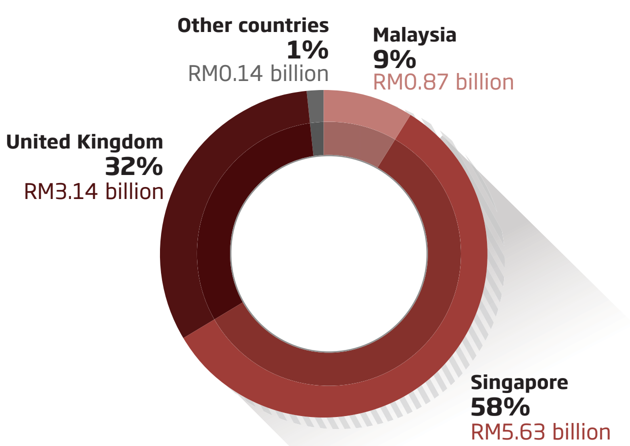
GROUP OVERVIEW

OVERVIEW

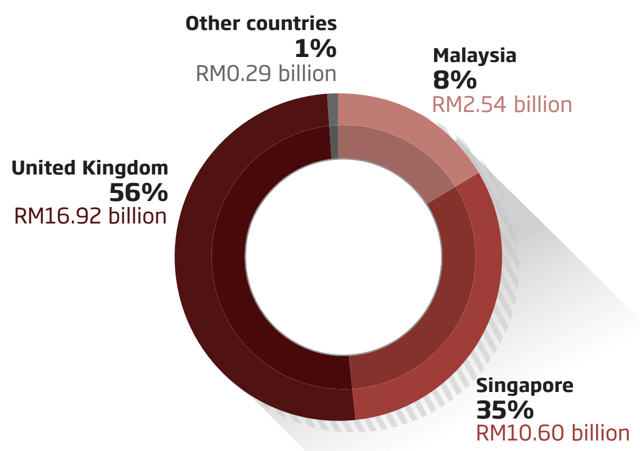
The principal activities of YTL Power International Berhad ("YTL Power" or "Company") are those of an investment holding and management company. The key reporting segments of YTL Power and its subsidiaries ("YTL Power Group") are Power Generation (Contracted), Multi Utilities Business (Merchant), Water and Sewerage, Mobile Broadband Network and Investment Holding Activities.

The YTL Power Group is an international multi-utility group active across key segments of the utilities industry, with a strong track record in developing greenfield projects as well as in acquiring operational assets through competitive auctions. The YTL Power Group currently operates in Malaysia, Singapore, the United Kingdom (UK), Indonesia and Australia, with stakes in projects under development in Jordan and Indonesia.

Revenue by Country - 2017



Non-Current Assets by Country - 2017



MANAGEMENT DISCUSSION & ANALYSIS
GROUP OVERVIEW

The YTL Power Group owns Wessex Water Limited ("Wessex Water"), a water and sewerage provider in the UK, YTL PowerSeraya Pte Ltd ("YTL PowerSeraya"), which has a total licensed generation capacity of 3,100 megawatts ("MW") and multi-utility operations in Singapore, and YTL Power Generation Sdn Bhd ("YTLPG"), an independent power producer with a combined generation capacity of 1,212 MW in Malaysia. YTL Power also has minority stakes in PT Jawa Power ("Jawa Power"), the owner of a 1,220 MW coal-fired power plant in Indonesia, and ElectraNet Pty Ltd ("ElectraNet"), which owns and operates the power transmission grid for the state of South Australia, as well as a majority stake in YTL Communications Sdn Bhd ("YTL Comms"), the operator of the 'Yes' 4G LTE platform providing high-speed mobile internet with voice services across Malaysia.

YTL Power's current projects under development comprise an 80% equity interest in PT Tanjung Jati Power Company ("Tanjung Jati Power"), an independent power producer undertaking the development of a 2 x 660 MW coal-fired power project in Indonesia, and a 45% equity interest in Attarat Power Company PSC ("APCO"), which is developing a 554 MW oil shale-fired power generation project at Attarat um Ghudran in the Hashemite Kingdom of Jordan.

OBJECTIVES & STRATEGIES

The YTL Power Group pursues the geographic diversification and expansion of its revenue base through greenfield developments and strategic acquisitions both domestically and overseas, focusing on regulated utility assets and other businesses correlated to its core competencies, with the goal of maximising shareholder value and building and operating strong businesses that are viable and sustainable on a long-term basis.

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

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

- **Diversification and expansion of the Group's revenue base through both greenfield projects and strategic acquisitions overseas, particularly in the area of regulated utilities.** The YTL Power Group intends to continue to pursue its strategy of acquiring regulated assets operating under long-term concessions. The Group's existing overseas operations in this area continue to generate steady returns and its overseas acquisitions diversify income streams and enable the Group to avoid single-country risks.

- **Growth and enhancement of the YTL Power Group's core businesses in Malaysia.** The Group intends to continue to grow its businesses by leveraging its expertise in its core competencies, particularly in the areas of power generation, water and sewerage services, merchant multi-utilities and communications.

- **Ongoing optimisation of the Group's capital structure.** The YTL Power Group intends to maintain a balanced financial structure by optimising the use of debt and equity financing and ensuring the availability of internally generated funds and external financing to capitalise on acquisition opportunities. A key component of the Group's growth strategy is its practice of funding the debt component of its acquisitions and greenfield projects largely through non-recourse financing which has ensured that the Group only invests in projects that are commercially viable on a stand-alone basis.

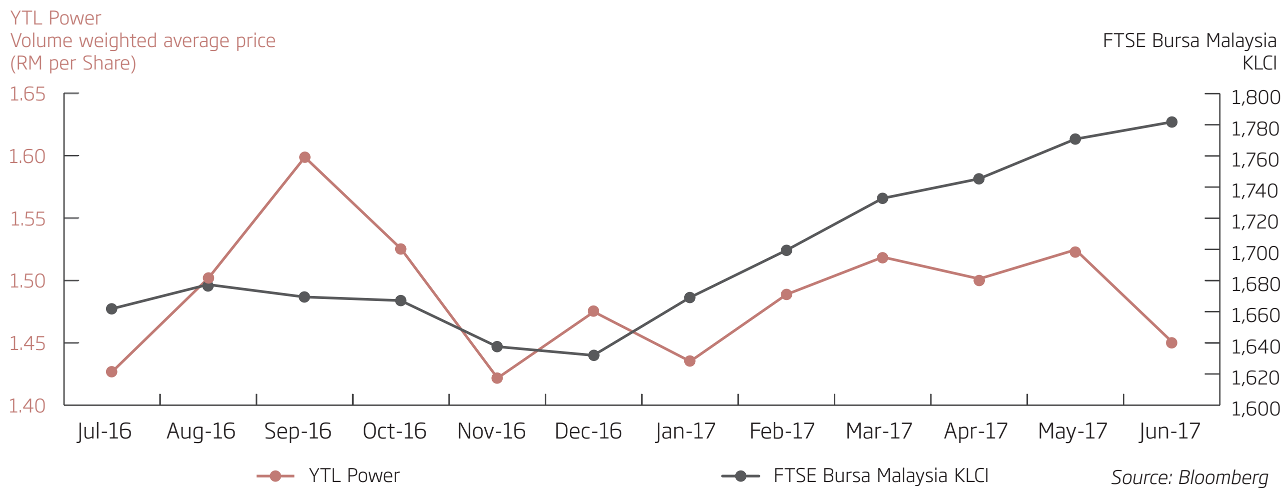
- **Enhancement of operational efficiencies to maximise returns from the Group's businesses and enhance services to its customer base.** The Group believes that its utilities assets on average operate within the highest efficiency levels of their industries and intends to further enhance operational efficiencies where possible through the application of new technologies, production techniques and information technology, to ensure the delivery of efficient, high quality services to its customer base.

PERFORMANCE INDICATORS

YTL Power has been listed on the Main Market of Bursa Malaysia Securities Berhad, the Kuala Lumpur stock exchange, since 23 May 1997. YTL Power is listed under the Infrastructure Project Company (IPC) sector of the exchange.

The graph below illustrates the performance of YTL Power's share price compared with the FTSE Bursa Malaysia KLCI (FBMKLCI), the key component benchmark of the Kuala Lumpur stock exchange, during the financial year ended 30 June 2017.

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

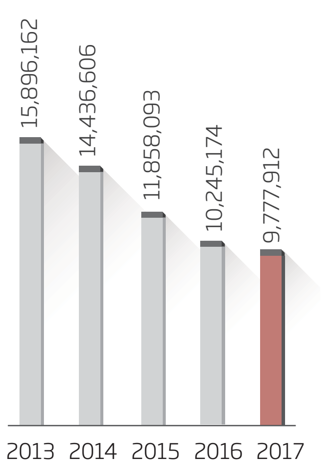


FINANCIAL REVIEW

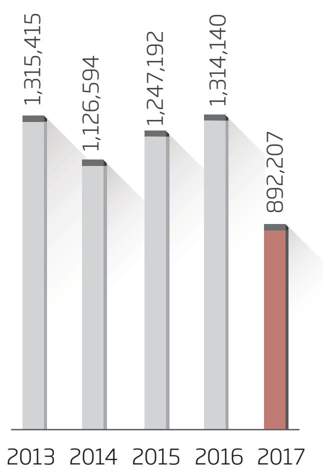
FINANCIAL HIGHLIGHTS

	2017	2016	2015	2014	2013
					(Restated)
Revenue (RM'000)	**9,777,912**	10,245,174	11,858,093	14,436,606	15,896,162
Profit Before Taxation (RM'000)	**892,207**	1,314,140	1,247,192	1,126,594	1,315,415
Profit After Taxation (RM'000)	**787,779**	1,178,456	920,398	1,208,747	1,029,883
Profit for the Year Attributable to Owners of the Parent (RM'000)	**693,813**	1,061,850	918,812	1,202,414	1,054,770
Total Equity Attributable to Owners of the Parent (RM'000)	**13,258,825**	12,510,981	11,393,687	10,439,494	9,809,073
Earnings per Share (Sen)	**8.96**	14.06	13.20	18.30	14.54
Dividend per Share (Sen)	**5.00**	10.00	10.00	10.00	0.94
Total Assets (RM'000)	**48,498,160**	43,245,591	43,637,810	40,085,106	38,910,167
Net Assets per Share (RM)	**1.71**	1.62	1.62	1.54	1.38

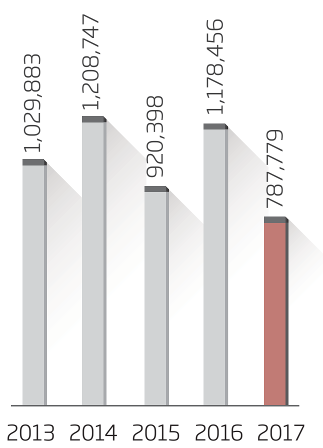
Revenue
(RM'000)



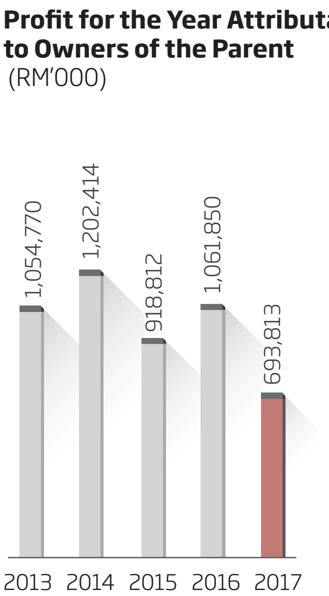
Profit Before Taxation
(RM'000)

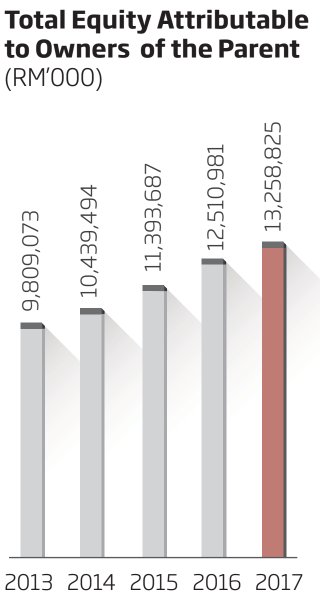


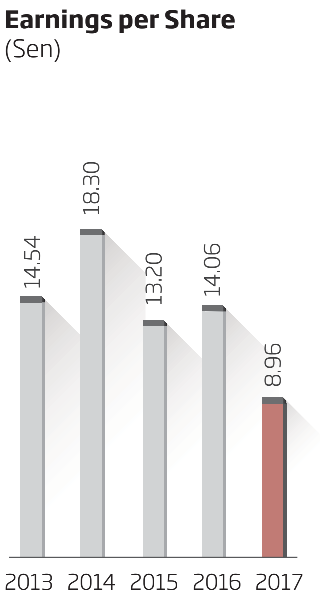
Profit After Taxation
(RM'000)

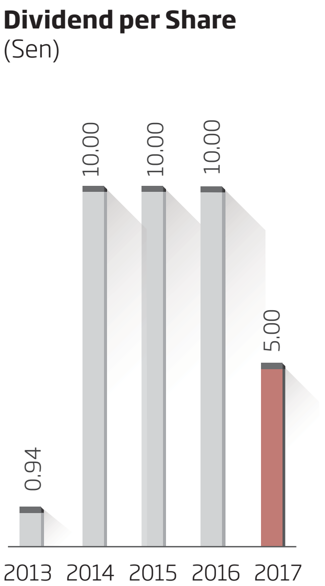


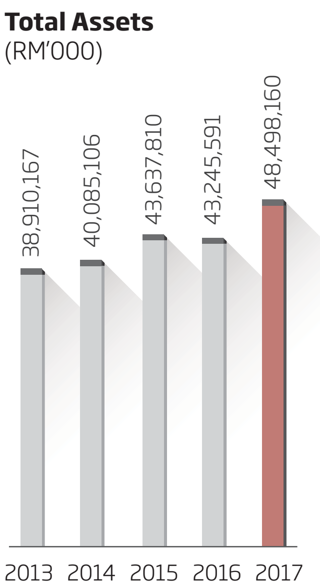
MANAGEMENT DISCUSSION & ANALYSIS
FINANCIAL REVIEW

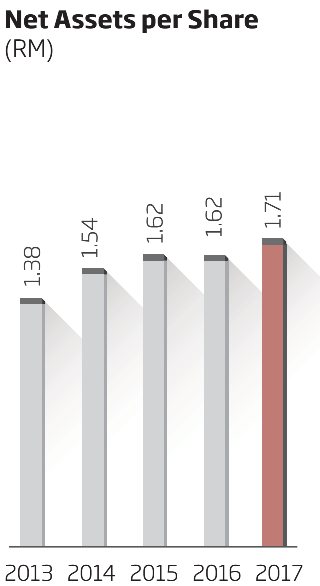












MANAGEMENT DISCUSSION & ANALYSIS
FINANCIAL REVIEW

REVIEW OF FINANCIAL PERFORMANCE

GROUP FINANCIAL PERFORMANCE

The YTL Power Group recorded revenue of RM9,777.9 million for the financial year ended 30 June 2017 as compared to RM10,245.2 million for the previous financial year ended 30 June 2016. Profit before taxation for the current financial year under review was RM892.2 million, a decrease of RM421.9 million or 32.1% as compared to profit before taxation of RM1,314.1 million recorded in the preceding year.

In the previous financial year ended 30 June 2016, there was a one-off gain from an arbitration award on the recovery of impairment of receivables before tax of RM152.6 million and interest income of RM38.0 million in the Power Generation (Contracted) segment and a deferred tax credit of RM260.1 million by an associate, Jawa Power. Adjusting for the one-off gain and deferred tax credit, profit before taxation would have been RM863.4 million for the financial year ended 30 June 2016, which is comparable to profit before taxation of RM892.2 million recorded for the current financial year ended 30 June 2017.

For the financial year ended 30 June 2017, YTL Power's overseas operations accounted for approximately 91.1% of the Group's revenue, compared to 90.1% for the financial year ended 30 June 2016, whilst operations in Malaysia contributed 8.9% of the Group's revenue in the current financial year compared to 9.9% for the previous financial year.

SEGMENTAL FINANCIAL PERFORMANCE

A comparison of the financial performance of each segment of the Group for the financial years ended 30 June 2016 and 30 June 2017 is set out in the following table:

	Segment Revenue		Segment Profit/(Loss)	
	2017 RM million	**2016 RM million**	**2017 RM million**	**2016 RM million**
Power Generation (Contracted)	**-**	290.1	**(102.4)**	166.8
Multi Utilities Business (Merchant)	**5,626.2**	5,686.8	**158.0**	93.7
Water & Sewerage	**3,116.3**	3,350.8	**877.1**	963.6
Mobile Broadband Network	**824.5**	702.1	**(97.3)**	(277.0)
Investment Holding Activities	**210.9**	215.4	**56.8**	367.1
	9,777.9	10,245.2	**892.2**	1,314.1

MANAGEMENT DISCUSSION & ANALYSIS
FINANCIAL REVIEW

Power Generation (Contracted)

The Power Generation (Contracted) segment recorded no revenue and a segment loss of RM102.4 million for the financial year ended 30 June 2017 compared to revenue of RM290.1 million and profit of RM166.8 million for the financial year ended 30 June 2016. Revenue for three months was recorded in the previous financial year as the original power purchase agreement for the Paka and Pasir Gudang Power Stations was completed on 30 September 2015. The loss recorded for the current financial year was mainly due to depreciation charges and overhead costs. The extension for the supply of 585 MW of capacity from Paka Power Station for a revised term of 3 years 10 months commenced after the end of the current financial year, from the commercial operation date of 1 September 2017.

Multi Utilities Business (Merchant)

The Multi Utilities Business (Merchant) segment recorded revenue of RM5,626.2 million and a segment profit of RM158.0 million for the financial year ended 30 June 2017 compared to revenue of RM5,686.8 million and profit of RM93.7 million for the financial year ended 30 June 2016. The decrease in revenue was mainly due to lower electricity units sold. However, lower operating and interest expenses gave rise to a higher profit before taxation.

Water and Sewerage

The Water and Sewerage segment recorded revenue of RM3,116.3 million and a segment profit of RM877.1 million for the financial year ended 30 June 2017 compared to revenue of RM3,350.8 million and profit of RM963.6 million for the financial year ended 30 June 2016. The decrease in revenue and profit before taxation was mainly due to the strengthening of the Malaysian Ringgit against the British Pound, in which the segment's income is denominated.

Mobile Broadband Network

The Mobile Broadband Network segment recorded revenue of RM824.5 million and a segment loss of RM97.3 million for the financial year ended 30 June 2017 compared to revenue of RM702.1 million and a loss of RM277.0 million for the financial year ended 30 June 2016. The increase in revenue and improved financial performance resulted from the launch of its Yes nationwide 4G LTE services.

Investment Holding Activities

The Investment Holding Activities segment recorded revenue of RM210.9 million and a segment profit of RM56.8 million for the financial year ended 30 June 2017 compared to revenue of RM215.4 million and profit of RM367.1 million for the financial year ended 30 June 2016. The decrease in revenue was due to lower interest income, whilst the decrease in profit arose due to higher interest expenses incurred in the current financial year and the absence of the deferred tax credit of RM260.1 million by an associate, Jawa Power, on the revaluation of the power plant's assets, recorded for the previous financial year ended 30 June 2016.

MANAGEMENT DISCUSSION & ANALYSIS
FINANCIAL REVIEW

DIVIDENDS

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

	RM'000
In respect of the financial year ended 30 June 2016:	
- Interim Single Tier dividend of 10 sen per ordinary share paid on 15 November 2016	**775,865**

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

This is the 20th consecutive year that YTL Power has declared dividends to shareholders since its listing on the Main Market of Bursa Malaysia Securities Berhad in 1997.

DIVIDEND POLICY

The Board of Directors of YTL Power has not adopted a set dividend policy. It is the present intention of the Directors to continue to propose the payment of cash dividends on an annual basis, subject to future earnings and the financial condition of YTL Power and other factors, including the profit and cash flow position of the YTL Power Group, restrictions imposed by law or under credit facilities on the payment of dividends by members of YTL Power Group and the availability of funds.

DISTRIBUTION OF TREASURY SHARES

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

CAPITAL MANAGEMENT

The objectives of the Group and the Company when managing capital are to safeguard the ability of the Group and the Company to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

There are external debt covenants such as gearing ratio applicable to the Group and the Company which are not onerous and the obligation can be fulfilled. As part of its capital management, the Group monitors that these covenants have been complied with.

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Total bonds and borrowings	**28,527,662**	24,179,309	**10,028,638**	6,367,163
Less: Cash and bank balances	**(8,946,301)**	(9,761,333)	**(35,165)**	(524,234)
Net debt	**19,581,361**	14,417,976	**9,993,473**	5,842,929
Total equity	**13,489,680**	12,753,318	**13,451,940**	13,487,703
Total capital	**33,071,041**	27,171,294	**23,445,413**	19,330,632
Gearing ratio	**59%**	53%	**43%**	30%

In addition, consistent with others in the industry, the Group and the Company monitor capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the Statement of Financial Position) less cash and bank balances. Total capital is calculated as 'equity' as shown in the Statement of Financial Position plus net debt.

To strengthen the capital structure of the Company, all borrowings of subsidiaries are on a non-recourse basis to the Company save and except for those borrowings guaranteed by the Company, which amounted to RM4,500,000 (2016: RM4,500,000). Further details are set out in Note 26 to the Financial Statements.

MANAGEMENT DISCUSSION & ANALYSIS

SEGMENTAL REVIEW

SEGMENT OVERVIEW

YTLPG, a 100%-owned subsidiary of YTL Power, owns two power stations in Malaysia, which have a combined generation capacity of 1,212 MW – Paka Power Station in Terengganu with an installed capacity of 808 MW and Pasir Gudang Power Station in Johor with an installed capacity of 404 MW.

POWER GENERATION (CONTRACTED)

YTLPG was the first IPP (independent power producer) in Malaysia in 1993, operating under a 21-year power purchase agreement, which was completed on 30 September 2015. YTLPG was subsequently awarded the project for the supply of power from Paka Power Station under a short term capacity bid called by the Malaysian Energy Commission ("EC").

Projects under development in the Group's contracted power generation segment comprise an 80% equity interest in Tanjung Jati Power in Indonesia and a 45% equity interest in APCO in Jordan.

OPERATIONAL REVIEW

YTLPG

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

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

TANJUNG JATI POWER

The Group has an 80% equity interest in Tanjung Jati Power, an independent power producer which is undertaking the development of Tanjung Jati A, a 2 x 660 MW coal-fired power project in Java, Indonesia. Tanjung Jati Power has a 30-year power purchase agreement (commencing from the plant's commercial operation date) with PT PLN (Persero), Indonesia's state-owned electric utility company, which was amended and restated in December 2015. The project is currently in the development stage and progress is underway towards achieving financial close.

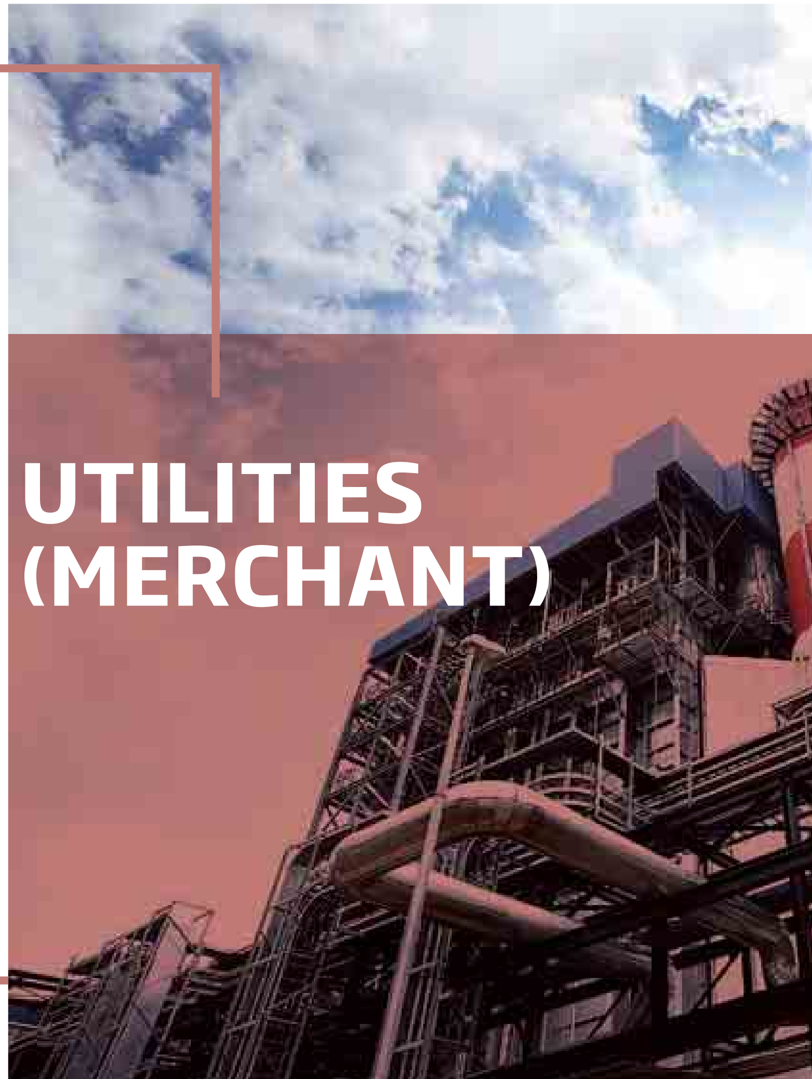
APCO

During the year under review, the Group also completed the increase in its equity interest in APCO to 45% (from 30% previously) upon the project achieving financial close on 16 March 2017. APCO is developing a 554 MW oil shale fired power generation project in the Hashemite Kingdom of Jordan. APCO has signed a 30-year power purchase agreement (including construction period of 3.5 years) with the National Electric Power Company ("NEPCO"), Jordan's state-owned utility, for the entire electrical capacity and energy of the power plant, with an option for NEPCO to extend the power purchase agreement to 40 years (from the commercial operation date of the project's second unit). Construction has commenced on the project, with operations scheduled to commence in mid-2020.

The 554 MW oil shale fired power plant will cover a substantial portion of Jordan´s energy needs, thereby reducing the Kingdom's import of oil products for power generation, and its development is a key milestone in the Jordanian Government's goal of furthering its energy independence. APCO is indirectly owned by YTL Power (45%), Yudean Group (45%) and Eesti Energia AS (10%).

MANAGEMENT DISCUSSION & ANALYSIS
SEGMENTAL REVIEW

MULTI UTILITIES BUSINESS (MERCHANT)



SEGMENT OVERVIEW

YTL Power owns a 100% equity interest in YTL PowerSeraya, a Singapore-based energy company with a total licensed generation capacity of 3,100 MW, consisting of steam turbine plants, combined-cycle plants and co-generation combined-cycle plants. Situated on Jurong Island, Singapore's oil, gas and petrochemicals hub, YTL PowerSeraya is a diversified energy company with a core business centred on the generation and retailing of electricity, in addition to operating other multi-utility businesses comprising utilities supply (steam, natural gas and water), oil storage tank leasing, and oil trading and bunkering.

OPERATIONAL REVIEW

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

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

MANAGEMENT DISCUSSION & ANALYSIS
SEGMENTAL REVIEW

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

RETAIL

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

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

MANAGEMENT DISCUSSION & ANALYSIS
SEGMENTAL REVIEW

TRADING & FUEL MANAGEMENT

PetroSeraya Pte Ltd ("PetroSeraya"), YTL PowerSeraya's trading and fuel management arm, continued to lease out all of its 18 storage tanks, which have a combined storage capacity of 810,000 cubic metres, during the financial year under review. PetroSeraya handled 12.97 million metric tonnes of fuel oil and diesel for the financial year ended 30 June 2017, a 5.2% decrease compared to the previous financial year, due mainly to prolonged challenging market conditions. At the same time, 1,209 vessels berthed at the terminal this year, compared to 1,161 vessels last year, with an average berth utilisation rate of more than 57%.

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

PROCESS & INNOVATION

The Process and Innovation division continued to review its existing infrastructure and systems to support various business activities, with emphasis placed on growing and keeping pace with updated technology developments within the energy industry.

With an increasingly mobile applications- and technology-dependent environment, the facets of cybersecurity have evolved. To help protect critical data and customer privacy, the division worked closely with internal and external stakeholders, including regulatory agencies, to develop more efficient and robust cybersecurity initiatives.

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

WATER & SEWERAGE

SEGMENT OVERVIEW

In the UK, YTL Power owns a 100% equity interest in Wessex Water, a regional water and sewerage business serving 2.8 million customers across a geographic area of approximately 10,000 square kilometres in the south west of England, including Dorset, Somerset, Bristol, most of Wiltshire and parts of Gloucestershire and Hampshire.

Wessex Water is recognised by the Water Services Regulation Authority (known as Ofwat), the economic regulator for the UK water industry, as one of the most efficient water and sewerage operators in England and Wales. Wessex Water holds an appointment from the UK government under an instrument of appointment to supply clean water and treat and dispose of waste water from its operating region in the south west of England.

MANAGEMENT DISCUSSION & ANALYSIS
SEGMENTAL REVIEW

OPERATIONAL REVIEW

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

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

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

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

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

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

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

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

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

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

MANAGEMENT DISCUSSION & ANALYSIS
SEGMENTAL REVIEW

MOBILE BROADBAND NETWORK

SEGMENT OVERVIEW

YTL Power owns a 60% stake in YTL Comms, which owns and operates the Yes nationwide 4G LTE wireless broadband platform, pursuant to an approval from the Malaysian Communications and Multimedia Commission (MCMC) to operate a 2.3 gigahertz wireless broadband network in Malaysia.

Yes is a converged nationwide 4G LTE network offering high-speed mobile internet with voice services. The network was launched and commenced commercial operations in November 2010. YTL Comms currently has over 4,300 base stations creating an all-4G LTE footprint reaching 85% population coverage across Peninsula Malaysia and Sabah and, in 2016, launched its nationwide 4G LTE network, offering Malaysia's first VoLTE (Voice-over-LTE) service. YTL Comms has built a global partnership with industry leaders, including Samsung, Qualcomm, China Mobile and Google, to deliver its mobile internet experience.

OPERATIONAL REVIEW

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

Despite being amongst the youngest national networks in Malaysia, Yes is recognised globally as one of the most advanced 4G networks in the world with its unique all-IP infrastructure. In recognition of its leadership as the first mobile operator in Malaysia to offer nationwide VoLTE services, YTL Comms was awarded with the "Most Innovative Voice Service" at the prestigious Telecoms Asia Awards 2017, a testament to the division's commitment to delivering innovative 4G mobile experiences.

MANAGEMENT DISCUSSION & ANALYSIS
SEGMENTAL REVIEW

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

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

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

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

MANAGEMENT DISCUSSION & ANALYSIS
SEGMENTAL REVIEW

INVESTMENT HOLDING ACTIVITIES

SEGMENT OVERVIEW

The YTL Power Group has a 33.5% indirect investment in ElectraNet, which is the owner and operator of the South Australian electricity transmission network, and an effective interest of 20% in Jawa Power, which owns a 1,220 MW coal-fired power station in Java, Indonesia.

OPERATIONAL REVIEW

ELECTRANET

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

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

JAWA POWER

Jawa Power's 1,220 MW power station supplies power to Indonesia's national utility company, PT PLN (Persero) ("PLN"), under a 30-year power purchase agreement. Operation and maintenance (O&M) for Jawa Power is carried out by PT YTL Jawa Timur, a wholly-owned subsidiary of YTL Power, under a 30-year agreement.

Jawa Power achieved average availability of 90.73% for its financial year ended 31 December 2016 and 93.05% availability for the six months ended 30 June 2017. The station generated 7,603 GWh of electricity for its financial year compared to 8,220 GWh for its previous financial year, for its sole offtaker, PLN.

RISK MANAGEMENT

The overall risk management objective of the YTL Power Group is to ensure that adequate resources are available to create value for its shareholders. The Group focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance. Risk management is carried out through regular risk review analysis, internal control systems and adherence to Group's risk management policies. The Board of Directors of YTL Power regularly reviews these risks and approves the appropriate control environment frameworks.

FINANCIAL RISK MANAGEMENT

FOREIGN CURRENCY EXCHANGE RISK

Foreign currency exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group is exposed to risks arising from various currency exposures primarily with respect to the British Pound and Singapore Dollar. The Group has investments in foreign operations whose net assets are exposed to foreign currency translation risk. Such exposures are mitigated through borrowings denominated in the respective functional currencies. Where necessary, the Group enters into forward foreign currency exchange contracts to limit its exposure on foreign currency receivables and payables and on cash flows generated from anticipated transactions denominated in foreign currencies.

INTEREST RATE RISK

Interest rate exposure arises from the Group's and the Company's borrowings, deposits, short-term investments, and the interest-bearing advances to subsidiaries of the Company. This exposure is managed through the use of fixed and floating rate debts, as well as through derivative financial instruments, where appropriate, to generate the desired interest rate profile. Borrowings issued at variable rates expose the Group to cash flows interest rate risk. However, this is partially offset by the interest income accruing on fixed deposits.

The excess funds of the Group and 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.

PRICE RISK

The Group and the Company are exposed to equity securities price risk arising from investments held which are classified on the Statement of Financial Position as available-for-sale financial assets and investments carried at fair value through profit or loss. To manage its price risk arising from investments in equity securities, the Group and the Company diversify their portfolio.

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

The Group has contracts for the sale of electricity to the Singapore electricity pool at prices that are fixed in advance every three months and to retail customers (those meeting a minimum average monthly consumption) at prices that are either fixed in amount or in pricing formula for periods up to a number of years. The fixing of the prices under the contracts is based largely on the price of fuel oil required to generate the electricity. The Group enters into fuel oil swaps to hedge against adverse price movements of fuel oil prices. The Group typically enters into a swap to pay a fixed price and receive a variable price indexed to a benchmark fuel price index.

Exposure to price fluctuations arising from the purchase of fuel oil and natural gas are substantially managed via swaps where the price is indexed to a benchmark price index.

CREDIT RISK

Credit risk is the potential financial loss resulting from the failure of a counter party to settle their obligations to the Group and the Company. The Group's exposures to credit risk arise primarily from trade and other receivables. For other financial assets (including short-term investment securities, fixed deposits and derivative financial instruments), the Group minimises credit risk by dealing with creditworthy counterparties. Meanwhile, the Company's exposures to credit risk arise from other receivables. For other financial assets (including short-term investment securities and fixed deposits), the Company minimises credit risk by dealing with creditworthy counterparties.

In the Group's power generation business in Singapore, credit reviews are performed on all customers with established credit limits and generally supported by collateral in the form of guarantees. For the Group's water and sewerage business, the credit risk of receivables is mitigated through strict collection procedures. In addition, the Directors are of the view that credit risk arising from these businesses is limited due to the 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.

LIQUIDITY RISK

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

OPERATING RISK MANAGEMENT

CONCESSIONS AND KEY CONTRACTS

A number of the Group's businesses and projects are reliant, in some cases to a significant extent, on concessions or other key contracts. Cancellation, expiration, termination or renegotiation of any such concession or key contract or the imposition of restrictive regulatory controls could have an adverse effect on the financial condition and results of operations of certain subsidiaries of YTL Power and accordingly the Group as a whole. However, the Group's strategy of investing in regulated assets with long-term concessions or contracts has enabled it to establish a solid track record and operating performance to date, and is a measure to mitigate the vagaries of short-term contracts or more cyclical industries. Furthermore, the Group addresses these risks by investing in assets operating in stable economies and/or established markets or sectors with strong legal protections.

INDUSTRY RISK

The YTL Power Group's principal activities are subject to certain risks inherent in their respective sectors. These may include shortages of labour and raw materials, increases in the cost of labour, raw materials, equipment and electricity tariffs, changes in the general economic, business, credit and interest rate conditions, inflation, taxation and changes in the legal and environmental framework within which the industries operate. Whilst it is not possible to prevent the occurrence of these events, the Group addresses these matters by maintaining sound financial risk management policies as set out above, and high standards of preventive maintenance and cost efficiency coupled with technical and operating efficiency of its assets.

DEPENDENCE ON KEY MANAGEMENT

The continued success of YTL Power is, to a significant extent, dependent on the abilities and continued efforts of the Board of Directors and senior management of YTL Power. The loss of any key member of the Board or senior management personnel could affect YTL Power's ability to compete in the sectors in which it operates. The future success of YTL Power also depends on its ability to attract and retain skilled personnel for smooth business operations of the Group to continue without undue disruption. Therefore, appropriate measures are taken which include the provision of training programmes, the offering of attractive incentives such as employees' share option schemes and competitive remuneration packages, and efforts to ensure smooth succession in the management team.

POLITICAL, ECONOMIC, ENVIRONMENTAL AND REGULATORY CONSIDERATIONS

Like all other businesses, adverse developments in political, economic and regulatory conditions (including changes in environmental legislation and regulations) in Malaysia, Singapore, the UK, Indonesia, Australia, Jordan and other overseas markets in which the Group from time to time has operations could materially and adversely affect the financial and business prospects of the Group and the markets for its products and/or services which may result in a loss or reduction in revenue to Group. Whilst it is not possible to prevent the occurrence of these events, the Group attempts to mitigate the effects of these risks through thorough due diligence assessments prior to the commitment to any project, ensuring compliance with applicable laws and regulations, as well as its strategy of maintaining the geographic diversity of its operations, and remaining vigilant in monitoring events and conducting ongoing assessments of any operational and financial impacts of such external developments.

MANAGEMENT DISCUSSION & ANALYSIS

OUTLOOK

Global growth is expected to continue to improve at a modest pace for the rest of the 2017 calendar year, although downside risks arising from political uncertainties remain. Overall, the Malaysian economy is projected to grow by 4.3% to 4.8% in 2017 with domestic demand as the main driver of growth, underpinned primarily by private sector expenditure. Despite indications of further expenditure adjustments in response to increasing inflationary pressures, private consumption is anticipated to remain sustained, supported by continued employment and wage growth *(sources: Ministry of Finance, Bank Negara Malaysia updates)*.

The electricity market in Singapore will remain competitive, driven by volatilities across global markets and generation capacity oversupply in the wholesale electricity market. Despite the current challenges facing the industry, YTL PowerSeraya will continue to focus on customer service, diversification beyond the core business into integrated multi-utilities supply and non-regulated ancillary businesses in steam sales, oil storage tank leasing, bunkering services and potable water sales. On the retail front, Seraya Energy's extensive experience, coupled with measures implemented to date, will stand the business in good stead in preparation for the advent of full retail competition, which will give mass consumers the ability to choose their preferred electricity provider. Various initiatives will drive new service solutions and approaches, including forming new channel partnerships to reach more user segments and adopting a digital approach to better serve customers.

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

On the Malaysian front, the commencement of the new power purchase agreement for the supply from Paka Power Station reinstates the income stream for the Group's domestic power generation segment, whilst in the mobile broadband business, the successful launch of the nationwide 4G LTE and VoLTE services bodes well for the business's competiveness to drive the growth and expansion of the subscriber base. Plans are also underway to roll out the LTE version of the Yes Zoom gateway device as well as to expand the Yes platform into Sarawak in the near future.

The outlook for the Group remains sound, stemming from stability of its existing operations, coupled with its projects under development, Tanjung Jati Power in Indonesia and APCO in Jordan.

SUSTAINABILITY STATEMENT

OUR COMMITMENT TO SUSTAINABILITY

The roots of YTL Power International Berhad (YTLPI) lie in the development of lower emission intensity energy. YTLPI built the first two combined-cycle power plants in Malaysia following an energy shortage in the 1990s. This not only reduced the reliance on imported coal, but also sharply mitigated carbon emissions from power generation activities in Malaysia.

Whilst we have contributed to the lower carbon emission factor in Peninsular Malaysia, we have at the same time contributed to the well-being of communities in which we operate, and to the protection of the natural environment. This has been a common theme as we have expanded globally following our acquisitions of Wessex Water Limited (Wessex Water) in the United Kingdom (UK) and YTL PowerSeraya Pte Ltd (YTL PowerSeraya) in Singapore, as well as minority stakes in PT Jawa Power (Jawa Power) in Indonesia (including 100% of PT YTL Jawa Timur (YTLJT), the operation and maintenance provider) and Electranet Pty Ltd (ElectraNet) in South Australia. Our wholly-owned subsidiary, YTL Power Generation Sdn Bhd (YTLPG) is the owner of the Group's two natural gas-fired combined-cycle power stations in Paka, Terengganu, and Pasir Gudang, Johor, and we own a 60% stake in YTL Communications Sdn Bhd (YTL Comms) which owns the Yes 4G LTE mobile broadband network in Malaysia.

YTLPI is part of the wider network of the YTL group of companies under the umbrella of our parent company, YTL Corporation Berhad (YTL Corp), and our sustainability initiatives, performance and achievements are outlined in greater detail in the **YTL Group Sustainability Report 2017**, which is issued as a separate report. The PDF version is available at www.ytl.com.

SUSTAINABILITY STATEMENT

As you can read in the YTL Group's annual Sustainability Reports, YTLPI has been at the leading edge of community development. We have helped to alleviate energy poverty in rural areas where we operate in Java, Indonesia with the successful building and commissioning of more than 470 biogas domes, 39 micro hydro units, and 78 solar installations. Further afield in the UK, we have focused on the use of waste in the generation of biogas and fertiliser ranging from human waste sludge to food waste from homes, restaurants and supermarkets. Through this process we make use of approximately 47,000 tonnes of food waste annually and supply additional gas for distribution to the local grid which is sufficient to power around 8,300 homes for a full year.

Beyond protection of the environment and enriching communities, we have ensured fair and equal development of our human capital. We have also been able to deliver enhanced connectivity within Malaysia through the development of Malaysia's largest 4G mobile network Yes 4G. This has not only enabled essential connectivity for urban and rural communities, but has also provided the backbone for the 1BestariNet project which is being used to connect 10,000 schools around the country.

Our commitment to sustainable business at YTLPI stems from a culture inculcated and led by the Board of Directors, and has become business as usual in our vision throughout the company's operation and maintenance units and business strategy.

