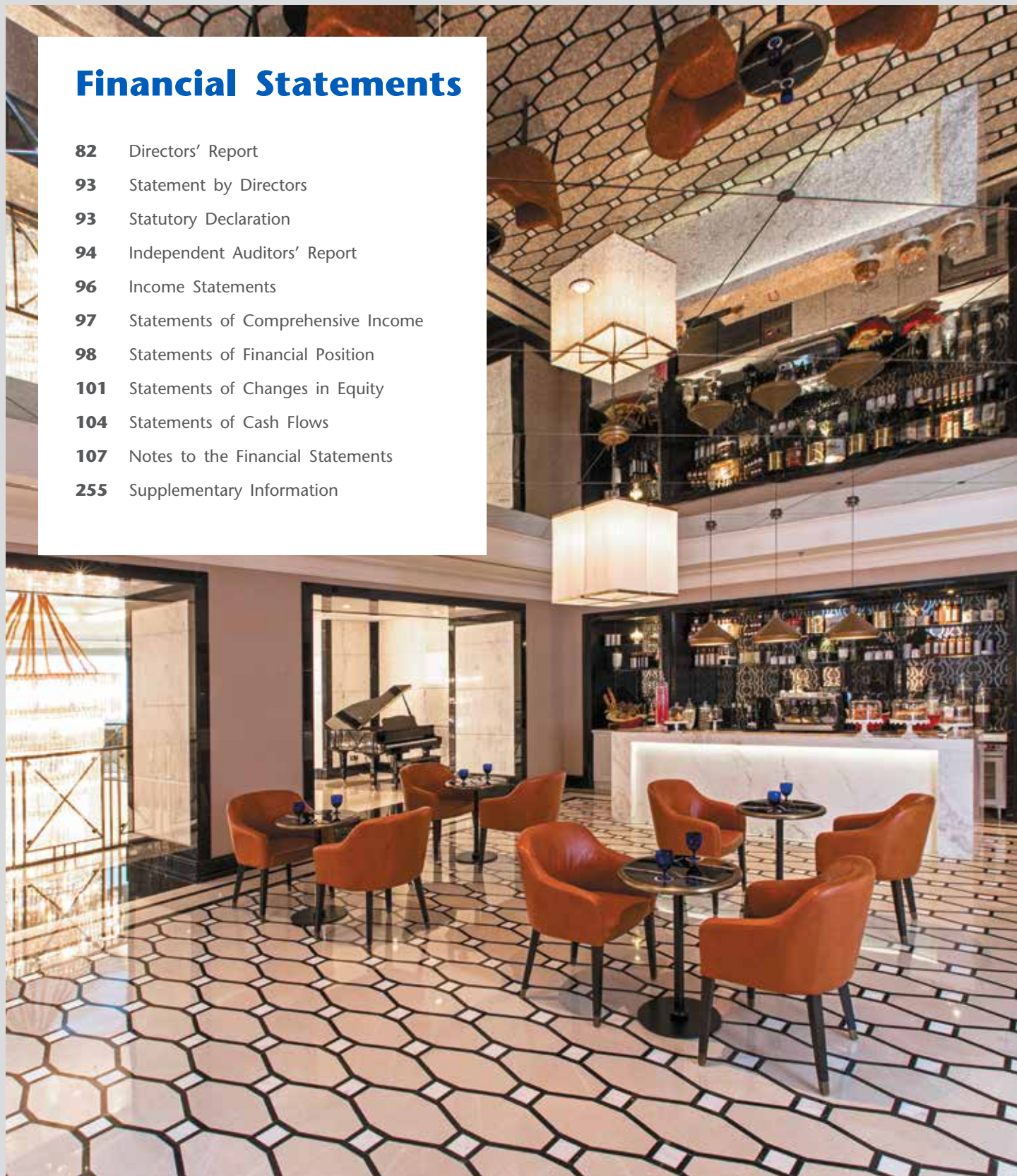


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Directors' Report

The Directors have pleasure in submitting their Report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2016.