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

SUSTAINABILITY STATEMENT

SCOPE OF STATEMENT

Reporting period:	1 July 2016 to 30 June 2017[1]
Reporting cycle:	Annual
Coverage:	This statement covers YTLPI and its significant subsidiaries, YTL Comms, YTL PowerSeraya, Wessex Water and YTLJT, which comprise more than 95% of our business in terms of revenue for the reporting period. The Group's associates, Jawa Power and ElectraNet have been excluded due to the minority ownership levels. YTLPG has been excluded as its power stations did not operate over the past year. Following the completion of its power purchase agreement in September 2015, we expect to include YTLPG in future reports due to the commencement of supply from Paka Power Station on 1 September 2017 under a new power purchase agreement. We have also excluded the Group's projects under development, namely, an 80% stake in PT Tanjung Power Company in Indonesia, as the project is still progressing towards financial close, and a 45% stake in Attarat Power Company PSC in Jordan, as the project is under development and is an associated company of the Group. Our focus this year has been to streamline our key sustainability risks and opportunities through the materiality assessment exercise, and to establish a data management system to collate baseline data for the relevant subject areas and issues material to our stakeholders and our company, ultimately setting targets in line with the United Nations Sustainable Development Goals (SDGs) that will chart our sustainability journey until 2030.
Accessibility:	A PDF version of this statement is available at www.ytlpowerinternational.com. Our subsidiaries and associated companies have also produced their own reports, available on their official websites listed below, which provide more information about their sustainability policies, practices, performance, risks and opportunities. Wessex Water – www.wessexwater.co.uk YTL PowerSeraya – ytlpowerseraya.com.sg Jawa Power – www.jawapower.co.id Our stakeholders are encouraged to read the YTL Group Sustainability Report 2017, available at www.ytl.com, for a clear and comprehensive view of the Group's sustainable business practices, initiatives, programmes and progress in creating economic, environmental and social (EES) value.
References:	Sustainability Reporting Guide issued by Bursa Malaysia Securities Berhad; Sustainability Reporting Awards (MaSRA) Guidelines for Malaysian Companies

1 Wessex Water Limited's regulatory year starts from 1 April 2016 to 31 March 2017

SUSTAINABILITY STATEMENT

OUR APPROACH TO SUSTAINABILITY

At YTLPI, we are committed to YTL Group brand values – Honesty, Hard Work, Moral Responsibility, Togetherness and Vitality, and remain focused on the Group Sustainability Framework. We strive to bring positive change as a force for good by improving lives everywhere we operate, aiming for a healthy, safe and sustainable environment and always considering the needs of the present generation whilst, at the same time, anticipating the needs of future generations.

YTL GROUP SUSTAINABILITY FRAMEWORK

EMBRACING THE MARKETPLACE

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

PROTECTION OF THE ENVIRONMENT

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

EMPOWERING OUR PEOPLE

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

ENRICHING COMMUNITIES

- Arts & Culture
- Education
- Local Communities

In 2016, our parent company, YTL Corp launched the YTL Group Corporate Statement as the guiding principle for responsible business, awareness and advocacy. These guiding principles help us to work towards integrating our values, sustainability commitments and strategy into our day-to-day business practices. In addition, our subsidiaries have also set and communicated their codes of conduct and policies, which are also made available on their official websites.

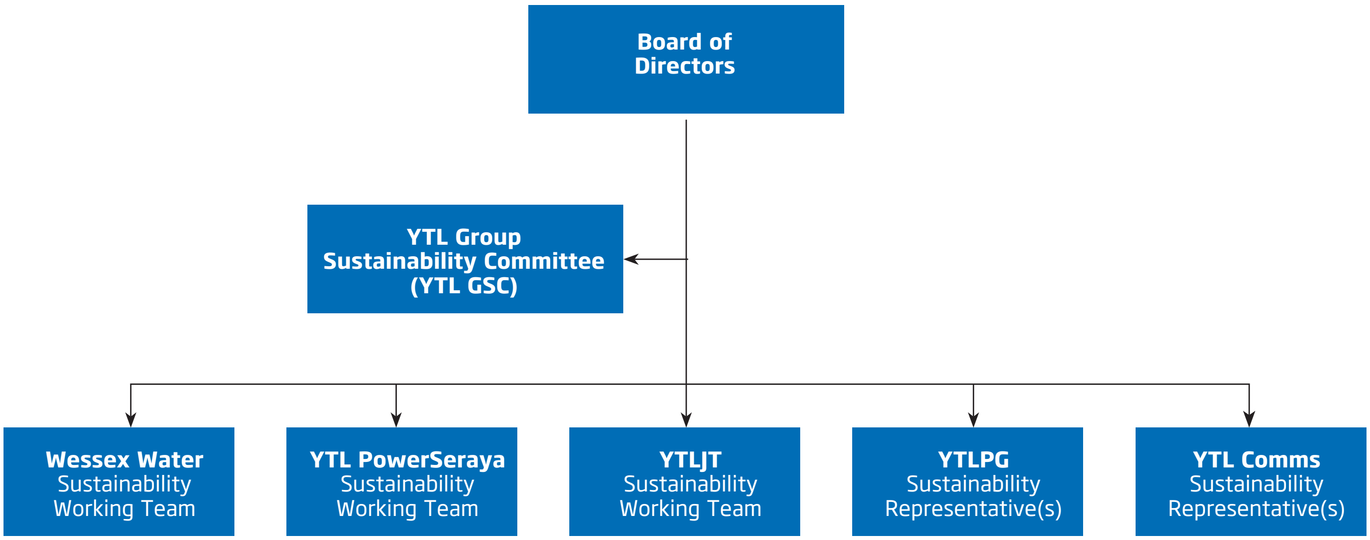
In the same year, the United Nations adopted 17 SDGs in the belief that businesses should play an important role to end poverty, fight inequality and injustice, and address climate change among other economic, environmental and social issues by 2030. Early this year, YTL Corp and YTLPI reviewed how our diverse businesses were able to contribute to the SDGs and incorporate these goals into the YTL Group Sustainability Framework, where appropriate. We have prioritised six SDGs that are most relevant to YTLPI:-

More information on how we contribute towards these six goals through our business operations and programmes can be found in the YTL Group Sustainability Report 2017.

SUSTAINABILITY GOVERNANCE

Driven by the YTL Group's sustainability agenda, YTLPI's sustainability risks and opportunities are overseen and governed by the Board of Directors (the Board) with support from YTLPI's Managing Director, the YTL Group Sustainability Committee (YTL GSC) and Sustainability Working Teams from respective subsidiaries.

YTLPI Group Sustainability Governance Structure



Board of Directors

The YTL Group's sustainability strategy has been approved by the Board of YTL Corp, who have also outlined the conduct of responsible business operations across our value chain. Led by the Managing Director of YTL Corp and YTLPI, Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, the Board engages with the YTL GSC every six months to one year to deliberate and strategise regarding EES issues and progress surrounding our operations in Malaysia, Singapore, the UK and Indonesia.

YTL Group Sustainability Committee

Guided by the YTL Group Sustainability Framework and Corporate Statement, the YTL GSC is responsible for reviewing, monitoring and providing a strategic approach in managing sustainability issues impacting our stakeholders, businesses and society at large across our value chain.

Sustainability Working Team/Representative(s)

The designated representative(s) or teams spanning our operations play a significant role in aligning the sustainability agenda into business practices on the ground. Their roles include managing and monitoring of sustainability issues and performance.

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

SUSTAINABILITY STATEMENT

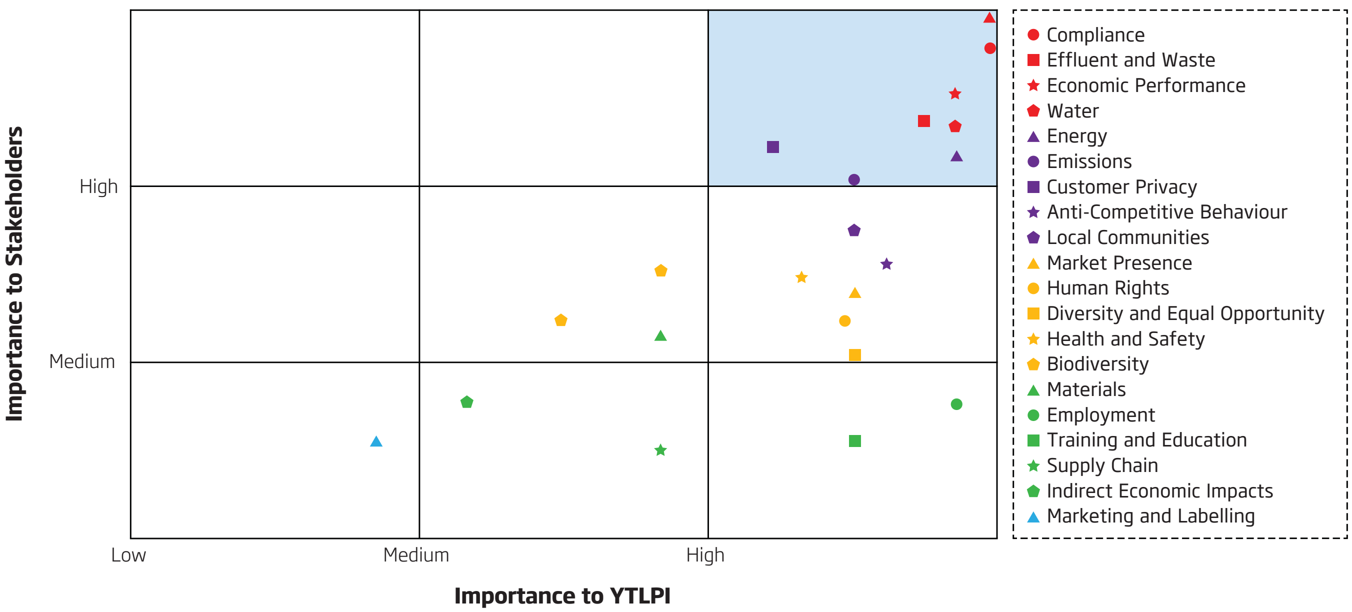
MATERIALITY

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

In line with the new Sustainability Reporting Guidelines, an online survey was conducted this year to assess an extensive list of 20 potential issues, with input from leaders and senior managers from all of our significant business units. Respondents were asked to rate the level of importance of each issue. Using a materiality matrix, we systematically assessed material issues based on their importance. The significant issues were ranked High, Medium and Low on two axes – importance to internal and external stakeholders. As a result of this assessment, a final materiality matrix and a list of material issues were presented to the Board for their review and approval.

This statement focuses on our most relevant material issues as presented in the following diagram in the blue quadrant, which have been categorised into the four themes of our Sustainability Framework.

YTLPI Materiality Matrix



STAKEHOLDER ENGAGEMENT

As a multinational utility company that has a footprint in Asia and Europe, our relationship with stakeholders transcends borders. Guided by the YTL Group Stakeholder Engagement methodology, we adopted a similar approach to deal with the diverse number of stakeholders.

The stakeholder engagement exercise provides us with valuable insights on how we perform, and also helps to chart the direction of our company, a key element to staying agile in fast changing and regulated industries.

At YTLPI, we regularly engage and consult with our stakeholders. We strive to incorporate their feedback into our planning and actions, where important and relevant to both our business operations and stakeholders. Our stakeholders are the reason we exist, and thus, when they speak or act, it is essential that we listen and respond.

Stakeholder Engagement for YTLPI

Employees	Customers	Shareholders and Investors
Approach • Newsletters and town halls • Training • Annual performance appraisal • Employee engagement surveys • Recreational and team-building sessions	**Approach** • Website and social media • Marketing and promotional programmes and events • Feedback channels such as emails, phone calls, hotlines and surveys • Roadshows, exhibitions and launches	**Approach** • Annual General Meetings • Investor relations events • Annual reports • Analyst briefings • Website updates
Key topics • Business strategy, direction and sustainability • Reward and recognition • Training and career development • Welfare and benefits • Workplace health and safety	**Key topics** • Product and service quality • Competitive pricing • Customer experience • Safety and security • Compliance with rules and regulations	**Key topics** • Economic performance • Company growth and value chain • Business strategy and direction
Suppliers	**Government and Regulators**	**Communities**
Approach • Regular meetings and site visits • Roadshows, exhibitions and launches • Supplier briefings and training • Supplier code of conduct • Supplier assessment system	**Approach** • Official meetings and visits • Industry events and seminars	**Approach** • Community outreach programmes • Charitable contributions
Key topics • Sharing best practices • Compliance with rules and regulations • Health and safety excellence • Fair treatment of suppliers	**Key topics** • Compliance with rules and regulations • Opportunities for business investment • Community investment	**Key topics** • Minimising environment and social impacts • Community investments including donations, and volunteering programmes

SUSTAINABILITY STATEMENT

PERFORMANCE HIGHLIGHTS

ACTIVITIES IN MALAYSIA

It is an integral part of YTL Comms' vision and mission to create value and drive positive change through the Internet and related technology, not just for our customers, but also for the entire nation. In line with the YTL Group Sustainability Framework and SDGs commitment, YTL Comms is committed through its 4G network, Yes, to improve the way Malaysians learn, live, work and play, and enable the next generation to be Internet-savvy. The division's goal is to achieve all those goals in responsible and sustainable ways.

For the year under review, below is the snapshot of YTL Comms' sustainability initiatives and key achievements:

- In recognition of its leadership as the first mobile operator in Malaysia to offer nationwide Voice-over-LTE (VoLTE), YTL Comms was awarded with the "Most Innovative Voice Service" at the prestigious Telecoms Asia Awards 2017 – a testament to the company's commitment to delivering a truly innovative 4G mobile experience.
- Offering a strong 85%+ population coverage in Peninsular Malaysia and Sabah, with plans to launch in Sarawak in the near future, Yes has levelled the playing field between urban and rural communities where all Malaysians can enjoy equal access to the same world-class quality 4G Internet at affordable rates.
- Ministry of Education and YTL Comms worked together to accelerate the ministry's nationwide distribution of Yes Altitude 4G LTE smartphones and data plans to school teachers, under Phase Two of 1BestariNet.
- Yes continues its long-time support for a wide range of community events such as the annual Starwalk walkathons in Ipoh and Penang where it has been a platinum sponsor for five years in a row, Anak-Anak Malaysia Walk, National Teacher's Day Festival, as well as the festive cultural celebrations in Sabah, such as Harvest Festival Carnival, and 12th Gaya Christmas Carnival.
- In a move to increase awareness on the importance of Earth Hour amongst employees, the company sponsored 23 employees and their family members to participate in the 3km Earth Hour Night Walk 2017 in Petaling Jaya.

ACTIVITIES IN SINGAPORE

YTL PowerSeraya's sustainability vision is to promote a positive and sustainable environment as well as to improve its contribution to the community in which the company operates from a social perspective. Through five thrusts under this strategy as well as the YTL Group Sustainability Framework and the SDGs commitment, YTL PowerSeraya is seeking to build confidence among its stakeholders where all areas contribute towards building its financial, social and natural capital.

1. Invest in cleaner energy solutions
2. Incorporate greenhouse gas (GHG) emissions into management agenda
3. Build strategic partnerships
4. Nurture human capital
5. Grow with the community

For the year under review, YTL PowerSeraya's performance and key achievements are highlighted as follows:

- For the tenth consecutive year, YTL PowerSeraya organised its own Earth Hour activity on 24 March 2017. Employees, customers, as well as the company's adopted charity, GROW (Goodwill, Rehabilitation and Occupational Workshop) switched off non-essential lights in their offices and buildings from 11am through lunch-time.
- In October 2016, YTL PowerSeraya renewed its Eco-Office certification. The Eco-Office journey, which began in 2008, has come a long way in building a sustainability mindset within the company. This accomplishment further validates the company's commitment to maintain electricity, water and paper consumption at responsible and sustainable levels.
- Water self-sufficiency was maintained at the power plant, where 98% of water consumed came from desalinated and recycled water.
- For the reporting period, the employees, together with service partners at the power station, registered 1.1 accidents per million man-hours worked. In terms of lost time, this worked out to about 37.3 man-days lost per million man-hours worked. This is better than the 2016 Singapore national average.

SUSTAINABILITY STATEMENT

- A Training Needs Analysis and Planning process is carried out every year to identify and execute a training plan that seeks to close the competency and performance gaps of employees, and to support business needs. A total of 700 training sessions, with an average of two training sessions per employee are planned for employee training and development each year.

- Since 2016, YTL PowerSeraya has sought to foster shared ownership of the learning environment by organising more in-house training through internal experts well versed in various areas. These efforts will continue and will hopefully enable a more effective transfer of knowledge across different groups and functions.

- YTL PowerSeraya continues to offer scholarships in local polytechnics and universities to attract talented individuals to be groomed as engineering specialists and for leadership succession opportunities, and to continuously build the employer brand. To date, a total of eight scholarships have been awarded under the SGIS (Singapore-Industry Programme), EIS (Energy-Industry Scholarship) and SkillsFuture Earn and Learn scholarship programmes.

- The water education programme PLAY (Punggol Learning Adventure for Youths) saw the participation of 255 students from seven upper primary and secondary schools in Singapore. This learning programme was developed in partnership with the Waterways Watch Society in 2014 to raise youth awareness and knowledge of water issues at both the local and global levels.

- The company's flagship sustainability programme, REAP (Responsible Energy Advocates Programme), was launched in 2010 to help develop students to be energy advocates by raising their awareness on energy conservation. As part of the project assignments to be fulfilled in 2016, students developed a smartphone application to educate and engage their intended target audience on an energy conservation topic, as well as conducted an eco-experiment to understand the relationship between household resources (e.g. utilities, food waste and plastic waste) and its associated energy footprint. They also had to monitor and optimise their home energy consumption. More than a third of its participating students achieved the 10% energy reduction target set for their households.

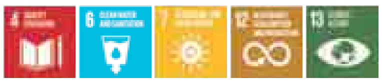
- The Energy Learning Hub (ELH), located at the premises of YTL PowerSeraya's adopted school, Greenridge Secondary School, hosted about 60 student visitors in the last financial year. These students hail from overseas schools and included those who were keen to learn more about energy and climate change. The hub aims to provide students with the opportunity to learn about environmental issues in a fun way.

- GROW collaborated with YTL PowerSeraya to initiate "Make a Difference". This project aimed specifically to make a difference to Bobby, a cerebral palsy member from GROW, by helping him to improve his home living conditions. Employee volunteers spent some time in October 2016 to help Bobby clean his flat and replace old items with new ones.

- Through "Steptember" challenge, a fundraising initiative by the Cerebral Palsy Alliance Singapore (CPAS), YTL PowerSeraya raised close to SGD7,000 for GROW (which comes under the care of CPAS). This initiative challenged participants to take 10,000 steps a day to stay healthy whilst raising funds for CPAS at the same time.

- Towards end of 2016, employees celebrated Christmas with more than 80 GROW beneficiaries at the Safra Punggol Bowling Centre. During the festive period before Chinese New Year in January 2017, used items that were still in good condition were also donated to the charity's thrift store for sale.

ACTIVITIES IN INDONESIA



Jawa Power, in close cooperation with YTLJT, has consistently pursued programmes which help to mitigate negative environmental impacts and enhance community welfare and engagement. Following are the major achievements during the year under review:

- Through meticulous preventive maintenance, continuous technological improvements and complying with ISO standards, the power station achieved high efficiency rates, comparable to when it first commenced commercial operation 17 years ago.

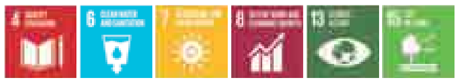
- Energy saving programmes with solar photovoltaic system:
  - Installed 51.48kWp solar panels on the rooftop of the operator housing complex (OHC) community centre and sports hall which are expected to reduce approximately 20% of the total energy consumption within the OHC.
  - Installed solar panel street lights at the entrance of OHC.
  - Installed rooftop solar panels at the main office which are expected to supply around 20% of the energy requirements of the office.

- The combination of pollution abatement technologies applied at the plant coupled with the carefully selected domestic coal supply have ensured the plant's compliance with Indonesian legislative limits and regulations on NOx (nitrogen oxides), SOx (sulphur oxides) and particulate emissions.

SUSTAINABILITY STATEMENT

- All outlet cooling water from the power station is monitored by an online system before being discharged into the sea. In addition, monthly outlet water sampling is conducted by the local environmental authority and samples are sent to an independent laboratory for analysis. The compliance to regulatory levels has been consistently recorded at 100%.
- With constant monitoring of seawater quality around the power station, it has been proven that the discharge water quality is suitable for aquatic life which continues to thrive as it has since 2000.
- The water conservation programme initiated in 2010, has successfully reduced water usage by up to 43%. The reduction has also directly decreased the chemical and electrical power consumption for water production as well as wastewater discharge levels.
- In 2016, 83% of hazardous waste was recycled, such as fly ash, bottom ash, wastewater treatment plant sludge, waste oil and used batteries.
- Since 2016, YTLJT has produced >600,000 paving blocks from waste fly ash and bottom ash preventing these from being sent to landfill.
- In 2013, YTLJT initiated a mangrove and sea pine replanting project with a target of planting 20,000 mangroves and 10,000 sea pines annually along approximately 6km of coastline in the province of Probolinggo and Situbondo. To date, a total of 58,600 mangroves and 26,000 sea pines have been planted. The development is now being conducted jointly by the Probolinggo Government and YTLJT.
- YTLJT received its second PROPER GOLD Award in 2016, after the first one in 2013, and remains the only coal-fired power station in Indonesia which has ever received the PROPER GOLD Award.
- Various community investments of approximately IDR5 billion were undertaken during the reporting period.
- Activities under YTLJT's sustainability programmes, which are focused on Education Quality, Community Empowerment, Health, the Environment and the Development of Alternative Energy, included:
  - Sponsored 16 scholarships, 100 education assistance schemes and 2,000 school bags and books.
  - Jointly founded, in cooperation with the local community, SMP Bhakti Pertiwi (Junior High School) and SMA Tunas Luhur (Senior High School). Both schools received "A" accreditation from the Indonesian Ministry of Education and also the National Adiwiyata Award in 2014. Many of the graduates are now studying at renowned local universities in Surabaya and Malang.
  - By the end of 2017, a total of 39 micro hydro units, 470 biogas domes and 78 solar energy units will be installed as part of its Alternative Energy Development programme commenced in 2012, supplying electricity to rural and remote areas without any or with only limited power supply.

ACTIVITIES IN THE UK



Wessex Water is the Group's water and sewerage operations subsidiary in the UK. Wessex Water's approach to sustainability is based on the same four themes as YTLPI's and the YTL Group's aims: to provide customers with excellent and affordable services at competitive rates; to protect and improve the environment and contribute to society at large; to be a good place to work in which all employees can work safely and reach their full potential; and to deliver the best possible returns to investors.

As in previous years, Wessex Water's work and achievements during the reporting period further advanced these aims as follows:

- Achieved the Institute of Customer Service's ServiceMark with distinction, one of only ten companies in the UK to attain this level.
- Being one of only two water companies to commit to fixing as many reported leaks as possible within a single day; Wessex Water increased its attainment level to 70%.
- Overall drinking water compliance in 2016 reached 99.95%.
- Generated almost 30% of Wessex Water's energy needs from its own renewable sources.
- Increased resilience through completed elements of its regional water supply grid scheme.
- Fitted efficient water devices and fixed faulty plumbing in more than 5,000 homes.
- Helped pay ongoing charges and repay debt, as well as offering practical help to reduce water and energy bills for an additional 27,000 customers who are financially vulnerable.

- In the Bristol Avon catchment, Wessex Water launched a UK-first programme with the Environment Agency, which involves regulating the total mass of phosphorus discharge from a group of sewage treatment works. Another UK-first is its online reverse auction platform (EnTrade), initially to encourage farmers to plant cover crops that reduce the amount of harmful nutrients entering Poole Harbour.
- Wessex Water's management of nearly 300 hectares of land designated as Sites of Special Scientific Interest means that 99.5% of these vital habitats were assessed as being in favourable or recovering condition.
- The Young People's Panel brings the views of young adults into its decision making as the company plans its future operations. It is an innovative way of engaging young people, whereby Wessex Water gains insights from them and they gain real-life experience from the company, which also helps them develop their future careers.
- This year the company launched its People Programme, a dedicated programme of initiatives to address current and future strategic people priorities in areas including resourcing, talent management, reward and recognition, future working, diversity and employee well-being.
- The apprenticeship strategy is proving successful for both the company and the local community, offering secure employment opportunities across the region.
- Wessex Water continued its joint research programme with the University of Bath, a water innovation and research centre based at the university.
- Wessex Water published its updated strategic direction document at www.wessexwater.co.uk/ourstrategy, setting out what it aims to deliver to customers, society at large and the environment, as well as its key priorities for the future, based on wide and ongoing conversations with its customers and stakeholders.

MOVING FORWARD

Whilst we will retain our overall commitment to our sustainability pillars of Marketplace, Environment, People and Community, our roadmap for power generation includes additional plants in Indonesia and Jordan which will help to provide an important source of energy for those countries, and in the case of the Jordan project, reduce the country's reliance on imported fuels. Reducing energy poverty also remains a core driver of our community projects in developing countries such as Indonesia, and ensuring a safe and equitable workplace is essential to building trust and confidence with our people as well as the communities in which they live. We have never compromised the opportunities and prospects of future generations to satisfy the needs of the current generation.

Moving forward, we will continue to look for ways to strengthen our commitment to sustainability, regularly review the progress we have made, continually strive to improve our policies, systems and performance and work to enrich the lives of communities where we operate.

FEEDBACK

This statement demonstrates our commitment to keeping our stakeholders abreast of our sustainability initiatives, developments, reporting and communication. Please do send us your feedback at sustainability@ytl.com.my.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-First Annual General Meeting of YTL Power International Berhad ("the Company") will be held at Mayang Sari Grand Ballroom, Lower Level 3, JW Marriott Hotel Kuala Lumpur, 183, Jalan Bukit Bintang, 55100 Kuala Lumpur on Tuesday, the 12th day of December, 2017 at 10.00 a.m. to transact the following business:-

AS ORDINARY BUSINESS

1. To lay before the meeting the Audited Financial Statements for the financial year ended 30 June 2017 together with the Reports of the Directors and Auditors thereon. — Please refer Explanatory Note A

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

   (i) Tan Sri Dato' (Dr) Francis Yeoh Sock Ping — Resolution 1
   (ii) Dato' Yusli Bin Mohamed Yusoff — Resolution 2
   (iii) Dato' Sri Michael Yeoh Sock Siong — Resolution 3
   (iv) Dato' Mark Yeoh Seok Kah — Resolution 4

3. To re-appoint Tan Sri Datuk Dr. Aris Bin Osman @ Othman as Director of the Company. — Resolution 5

4. To approve the payment of Directors' fees amounting to RM760,000 for the financial year ended 30 June 2017. — Resolution 6

5. To approve the payment of meeting attendance allowance of RM1,000 per meeting for each Non-Executive Director with effect from February 2017 until otherwise resolved. — Resolution 7

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

AS SPECIAL BUSINESS

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

ORDINARY RESOLUTIONS:-

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

   (i) "THAT subject to the passing of Ordinary Resolution 5, approval be and is hereby given to Tan Sri Datuk Dr. Aris Bin Osman @ Othman, 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 approval be and is hereby given to Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng, who has served as Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to serve as an Independent Non-Executive Director of the Company." — Resolution 10

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

"THAT pursuant to Section 75 of the Companies Act, 2016, the Directors be and are hereby empowered to allot and issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad." Resolution 11

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

"THAT subject to the Company's compliance with all applicable rules, regulations, orders and guidelines made pursuant to the Companies Act, 2016, the provisions of the Company's Constitution and the Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("Main LR") and the approvals of all relevant authorities, the Company be and is hereby authorised, to the fullest extent permitted by law, to buy back and/or hold from time to time and at any time such amount of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interests of the Company ("the Proposed Share Buy-Back") provided that:-

(i) The maximum number of shares which may be purchased and/or held by the Company at any point of time pursuant to the Proposed Share Buy-Back shall not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being quoted on Bursa Securities provided always that in the event that the Company ceases to hold all or any part of such shares as a result of, amongst others, cancellation of shares, sale of shares on the market of Bursa Securities or distribution of treasury shares to shareholders as dividend in respect of shares bought back under the previous shareholder mandate for share buy-back which was obtained at the Annual General Meeting held on 22 November 2016, the Company shall be entitled to further purchase and/or hold such additional number of shares as shall (in aggregate with the shares then still held by the Company) not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being quoted on Bursa Securities;

(ii) The maximum amount of funds to be allocated by the Company pursuant to the Proposed Share Buy-Back shall not exceed the sum of Retained Profits of the Company based on its latest audited financial statements available up to the date of a transaction pursuant to the Proposed Share Buy-Back; and

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

    (a) the shares so purchased may be cancelled; and/or
    (b) the shares so purchased may be retained in treasury for distribution as dividends to the shareholders and/or resold on the market of Bursa Securities and/or subsequently cancelled; and/or
    (c) part of the shares so purchased may be retained as treasury shares with the remainder being cancelled; and/or
    (d) transfer the shares, or any of the shares for the purposes of or under an employees' shares scheme; and/or
    (e) transfer the shares, or any of the shares as purchase consideration; and/or
    (f) deal with the shares in any other manner as may be permitted by the applicable laws and/or regulations in force from time to time;

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

AND THAT the Directors of the Company be and are hereby authorised to take all steps as are necessary or expedient to implement or to give effect to the Proposed Share Buy-Back with full powers to amend and/or assent to any conditions, modifications, variations or amendments (if any) as may be imposed by the relevant governmental/regulatory authorities from time to time and with full power to do all such acts and things thereafter in accordance with the Companies Act, 2016, the provisions of the Company's Constitution and the Main LR and all other relevant governmental/regulatory authorities." Resolution 12

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

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

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

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

THAT the mandate given by the shareholders of the Company shall only continue to be in force until the conclusion of the next Annual General Meeting of the Company or the expiry of the period within which the next Annual General Meeting is required to be held pursuant to Section 340(2) of the Companies Act, 2016 (the "Act") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); unless revoked or varied by Ordinary Resolution of the shareholders of the Company in general meeting, whichever is the earlier;

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

By Order of the Board,

HO SAY KENG
Company Secretary

KUALA LUMPUR
30 October 2017

NOTICE OF ANNUAL GENERAL MEETING

NOTES:-

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

The instrument appointing a proxy, in the case of an individual, shall be signed by the appointor or his attorney and in the case of a corporation, either under seal or under the hand of an officer or attorney duly authorised in writing. The original instrument appointing a proxy shall be deposited at the office of the appointed share registrar for the Annual General Meeting, Tricor Investor & Issuing House Services Sdn Bhd, at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than 48 hours before the time appointed for holding the meeting. For the purpose of determining a member who shall be entitled to attend the Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd, in accordance with Article 60(2) of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors as at 5 December 2017. Only a depositor whose name appears on the General Meeting Record of Depositors as at 5 December 2017 shall be entitled to attend the said meeting or appoint proxy to attend and/or vote in his stead.

EXPLANATORY NOTES TO ORDINARY BUSINESS

Note A

This Agenda item is meant for discussion only as under the provisions of Section 340(1)(a) of the Companies Act, 2016, the audited financial statements do not require formal approval of shareholders and hence, the matter will not be put forward for voting.

Re-appointment of Director

Tan Sri Datuk Dr. Aris Bin Osman @ Othman was re-appointed as a Director of the Company at the Twentieth Annual General Meeting ("AGM") of the Company held on 22 November 2016 pursuant to Section 129(6) of the Companies Act, 1965, to hold office until the conclusion of this AGM.

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

Payment of Directors' Benefits

In accordance with the requirements of Section 230(1) of the Companies Act, 2016, approval of the members is sought for the payment of meeting attendance allowance (a benefit) to the Non-Executive Directors of the Company. If Resolution 7 is passed, the payment of meeting attendance allowance at the quantum specified will continue until such time a revision is proposed.

EXPLANATORY NOTES TO SPECIAL BUSINESS

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

In line with Recommendation 3.3 of the Malaysian Code on Corporate Governance 2012, Resolutions 9 and 10 are to enable Tan Sri Datuk Dr. Aris Bin Osman @ Othman and Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng to continue serving as Independent Directors of the Company to fulfil the requirements of Paragraph 3.04 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements. The justifications of the Board of Directors for recommending and supporting the resolutions for their continuing in office as Independent Directors are set out under the Nominating Committee Statement in the Company's Annual Report 2017.

Resolution pursuant to Section 75 of the Companies Act, 2016

Resolution 11 is a renewal of the general authority given to the Directors of the Company to allot and issue shares as approved by the shareholders at the Twentieth AGM held on 22 November 2016 ("Previous Mandate").

As at the date of this Notice, the Company has not issued any new shares pursuant to the Previous Mandate which will lapse at the conclusion of this AGM.

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

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

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

Resolution pertaining to the Recurrent Related Party Transactions

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

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(PURSUANT TO PARAGRAPH 8.27(2) OF BURSA MALAYSIA SECURITIES BERHAD MAIN MARKET LISTING REQUIREMENTS)

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

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

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

Details of the general mandate/authority for Directors to allot and issue shares in the Company pursuant to Section 75 of the Companies Act, 2016 are set out in the Explanatory Notes to Special Business of the Notice of Twenty-First Annual General Meeting.

CORPORATE INFORMATION

BOARD OF DIRECTORS

EXECUTIVE CHAIRMAN

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

MANAGING DIRECTOR

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

DEPUTY MANAGING DIRECTOR

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

DIRECTORS

Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng
PSM, DPMT, ASM, JP

Tan Sri Datuk Dr. Aris Bin Osman @ Othman
PSM, PJN, KMN
PhD (Development Economics), MA (Development Economics), BA (Hons) (Analytical Economics)

Dato' Yusli Bin Mohamed Yusoff
DPMS
BA (Hons) (Economics)

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

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

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

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

Dato' Mark Yeoh Seok Kah
DSSA
LLB (Hons)

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

Faiz Bin Ishak
Fellow of the Association of Chartered Certified Accountants

COMPANY SECRETARY

Ho Say Keng

REGISTERED OFFICE

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

BUSINESS OFFICE

7th Floor, Yeoh Tiong Lay Plaza
55 Jalan Bukit Bintang
55100 Kuala Lumpur
Tel : 603 2117 0088
603 2142 6633
Fax : 603 2141 2703

REGISTRAR

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

AUDIT COMMITTEE

Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng
(Chairman and Independent Non-Executive Director)

Tan Sri Datuk Dr. Aris Bin Osman @ Othman
(Independent Non-Executive Director)

Faiz Bin Ishak
(Independent Non-Executive Director)

NOMINATING COMMITTEE

Tan Sri Datuk Dr. Aris Bin Osman @ Othman
(Chairman and Independent Non-Executive Director)

Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng
(Independent Non-Executive Director)

Dato' Yusli Bin Mohamed Yusoff
(Independent Non-Executive Director)

AUDITORS

PricewaterhouseCoopers (AF 1146)
Chartered Accountants
Level 10, 1 Sentral, Jalan Rakyat
Kuala Lumpur Sentral
50470 Kuala Lumpur

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
Main Market (23.5.1997)

PROFILE OF THE BOARD OF DIRECTORS

TAN SRI DATO' SERI (DR) YEOH TIONG LAY

Malaysian, male, aged 87, was appointed to the Board on 21 October 1996 and has been the Executive Chairman since 31 October 1996. 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 Corporation Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad. He is also a board member of other public companies such as YTL Cement Berhad and YTL Industries Berhad, and a private utilities corporation, Wessex Water Limited in England and Wales. He also sits on the board of trustees of YTL Foundation.

TAN SRI DATO' (DR) FRANCIS YEOH SOCK PING

Malaysian, male, aged 63, was appointed to the Board on 18 October 1996 as an Executive Director and has been the Managing Director of the Company since then. Tan Sri Francis studied at Kingston University in the United Kingdom, where he obtained a Bachelor of Science (Hons) Degree in Civil Engineering and was conferred an Honorary Doctorate of Engineering in 2004. In July 2014, Tan Sri Francis was conferred an Honorary Degree of Doctor of Laws from University of Nottingham. He became the Managing Director of YTL Corporation Berhad Group in 1988 which, under his stewardship, has grown from a single listed company into a global integrated infrastructure developer, encompassing multiple listed entities ie. YTL Corporation Berhad, YTL Power International Berhad, YTL Land & Development Berhad, YTL Hospitality REIT and Starhill Global REIT.

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

He is a Founder Member of the Malaysian Business Council and The Capital Markets Advisory Council, member of The Nature Conservancy Asia Pacific Council and the Asia Business Council, Trustee of the Asia Society and Chairman for South East Asia of the International Friends of Louvre. He is also a member of the Advisory Council of London Business School, Wharton School and INSEAD. He is the first non-Italian board member of the historic Rome Opera House and helped fund its restoration to keep it from closing. He served as a member of the Barclays Asia-Pacific Advisory Committee from 2005 to 2012. Tan Sri Francis was made a board member of Global Child Forum by His Majesty King Carl XVI Gustaf in May 2016.

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.

PROFILE OF THE BOARD OF DIRECTORS

In 2006, he was awarded the Commander of the Most Excellent Order of the British Empire (CBE) by Her Majesty Queen Elizabeth II, and received a prestigious professional accolade when made a Fellow of the Institute of Civil Engineers in London in 2008. He was the Primus Inter Pares Honouree of the 2010 Oslo Business for Peace Award, for his advocacy of socially responsible business ethics and practices. The Award was conferred by a panel of Nobel Laureates in Oslo, home of the Nobel Peace Prize. He also received the Corporate Social Responsibility Award at CNBC's 9th Asia Business Leaders Awards 2010. He received the Lifetime Achievement Award for Leadership in Regulated Industries at the 7th World Chinese Economic Summit held in London in 2015. He was also awarded the prestigious Muhammad Ali Celebrity Fight Night Award at the 2016 Celebrity Fight Night in Arizona. In 2017, he was honoured with the Kuala Lumpur Mayor's Award for Outstanding Contribution at the Kuala Lumpur Mayor Tourism Awards. This was in recognition of his efforts in the transformation of Kuala Lumpur into one of the top shopping and tourist destinations in the world.

DATO' YEOH SEOK KIAN

Malaysian, male, aged 60, was appointed to the Board on 21 October 1996 as an Executive Director. He is currently the Deputy Managing Director of the Company. He graduated from Heriot-Watt University, Edinburgh, United Kingdom in 1981 with a Bachelor of Science (Hons) Degree in Building and was conferred an Honorary Degree of Doctor of the University in 2017. He attended the Advance Management Programme conducted by Wharton Business School, University of Pennsylvania in 1984. Dato' Yeoh is a Fellow of the Faculty of Building, United Kingdom as well as a Member of the Chartered Institute of Building (UK). He serves as Deputy Managing Director of YTL Corporation Berhad and Executive Director of YTL Land & Development Berhad, both listed on the Main Market of Bursa Malaysia Securities Berhad. Dato' Yeoh also sits on the boards of other public companies such as YTL Cement Berhad, YTL Industries Berhad and The Kuala Lumpur Performing Arts Centre, and private utilities corporations, Wessex Water Limited in England and Wales, YTL PowerSeraya Pte Limited in Singapore, as well as YTL Starhill Global REIT Management Limited, the manager of Starhill Global REIT, a vehicle listed on the Main Board of the Singapore Exchange Securities Trading Limited (SGX-ST). He is also an Executive Director of Pintar Projek Sdn Bhd, the manager of YTL Hospitality REIT.

TAN SRI DATO' LAU YIN PIN @ LAU YEN BENG

Malaysian, male, aged 68, was appointed to the Board on 18 February 1997 as an Independent Non-Executive Director. He is also the Chairman of the Audit Committee and a member of the Nominating Committee. He obtained a Diploma in Commerce with distinction from Tunku Abdul Rahman College in 1974.

Tan Sri Dato' Lau has been a member of the Malaysian Institute of Accountants since 1979. He was made a Fellow of the Association of Chartered Certified Accountants, United Kingdom in 1981 and became a graduate member of the Institute of Chartered Secretaries and Administrators, United Kingdom, in 1987.

He was appointed to the board of the former Lembaga Letrik Negara on 1 October 1988 and served on the board of Tenaga Nasional Berhad, the successor to Lembaga Letrik Negara until 15 September 2010. Tan Sri Dato' Lau had also served as director of MCT Berhad, Nanyang Press Holdings Berhad, Media Chinese International Limited (a corporation listed on the Main Market of Bursa Malaysia Securities Berhad and The Stock Exchange of Hong Kong Limited), and Chairman of Star Publication (Malaysia) Berhad. He is currently a board member of Ahmad Zaki Resources Berhad which is listed on the Main Market of Bursa Malaysia Securities Berhad. Tan Sri Dato' Lau also sits on the Board of Trustees of TARC Education Foundation.

TAN SRI DATUK DR. ARIS BIN OSMAN @ OTHMAN

Malaysian, male, aged 73, was appointed to the Board on 12 June 2006 as an Independent Non-Executive Director. He is also the Chairman of the Nominating Committee and a member of the Audit Committee. Tan Sri Datuk Dr. Aris holds a PhD in Development Economics and a MA in Political Economy from Boston University, a MA in Development Economics from Williams College, Massachusetts, U.S.A., and a Bachelor of Arts (Hons) in Analytical Economics from University of Malaya.

Tan Sri Datuk Dr. Aris had served in various positions in the Economic Planning Unit, Prime Minister's Department from 1966 to 1986. He was seconded to Bank Bumiputra Malaysia Berhad (now known as CIMB Bank Berhad), Kuala Lumpur as Chief General Manager (Corporate Planning, Financial Subsidiaries, Treasury, Human Resources) from 1986 to 1989. From 1989 to 1999, Tan Sri Datuk Dr. Aris was with the Ministry of Finance during which he served as Executive Director (South-East Asia Group) of the World Bank,

PROFILE OF THE BOARD OF DIRECTORS

Washington D.C. from 1991 to 1994 and Secretary General to the Treasury from 1998 to mid-1999. This was followed by an illustrious career in banking where he held the positions of Executive Chairman and Managing Director/Chief Executive Officer of Bank Pembangunan dan Infrastruktur Malaysia Berhad. He was the Chairman of Malaysia Airports Holdings Berhad until his retirement in June 2012. He retired from his positions as director of AMMB Holdings Berhad and AmInvestment Bank Berhad in August 2015. He is currently a member of the board of trustees of YTL Foundation.

DATO' YUSLI BIN MOHAMED YUSOFF

Malaysian, male, aged 58, was appointed to the Board on 4 October 2011 as an Independent Non-Executive Director. Dato' Yusli is also a member of the Nominating Committee.

Dato' Yusli graduated with a Bachelor of Economics from the University of Essex, England and qualified as a member of the Institute of Chartered Accountants, England & Wales. He is a member of the Malaysian Institute of Accountants and is also an honorary member of the Institute of Internal Auditors Malaysia.

Dato' Yusli began his career in the field of accounting and auditing in England where he held the position of audit senior and trainee accountant with Peat Marwick Mitchell, London (1981-1986) and Chief Accountant with Hugin Sweda PLC, London (1986-1990). He then held various key positions in a number of public listed and private companies in Malaysia including senior financial and general management roles within Renong Group before leaving as Chief Operating Officer/Executive Director of Renong Berhad in 1995. He was Group Managing Director of Shapadu Corporation (1995-1996) and Chief General Manager of Sime Merchant Bankers Berhad (1996-1998) and served concurrently as Executive Vice Chairman of Intria Berhad and Managing Director of Metacorp Berhad (1998-1999) before venturing into stockbroking as the Chief Executive Director of CIMB Securities Sdn Bhd (2000-2004). He was the Chief Executive Officer/Executive Director of Bursa Malaysia Berhad (February 2004 to March 2011). He sat as a board member of the Capital Market Development Fund (2004-2011) and was chairman of the Association of Stockbroking Companies Malaysia (2003-2004). He also served as exco member of the Financial Reporting Foundation of Malaysia (2004-2011).

Dato' Yusli currently sits on the Board of Directors of Mudajaya Group Berhad, Mulpha International Berhad, AirAsia X Berhad, Westports Holdings Berhad, Australaysia Resources & Minerals Bhd, and Infiniti Trustee Berhad. He is the President of the Malaysian Institute of Corporate Governance.

DATO' YEOH SOO MIN

Malaysian, female, aged 61, was appointed to the Board on 2 June 1997 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 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 Corporation Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad and YTL Industries Berhad.

DATO' YEOH SEOK HONG

Malaysian, male, aged 58, was appointed to the Board on 18 October 1996 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 Corporation

PROFILE OF THE BOARD OF DIRECTORS

Berhad and YTL Land & Development Berhad, both listed on the Main Market of Bursa Malaysia Securities Berhad. Dato' Yeoh Seok Hong also sits on the boards of other public companies such as YTL Cement Berhad and YTL Industries Berhad, and private utilities corporations, Wessex Water Limited and Wessex Water Services Limited in England and Wales, and YTL PowerSeraya Pte Limited in Singapore. He also sits on the board of trustees of YTL Foundation.

DATO' SRI MICHAEL YEOH SOCK SIONG

Malaysian, male, aged 57, was appointed to the Board on 21 October 1996 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 YTL Group Manufacturing Division which activities involve cement manufacturing and other building material industries. He serves as an Executive Director of YTL Corporation Berhad and YTL Land & Development Berhad, both listed on the Main Market of Bursa Malaysia Securities Berhad. He also sits on the boards of other public companies such as YTL e-Solutions Berhad, YTL Cement Berhad, YTL Industries Berhad, and a private utilities corporation, YTL PowerSeraya Pte Limited in Singapore.

DATO' YEOH SOO KENG

Malaysian, female, aged 54, was appointed to the Board on 2 June 1997 as an Executive Director. She graduated with a Bachelor of Science (Hons) in Civil Engineering from Leeds University, United Kingdom in 1985. She started her career as the project director for the construction of the British High Commissioner's residence, Kuala Lumpur; the Design & Build of the National Art Gallery in Kuala Lumpur and the Selangor Medical Centre in Shah Alam. She was also in charge of a few turnkey projects such as the construction and completion of Yeoh Tiong Lay Plaza, Pahang Cement plant in Pahang and Slag Cement plants in Selangor and Johor. She heads the sales and marketing of the mobile internet of YTL Communications Sdn Bhd. She is also the purchasing director responsible for bulk purchases of building materials and related items for construction, hotels and resorts, and property development divisions of the YTL Group. She is instrumental in the sales and marketing of cement and related products for YTL Cement Berhad and Perak-Hanjoong Simen Sdn Bhd. She was the Chairman of Cement and Concrete Association from year 2013 to 2015. She is also a director of YTL Corporation Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad, YTL e-Solutions Berhad and YTL Cement Berhad. She is actively engaged in community work and is currently President of the Federal Territory Kuala Lumpur Branch of the Girl Guides Association Malaysia, and member of the board of the World Scout Foundation.

DATO' MARK YEOH SEOK KAH

Malaysian, male, aged 52, was appointed to the Board on 21 October 1996 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 Corporation Berhad and YTL Land & Development Berhad, both listed on the Main Market of Bursa Malaysia Securities Berhad. He is a board member of YTL Cement Berhad and private utilities corporations, Wessex Water Limited and Wessex Water Services Limited in England and Wales, and YTL PowerSeraya Pte Limited in Singapore. He is also an Executive Director of Pintar Projek Sdn Bhd, the manager of YTL Hospitality REIT.

SYED ABDULLAH BIN SYED ABD. KADIR

Malaysian, male, aged 63, was appointed to the Board on 18 February 1997 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 Corporation Berhad which is listed on Bursa Malaysia Securities Berhad, and YTL e-Solutions Berhad.

PROFILE OF THE BOARD OF DIRECTORS

FAIZ BIN ISHAK

Malaysian, male, aged 59, was appointed to the Board on 26 November 2015 as an Independent Non-Executive Director. He is also a member of Audit Committee. He became a gradute member of the Association of Chartered Certified Accountants (ACCA), United Kingdom, in 1982. He was admitted to Associateship and Fellowship of ACCA in 1993 and 1999, respectively.

He served in various roles related to finance in The New Straits Times Press (M) Berhad ("NSTP") from 1982 and his last appointment with NSTP was as Managing Director, which he held from 1999 to 2003. He joined Commerce Assurance Berhad (a licensed general insurance underwriter, now part of Allianz General Insurance Berhad) as Executive Director in 2003 and assumed the role of Chief Executive Officer from 2006 to 2007. He presently serves on the board of YTL Corporation Berhad which is listed on the Main Market of Bursa Malaysia Securities Berhad. He is also an entrepreneur in the retail food and beverages industry.

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	4
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping	5
Dato' Yeoh Seok Kian	5
Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng	5
Tan Sri Datuk Dr. Aris Bin Osman @ Othman	5
Dato' Yusli Bin Mohamed Yusoff	5
Dato' Yeoh Soo Min	5
Dato' Yeoh Seok Hong	5
Dato' Sri Michael Yeoh Sock Siong	5
Dato' Yeoh Soo Keng	5
Dato' Mark Yeoh Seok Kah	5
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 (other than traffic offences)**
   None of the Directors has been convicted of any offences within the past five (5) years.

4. **Public Sanction or Penalty imposed**
   None of the Directors has been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

PROFILE OF KEY SENIOR MANAGEMENT

COLIN FRANK SKELLETT

British, male, aged 72, was appointed to the board of directors of Wessex Water Services Limited on 1 September 1988.

Colin is a chartered chemist and engineer by training. He has been working in the water industry for more than 40 years, holding a number of positions in the management and control of both water supply and sewage treatment.

He joined Wessex Water in 1974 and was appointed its Chief Executive in 1988. Colin oversaw the move from the public to the private sector and the transformation of Wessex Water into a highly rated UK public limited company.

Colin is currently Group Chief Executive of Wessex Water, Chairman of The Gainsborough Bath Spa Hotel and Thermae Bath Spa, non-executive Chairman of European Connoisseurs Travel and chair of the Venturers' Academy, a specialist autism free school. He chairs the Bath Abbey Appeal Board and is also the chair of the new YTL Land and Property UK business.

Colin was awarded an OBE for services to business and WaterAid in the 2012 Queen's Birthday Honours and has an Honorary Doctorate in Engineering from the University of the West of England, awarded in 2015.

CHAN SWEE HUAT

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

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

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

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

LEE WING KUI

American, male, aged 50, was appointed the Chief Executive Officer of YTL Communications Sdn Bhd ("YTL Communications") on 1 November 2009 and subsequently appointed as a member of the board of directors of YTL Communications on 3 March 2011.

As the CEO of YTL Communications, Wing maximises his expertise in innovative product development with a deep understanding of communications and internet technologies to deliver affordable, world-class quality products and services that improve the way people in Malaysia live, learn, work and play.

Prior to joining YTL Communications, Wing led next-generation mobile internet product development at Clearwire in the United States. Earlier, he spent 15 years at Sprint Nextel, where he held senior management positions leading product development, led Sprint's Innovation Program, and spearheaded IT Architecture for the launch of the first nationwide wireless data network in the United States.

Wing holds 22 U.S. patents in wireless and distributed systems and was recognised as the Asian American Engineer of the Year during the 2002 U.S. National Engineers Week.

A graduate of the University of Texas at Austin, Wing also holds an Executive Certificate in Management and Leadership from MIT's Sloan School of Management.

Notes:

None of the Key Senior Management has –

- any directorship in public companies and/or listed issuers;
- any family relationship with any Director and/or major shareholder of the Company;
- any conflict of interest with the Company;
- been convicted of any offences (other than traffic offences) within the past five (5) years; and
- been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are required by the Companies Act, 2016 ("the Act") and the Bursa Malaysia Securities Berhad Main Market Listing Requirements ("Listing Requirements") to prepare financial statements for each financial year which give a true and fair view of the financial position of the Group and of the Company as at the end of the financial year and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

In preparing the financial statements for the financial year ended 30 June 2017, the Directors have:

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

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

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

AUDIT COMMITTEE REPORT

COMPOSITION

Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng
(Chairman/Independent Non-Executive Director)

Tan Sri Datuk Dr. Aris Bin Osman @ Othman
(Member/Independent Non-Executive Director)

Faiz Bin Ishak
(Member/Independent Non-Executive Director)

TERMS OF REFERENCE

The terms of reference of the Audit Committee can be found under the "Governance" section on the Company's website at www.ytlpowerinternational.com.

NUMBER OF MEETINGS HELD AND DETAILS OF ATTENDANCE

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

	Attendance
Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng	5
Tan Sri Datuk Dr. Aris Bin Osman @ Othman	5
Faiz Bin Ishak	5

SUMMARY OF WORK CARRIED OUT DURING FINANCIAL YEAR

The Audit Committee carried out the following work during the financial year ended 30 June 2017 in the discharge of its functions and duties:-

1. OVERSEEING FINANCIAL REPORTING

(a) Reviewed the following quarterly financial results and annual financial statements ("Financial Reports") prior to their recommendation to the Board of Directors for approval:-

- Quarterly financial results for the fourth quarter of financial year ended 30 June 2016, and the annual audited financial statements for the financial year ended 30 June 2016 at the Audit Committee meetings held on 25 August 2016 and 22 September 2016, respectively;
- First, second and third quarters of the quarterly results for the financial year ended 30 June 2017 at the Audit Committee meetings held on 17 November 2016, 23 February 2017 and 25 May 2017, respectively.

(b) At the Audit Committee meetings, the Treasurer cum Departmental Head (Accounts) presented the Financial Reports wherein the following matters were reviewed and confirmed, with clarifications and/or additional information provided wherever required by the Executive Director primarily in charge of the financial management of the Company:

- Appropriate accounting policies had been adopted and applied consistently, and other statutory and regulatory requirements had been complied with;
- The Company has adequate resources to continue in operation for the foreseeable future and that there are no material uncertainties that could lead to significant doubt as to the Group's ability to continue as a going concern;
- Significant judgements made by management in respect of matters such as impairment assessment on goodwill, carrying value of investment, and retirement benefits were prudent and the underlying assumptions and/or estimates used were reasonable in accordance with the requirements of the Malaysian Financial Reporting Standards ("MFRS");
- Adequate processes and controls were in place for effective and efficient financial reporting and disclosures under the MFRS and Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("Main LR");
- The Financial Reports were fairly presented in conformity with the relevant accounting standards in all material aspects.

AUDIT COMMITTEE REPORT

2. EXTERNAL AUDIT

(a) Reviewed with the external auditors, Messrs PricewaterhouseCoopers ("PwC"):-

- their status report, and final report on the audit of the financial statements for financial year ended 30 June 2016 setting out their comments and conclusions on the significant audit and accounting matters highlighted and adequacy of disclosures in the financial statements. The review also covered the report on the IT General Controls review conducted on YTL Communications Sdn Bhd and an update on the prior financial year's findings, and internal control matters highlighted by the external auditors that arose during the course of their audit;
- the audit plan for the financial year ended 30 June 2017 outlining, amongst others, their scope of work, areas of audit emphasis, multi-location audit, and development in laws and regulations affecting financial reporting and the roles and responsibilities of directors/audit committee members and auditors;

(b) Reviewed the audit fees proposed by PwC together with management and recommended the fees agreed with PwC to the Board of Directors for approval.

(c) Had discussions with PwC three times, namely on 25 August 2016, 22 September 2016 and 25 May 2017, without the presence of management, to apprise on matters in regard to the audit and financial statements.

(d) Reviewed the profiles of the audit engagement team from PwC Malaysia, specialised audit support (taxation, advisory, and IT risk assurance), and component auditors from PwC Singapore, Australia and Indonesia to assess their qualifications, expertise, resources, and independence, as well as the effectiveness of the audit process. PwC also provided written confirmation of their independence in all of the reports presented to the Audit Committee. The Audit Committee also reviewed on a regular basis, the nature and extent of the non-audit services provided by PwC and was satisfied with the suitability, performance, independence and objectivity of PwC.

(e) Arising from the new international standards of auditing relating to key audit matters and going concern which took effect on 15 December 2016, and to facilitate a better understanding of the requirements, a proforma of the auditors' new reporting model based on the audit of the financial statements of the Group and of the Company for financial year ended 30 June 2016 was reviewed by the Audit Committee.

3. INTERNAL AUDIT

(a) Reviewed with the internal auditors the internal audit reports (including follow-up review reports), the audit findings and recommendations, management's responses and/or actions taken thereto and ensured that material findings were satisfactorily addressed by management. Also took note of the salient findings set out in the internal audit reports reviewed by the audit committees of Wessex Water Limited group and YTL PowerSeraya Pte Limited group;

(b) Reviewed and adopted the internal audit risk analysis reports for 2017. Internal audit would leverage on the Group's risk analysis to focus on the business processes and relevant areas that address the key risks identified. Also received reports from the risk management committee YTL PowerSeraya Pte Limited which included the risk register update. Risk management and internal control reports of the significant associated corporations, P.T. Jawa Power and Electranet Pty Ltd were also submitted to the Audit Committee;

(c) Reviewed and adopted the risk-based internal audit plan for financial year ending 30 June 2018 to ensure sufficient scope and coverage of activities of the Company and the Group;

(d) Reviewed internal audit resourcing, with focus on ensuring that the function has the right calibre of resource in place.

4. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("RRPT")

(a) Reviewed, on a quarterly basis, the RRPT entered into by the Company and/or its subsidiaries with related parties to ensure that the Group's internal policies and procedures governing RRPT are adhered to, the terms of the shareholder mandate are not contravened, and disclosure requirements of the Main LR are observed;

(b) Received updates on the directorships and shareholdings held by the Directors of the Company and persons connected with them via the general notices given under and in accordance with Section 221 of the Companies Act, 2016. These disclosures enabled an assessment of the potential or actual conflicts of interest which may arise in relation to related party transactions or RRPT;

(c) Reviewed the 2016 circular to shareholders in relation to the renewal of shareholder mandate for RRPT and new shareholder mandate for additional RRPT, prior to its recommendation to the Board of Directors for approval.

5. ANNUAL REPORT

(a) Reviewed the Audit Committee Report, and Statement on Risk Management and Internal Control before recommending these to the Board of Directors for approval for inclusion in 2016 Annual Report.

INTERNAL AUDIT FUNCTION

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

During the year, the IA Department evaluated the adequacy and effectiveness of key controls in responding to risks within the organisation's governance, operations and information systems regarding:-

- Reliability and integrity of financial and operational information;
- Effectiveness and efficiency of operations;
- Safeguarding of assets; and
- Compliance with relevant laws, regulations and contractual obligations.

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

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

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

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

4. Presented significant audit findings and areas for improvements raised by the IA to the Audit Committee for consideration on the recommended corrective measures together with the management's response.

5. Conducted recurrent related party transactions reviews to assess accuracy and completeness of reporting, and ensure compliance with the Main LR.

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

Costs amounting to RM1,247,360 were incurred in relation to the internal audit function for the financial year ended 30 June 2017.

NOMINATING COMMITTEE STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

NOMINATING COMMITTEE ("NC")

The NC assists the Board of Directors of YTL Power International Berhad (the "Company") ("Board") in discharging its responsibilities by overseeing the selection and assessment of Directors to ensure that the composition of the Board meets the needs of the Company and its subsidiaries ("YTL Power Group").

The terms of reference of the NC can be found under the "Governance" section on the Company's website at www.ytlpowerinternational.com.

Members of the NC are as follows:-

- Tan Sri Datuk Dr. Aris Bin Osman @ Othman *(Chairman)*
- Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng
- Dato' Yusli Bin Mohamed Yusoff

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

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

(A) BOARD NOMINATION AND ELECTION PROCESS AND CRITERIA USED

The NC is responsible for considering and making recommendations to the Board candidates for directorship when the need arises such as to fill a vacancy arising from resignation or retirement or to close any skills, competencies, experience or diversity gap that has been identified. Candidates may be proposed by the Managing Director or any Director or shareholder and must fulfil the requirements prescribed under the relevant laws and regulations for appointment as director. In assessing the suitability of a candidate, the NC will take into consideration a number of factors including but not limited to the candidate's skills, knowledge, expertise, competence and experience, time commitment, character, professionalism and integrity. For the position of independent non-executive director, the NC will evaluate the candidate's ability to discharge such responsibilities as expected from an independent non-executive director.

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

In accordance with Article 84 of the Company's Constitution ("Article 84"), Directors are to be elected at every annual general meeting when one-third of the Directors longest in office shall retire, subject always to the requirement that all Directors shall retire from office once at least in each three years, and if eligible, may offer themselves for re-election.

Although the 70-year age limit for directors had been abolished under the Companies Act, 2016, directors who were re-appointed by the members at the last annual general meeting pursuant to Section 129(6) of the Companies Act, 1965 ("Section 129 CA65") to hold office until the conclusion of the next annual general meeting, are required to be re-appointed in order to continue in office. If re-appointed, these directors will then be subject to retirement by rotation in accordance with the Company's Constitution.

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

- Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, Dato' Yusli Bin Mohamed Yusoff, Dato' Sri Michael Yeoh Sock Siong, and Dato' Mark Yeoh Seok Kah who are due to retire pursuant to Article 84 at the Twenty-First Annual General Meeting of the Company ("AGM"), stand for re-election;
- Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay, and Tan Sri Datuk Dr. Aris Bin Osman @ Othman, who were re-appointed at the Twentieth AGM of the Company pursuant to Section 129 CA65 to hold office until the conclusion of the Twenty-First AGM, stand for re-appointment.

Both Dato' Yusli Bin Mohamed Yusoff and Tan Sri Datuk Dr. Aris Bin Osman @ Othman abstained from deliberations at the NC meeting on their own re-election and re-appointment, respectively.

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

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

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

During the course of their respective independence evaluations, Tan Sri Datuk Dr. Aris Bin Osman @ Othman and Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng had respectively expressed their reservation on continuing in office as INED due to the perception, doubt and focus cast on the independence of long-serving directors arising from the corporate governance recommendation that the tenure of independent directors be capped at 9 years. Despite having confirmed and maintained their independence, they felt it best that their positions be decided by the Board. The NC appreciated their candour and that they continue to be valuable and independent contributors to the Board.

The Board respected the views of Tan Sri Datuk Dr. Aris Bin Osman @ Othman and Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng as each brings with him a different wealth of expertise, wisdom and experience. The Board also appreciated that they continue to exhibit exemplary level of integrity, professionalism and commitment to the YTL Power Group. Both Tan Sris possess collegial attributes yet remain objective and independent in their views and participate actively and candidly in Board deliberations.

For these reasons, the Board, save for Tan Sri Datuk Dr. Aris Bin Osman @ Othman and Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng, who had abstained from deliberations on the matter, is satisfied with the skills, contributions and independent judgement that Tan Sri Datuk Dr. Aris Bin Osman @ Othman and Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng bring to the Board. The Board, save for Tan Sri Datuk Dr. Aris Bin Osman @ Othman and Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng, recommends and supports the resolutions for their continuing in office as INED of the Company which will be tabled for shareholders' approval at the forthcoming AGM.

(B) ANNUAL ASSESSMENT

In May 2017, the annual assessment of the effectiveness of the Board as a whole, the Board Committees and individual Directors was carried out with the objectives of assessing whether the Board and the Board Committees, as well as the Directors have effectively performed its/their roles and fulfilled its/their responsibilities, and devoted sufficient time commitment to the Company's affairs; and to recommend areas for improvement. The assessment exercise was facilitated by the Company Secretary and took the form of completion of questionnaires/evaluation forms comprising a Board and Nominating Committee Effectiveness Evaluation Form, Individual Director Performance Evaluation Form, Independent Directors' Evaluation Form, Audit Committee Effectiveness Evaluation Form, and Audit Committee Members Evaluation Form.

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

The assessment of the individual Directors covered areas such as fit and properness, contribution and performance, calibre, character/personality and time commitment.

NOMINATING COMMITTEE STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

Results of the assessment were summarised and discussed at the NC meeting held in June 2017 and reported to the Board by the Chairman of the NC. The evaluation results confirmed that the Board and the Board Committees continue to operate effectively and that the performance of the Directors and the time commitment in discharging their duties as Directors of the Company for the year ended 30 June 2017 were satisfactory. These results form the basis of the NC's recommendations to the Board for the re-election and re-appointment of Directors at the AGM.

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

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

POLICY ON BOARD COMPOSITION

As the Board's overriding aim is to maintain a strong and effective Board, it seeks to ensure that all appointments are made on merit, taking into account the collective balance of elements such as skills, experience, age, gender, ethnicity, background and perspective. The Board recognises the importance of encouraging and developing female talent at all levels. Currently, two or 22% of the Company's Executive Directors are women and they make up 15% of the full Board. Although it has not set any specific measurable objectives, the Board intends to continue its current approach to diversity in all aspects while at the same time seeking Board members of the highest calibre, and with the necessary strength, experience and skills to meet the needs of the Company.

INDUCTION, TRAINING AND DEVELOPMENT OF DIRECTORS

Upon joining the Board, a newly appointed Director will be given an induction pack containing the Company's annual report, Constitution, and schedule of meetings of the Board and Committee (if the Director is also a Committee member) which will serve as an initial introduction to the YTL Power Group as well as an ongoing reference.

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

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

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

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

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

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

Seminars/Conferences/Training	Attended by
➤ **Corporate Governance ("CG")/Risk Management & Internal Controls/ Taxation/Financial/Legal/Technology**	
• Investment Analysis on Plantation Industry (26 July 2016)	Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng ("Tan Sri Dato' Lau YP")
• Case Study Workshop for Independent Directors: *"Rethinking – Independent Directors: A New Frontier"* (SIDC) (22 August 2016)	Tan Sri Dato' Lau YP Tuan Syed Abdullah Bin Syed Abd. Kadir ("Syed Abdullah")
• Common Breaches of the Listing Requirements with Case Studies (30 August 2016)	Syed Abdullah
• MIT Insights Series #9 by Dr Doughlas T. Breeden – *"Central Bank Policy Impacts on the Distribution of Future Interest Rates & Behavioral Decision Making and Risk Management in Recent Financial Crises"* (28 September 2016)	Dato' Yeoh Soo Min ("Dato' Soo Min")
• Role of the Chairman & Independent Directors (MICG) (28 September 2016)	Tan Sri Datuk Dr. Aris Bin Osman @ Othman ("Tan Sri Aris") Encik Faiz Bin Ishak ("Faiz Ishak")
• The Interplay between CG, Non-Financial Information and Investment Decision – What Boards of Listed Companies Need To Know (SIDC) (28 September 2016)	Dato' Yusli Bin Mohd Yusoff ("Dato' Yusli")
• Independent Directors Programme: The Essence of Independence (29 September 2016)	Dato' Yusli
• Qualcomm 4G/5G Summit 2017 (17 October 2016 – 19 October 2016)	Dato' Yeoh Soo Keng ("Dato' Soo Keng")
• Related Party Transactions – Their Implications to the Board of Directors, Audit Committee & Management (MICG) (25 October 2016)	Tan Sri Aris
• CG Breakfast Series with Directors: The Cybersecurity Threat and How Board Should Mitigate the Risks (18 November 2016)	Tan Sri Dato' Lau YP Dato' Yusli
• CG Breakfast Series: How to Leverage on AGMs for Better Engagement with Shareholders (21 November 2016)	Dato' Yusli
• OECD – BEPS Initiative (23 February 2017)	Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay ("Tan Sri Yeoh Tiong Lay") Tan Sri Dato' (Dr) Francis Yeoh Sock Ping ("Tan Sri Francis Yeoh") Tan Sri Dato' Lau YP Tan Sri Aris Dato' Yeoh Seok Kian ("Dato' YS Kian") Dato' Yusli Dato' Soo Min

NOMINATING COMMITTEE STATEMENT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

Seminars/Conferences/Training	Attended by
➤ **Corporate Governance ("CG")/Risk Management & Internal Controls/ Taxation/Financial/Legal/Technology**	
(Continued) • OECD – BEPS Initiative (23 February 2017)	Dato' Yeoh Seok Hong ("Dato' YS Hong") Dato' Sri Michael Yeoh Sock Siong ("Dato' Sri Michael Yeoh") Dato' Soo Keng Dato' Mark Yeoh Seok Kah ("Dato' Mark Yeoh") Syed Abdullah Faiz Ishak
• Embracing the Companies Act 2016 (24 February 2017)	Dato' Yusli
• Mobile World Congress 2017 (27 February 2017 – 2 March 2017)	Dato' Soo Keng
• Cybersecurity in the Boardroom (17 April 2017)	Tan Sri Yeoh Tiong Lay Tan Sri Francis Yeoh Dato' YS Kian Dato' Yusli Dato' Soo Min Dato' Sri Michael Yeoh Dato' Soo Keng Dato' Mark Yeoh Syed Abdullah Faiz Ishak
• Audit Committee Institute (ACI) Breakfast Roundtable 2017 (28 April 2017)	Dato' Yusli
• Establishing effective GRC practices to drive Strategy, Performance and Sustainability (2 June 2017)	Tan Sri Yeoh Tiong Lay Tan Sri Francis Yeoh Dato' Mark Yeoh Syed Abdullah Faiz Ishak
➤ **Trade/Economic Development, Sustainability**	
• MCA Economic Strategic Conference – *"Conquering The New Economic Frontiers: Empowering Youths"* (13 August 2016)	Tan Sri Dato' Lau YP
• MIT Insights Series #8 by Professor Richard Schmalensee – *"Matchmakers: The New Economics of Multi-sided Platforms"* (7 September 2016)	Dato' Soo Min
• London School of Economics Insights dinner talk – *"After Brexit – Britain, Europe and the World"* (26 September 2016)	Tan Sri Aris Dato' Yusli Syed Abdullah
• Listed issuers sustainability education programme – Sector-Specific Sustainability Reporting Workshop (Utilities) (14 October 2016)	Tan Sri Aris
• An Evening of Stimulating Dialogue with Singapore Management University (SMU) President, Professor Arnoud De Meyer – *"The Future Economy: Digital, Jobs & Education"* (21 October 2016)	Tan Sri Aris Dato' Soo Min

NOMINATING COMMITTEE STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

Seminars/Conferences/Training	Attended by
➤ **Trade/Economic Development, Sustainability**	
• MIT Insights Series #10 by Professor Danny Quah – *"The Economic Case for a New World Order"* (22 November 2016)	Dato' Soo Min
• Business Breakfast Roundtable with The Hon. Julie Bishop MP, Minister for Foreign Affairs of Australia (15 March 2017)	Dato' Soo Min
➤ **Leadership, Corporate Social Responsibility, and Business Management**	
• Leaps of Knowledge: Creating Connections (30 November 2016)	Dato' Soo Min
• YTL Leadership Conference 2016 (19 December 2016)	Tan Sri Francis Yeoh Tan Sri Dato' Lau YP Tan Sri Aris Dato' YS Kian Dato' Soo Min Dato' YS Hong Dato' Sri Michael Yeoh Dato' Soo Keng Dato' Mark Yeoh Faiz Ishak
• Global Transformation Forum 2017 (22 March 2017 & 23 March 2017)	Dato' YS Hong Dato' Soo Min Dato' Soo Keng Syed Abdullah
• The Inaugural Business Leaders Brunch with The World Bank Group & 30% Club Malaysia – *"Tackling Sustainability Together"* (26 March 2017)	Dato' Soo Min

STATEMENT ON CORPORATE GOVERNANCE

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

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

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

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

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

ROLES & RESPONSIBILITIES OF THE BOARD

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

- Reviewing and adopting strategic plans for the YTL Power Group;
- Overseeing the conduct of the YTL Power Group's business operations and financial performance including the economic, environmental and social impacts of its operations;
- Identifying principal risks affecting the YTL Power 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 Power 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 Power 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 Power Group.

The roles of Executive and Non-Executive Directors are differentiated, both having fiduciary duties towards shareholders. Executive Directors have a direct responsibility for business operations whereas Non-Executive Directors have the necessary skill and experience to bring an independent judgement to bear on issues of strategy, performance and resources brought before the Board. The Executive Directors are collectively accountable for the running and management of the

STATEMENT ON CORPORATE GOVERNANCE

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

YTL Power 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 Power Group conducts its business.

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

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

The Board believes sustainability is integral to the long-term success of the YTL Power Group. Further information on the YTL Power Group's sustainability activities can be found in the *Sustainability Statement* in this Annual Report.

The Board's functions are governed and regulated by the Constitution of the Company and the various applicable legislation, Listing Requirements and other regulations and codes. The Board's charter was formalised during the financial year ended 30 June 2014 and a copy can be found under the "Governance" section on the Company's website at www.ytlpowerinternational.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 Power 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 2017.

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

The Directors have full and unrestricted access to all information pertaining to the YTL Power 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 Power Group's operations and detailed information on corporate proposals, major fund-raising exercises and significant acquisitions and disposals. Where necessary or prudent, professional advisers may be on hand to provide further information and respond directly to Directors' queries. In order to maintain confidentiality, Board papers on issues that are deemed to be price-sensitive may be handed out to Directors during the Board meeting.

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

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

The Company Secretary is a Fellow of the Chartered Association of Certified Accountants, a registered member of the Malaysian Institute of Accountants and an affiliate member of the Malaysian Institute of Chartered Secretaries and Administrators, and is qualified to act as Company Secretary under Section 235(2)(a) of the Companies Act 2016. During the financial year under review, the Company Secretary attended training, seminars and regulatory briefings and updates relevant for the effective discharge of her duties.

COMPOSITION & INDEPENDENCE OF THE BOARD

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

In accordance with the Constitution, at least one-third of the Directors are required to retire from office at each Annual General Meeting ("AGM") and may offer themselves for re-election by rotation. Directors who are appointed by the Board during the financial year are subject to re-election by shareholders at the next AGM held following their appointments. The names of Directors seeking re-election at the forthcoming AGM are disclosed in the *Notice of Annual General Meeting*, which can be found in this Annual Report. The details of the Directors can be found in the *Profile of the Board of Directors* set out in this Annual Report and this information is also available under the "Governance" section on the Company's website at www.ytlpowerinternational.com.

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

Directors' remuneration is decided in line with the objective recommended by the 2012 Code to determine the remuneration for Directors so as to attract, retain, motivate and incentivise Directors of the necessary calibre to lead the YTL Power Group successfully. In general, the remuneration of the Directors is reviewed against the performance of the individual and the YTL Power Group. The Executive Directors' remuneration consists of basic salary, other emoluments and other customary benefits as appropriate to a senior management member. The component parts of remuneration are structured so as to link rewards to performance. Directors do not participate in decisions regarding their own remuneration packages and Directors' fees must be approved by shareholders at the AGM.

Details of the aggregate remuneration of Directors categorised into appropriate components and the range of remuneration for each Director can be found in *Note 7* 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 Power Group's standards of corporate governance.

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

BOARD COMMITMENT

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

Presently, each Board member is required to assess (via the annual assessment process) whether he/she devotes the necessary time and energy to fulfilling his/her commitments to the Company. The Board recognises that an individual's capacity for work varies depending on various factors that weigh very much on his/her own assessment. Hence, having rigid protocols in place before any new directorships may be accepted is not practical. Each board member is also expected to inform the Board whenever he/she is appointed as an officer of a corporation.

The details of each Director's attendance of Board meetings can be found in the *Profile of the Board of Directors* whilst details of the training programmes attended during the year under review are disclosed in the *Nominating Committee Statement* in this Annual Report. This information is also available under the "Governance" section on the Company's website at www.ytlpowerinternational.com.

INTEGRITY IN FINANCIAL REPORTING

The Company has in place an Audit Committee which comprises 3 Non-Executive Directors in compliance with the Listing Requirements which require all the members of the Audit Committee to be non-executive members. The Audit Committee holds quarterly meetings to review matters including the YTL Power 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 2017. Full details of the composition and a summary of the work carried out by the Audit Committee during the financial year can be found in the *Audit Committee Report* set out in this Annual Report. This information and the terms of reference of the Audit Committee are available under the "Governance" section on the Company's website at www.ytlpowerinternational.com.

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

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

	Company	Group
	RM'000	RM'000
Statutory audit fees paid/ payable to:-		
- PwC Malaysia	**620**	**670**
- Affiliates* of PwC Malaysia	**-**	**815**
Total	**620**	**1,485**
Non-audit fees paid/payable to:-		
- PwC Malaysia	**23**	**99**
- Affiliates* of PwC Malaysia	**-**	**321**
Total	**23**	**420**

* Member firms of an organisation which are separate and independent legal entities from PwC Malaysia

The Directors are responsible for ensuring that financial statements are drawn up in accordance with the Listing Requirements, Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The *Statement of Directors' Responsibilities* made pursuant to Section 248-249 of the Companies Act 2016 is set out in this Annual Report.

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

RISK MANAGEMENT

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

CORPORATE DISCLOSURE & COMMUNICATION WITH SHAREHOLDERS

The YTL Power 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 Power 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.ytlpowerinternational.com and the YTL Corporation Berhad Group's community website at www.ytlcommunity.com, in addition to prescribed information, including its interim financial reports, announcements, circulars, prospectuses and notices, which is released through the official website of Bursa Securities.

The Managing Director and the Executive Directors meet with analysts, institutional shareholders and investors throughout the year not only to promote the dissemination of the YTL Power Group's financial results but to provide updates on strategies and new developments to ensure better understanding of the YTL Power Group's operations and activities. Presentations based on permissible disclosures are made to explain the YTL Power 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 Power 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 Power Group, the resolutions being proposed and the business of the YTL Power Group in general at every general meeting of the Company. The notice of the AGM and a circular to shareholders in relation to the renewal of the Company's share buy-back and recurrent related party transactions mandates, if applicable, are sent to shareholders at least 21 days prior to the AGM in accordance with the Listing Requirements and the Companies Act 2016 in order to enable shareholders to review the YTL Power 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 Power 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 Power 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 Constution of the Company. At the 20th AGM of the Company, held on 22 November 2016, the resolutions put forth for shareholders' approval were voted on by way of a poll.

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

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

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

The Board acknowledges its overall responsibility for maintaining a sound system of risk management and internal control to safeguard the investment of its shareholders and the assets of the YTL Power 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 Power 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 Power 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 Power 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 POWER 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 Power Group and its staff conduct themselves. The principal features which formed part of the YTL Power Group's system of internal control can be summarised as follows:-

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

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

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

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

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

- **Internal Compliance:** The YTL Power 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 Power 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 POWER 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 Power Group's internal audit function is carried out by the Internal Audit department within the YTL Corporation Berhad Group ("YTLIA"), which provides assurance on the efficiency and effectiveness of the internal control systems implemented by management, and reports directly to the Audit Committee. A description of the work of the internal audit function can be found in the *Audit Committee Report* set out in this Annual Report. This information is also available under the "Governance" section on the Company's website at www.ytlpowerinternational.com.

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

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

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

  Similarly, the companies of the YTL PowerSeraya Pte Ltd group ("YTL PowerSeraya") based in Singapore were also not covered by YTLIA. YTL PowerSeraya's operations are subject to stringent financial and operational controls imposed by its regulator, the Energy Market Authority ("EMA"), a statutory board under the Minister of Trade and Industry of Singapore. YTL PowerSeraya outsourced its internal audit to a reputable professional firm which reports to its audit committee and its findings are also presented to the Audit Committee. YTL PowerSeraya has the responsibility to ensure that the internal controls and systems in place are maintained to provide reasonable assurance as to the integrity and reliability of its financial statements.

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

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

The YTL Power 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 Power Group's strategy of acquiring regulated assets and financing acquisitions on a non-recourse basis. These include 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 Power Group's business activities involve some degree of risk. The YTL Power 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 Power Group's operations in order to enhance shareholder value.

The Board assumes overall responsibility for the YTL Power Group's risk management framework. Identifying, evaluating and managing any significant risks faced by the YTL Power 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 Power Group and report these findings to the Audit Committee. During the financial year under review, the Board's functions within 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 Power 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 Power Group's overall financial risk management objective is to ensure that the YTL Power Group creates value for its shareholders. The YTL Power 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 Power 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 Power Group's risk management is contained in the *Management Discussion & Analysis* in this Annual Report.

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

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

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 Power 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

As required under Paragraph 15.23 of the Listing Requirements, the external auditors, Messrs PricewaterhouseCoopers, have reviewed this Statement on Risk Management & Internal Control. Their review was performed in accordance with Recommended Practice Guide ("RPG") 5 issued by the Malaysian Institute of Accountants. Based on their review, they have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process the Board has adopted in reviewing the adequacy and integrity of internal control and risk management of the YTL Power Group. RPG 5 does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the YTL Power Group.

CONCLUSION

The Board is of the view that the system of risk management and internal control being instituted throughout the YTL Power 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 Power 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 Power have provided assurance to the Board that the YTL Power 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 Power Group's assets.

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

DISCLOSURE OF RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

At the last Annual General Meeting of YTL Power International Berhad ("YTL Power") held on 22 November 2016, the Company had obtained a mandate from its shareholders to allow YTL Power and/or its subsidiaries ("YTL Power Group") to enter into related party transactions which are recurrent, of a revenue or trading nature and which are necessary for the day-to-day operations of YTL Power or its subsidiaries ("Recurrent Related Party Transactions").

In accordance with Paragraph 10.09(2)(b) of Bursa Malaysia Securities Berhad Main Market Listing Requirements ("Main LR"), details of the Recurrent Related Party Transactions conducted during the financial year ended 30 June 2017 pursuant to the said shareholder mandate are as follows:-

Companies in the YTL Power Group involved in the Recurrent Related Party Transactions	Related Party	Nature of Transactions	Interested Related Parties	Nature of Relationship	Value of Transactions RM'000
YTL Communications Sdn Bhd ("YTLC"); YTL Broadband Sdn Bhd ("YTLB"); YTL Digital Sdn Bhd ("YTLD")	Persons Connected[(b)] with Major Shareholder of Subsidiaries[(2)]	Provision of telecommunications and/or broadband services, equipment and/or related services to Related Party; Provision of hotel related services by Related Party; Provision of field operations, maintenance services for base stations, microwave equipment and hubs and/or any other ancillary equipment and areas for network facilities and network services by Related Party; Procurement of construction and related services, and building infrastructure/equipment from Related Party.	Dato' Hj Mohamed Zainal Abidin Bin Hj Abdul Kadir ("Dato' Md Zainal Abidin")[(1)]	Major Shareholder[(a)]	199,842

Notes:-

(a) Major Shareholder – As defined in Paragraph 1.01 of the Main LR and for purpose of this disclosure, includes the definition set out in Chapter 10 of the Main LR.

(b) Person(s) Connected – As defined in Paragraph 1.01 of the Main LR.

(1) YTLB and YTLD are subsidiaries of YTLC. Dato' Md Zainal Abidin is a Major Shareholder of YTLC, YTLB and YTLD.

(2) 'Persons Connected with Major Shareholder of Subsidiaries' refer to the companies in which Dato' Md Zainal Abidin is also a Major Shareholder and/or Director.

ANALYSIS OF SHARE/WARRANT HOLDINGS

AS AT 19 SEPTEMBER 2017

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

DISTRIBUTION OF SHAREHOLDINGS

Size of holding	No. of Shareholders	%	No. of Shares#	%
Less than 100	5,461	13.76	186,076	0.00
100 - 1,000	4,923	12.40	2,474,595	0.03
1,001 - 10,000	21,125	53.22	80,383,230	1.04
10,001 - 100,000	7,023	17.69	189,657,724	2.44
100,001 to less than 5% of issued shares	1,158	2.92	2,920,175,769	37.64
5% and above of issued shares	4	0.01	4,566,152,743	58.85
Total	39,694	100.00	7,759,030,137	100.00

Excluding 384,267,779 shares bought back and retained by the Company as treasury shares.

THIRTY LARGEST SHAREHOLDERS

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

	Name	No. of Shares	%
1	YTL Corporation Berhad	3,106,793,823	40.04
2	YTL Corporation Berhad	554,753,971	7.15
3	Cornerstone Crest Sdn Bhd	485,294,116	6.25
4	Yeoh Tiong Lay & Sons Holdings Sdn Bhd	419,310,833	5.40
5	Amanahraya Trustees Berhad - Amanah Saham Bumiputera	379,727,082	4.89
6	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board	366,811,991	4.73
7	RHB Capital Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Yeoh Tiong Lay & Sons Holdings Sdn Bhd	284,000,000	3.66
8	Kumpulan Wang Persaraan (Diperbadankan)	183,887,020	2.37
9	Cartaban Nominees (Asing) Sdn Bhd - Exempt An for State Street Bank & Trust Company (WEST CLT OD67)	65,118,934	0.84
10	Amanahraya Trustees Berhad - Amanah Saham Wawasan 2020	58,815,389	0.76
11	Amanahraya Trustees Berhad - Amanah Saham Malaysia	57,700,000	0.74
12	Valuecap Sdn Bhd	54,590,100	0.70
13	HSBC Nominees (Asing) Sdn Bhd - BBH and Co Boston for Vanguard Emerging Markets Stock Index Fund	52,036,768	0.67
14	Orchestral Harmony Limited	50,470,906	0.65

ANALYSIS OF SHARE/WARRANT HOLDINGS

AS AT 19 SEPTEMBER 2017

	Name	No. of Shares	%
15	Lembaga Tabung Haji	48,056,500	0.62
16	HSBC Nominees (Asing) Sdn Bhd - TNTC for The Highclere International Investors Emerging Markets Smid Fund	47,696,400	0.61
17	Maybank Nominees (Tempatan) Sdn Bhd - Maybank Asset Management Sdn Bhd for Malayan Banking Berhad (N14011200618)	47,256,045	0.61
18	Amanahraya Trustees Berhad - AS 1Malaysia	45,182,540	0.58
19	HSBC Nominees (Asing) Sdn Bhd - JPMCB NA for Vanguard Total International Stock Index Fund	36,722,380	0.47
20	Water City Limited	34,179,053	0.44
21	Tien Shia International Limited	33,609,708	0.43
22	Steeloak International Limited	33,014,675	0.43
23	Jamaican Gold Limited	31,323,467	0.40
24	Windchime Developments Limited	26,245,700	0.34
25	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board (Affin-Hwg)	24,995,268	0.32
26	Velvet Properties Limited	24,750,227	0.32
27	Dato' Yeoh Seok Hong	23,975,217	0.31
28	Dato' Yeoh Seok Hong	21,869,999	0.28
29	CIMB Group Nominees (Tempatan) Sdn Bhd - CIMB Bank Berhad (EDP 2)	20,863,050	0.27
30	Amanahraya Trustees Berhad - Amanah Saham Didik	20,161,502	0.26
Total		6,639,212,664	85.54

SUBSTANTIAL SHAREHOLDERS

(as per register of substantial shareholders)

	No. of Shares Held			
Name	Direct	%	Indirect	%
Yeoh Tiong Lay & Sons Holdings Sdn Bhd	713,795,693	9.20	4,154,643,792①	53.55
YTL Corporation Berhad	3,669,342,970	47.29	485,300,822②	6.25
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	21,599,262	0.28	4,868,439,485③	62.75
Cornerstone Crest Sdn Bhd	485,294,116	6.25	–	–
Employees Provident Fund Board	391,807,259	5.05	–	–

① Deemed interests by virtue of interests held by YTL Corporation Berhad, YTL Power Services Sdn Bhd and Cornerstone Crest Sdn Bhd pursuant to Section 8 of the Companies Act, 2016.

② Deemed interests by virtue of interests held by YTL Power Services Sdn Bhd and Cornerstone Crest Sdn Bhd pursuant to Section 8 of the Companies Act, 2016.