PRINCIPAL ACTIVITIES

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

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

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

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Profit for the year	1,886,958	622,659
Attributable to:-		
Owners of the parent	916,431	622,659
Non-controlling interests	970,527	–
	1,886,958	622,659

DIVIDENDS

The amount of dividend paid since the end of the last financial year was as follows:-

	RM'000
In respect of the financial year ended 30 June 2015:-	
An interim single tier dividend of 95% or 9.5 sen per ordinary share of 10 sen each paid on 23 October 2015	989,771

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

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

RESERVES AND PROVISIONS

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

Directors' Report

(continued)

TREASURY SHARES

The shareholders of the Company granted a mandate to the Company to repurchase its own shares at the Annual General Meeting held on 24 November 2015. The Directors of the Company are committed to enhance the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interest of the Company and its shareholders.

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

EMPLOYEES' SHARE OPTION SCHEME

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

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

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

	Actual Allocation	
	Since 1.4.2011	Financial Year 30.6.2016
Key management personnel	4.49%*	–

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

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

Details of options granted to Non-Executive Director of the Company is as follows:

Name of Directors	Number of share options over ordinary shares of RM0.10 each			
	Balance at 1.7.2015	Granted	Exercised	Balance at 30.6.2016
Dato' Chong Keap Thai @ Cheong Keap Tai	1,000,000	–	–	1,000,000
Eu Peng Meng @ Leslie Eu	1,000,000	–	–	1,000,000

Directors' Report

(continued)

DIRECTORS

The Directors who served on the Board of the Company since the date of the last Report are:-

Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay
 Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE
 Dato' Yeoh Seok Kian
 Dato' Chong Keap Thai @ Cheong Keap Tai
 Dato' Ahmad Fuaad Bin Mohd Dahalan (Appointed on 26 November 2015)
 Dato' Yeoh Soo Min
 Dato' Yeoh Seok Hong
 Dato' Sri Michael Yeoh Sock Siong
 Dato' Yeoh Soo Keng
 Dato' Mark Yeoh Seok Kah
 Eu Peng Meng @ Leslie Eu
 Syed Abdullah Bin Syed Abd. Kadir
 Faiz Bin Ishak
 Dato' (Dr) Yahya Bin Ismail (Retired on 24 November 2015)

DIRECTORS' INTERESTS

The following Directors of the Company who held office at the end of the financial year had, according to the register required to be kept under Section 134 of the Companies Act 1965, interests in the shares of the Company and related companies as follows:-

The Company	Number of ordinary shares of RM0.10 each			
	Balance at 1.7.2015	Acquired	Disposed	Balance at 30.6.2016
Direct interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	90,561,164	–	–	90,561,164
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	133,001,216	–	–	133,001,216
Dato' Yeoh Seok Kian	55,481,889	–	–	55,481,889
Dato' Yeoh Soo Min	51,797,932	–	–	51,797,932
Dato' Yeoh Seok Hong	44,535,079	–	–	44,535,079
Dato' Sri Michael Yeoh Sock Siong	53,652,534	–	–	53,652,534
Dato' Yeoh Soo Keng	53,916,634	–	–	53,916,634
Dato' Mark Yeoh Seok Kah	20,081,152	–	–	20,081,152
Syed Abdullah Bin Syed Abd. Kadir	9,304,133	–	–	9,304,133

Directors' Report

(continued)

DIRECTORS' INTERESTS (CONTINUED)

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

The Company	Number of share options over ordinary shares of RM0.10 each			
	Balance at 1.7.2015	Granted	Exercised	Balance at 30.6.2016
Direct interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	7,000,000	–	–	7,000,000
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	7,000,000	–	–	7,000,000
Dato' Yeoh Seok Kian	5,000,000	–	–	5,000,000
Dato' Chong Keap Thai @ Cheong Keap Tai	1,000,000	–	–	1,000,000
Dato' Yeoh Soo Min	5,000,000	–	–	5,000,000
Dato' Yeoh Seok Hong	5,000,000	–	–	5,000,000
Dato' Sri Michael Yeoh Sock Siong	5,000,000	–	–	5,000,000
Dato' Yeoh Soo Keng	5,000,000	–	–	5,000,000
Dato' Mark Yeoh Seok Kah	5,000,000	–	–	5,000,000
Eu Peng Meng @ Leslie Eu	1,000,000	–	–	1,000,000
Syed Abdullah Bin Syed Abd. Kadir	1,000,000	–	–	1,000,000
Deemed interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	5,000,000 ⁽¹⁾	–	–	5,000,000⁽¹⁾
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	2,000,000 ⁽¹⁾	–	–	2,000,000⁽¹⁾
Dato' Yeoh Seok Hong	3,000,000 ⁽¹⁾	–	–	3,000,000⁽¹⁾

Directors' Report

(continued)

DIRECTORS' INTERESTS (CONTINUED)

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

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

Subsidiary – YTL Power International Berhad	Number of ordinary shares of RM0.50 each			
	Balance at 1.7.2015	Acquired	Disposed	Balance at 30.6.2016
Direct interests				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	21,399,262	200,000	–	21,599,262
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	14,719,213	–	–	14,719,213
Dato' Yeoh Seok Kian	10,404,890	–	–	10,404,890
Dato' Yeoh Soo Min	16,862,430	–	–	16,862,430
Dato' Yeoh Seok Hong	40,845,216	5,000,000	–	45,845,216
Dato' Sri Michael Yeoh Sock Siong	14,055,133	–	–	14,055,133
Dato' Yeoh Soo Keng	13,666,251	–	–	13,666,251
Dato' Mark Yeoh Seok Kah	9,387,959	–	–	9,387,959
Syed Abdullah Bin Syed Abd. Kadir	2,381,613	–	–	2,381,613

Directors' Report

(continued)

DIRECTORS' INTERESTS (CONTINUED)

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

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

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

Directors' Report

(continued)

DIRECTORS' INTERESTS (CONTINUED)

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

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

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

Directors' Report

(continued)

DIRECTORS' INTERESTS (CONTINUED)

Subsidiary – YTL Corporation (UK) PLC*	Number of ordinary shares of £0.25 each			
	Balance at 1.7.2015	Acquired	Disposed	Balance at 30.6.2016

Direct interests

Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	1	–	–	1
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* Incorporated in England & Wales

Subsidiary – YTL Construction (Thailand) Limited ⁺	Number of ordinary shares of THB100 each			
	Balance at 1.7.2015	Acquired	Disposed	Balance at 30.6.2016

Direct interests

Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	1	–	–	1
Dato' Yeoh Seok Kian	1	–	–	1
Dato' Yeoh Seok Hong	1	–	–	1
Dato' Sri Michael Yeoh Sock Siong	1	–	–	1
Dato' Mark Yeoh Seok Kah	1	–	–	1

Subsidiary – Samui Hotel 2 Co., Ltd ⁺	Number of ordinary shares of THB10 each			
	Balance at 1.7.2015	Acquired	Disposed	Balance at 30.6.2016

Direct interests

Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	1	–	–	1
Dato' Mark Yeoh Seok Kah	1	–	–	1

⁺ Incorporated in Thailand

Related Company – Syarikat Pelancongan Seri Andalan (M) Sdn. Bhd.	Number of ordinary shares of RM1.00 each			
	Balance at 1.7.2015	Acquired	Disposed	Balance at 30.6.2016

Direct interests

Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	1	–	–	1
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	1	–	–	1

Directors' Report

(continued)

DIRECTORS' INTERESTS (CONTINUED)

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

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

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

DIRECTORS' BENEFITS

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

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

Directors' Report

(continued)

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

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

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts have been written off and that adequate allowance has been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records of the Group and of the Company in the ordinary course of business have been written down to an amount which they might be expected so to realise.