③ Deemed interests by virtue of interests held by Yeoh Tiong Lay & Sons Holdings Sdn Bhd, YTL Corporation Berhad, YTL Power Services Sdn Bhd and Cornerstone Crest Sdn Bhd pursuant to Section 8 of the Companies Act, 2016.

ANALYSIS OF SHARE/WARRANT HOLDINGS
AS AT 19 SEPTEMBER 2017

Type of Securities : Warrants 2008/2018

Voting rights : One vote per Warrant 2008/2018 holder on a show of hands or one vote per Warrant 2008/2018 on a poll in respect of meeting of Warrant 2008/2018 holders

DISTRIBUTION OF WARRANT 2008/2018 HOLDINGS

Size of holding	No. of Warrants 2008/2018 Holders	%	No. of Warrants 2008/2018	%
Less than 100	438	4.49	15,016	0.01
100 - 1,000	4,294	43.98	2,273,725	1.96
1,001 - 10,000	3,987	40.84	13,408,941	11.57
10,001 - 100,000	894	9.16	27,575,853	23.80
100,001 to less than 5% of issued warrants	150	1.53	72,597,071	62.66
5% and above of issued warrants	0	0.00	0	0.00
Total	9,763	100.00	115,870,606	100.00

THIRTY LARGEST WARRANTS 2008/2018 HOLDERS
(without aggregating securities from different securities accounts belonging to the same person)

	Name	No. of Warrants 2008/2018	%
1	Toh Ean Hai	4,780,000	4.13
2	Cartaban Nominees (Asing) Sdn Bhd - GIC Private Limited for Government of Singapore (C)	4,676,060	4.04
3	Yu Kok Ann	4,000,003	3.45
4	HSBC Nominees (Asing) Sdn Bhd - JPMCB NA for British Steel Pension Scheme (BSP FD Trustee)	3,254,959	2.81
5	Maybank Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Su Tiing Uh	2,808,406	2.42
6	Amsec Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Chong Fook Hin	2,000,000	1.73
7	Amsec Nominees (Asing) Sdn Bhd - James Hugh Alexander Hay (GZ0115)	1,988,000	1.72
8	Maybank Securities Nominees (Asing) Sdn Bhd - Maybank Kim Eng Securities Pte Ltd for James Hay	1,700,000	1.47
9	Maybank Nominees (Tempatan) Sdn Bhd - Etiqa Insurance Berhad (Growth Fund)	1,533,100	1.32
10	Citigroup Nominees (Asing) Sdn Bhd - GSI for EFL Limited	1,392,740	1.20

ANALYSIS OF SHARE/WARRANT HOLDINGS
AS AT 19 SEPTEMBER 2017

	Name	No. of Warrants 2008/2018	%
11	Maybank Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Chai Lee Fong	1,295,913	1.12
12	Victor Lim Fung Tuang	1,207,800	1.04
13	Cartaban Nominees (Asing) Sdn Bhd - GIC Private Limited for Monetary Authority of Singapore (H)	1,205,401	1.04
14	Cimsec Nominees (Tempatan) Sdn Bhd - CIMB for Ng Choo Hock @ Ng Choo Huat (PB)	1,121,500	0.97
15	Gan Kim Leong	1,100,000	0.95
16	Kee Hun Chang @ Kee Ah Bah	1,022,700	0.88
17	Maybank Nominees (Tempatan) Sdn Bhd - Chong Siew Chien	1,000,000	0.86
18	Lim Weng Sheng	978,800	0.84
19	HLIB Nominees (Tempatan) Sdn Bhd - Hong Leong Bank Bhd for Yong Swee Kim	902,500	0.78
20	Gan Kim Leong	902,000	0.78
21	Wilfred Koh Seng Han	874,500	0.75
22	Alliancegroup Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Tan Boon Kuan (7000108)	823,900	0.71
23	Public Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Beh Lee Fong (E-SS2)	726,100	0.63
24	Chan Thye Thian	720,700	0.62
25	Kenanga Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Eg Kaa Chee (STC)	714,426	0.62
26	Public Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Tee Kim Hew (E-KLG/BTG)	709,400	0.61
27	Public Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Toh Dee Kong (E-JCL)	647,000	0.56
28	Chan Choi Ee	637,300	0.55
29	Yeo Kian Huat	620,600	0.54
30	Tan Hua Hing	583,000	0.50
Total		45,926,808	39.64

STATEMENT OF DIRECTORS' INTERESTS

IN THE COMPANY AND RELATED CORPORATIONS AS AT 19 SEPTEMBER 2017

THE COMPANY

YTL POWER INTERNATIONAL BERHAD

	No. of Shares Held			
Name	**Direct**	**%**	**Indirect**	**%**
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	21,599,262	0.28	4,870,176,657(1)(4)	62.77
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	14,719,213	0.19	89,000(1)	*
Tan Sri Datuk Dr. Aris Bin Osman @ Othman	–	–	105,590(1)	*
Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng	40,795	*	–	–
Dato' Yeoh Seok Kian	10,404,890	0.13	4,421,155(1)	0.06
Dato' Yeoh Soo Min	16,862,430	0.22	3,754,488(1)(5)	0.05
Dato' Yeoh Seok Hong	45,845,216	0.59	5,015,218(1)	0.06
Dato' Sri Michael Yeoh Sock Siong	14,055,133	0.18	2,658,052(1)	0.03
Dato' Yeoh Soo Keng	13,666,251	0.18	182,175(1)	*
Dato' Mark Yeoh Seok Kah	9,387,959	0.12	1,415,320(1)	0.02
Syed Abdullah Bin Syed Abd. Kadir	2,381,613	0.03	550(1)	*

	No. of Warrants 2008/2018 Held			
Name	**Direct**	**%**	**Indirect**	**%**
Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng	2,100	*	–	–
Dato' Yeoh Soo Min	–	–	2,000(1)	*
Dato' Yeoh Soo Keng	–	–	87,054(1)	0.08

	No. of Share Options	
Name	**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	–
Tan Sri Datuk Dr. Aris Bin Osman @ Othman	1,000,000	–
Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng	1,000,000	–
Dato' Yeoh Seok Kian	5,000,000	–
Dato' Yeoh Soo Min	3,000,000	–
Dato' Yeoh Seok Hong	–	500,000(1)
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 RELATED CORPORATIONS AS AT 19 SEPTEMBER 2017

HOLDING COMPANY

YTL CORPORATION BERHAD

Name	No. of Shares Held			
	Direct	%	Indirect	%
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	90,561,164	0.86	5,180,901,131(1)(2)	49.18
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	133,001,216	1.26	-	-
Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng	77,850	*	-	-
Dato' Yeoh Seok Kian	55,481,889	0.53	11,419,183(1)	0.11
Dato' Yeoh Soo Min	51,797,932	0.49	1,876,871(1)(5)	0.02
Dato' Yeoh Seok Hong	44,535,079	0.42	23,549,759(1)	0.22
Dato' Sri Michael Yeoh Sock Siong	53,652,534	0.51	19,967,788(1)	0.19
Dato' Yeoh Soo Keng	54,083,300	0.51	758,214(1)	0.01
Dato' Mark Yeoh Seok Kah	20,081,152	0.19	4,005,597(1)	0.04
Syed Abdullah Bin Syed Abd. Kadir	9,404,133	0.09	19,642(1)	*

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

ULTIMATE HOLDING COMPANY

YEOH TIONG LAY & SONS HOLDINGS SDN BHD

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

STATEMENT OF DIRECTORS' INTERESTS

IN THE COMPANY AND RELATED CORPORATIONS AS AT 19 SEPTEMBER 2017

RELATED CORPORATIONS

YTL CEMENT BERHAD

	No. of Shares Held			
Name	**Direct**	**%**	**Indirect**	**%**
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	–	–	737,672,290(6)	99.60

YTL E-SOLUTIONS BERHAD

	No. of Shares Held			
Name	**Direct**	**%**	**Indirect**	**%**
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	–	–	1,345,324,000(7)	100.00

YTL LAND & DEVELOPMENT BERHAD

	No. of Shares Held			
Name	**Direct**	**%**	**Indirect**	**%**
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	–	–	558,976,534(3)	67.41
Dato' Yeoh Seok Kian	61,538	0.01	–	–
Dato' Yeoh Soo Min	–	–	625,582(5)	0.08
Dato' Yeoh Soo Keng	100,000	0.01	–	–

	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	–	–

SYARIKAT PELANCONGAN SERI ANDALAN (M) SDN BHD

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

STATEMENT OF DIRECTORS' INTERESTS

IN THE COMPANY AND RELATED CORPORATIONS AS AT 19 SEPTEMBER 2017

YTL CORPORATION (UK) PLC

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

YTL CONSTRUCTION (THAILAND) LIMITED

	No. of Shares Held	
Name	**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

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

* Negligible

(1) Deemed interests by virtue of interests held by spouse and/or children pursuant to Section 59(11)(c) of the Companies Act, 2016.
(2) Deemed interests by virtue of interests held by Yeoh Tiong Lay & Sons Holdings Sdn Bhd pursuant to Section 8 of the Companies Act, 2016.
(3) Deemed interests by virtue of interests held by Yeoh Tiong Lay & Sons Holdings Sdn Bhd and YTL Corporation Berhad pursuant to Section 8 of the Companies Act, 2016.
(4) Deemed interests by virtue of interests held by Yeoh Tiong Lay & Sons Holdings Sdn Bhd, YTL Corporation Berhad, Cornerstone Crest Sdn Bhd and YTL Power Services Sdn Bhd pursuant to Section 8 of the Companies Act, 2016.
(5) Deemed interests by virtue of interests held by Tan & Yeoh Properties Sdn Bhd pursuant to Section 8 of the Companies Act, 2016.
(6) Deemed interests by virtue of interests held by YTL Corporation Berhad and YTL Power International Berhad pursuant to Section 8 of the Companies Act, 2016.
(7) Deemed interests by virtue of interests held by YTL Corporation Berhad pursuant to Section 8 of the Companies Act, 2016.

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

LIST OF PROPERTIES
AS AT 30 JUNE 2017

Location	Tenure	Land Area (sq.m.)	Description and Existing Use	Built up Area (sq. m.)	Approximate Age of Building (years)	Lease Expiry Date	Net Book Value as at 30 June 2017 RM'000	Date of Acquisition
Avonmouth STW, Kings Weston Lane, Avonmouth, Bristol BS11 OYS	Freehold	394,600	Sewerage treatment works	-	-	-	453,653	21.5.2002
W-S-Mare STW, Accomodation Road, Bleadon, Weston Super Mare, BS24 OAP	Freehold	157,500	Sewerage treatment works	-	-	-	243,706	21.5.2002
Poole STW, Cabot Lane, Poole, Dorset, BH17 7BX	Freehold	91,800	Sewerage treatment works	-	-	-	205,330	21.5.2002
Operation Centre, Claverton Down Road, Bath BA2 7WW	Freehold	27,100	Head Office	5,640	16	-	144,085	21.5.2002
Maudown Water Treatment Works, Maudown, Wiveliscombe, Tauton, TA4, 2UN	Freehold	68,500	Water treatment works	-	-	-	138,998	21.5.2002
Trowbridge STW, Bardford Road, Trowbridge, West Wilts, BA 14 9 AX	Freehold	60,000	Sewerage treatment works	-	-	-	129,964	21.5.2002
Ham Lane STW, Creech St. Michael, Taunton, Somerset TA3 5NU	Freehold	120,000	Sewerage treatment works	-	-	-	121,121	21.5.2002
Sutton Bingham WTW, Sutton Bingham, Yeovil, South Somerset, BA 22 9QL	Freehold	21,000	Water treatment works	-	-	-	97,916	21.5.2002
Sturminster Marshall, Green Lane, Sturminster Marshall, Wimborne, Dorset, BH21 4AJ	Freehold	16,043	Water treatment works	-	-	-	82,521	21.5.2002
Holdenhurst STW, Riverside Ave, Castle Lane East, Bournemouth, Dorset BH7 7ES	Freehold	102,000	Sewerage treatment works	-	-	-	72,202	21.5.2002

FINANCIAL STATEMENTS

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

The Directors have pleasure in submitting their annual report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2017.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and the provision of administrative and technical support services. The principal activities and information of the subsidiaries are set out in Note 14 to the financial statements.

There have been no significant changes in the nature of the activities of the Company and the subsidiaries during the financial year.

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Profit for the financial year	**787,779**	**671,295**
Attributable to:		
- Owners of the parent	**693,813**	**671,295**
- Non-controlling interests	**93,966**	**-**
	787,779	**671,295**

DIVIDENDS

The dividend paid by the Company since the end of the last financial year was as follows:

	RM'000
In respect of the financial year ended 30 June 2016:	
- Interim Single Tier dividend of 10 sen per ordinary share paid on 15 November 2016	**775,865**

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

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

RESERVES AND PROVISIONS

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

SHARE CAPITAL

The issued and fully paid up share capital of the Company was increased from 8,101,601,315 ordinary shares to 8,143,041,422 ordinary shares. The increase in the issued and fully paid up share capital of the Company arose from the exercise of Warrants of the Company, details of which are disclosed in Note 23(a) to the financial statements. The new ordinary shares rank pari passu in all respects with the existing issued shares of the Company.

The total number of unexercised Warrants as at 30 June 2017 amounted to 116,127,100.

TREASURY SHARES

The shareholders of the Company, by a resolution passed in the 20th Annual General Meeting held on 22 November 2016, approved the Company's plan to repurchase its own shares. The Directors of the Company are committed to enhance the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

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

Details of treasury shares are set out in Note 24(b) to the financial statements.

EMPLOYEES' SHARE OPTION SCHEME

The Employees' Share Option Scheme ("ESOS") for employees and Directors of the Company and its subsidiaries who meet the criteria of eligibility for participation is governed by the by-laws approved by the shareholders of the Company at an Extraordinary General Meeting held on 30 November 2010. The share issuance scheme was implemented on 1 April 2011. The salient features and terms of the ESOS are set out in Note 23(b) to the financial statements.

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

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

	Actual Allocation	
	Since 1.4.2011	Financial Year 30.6.2017
Key management personnel	5.89%*	–

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

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

EMPLOYEES' SHARE OPTION SCHEME (CONTINUED)

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

Details of options granted to non-executive directors of the Company are as follows:

	Number of share options over ordinary shares in the Company			
Name of Directors	At 1 July 2016	Granted	Exercised	At 30 June 2017
Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng	1,000,000	–	–	**1,000,000**
Tan Sri Datuk Dr. Aris bin Osman @ Othman	1,000,000	–	–	**1,000,000**

DIRECTORS

The Directors who have held office during the financial year until the date of this report are as follows:

Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE
Tan Sri Datuk Dr. Aris bin Osman @ Othman
Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng
Dato' Yeoh Seok Kian
Dato' Yusli bin Mohamed Yusoff
Dato' Yeoh Soo Min
Dato' Yeoh Seok Hong
Dato' Sri Michael Yeoh Sock Siong
Dato' Yeoh Soo Keng
Dato' Mark Yeoh Seok Kah
Syed Abdullah bin Syed Abd. Kadir
Faiz bin Ishak

DIRECTORS OF SUBSIDIARIES

The following is a list of directors of the subsidiaries (excluding Directors who are also Directors of the Company) in office during the financial year until the date of this Report:

Achmad Amri Aswono Putro (Appointed on 7 April 2017)
Alan Derek Morgan
Andrew Fraser Pymer
Chan Chor Yook
Colin Frank Skellett
Charlotte Tamsyn Maher
Dato' Daing A Malek bin Daing A Rahaman
Datin Kathleen Chew Wai Lin
David Huw Davies
David Martin Barclay
Fiona Clare Reynolds
Gareth Alan King
Gillian Elizabeth Camm
Gunter Galster
Insinyur Gafur Sulistyo Umar
Ionics Directors Limited
Jammula Bala Venkateswara Rao
Jeremy Robert Bryan
Lee Chak Hui (Appointed on 1 August 2017)
Lee Liam Chye
Luke Martin de Vial
Mark Timothy Watts
Martin Franz Rudolf Metzger
Michael Moriarty
Mittelmeer Directors Limited
Nigel Lynn Evans
Pieter Oosthoek
Richard John Talbott
Sarah Elizabeth Johnson
Steven John Holt
Yeoh Keong Hann
Yeoh Keong Yeow
Yeoh Pei Lou
Ahmad Janwal (Appointed on 30 April 2017)
Ali Reza Tabassi
Ang Meng Hee
Chan Swee Huat
Christopher Antony Chambers
Dato' Anuar bin Ahmed
Dato' Ikhwan Salim bin Dato' Hj Sujak
David Alan Knaggs
David John Elliott
Eoon Whai San
Francis William Sweeting
Gareth John Davies
Gunther Axel Reinder Warris
Hee Kang Yow
Intertrust (Netherlands) B.V.
James Andrew Rider
Jeremy John Lavis
Julian Okoye
Lee Wing Kui
Lord Stewart Ross Sutherland
Mark John Nicholson
Marilyn Elizabeth Smith
Martin John Bushnell
Michael Luke Wilkinson
Mohammed Habedat Saddiq
Norhamidi bin Abdul Rahman (Appointed on 23 August 2017)
Richard John Keys
Ryota Kobayashi
Stephen Charles Harle Smith
Tan Choong Min
Yeoh Keong Junn
Yeoh Keong Yuan
Yutaka Hayashi

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act, 2016, the interests of the Directors who held office at the end of the financial year in shares of the Company and its related corporations are as follows:

	Number of ordinary shares in the Company			
	At 1 July 2016	Acquired	Disposed	At 30 June 2017
Direct interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	21,599,262	–	–	**21,599,262**
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	14,719,213	–	–	**14,719,213**
Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng	40,795	–	–	**40,795**
Dato' Yeoh Seok Kian	10,404,890	–	–	**10,404,890**
Dato' Yeoh Soo Min	16,862,430	–	–	**16,862,430**
Dato' Yeoh Seok Hong	45,845,216	–	–	**45,845,216**
Dato' Sri Michael Yeoh Sock Siong	14,055,133	–	–	**14,055,133**
Dato' Yeoh Soo Keng	13,666,251	–	–	**13,666,251**
Dato' Mark Yeoh Seok Kah	9,387,959	–	–	**9,387,959**
Syed Abdullah bin Syed Abd. Kadir	2,381,613	–	–	**2,381,613**
Deemed interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	4,870,179,657[(1)(4)]	123,000	–	**4,870,302,657[(1)(4)]**
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	89,000[(1)]	–	–	**89,000[(1)]**
Tan Sri Datuk Dr. Aris bin Osman @ Othman	105,590[(1)]	–	–	**105,590[(1)]**
Dato' Yeoh Seok Kian	4,421,155[(1)]	–	–	**4,421,155[(1)]**
Dato' Yeoh Soo Min	3,754,488[(1)(5)]	–	–	**3,754,488[(1)(5)]**
Dato' Yeoh Seok Hong	5,015,218[(1)]	–	–	**5,015,218[(1)]**
Dato' Sri Michael Yeoh Sock Siong	2,658,052[(1)]	–	–	**2,658,052[(1)]**
Dato' Yeoh Soo Keng	140,175[(1)]	42,000	–	**182,175[(1)]**
Dato' Mark Yeoh Seok Kah	1,415,320[(1)]	–	–	**1,415,320[(1)]**
Syed Abdullah bin Syed Abd. Kadir	550[(1)]	–	–	**550[(1)]**

	Number of Warrants 2008/2018 in the Company			
	At 1 July 2016	Acquired	Exercised/ Disposed	At 30 June 2017
Direct interest				
Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng	2,100	–	–	**2,100**
Deemed interests				
Dato' Yeoh Soo Min	2,000[(1)]	–	–	**2,000[(1)]**
Dato' Yeoh Soo Keng	87,054[(1)]	–	–	**87,054[(1)]**

DIRECTORS' INTERESTS (CONTINUED)

	Number of share options over ordinary shares in the Company			
	At 1 July 2016	Granted	Exercised	At 30 June 2017
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**
Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng	1,000,000	–	–	**1,000,000**
Tan Sri Datuk Dr. Aris bin Osman @ Othman	1,000,000	–	–	**1,000,000**
Dato' Yeoh Seok Kian	5,000,000	–	–	**5,000,000**
Dato' Yeoh Soo Min	3,000,000	–	–	**3,000,000**
Dato' Sri Michael Yeoh Sock Siong	5,000,000	–	–	**5,000,000**
Dato' Yeoh Soo Keng	3,000,000	–	–	**3,000,000**
Dato' Mark Yeoh Seok Kah	5,000,000	–	–	**5,000,000**
Syed Abdullah bin Syed Abd. Kadir	3,000,000	–	–	**3,000,000**
Deemed interest				
Dato' Yeoh Seok Hong	500,000[1]	–	–	**500,000[1]**

Immediate Holding Company	Number of ordinary shares			
YTL Corporation Berhad	At 1 July 2016	Acquired	Disposed	At 30 June 2017
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**
Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng	27,850	50,000	–	**77,850**
Dato' Yeoh Seok Kian	55,481,889	–	–	**55,481,889**
Dato' Yeoh Soo Min	51,797,932	–	–	**51,797,932**
Dato' Yeoh Seok Hong	44,535,079	–	–	**44,535,079**
Dato' Sri Michael Yeoh Sock Siong	53,652,534	–	–	**53,652,534**
Dato' Yeoh Soo Keng	53,916,634	166,666	–	**54,083,300**
Dato' Mark Yeoh Seok Kah	20,081,152	–	–	**20,081,152**
Syed Abdullah bin Syed Abd. Kadir	9,304,133	100,000	–	**9,404,133**
Deemed interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	5,180,207,231[1][2]	693,900	–	**5,180,901,131[1][2]**
Dato' Yeoh Seok Kian	11,352,517[1]	66,666	–	**11,419,183[1]**
Dato' Yeoh Soo Min	1,525,605[1][5]	351,266	–	**1,876,871[1][5]**
Dato' Yeoh Seok Hong	23,549,759[1]	–	–	**23,549,759[1]**
Dato' Sri Michael Yeoh Sock Siong	19,332,622[1]	635,166	–	**19,967,788[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
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

DIRECTORS' INTERESTS (CONTINUED)

	Number of share options over ordinary shares			
Immediate Holding Company YTL Corporation Berhad	**At 1 July 2016**	**Granted**	**Exercised**	**At 30 June 2017**
Direct interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	7,000,000	–	–	**7,000,000**
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	7,000,000	–	–	**7,000,000**
Dato' Yeoh Seok Kian	5,000,000	–	–	**5,000,000**
Dato' Yeoh Soo Min	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**
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)**

	Number of ordinary shares			
Ultimate Holding Company Yeoh Tiong Lay & Sons Holdings Sdn. Bhd.	**At 1 July 2016**	**Acquired**	**Disposed**	**At 30 June 2017**
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 interest				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	5,000,004(1)	–	–	**5,000,004(1)**

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

DIRECTORS' INTERESTS (CONTINUED)

Related Company YTL Cement Berhad	Number of ordinary shares At 1 July 2016	Acquired	Disposed	At 30 June 2017
Deemed interest				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	737,668,130(6)	4,160	–	**737,672,290(6)**

Related Company YTL e-Solutions Berhad §	Number of ordinary shares At 1 July 2016	Acquired	Disposed	At 30 June 2017
Direct interests				
Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng	150,000	–	(150,000)	**–**
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(3)	348,233,700	(2,081,700)	**1,345,324,000(7)**
Dato' Yeoh Seok Kian	200,000(1)	–	(200,000)	**–**
Dato' Yeoh Soo Min	1,053,800(5)	–	(1,053,800)	**–**
Dato' Sri Michael Yeoh Sock Siong	1,905,500(1)	–	(1,905,500)	**–**

Related Company YTL Land & Development Berhad	Number of ordinary shares At 1 July 2016	Acquired	Disposed	At 30 June 2017
Direct interests				
Dato' Yeoh Seok Kian	61,538	–	–	**61,538**
Dato' Yeoh Soo Keng	100,000	–	–	**100,000**
Deemed interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	558,976,534(3)	–	–	**558,976,534(3)**
Dato' Yeoh Soo Min	625,582(5)	–	–	**625,582(5)**

§ YTL e-Solutions Berhad was delisted from the Official List of Bursa Malaysia Securities Berhad on 4.11.2016 and became a wholly-owned subsidiary of YTL Corporation Berhad on 16.12.2016.

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

DIRECTORS' INTERESTS (CONTINUED)

	Number of Irredeemable Convertible Unsecured Loan Stocks 2011/2021			
Related Company **YTL Land & Development Berhad**	At 1 July 2016	Acquired	Converted/ Disposed	At 30 June 2017
Direct interests				
Dato' Yeoh Seok Kian	37,000	–	–	**37,000**
Dato' Yeoh Soo Keng	60,000	–	–	**60,000**
Deemed interest				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	793,717,049(3)	–	–	**793,717,049(3)**

	Number of ordinary shares			
Related Company **Syarikat Pelancongan Seri Andalan (M) Sdn. Bhd.**	At 1 July 2016	Acquired	Disposed	At 30 June 2017
Direct interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	1	–	–	**1**
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	1	–	–	**1**

	Number of ordinary shares of £0.25 each			
Related Corporation ***YTL Corporation (UK) Plc.**	At 1 July 2016	Acquired	Disposed	At 30 June 2017
Direct interest				
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	1	–	–	**1**

	Number of ordinary shares of THB100 each			
Related Corporation **+YTL Construction (Thailand) Limited**	At 1 July 2016	Acquired	Disposed	At 30 June 2017
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**

DIRECTORS' INTERESTS (CONTINUED)

Related Corporation +Samui Hotel 2 Co., Ltd.	Number of ordinary shares of THB10 each At 1 July 2016	Acquired	Disposed	At 30 June 2017
Direct interests				
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	1	–	–	**1**
Dato' Mark Yeoh Seok Kah	1	–	–	**1**

* Incorporated in England and Wales.

\+ Incorporated in Thailand.

(1) Deemed interests by virtue of interests held by spouse and/or children pursuant to Section 59(11)(c) of the Companies Act, 2016.

(2) Deemed interests by virtue of interests held by Yeoh Tiong Lay & Sons Holdings Sdn. Bhd. pursuant to Section 8 of the Companies Act, 2016.

(3) Deemed interests by virtue of interests held by Yeoh Tiong Lay & Sons Holdings Sdn. Bhd. and YTL Corporation Berhad pursuant to Section 8 of the Companies Act, 2016.

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

(5) Deemed interests by virtue of interests held by Tan & Yeoh Properties Sdn. Bhd. pursuant to Section 8 of the Companies Act, 2016.

(6) Deemed interests by virtue of interests held by YTL Corporation Berhad and YTL Power International Berhad pursuant to Section 8 of the Companies Act, 2016.

(7) Deemed interests by virtue of interests held by YTL Corporation Berhad pursuant to Section 8 of the Companies Act, 2016.

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

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

INDEMNIFICATION OF DIRECTORS

A Directors' and Officers' Liability insurance against any legal liability incurred by the Directors and Officers in the discharge of their duties while holding office for the Group and the Company is maintained as group basis under YTL Corporation Berhad, the immediate holding company of YTL Power International Berhad. The Directors and Officers shall not be indemnified by such insurance for any negligence, fraud, intentional breach of law or breach of trust proven against them.

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than Directors' remuneration disclosed in Note 7 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest except that certain Directors received remuneration from the Company's related corporations.

Neither during nor at the end of the financial year was the Company a party to any arrangement whose object was to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than the ESOS.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the financial statements of the Group and the Company were prepared, 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 had been written off and that adequate allowance had been made for doubtful debts; and

(b) to ensure that any current assets, which were unlikely to be realised in the ordinary course of business including the values of current assets as shown in the accounting records of the Group and the Company had been written down to an amount which the current assets 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 amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and 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 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 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 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 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 the Company to meet their obligations when they fall due.

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

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS (CONTINUED)

In the opinion of the Directors:

(a) the results of the Group and Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature save as disclosed in Note 14(e); 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 the Company for the financial year in which this report is made.

ULTIMATE HOLDING COMPANY

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

AUDITORS

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office. Details of auditors' remuneration are set out in Note 7 to the financial statements.

This report was approved by the Board of Directors on 21 September 2017. Signed on behalf of the Board of Directors:

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

Dato' Yeoh Seok Hong
Director

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT, 2016

We, Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE and Dato' Yeoh Seok Hong, two of the Directors of YTL Power International Berhad, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 107 to 216 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2017 and financial performance of the Group and of the Company for the financial year ended 30 June 2017 in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

The supplementary information set out in Note 39 to 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 the Malaysian Institute of Accountants.

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

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

Dato' Yeoh Seok Hong
Director

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1) OF THE COMPANIES ACT, 2016

I, Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE, the Director primarily responsible for the financial management of YTL Power International Berhad, do solemnly and sincerely declare that, the financial statements set out on pages 107 to 216 are, to the best of my knowledge and belief, 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
Director

Subscribed and solemnly declared by the abovenamed Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE at Kuala Lumpur on 21 September 2017, before me.

Tan Seok Kett
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF YTL POWER INTERNATIONAL BERHAD
(INCORPORATED IN MALAYSIA) (COMPANY NO. 406684 H)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of YTL Power International Berhad ("the Company") and its subsidiaries ("the Group") give a true and fair view of the financial position of the Group and of the Company as at 30 June 2017, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

What we have audited

We have audited the financial statements of the Group and of the Company, which comprise the statements of financial position as at 30 June 2017 of the Group and of the Company, and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 107 to 216.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report.

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

Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Our audit approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements of the Group and the Company. In particular, we considered where the Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group and of the Company, the accounting processes and controls, and the industry in which the Group and the Company operate.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF YTL POWER INTERNATIONAL BERHAD
(INCORPORATED IN MALAYSIA) (COMPANY NO. 406684 H)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How our audit addressed the key audit matters
Impairment review of goodwill	
Refer to Note 3(c)(ii) - significant accounting policies, Note 4(a) - critical accounting estimates and judgements, and Note 13(i) - intangible assets	
The Group recorded goodwill of RM8,207.7 million as at 30 June 2017, primarily allocated to the multi utilities business segment in Singapore and water and sewerage segment in the United Kingdom. The goodwill for these segments comprises 98.7% of total goodwill. The recoverable amounts of the cash generating units ("CGU") are determined based on value-in-use ("VIU") calculation. Based on the annual impairment test performed, the Director concluded that no impairment is required for goodwill. The key assumptions and sensitivities are disclosed in Note 13(i) & 13(ii) to the financial statements. We focused on this area as the estimation of the recoverable amounts is inherently uncertain and requires significant judgement on the future cash flows, terminal growth rate and the discount rate applied to the projected cash flows.	We performed the following audit procedures: • Agreed the VIU cash flows of each CGU to the financial budgets approved by the Directors; • Discussed with management the key assumptions used in the respective VIU cash flows and compared the revenue growth rates for United Kingdom, and EBITDA growth rates for Singapore to the historical performance of the respective CGUs; • Checked the reasonableness of the discount rates and terminal growth rates with the assistance of our valuation expert by benchmarking to the respective industries; and • Checked the sensitivity analysis performed by management over discount rates, terminal growth rates, and EBITDA growth rates, used in deriving the respective VIU cash flows. Based on the procedures performed, no material exceptions were noted.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

Key audit matters	How our audit addressed the key audit matters
Capitalisation policy on infrastructure assets of the water and sewerage segment *Refer to Note 3(a) – significant accounting policies, Note 4(b) – critical accounting estimates and judgements, and Note 11 – property, plant and equipment ("PPE")* As at 30 June 2017, the net book value of the infrastructure assets of the water and sewerage segment of RM7,465.2 million comprised capital expenditure incurred by the segment to meet the development and regulatory requirement of the business, employee and overhead costs that are directly attributable to the construction of the asset. There is a significant judgement involved in determining whether costs incurred, specifically employee and overhead costs meet the relevant criteria for capitalisation in accordance with MFRS 116, Property, Plant and Equipment ("MFRS 116").	We performed the following audit procedures: • Tested the operating effectiveness of the controls over authorisation of selected projects' infrastructure assets and identification of capital expenditures attributable to the infrastructure assets; • Understood the nature of costs incurred in relation to employee and overhead costs through discussion with management and checked whether the costs incurred met the capitalisation criteria in accordance with MFRS 116; and • Compared the level of employee and overhead costs capitalised against prior year balances and current year budget information to identify material changes in the nature or quantum of costs capitalised, with any significant variances discussed and corroborated with management. Based on the procedures performed, no material exceptions were noted.
Impairment assessment on trade receivables of the Group's water and sewerage segment *Refer to Note 3(l)(v) – significant accounting policies, Note 4(e) – critical accounting estimates and judgements and Note 17 – receivables, deposits and prepayments* Trade receivables of the water and sewerage segment of RM438.5 million is net of impairment charges of RM222.8 million as at 30 June 2017. As this segment operates in the United Kingdom ("UK"), there is a statutory requirement to continue to provide water to all customers who has defaulted in payment. Therefore, the Group has estimated the impairment of trade receivables on a portfolio basis for the year based on the historical cash collection trends and economic trends, which are subjective in nature. We focused on this area given the use of significant estimates and judgement in determining the appropriate level of impairment for trade receivables.	We performed the following audit procedures: • Tested the controls over assessment of impairment of trade receivables and the operating effectiveness of the key IT systems used for generating billings and cash collection data used for the impairment assessment; • Obtained the historical cash collection trends of each ageing bracket of the trade receivables and payment methods and compared against the percentage of impairment used by management against each ageing bracket and payment methods; and • Compared the level of impairment applied against similar companies within the industry in the UK. Based on the procedures performed, no material exceptions were noted.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF YTL POWER INTERNATIONAL BERHAD
(INCORPORATED IN MALAYSIA) (COMPANY NO. 406684 H)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

Key audit matters	How our audit addressed the key audit matters
Assumptions used in determining the present value of the funded defined benefit obligations of the water and sewerage segment *Refer to Note 3(v)(ii) - significant accounting policies, Note 4(d) - critical accounting estimates and judgements, and Note 27(b) - post-employment benefit obligations*	
The water and sewerage segment of the Group recorded RM1,100.0 million of post-employment benefit obligations as at 30 June 2017, net of fair value of planned assets. The present value of the funded defined benefit obligations depends on a number of assumptions determined on an actuarial basis. The key assumptions are disclosed in Note 27(b) to the financial statements. We focused to this area due to the key assumptions used in determining the present value of the funded defined benefit obligations and any changes in these assumptions will materially impact the carrying amounts of the post-employment benefit obligations.	We performed the following audit procedures: • Understand and assess the scope of work by the external actuary engaged by the management; • Assessed the competencies, objectivity and capabilities of the external actuary; • Obtained the external actuarial report and understood the key assumptions used in determining the present value of the funded defined benefit obligations; • Compared the key assumptions used by the actuary on discount rate, expected rate of increase in pension payment, and price inflation against external market data and similar schemes with assistance of our actuary specialist; • Compared the expected rate of salary increases used by the actuary against historical trend; and • Checked the disclosures in respect of the sensitivity of the carrying amounts of the post-employment benefit obligations to changes in key assumptions, performed by the actuary. Based on the procedures performed, no material exceptions were noted.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

Key audit matters	How our audit addressed the key audit matters
Impairment assessment of property, plant and equipment and investment in the subsidiary of the Group *Refer to Note 3(a) – significant accounting policies, Note 4(c) – critical accounting estimates and judgements, Note 11 – PPE and Note 14(d) – investment in subsidiaries*	
a) Impairment assessment of property, plant and equipment ("PPE") The Group has PPE related to its mobile broadband network segment with aggregate carrying values of RM2,284.0 million as at 30 June 2017. The Group performed an impairment assessment on the carrying values of the PPE due to the losses recorded by the segment which is an impairment indicator. The impairment assessment was performed by management using VIU cash flows which requires significant judgement as the timing and quantum of the cash flows is dependent on the achievement of the next five years' business plans and financial budgets which are dependent on the use of key assumptions comprising its growth targets, and sourcing contract renewals. Based on the annual impairment test performed, the Directors concluded that no impairment of PPE is required.	a) Impairment assessment of PPE We performed the following audit procedures: • Agreed the VIU cash flows of the CGU to the financial budgets approved by the Directors; • Checked the assumptions used, in particular average revenue growth rate and useful life of the assets and benchmarked against the comparable companies within the industry; • Discussed with management the rationale applied on the assumption of sourcing contract renewals by considering the Company's historical experience; • Assessed reasonableness of the discount rate which reflects the specific risk relating to the PPE based on inputs that are publicly available; and • Checked sensitivity analysis performed by management on the discount rate used in deriving the VIU.
b) Impairment assessment on cost of investment in the separate financial statements of the Company The cost of investment of the mobile broadband network segment of the Group in the separate financial statement of the Company as at 30 June 2017 amounted to RM2,933.3 million. Given the impairment indicator as described above, the Group has performed an impairment assessment and estimated the recoverable amount based on VIU cash flows and the Directors have concluded that no impairment on the cost of investment is required. We focused on (a) and (b) above as the estimation of the recoverable amounts is inherently uncertain and requires significant judgement on the future cash flows, terminal growth rate and the discount rate applied to the calculation of the VIU.	b) Impairment assessment on cost of investment in the separate financial statements of the Company In addition to the procedures performed on the cash flows from the underlying PPE of the subsidiary as described above, we have performed the following audit procedures: • Checked that the VIU cash flows of the underlying PPE had been adjusted for financing and tax cash flows; • Assessed the reasonableness of the discount rate which reflects the specific risk relating to the investment in the subsidiary based on inputs that are publicly available with the assistance of our valuation expert; • Checked the reasonableness of the terminal growth rate with the assistance of our valuation expert by benchmarking to industry reports; and • Checked sensitivity analysis performed by management on terminal growth rate and discount rate used in deriving the VIU. Based on the procedures performed in (a) and (b) above, no material exceptions were noted.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF YTL POWER INTERNATIONAL BERHAD
(INCORPORATED IN MALAYSIA) (COMPANY NO. 406684 H)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Information other than the financial statements and auditors' report thereon

The Directors of the Company are responsible for the other information. The other information comprises Chairman's Statement, Management Discussion and Analysis, Corporate Information, Profile of the Board of Directors, Statement of Directors' Responsibilities, Audit Committee Report, Nominating Committee Statement, Statement on Corporate Governance, Statement on Risk Management and Internal Control, Disclosure of Recurrent Related Party Transactions, Profile of Key Senior Management and Sustainability Report, which we obtained prior to the date of this auditors' report, and other sections in 2017 Annual Report, which is expected to be made available to us after that date. Other information does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial statements

The Directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements (continued)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

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

(d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF YTL POWER INTERNATIONAL BERHAD
(INCORPORATED IN MALAYSIA) (COMPANY NO. 406684 H)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 14 to the financial statements.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 39 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS
(No. AF: 1146)
Chartered Accountants

SOO KWAI FONG
03144/07/2019 J
Chartered Accountant

Kuala Lumpur
21 September 2017

INCOME STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

		Group		Company	
	Note	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Revenue	5	**9,777,912**	10,245,174	**1,517,591**	1,136,094
Cost of sales		**(7,775,206)**	(8,120,619)	**–**	–
Gross profit		**2,002,706**	2,124,555	**1,517,591**	1,136,094
Other operating income		**102,893**	297,644	**46**	34,877
Administrative expenses		**(546,296)**	(580,736)	**(47,721)**	(49,743)
Other operating expenses		**(168,743)**	(262,676)	**(505,616)**	(66,975)
Finance cost		**(846,420)**	(894,733)	**(292,291)**	(258,383)
Share of profits of investments accounted for using the equity method	15	**348,067**	630,086	**–**	–
Profit before taxation	7	**892,207**	1,314,140	**672,009**	795,870
Taxation	8	**(104,428)**	(135,684)	**(714)**	(744)
Profit for the financial year		**787,779**	1,178,456	**671,295**	795,126
Attributable to:					
– Owners of the parent		**693,813**	1,061,850	**671,295**	795,126
– Non-controlling interests		**93,966**	116,606	**–**	–
		787,779	1,178,456	**671,295**	795,126
Earnings per share for profit attributable to the owners of the parent:					
– Basic (sen)	9	**8.96**	14.06		
– Diluted (sen)	9	**8.92**	13.97		

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

		Group		Company	
	Note	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Profit for the financial year		**787,779**	1,178,456	**671,295**	795,126
Other comprehensive (loss)/income:					
Items that will not be reclassified subsequently to income statement:					
- re-measurement of post-employment benefit obligations		**(162,639)**	(196,820)	**–**	–
- subsidiaries		**(170,438)**	(190,578)	**–**	–
- associates and joint ventures		**7,799**	(6,242)	**–**	–
Items that may be reclassified subsequently to income statement:					
- available-for-sale financial assets	24(a)	**21,564**	(4,574)	**21,567**	(4,578)
- cash flow hedges	24(a)	**250,504**	57,020	**–**	–
- subsidiaries		**239,841**	58,581	**–**	–
- associates and joint ventures		**10,663**	(1,561)	**–**	–
- currency translation differences		**720,506**	227,761	**–**	–
- subsidiaries		**564,917**	133,528	**–**	–
- associates and joint ventures		**155,589**	94,233	**–**	–
Other comprehensive income/(loss) for the financial year, net of tax		**829,935**	83,387	**21,567**	(4,578)
Total comprehensive income for the financial year		**1,617,714**	1,261,843	**692,862**	790,548
Attributable to:					
- Owners of the parent		**1,476,469**	1,112,433	**692,862**	790,548
- Non-controlling interests		**141,245**	149,410	**–**	–
		1,617,714	1,261,843	**692,862**	790,548

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2017

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	11	**21,334,981**	20,009,675	**1,141**	920
Investment properties	12	**432,935**	14,462	**–**	–
Intangible assets	13	**8,392,717**	8,077,220	**–**	–
Investment in subsidiaries	14	**–**	–	**18,163,777**	17,857,277
Investments accounted for using the equity method	15	**2,245,363**	2,119,011	**–**	5
Investments	16	**822,780**	271,359	**287,842**	266,580
Derivative financial instruments	19	**13,502**	29,865	**–**	–
Receivables, deposits and prepayments	17	**1,135,578**	367,909	**–**	–
		34,377,856	30,889,501	**18,452,760**	18,124,782
Current assets					
Inventories	18	**448,947**	805,902	**–**	–
Investments	16	**2,503,011**	–	**2,503,011**	–
Receivables, deposits and prepayments	17	**2,152,242**	1,723,420	**1,823**	3,043
Derivative financial instruments	19	**51,859**	64,547	**–**	–
Amounts owing by immediate holding company and ultimate holding company	20	**2**	5	**–**	–
Amounts owing by subsidiaries	21	**–**	–	**3,000,607**	1,835,298
Amounts owing by fellow subsidiaries	32	**17,942**	883	**–**	10
Cash and bank balances	22	**8,946,301**	9,761,333	**35,165**	524,234
		14,120,304	12,356,090	**5,540,606**	2,362,585
TOTAL ASSETS		**48,498,160**	43,245,591	**23,993,366**	20,487,367