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

- (a) which would render the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

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

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

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

OTHER STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

The Directors state that:-

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

In their opinion,

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

Directors' Report

(continued)

HOLDING COMPANY

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

AUDITORS

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

Signed on behalf of the Board in accordance with a resolution of the Directors,

Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay

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

Dated : 22 September 2016

Statement by Directors

We, TAN SRI DATO' SERI (DR) YEOH TIONG LAY and TAN SRI DATO' (DR) FRANCIS YEOH SOCK PING, CBE, FICE, being two of the Directors of YTL CORPORATION BERHAD, do hereby state that, in the opinion of the Directors, the accompanying financial statements are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 June 2016 and of the results of the operations and cash flows of the Group and of the Company for the financial year then ended.

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

Signed on behalf of the Board in accordance with a resolution of the Directors, dated 22 September 2016.

Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay

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

Statutory Declaration

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

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

Subscribed and solemnly declared by the abovenamed
TAN SRI DATO' (DR) FRANCIS YEOH SOCK PING, CBE, FICE
at Kuala Lumpur on 22 September 2016

Before me:

Tan Seok Kett
Commissioner for Oaths

Independent Auditors' Report

to the Members of YTL Corporation Berhad

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of YTL CORPORATION BERHAD, which comprise the Statements of Financial Position as at 30 June 2016 of the Group and of the Company, and the Income Statements, Statements of Comprehensive Income, Statements of Changes in Equity and Statements of Cash Flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other information notes, as set out on pages 96 to 254.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

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

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

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

OPINION

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

Independent Auditors' Report

to the Members of YTL Corporation Berhad (continued)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 13 to the Financial Statements.
- (c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (d) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

OTHER REPORTING RESPONSIBILITIES

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

OTHER MATTERS

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

HLB LER LUM

AF 0276
Chartered Accountants

LUM TUCK CHEONG

1005/3/17(J/PH)
Chartered Accountant

Dated : 22 September 2016
Kuala Lumpur

Income Statements

for the financial year ended 30 June 2016

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

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

Statements of Comprehensive Income

for the financial year ended 30 June 2016

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

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

Statements of Financial Position

as at 30 June 2016

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

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

Statements of Financial Position

as at 30 June 2016 (continued)

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

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

Statements of Financial Position

as at 30 June 2016 (continued)

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

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

Statements of Changes in Equity

for the financial year ended 30 June 2016

Group – 2016	Attributable to Owners of the Parent						Non-controlling interests RM'000	Total equity RM'000
	Non-distributable			Distributable				
	Share capital RM'000	Share premium RM'000	Other reserves RM'000	Retained earnings RM'000	Treasury shares RM'000	Total RM'000		
At 1 July 2015 (as previously stated)	1,079,399	2,069,188	489,086	11,591,646	(596,574)	14,632,745	6,163,877	20,796,622
Prior year adjustments	-	-	-	(12,167)	-	(12,167)	(11,458)	(23,625)
At 1 July 2015 (as restated)	1,079,399	2,069,188	489,086	11,579,479	(596,574)	14,620,578	6,152,419	20,772,997
Profit for the year	-	-	-	916,431	-	916,431	970,527	1,886,958
Other comprehensive income/(loss) for the year	-	-	339,783	(105,960)	-	233,823	258,283	492,106
Total comprehensive income for the year	-	-	339,783	810,471	-	1,150,254	1,228,810	2,379,064
Changes in composition of the Group	-	-	(850)	(177,931)	-	(178,781)	827,556	648,775
Conversion of ICULS	-	-	(191)	-	-	(191)	-	(191)
Dividends paid	-	-	-	(989,771)	-	(989,771)	(800,187)	(1,789,958)
Issue of ICULS/bonus issue	-	-	66	(90)	-	(24)	-	(24)
Share option lapsed	-	-	(1,467)	1,679	-	212	-	212
Share option expenses	-	-	660	-	-	660	-	660
Subsidiary's share option exercise	-	-	543	-	-	543	-	543
Treasury shares	-	-	-	-	(1)	(1)	-	(1)
At 30 June 2016	1,079,399	2,069,188	827,630	11,223,837	(596,575)	14,603,479	7,408,598	22,012,077

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

Statements of Changes in Equity

for the financial year ended 30 June 2016 (continued)

Group – 2015	Attributable to Owners of the Parent						Non-controlling interests RM'000	Total equity RM'000
	Non-distributable			Distributable				
	Share capital RM'000	Share premium RM'000	Other reserves RM'000	Retained earnings RM'000	Treasury shares RM'000	Total RM'000		
At 1 July 2014 (as previously stated)	1,073,893	1,987,700	(111,478)	12,033,219	(596,570)	14,386,764	5,392,919	19,779,683
Prior year adjustments	–	–	–	(9,735)	–	(9,735)	(13,890)	(23,625)
At 1 July 2014 (as restated)	1,073,893	1,987,700	(111,478)	12,023,484	(596,570)	14,377,029	5,379,029	19,756,058
Profit for the year	–	–	–	1,017,645	–	1,017,645	703,387	1,721,032
Other comprehensive income/(loss) for the year	–	–	578,288	(58,961)	–	519,327	491,820	1,011,147
Total comprehensive income for the year	–	–	578,288	958,684	–	1,536,972	1,195,207	2,732,179
Changes in composition of the Group	–	–	–	(418,170)	–	(418,170)	275,837	(142,333)
Conversion of ICULS	–	–	(29)	–	–	(29)	–	(29)
Dividends paid	–	–	–	(984,541)	–	(984,541)	(697,654)	(1,682,195)
Issue of share capital	5,506	81,488	–	–	–	86,994	–	86,994
Share option lapsed	–	–	(22)	22	–	–	–	–
Share option expenses by subsidiary	–	–	7,074	–	–	7,074	–	7,074
Share option expenses	–	–	15,253	–	–	15,253	–	15,253
Treasury shares	–	–	–	–	(4)	(4)	–	(4)
At 30 June 2015	1,079,399	2,069,188	489,086	11,579,479	(596,574)	14,620,578	6,152,419	20,772,997

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

Statements of Changes in Equity

for the financial year ended 30 June 2016 (continued)

Company	Non-distributable			Distributable		Total RM'000
	Share capital RM'000	Share premium RM'000	Other reserves RM'000	Retained earnings RM'000	Treasury shares RM'000	
At 1 July 2014	1,073,893	1,987,700	33,659	4,496,291	(596,570)	6,994,973
Profit for the year	-	-	-	1,646,083	-	1,646,083
Other comprehensive loss	-	-	(222)	-	-	(222)
Total comprehensive income/(loss)	-	-	(222)	1,646,083	-	1,645,861
Issue of share capital	5,506	81,488	-	-	-	86,994
Dividends paid	-	-	-	(984,541)	-	(984,541)
Treasury shares	-	-	-	-	(4)	(4)
Share option expenses	-	-	15,253	-	-	15,253
At 30 June 2015	1,079,399	2,069,188	48,690	5,157,833	(596,574)	7,758,536
Profit for the year	-	-	-	622,659	-	622,659
Other comprehensive loss	-	-	(1,069)	-	-	(1,069)
Total comprehensive income/(loss)	-	-	(1,069)	622,659	-	621,590
Dividends paid	-	-	-	(989,771)	-	(989,771)
Treasury shares	-	-	-	-	(1)	(1)
Share option expenses	-	-	660	-	-	660
Share option lapsed	-	-	(1,220)	1,220	-	-
At 30 June 2016	1,079,399	2,069,188	47,061	4,791,941	(596,575)	7,391,014

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

Statements of Cash Flows

for the financial year ended 30 June 2016

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

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

Statements of Cash Flows

for the financial year ended 30 June 2016 (continued)

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

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

Statements of Cash Flows

for the financial year ended 30 June 2016 (continued)

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

NOTES TO THE STATEMENTS OF CASH FLOWS

Analysis of acquisition of property, plant and equipment:-

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

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

Notes to the Financial Statements

1. GENERAL INFORMATION

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

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

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

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

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

(b) Changes in accounting policies

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

(c) Property, plant and equipment and depreciation

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

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

Notes to the Financial Statements

(continued)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

Freehold land and freehold oil palm plantation are not amortised.