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2017

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	23	**7,019,847**	4,050,801	**7,019,847**	4,050,801
Reserves		**6,238,978**	8,460,180	**6,432,093**	9,436,902
Equity attributable to owners of the parent		**13,258,825**	12,510,981	**13,451,940**	13,487,703
Non-controlling interests		**230,855**	242,337	**–**	–
TOTAL EQUITY		**13,489,680**	12,753,318	**13,451,940**	13,487,703
LIABILITIES					
Non-current liabilities					
Deferred taxation	25	**1,761,764**	1,839,883	**63**	68
Borrowings	26	**23,807,374**	23,833,881	**10,028,514**	6,367,163
Post-employment benefit obligations	27	**1,115,512**	874,272	**–**	–
Grants and contributions	28	**547,775**	427,843	**–**	–
Derivative financial instruments	19	**24,437**	117,265	**–**	–
Payables	29	**862,118**	849,995	**–**	–
		28,118,980	27,943,139	**10,028,577**	6,367,231
Current liabilities					
Payables and accrued expenses	30	**1,843,211**	1,740,873	**81,934**	64,264
Derivative financial instruments	19	**121,980**	248,266	**–**	–
Provision for liabilities and charges	31	**35,035**	36,076	**–**	–
Post-employment benefit obligations	27	**3,007**	2,518	**681**	327
Amounts owing to immediate holding company and ultimate holding company	20	**87**	207	**–**	–
Amounts owing to subsidiaries	21	**–**	–	**429,553**	567,296
Amounts owing to fellow subsidiaries	32	**36,332**	67,679	**373**	483
Taxation		**129,560**	108,087	**184**	63
Borrowings	26	**4,720,288**	345,428	**124**	–
		6,889,500	2,549,134	**512,849**	632,433
TOTAL LIABILITIES		**35,008,480**	30,492,273	**10,541,426**	6,999,664
TOTAL EQUITY AND LIABILITIES		**48,498,160**	43,245,591	**23,993,366**	20,487,367

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

		Attributable to Owners of the Parent									
Group	Note	Share Capital (Note 23) RM'000	Share Premium RM'000	Merger Reserve RM'000	Currency Translation Reserve RM'000	Other Reserves (Note 24(a)) RM'000	Treasury Shares (Note 24(b)) RM'000	Retained Earnings RM'000	Total RM'000	Non-controlling Interests RM'000	Total Equity RM'000
At 1 July 2016		4,050,801	2,792,660	(2,138,533)	435,631	(10,991)	(711,306)	8,092,719	12,510,981	242,337	12,753,318
Profit for the financial year		-	-	-	-	-	-	693,813	693,813	93,966	787,779
Other comprehensive income for the financial year		-	-	-	673,227	272,068	-	(162,639)	782,656	47,279	829,935
Total comprehensive income for the financial year		-	-	-	673,227	272,068	-	531,174	1,476,469	141,245	1,617,714
Transactions with owners											
Exercise of warrants	23	20,762	26,480	-	-	-	-	-	47,242	-	47,242
Warrant reserve	24(a)	7	4,137	-	-	(4,144)	-	-	-	-	-
Dividends paid to non-controlling interests		-	-	-	-	-	-	-	-	(152,727)	(152,727)
Interim dividend paid for the financial year ended 30 June 2016	10	-	-	-	-	-	-	(775,865)	(775,865)	-	(775,865)
Share option lapsed	24(a)	-	-	-	-	(320)	-	320	-	-	-
Share repurchased	24(b)	-	-	-	-	-	(2)	-	(2)	-	(2)
Redemption of preference shares by a subsidiary		-	-	-	-	32,200	-	(32,200)	-	-	-
Transition to no-par value regime**	23	2,948,277	(2,823,277)	-	-	(125,000)	-	-	-	-	-
Exchange differences	24(a)	-	-	-	14,544	(14,544)	-	-	-	-	-
At 30 June 2017		7,019,847	-	(2,138,533)	1,123,402	149,269	(711,308)	7,816,148	13,258,825	230,855	13,489,680

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

Group	Note	Attributable to Owners of the Parent									
		Share Capital (Note 23) RM'000	Share Premium RM'000	Merger Reserve RM'000	Currency Translation Reserve RM'000	Other Reserves (Note 24(a)) RM'000	Treasury Shares (Note 24(b)) RM'000	Retained Earnings RM'000	Total RM'000	Non-controlling Interests RM'000	Total Equity RM'000
At 1 July 2015		3,710,825	2,287,408	(2,138,533)	220,686	25,654	(711,304)	7,998,951	11,393,687	235,008	11,628,695
Profit for the financial year		–	–	–	–	–	–	1,061,850	1,061,850	116,606	1,178,456
Other comprehensive income for the financial year		–	–	–	194,957	52,446	–	(196,820)	50,583	32,804	83,387
Total comprehensive income for the financial year		–	–	–	194,957	52,446	–	865,030	1,112,433	149,410	1,261,843
Transactions with owners											
Effects arising from changes in composition of the Group		–	–	–	–	–	–	–	–	16,464	16,464
Exercise of share options	24(a)	2,661	6,025	–	–	(1,180)	–	–	7,506	–	7,506
Exercise of warrants	23	337,315	431,764	–	–	–	–	–	769,079	–	769,079
Warrant reserve	24(a)	–	67,463	–	–	(67,463)	–	–	–	–	–
Dividends paid to non-controlling interests		–	–	–	–	–	–	–	–	(158,545)	(158,545)
Interim dividend paid for the financial year ended 30 June 2015	10	–	–	–	–	–	–	(771,722)	(771,722)	–	(771,722)
Share option lapsed	24(a)	–	–	–	–	(460)	–	460	–	–	–
Share repurchased	24(b)	–	–	–	–	–	(2)	–	(2)	–	(2)
Exchange differences	24(a)	–	–	–	19,988	(19,988)	–	–	–	–	–
At 30 June 2016		4,050,801	2,792,660	(2,138,533)	435,631	(10,991)	(711,306)	8,092,719	12,510,981	242,337	12,753,318

The accompanying notes form an integral part of the financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

Company	Note	Share Capital (Note 23) RM'000	Share Premium RM'000	Other Reserves (Note 24(a)) RM'000	Treasury Shares (Note 24(b)) RM'000	Retained Earnings* RM'000	Total RM'000
At 1 July 2016		**4,050,801**	**2,792,660**	**293,228**	**(711,306)**	**7,062,320**	**13,487,703**
Profit for the financial year		**–**	**–**	**–**	**–**	**671,295**	**671,295**
Other comprehensive income for the financial year		**–**	**–**	**21,567**	**–**	**–**	**21,567**
Total comprehensive income for the financial year		**–**	**–**	**21,567**	**–**	**671,295**	**692,862**
Transactions with owners							
Exercise of warrants	23	**20,762**	**26,480**	**–**	**–**	**–**	**47,242**
Warrant reserve	24(a)	**7**	**4,137**	**(4,144)**	**–**	**–**	**–**
Interim dividend paid for the financial year ended 30 June 2016	10	**–**	**–**	**–**	**–**	**(775,865)**	**(775,865)**
Share option lapsed	24(a)	**–**	**–**	**(320)**	**–**	**320**	**–**
Share repurchased	24(b)	**–**	**–**	**–**	**(2)**	**–**	**(2)**
Transition to no-par value regime**	23	**2,948,277**	**(2,823,277)**	**(125,000)**	**–**	**–**	**–**
At 30 June 2017		**7,019,847**	**–**	**185,331**	**(711,308)**	**6,958,070**	**13,451,940**
At 1 July 2015		3,710,825	2,287,408	366,909	(711,304)	7,038,456	12,692,294
Profit for the financial year		–	–	–	–	795,126	795,126
Other comprehensive loss for the financial year		–	–	(4,578)	–	–	(4,578)
Total comprehensive income for the financial year		–	–	(4,578)	–	795,126	790,548
Transactions with owners							
Exercise of share options	24(a)	2,661	6,025	(1,180)	–	–	7,506
Exercise of warrants	23	337,315	431,764	–	–	–	769,079
Warrant reserve	24(a)	–	67,463	(67,463)	–	–	–
Interim dividend paid for the financial year ended 30 June 2015	10	–	–	–	–	(771,722)	(771,722)
Share option lapsed	24(a)	–	–	(460)	–	460	–
Share repurchased	24(b)	–	–	–	(2)	–	(2)
At 30 June 2016		4,050,801	2,792,660	293,228	(711,306)	7,062,320	13,487,703

* There are no restrictions on the distribution of retained earnings.

** Effective from 31 January 2017, the new Companies Act 2016 ("Act") abolished the concept of authorised share capital and par value of share capital. Consequently, the credit balance of the share premium and capital redemption reserve account became part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use this amount for purposes as set out in Section 618(3) and Section 618(4) of the Act. There is no impact on the number of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Cash flows from operating activities					
Profit for the financial year		**787,779**	1,178,456	**671,295**	795,126
Adjustments for:					
Allowance for impairment of associates		**31,393**	–	**–**	–
Allowance for impairment of inventories		**1,638**	1,822	**–**	–
Allowance for impairment of investments		**305**	–	**305**	–
Allowance for impairment of property, plant and equipment		**4,914**	7	**–**	–
Allowance for/(Write back of) impairment of receivables (net of reversals)		**76,337**	(74,866)	**–**	–
Allowance for impairment of subsidiaries		**–**	–	**472,500**	–
Amortisation of deferred income		**(8,846)**	(4,277)	**–**	–
Amortisation of grants and contributions		**(14,774)**	(17,005)	**–**	–
Amortisation of intangible assets		**86,628**	100,665	**–**	–
Bad debts written-off		**7,607**	13,578	**–**	–
Depreciation of property, plant and equipment		**1,074,714**	1,222,954	**165**	128
Dividend in specie		**–**	–	**(525,210)**	–
Fair value changes in derivatives		**(3)**	(1,402)	**–**	–
Fair value changes in investments		**(264)**	–	**371**	–
Interest expense		**846,420**	894,733	**292,291**	258,383
Interest income		**(22,193)**	(71,025)	**–**	–
Net gain on disposal of property, plant and equipment		**(10,882)**	(23,158)	**(5)**	–
Net gain on disposal of investments		**(441)**	–	**(41)**	–
Property, plant and equipment written off		**19,683**	16,909	**–**	–
Provision for post-employment benefit		**71,990**	73,125	**–**	–
Share of profits of investments accounted for using the equity method		**(348,067)**	(630,086)	**–**	–
Share option expenses		**–**	6	**–**	–
Taxation		**104,428**	135,684	**714**	744
Unrealised (gain)/loss on foreign exchange		**(1,177)**	(26,171)	**6,146**	(34,789)
Write off of investments accounted for using the equity method		**5**	–	**5**	–
		2,707,194	2,789,949	**918,536**	1,019,592
Changes in working capital:					
Inventories		**7,637**	(402,517)	**–**	–
Receivables, deposits and prepayments		**(515,577)**	633,275	**(11,910)**	(350)
Payables and accrued expenses		**19,874**	(112,742)	**(327)**	3,304
Subsidiaries		**–**	–	**(12,618)**	(98,673)
Fellow subsidiaries		**(48,062)**	12,510	**(100)**	(37)
Holding company		**(125)**	62	**–**	(4)
Cash flows from operations		**2,170,941**	2,920,537	**893,581**	923,832
Interest paid		**(784,694)**	(848,669)	**(266,377)**	(232,311)
Payment for provision and liabilities		**(1,053)**	(9,288)	**–**	–
Payment to post-employment benefit obligations		**(89,208)**	(107,791)	**–**	–
Tax paid		**(204,104)**	(269,098)	**(598)**	(659)
Net cash flows from operating activities		**1,091,882**	1,685,691	**626,606**	690,862

The accompanying notes form an integral part of the financial statements.

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

		Group		Company	
	Note	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Cash flows from investing activities					
Acquisition of subsidiaries, net of cash acquired		**2,726**	(8,222)	**–**	–
Additional investments	16(b)	**(3,014,105)**	–	**(2,490,250)**	–
Additional investments accounted for using the equity method		**(9,847)**	(3,097)	**–**	–
Dividends received		**398,108**	408,438	**–**	–
Grants received		**54,570**	59,578	**–**	–
Interest received		**23,681**	69,653	**–**	–
Net advances to subsidiaries		**–**	–	**(1,481,972)**	(1,644,530)
Prepayment for land acquisition		**(39,586)**	(96,990)	**–**	–
Proceeds from disposal of investments		**1,207**	–	**41**	–
Proceeds from disposal of property, plant and equipment		**15,971**	26,251	**177**	–
Purchase of intangible assets		**(54,445)**	(72,145)	**–**	–
Purchase of investment properties		**(38,196)**	(16,418)	**–**	–
Purchase of property, plant and equipment		**(1,567,452)**	(1,252,015)	**(171)**	(342)
Shareholder loans	17	**(686,251)**	–	**–**	–
Net cash flows used in investing activities		**(4,913,619)**	(884,967)	**(3,972,175)**	(1,644,872)
Cash flows from financing activities					
Dividend paid		**(775,865)**	(771,722)	**(775,865)**	(771,722)
Dividends paid to non-controlling interests		**(152,727)**	(158,545)	**–**	–
Proceeds from borrowings		**3,846,055**	1,778,981	**3,614,375**	863,743
Upfront fees on borrowings		**(31,218)**	–	**(29,240)**	–
Proceeds from issue of shares		**47,242**	776,585	**47,242**	776,585
Repayment of borrowings		**(281,121)**	(2,335,716)	**(10)**	–
Repurchase of own shares		**(2)**	(2)	**(2)**	(2)
Net cash flows from/(used in) financing activities		**2,652,364**	(710,419)	**2,856,500**	868,604
Net changes in cash and cash equivalents		**(1,169,373)**	90,305	**(489,069)**	(85,406)
Effects of exchange rate changes		**416,304**	82,559	**–**	–
Cash and cash equivalents:					
- At beginning of the financial year		**9,696,102**	9,523,238	**524,234**	609,640
- At end of the financial year	22	**8,943,033**	9,696,102	**35,165**	524,234
The principal non-cash transactions of property, plant and equipment are disclosed as below:					
Finance lease		**2,718**	252,736	**387**	–
Interest expense paid/payable		**9,098**	9,045	**–**	–
Provision for liabilities and charges		**–**	4,600	**–**	–
Transfer from prepayments		**63,056**	–	**–**	–
Transfer of assets from customers		**–**	158,515	**–**	–
Other payables and accrued expenses		**27,574**	(19,985)	**–**	–
		102,446	404,911	**387**	–

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

1 GENERAL INFORMATION

The principal activities of the Company are investment holding and the provision of administrative and technical support services. The principal activities of the subsidiaries are set out in Note 14 to the financial statements.

The immediate holding company is YTL Corporation Berhad and the ultimate holding company is Yeoh Tiong Lay & Sons Holdings Sdn. Bhd., both of which are incorporated in Malaysia. YTL Corporation Berhad is listed on the Main Market of Bursa Malaysia Securities Berhad.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Market of Bursa Malaysia Securities Berhad.

The address of the registered office of the Company is as follows:

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

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

7th Floor, Yeoh Tiong Lay Plaza
55, Jalan Bukit Bintang
55100 Kuala Lumpur

2 BASIS OF PREPARATION

The financial statements of the Group and the Company have been prepared under the historical cost convention except as disclosed in Note 3 to the financial statements.

The financial statements of the Group and the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting 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 revenues and expenses during the reported period. It also requires the Directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement 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 4 to the financial statements.

2 BASIS OF PREPARATION (CONTINUED)

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

(a) Standards and amendments to published standards that are effective and applicable for the Group's and the Company's financial year beginning on or after 1 July 2016 are as follows:

	Effective for financial periods beginning on or after
Amendments to MFRS 5 'Non-current Assets Held for Sale and Discontinued Operations – Changes in Methods of Disposal'	1 January 2016
Amendments to MFRS 7 'Financial Instruments: Disclosures – Servicing Contracts and Applicability of the Amendments to MFRS 7 to Condensed Interim Financial Statements'	1 January 2016
Amendments to MFRS 10, 12 & 128 'Investment Entities – Applying the Consolidation Exception'	1 January 2016
Amendments to MFRS 11 'Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations'	1 January 2016
Amendments to MFRS 101 'Presentation of Financial Statements – Disclosure Initiative'	1 January 2016
Amendments to MFRS 116 & MFRS 138 'Clarification of Acceptable Methods of Depreciation and Amortisation'	1 January 2016
Amendments to MFRS 119 'Employee Benefits – Discount Rate: Regional Market Issue'	1 January 2016
Amendments to MFRS 127 'Equity Method in Separate Financial Statements'	1 January 2016
Amendments to MFRS 134 'Interim Financial Reporting – Disclosure of Information: Elsewhere in the Interim Financial Report'	1 January 2016

The adoption of the above applicable amendments to published standards has not given rise to any material impact on the financial statements of the Group and the Company.

(b) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Company but not yet effective

(i) Financial year beginning on/after 1 July 2017

- Amendments to MFRS 12, 'Disclosure of Interests in Other Entities' (effective from 1 January 2017) clarify the applicability of this standard to an entity's interest in other entities which are classified as held for sale or discontinued operations.

- Amendments to MFRS 107, 'Statement of Cash Flows: Disclosure Initiative' (effective from 1 January 2017) require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including changes from cash flows and non-cash changes. The disclosure requirement could be satisfied in various ways, and one method is by providing reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities.

2 BASIS OF PREPARATION (CONTINUED)

(b) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Company but not yet effective (continued)

(i) Financial year beginning on/after 1 July 2017 (continued)

- Amendments to MFRS 112, 'Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses' (effective from 1 January 2017) clarify whether deferred tax assets should be recognised for unrealised losses on fixed-rate debt instrument measured at fair value. The amendments clarify that decreases in value of a debt instrument measured at fair value for which the tax base remains at its original cost give rise to a deductible temporary difference. The estimate of probable future taxable profits may include recovery of some of an entity's assets for more than their carrying amounts if sufficient evidence exists that it is probable the entity will achieve this.

  The amendments also clarify that deductible temporary differences should be compared with the entity's future taxable profits excluding tax deductions resulting from the reversal of those deductible temporary differences when an entity evaluates whether it has sufficient future taxable profits. In addition, when an entity assesses whether taxable profits will be available, it should consider tax law restrictions with regards to the utilisation of the deduction.

(ii) Financial year beginning on/after 1 July 2018

- Amendments to MFRS 2 'Share-based Payment' (effective from 1 January 2018) provide specific guidance on how to account for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments, share-based payment transactions with a net settlement feature for withholding tax obligations and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

- MFRS 9 'Financial Instruments' (effective from 1 January 2018) will replace MFRS 139 'Financial Instruments: Recognition and Measurement'.

  MFRS 9 retains but simplifies the mixed measurement model in MFRS 139 and establishes three primary measurement categories for financial assets: amortised cost, fair value through profit or loss and fair value through other comprehensive income ("OCI"). The basis of classification depends on the entity's business model and the cash flow characteristics of the financial asset. Investments in equity instruments are always measured at fair value through profit or loss with an irrevocable option at inception to present changes in fair value in OCI (provided the instrument is not held for trading). A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest.

  For liabilities, the standard retains most of the MFRS 139 requirements. These include amortised cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

  MFRS 9 introduces an expected credit loss model on impairment that replaces the incurred loss impairment model used in MFRS 139. The expected credit loss model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

2 BASIS OF PREPARATION (CONTINUED)

(b) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Company but not yet effective (continued)

(ii) Financial year beginning on/after 1 July 2018 (continued)

- MFRS 15 'Revenue from contracts with customers' (effective from 1 January 2018) deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

  The core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Revenue is recognised when a customer obtains control of goods or services and thus has the ability to direct the use and obtain the benefits from the goods or services.

- Amendments to MFRS 128 'Investment in Associates and Joint Ventures' (effective from 1 January 2018) clarify that an entity, which is a venture capital organisation, or a mutual fund, unit trust or similar entities, has an investment-by-investment choice to measure its investments in associates and joint ventures at fair value in accordance with the standard.

- Amendments to MFRS 140 'Investment Property: Classification on 'Change in Use' – Assets transferred to, or from, Investment Properties' (effective from 1 January 2018) clarify that to transfer to, or from investment properties there must be a change in use. A change in use would involve an assessment of whether a property meets, or has ceased to meet, the definition of investment property. The change must be supported by evidence that the change in use has occurred and a change in management's intention in isolation is not sufficient to support a transfer of property. The amendments also clarify the same principle applies to assets under construction.

- IC Interpretation 22 'Foreign Currency Transactions and Advance Consideration' (effective from 1 January 2018) applies when an entity recognises a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. MFRS 121 requires an entity to use the exchange rate at the 'date of the transaction' to record foreign currency transactions. IC Interpretation 22 provides guidance how to determine 'the date of transaction' when a single payment/receipt is made, as well as for situations where multiple payments/receipts are made. The date of transaction is the date when the payment or receipt of advance consideration gives rise to the non-monetary asset or non-monetary liability when the entity is no longer exposed to foreign exchange risk. If there are multiple payments or receipts in advance, the entity should determine the date of the transaction for each payment or receipt. An entity has the option to apply IC Interpretation 22 retrospectively or prospectively.

(iii) Financial year beginning on/after 1 July 2019

- IC Interpretation 23 'Uncertainty over Income Tax Treatments' (effective from 1 January 2019) provides guidance on how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. If an entity concludes that it is not probable that the tax treatment will be accepted by the tax authority, the effect of the tax uncertainty should be included in the period when such determination is made. An entity shall measure the effect of uncertainty using the method which best predicts the resolution of the uncertainty. IC Interpretation 23 will be applied retrospectively.

2 BASIS OF PREPARATION (CONTINUED)

(b) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Company but not yet effective (continued)

(iii) Financial year beginning on/after 1 July 2019 (continued)

- MFRS 16 'Leases' (effective from 1 January 2019) supersedes MFRS 117 'Leases' and the related interpretations. Under MFRS 16, a lease is a contract (or part of a contract) that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. MFRS 16 eliminates the classification of leases by the lessee as either finance leases (on balance sheet) or operating leases (off balance sheet). MFRS 16 requires a lessee to recognise a "right-of-use" of the underlying asset and a lease liability reflecting future lease payments for most leases. The right-of-use asset is depreciated in accordance with the principle in MFRS 116 'Property, Plant and Equipment' and the lease liability is accreted over time with interest expense recognised in income statement. For lessors, MFRS 16 retains most of the requirements in MFRS 117. Lessors continue to classify all leases as either operating leases or finance leases and account for them differently.

(iv) Effective date yet to be determined by Malaysian Accounting Standards Board

- Amendments to MFRS 10 and MFRS 128, 'Sale or Contribution of Assets between an Investor and its Associate or Joint Venture' resolve a current inconsistency between MFRS 10 and MFRS 128. The accounting treatment depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a 'business'. Full gain or loss shall be recognised by the investor where the non-monetary assets constitute a 'business'. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor to the extent of the other investors' interests. The amendments will only apply when an investor sells or contributes assets to its associate or joint venture. They are not intended to address accounting for the sale or contribution of assets by an investor in a joint operation.

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.

3 SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements.

(a) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. Cost also includes borrowing costs incurred for assets under construction. The cost of certain property, plant and equipment includes the costs of dismantling, removal and restoration, the obligation 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 Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Income Statement during the financial period in which they are incurred.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Property, plant and equipment (continued)

Where items of property, plant and equipment are transferred to the Group from customers/developers, the fair value of the assets transferred is recognised as property, plant and equipment in the Statement of Financial Position. Where the transfer is exchanged for connection to the network and no further obligation is required, the corresponding credit is revenue. Where the transfer is linked to the provision of ongoing services, the corresponding entry is deferred income as disclosed in Note 29 and released to the Income Statement over the expected useful lives of the assets.

Infrastructure assets comprise a network of system of mains and sewers, impounding and pumped raw water storage reservoirs, dams, sludge pipelines, sea outfalls and infrastructure investigations and studies. It is amortised in equal instalments over a period of one hundred and eight (108) years.

Freehold land is not depreciated as it has an infinite life. Leasehold land classified as finance lease is amortised over its lease period.

All other property, plant and equipment are depreciated on a straight line basis to write off the cost of each asset to its residual value over its estimated useful lives, summarised as follows:

	Years
Leasehold land	18-30
Buildings	10-50
Plant and machinery	3-30
Mains and lines	20
Office equipment	3-10
Computers	3-5
Furniture and fittings	3-10
Motor vehicles and aircraft	5-10
Telecommunications equipment	5-25

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. Depreciation on property, plant and equipment under construction commences when the property, plant and equipment are ready for their intended use. Depreciation of property, plant and equipment ceases at the earlier of derecognition and classification as held-for-sale.

At each reporting date, the Group and the Company assess whether there is any indication of impairment. If such indication exists, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amounts exceed the recoverable amounts. See accounting policy Note 3(e) to the financial statements on impairment of non-financial assets.

Residual values and useful lives of assets are reviewed, and adjusted if appropriate, at each reporting date.

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Leases

(i) Accounting by lessee

Finance lease

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 charged to the Income Statement over the period of the lease in reducing amounts in a constant rate in relation to the outstanding obligation.

Operating lease

Leases of assets where significant portion of the risks and rewards of ownership is 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 the Income Statement 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 financial period is which termination takes place.

(ii) Accounting by lessor

Operating lease

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. Lease income (net of any incentives given to lessees) is recognised on the straight line basis over the lease term.

(c) Intangible assets

(i) Intangible assets – Customer acquisition costs

Customer acquisition costs pertains to commission payment made to a dealer intermediary as consideration for signing up a new customer and the expenditures incurred in providing the customer a free or subsidised device, provided the customer signs a non-cancellable contract for a predetermined contractual period, are capitalised as intangible assets and amortised over the contractual period on a straight line basis. Customer acquisition costs are assessed at each reporting date whether there is any indication that the customer acquisition costs may be impaired. See accounting policy Note 3(e) to the financial statements on impairment of non-financial assets.

(ii) Intangible assets – Goodwill

Goodwill arises on the acquisitions of subsidiaries and it represents the excess of the cost of the acquisition over the Group's share in the fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree at the date of acquisition. If the fair value of consideration transferred, the amount of non-controlling interest and the fair value of previously held interest in the acquiree are less than the fair value of the net identifiable assets of the acquiree, the resulting gain is recognised in the profit or loss.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Intangible assets (continued)

(ii) Intangible assets - Goodwill (continued)

Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill acquired in a business combination is allocated to cash-generating units for the purpose of impairment testing and is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired. The carrying value of goodwill is compared to the recoverable amount, which is the higher of fair value less costs of disposal and value-in-use. Any impairment is recognised immediately as an expense and is not subsequently reversed. See accounting policy Note 3(e) to the financial statements on impairment of non-financial assets.

(iii) Intangible assets - Others

Other intangible assets comprise acquired contracts and rights to contracts from business combination. These are amortised over the contractual period on a straight line basis and are assessed at each reporting date whether there is any indication that the other intangible assets may be impaired. See accounting policy Note 3(e) to the financial statements on impairment of non-financial assets.

(d) Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are stated at cost less accumulated depreciation.

(e) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or as and when events or circumstances occur indicating that impairment may exist. Assets that are subject to amortisation are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment 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 costs of disposal 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.

The impairment is charged to the Income Statement unless it reverses a previous revaluation in which case it is charged to the revaluation surplus. In respect of these assets, any subsequent increase in recoverable amount is recognised in the Income Statement unless it reverses impairment on a revalued asset in which case it is taken to revaluation surplus.

(f) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Subsidiaries (continued)

Subsidiaries are consolidated using the acquisition method of accounting except for subsidiaries that were consolidated prior to 1 July 2002 in accordance with Malaysian Accounting Standard 2 'Accounting for Acquisitions and Mergers', the generally accepted accounting principles prevailing at that time.

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

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

(i) Acquisition method

Under the acquisition method of accounting, subsidiaries are fully consolidated from the date of which control is transferred to the Group and are deconsolidated from the date that control ceased. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed is recorded as goodwill. If this consideration is lower than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the gain is recognised in the Income Statement (refer to significant accounting policies Note 3(c)(ii) on goodwill).

(ii) Merger method

Acquisition of a subsidiary, YTL Power Generation Sdn. Bhd., was accounted for using merger accounting principles.

Under the merger method of accounting, the results of subsidiaries are presented as if the merger had been effected throughout the current and previous financial years. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. On consolidation, the difference between the carrying values of the investment in the subsidiary over the nominal value of the shares acquired is taken to merger reserve.

On consolidation, the cost of the merger is cancelled with the values of the shares received. Any resulting credit difference is classified as equity and regarded as a non-distributable reserve. Any resulting debit difference is adjusted against any suitable reserve. Any share premium, capital redemption reserve and any other reserves which are attributable to share capital of the merged enterprises, to the extent that they have not been capitalised by a debit difference, are reclassified and presented as movement in other capital reserves.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Subsidiaries (continued)

(iii) Transactions with non-controlling interests

The Group treats transactions with non-controlling interests that do not result in loss of control as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iv) Change in control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other component of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in the Income Statement. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(g) Associates

Associates are entities in which the Group exercises significant influence, but which it does not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Significant influence is the power to participate in the financial and operating policy decisions of the associates but not control over those policies.

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

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

The results of associates are taken from the most recent financial statements of the associates' concerned, made up to dates not more than three months prior to the end of the financial year of the Group.

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

When the Group losses significant influence, any retained interest in the entity is re-measured to its fair value with the change in carrying amount recognised in the Income Statement. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as a financial asset. Any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) 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 ventures 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.

Joint ventures

The Group's interest in a joint venture is accounted for in the financial statements by the equity method of accounting. Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

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

(i) Investments in subsidiaries, joint arrangements and associates

Investments in subsidiaries, joint arrangements and associates are stated at cost less accumulated impairment losses if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount.

On disposal of investments in subsidiaries, joint arrangements and associates, the difference between disposal proceeds and the carrying amounts of the investments are recognised in Income Statement.

(j) Development expenditure

Development expenditure is generally expensed when incurred otherwise it 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 benefit will flow to the enterprise.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis. Inventories comprise primarily of raw material, work-in-progress, fuel and spare parts. The cost of work-in-progress comprises raw materials, direct labour, other direct costs and related overheads. It excludes borrowing costs. Fuel and diesel oil held for generation of electricity are not written down below cost if the electricity generated is expected to obtain a gross margin at or above cost. Cost for this purpose includes the applicable costs required to enable the fuel and diesel oil to be used for the generation of electricity.

Inventories for oil trading are acquired with the purpose of selling in the near future and generating a profit from fluctuations in price. These are at fair value less costs to sell, with changes in fair value less costs to sell recognised in the Income Statement in the period of change.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

On initial recognition, land is included within inventories at its fair value, which is its cost to the Group. Where development is in progress, net realisable value is assessed by considering the expected future revenues and the total costs to complete the development. Such land is classified as current inventories when it is expected to be realised within the normal operating cycle.

(l) Financial assets and financial liabilities

Financial assets

(i) Classification

Financial assets are classified in the following categories: at fair value through profit or loss, loans and receivables and available-for-sale. Management determines the classification of its financial assets at initial recognition based on the nature of the asset and the purpose for which the asset was acquired.

(a) Financial Assets at Fair Value through Profit or Loss ("FVTPL")

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if it was acquired principally for the purpose of selling. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

To reduce the accounting mismatch, the fair value option is applied to investments that include embedded derivatives.

(b) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting date. These are classified as non-current assets. The Group's loans and receivables comprise non-current receivables, receivables, deposits and cash and bank balances in the Statement of Financial Position. While, the Company's loans and receivables comprise receivables, deposits and cash and bank balances in the Statement of Financial Position.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Financial assets and financial liabilities (continued)

Financial assets (continued)

(i) Classification (continued)

(b) Loans and Receivables (continued)

When loans and receivables are impaired, the carrying amount of the asset is reduced and the amount of the loss is recognised in the Income Statement.

(c) Available-for-sale Financial Assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months from the end of the reporting date.

(ii) Measurement

(a) Recognition and initial measurement

Regular purchases and sales of financial assets are recognised on the trade-date, the date on which the Group and the Company commit to purchase or sell the assets.

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss.

Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the Income Statement.

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest methods less provision for impairment, if any.

(b) Subsequent measurement – Gains and losses

Changes in the fair values of financial assets at fair value through profit or loss, including the effects of currency translation, interest and dividend income are recognised in the Income Statement in the financial period in which the changes arise.

Changes in the fair value of available-for-sale financial assets are recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses on monetary assets. The exchange differences on monetary assets are recognised in the Income Statement, whereas exchange differences on non-monetary assets are recognised in other comprehensive income as part of fair value change.

Interest and dividend income on available-for-sale financial assets are recognised separately in the Income Statement. Interest on available-for-sale debt securities calculated using the effective interest method is recognised in the Income Statement. Dividend income on available-for-sale equity instruments are recognised in the Income Statement when the Group and the Company's right to receive payments is established.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Financial assets and financial liabilities (continued)

Financial assets (continued)

(iii) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expires or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the Income Statement.

(iv) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the Statement of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy.

(v) Impairment of financial assets

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

(a) Assets carried at amortised cost

A financial asset or a group of financial assets is impaired and impairment is 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 the Income Statement.

(b) Assets classified as available-for-sale

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, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss previously recognised in the Income Statement, is reversed from equity and recognised in the Income Statement. Impairment losses recognised in the Income Statement on equity instruments is not reversed through Income Statement in subsequent periods.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the Income Statement, the impairment loss is reversed through the Income Statement.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Financial assets and financial liabilities (continued)

Financial liabilities

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

The Group's and the Company's financial liabilities include trade payables, other payables and borrowings (see Note 3(q)). These are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

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 difference in the respective carrying amounts is recognised in the Income Statement.

(m) Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date the 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:

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

(b) hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge).

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

The fair values of various derivative financial instruments used for hedging purposes are disclosed in Note 19 to the financial statements. Movements on the hedging reserve in other comprehensive income are shown in Note 24(a) to the financial statements. The full fair value of a hedging derivative is classified as non-current asset or liability when the remaining maturity of the hedged item is more than 12 months, and as current asset or liability when the remaining maturity of the hedged item is less than 12 months. The fair value of a trading derivative is classified as current asset or liability.

(i) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the Income Statement, 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 the Income Statement within 'finance costs'. The gain or loss relating to the ineffective portion is recognised in the Income Statement. Changes in the fair value of the hedge fixed rate borrowings attributable to interest rate risk are recognised in the Income Statement within 'finance costs'.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Derivative financial instruments and hedging activities (continued)

(i) Fair value hedge (continued)

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 Income Statement over the period to maturity.

(ii) Cash flows hedge

The fair value changes on the effective portion of the derivatives that are designated and qualify as cash flows hedges are recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the Income Statement.

Amounts accumulated in equity are reclassified to Income Statement in the financial periods when the hedged item affects Income Statement (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 the Income Statement. 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 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 Income Statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the Income Statement.

(n) Financial guarantee

Financial guarantee contracts are contracts that require the Group and 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 MFRS 137 'Provisions, Contingent Liabilities and Contingent Assets' and the amount initially recognised less cumulative amortisation, where appropriate.

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Cash and cash equivalents

For the purpose of the Statement of Cash Flows, cash and cash equivalents comprise cash on hand, cash at bank and deposits held at call with financial institutions with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdrafts are included within borrowings in current liabilities on the Statement of Financial Position.

(p) Share capital

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

Distributions to holders of a financial instrument classified as an equity instrument are charged directly to equity. Dividends to shareholders are recognised in equity in the financial period in which they are declared.

Dividends on ordinary shares are accounted for in shareholders' equity as an appropriation of retained earnings and accrued as liability in the financial year in which the obligation to pay is established.

Purchase of own shares

Where the Company purchases its own shares, the consideration paid, including any directly attributable incremental costs, net of tax, is deducted from equity attributable to the owners of the Company as treasury shares until the shares are cancelled, reissued.

Should such shares be cancelled, the costs of the treasury shares are applied in the reduction of the profits otherwise available for distribution as dividends. Should such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related tax effects, is included in equity attributable to the owners of the Company.

Where the treasury shares are subsequently distributed as dividends to shareholders, the costs of the treasury shares on the original purchase are applied in the reduction of the funds otherwise available for distribution as dividends.

(q) 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 interest method; any difference between proceeds (net of transaction costs) and the redemption value is recognised in the Income Statement over the term of the bonds and borrowings.

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

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

Borrowing cost incurred to finance the construction of property, plant and equipment that meets the definition of qualifying asset are capitalised as part of the cost of the assets during the period of time that is required to complete and prepare the asset for its intended use.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) 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 Income Statement over the expected economic useful lives of the related assets.

(s) 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.

(t) Provisions

The Group and the Company recognise 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.

(u) Revenue recognition

(i) Sale of electricity

Revenue from sales of electricity is recognised upon performance of services based on the invoiced value of sales 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.

(ii) Sale of fuel oil

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

(iii) Supply of clean water and 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) Broadband and telecommunications

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

Revenue from the sale of devices is recognised 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Revenue recognition (continued)

(v) Sale of steam

Revenue relating to sale of steam is recognised when the steam is delivered to the customer.

(vi) Investment income

Investment income earned by the Group and the Company are recognised on the following bases:

Dividend income	–	When the shareholders' right to receive payment is established.
Interest income	–	On an effective interest basis.

(vii) Others

Other income earned by the Group and the Company are recognised on the following bases:

Management fees	–	When services are rendered and invoiced, net of service taxes.
Operation and maintenance fees	–	When services are rendered and invoiced.
Tank leasing fees	–	Tank leasing fees from operating leases are recognised on a straight line basis over the lease term.
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.

(v) Employee benefits

(i) Short-term employee benefits

Wages, salaries, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the financial period in which the associated services are rendered by employees of the Group and the Company.

(ii) Post-employment benefits

The Group has various post-employment benefit schemes in accordance with local conditions and practices in the industries in which it operates.

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

(a) Defined contribution plan

A defined contribution plan is a pension plan under which the Group and the Company pay fixed contributions into a separate entity (a fund) on a mandatory, contractual or voluntary basis 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 financial periods.

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) Employee benefits (continued)

(ii) Post-employment benefits (continued)

(b) 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 the reporting date of government securities which have currency and terms to maturity approximating the terms of the related liability.

Re-measurement gains and losses of post-employment benefit obligations are recognised outside the Income Statement in retained earnings and presented in the Statement of Comprehensive Income.

Past-service costs are recognised immediately in Income Statement.

(iii) Share-based compensation

The Group operates an equity-settled, share-based compensation plan for the employees of the Group. The fair value of the employee services received in exchange for the grant of the share options is recognised as an expense in the Income Statement over the vesting periods of the grant with a corresponding increase in equity.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the share options granted and the number of share options to be vested by vesting date. At each 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 Income Statement, with a corresponding adjustment to equity. For options granted to subsidiaries, 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 when the options are exercised.

(w) Income taxes

Current tax expense is determined according to the tax laws of each jurisdiction in which the Group operates and includes all taxes based upon the taxable profits, including withholding taxes payable by a foreign subsidiary, associated company or joint venture on distributions of retained earnings to companies in the Group.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(w) Income taxes (continued)

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

Deferred tax assets are recognised 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 recognised on temporary differences arising on investments in subsidiaries, associated companies and joint ventures except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

The Group's share of income taxes of joint ventures and associates are included in the Group's share of profits of investments accounted for using the equity method.

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

(x) Foreign currencies

(i) Functional and presentation currency

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

(ii) Transactions and balances

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 financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement.

(iii) Group companies

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

- assets and liabilities for each Statement of Financial Position presented are translated at the closing rate at the date of that Statement of Financial Position;
- income and expenses for each Income Statement are translated at average exchange rates; and
- all resulting exchange differences are recognised as a separate component of other comprehensive income.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(x) Foreign currencies (continued)

(iii) Group companies (continued)

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 other comprehensive income are recognised in the Income Statement as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity on or after 1 July 2011 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 2011, goodwill and fair value adjustments continued to be recorded at the exchange rate at the respective date of acquisitions. This is in accordance to the adoption of MFRS 1.

(y) 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 the occurrence or non-occurrence of one or more 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 or it cannot be measured reliably. However, contingent liabilities do not include financial guarantee contracts.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more 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.

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.

(z) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Director primarily responsible for the financial statements for the Group.

Transactions between segments are carried out on mutually agreed basis. The effects of such inter-segment transactions are eliminated on consolidation. The measurement basis and classification are consistent with those adopted in the previous financial year.

4 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 the 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) Impairment 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 value-in-use calculations. These calculations require the use of significant judgements and estimates as set out in Note 13 to the financial statements.

(b) Capitalisation policy of infrastructure assets in property, plant and equipment

The infrastructure assets of the water and sewerage segment comprised cost incurred to meet the development and regulatory requirement of the business and this includes employee and overhead costs that are directly attributable to the construction of the asset.

Estimates and judgements are involved in determining whether cost incurred, specifically employee and overhead costs, meet the relevant criteria for capitalisation of property, plant and equipment.

(c) Impairment assessment of property, plant and equipment and investment

Management applies its accounting policy set out in Note 3(e) to the financial statements in determining when property, plant and equipment and investment are considered as impaired.

Impairment is recognised when events and circumstances indicate that these assets or investment may be impaired and the carrying amount of these assets or investment exceeds the recoverable amounts. In determining the recoverable amount of these assets, certain estimates and judgements are made regarding the cash flows of these assets and investment including meeting revenue growth targets and sourcing contracts renewal as disclosed in Note 14(d).

(d) Assumptions used in determining the post-employment benefit obligations

The present value of the post-employment benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost/income are disclosed in Note 27 to the financial statements. Any changes in these assumptions will impact the carrying amount of post-employment benefits obligations.

(e) Assessment on allowance for impairment of trade receivables of water and sewerage segment

At each reporting date, the Group assess whether there is objective evidence that trade receivables of the Group have been impaired. Impairment loss is calculated based on historical cash collection trends and economic trends, which are subjective in nature. Such provisions are adjusted periodically to reflect the actual and anticipated impairment.

5 REVENUE

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Sale of electricity	**5,077,637**	5,466,029	**–**	–
Sale of clean water and treatment and disposal of waste water	**3,109,571**	3,346,634	**–**	–
Sale of fuel oil	**278,790**	261,004	**–**	–
Sale of steam	**150,864**	127,166	**–**	–
Broadband and telecommunications	**824,530**	702,075	**–**	–
Investment income	**141,623**	150,199	**1,514,017**	1,126,613
Others	**194,897**	192,067	**3,574**	9,481
	9,777,912	10,245,174	**1,517,591**	1,136,094

6 SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES

Key management personnel comprise the Directors and Senior Management who have the authority and responsibility for planning, directing and controlling the activities of the Group or the Company. The key management compensation is disclosed below:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Key management compensation:				
- Wages, salaries and bonus	**52,097**	52,849	**18,070**	18,070
- Defined contribution plan	**4,879**	4,872	**2,131**	2,131
- Fees	**760**	764	**760**	764
- Other emoluments*	**337**	329	**102**	100
- Estimated money value of benefits in kind	**768**	513	**300**	130

* Other emoluments include socso, meeting allowances, etc.

Key management compensation includes the Directors' remuneration (whether executive or otherwise) as disclosed in Note 7 to the financial statements.

Whenever it exists, related party transactions also include transaction with entities that are controlled, jointly controlled or significantly influenced directly or indirectly by any key management personnel or their close family members.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

6 SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

In addition to related party transactions and balances mentioned elsewhere in the financial statements, set out below are significant related party transactions and balances which were carried out on terms and conditions negotiated amongst the related parties.

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Sale of goods and services:				
- Subsidiaries	**–**	–	**–**	6,000
- Fellow subsidiaries	**15,778**	15,533	**–**	–
Dividend income:				
- Subsidiaries	**–**	–	**1,409,780**	1,044,784
- Fellow subsidiaries	**10,404**	10,404	**10,404**	10,404
Interest income:				
- Subsidiaries - in respect of loan and advances	**–**	–	**71,149**	44,059
Other income:				
- Fellow subsidiaries	**3,675**	5,246	**3,574**	3,481
Interest expense:				
- Subsidiaries - in respect of loan and advances	**–**	–	**6,104**	19,726
Purchases of goods and services from fellow subsidiaries:				
- Advertising and promotion	**6,128**	6,044	**–**	–
- Hotel and accommodation	**6,521**	6,187	**1,736**	1,136
- Operating and maintenance	**84,253**	67,952	**–**	–
- Telecommunications related charges	**75,492**	75,000	**–**	–
- Building infrastructure	**1,134**	1,042	**–**	–
Purchases of goods and services from joint venture companies:				
- Information technology consultancy and related services	**41,737**	33,289	**–**	–
Purchases of goods and services from subsidiary of associated company of immediate holding Company:				
- Commission, incentives and/or reimbursement of bundle device sold	**10,413**	17,016	**–**	–
Expenses paid on behalf of:				
- Subsidiaries	**–**	–	**2,640**	6,731
- Fellow subsidiaries	**2**	5,764	**–**	5,757
- Immediate holding company and ultimate holding company	**1,819**	–	**975**	–

6 SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

	Group		Company	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Expenses paid on behalf by:				
- Subsidiaries	**–**	–	**262,580**	192,787
- Fellow subsidiaries	**7,570**	42,544	**1,427**	6,179
- Immediate holding company and ultimate holding company	**4,654**	5,296	**619**	2,892
Year-end balances owing by:				
- Subsidiaries	**–**	–	**3,000,607**	1,835,298
- Fellow subsidiaries	**17,942**	883	**–**	10
- Immediate holding company and ultimate holding company	**2**	5	**–**	–
Year-end balances owing to:				
- Subsidiaries	**–**	–	**(429,553)**	(567,296)
- Fellow subsidiaries	**(36,332)**	(67,679)	**(373)**	(483)
- Immediate holding company and ultimate holding company	**(87)**	(207)	**–**	–

The movement in advances to subsidiaries during the financial year is as follows:

	Company	
	2017 RM'000	**2016 RM'000**
Advances to subsidiaries		
At 1 July	**1,605,577**	1,648,325
Net advances to subsidiaries	**1,481,972**	1,644,530
- Advances	**1,661,820**	2,323,186
- Repayments	**(140,887)**	(657,503)
- Payment of interests	**(38,961)**	(21,153)
Foreign currency translation	**68,871**	(11,611)
Capitalisation of intercompany balances	**(800,000)**	(1,700,000)
Net of interest income and expenses	**65,045**	24,333
At 30 June	**2,421,465**	1,605,577

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

7 PROFIT BEFORE TAXATION

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Profit before taxation is stated after charging/(crediting):				
Allowance for impairment of associates	**31,393**	–	**–**	–
Allowance for impairment of inventories	**1,638**	1,822	**–**	–
Allowance for impairment of investments	**305**	–	**305**	–
Allowance for impairment of property, plant and equipment	**4,914**	7	**–**	–
Allowance for/(Write back of) impairment of receivables (net of reversals)	**76,337**	(74,866)	**–**	–
Allowance for impairment of subsidiaries	**–**	–	**472,500**	–
Amortisation of deferred income	**(8,846)**	(4,277)	**–**	–
Amortisation of grants and contributions	**(14,774)**	(17,005)	**–**	–
Amortisation of intangible assets	**86,628**	100,665	**–**	–
Auditors' remuneration				
- Statutory audit fees payable/paid to PwC Malaysia:				
- current year	**670**	630	**620**	580
- Statutory audit fees payable/paid to member firms of an organisation which are separate and independent legal entities from PwC Malaysia	**815**	648	**–**	–
- Statutory audit fees payable/paid to other audit firms	**2,714**	2,641	**–**	–
- Non-audit fees payable/paid to PwC Malaysia	**99**	249	**23**	31
- Non-audit fees payable/paid to member firms of an organisation which are separate and independent legal entities from PwC Malaysia	**321**	357	**–**	74
Bad debts written-off	**7,607**	13,578	**–**	–
Depreciation of property, plant and equipment	**1,074,714**	1,222,954	**165**	128
Development expenditure	**16,712**	50,472	**16,712**	50,472
Directors' remuneration	**47,584**	47,352	**21,363**	21,195
Dividend in specie	**–**	–	**(525,210)**	–
Energy cost	**4,922,419**	4,948,390	**–**	–
Fair value changes in derivatives	**(3)**	(1,402)	**–**	–
Fair value changes in investments	**(264)**	–	**371**	–
Interest income	**(22,193)**	(71,025)	**–**	–
Interest expense - borrowings	**820,799**	866,580	**292,291**	258,383
Interest expense - post-employment benefit obligations	**25,621**	28,153	**–**	–
Net gain on disposal of property, plant and equipment	**(10,882)**	(23,158)	**(5)**	–
Net gain on disposal of investments	**(441)**	–	**(41)**	–
Property, plant and equipment written off	**19,683**	16,909	**–**	–
Realised (gain)/loss on foreign exchange	**(1,952)**	7,757	**35**	(88)
Rental of land and building	**132,865**	123,630	**360**	360
Rental of plant, equipment and machinery	**7,206**	6,892	**–**	–

7 PROFIT BEFORE TAXATION (CONTINUED)

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Staff costs:				
- Wages, salaries and bonus	**564,846**	537,683	**15,017**	13,583
- Defined contribution plan	**27,681**	20,999	**1,541**	1,372
- Defined benefit plan	**71,990**	73,125	**–**	–
- Share option expenses	**–**	6	**–**	–
Unrealised (gain)/loss on foreign exchange	**(1,177)**	(26,171)	**6,146**	(34,789)
Write off of investments accounted for using the equity method	**5**	–	**5**	–

The aggregate remuneration of Directors categorised into appropriate components are as follows:

	Salaries RM'000	Fees RM'000	Bonus RM'000	Others* RM'000	Total RM'000
2017					
Group					
Executive Directors	**24,484**	**450**	**16,980**	**5,315**	**47,229**
Non-executive Directors	**–**	**310**	**–**	**45**	**355**
Company					
Executive Directors	**10,894**	**450**	**7,176**	**2,488**	**21,008**
Non-executive Directors	**–**	**310**	**–**	**45**	**355**
2016					
Group					
Executive Directors	24,457	450	16,980	5,105	46,992
Non-executive Directors	–	314	–	46	360
Company					
Executive Directors	10,894	450	7,176	2,315	20,835
Non-executive Directors	–	314	–	46	360

* Included in the remuneration of Directors of the Group and the Company are contributions to a defined contribution plan and estimated money value of benefits in kind amounting to RM4,849,950 and RM405,354 (2016: RM4,849,950 and RM200,415) and RM2,131,410 and RM299,971 (2016: RM2,131,410 and RM130,425), respectively.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

7 PROFIT BEFORE TAXATION (CONTINUED)

The number of Directors of the Group and of the Company whose total remuneration fall within the following bands for the financial year ended 30 June 2017 is as follows:

	Group No. of Directors		Company No. of Directors	
Range of remuneration	Executive	Non-executive	Executive	Non-executive
Below RM50,000	1	–	4	–
RM50,001-RM100,000	1	3	1	3
RM100,001-RM150,000	–	1	–	1
RM1,050,001-RM1,100,000	1	–	1	–
RM4,500,001-RM4,550,000	–	–	1	–
RM4,650,001-RM4,700,000	1	–	–	–
RM5,050,001-RM5,100,000	1	–	1	–
RM7,750,001-RM7,800,000	1	–	–	–
RM8,500,001-RM8,550,000	1	–	–	–
RM9,800,001-RM9,850,000	1	–	–	–
RM10,100,001-RM10,150,000	1	–	1	–

8 TAXATION

Taxation charge for the financial year:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Current tax:				
- Malaysian income tax	1,256	50,766	719	744
- Foreign income tax	226,513	200,856	–	–
Deferred taxation (Note 25)	(123,341)	(115,938)	(5)	–
	104,428	135,684	714	744
Current tax:				
- Current year	233,058	284,781	798	748
- Over provision in prior years	(5,289)	(33,159)	(79)	(4)
Deferred taxation:				
- Originating and reversal of temporary differences	(123,341)	(115,938)	(5)	–
	104,428	135,684	714	744

8 TAXATION (CONTINUED)

The explanation of the relationship between taxation and profit before taxation is as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Numerical reconciliation between taxation and the product of accounting profit multiplied by the Malaysian tax rate				
Profit before taxation	**892,207**	1,314,140	**672,009**	795,870
Tax calculated at the Malaysian tax rate 24% (2016: 24%)	**214,130**	315,394	**161,282**	191,009
Tax effects of:				
- Share of profits of investments accounted for using the equity method	**(83,536)**	(151,221)	**–**	–
- Different tax rates in other countries including re-measurement of deferred tax^	**(113,222)**	(184,162)	**–**	–
- Non-deductible expenses	**81,280**	150,366	**183,626**	71,557
- Income not subject to tax	**(29,518)**	(31,228)	**(344,115)**	(261,818)
- Temporary differences not recognised*	**40,583**	69,694	**–**	–
- Over provision in prior years in relation to current tax	**(5,289)**	(33,159)	**(79)**	(4)
Taxation	**104,428**	135,684	**714**	744

^ The re-measurement of deferred tax during the financial year of RM75.5 million was due to a reduction in the United Kingdom corporation tax rate from 18% to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016. This reduction will reduce the subsidiary's future current tax charge accordingly. The deferred tax liability at 30 June 2017 has been calculated based on the rate of 17% substantively enacted at the financial year ended 30 June 2017.

* A subsidiary of the Group was granted pioneer status for a period of 10 years commencing November 2010. The tax effects of temporary differences not recognised as shown below in respect of this subsidiary, is expected to be reversed during the pioneer period.

	2017 RM'000	2016 RM'000
- Property, plant and equipment	**176,362**	146,315
- Unutilised tax losses	**224,924**	224,924

The tax effects of temporary differences not recognised in respect of other subsidiaries are as follows:

	2017 RM'000	2016 RM'000
- Property, plant and equipment	**10,546**	77
- Unutilised tax losses	**67**	–

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

9 EARNINGS PER SHARE ("EPS")

(a) Basic EPS

	Group	
	2017	**2016**
Profit attributable to owners of the parent (RM'000)	**693,813**	1,061,850
Weighted average number of ordinary shares in issue ('000)	**7,747,678**	7,554,413
Basic EPS (sen)	**8.96**	14.06

Basic EPS of the Group is calculated by dividing the net profit attributable to owners of the parent by the weighted average number of ordinary shares in issue during the financial year, excluding the number of ordinary shares purchased by the Company and held as treasury shares.

(b) Diluted EPS

	Group	
	2017	**2016**
Profit attributable to owners of the parent (RM'000)	**693,813**	1,061,850
Profit used to determine diluted EPS (RM'000)	**693,813**	1,061,850
Weighted average number of ordinary shares in issue ('000)	**7,747,678**	7,554,413
Adjustments for:		
- Conversion of Warrants ('000)	**27,871**	38,609
- ESOS ('000)	**4,841**	5,410
Weighted average number of ordinary shares for diluted earnings per share ('000)	**7,780,390**	7,598,432
Diluted EPS (sen)	**8.92**	13.97

As at 30 June 2017, the Company has 116,127,100 (2016: 157,567,207) unexercised warrants, whose terms of conversion are set out in Note 23(a) to the financial statements. MFRS 133 'Earnings Per Share' prescribes that warrants are dilutive when they are issued for no consideration or when they would result in the issue of ordinary shares for less than its fair value. For the diluted EPS calculation, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares.

10 DIVIDENDS

	Group and Company 2017		Group and Company 2016	
	Gross dividend per share Sen	Amount of dividend RM'000	Gross dividend per share Sen	Amount of dividend RM'000
Dividend paid in respect of the financial year ended 30 June 2016:				
- Interim single tier dividend of 10 sen per ordinary share paid on 15 November 2016	**10**	**775,865**	–	–
Dividend paid in respect of the financial year ended 30 June 2015:				
- Interim single tier dividend of 10 sen per ordinary share paid on 23 October 2015	**–**	**–**	10	771,722
	10	**775,865**	10	771,722

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

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

11 PROPERTY, PLANT AND EQUIPMENT

The details of property, plant and equipment are as follows:

Group 2017	Land and buildings RM'000	Infra-structure assets RM'000	Plant and machinery RM'000	Mains and lines RM'000	Office equipment RM'000	Computers RM'000	Furniture and fittings RM'000	Motor vehicles and aircraft RM'000	Telecom-munications equipment RM'000	Assets under construction RM'000	Total RM'000
Cost											
At 1 July 2016	4,793,012	7,463,251	14,720,538	22,699	765,515	44,138	28,903	157,177	2,247,058	1,008,074	31,250,365
Exchange differences	143,355	283,170	492,541	–	27,981	833	206	1,722	–	44,537	994,345
Acquisition of a subsidiary*	1,438	60,931	94	–	216	–	–	–	–	–	62,679
Additions	18,285	207,262	322,461	–	12,225	2,348	1,681	12,353	8,671	1,084,612	1,669,898
Disposals	(17)	–	(12,723)	–	(37)	(94)	(51)	(12,451)	(10)	–	(25,383)
Written off	(1,781)	(8,308)	(114,239)	–	(739)	(27)	(27)	–	(179)	–	(125,300)
Transfer on commissioning	4,761	36,164	59,714	–	1,038	6,332	1,441	–	415,255	(524,705)	–
At 30 June 2017	4,959,053	8,042,470	15,468,386	22,699	806,199	53,530	32,153	158,801	2,670,795	1,612,518	33,826,604
Accumulated depreciation and impairment											
At 1 July 2016	1,960,392	495,346	7,772,808	22,699	339,170	36,606	13,916	43,998	512,429	43,326	11,240,690
Exchange differences	41,651	18,876	222,637	–	12,343	715	166	828	–	–	297,216
Charge for the financial year	93,398	63,065	721,844	–	16,035	5,184	2,740	19,441	153,007	–	1,074,714
Disposals	(3)	–	(11,135)	–	(35)	(92)	(38)	(8,986)	(5)	–	(20,294)
Impairment	–	–	4,889	–	–	–	–	23	2	–	4,914
Written off	(463)	–	(104,648)	–	(319)	(25)	(15)	–	(147)	–	(105,617)
At 30 June 2017	2,094,975	577,287	8,606,395	22,699	367,194	42,388	16,769	55,304	665,286	43,326	12,491,623
Net book value											
At 30 June 2017	2,864,078	7,465,183	6,861,991	–	439,005	11,142	15,384	103,497	2,005,509	1,569,192	21,334,981

* This is in relation to acquisition of Albion Water Limited as disclosed in Note 14(c).

Borrowing cost of RM9,098,220 (2016: RM9,044,603) at an interest rate of 4.3% (2016: 3.9%) was capitalised during the financial year 2017.

11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The details of property, plant and equipment are as follows: (continued)

Group 2016	Land and buildings RM'000	Infra-structure assets RM'000	Plant and machinery RM'000	Mains and lines RM'000	Office equipment RM'000	Computers RM'000	Furniture and fittings RM'000	Motor vehicles and aircraft RM'000	Telecom-munications equipment RM'000	Assets under construction RM'000	Total RM'000
Cost											
At 1 July 2015	5,003,904	7,816,279	14,929,607	22,699	845,072	39,781	26,686	158,130	2,200,707	849,493	31,892,358
Exchange differences	(364,980)	(789,560)	(436,224)	–	(85,536)	1,015	(22)	(4,002)	–	(100,116)	(1,779,425)
Acquisition of a subsidiary	4,794	–	–	–	–	–	–	–	–	48	4,842
Additions	42,571	268,020	329,779	–	5,335	1,331	2,185	9,214	4,638	993,853	1,656,926
Disposals	(1,500)	–	(17,611)	–	(111)	(174)	(518)	(6,165)	(272,138)	–	(298,217)
Written off	(3,997)	(9,235)	(208,977)	–	(122)	(22)	(1)	–	(3,765)	–	(226,119)
Transfer on commissioning	112,220	177,747	123,964	–	877	2,207	573	–	317,616	(735,204)	–
At 30 June 2016	4,793,012	7,463,251	14,720,538	22,699	765,515	44,138	28,903	157,177	2,247,058	1,008,074	31,250,365
Accumulated depreciation and impairment											
At 1 July 2015	1,936,972	480,976	7,374,738	22,434	353,328	31,226	10,844	29,258	404,584	43,326	10,687,686
Exchange differences	(97,597)	(53,468)	(219,635)	–	(34,135)	754	34	(1,702)	–	–	(405,749)
Charge for the financial year	122,538	67,838	840,537	265	20,144	4,728	3,199	20,219	143,486	–	1,222,954
Disposals	(856)	–	(15,420)	–	(54)	(88)	(160)	(3,777)	(34,643)	–	(54,998)
Impairment	–	–	–	–	–	4	–	–	3	–	7
Written off	(665)	–	(207,412)	–	(113)	(18)	(1)	–	(1,001)	–	(209,210)
At 30 June 2016	1,960,392	495,346	7,772,808	22,699	339,170	36,606	13,916	43,998	512,429	43,326	11,240,690
Net book value											
At 30 June 2016	2,832,620	6,967,905	6,947,730	–	426,345	7,532	14,987	113,179	1,734,629	964,748	20,009,675

Borrowing cost of RM9,044,603 (2015: RM14,867,726) at an interest rate of 3.9% (2015: nil) was capitalised during the financial year 2016. The Group has revised the residual value of certain property, plant and equipment during previous financial year. The revision was accounted for as a change in accounting estimate and as a result, the depreciation charge for previous financial year was increased by RM105,336,000.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The details of land and buildings of the Group are as follows:

Group	Leasehold land RM'000	Freehold land RM'000	Buildings RM'000	Total RM'000
2017				
Cost				
At 1 July 2016	**97,461**	**79,274**	**4,616,277**	**4,793,012**
Exchange differences	**4,125**	**3,110**	**136,120**	**143,355**
Acquisition of a subsidiary	**–**	**–**	**1,438**	**1,438**
Additions	**–**	**3,548**	**14,737**	**18,285**
Disposals	**–**	**–**	**(17)**	**(17)**
Written off	**–**	**–**	**(1,781)**	**(1,781)**
Transfer on commissioning	**–**	**35**	**4,726**	**4,761**
At 30 June 2017	**101,586**	**85,967**	**4,771,500**	**4,959,053**
Accumulated depreciation				
At 1 July 2016	**43,968**	**–**	**1,916,424**	**1,960,392**
Exchange differences	**1,776**	**–**	**39,875**	**41,651**
Charge for the financial year	**6,201**	**–**	**87,197**	**93,398**
Disposals	**–**	**–**	**(3)**	**(3)**
Written off	**–**	**–**	**(463)**	**(463)**
At 30 June 2017	**51,945**	**–**	**2,043,030**	**2,094,975**
Net book value				
At 30 June 2017	**49,641**	**85,967**	**2,728,470**	**2,864,078**
2016				
Cost				
At 1 July 2015	92,274	81,021	4,830,609	5,003,904
Exchange differences	5,187	(7,430)	(362,737)	(364,980)
Acquisition of a subsidiary	–	4,794	–	4,794
Additions	–	809	41,762	42,571
Disposals	–	–	(1,500)	(1,500)
Written off	–	–	(3,997)	(3,997)
Transfer on commissioning	–	80	112,140	112,220
At 30 June 2016	97,461	79,274	4,616,277	4,793,012
Accumulated depreciation				
At 1 July 2015	36,143	–	1,900,829	1,936,972
Exchange differences	1,841	–	(99,438)	(97,597)
Charge for the financial year	5,984	–	116,554	122,538
Disposals	–	–	(856)	(856)
Written off	–	–	(665)	(665)
At 30 June 2016	43,968	–	1,916,424	1,960,392
Net book value				
At 30 June 2016	53,493	79,274	2,699,853	2,832,620

The net book value of assets of the Group held under finance lease amounted RM287,151,457 (2016: RM366,359,505). Leasehold land is short term in nature.

11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The property, plant and equipment of the Company are as follows:

Company	Office equipment RM'000	Computers RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Total RM'000
2017					
Cost					
At 1 July 2016	**46**	**383**	**20**	**1,459**	**1,908**
Additions	**3**	**14**	**–**	**541**	**558**
Disposals	**–**	**–**	**–**	**(415)**	**(415)**
At 30 June 2017	**49**	**397**	**20**	**1,585**	**2,051**
Accumulated depreciation					
At 1 July 2016	**39**	**310**	**20**	**619**	**988**
Charge for the financial year	**2**	**20**	**–**	**143**	**165**
Disposals	**–**	**–**	**–**	**(243)**	**(243)**
At 30 June 2017	**41**	**330**	**20**	**519**	**910**
Net book value					
At 30 June 2017	**8**	**67**	**–**	**1,066**	**1,141**
2016					
Cost					
At 1 July 2015	38	350	20	1,158	1,566
Additions	8	33	–	301	342
At 30 June 2016	46	383	20	1,459	1,908
Accumulated depreciation					
At 1 July 2015	37	296	20	507	860
Charge for the financial year	2	14	–	112	128
At 30 June 2016	39	310	20	619	988
Net book value					
At 30 June 2016	7	73	–	840	920

The net book value of assets of the Company held under finance lease amounted RM381,406 (2016: Nil).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

12 INVESTMENT PROPERTIES

The details of investment properties are as follows:

	Group	
	2017 RM'000	2016 RM'000
At 1 July	**14,462**	–
Additions*	**38,196**	16,418
Exchange differences	**10,910**	(1,956)
Reclassification from inventories#	**369,367**	–
At 30 June	**432,935**	14,462

* The acquisition in 2016 related to the Brabazon Hangars at Filton Airfield, Bristol and the 2017 additions were further expenditure on the development land at Filton Airfield, Bristol.

\# During the year the development land at Filton Airfield, shown as inventories in previous financial year was transferred to investment properties. This follows an internal restructuring into two companies, the asset owner and the development company. Due to the length of time of the development and the use of land between residential, commercial and public usage the asset owner will hold the assets as an investor and look to derive income from letting of the site. During the project, parcels of land will be released to the development company and be recorded in that company as either investment property or held for development, depending on the actual plan for each parcel of land.

The Group has considered and assessed that the cost approximates fair value at 30 June 2017.

13 INTANGIBLE ASSETS

The details of intangible assets are as follows:

	Group	
	2017 RM'000	2016 RM'000
Customer acquisition costs	**32,994**	68,570
Goodwill on consolidation	**8,207,701**	7,868,206
Others	**152,022**	140,444
	8,392,717	8,077,220

(a) Customer acquisition costs

	Group	
	2017 RM'000	2016 RM'000
At 1 July	**68,570**	89,519
Additions	**42,764**	72,145
Amortisation charge for the financial year	**(78,340)**	(93,094)
At 30 June	**32,994**	68,570

13 INTANGIBLE ASSETS (CONTINUED)

(b) Goodwill on consolidation

	Group	
	2017 RM'000	2016 RM'000
At 1 July	**7,868,206**	7,450,406
Exchange differences	**338,250**	417,800
Acquisition of a subsidiary	**1,245**	–
At 30 June	**8,207,701**	7,868,206

(c) Others

	Group	
	2017 RM'000	2016 RM'000
At 1 July	**140,444**	40,763
Exchange differences	**8,185**	(4,913)
Acquisition of a subsidiary*	**–**	112,165
Additions	**11,681**	–
Amortisation charge for the financial year	**(8,288)**	(7,571)
At 30 June	**152,022**	140,444

* This is in relation to acquisition of P.T. Tanjung Jati Power Company in 2016.

Impairment test for goodwill

The Group undertakes an annual test for impairment of its cash-generating units ("CGUs").

Goodwill is allocated for impairment test to the individual entity which is also the CGUs identified according to the respective companies.

The following CGUs, being the lowest level of asset for which there are separately identifiable cash flows, have carrying amounts of goodwill that are considered significant in comparison with the Group's total goodwill:

	Group	
	2017 RM'000	2016 RM'000
Multi utilities business segment ("Singapore")	**7,657,428**	7,321,507
Water and sewerage segment (United Kingdom ("UK"))	**440,700**	440,700
Others	**109,573**	105,999
Total goodwill	**8,207,701**	7,868,206

13 INTANGIBLE ASSETS (CONTINUED)

Impairment test for goodwill (continued)

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.

(i) Key assumption used in the value-in-use calculations

The following assumptions have been applied in the value-in-use calculation:

	2017		2016	
	Singapore %	UK %	Singapore %	UK %
Pre-tax discount	**5.8**	**4.4**	6.2	5.5
Terminal growth rate	**2.0**	**0.1**	2.0	(0.6)
Revenue growth rate	**–**	**1.6**	–	1.9
Earnings before interest, tax, depreciation and amortisation ("EBITDA") growth rate	**1.9**	**–**	5.6	–

The recoverable amounts of the CGUs are determined based on value-in-use calculations. The value-in-use calculations apply a discounted cash flow model using cash flow projections based on financial budgets and forecasts approved by management.

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

For multi utilities business segment ("Singapore"), cash flow projections used in the value-in-use calculation were based on approved financial budgets and forecasts covering a six-year period, to conform with the remaining contract period of the gas supply agreements. Cash flows beyond the six-year period were extrapolated using the estimated growth rates stated above. The growth rate did not exceed the long-term average growth rate in which the CGU operates.

The terminal growth rate indicates the expected growth of cash flows after the forecast period of six years.

The EBITDA growth rate is calculated using the Compound Annual Growth Rate method and applied on the projected first year's EBITDA over the forecast period. Management determined the current year's EBITDA growth rate assumption based on the changes in the vesting contract regime as published in the "Review of the Vesting Contract Regime Final Determination Paper" published by the Energy Market Authority on 30 September 2016.

For water and sewerage segment, cash flow projections used in the value-in-use calculation were based on approved financial budgets and forecasts covering a three year period, to conform the final determinations approved by OFWAT, the economic regulator of the water sector in England and Wales.

13 INTANGIBLE ASSETS (CONTINUED)

Impairment test for goodwill (continued)

(ii) Impact of possible change in key assumption

Changing the assumptions selected by management used in the cash flow projections could significantly affect the Group's result. The Group's review includes the key assumptions related to sensitivity in the cash flow projections.

The circumstances where a change in key assumptions will result in the recoverable amounts of goodwill on the CGUs to equal the corresponding carrying amounts assuming no change in the other variables are as follows:

	2017		2016	
	Singapore %	UK %	Singapore %	UK %
Pre-tax discount	**7.5**	**16.8**	8.0	14.4
Terminal growth rate	**(0.3)**	**(1.5)**	(0.5)	(2.5)
Revenue growth rate	**–**	**(10.9)**	–	(7.3)
EBITDA growth rate	**(5.1)**	**–**	3.9	–

No impairment charge for the goodwill was recognised for the financial year ended 30 June 2017 (2016: Nil) as the recoverable value of the CGUs was in excess of its carrying value.

14 INVESTMENT IN SUBSIDIARIES

	Company	
	2017 RM'000	2016 RM'000
Unquoted shares, at cost	**23,453,810**	22,674,810
Accumulated impairment losses	**(5,290,033)**	(4,817,533)
	18,163,777	17,857,277

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

14 INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows:

Name	Country of incorporation	Group's effective interest 2017 %	Group's effective interest 2016 %	Principal activities
Subsidiaries held by the Company:				
Attarat Operation and Maintenance Company B.V. Ω	Netherlands	**-**	75	Dormant
Sword Bidco (Holdings) Limited *	England and Wales	**100**	100	Dormant
Sword Bidco Limited *	England and Wales	**100**	100	Dormant
Sword Holdings Limited ^	Cayman Islands	**100**	100	Dormant
Sword Midco Limited *	England and Wales	**100**	100	Dormant
SIPP Power Sdn. Bhd. *	Malaysia	**70**	70	Dormant
Wessex Water International Limited ^	Cayman Islands	**100**	100	Dormant
YTL Communications Sdn. Bhd. *	Malaysia	**60**	60	Provision of wired line and wireless broadband access and other related services
YTL Energy Holdings Sdn. Bhd. *	Malaysia	**100**	100	Investment holding
YTL Infrastructure Limited ^	Cayman Islands	**100**	100	Dormant
YTL Jawa O & M Holdings Limited *	Cyprus	**100**	100	Investment holding
YTL Jawa Power Holdings Limited *	Cyprus	**100**	100	Investment holding & financing activities
YTL Jordan Power Holdings Limited *	Cyprus	**100**	100	Investment holding & financing activities
YTL Jordan Services Holdings Limited *	Cyprus	**100**	100	Investment holding
YTL Jordan Services Sdn. Bhd. *	Malaysia	**100**	100	Dormant
YTL Power Australia Limited *	Cayman Islands	**100**	100	Investment holding
YTL Power Finance (Cayman) Limited ^	Cayman Islands	**100**	100	Dormant
YTL Power Generation Sdn. Bhd.	Malaysia	**100**	100	Developing, constructing, completing, maintaining and operating power plants
YTL Power Holdings Sdn. Bhd. (formerly known as YTL Power Holdings (Indonesia) Sdn. Bhd.) *	Malaysia	**100**	100	Dormant
YTL Power International Holdings Limited ^	Cayman Islands	**100**	100	Investment holding

14 INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows: (continued)

Name	Country of incorporation	Group's effective interest 2017 %	Group's effective interest 2016 %	Principal activities
Subsidiaries held by the Company: (continued)				
YTL Power Investments Limited *	Cayman Islands	**100**	100	Investment holding
YTL PowerSeraya Pte. Limited **	Singapore	**100**	100	Own and operate energy facilities and services (full value chain of electricity generation including trading of physical fuels and fuel related derivative instruments, tank leasing activities and sale of by-products from the electricity generation process)
YTL Power (Thailand) Limited ^	Cayman Islands	**100**	100	Dormant
YTL Power Trading (Labuan) Ltd. *	Malaysia	**100**	100	Dormant
YTL Seraya Limited *	Cayman Islands	**100**	100	Investment holding
YTL SIPP Power Holdings Sdn. Bhd. *	Malaysia	**70**	70	Investment holding
YTL Utilities Holdings (S) Pte. Limited *	Singapore	**100**	100	Investment holding
YTL Utilities (S) Pte. Limited *	Singapore	**100**	100	Investment holding
YTL Utilities Limited *	Cayman Islands	**100**	100	Investment holding
YTL Utilities Finance 2 Limited *	Cayman Islands	**100**	100	Investment holding
YTL Utilities Finance 3 Limited ^	Cayman Islands	**100**	100	Investment holding
YTL Utilities Finance 4 Limited ^	Cayman Islands	**100**	100	Inactive
YTL Utilities Finance 5 Limited ^	Cayman Islands	**100**	100	Inactive
YTL Utilities Finance 6 Limited ^	Cayman Islands	**100**	100	Financial services
YTL Utilities Finance 7 Limited ^	Cayman Islands	**100**	100	Inactive
YTL Utilities Finance Limited ^	Cayman Islands	**100**	100	Financial services
YTL Utilities Holdings Limited *	Cayman Islands	**100**	100	Investment holding
YTL Utilities (UK) Limited *	England and Wales	**100**	100	Investment holding
YTL Water (Singapore) Pte. Ltd. (formerly known as YTL ECOGreen Pte. Ltd.) *	Singapore	**100**	100	Invest, develop, construct, operate and to maintain water utilities assets

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

14 INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows: (continued)

Name	Country of incorporation	Group's effective interest 2017 %	Group's effective interest 2016 %	Principal activities
Subsidiaries held by YTL Utilities (UK) Limited:				
Wessex Water Limited *	England and Wales	**100**	100	Water supply and waste water services
YTL Events Limited *	England and Wales	**100**	100	Concert promotion
YTL Land and Property (UK) Ltd *	England and Wales	**100**	100	Housing development
Subsidiaries held by YTL Land and Property (UK) Ltd:				
YTL Developments (UK) Limited *	England and Wales	**100**	–	Housing development
YTL Homes Ltd †	England and Wales	**100**	100	Housing development
YTL Places Limited †	England and Wales	**100**	–	Housing development
YTL Property Holdings (UK) Limited *	England and Wales	**100**	100	Housing development
Subsidiaries held by Wessex Water Limited:				
Enterprise Laundry Services Limited *	England and Wales	**100**	100	Laundry services
Geneco Limited *	England and Wales	**100**	100	Waste water services
Geneco (South West) Limited *	England and Wales	**100**	100	Waste water services
SC Technology GmbH *	Switzerland	**100**	100	Waste treatment processes
SC Technology Nederlands B.V. *	Netherlands	**100**	100	Waste treatment
SC Technology Deutschland GmbH *	Germany	**100**	100	Waste treatment
Water 2 Business Limited *	England and Wales	**70**	70	Billing services
Wessex Electricity Utilities Limited *	England and Wales	**100**	100	Dormant
Wessex Engineering & Construction Services Limited *	England and Wales	**100**	100	Engineering services
Wessex Logistics Limited *	England and Wales	**100**	100	Dormant
Wessex Promotions Limited *	England and Wales	**100**	100	Dormant
Wessex Property Services Limited *	England and Wales	**100**	100	Dormant

14 INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows: (continued)

Name	Country of incorporation	Group's effective interest 2017 %	Group's effective interest 2016 %	Principal activities
Subsidiaries held by Wessex Water Limited: (continued)				
Wessex Spring Water Limited *	England and Wales	**100**	100	Dormant
Wessex Utility Solutions Limited *	England and Wales	**100**	100	Engineering services
Wessex Water Commercial Limited *	England and Wales	**100**	100	Dormant
Wessex Water Engineering Services Limited *	England and Wales	**100**	100	Dormant
Wessex Water Enterprises Limited *	England and Wales	**100**	100	Water supply and waste water services
Wessex Water Pension Scheme Trustee Limited *	England and Wales	**100**	100	Dormant
Wessex Water Services Finance Plc. *	England and Wales	**100**	100	Issue of bonds
Wessex Water Services Limited *	England and Wales	**100**	100	Water supply and waste water services
Wessex Water Trustee Company Limited *	England and Wales	**100**	100	Dormant
YTL Engineering Limited *	England and Wales	**100**	100	Dormant
YTL Services Limited *	England and Wales	**100**	100	Dormant
Albion Water Limited *	England and Wales	**51**	–	Water and sewerage inset appointments
Wessex Concierge Limited †	England and Wales	**100**	–	Energy switching
Wessex Concierge Services Limited †§	England and Wales	**100**	–	Energy switching
Subsidiaries held by YTL Communications Sdn. Bhd.:				
Cellular Structures Sdn. Bhd. *	Malaysia	**48**	48	Inactive
Konsortium Jaringan Selangor Sdn. Bhd. *	Malaysia	**48**	48	Planning, implementation and maintenance of telecommunication towers and telecommunication related services
YTL Broadband Sdn. Bhd. *	Malaysia	**48**	48	Provision of wired line and wireless broadband access and other related services

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

14 INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows: (continued)

Name	Country of incorporation	Group's effective interest 2017 %	Group's effective interest 2016 %	Principal activities
Subsidiaries held by YTL Communications Sdn. Bhd.: (continued)				
Extiva Communications Sdn. Bhd. *	Malaysia	**60**	60	Developing and marketing VoIP telephony and other advanced network media appliances for the service provider and enterprise telephony market. Ceased operation during the year
YTL Communications International Limited ^	Cayman Islands	**60**	60	Investment holding
YTL Communications (S) Pte. Ltd. *	Singapore	**60**	60	Computer systems integration activities and system integration services
YTL Digital Sdn. Bhd. *	Malaysia	**60**	60	Retail and marketing of telecommunication devices
YTL Global Networks Limited ^	Cayman Islands	**60**	60	Dormant
Subsidiaries held by YTL Jawa O & M Holdings Limited:				
P.T. YTL Jawa Timur *	Indonesia	**100**	100	Construction management, consultancy services and power station operation services
YTL Jawa O & M Holdings B.V. *	Netherlands	**100**	100	Investment holding
YTL Jawa Power Services B.V. *	Netherlands	**100**	100	Investment holding
Subsidiaries held by YTL Jawa Power Holdings Limited:				
P.T. Tanjung Jati Power Company **	Indonesia	**80**	80	Design and construction of a coal-fired power generating facility
YTL Jawa Energy B.V. *	Netherlands	**100**	100	Investment holding
YTL Jawa Power B.V. *	Netherlands	**57.1**	57.1	Investment holding

14 INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows: (continued)

Name	Country of incorporation	Group's effective interest 2017 %	Group's effective interest 2016 %	Principal activities
Subsidiaries held by YTL Jawa Power Holdings Limited: (continued)				
YTL Jawa Power Finance Limited *	Cayman Islands	**100**	100	Investment holding
YTL Jawa Power Holdings B.V. *	Netherlands	**57.1**	57.1	Investment holding
Subsidiaries held by YTL Power Investments Limited:				
FrogAsia Sdn. Bhd. *	Malaysia	**100**	100	License reseller focused on providing virtual learning educational platform
Frog Education Group Limited *	England and Wales	**58.2**	58.2	Investment holding
Frog Education Limited *	England and Wales	**58.2**	58.2	Sales into the education market and further development of the web environment product
Frog Education Sdn. Bhd. *	Malaysia	**58.2**	58.2	License reseller focused on providing virtual learning educational platform
Granite Investments (Cayman Islands) Limited ^	Cayman Islands	**100**	100	Dormant
YTL Education (UK) Limited *	England and Wales	**100**	100	Providing advisory and management services to educational institutions in the UK and abroad
Subsidiaries held by YTL PowerSeraya Pte. Limited:				
PetroSeraya Pte. Ltd. **	Singapore	**100**	100	Oil trading and oil tank leasing
Seraya Energy and Investment Pte. Ltd. **	Singapore	**100**	100	Investment holding
Seraya Energy Pte. Ltd. **	Singapore	**100**	100	Sale of electricity

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

14 INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows: (continued)

* Audited by a firm other than a member firm of PricewaterhouseCoopers International Limited

** Audited by a member firm of PricewaterhouseCoopers International Limited which is a separate and independent legal entity from PricewaterhouseCoopers, Malaysia

Ω YTL Jordan Services Holdings Limited ("YTLJSH") disposed of its 30 ordinary shares, representing 30% of the issued share capital of Attarat Operation & Maintenance Company B.V. ("OMCO"). Consequent thereto, OMCO ceased to be a subsidiary and became a jointly controlled entity as YTLJSH holds a balance of 45 ordinary shares, representing 45% of the issued share capital of OMCO.

^ Entities are either exempted or not statutorily required to be audited

† First audited financial statements in 2018

§ Wessex Concierge Services Limited changed its name to Flipper Limited on 12 July 2017

(a) Non-controlling interests in subsidiaries

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

Group	NCI percentage of ownership interest and voting interest	Profit allocated to NCI RM'000	Carrying amount of NCI RM'000
2017			
YTL Jawa Power Holdings B.V.	**42.9%**	**143,143**	**726,196**
YTL Communications Sdn. Bhd.	**40.0%**	**(48,918)**	**(519,192)**
		94,225	**207,004**
2016			
YTL Jawa Power Holdings B.V.	42.9%	240,872	688,328
YTL Communications Sdn. Bhd.	40.0%	(119,277)	(468,702)
		121,595	219,626

The remaining non-controlling interests of the Group are immaterial individually.

(b) Summarised financial information before inter-company elimination is set out below:

	YTL Jawa Power Holdings B.V.		YTL Communications Sdn. Bhd.	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Non-current assets	**1,711,189**	1,621,419	**2,403,956**	2,059,381
Current assets	**1,623**	1,652	**414,025**	269,034
Non-current liabilities	**(17,944)**	(16,809)	**(48,781)**	(134,871)
Current liabilities	**(347)**	(103)	**(613,042)**	(708,135)
Net assets	**1,694,521**	1,606,159	**2,156,158**	1,485,409
Revenue	**–**	–	**807,229**	682,039
Profit/(Loss) for the financial year	**334,014**	562,056	**(126,822)**	(303,022)
Total comprehensive income/(loss)	**438,213**	637,034	**(128,251)**	(303,833)

14 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(b) Summarised financial information before inter-company elimination is set out below (continued):

	YTL Jawa Power Holdings B.V.		YTL Communications Sdn. Bhd.	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Cash flow (used in)/from operating activities	**(281)**	(422)	**(31,013)**	11,195
Cash flow from/(used in) investing activities	**354,353**	370,180	**(482,842)**	(99,109)
Cash flow (used in)/from financing activities	**(354,043)**	(369,952)	**519,252**	93,382
Net increase/(decrease) in cash and cash equivalents	**29**	(194)	**5,397**	5,468
Dividends paid to NCI	**151,727**	158,545	**1,000**	–

(c) Acquisition of a subsidiary

On 1 December 2016, Wessex Water Limited, an indirect wholly-owned subsidiary of the Group acquired fifty-one (51) B-ordinary shares of the nominal value of GBP0.01, representing 51% of the issued share capital of Albion Water Limited ("Albion") for GBP227,505 (RM1,240,199) in cash. Arising from this acquisition, RM62.7 million of property, plant and equipment and RM60.7 million of grants and contributions were recognised.

(d) Impairment assessment for investment in a subsidiary

The following are the key assumptions applied in the value-in-use calculation for impairment assessment of a subsidiary in mobile broadband network segment:

	2017	2016
Discount rate	**11.7%**	12.3%
Terminal multiple	**14.6x**	13.7x
Average revenue growth rate	**16.91%**	28.41%

The circumstances where a change in key assumptions will result in the recoverable amounts of investment in subsidiary to equal the corresponding carrying amounts assuming no change in the other variables are as follows:

	2017	2016
Discount rate	**12.6%**	12.9%
Terminal multiple	**13.5x**	12.6x
Average revenue growth rate	**16.73%**	28.22%

The carrying value of the subsidiary is RM2.9 billion (2016: RM2.1 billion). No impairment charge for the cost of investment in the subsidiary was recognised as the recoverable value was in excess of its carrying value.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

14 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(e) Redemption of preference shares by a subsidiary

During the financial year, YTL Power Generation Sdn. Bhd. ("YTLPG"), a wholly owned subsidiary of the Company redeemed 21,000,000 preference shares of 20 sen each at a redemption value of RM26.01 per share.

As a result, a gain on redemption of RM525,210,000 was recognised by the Company and impairment charge of RM472,500,000 was made for the cost of investment in the subsidiary as the carrying value was in excess of its recoverable value.

(f) Capitalisation of advances to a subsidiary

On 18 May 2017, the Company has subscribed an additional 800 million Redeemable Cumulative Convertible Preference Shares in YTL Communications Sdn. Bhd. at a price of RM1.00 per share.

15 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

(a) Joint ventures

	Group	
	2017 RM'000	**2016 RM'000**
Unquoted shares, at cost	**63,036**	500
Group's share of post-acquisition reserves	**(33,241)**	7,045
Group's share of net assets	**29,795**	7,545

Details of the joint venture companies are as follows:

Name	Country of incorporation	Group's effective interest 2017 %	Group's effective interest 2016 %	Principal activities
Attarat Mining Company B.V.	Netherlands	**45.0**	50.0	Mining & supply of oil shale
Attarat Operation and Maintenance Company B.V. Ω	Netherlands	**45.0**	–	Operation & maintenance of Power Plant
Attarat Power Holding Company B.V.	Netherlands	**45.0**	30.0	Investment holding and financing activities
Bristol Wessex Billing Services Limited	England and Wales	**50.0**	50.0	Billing services
Xchanging Malaysia Sdn. Bhd.	Malaysia	**50.0**	50.0	Mobile internet and cloud-based technology solutions

Ω Refer Note 14 for the details on the changes of the Group's effective interest

15 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)

(a) Joint ventures (continued)

The Group's share of results of joint ventures is as follows:

	Group	
	2017 RM'000	2016 RM'000
(Loss)/Profit from continuing operations	**(40,254)**	1,972
Foreign exchange differences	**15**	–
Total comprehensive (loss)/income	**(40,239)**	1,972

(b) Investment in associates

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Unquoted shares, at cost	**1,078,148**	1,030,572	**5**	5
Group's share of post-acquisition reserves	**1,200,436**	1,110,490	**–**	–
Accumulated impairment losses	**(63,011)**	(29,596)	**–**	–
Written off	**(5)**	–	**(5)**	–
Group's share of net assets	**2,215,568**	2,111,466	**–**	5

Details of the associates are as follows:

Name	Country of incorporation	Group's effective interest 2017 %	Group's effective interest 2016 %	Principal activities
P.T. Jawa Power	Indonesia	**20.0***	20.0*	Operating a coal-fired thermal power station
Enefit Jordan B.V.	Netherlands	**30.0**	30.0	Investment holding
ElectraNet Pty. Ltd.	Australia	**33.5**	33.5	Principal electricity transmission
Jimah Power Generation Sdn. Bhd. (In Creditors' Voluntary Winding-up) #	Malaysia	**49.0**	49.0	Dormant

* The subgroup's direct interest in P.T. Jawa Power is 35%.

\# Dissolved with effect from 1 September 2017.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

15 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)

(b) Investment in associates (continued)

The summarised financial information of material associates adjusted for any differences in accounting policies between the Group and the associates and reconciliation to the carrying amount of the Group's interest in the associates are as follows:

(i) Summarised financial information:

	P.T. Jawa Power		ElectraNet Pty. Ltd.	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Non-current assets	**4,771,909**	4,479,138	**9,420,263**	8,614,699
Current assets	**1,104,305**	953,602	**262,224**	346,529
Non-current liabilities	**(629,163)**	(536,661)	**(7,175,835)**	(6,298,997)
Current liabilities	**(357,939)**	(263,454)	**(1,001,043)**	(1,378,942)
Net assets	**4,889,112**	4,632,625	**1,505,609**	1,283,289
Profit for the financial year	**956,287**	1,607,299	**160,060**	195,698
Other comprehensive income/(loss)	**–**	–	**55,109**	(23,293)
Total comprehensive income	**956,287**	1,607,299	**215,169**	172,405
Included in the total comprehensive income is:				
Revenue	**2,431,873**	2,201,108	**1,221,851**	1,088,556
Other information:				
Dividends received from associate	**354,353**	370,180	**43,755**	38,259

15 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)

(b) Investment in associates (continued)

The summarised financial information of material associates adjusted for any differences in accounting policies between the Group and the associates and reconciliation to the carrying amount of the Group's interest in the associates are as follows: (continued)

(ii) Reconciliation of net assets to carrying amount:

	P.T. Jawa Power		ElectraNet Pty. Ltd.		Total	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Opening net assets, 1 July	**4,632,625**	3,855,797	**1,283,289**	1,190,962	**5,915,914**	5,046,759
Profit for the financial year	**956,287**	1,607,299	**160,060**	195,698	**1,116,347**	1,802,997
Other comprehensive income/(loss)	**–**	–	**55,109**	(23,293)	**55,109**	(23,293)
Foreign exchange differences	**312,637**	227,185	**137,764**	34,127	**450,401**	261,312
Dividend paid	**(1,012,437)**	(1,057,656)	**(130,613)**	(114,205)	**(1,143,050)**	(1,171,861)
Closing net assets, 30 June	**4,889,112**	4,632,625	**1,505,609**	1,283,289	**6,394,721**	5,915,914
Interest in associates	**35.0%**	35.0%	**33.5%**	33.5%		
Carrying amount	**1,711,189**	1,621,419	**504,379**	429,902	**2,215,568**	2,051,321

The individually immaterial associate's carrying amount for previous financial year ended 30 June 2016 was RM60.2 million, the Group's share of profits and total comprehensive income was RM3.3 million. The immaterial associate was restructured as joint venture during the financial year.

16 INVESTMENTS

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Non-current				
Available-for-sale financial assets	**287,963**	271,359	**287,842**	266,580
Financial assets at fair value through profit or loss	**534,817**	–	**–**	–
	822,780	271,359	**287,842**	266,580
Current				
Financial assets at fair value through profit or loss	**2,503,011**	–	**2,503,011**	–

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

16 INVESTMENTS (CONTINUED)

(a) Available-for-sale financial assets

The investments are in relation to the following:

	Group		Company	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Equity investments (quoted in Malaysia)	**56,492**	51,591	**56,492**	51,591
Equity investments (quoted outside Malaysia)	**24**	26	**–**	–
Equity investments (unquoted outside Malaysia)	**47**	4,703	**–**	–
Equity investments (unquoted in Malaysia)	**231,400**	215,039	**231,350**	214,989
	287,963	271,359	**287,842**	266,580
Fair value gain/(loss) recognised in other comprehensive income during the financial year	**21,259**	(4,574)	**21,262**	(4,578)

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

The investments are in relation to the following:

	Group		Company	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Income funds*				
(quoted in Malaysia)	**2,503,011**	–	**2,503,011**	–
(quoted outside Malaysia)	**530,771**	–	**–**	–
Equity investments (unquoted outside Malaysia)	**4,046**	–	**–**	–
	3,037,828	–	**2,503,011**	–
Fair value gain/(loss) recognised in the income statement during the financial year	**264**	–	**(371)**	–

* Financial assets at fair value through profit or loss consist of investment in income funds placed with licensed financial institutions. The income funds in Malaysia are highly liquid and readily convertible to cash.

17 RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Non-current				
Prepayments	**189,334**	129,820	**–**	–
Receivables from associate#	**258,066**	236,769	**–**	–
Deposits	**1,383**	1,320	**–**	–
Shareholder loansΩ	**686,795**	–	**–**	–
	1,135,578	367,909	**–**	–
Current				
Trade receivables	**934,027**	813,962	**–**	–
Less: Allowance for impairment of trade receivables	**(235,623)**	(248,962)	**–**	–
Total trade receivables (net)	**698,404**	565,000	**–**	–
Other receivables*	**250,708**	234,845	**1,148**	1,271
Accrued income	**979,093**	664,875	**–**	–
Deposits	**29,698**	28,285	**663**	663
Interest receivable	**2,580**	8,066	**12**	1,109
Prepayments	**191,759**	222,349	**–**	–
	2,152,242	1,723,420	**1,823**	3,043

Receivables from associate comprise three loan notes to an associate. The notes have been issued by an associate in accordance to a loan note facility agreement. These receivables will mature in October 2030. Contingent interests are receivable on loan notes to the extent that there is sufficient available cash. In the event that cash is insufficient, interest will be accrued.

Ω Shareholder loans are advances to Attarat Power Holding Company B.V. who wholly own Attarat Power Company ("APCO"). APCO is developing a 554 megawatt oil shale fired power generation project in the Hashemite Kingdom of Jordan under a 30-year power purchase agreement for the plant's entire generating capacity with National Electric Power Company ("NEPCO"), Jordan's state-owned power utility, with an option for the utility to extend the operating period to 40 years. The plant is scheduled to commence commercial operations in 2020. The shareholder loans and accrued interest are repayable on demand.

* A foreign subsidiary of the Group has recognised other receivables, arising from liquidity damages for early termination of three electricity retail contracts based on the enforceable rights stipulated in the respective contracts. The amount recognised is based on legal advice and the judgement of management. Legal proceedings are currently on-going to recover the monies owed from the two customers. Additional information is disclosed in Note 37 to the financial statements.

Credit terms of trade receivables are average at 30 days (2016: 30 days). The Group's historical experience in collecting trade receivables falls largely within this period. On this basis, the Directors believe that no additional credit risk beyond the amounts provided for collection losses is inherent in the Group's trade receivables.

17 RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONTINUED)

The ageing analysis of the Group's and Company's receivables (excluding prepayments) is as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Neither past due nor impaired	**2,272,704**	1,281,943	**1,823**	3,043
1 to 90 days past due not impaired	**328,669**	178,449	**–**	–
91 to 120 days past due not impaired	**21,143**	21,721	**–**	–
More than 120 days past due not impaired	**284,211**	257,047	**–**	–
Total past due not impaired	**634,023**	457,217	**–**	–
	2,906,727	1,739,160	**1,823**	3,043

Balances past due but not impaired are related to a number of customers which management has assessed that there is no recent history of default.

The credit quality of receivables that are neither past due nor impaired can be assessed by reference to external credit ratings (where available) as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
With credit ratings (Moody's/RAM):				
- P1	**2,580**	8,037	**12**	1,109
Without external credit ratings	**2,270,124**	1,273,906	**1,811**	1,934
	2,272,704	1,281,943	**1,823**	3,043

Receivables without external rating reflect the economic prosperity of the commercial and domestic counterparties across their respective region. These receivables are generally due from counterparties with good credit standing.

Receivables amounting to RM35.7 million (2016: RM66.4 million) are secured by financial guarantees given by banks and RM17.0 million (2016: RM13.0 million) are secured by cash collateral.

17 RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONTINUED)

Movements on the Group's allowance for impairment of receivables are as follows:

	Group Trade receivables		Company Other receivables	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
At 1 July	**248,962**	266,011	**189**	149,664
Exchange differences	**8,274**	(25,767)	**8**	16
Written off during the financial year as uncollectible	**(98,013)**	(65,907)	**–**	–
Allowance for/(Write back of) impairment of receivables (net of reversals)	**76,400**	74,625	**(63)**	(149,491)
At 30 June	**235,623**	248,962	**134**	189

The impaired receivables are from counterparties in financial difficulties. These receivables are not secured by collateral or credit enhancements.

The fair value of receivables approximates their carrying amounts.

18 INVENTORIES

Inventories comprise:

	Group	
	2017 RM'000	**2016 RM'000**
At cost		
Finished goods	**20,899**	22,695
Spare parts	**147,589**	133,367
Raw materials	**17,707**	16,928
Work in progress	**39,334**	42,299
Development land*	**–**	365,281
Fuel	**223,418**	225,332
	448,947	805,902

The cost of inventories recognised as expense and included in 'cost of sales' amounted to RM403 million (2016: RM410 million).

* Development land relates to the acquisition of land at Filton Airfield, Bristol which was acquired by a subsidiary of the Group during previous financial year. It was reclassified to investment properties during the financial year, refer Note 12.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

19 DERIVATIVE FINANCIAL INSTRUMENTS

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

Group	Contract/ Notional amount RM'000	Fair value Assets RM'000	Fair value Liabilities RM'000
2017			
Cash flows hedges:			
- Fuel oil swaps	**1,253,820**	**43,558**	**114,185**
- Currency forwards	**1,345,530**	**20,801**	**20,400**
Fair value through profit or loss:			
- Fuel oil swaps	**89,991**	**–**	**9,382**
- Currency forwards	**156,465**	**1,002**	**2,450**
		65,361	**146,417**
Current portion		**51,859**	**121,980**
Non-current portion		**13,502**	**24,437**
		65,361	**146,417**

Group	Contract/ Notional amount RM'000	Fair value Assets RM'000	Fair value Liabilities RM'000
2016			
Cash flows hedges:			
- Fuel oil swaps	1,397,561	45,016	324,867
- Currency forwards	1,633,967	36,868	26,545
Fair value through profit or loss:			
- Fuel oil swaps	84,839	12,517	14,105
- Currency forwards	3,549	11	14
		94,412	365,531
Current portion		64,547	248,266
Non-current portion		29,865	117,265
		94,412	365,531

19 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Period when the cash flows on cash flow hedges are expected to occur or affect the Income Statement:

(a) Fuel oil swaps

Fuel oil swaps are entered into to hedge highly probable forecast fuel purchases that are expected to occur at various dates within 33 months (2016: 39 months) from financial year end. The fuel oil swaps have maturity dates that match the expected occurrence of these transactions. Gains and losses recognised in the hedging reserve prior to the occurrence of these transactions are transferred to the inventory of fuels upon acquisition or cost of sales upon consumption of natural gas. The gains and losses relating to fuel oil inventory are subsequently recognised in the Income Statement upon consumption of the underlying fuels.

The fair value of fuel oil swaps is determined using a benchmark fuel price index at the reporting date.

(b) Currency forwards

Currency forwards are entered into to hedge highly probable forecast transactions denominated in foreign currency expected to occur at various dates within 36 months (2016: 44 months) from financial year end. The currency forwards have maturity dates that match the expected occurrence of these transactions.

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 Income Statement upon consumption of the underlying fuels.

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

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

The fair value of forward currency contracts is determined using quoted forward currency rates at the reporting date.

20 AMOUNTS OWING BY/(TO) IMMEDIATE HOLDING COMPANY AND ULTIMATE HOLDING COMPANY

The amounts owing by/(to) the immediate holding company and ultimate holding company relate to expenses paid on behalf by/of the Group and the Company. The outstanding amounts are unsecured, repayable on demand and are interest-free.

21 AMOUNTS OWING BY/(TO) SUBSIDIARIES

The amounts payable within 12 months are in respect of advances and operational expense payments made by a subsidiary on behalf of the Company.

The amounts owing by/(to) subsidiaries within 12 months are interest free, unsecured, and repayable on demand except for advances of RM2,421,465,146 (2016: RM1,605,577,391) which bear interest rates ranging from 1.10% to 4.51% (2016: 1.10% to 4.51%). The remaining amounts receivable within 12 months are in respect of operational expense payments which were made on behalf of subsidiaries.

As at 30 June 2017, the Company has given corporate guarantees of RM44,822,435 (2016: RM54,959,393) to financial institutions for trade related financing facilities utilised by its subsidiaries.

22 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the Statements of Cash Flows comprise the following:

		Group		Company	
	Note	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Deposits with licensed banks		**8,439,314**	9,296,705	**34,384**	523,054
Cash and bank		**506,987**	464,628	**781**	1,180
Cash and bank balances		**8,946,301**	9,761,333	**35,165**	524,234
Bank overdrafts	26(a)	**(3,268)**	(65,231)	**–**	–
Cash and cash equivalents		**8,943,033**	9,696,102	**35,165**	524,234

The range of interest rates of deposits that was effective as at the reporting date is as follows:

	Group		Company	
	2017 %	2016 %	2017 %	2016 %
Deposits with licensed banks	**0.10 - 4.00**	0.01 - 3.95	**3.10 - 3.15**	3.30 - 3.95

Deposits of the Group and the Company have maturity ranging from 1 day to 90 days (2016: 1 day to 90 days).

Bank balances are deposits held at call with banks.

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

23 SHARE CAPITAL

	Group and Company	
	2017 RM'000	2016 RM'000
Authorised:		
22,730,000,000 ordinary shares of RM0.50 each	–	11,365,000
Issued and fully paid:		
At the beginning of the financial year:		
- 8,101,601,315 (2016: 7,421,649,435) ordinary shares of RM0.50 each	**4,050,801**	3,710,825
Exercise of share options before 31 January 2017:		
- Nil (2016: 5,321,000) ordinary shares of RM0.50 each	–	2,661
Exercise of warrants before 31 January 2017:		
- 41,374,498 (2016: 674,630,880) ordinary shares of RM0.50 each	**20,687**	337,315
Transition to no-par value regime*	**2,948,277**	–
Exercise of warrants on/after 31 January 2017:		
- 65,609 ordinary shares	**75**	–
Warrant reserve	**7**	–
At the end of the financial year:		
- 8,143,041,422 ordinary shares with no-par value (2016: 8,101,601,315 ordinary shares of RM0.50 each)	**7,019,847**	4,050,801

The issued and fully paid up share capital of the Company was increased from 8,101,601,315 ordinary shares to 8,143,041,422 following the exercise of 41,440,107 Warrants at an exercise price of RM1.14 per Warrant on the basis of one (1) new ordinary share for one (1) Warrant. The new ordinary shares rank pari passu in all respects with the existing issued shares of the Company.

As at 30 June 2017, the Company holds 384,266,779 (2016: 384,265,679) shares as treasury shares. The number of ordinary shares in issue and fully paid after offsetting treasury shares are 7,758,774,643 (2016: 7,717,335,636).

* Effective from 31 January 2017, the new Companies Act 2016 ("Act") abolished the concept of authorised share capital and par value of share capital. Consequently, the credit balance of the share premium of RM2,823,277,087 and capital redemption reserve account of RM125,000,000 became part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use this amount for purposes as set out in Section 618(3) and Section 618(4) of the Act. There is no impact on the number of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

23 SHARE CAPITAL (CONTINUED)

(a) Warrants 2008/2018

On 18 April 2008, the Company issued 1,776,371,304 detachable warrants ("Warrant") to its registered shareholders.

The Warrants were constituted under a Deed Poll dated 5 May 2008 and each Warrant entitles its registered shareholder to subscribe for one (1) new ordinary share in the Company at the exercise price of RM1.25 payable in cash. The exercise price is subject to adjustments in accordance with the basis set out in the Deed Poll.

Effective from 22 September 2008, the exercise price of Warrant was adjusted from RM1.25 to RM1.21 pursuant to the share dividend of one (1) treasury share for every forty (40) existing ordinary shares.

Further to the announcement on 20 February 2014 in relation to the share dividend of one (1) treasury share for every twenty (20) existing ordinary shares held in YTL Power, the exercise price of Warrant was adjusted from RM1.21 to RM1.14.

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 date of maturity will lapse and cease to be valid for any purpose.

The total numbers of Warrants that remain unexercised are as follows:

	Group and Company	
	2017 **'000**	**2016** **'000**
At 1 July	**157,567**	832,198
Exercise of Warrants	**(41,440)**	(674,631)
At 30 June	**116,127**	157,567

(b) Employees' Share Option Scheme 2011 ("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 valid for a period of ten (10) years and is for 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 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.

23 SHARE CAPITAL (CONTINUED)

(b) Employees' Share Option Scheme 2011 ("ESOS") (continued)

(ii) 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 (as defined in the By-Laws) 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.

(iii) The subscription price for shares under the ESOS shall be determined by the Board of Directors of the Company upon recommendation of the Options Committee and shall be fixed based on the weighted average market price of shares, as quoted on Bursa Securities, for the five (5) market days immediately preceding the Offer Date (as defined in the By-Laws) 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 Malaysia Securities Berhad, or any other relevant authorities as amended from time to time.

(iv) Subject to By-Law 13, 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 financial 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 By-Laws 10 and 11, 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.

(v) 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.

(vi) The person to whom the option has been granted has no right to participate by virtue of the option in any share of any other company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

23 SHARE CAPITAL (CONTINUED)

(b) Employees' Share Option Scheme 2011 ("ESOS") (continued)

The movement during the financial year in the number of share option of the Company is as follows:

			Number of share options				
Grant date	Expiry date	Exercise price RM/share	At start of the financial year '000	Granted '000	Exercised '000	Lapsed '000	At end of the financial year '000
01.06.2012	31.03.2021	1.41	81,681	–	–	(1,000)	80,681
01.06.2012	31.03.2021	1.65	38,036	–	–	(602)	37,434
			119,717	**–**	**–**	**(1,602)**	**118,115**

The fair value of options granted in which MFRS 2 applies, were determined using the Trinomial Valuation model.

No share options are being issued for the financial year ended 2017 and 2016.

The principal valuation assumptions used in respect of the Group's employee's share option scheme were as follows:

Weighted average share price at date of grant (per share)	RM1.63
Expected volatility	21.21%
Expected dividend yield	5.56%
Expected option life	3 years
Risk-free interest rate per annum (based on Malaysian securities bonds)	3.14%

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome.

The options granted to employee were vested on 1 June 2015.

24 RESERVES

(a) Other reserves (Group)

	Capital redemption reserve[(1)] RM'000	Capital reserve RM'000	Available-for-sale reserve RM'000	Hedging reserve RM'000	Statutory reserve[(2)] RM'000	Share option reserve RM'000	Warrant reserve RM'000	Total other reserves RM'000
At 1 July 2016	**145,000**	**1,151**	**128,230**	**(359,740)**	**34,348**	**24,261**	**15,759**	**(10,991)**
Exchange differences	**–**	**78**	**1**	**(16,941)**	**2,318**	**–**	**–**	**(14,544)**
Fair value gain	**–**	**–**	**21,259**	**152,801**	**–**	**–**	**–**	**174,060**
Reclassification	**–**	**–**	**305**	**97,703**	**–**	**–**	**–**	**98,008**
Share option lapsed	**–**	**–**	**–**	**–**	**–**	**(320)**	**–**	**(320)**
Conversion of warrants	**–**	**–**	**–**	**–**	**–**	**–**	**(4,144)**	**(4,144)**
Redemption of preference shares by a subsidiary	**32,200**	**–**	**–**	**–**	**–**	**–**	**–**	**32,200**
Transition to no-par value regime[(1)]	**(125,000)**	**–**	**–**	**–**	**–**	**–**	**–**	**(125,000)**
At 30 June 2017	**52,200**	**1,229**	**149,795**	**(126,177)**	**36,666**	**23,941**	**11,615**	**149,269**
At 1 July 2015	145,000	1,083	132,807	(394,683)	32,324	25,901	83,222	25,654
Exchange differences	–	68	(3)	(22,077)	2,024	–	–	(19,988)
Fair value loss	–	–	(4,574)	(581,335)	–	–	–	(585,909)
Reclassification	–	–	–	638,355	–	–	–	638,355
Exercise of share options	–	–	–	–	–	(1,180)	–	(1,180)
Share option lapsed	–	–	–	–	–	(460)	–	(460)
Conversion of warrants	–	–	–	–	–	–	(67,463)	(67,463)
At 30 June 2016	145,000	1,151	128,230	(359,740)	34,348	24,261	15,759	(10,991)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

24 RESERVES (CONTINUED)

(a) Other reserves (Company)

	Available-for-sale reserve RM'000	Share option reserve RM'000	Warrant reserve RM'000	Capital redemption reserve[1] RM'000	Total other reserves RM'000
At 1 July 2016	**128,208**	**24,261**	**15,759**	**125,000**	**293,228**
Fair value gain	**21,262**	**–**	**–**	**–**	**21,262**
Reclassification	**305**	**–**	**–**	**–**	**305**
Share option lapsed	**–**	**(320)**	**–**	**–**	**(320)**
Conversion of warrants	**–**	**–**	**(4,144)**	**–**	**(4,144)**
Transition to no-par value regime[1]	**–**	**–**	**–**	**(125,000)**	**(125,000)**
At 30 June 2017	**149,775**	**23,941**	**11,615**	**–**	**185,331**
At 1 July 2015	132,786	25,901	83,222	125,000	366,909
Fair value loss	(4,578)	–	–	–	(4,578)
Exercise of share options	–	(1,180)	–	–	(1,180)
Share option lapsed	–	(460)	–	–	(460)
Conversion of warrants	–	–	(67,463)	–	(67,463)
At 30 June 2016	128,208	24,261	15,759	125,000	293,228

Note:

[1] Capital redemption reserve has been set up for purposes of redemption of preference shares in a subsidiary and cancellation of treasury shares. Effective from 31 January 2017, the new Companies Act 2016 ("Act") abolished the concept of authorised share capital and par value of share capital. Consequently, the credit balance of the share premium and capital redemption reserve account became part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use this amount for purposes as set out in Section 618(3) and Section 618(4) of the Act. There is no impact on the number of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition. The remaining balance is relating to non-distributable Capital redemption reserve of a subsidiary.

[2] This represents reserves which need to be set aside pursuant to local statutory requirement of foreign associates.

(b) Treasury shares

The shareholders of the Company, by a resolution passed in the 20th Annual General Meeting held on 22 November 2016, approved the Company's plan to repurchase its own shares. The Directors of the Company are committed to enhance the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

During the financial year, the Company repurchased 1,100 (2016: 1,100) of its issued share capital from the open market. The average price paid for the shares repurchased was RM1.57 per share (2016: RM1.55 per share). The repurchase transactions were financed by internally generated funds. The repurchased shares are being held as treasury shares in accordance with Section 127(6) of the Companies Act 2016.

24 RESERVES (CONTINUED)

(b) Treasury shares (continued)

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

25 DEFERRED TAXATION

The following amounts, determined after appropriate offsetting, are shown in the Statements of Financial Position:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Deferred tax liabilities, net	**1,761,764**	1,839,883	**63**	68

The gross movement on the deferred income tax account is as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Deferred tax liabilities	**1,761,764**	1,839,883	**63**	68
At 1 July	**1,839,883**	2,105,425	**68**	68
Exchange differences	**69,798**	(107,614)	**–**	–
Credited to Income Statement	**(123,341)**	(115,938)	**(5)**	–
- Property, plant and equipment	**(106,737)**	(131,338)	**(5)**	–
- Retirement benefits	**(331)**	16,241	**–**	–
- Provision	**93**	(141)	**–**	–
- Tax losses	**(14,994)**	–	**–**	–
- Others	**(1,372)**	(700)	**–**	–
Credited to Other Comprehensive Income*	**(24,576)**	(41,990)	**–**	–
At 30 June	**1,761,764**	1,839,883	**63**	68

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

25 DEFERRED TAXATION (CONTINUED)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority.

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Subject to income tax				
Deferred tax assets before offsetting:				
- Retirement benefits	**189,663**	158,271	**–**	–
- Provision	**4,589**	5,180	**–**	–
- Tax losses	**14,994**	–	**–**	–
- Others	**817**	637	**–**	–
	210,063	164,088	**–**	–
Offsetting	**(210,063)**	(164,088)	**–**	–
Deferred tax assets after offsetting	**–**	–	**–**	–
Deferred tax liabilities before offsetting:				
- Property, plant and equipment	**1,952,230**	1,984,881	**63**	68
- Others	**19,597**	19,090	**–**	–
	1,971,827	2,003,971	**63**	68
Offsetting	**(210,063)**	(164,088)	**–**	–
Deferred tax liabilities after offsetting	**1,761,764**	1,839,883	**63**	68

26 BORROWINGS

		Group		Company	
	Note	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Current					
Bank overdrafts	26(a),22	**3,268**	65,231	**–**	–
Committed bank loans	26(c)	**46,094**	–	**–**	–
Finance lease	26(d)	**116,838**	126,617	**124**	–
Revolving credit	26(e)	**2,185,809**	4,500	**–**	–
Term loans	26(f)	**2,368,279**	149,080	**–**	–
		4,720,288	345,428	**124**	–
Non-current					
Bonds	26(b)	**16,117,185**	13,240,957	**7,254,038**	4,758,163
Finance lease	26(d)	**51,051**	163,921	**255**	–
Revolving credit	26(e)	**188,946**	2,079,357	**–**	–
Term loans	26(f)	**7,450,192**	8,349,646	**2,774,221**	1,609,000
		23,807,374	23,833,881	**10,028,514**	6,367,163
Total					
Bank overdrafts	26(a),22	**3,268**	65,231	**–**	–
Bonds	26(b)	**16,117,185**	13,240,957	**7,254,038**	4,758,163
Committed bank loans	26(c)	**46,094**	–	**–**	–
Finance lease	26(d)	**167,889**	290,538	**379**	–
Revolving credit	26(e)	**2,374,755**	2,083,857	**–**	–
Term loans	26(f)	**9,818,471**	8,498,726	**2,774,221**	1,609,000
		28,527,662	24,179,309	**10,028,638**	6,367,163

All borrowings of the subsidiaries are unsecured and on a non-recourse basis to the Company save and except for borrowings totalling RM4,500,000 (2016: RM4,500,000), for which the Company has provided corporate guarantees to the financial institutions.

The weighted average effective interest rate of the borrowings of the Group and the Company as at reporting date is as follows:

	Group		Company	
	2017 %	2016 %	2017 %	2016 %
Bank overdrafts	**1.25**	1.50	**–**	–
Bonds	**4.67**	4.19	**4.70**	4.52
Committed bank loans	**2.04**	–	**–**	–
Finance lease	**1.44**	1.43	**2.45**	–
Revolving credit	**1.73**	1.88	**–**	–
Term loans	**1.88**	1.70	**2.53**	1.71

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

26 BORROWINGS (CONTINUED)

The financial periods in which the borrowings of the Group attain maturity are 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 2017				
Bank overdrafts	**3,268**	**–**	**–**	**3,268**
Bonds	**–**	**2,963,667**	**13,153,518**	**16,117,185**
Committed bank loans	**46,094**	**–**	**–**	**46,094**
Finance lease	**116,838**	**51,051**	**–**	**167,889**
Revolving credit	**2,185,809**	**188,946**	**–**	**2,374,755**
Term loans	**2,368,279**	**5,912,914**	**1,537,278**	**9,818,471**
	4,720,288	**9,116,578**	**14,690,796**	**28,527,662**
At 30 June 2016				
Bank overdrafts	65,231	–	–	65,231
Bonds	–	2,188,163	11,052,794	13,240,957
Finance lease	126,617	163,921	–	290,538
Revolving credit	4,500	2,079,357	–	2,083,857
Term loans	149,080	6,867,121	1,482,525	8,498,726
	345,428	11,298,562	12,535,319	24,179,309

The financial periods in which the borrowings of the Company attain maturity are as follows:

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 2017				
Bonds	**–**	**2,963,667**	**4,290,371**	**7,254,038**
Finance lease	**124**	**255**	**–**	**379**
Term loans	**–**	**2,774,221**	**–**	**2,774,221**
	124	**5,738,143**	**4,290,371**	**10,028,638**
At 30 June 2016				
Bonds	–	2,188,163	2,570,000	4,758,163
Term loans	–	1,609,000	–	1,609,000
	–	3,797,163	2,570,000	6,367,163

26 BORROWINGS (CONTINUED)

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

The fair value of the bonds of the Group and the Company as at the reporting date is as set out below:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Medium Term Notes	**7,315,941**	4,799,511	**7,315,941**	4,799,511
3.52% Retail Price Index Guaranteed Bonds	**548,537**	291,122	**–**	–
5.75% Guaranteed Unsecured Bonds	**2,810,758**	2,668,006	**–**	–
5.375% Guaranteed Unsecured Bonds	**1,455,438**	1,398,749	**–**	–
1.75% Index Linked Guaranteed Bonds	**1,742,405**	1,409,517	**–**	–
1.369% and 1.374% Index Linked Guaranteed Bonds	**1,850,380**	1,286,352	**–**	–
1.489%, 1.495% and 1.499% Index Linked Guaranteed Bonds	**1,843,126**	1,296,905	**–**	–
2.186% Index Linked Guaranteed Bonds	**409,754**	382,357	**–**	–
4% Guaranteed Unsecured Bonds	**1,866,534**	1,807,980	**–**	–
	19,842,873	15,340,499	**7,315,941**	4,799,511

The fair values are within Level 1 of the fair value hierarchy.

(a) Bank overdrafts

Bank overdrafts of RM3,268,386 (GBP584,674) (2016: RM65,231,100 (GBP12,100,000)) are unsecured borrowings of Wessex Water Services Limited, Wessex Water Limited and SC Technology Nederlands B.V.. The overdrafts are repayable in full on demand. All bank overdrafts bear interest rate of 1.25% (2016: 1.5%) per annum.

(b) Bonds

(i) Medium Term Notes ("MTN")

The MTN of the Company were issued pursuant to a Medium Term Notes programme of up to RM5,000,000,000 constituted by a Trust Deed and MTN Agreement, both dated 11 August 2011. The facility bears interest rates ranging from 4.35% to 4.95% (2016: 4.35% to 4.95%) per annum.

(ii) Islamic Medium Term Notes ("Sukuk Murabahah")

The Islamic MTN of the Company were issued pursuant to Islamic Medium Term Notes facility of up to RM2,500,000,000 in nominal value under the Shariah principle of Murabahah (via Tawarruq Arrangement) which constituted by a Trust Deed and Facility Agency Agreement, both dated 20 April 2017. During the financial year, the Company had drawn down RM2,500,000,000 of Sukuk Murabahah at a profit rate of 5.05% per annum.

26 BORROWINGS (CONTINUED)

(b) Bonds (continued)

(iii) 3.52% Retail Price Index Guaranteed Bonds ("RPIG Bonds")

The RPIG Bonds of Wessex Water Services Finance Plc. bear interest semi-annually on 30 January and 30 July at an interest rate of 3.52% initially, indexed up by the inflation rate every year. The effective interest rate as at 30 June 2017 is 5.71% (2016: 4.57%) per annum. The RPIG Bonds will be redeemed in full by Issuer on 30 July 2023 at their indexed value together with all accrued interest.

(iv) 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 5.75% Guaranteed Unsecured Bonds due 2033 ("5.75% GU Bonds") unconditionally and irrevocably guaranteed by Wessex Water Services Limited, a subsidiary of the Group. The 5.75% GU Bonds are constituted under a Trust Deed dated 15 October 2003. The nominal value of 5.75% GU Bonds issued amounted to GBP350,000,000 and as at 30 June 2017 GBP347,095,909 (2016: GBP346,917,275) remained outstanding, net of amortised fees and discount. The net proceeds of the 5.75% GU Bonds were used for refinancing of existing financial indebtedness and for general corporate purposes.

The Bonds bear interest at 5.75% per annum, payable annually on 14 October of each year. The bonds will be redeemed in full by the Issuer on 14 October 2033 at their nominal value together with all accrued interest.

(v) 5.375% Guaranteed Unsecured Bonds

On 10 March 2005, Wessex Water Services Finance Plc. ("Issuer"), a subsidiary of the Group, issued GBP200,000,000 nominal value 5.375% Guaranteed Unsecured Bonds due 2028 ("5.375% GU Bonds") unconditionally and irrevocably guaranteed by Wessex Water Services Limited ("Guarantor"), a subsidiary of the Group. The 5.375% GU Bonds are constituted under a Trust Deed dated 10 March 2005.

The nominal value of 5.375% GU Bonds issued amounted to GBP200,000,000, of which GBP198,857,580 (2016: GBP198,750,971) remained outstanding as at 30 June 2017, net of amortised fees and discount. The net proceeds of the bonds were used for refinancing of existing financial indebtedness and for general corporate purposes.

The Bonds bear interest at 5.375% per annum, payable annually on 10 March of each year. The bonds will be redeemed in full by the Issuer on 10 March 2028 at their nominal value together with all accrued interest.

(vi) 1.75% Index Linked Guaranteed Bonds

On 31 July 2006, Wessex Water Services Finance Plc. ("Issuer") issued two (2) tranches of GBP75,000,000 nominal value 1.75% Index Linked Guaranteed Bonds ("ILG Bonds 1") unconditionally and irrevocably guaranteed by Wessex Water Services Limited ("Guarantor"). The ILG Bonds 1 was each constituted under a Trust Deed dated 31 July 2006 and is unsecured.

The ILG Bonds 1 bear interest semi-annually on 31 January and 31 July at an interest rate of 1.75% initially, indexed up by the inflation rate every year. The effective interest rate as at 30 June 2017 is 3.94% (2016: 2.80%) per annum. The 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.

26 BORROWINGS (CONTINUED)

(b) Bonds (continued)

(vii) 1.369% and 1.374% Index Linked Guaranteed Bonds

On 31 January 2007, Wessex Water Services Finance Plc. ("Issuer") issued GBP75,000,000 nominal value 1.369% Index Linked Guaranteed Bonds and GBP75,000,000 nominal value 1.374% Index Linked Guaranteed Bonds, both due 2057 ("ILG Bonds 2") unconditionally and irrevocably guaranteed by Wessex Water Services Limited ("Guarantor"). The ILG Bonds 2 were each constituted under a Trust Deed dated 31 January 2007 and are unsecured.

The ILG Bonds 2 bear interest semi-annually on 31 January and 31 July at an interest rate of 1.369% and 1.374% initially, indexed up by the inflation rate every year. The effective interest rate as at 30 June 2017 is 3.56% (2016: 2.42%) per annum. The bonds will be redeemed in full by the Issuer on 31 July 2057 at their indexed value together with all accrued interest.

(viii) 1.489%, 1.495% and 1.499% Index Linked Guaranteed Bonds

On 28 September 2007, Wessex Water Services Finance Plc. ("Issuer") issued GBP50,000,000 nominal value 1.489% Index Linked Guaranteed Bonds, GBP50,000,000 nominal value 1.495% Index Linked Guaranteed Bonds and GBP50,000,000 nominal value 1.499% Index Linked Guaranteed Bonds, all due 2058 ("ILG Bonds 3") unconditionally and irrevocably guaranteed by Wessex Water Services Limited ("Guarantor"). 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 2017 is 4.63% (2016: 2.54%) 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.

(ix) 2.186% Index Linked Guaranteed Bonds

On 7 September 2009, Wessex Water Services Finance Plc. ("Issuer") issued GBP50,000,000 nominal value 2.186% Index Linked Guaranteed Bonds due 2039 ("ILG Bonds 4") unconditionally and irrevocably guaranteed by Wessex Water Services Limited ("Guarantor"). The ILG Bonds 4 were constituted under a Trust Deed dated 7 September 2009 and are unsecured.

The ILG Bonds 4 bear interest semi-annually on 1 December and 1 June at an interest rate of 2.186% initially, indexed up by the inflation rate every half year. The effective interest rate as at 30 June 2017 is 3.85% (2016: 2.76%) per annum. The ILG Bonds will be redeemed in full by the Issuer on 1 June 2039 at their indexed value together with all accrued interest.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

26 BORROWINGS (CONTINUED)

(b) Bonds (continued)

(x) 4% Guaranteed Unsecured Bonds

On 24 January 2012, Wessex Water Services Finance Plc. ("Issuer"), a subsidiary of the Group, issued GBP200,000,000 nominal value 4.00% 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 GBP198,868,328 (2016: GBP198,602,052) remained outstanding as at 30 June 2017, net of amortised fees and discount. The net proceeds of the 4% 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 GBP103,895,370 (2016: GBP104,830,259) remained outstanding as at 30 June 2017, net of amortised fees and discount. The net proceeds of the 4% GU Bonds were used for refinancing of existing financial indebtedness and for general corporate purposes.

The Bonds bear interest at 4.00% per annum, payable annually on 24 September of each year. The 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.

(c) Committed bank loans

Committed bank loans amounted to RM46,094,366 (GBP8,245,714) was drawn down by a subsidiary of the Group during the financial year and is repayable in full on 28 February 2020. The borrowing is unsecured loan and bears interest rates ranging from 2.02% to 2.05% per annum.

(d) Finance lease

The Group's and Company's finance lease is repayable in instalments until 27 February 2022 and 9 May 2020, respectively. The Group's finance lease bears interest rates ranging from 0.92% to 2.47% (2016: 0.92% to 3.85%) per annum and the Company's finance lease bears interest rate at 2.45% (2016: Nil) per annum.

	Group		Company	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Minimum finance lease payments:				
- Not later than 1 year	**121,199**	134,153	**139**	–
- Later than 1 year but not later than 5 years	**52,264**	169,210	**265**	–
Future finance charges on finance lease	**(5,574)**	(12,825)	**(25)**	–
Present value of finance lease	**167,889**	290,538	**379**	–

26 BORROWINGS (CONTINUED)

(e) Revolving credit

(i) Revolving credit denominated in Ringgit Malaysia

RM4,500,000 Revolving Credit

Revolving credit facilities of RM4,500,000 was obtained by Konsortium Jaringan Selangor Sdn. Bhd., a subsidiary of the Group which is joint guaranteed by the Company. The borrowings bear interest rates ranging from 3.98% to 4.03% (2016: 4.22% to 4.26%) per annum and are renewable on monthly basis.

(ii) Revolving credit denominated in Singapore Dollar

SGD700,000,000 Revolving Credit

Revolving credit facilities of RM2,181,309,168 (SGD699,496,270) (2016: RM2,079,356,683 (SGD697,396,258)) is unsecured loan of YTL PowerSeraya Pte. Limited. The borrowing bears interest rates ranging from 1.31% to 1.80% (2016: 1.72% to 2.72%) per annum and is repayable in full on 14 September 2017.

(iii) Revolving credit denominated in Great British Pounds

GBP14,500,000 Revolving Credit

Revolving credit facilities of RM81,056,450 (GBP14,500,000) is unsecured loan of Wessex Water Limited. The borrowing bears interest rates ranging from 1.09% to 1.13% per annum and is repayable in full on 1 September 2021.

GBP19,300,000 Revolving Credit

Revolving credit facilities of RM107,888,930 (GBP19,300,000) is unsecured loan of Wessex Water Limited. The borrowing bears interest rates ranging from 1.17% to 1.20% per annum and is repayable in full on 24 March 2020.

(f) Term loans

(i) Term loans denominated in Great British Pounds

GBP75,000,000 Unsecured Term Loan

The term loans of RM419,257,500 (GBP75,000,000) (2016: RM404,325,000 (GBP75,000,000)) are unsecured loans of Wessex Water Services Limited and are guaranteed by Wessex Water Limited. The loans bear interest rates ranging from 1.00% to 1.21% (2016: 1.16% to 1.23%) per annum and are repayable in full on 22 July 2021.

GBP140,000,000 Unsecured Term Loan

The term loans of RM782,614,000 (GBP140,000,000) (2016: RM754,740,000 (GBP140,000,000)) are unsecured loans of Wessex Water Services Limited and are guaranteed by Wessex Water Limited. The loans bear interest rates ranging from 0.57% to 0.85% (2016: 0.85% to 0.87%) per annum and are repayable in full on 15 December 2018.

GBP200,000,000 Unsecured Term Loan

The term loans of RM1,118,020,000 (GBP200,000,000) (2016: RM1,078,200,000 (GBP200,000,000)) are unsecured loans of Wessex Water Services Limited and are guaranteed by Wessex Water Limited. The first loan of GBP50,000,000 was drawn down on 30 January 2015 bears an interest rate of 2.16% (2016: 2.16%) per annum, the second loan of GBP50,000,000 was drawn down on 9 March 2015 bears interest rates ranging from 0.95% to 1.19% (2016: 1.14% to 1.19%) per annum, the third loan of GBP50,000,000 was drawn down on 9 April 2015 bears an interest rate of 1.99% (2016: 1.99%) per annum, and the fourth loan of GBP50,000,000 was drawn down on 25 May 2016 bears interest rates ranging from 1.21% to 1.50% (2016: 1.50%) per annum. All the loans are repayable in full between 30 January and 25 May 2025.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

26 BORROWINGS (CONTINUED)

(f) Term loans (continued)

(ii) Term loans denominated in US Dollar

USD200,000,000 Unsecured Term Loan

Term loan of RM858,800,000 (USD200,000,000) (2016: RM804,500,000 (USD200,000,000)) was drawn down by the Company on 28 May 2015 and repayable on 28 May 2020. The borrowing bears interest rates ranging from 2.33% to 2.77% (2016: 1.39% to 2.33%) per annum.

USD200,000,000 Unsecured Term Loan

Term loan of RM858,800,000 (USD200,000,000) (2016: RM804,500,000 (USD200,000,000)) was drawn down by the Company on 17 December 2015 and repayable on 17 December 2020. The borrowing bears interest rates ranging from 1.10% to 2.63% (2016: 1.10%) per annum.

USD250,000,000 Unsecured Term Loan

Term loan of RM1,073,500,000 (USD250,000,000) was drawn down by the Company on 31 March 2017 of which RM1,056,620,973 (USD246,069,160) remained outstanding as at 30 June 2017, net of amortised fees. The borrowing bears interest rates ranging from 2.18% to 2.24% per annum and is repayable on 31 March 2022.

(iii) Term loans denominated in Singapore Dollar

SGD760,000,000 Unsecured Term Loan

Term loan of RM2,368,278,513 (SGD759,453,089) (2016: RM2,257,587,246 (SGD757,173,077)) is unsecured loan of YTL PowerSeraya Pte. Limited. The borrowing bears interest rates ranging from 1.31% to 1.80% (2016: 1.72% to 2.72%) per annum and is repayable in full on 14 September 2017.

SGD760,000,000 Unsecured Term Loan

Term loan of RM2,356,079,678 (SGD755,541,200) (2016: RM2,245,794,109 (SGD753,217,772)) is unsecured loan of YTL PowerSeraya Pte. Limited. The borrowing bears interest rates ranging from 1.41% to 1.90% (2016: 1.82% to 2.82%) per annum and is repayable in full on 14 September 2019.

SGD50,000,000 Unsecured Term Loan

Term loans of RM149,080,000 (SGD50,000,000) of previous financial year are unsecured loan of YTL PowerSeraya Pte. Limited. The borrowings bear interest rates ranging from 1.02% to 1.10% per annum and were fully repaid during the financial year.

27 POST-EMPLOYMENT BENEFIT OBLIGATIONS

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Defined contribution plan - Current				
Malaysia	**3,007**	2,518	**681**	327
Defined benefit plan - Non-current				
Overseas				
- United Kingdom	**1,099,962**	861,832	**–**	–
- Indonesia	**15,550**	12,440	**–**	–
	1,115,512	874,272	**–**	–

(a) Defined contribution plan

Group companies incorporated in Malaysia contribute to the national defined contribution plan. Once the contributions have been paid, the Group has no further payment obligations.

(b) Defined benefit plan - United Kingdom

A subsidiary of the Group operates final salary defined benefit plans for its employees in the United Kingdom, the assets of which are held in separate trustee-administered funds. The latest actuarial valuation of the plan was undertaken by a qualified actuary as at 30 September 2013. This valuation was updated as at 30 June 2017 using revised assumptions by the qualified actuary.

(i) Profile of the scheme

The defined benefit obligations include benefits for current employees, former employees and current pensioners. Broadly, about 34% of the liabilities are attributable to current employees, 17% to former employees and 49% to current pensioners. The scheme duration is an indicator of the weighted-average time until benefit payments are made. For the scheme as a whole, the duration is around 20 years reflecting the approximate split of the defined benefit obligation between current employees (duration of 25 years), deferred members (duration of 25 years) and current pensioners (duration of 15 years).

(ii) Funding requirements

UK legislation requires that pension schemes are funded prudently. The last funding valuation report, 30 September 2013 showed a deficit of GBP94.6 million (RM528.8 million). The subsidiary is paying deficit contributions of:

- GBP8.6 million (RM48.1 million) by 31 March 2014 and 31 March 2015;
- GBP7.6 million (RM42.5 million) by each 31 March, from 31 March 2016 to 31 March 2020 inclusive;
- GBP10.2 million (RM57.0 million) by each 31 March, from 31 March 2021 to 31 March 2024 inclusive;

which, along with investment returns from return-seeking assets, is expected to make good this shortfall by 31 March 2024.

27 POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONTINUED)

(b) Defined benefit plan - United Kingdom (continued)

(ii) Funding requirements (continued)

There was a funding valuation at 30 September 2016, which is in the course of being finalised, and during which the progress towards full funding is being reviewed.

The subsidiary also pays contributions of 18.2% of pensionable salaries in respect of current accrual and non-investment related expenses, with active members paying a further 7.3% of pensionable salaries on average. A contribution of GBP7.6 million (RM42.5 million) is expected to be paid by the subsidiary during the year ending on 30 June 2018.

(iii) Risks associated with the scheme

Asset volatility – The liabilities are calculated using a discount rate set with reference to corporate bond yields; if assets underperform this yield, this will create a deficit. The scheme holds a significant proportion of growth assets (equities, diversified growth fund and global absolute return fund) which, though expected to outperform corporate bonds in the long-term, create volatility and risk in the short-term. The allocation to growth assets is monitored to ensure it remains appropriate given the scheme's long term objectives.

Changes in bond yields – A decrease in corporate bond yields will increase the value placed on the scheme's liabilities for accounting purposes, although this will be partially offset by an increase in the value of the scheme's bond holdings.

Inflation risk – The majority of the scheme's benefit obligations are linked to inflation and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect against extreme inflation). The majority of the assets are either unaffected by or only loosely correlated with inflation, meaning that an increase in inflation will also increase the deficit.

Life expectancy – The majority of the scheme's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the liabilities.

The trustees insure certain benefits payable on death before retirement.

A contingent liability exists in relation to the equalisation of Guaranteed Minimum Pension ("GMP"). The UK Government intends to implement legislation which could result in an increase in the value of GMP for males. This would increase the defined benefit obligation of the plan. At this stage, it is not possible to quantify the impact of this change.

27 POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONTINUED)

(b) Defined benefit plan - United Kingdom (continued)

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

	2017 RM'000	2016 RM'000
At 1 July	**861,832**	734,028
Exchange differences	**36,951**	(95,921)
Pension cost	**95,423**	99,484
Contributions and benefits paid	**(88,311)**	(107,103)
Re-measurement loss	**194,067**	231,344
At 30 June	**1,099,962**	861,832

The amounts recognised in the Statement of Financial Position are analysed as follows:

	2017 RM'000	2016 RM'000
Present value of funded obligations	**4,416,568**	3,795,075
Fair value of plan assets	**(3,316,606)**	(2,933,243)
Liability in the Statement of Financial Position	**1,099,962**	861,832

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

	2017 RM'000	2016 RM'000
At 1 July	**3,795,075**	3,806,216
Exchange differences	**152,110**	(406,231)
Interest cost	**111,752**	147,497
Current service cost	**65,441**	66,435
Contributions by scheme participants	**1,090**	1,224
Past service cost	**545**	612
Net benefits paid	**(131,921)**	(125,464)
Re-measurement (gain)/loss:		
- Actuarial gain arising from demographic assumptions	**(35,433)**	(47,738)
- Actuarial loss arising from financial assumptions	**548,946**	391,693
- Actuarial gain arising from experience adjustments	**(91,037)**	(39,169)
Present value of defined benefit obligations, at 30 June	**4,416,568**	3,795,075

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

27 POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONTINUED)

(b) Defined benefit plan - United Kingdom (continued)

Changes in fair value of plan assets are as follows:

	2017 RM'000	2016 RM'000
At 1 July	**2,933,243**	3,072,188
Exchange differences	**115,159**	(310,310)
Interest income	**86,131**	119,344
Contributions by employer	**88,311**	107,103
Contributions by scheme participants	**1,090**	1,224
Net benefits paid	**(131,921)**	(125,464)
Administration expenses	**(3,816)**	(4,284)
Re-measurement gain:		
- Return on plan assets excluding interest income	**228,409**	73,442
Fair value of plan assets, at 30 June	**3,316,606**	2,933,243

The pension cost recognised is analysed as follows:

	2017 RM'000	2016 RM'000
Interest cost	**25,621**	28,153
Current service cost	**65,441**	66,435
Past service cost	**545**	612
Administration expenses	**3,816**	4,284
Total charge to Income Statement	**95,423**	99,484

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

	2017 RM'000	2016 RM'000
Cost of sales	**52,351**	53,498
Administrative expenses	**17,451**	17,833
Interest cost	**25,621**	28,153
Total charge to Income Statement	**95,423**	99,484

27 POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONTINUED)

(b) Defined benefit plan - United Kingdom (continued)

The principal assumptions used in the actuarial calculations were as follows:

	2017 %	2016 %
Discount rate	**2.60**	2.90
Expected rate of increase in pension payment	**2.20-3.10**	1.80-2.70
Expected rate of salary increases	**3.20-3.70**	1.60-3.30
Price inflation – RPI	**3.20**	2.80
Price inflation – CPI	**2.20**	1.80

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

The mortality assumptions are based upon the recent actual mortality experience of scheme members, and allow for expected future improvements in mortality rates. The assumptions are that a member currently aged 60 will live, on average, for a further 27.0 years (2016: 27.0 years) if they are male, and for a further 29.1 years (2016: 29.3 years) if they are female. For a member who retires in 2037 at age 60 the assumptions are that they will live, on average, for a further 28.2 years (2016: 28.4 years) after retirement if they are male, and a further 30.4 years (2016: 30.9 years) after retirement if they are female.

The mortality table adopted is based upon 95% of standard tables S2P(M/F)A adjusted to allow for individual years of birth. Future improvements are assumed to be in line with the CMI 2016 core projection, with a long term improvement rate of 1.0% p.a. for all members.

Sensitivity analysis:

The key assumptions used for MFRS 119 are: discount rate, inflation and mortality. If different assumptions are used, this could have a material effect on the results disclosed. The sensitivity of the results to these assumptions are set out below. For the purposes of these sensitivities, it has been assumed that the change in the discount rate and inflation has no impact on the value of scheme assets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

27 POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONTINUED)

(b) Defined benefit plan - United Kingdom (continued)

Sensitivity analysis (continued):

		Scheme liabilities		Scheme deficit	
Key assumptions	**Increase by RM'000**	**Increase from RM'000**	**Increase to RM'000**	**Increase from RM'000**	**Increase to RM'000**
A reduction in the discount rate of 0.1% (from 2.6% to 2.5%)	84,411	4,416,568	4,500,979	1,099,962	1,184,373
An increase in the inflation of 0.1% (from 2.2% to 2.3% for CPI and 3.2% to 3.3% for RPI)	81,056	4,416,568	4,497,624	1,099,962	1,181,018
An increase in life expectancy of 1 year	181,678	4,416,568	4,598,246	1,099,962	1,281,640

The plan assets are comprised as follows:

	2017		2016	
	RM'000	**%**	**RM'000**	**%**
Equity instrument	**1,457,898**	**44.0**	1,357,992	46.3
Debt instrument	**1,518,271**	**45.8**	1,415,138	48.2
Property	**200,126**	**6.0**	155,261	5.3
Others	**140,311**	**4.2**	4,852	0.2
	3,316,606	**100.0**	2,933,243	100.0

	2017 RM'000	2016 RM'000
Actual return on plan assets	**314,540**	192,786

27 POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONTINUED)

(c) Defined benefit plan - Indonesia

Summary of obligations relating to employee benefits due under prevailing law and regulations as well as under the Indonesia subsidiary's regulations are presented as below:

	2017 RM'000	2016 RM'000
Obligation relating to post-employment benefits	**13,251**	10,072
Obligation relating to other long-term employee benefits	**2,299**	2,368
	15,550	12,440

A subsidiary of the Group has a defined contribution pension fund program for its permanent national employees in Indonesia. The subsidiary's contribution is 6% of employee basic salary, while the employees' contribution ranges from 3% to 14%.

The contributions made to the defined contribution plan are acceptable for funding the post-employment benefits under the labour regulations.

The obligation for post-employment and other long-term employee benefits were recognised with reference to actuarial report prepared by an independent actuary. The latest actuarial report was dated 30 June 2017.

(i) Post-employment benefit obligations

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

	2017 RM'000	2016 RM'000
At 1 July	**10,072**	7,351
Exchange differences	**709**	422
Pension cost	**1,632**	1,222
Contributions and benefits paid	**(106)**	(373)
Re-measurement loss	**944**	1,450
At 30 June	**13,251**	10,072

The obligations relating to post-employment benefits recognised in the Statement of Financial Position are as follows:

	2017 RM'000	2016 RM'000
Present value of obligations	**13,251**	10,072

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

27 POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONTINUED)

(c) Defined benefit plan - Indonesia (continued)

(i) Post-employment benefit obligations (continued)

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

	2017 RM'000	2016 RM'000
At 1 July	**10,072**	7,351
Exchange differences	**709**	422
Interest cost	**828**	621
Current service cost	**804**	601
Net benefits paid	**(106)**	(373)
Re-measurement loss:		
– Actuarial loss arising from financial assumptions	**746**	1,253
– Actuarial loss arising from experience adjustments	**198**	197
Present value of defined benefit obligations, at 30 June	**13,251**	10,072

The pension cost recognised can be analysed as follows:

	2017 RM'000	2016 RM'000
Interest cost	**828**	621
Current service cost	**804**	601
Total charge to Income Statement	**1,632**	1,222

(ii) Other long-term employee benefit obligations

The obligations relating to other long-term employee benefits (i.e. long leave service benefits) recognised in the Statement of Financial Position are as follows:

	2017 RM'000	2016 RM'000
Present value of obligations	**2,299**	2,368

27 POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONTINUED)

(c) Defined benefit plan - Indonesia (continued)

(ii) Other long-term employee benefit obligations (continued)

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

	2017 RM'000	2016 RM'000
At 1 July	**2,368**	1,986
Exchange differences	**166**	125
Pension cost	**556**	572
Contributions and benefits paid	**(791)**	(315)
At 30 June	**2,299**	2,368

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

	2017 RM'000	2016 RM'000
At 1 July	**2,368**	1,986
Exchange differences	**166**	125
Current service cost	**556**	572
Net benefits paid	**(791)**	(315)
At 30 June	**2,299**	2,368

The amounts relating to other long-term employee benefit obligations recognised in the Income Statement are as follows:

	2017 RM'000	2016 RM'000
Current service cost	**556**	572

The charge above was included in the cost of sales.

The principal assumptions used in the actuarial calculations were as follows:

	2017 %	2016 %
Discount rate	**7.0**	7.8
Future salary increase rate	**9.0**	9.0

27 POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONTINUED)

(c) Defined benefit plan - Indonesia (continued)

Sensitivity analysis:

Reasonably possible changes to the key assumptions, would have affected the defined benefit obligations at the reporting date by the following amounts:

	RM'000 Increase	RM'000 Decrease
Discount rate (1% movement)	1,090	1,224
Future salary increase rate (1% movement)	1,544	1,402

This analysis provides an approximation of the sensitivity of the assumption shown, but does not take account of the variability in the timing of distribution of benefit payments expected under the plan.

28 GRANTS AND CONTRIBUTIONS

	Group	
	2017 RM'000	2016 RM'000
At 1 July	**427,843**	413,485
Exchange differences	**19,404**	(28,215)
Acquisition of a subsidiary*	**60,732**	–
Received during the financial year	**54,570**	59,578
Amortisation	**(14,774)**	(17,005)
At 30 June	**547,775**	427,843

* This is in relation to acquisition of Albion Water Limited as disclosed in Note 14(c).

Grants and contributions represents government grant in foreign subsidiaries in respect of specific qualifying expenditure on infrastructure assets, non-infrastructure assets and a cogeneration plant.

29 PAYABLES (NON-CURRENT)

	Group	
	2017 RM'000	2016 RM'000
Deposits	**28,244**	26,190
Deferred income	**713,239**	710,798
Payables to non-controlling interest	**120,635**	113,007
	862,118	849,995

Deposits comprise amount collected from retail customers in relation to the provision of electricity and deposits received from developers of housing development in relation to the provision of water and sewerage infrastructure. The deferred income is in relation to assets transferred from customers and services of the water and sewerage segment which are yet to be provided. The fair value of payables approximates their carrying values.

30 PAYABLES AND ACCRUED EXPENSES (CURRENT)

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Trade payables	**539,169**	437,412	**–**	–
Duties and taxes payable	**15,491**	16,859	**2**	–
Accrued expenses	**605,284**	589,389	**1,260**	1,230
Receipts in advance	**228,185**	234,711	**–**	–
Other payables	**313,597**	319,458	**80,672**	63,034
Deposits	**71,476**	94,846	**–**	–
Deferred income	**70,009**	48,198	**–**	–
	1,843,211	1,740,873	**81,934**	64,264

Credit terms of trade payables granted to the Group range from 30 to 60 days (2016: 30 to 60 days).

31 PROVISION FOR LIABILITIES AND CHARGES

	Group	
	2017 RM'000	2016 RM'000
At 1 July	**36,076**	40,617
Exchange differences	**12**	147
Charge during the financial year	**–**	4,600
Payment	**(1,053)**	(9,288)
At 30 June	**35,035**	36,076

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

32 AMOUNTS OWING BY/(TO) FELLOW SUBSIDIARIES

The amounts owing by/(to) fellow subsidiaries are unsecured, interest-free and repayable on demand. The amounts owing by/(to) fellow subsidiaries principally relate to operational expenses and expenses paid on behalf by/of the Group and the Company.

33 FINANCIAL RISK MANAGEMENT

The Group's and the Company's activities expose it to a variety of financial risks, including market risk (comprising of foreign currency exchange risk, interest rate risk and price risk), credit risk, liquidity risk and capital risk. The Group's and the Company's overall financial risk management objective is to ensure that adequate resources are available to create value for its shareholders. The Group and the Company focus on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group and the Company. Financial risk management is carried out through regular risk review analysis, internal control systems and adherence to Group and the Company financial risk management policies. The Board regularly reviews these risks and approves the appropriate control environment frameworks.

(a) Market risk

(i) Foreign currency exchange risk

Foreign currency exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to risks arising from various currency exposures primarily with respect to the Great British Pounds and Singapore Dollars. 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 fluctuations (on the basis all other variables remain constant).

	Increase/(Decrease) in Net assets	
Group	**2017 RM'000**	**2016 RM'000**
5% changes on GBP exchange rate	**202,767**	170,059
5% changes on SGD exchange rate	**438,647**	432,916

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

33 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(ii) Interest rate risk

Interest rate exposure arises from the Group's and the Company's borrowings, deposits, short-term investments, and the interest-bearing advances to subsidiaries of the Company. This exposure is managed through the use of fixed and floating rate debts, as well as through derivative financial instruments, where appropriate, to generate the desired interest rate profile.

Borrowings issued at variable rates expose the Group to cash flows interest rate risk. However, it is partially offset by the interest income accruing on fixed deposits.

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the reporting date, were:

	Group		Company	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Fixed rate instruments				
Financial assets	**962,404**	337,101	**–**	–
Financial liabilities	**16,246,398**	13,467,302	**7,254,417**	4,758,163
Variable rate instruments				
Financial assets	**11,473,096**	9,296,705	**5,568,418**	2,370,224
Financial liabilities	**12,281,264**	10,712,007	**3,161,421**	2,154,842

At the reporting date, if annual interest rates had been 50 basis points higher/lower respectively, with all other variables in particular foreign exchange rates and tax rates being held constant, the Group's and Company's profit after tax will be lower/higher by RM61.4 million (2016: RM53.6 million) and RM15.8 million (2016: RM10.8 million), respectively as a result of increase/decrease in interest expense on these variable rate borrowings.

The excess funds of the Group and 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 for the Group and the Company for the financial year would increase/decrease by RM11.5 million (2016: RM9.3 million) and RM5.6 million (2016: RM2.4 million), respectively.

33 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(iii) Price risk

Investments

The Group and the Company are exposed to equity securities price risk arising from investments held which are classified on the Statement of Financial Position as available-for-sale financial assets and investments carried at fair value through profit or loss. To manage its price risk arising from investments in equity securities, the Group and the Company diversify their portfolio.

The Group's and the Company's investments are measured at fair value. The impact of an increase/decrease on the fair value to the Group's and Company's net assets is approximately RM2.1 million (2016: RM0.5 million) and RM2.1 million (2016: RM0.5 million), respectively. This analysis is based on a 10% increase or decrease in the fair value of these investments as at the reporting date, with all other variables remaining constant.

Fuel commodity price risk

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

The Group has contracts for the sale of electricity to the Singapore electricity pool at prices that are fixed in advance every three months and to retail customers (those meeting a minimum average monthly consumption) at prices that are either fixed in amount or in pricing formula for periods up to a number of years. The fixing of the prices under the contracts is based largely on the price of fuel oil required to generate the electricity. The Group enters into fuel oil swaps to hedge against adverse price movements of fuel oil prices. The Group typically enters into a swap to pay a fixed price and receive a variable price indexed to a benchmark fuel price index.

Exposure to price fluctuations arising from the purchase of fuel oil and natural gas are substantially managed via swaps where the price is indexed to a benchmark price index, for example 180 CST fuel oil and Dated Brent. The Group's exposure to the fluctuation of forward price curve is immaterial.

(b) Credit risk

Credit risk is the potential financial loss resulting from the failure of a counter party to settle their obligations to the Group and the Company.

The Group's exposures to credit risk arise primarily from trade and other receivable. For other financial assets (including short-term investment securities, fixed deposits and derivative financial instruments), the Group minimises credit risk by dealing with creditworthy counterparties.

The Company's exposures to credit risk arise from other receivable. For other financial assets (including short-term investment securities and fixed deposits), the Company minimises credit risk by dealing with creditworthy counterparties.

In the Group's power generation business in Singapore, credit reviews are performed on all customers with established credit limits and generally supported by collateral in the form of guarantees. For the Group's water and sewerage business, the credit risk of receivables is mitigated through strict collection procedures. In addition, the Directors are of the view that credit risk arising from these businesses is limited due to the large customer base.

33 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

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.

At the reporting date, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the Statement of Financial Position, except for trade receivables on electricity sales and physical fuel transactions where collaterals of RM52.7 million (2016: RM79.4 million) are held in the form of security deposits from customers and banker's guarantees.

Intercompany balances

The Company provides unsecured advances to subsidiaries and where necessary makes payments for expenses on behalf of its subsidiaries. The Company monitors the results of the subsidiaries regularly. As at 30 June 2017, the maximum exposure to credit risk is represented by their carrying amounts in the Statement of Financial Position.

Management has taken reasonable steps to ensure that intercompany receivables are stated at the realisable values. As at 30 June 2017, there was no indication that the advances extended to the subsidiaries are not recoverable.

(c) Liquidity risk

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

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the reporting date based on undiscounted contractual payments:

Group	Less than 1 year RM'000	Between 1 and 5 years RM'000	Over 5 years RM'000	Total RM'000
2017				
Non-derivative financial liabilities				
Bonds and borrowings	**5,558,698**	**13,911,460**	**24,505,275**	**43,975,433**
Trade and other payables including group entities	**1,306,140**	**148,879**	**–**	**1,455,019**
Derivative financial liabilities				
Gross – Fuel oil swaps	**105,966**	**17,601**	**–**	**123,567**
Gross – Currency forwards	**16,014**	**6,836**	**–**	**22,850**
	6,986,818	**14,084,776**	**24,505,275**	**45,576,869**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

33 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (continued)

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the reporting date based on undiscounted contractual payments: (continued)

	Less than 1 year RM'000	Between 1 and 5 years RM'000	Over 5 years RM'000	Total RM'000
Group				
2016				
Non-derivative financial liabilities				
Bonds and borrowings	1,099,670	13,534,435	19,317,177	33,951,282
Trade and other payables including group entities	1,274,804	139,197	–	1,414,001
Derivative financial liabilities				
Gross – Fuel oil swaps	230,234	108,738	–	338,972
Gross – Currency forwards	18,032	8,527	–	26,559
	2,622,740	13,790,897	19,317,177	35,730,814
Company				
2017				
Non-derivative financial liabilities				
Bonds and borrowings	**413,150**	**6,981,794**	**5,090,668**	**12,485,612**
Trade and other payables including intercompanies	**433,509**	**–**	**–**	**433,509**
Financial guarantee contracts	**309,874**	**–**	**–**	**309,874**
	1,156,533	**6,981,794**	**5,090,668**	**13,228,995**
2016				
Non-derivative financial liabilities				
Bonds and borrowings	247,640	4,549,673	2,842,295	7,639,608
Trade and other payables including intercompanies	573,579	–	–	573,579
Financial guarantee contracts	219,960	–	–	219,960
	1,041,179	4,549,673	2,842,295	8,433,147

33 FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Capital risk

The objectives of the Group and the Company when managing capital are to safeguard the ability of the Group and the Company to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

There are external debt covenants such as gearing ratio applicable to the Group and the Company which are not onerous and the obligation can be fulfilled. As part of its capital management, the Group monitors that these covenants have been complied with. In addition, consistent with others in the industry, the Group and the Company monitor capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the Statement of Financial Position) less cash and bank balances. Total capital is calculated as 'equity' as shown in the Statement of Financial Position plus net debt.

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Total bonds and borrowings (Note 26)	**28,527,662**	24,179,309	**10,028,638**	6,367,163
Less: Cash and bank balances	**(8,946,301)**	(9,761,333)	**(35,165)**	(524,234)
Net debt	**19,581,361**	14,417,976	**9,993,473**	5,842,929
Total equity	**13,489,680**	12,753,318	**13,451,940**	13,487,703
Total capital	**33,071,041**	27,171,294	**23,445,413**	19,330,632
Gearing ratio	**59%**	53%	**43%**	30%

To strengthen the capital structure of the Company, all borrowings of subsidiaries are on a non-recourse basis to the Company save and except for those borrowings guaranteed by the Company as set out in Note 26 to the financial statements.

(e) Fair value measurement

The Group and the Company measure fair value using the following fair value hierarchy that reflects the significance of the input used in making the measurements:

(a) Level 1 – quoted price (unadjusted) in active market for identical assets or liabilities;

(b) Level 2 – inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (that is, as prices) or indirectly (that is, derived from prices); and

(c) Level 3 – inputs for the assets or liabilities that are not based on observable market data (that is, unobservable inputs).

The financial assets included in the Level 3 of the fair value hierarchy for which its valuation is based on actual performance of the investee entity. The Group and the Company had used valuation model in projecting expected share price of the investment by using share price of companies in similar industry and adjusted for marketability factor.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

33 FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Fair value measurement (continued)

Although the Group and the Company believe that estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value. For fair value measurement in Level 3, if the discount rate used in the marketability factor is to differ by 10% from management's estimates, the carrying amount of available-for-sale financial assets would be approximately RM42.1 million (2016: RM39.1 million) lower or higher.

The following table presents the Group's assets and liabilities that are measured at fair value as at the reporting date:

Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2017				
Assets				
Financial assets at fair value through profit or loss:				
- Trading derivatives	**–**	**1,002**	**–**	**1,002**
- Income funds	**–**	**3,033,782**	**–**	**3,033,782**
- Equity investments	**–**	**4,046**	**–**	**4,046**
Available-for-sale	**56,516**	**97**	**231,350**	**287,963**
Derivatives used for hedging	**–**	**64,359**	**–**	**64,359**
Total assets	**56,516**	**3,103,286**	**231,350**	**3,391,152**
Liabilities				
Financial liabilities at fair value through profit or loss:				
- Trading derivatives	**–**	**11,832**	**–**	**11,832**
Derivatives used for hedging	**–**	**134,585**	**–**	**134,585**
Total liabilities	**–**	**146,417**	**–**	**146,417**
2016				
Assets				
Financial assets at fair value through profit or loss:				
- Trading derivatives	–	12,528	–	12,528
Available-for-sale	51,617	4,753	214,989	271,359
Derivatives used for hedging	–	81,884	–	81,884
Total assets	51,617	99,165	214,989	365,771
Liabilities				
Financial liabilities at fair value through profit or loss:				
- Trading derivatives	–	14,119	–	14,119
Derivatives used for hedging	–	351,412	–	351,412
Total liabilities	–	365,531	–	365,531

33 FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Fair value measurement (continued)

The following table presents the Company's assets that are measured at fair value as at the reporting date:

Company	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2017				
Assets				
Financial assets at fair value through profit or loss:				
– Income funds	–	2,503,011	–	2,503,011
Available-for-sale	56,492	–	231,350	287,842
	56,492	2,503,011	231,350	2,790,853
2016				
Assets				
Available-for-sale	51,591	–	214,989	266,580

34 FINANCIAL INSTRUMENTS BY CATEGORY

The table below provides an analysis of the Group's financial instruments category:

Group	Loans and receivables RM'000	Assets at fair value through profit or loss RM'000	Derivatives used for hedging RM'000	Available-for-sale RM'000	Total RM'000
2017					
Assets as per Statement of Financial Position					
Assets at fair value through profit or loss	–	3,037,828	–	–	3,037,828
Available-for-sale financial assets	–	–	–	287,963	287,963
Derivative financial instruments	–	1,002	64,359	–	65,361
Trade and other receivables including group entities[1]	2,911,844	–	–	–	2,911,844
Cash and bank balances	8,946,301	–	–	–	8,946,301
	11,858,145	3,038,830	64,359	287,963	15,249,297

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

34 FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

The table below provides an analysis of the Group's financial instruments category: (continued)

Group	Loans and receivables RM'000	Assets at fair value through profit or loss RM'000	Derivatives used for hedging RM'000	Available-for-sale RM'000	Total RM'000
2016					
Assets as per Statement of Financial Position					
Available-for-sale financial assets	–	–	–	271,359	271,359
Derivative financial instruments	–	12,528	81,884	–	94,412
Trade and other receivables including group entities[1]	1,733,335	–	–	–	1,733,335
Cash and bank balances	9,761,333	–	–	–	9,761,333
	11,494,668	12,528	81,884	271,359	11,860,439

Group	Liabilities at 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
2017				
Liabilities as per Statement of Financial Position				
Bonds and borrowings excluding finance lease liabilities	**–**	**–**	**28,359,773**	**28,359,773**
Derivative financial instruments	**11,832**	**134,585**	**–**	**146,417**
Trade and other payables including group entities[2]	**–**	**–**	**1,714,824**	**1,714,824**
	11,832	**134,585**	**30,074,597**	**30,221,014**
2016				
Liabilities as per Statement of Financial Position				
Bonds and borrowings excluding finance lease liabilities	–	–	23,888,771	23,888,771
Derivative financial instruments	14,119	351,412	–	365,531
Trade and other payables including group entities[2]	–	–	1,648,188	1,648,188
	14,119	351,412	25,536,959	25,902,490

34 FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

The table below provides an analysis of the Company's financial instruments category:

Company	Loans and receivables RM'000	Assets at fair value through profit or loss RM'000	Available-for-sale RM'000	Total RM'000
2017				
Assets as per Statement of Financial Position				
Assets at fair value through profit or loss	**–**	**2,503,011**	**–**	**2,503,011**
Available-for-sale financial assets	**–**	**–**	**287,842**	**287,842**
Trade and other receivables including intercompanies[1]	**3,002,430**	**–**	**–**	**3,002,430**
Cash and bank balances	**35,165**	**–**	**–**	**35,165**
	3,037,595	**2,503,011**	**287,842**	**5,828,448**
2016				
Assets as per Statement of Financial Position				
Available-for-sale financial assets	–	–	266,580	266,580
Trade and other receivables including intercompanies[1]	1,838,351	–	–	1,838,351
Cash and bank balances	524,234	–	–	524,234
	2,362,585	–	266,580	2,629,165

Company	Liabilities at fair value through profit or loss RM'000	Other financial liabilities at amortised cost RM'000	Total RM'000
2017			
Liabilities as per Statement of Financial Position			
Bonds and borrowings excluding finance lease liabilities	**–**	**10,028,259**	**10,028,259**
Trade and other payables including intercompanies[2]	**–**	**511,858**	**511,858**
	–	**10,540,117**	**10,540,117**
2016			
Liabilities as per Statement of Financial Position			
Bonds and borrowings	–	6,367,163	6,367,163
Trade and other payables including intercompanies[2]	–	632,043	632,043
	–	6,999,206	6,999,206

1 Prepayments and tax recoverable are excluded from the trade and other receivables balance, as this analysis is required only for financial instruments.

2 Statutory liabilities, deferred income and receipts in advance are excluded from the trade and other payables balance, as this analysis is required only for financial instruments.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

35 COMMITMENTS AND NON-CANCELLABLE OPERATING LEASE ARRANGEMENTS

(a) Capital commitments

	Group	
	2017 RM'000	2016 RM'000
Contracted, but not provided for	**1,348,456**	1,559,838
Authorised, but not contracted for	**847,928**	699,277

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

(b) Operating lease arrangements

(i) The Group as lessee

The future minimum lease payments under non-cancellable operating leases contracted for as at the reporting date but not recognised as liabilities are analysed as follows:

	Group	
	2017 RM'000	2016 RM'000
Lease rental on sublease of office space:		
- Not later than 1 year	**128,938**	112,961
- Later than 1 year but not later than 5 years	**394,939**	326,156
- Later than 5 years	**154,825**	154,743

(ii) The Group as lessor

The future minimum lease payments receivable under non-cancellable operating leases contracted for as at the reporting date but not recognised as receivables are analysed as follows:

	Group	
	2017 RM'000	2016 RM'000
Lease rental income:		
- Not later than 1 year	**44,757**	54,316
- Later than 1 year but not later than 5 years	**9**	–

In addition, payments receivable under the PPA which are classified as operating lease are as follows:

	Group	
	2017 RM'000	2016 RM'000
Not later than 1 year	**39,801**	–
Later than 1 year but not later than 5 years	**163,275**	–

36 SEGMENTAL INFORMATION

The Group has five reportable segments as described below:

(i) Power generation (Contracted)
(ii) Multi utilities business (Merchant)
(iii) Water and sewerage
(iv) Mobile broadband network
(v) Investment holding activities

Management monitors the operating results of operating segments separately for the purpose of making decisions about resources to be allocated and of assessing performance.

	Power generation (Contracted) RM'000	Multi utilities business (Merchant)# RM'000	Water and sewerage RM'000	Mobile broadband network RM'000	Investment holding activities RM'000	Group RM'000
At 30 June 2017						
Revenue						
Total revenue	–	5,626,175	3,116,323	830,214	291,284	9,863,996
Inter segment elimination	–	–	–	(5,684)	(80,400)	(86,084)
External revenue	–	5,626,175	3,116,323	824,530	210,884	9,777,912
Results						
Share of profits of investments accounted for using the equity method	–	–	–	2,312	345,755	348,067
Interest income	13,515	2,759	4,465	1,154	300	22,193
Finance cost	17	133,814	420,768	5,634	286,187	846,420
Segment profit/(loss)	(102,382)	157,982	877,134	(97,322)	56,795	892,207
Other segment items						
Capital expenditures	1,276	66,838	1,060,435	540,173	1,176	1,669,898
Depreciation and amortisation	21,420	326,552	546,723	238,490	4,537	1,137,722
Impairment	4,889	1,638	64,845	11,517	31,698	114,587
Segment assets						
Investments accounted for using the equity method	–	–	1	9,856	2,235,506	2,245,363
Other segment assets	239,765	12,308,190	18,498,185	2,887,409	12,319,248	46,252,797
	239,765	12,308,190	18,498,186	2,897,265	14,554,754	48,498,160
Segment liabilities						
Borrowings	1,273	6,905,667	11,460,024	132,060	10,028,638	28,527,662
Other segment liabilities	9,813	1,336,070	4,569,093	316,738	249,104	6,480,818
	11,086	8,241,737	16,029,117	448,798	10,277,742	35,008,480

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

36 SEGMENTAL INFORMATION (CONTINUED)

	Power generation (Contracted) RM'000	Multi utilities business (Merchant)# RM'000	Water and sewerage RM'000	Mobile broadband network RM'000	Investment holding activities RM'000	Group RM'000
At 30 June 2016						
Revenue						
Total revenue	290,116	5,686,818	3,350,811	703,598	309,994	10,341,337
Inter segment elimination	–	–	–	(1,523)	(94,640)	(96,163)
External revenue	290,116	5,686,818	3,350,811	702,075	215,354	10,245,174
Results						
Share of profits of investments accounted for using the equity method	–	–	–	1,972	628,114	630,086
Interest income	64,074	1,018	4,933	941	59	71,025
Finance cost	–	172,184	455,978	21,631	244,940	894,733
Segment profit/(loss)	166,793	93,664	963,635	(277,039)	367,087	1,314,140
Other segment items						
Capital expenditures	53,800	21,281	1,297,182	283,660	1,003	1,656,926
Depreciation and amortisation	138,417	315,591	594,530	250,154	3,645	1,302,337
(Write back)/Impairment	(149,390)	1,715	71,377	3,261	–	(73,037)
Segment assets						
Investments accounted for using the equity method	–	–	1	7,544	2,111,466	2,119,011
Other segment assets	766,383	11,770,129	17,264,351	2,395,414	8,930,303	41,126,580
	766,383	11,770,129	17,264,352	2,402,958	11,041,769	43,245,591
Segment liabilities						
Borrowings	–	6,731,818	10,849,485	230,843	6,367,163	24,179,309
Other segment liabilities	87,997	1,508,889	4,143,655	354,301	218,122	6,312,964
	87,997	8,240,707	14,993,140	585,144	6,585,285	30,492,273

This segment encompasses a large portion of the value chain involved in the generation of electricity. This includes the generation and sale of electricity to both wholesale and retail markets, as well as oil trading and oil tanking leasing.

36 SEGMENTAL INFORMATION (CONTINUED)

Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue		Non-current assets	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Malaysia	**869,984**	1,011,896	**2,544,839**	2,232,909
Singapore	**5,626,175**	5,686,818	**10,598,934**	10,396,782
United Kingdom	**3,140,114**	3,373,274	**16,918,629**	15,378,050
Other countries	**141,639**	173,186	**287,565**	223,436
	9,777,912	10,245,174	**30,349,967**	28,231,177

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

	Non-current assets	
	2017 RM'000	**2016 RM'000**
Property, plant and equipment	**21,334,981**	20,009,675
Investment properties	**432,935**	14,462
Intangible assets	**8,392,717**	8,077,220
Prepayments	**189,334**	129,820
	30,349,967	28,231,177

Major customers

The following is the major customer with revenue equal or more than 10 per cent of Group's revenue:

	Revenue		
	2017 RM'000	**2016 RM'000**	**Segment**
- Energy Market Company	**2,652,274**	2,564,496	Multi utilities business (Merchant)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

37 MATERIAL LITIGATION

In 2015, a foreign subsidiary of the Group commenced proceedings in court against two customers to recover monies due to the subsidiary under contract, following termination of their electricity retail contracts. The customers have filed their defence and counterclaims, and the matter is now awaiting trial.

Based on legal advice sought by the board, the subsidiary has strong prospects of succeeding in its claim and the customers are highly unlikely to succeed in their counterclaims. Thus, no provision has been made for potential losses that may arise from the counterclaims.

38 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 21 September 2017.

39 SUPPLEMENTARY INFORMATION DISCLOSED PURSUANT TO BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENT

The following analysis of realised and unrealised retained earnings/(accumulated losses) at the legal entity level is 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 Requirement, as issued by the Malaysian Institute of Accountants whilst the disclosure at the Group and the Company are based on the prescribed format by the Bursa Malaysia Securities Berhad.

	Group		Company	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Retained earnings/(Accumulated losses) of the Company and its subsidiaries:				
- Realised	**6,605,037**	7,020,127	**6,964,279**	7,027,599
- Unrealised	**(215,709)**	(283,475)	**(6,209)**	34,721
	6,389,328	6,736,652	**6,958,070**	7,062,320
Retained earnings/(Accumulated losses) from investments accounted for using the equity method:				
- Realised	**909,473**	942,330	**–**	–
- Unrealised	**56,747**	66,134	**–**	–
	966,220	1,008,464	**–**	–
Add: Consolidation adjustments	**460,600**	347,603	**–**	–
Total retained earnings	**7,816,148**	8,092,719	**6,958,070**	7,062,320

The disclosure of realised and unrealised profits/(losses) above is solely for compliance with the directive issued by the Bursa Malaysia Securities Berhad and should not be used for any other purpose.

FORM OF PROXY

YTL Power
YTL GROUP

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

____

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

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

of *(full address)* ______________________________

____

being a member of **YTL Power International 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 21st Annual General Meeting of the Company to be held at Mayang Sari Grand Ballroom, Lower Level 3, JW Marriott Hotel Kuala Lumpur, 183, Jalan Bukit Bintang, 55100 Kuala Lumpur on Tuesday, 12 December 2017 at 10.00 a.m. and at any adjournment thereof.

My/Our proxy is to vote as indicated below:-

NO.	RESOLUTIONS	FOR	AGAINST
1.	Re-election of Tan Sri Dato' (Dr) Francis Yeoh Sock Ping		
2.	Re-election of Dato' Yusli Bin Mohamed Yusoff		
3.	Re-election of Dato' Sri Michael Yeoh Sock Siong		
4.	Re-election of Mark Yeoh Seok Kah		
5.	Re-appointment of Tan Sri Datuk Dr. Aris Bin Osman @ Othman		
6.	Approval of the payment of Directors' fees		
7.	Approval of the payment of meeting attendance allowance to Non-Executive Directors		
8.	Re-appointment of Messrs. PricewaterhouseCoopers as Company Auditors		
9.	Approval for Tan Sri Datuk Dr. Aris Bin Osman @ Othman to continue in office as Independent Non-Executive Director		
10.	Approval for Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng to continue in office as Independent Non-Executive Director		
11.	Authorisation for Directors to Allot and Issue Shares		
12.	Proposed Renewal of Share Buy-Back Authority		
13.	Proposed Renewal of Shareholder Mandate for Existing Recurrent Related Party Transactions of a Revenue or Trading Nature ("RRPT") and Proposed New Shareholder Mandate for Additional RRPT		

Number of shares held

Signed this ____________ day of ____________ 2017 Signature ____________________

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Notes:-

1. A member entitled to attend and vote at the meeting may appoint a proxy to vote in his stead. A proxy may but need not be a member of the Company. A member other than an Authorised Nominee shall not be entitled to appoint more than one proxy to attend and vote at the same meeting and where such member appoints more than one proxy to attend and vote at the same meeting, such appointment shall be invalid. Where a member of the Company is an Exempt Authorised Nominee as defined under the Securities Industry (Central Depositories) Act, 1991, which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.
2. This original form of proxy and the Power of Attorney or other authority (if any) under which it is signed or notarially certified copy thereof must be lodged at the office of the appointed share registrar for the Annual General Meeting, Tricor Investor & Issuing House Services Sdn Bhd, at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than 48 hours before the time appointed for holding the meeting. Facsimile transmission of such documents will not be accepted.
3. In the case of a corporation, this form of proxy should be executed under its Common Seal or under the hand of some officer of the corporation duly authorised in writing on its behalf.
4. Unless voting instructions are indicated in the spaces provided above, the proxy may vote as he thinks fit.
5. For the purpose of determining a member who shall be entitled to attend the Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd, in accordance with Article 60(2) of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors as at 5 December 2017. Only a depositor whose name appears on the General Meeting Record of Depositors as at 5 December 2017 shall be entitled to attend the said meeting or appoint proxy to attend and/or vote in his stead.

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AFFIX
STAMP

Tricor Investor & Issuing House Services Sdn Bhd
Share Registrar for YTL Power International Berhad's 21st AGM
Unit 32-01, Level 32, Tower A, Vertical Business Suite
Avenue 3, Bangsar South, No. 8, Jalan Kerinchi
59200 Kuala Lumpur

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