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

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

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

	%
Buildings	1 – 10
Leasehold land	1 – 3
Infrastructure & site facilities	0.9 – 20
Plant & machinery	4 – 20
Telecommunication equipment	4 – 20
Furniture, fixtures & equipment	10 – 50
Vehicles	10 – 33½

Residual value, useful life and depreciation method of assets are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

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

(d) Impairment of non-financial assets

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

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

Notes to the Financial Statements

(continued)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

(e) Leases

(i) Finance leases – the Group as lessee

Leases of property, plant and equipment where the Group assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases.

The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the balance sheet as plant and equipment and borrowings respectively, at the inception of the leases based on the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognised in profit or loss on a basis that reflects a constant periodic rate of interest on the finance lease liability.

(ii) Operating leases – the Group as lessee

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

(iii) Operating leases – the Group as lessor

Leases of investment properties where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

Notes to the Financial Statements

(continued)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Investment properties

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

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

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

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

(g) Biological assets

Plantation development expenditure

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

(h) Development expenditure

(i) Land held for property development

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

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

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

Notes to the Financial Statements

(continued)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Development expenditure (continued)

(ii) Project development expenditure

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

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

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

(i) Basis of consolidation

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

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

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

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

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

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

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

Notes to the Financial Statements

(continued)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Basis of consolidation (continued)

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

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

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

The cost of a business combination is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the business combination. Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill in the statements of financial position. The accounting policy for goodwill is set out in Note 2(n) to the financial statements. Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in profit or loss on the date of acquisition. When the Group acquires a business, embedded derivatives separated from the host contract by the acquiree are reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

(j) Transactions with non-controlling interests

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

(k) Investment in subsidiaries

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

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

Notes to the Financial Statements

(continued)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Investment in subsidiaries (continued)

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

(l) Investment in associated companies

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

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

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

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

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

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

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

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

Notes to the Financial Statements

(continued)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Joint arrangements

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

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

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

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

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

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

(n) Intangible assets

(i) Customer acquisition costs

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

(ii) Goodwill

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

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

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

Notes to the Financial Statements (continued)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Intangible assets (continued)

(ii) Goodwill (continued)

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

(iii) Others

Contract rights

Acquired contracts and rights to contracts arises from business combination. These are amortised over the contractual period on a straight line basis and are assessed at each reporting date whether there is any indication that the other intangible assets may be impaired.

Quarry rights

Quarry rights are amortised on the straight-line basis over the lease term less impairment losses.

Emission rights

The emission rights that are acquired by the Group are measured at cost less any accumulated impairment losses.

The policy for the recognition and measurement of impairment losses is in accordance in Note 2(d).

(o) Inventories

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

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

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

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

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

(p) Construction contracts

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

Notes to the Financial Statements

(continued)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Construction contracts (continued)

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

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

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

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

(q) Property development costs

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

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

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

(r) Financial assets

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

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

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

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

Notes to the Financial Statements

(continued)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Financial assets (continued)

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

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

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

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

(ii) Loans and receivables

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

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

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

(iii) Available-for-sale financial assets

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

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

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

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

Notes to the Financial Statements

(continued)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Financial assets (continued)

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

(s) Impairment of financial assets

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

(i) *Assets carried at amortised cost*

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

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

(ii) *Available-for-sale financial assets*

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

(t) Cash and cash equivalents

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

(u) Financial liabilities

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

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

Notes to the Financial Statements

(continued)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Financial liabilities (continued)

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

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

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

(ii) Other financial liabilities

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

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

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

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

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

(v) Derivatives financial instruments and hedging activities

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

- (i) Hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or
- (ii) Hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge); or
- (iii) Embedded derivatives in exchangeable bonds

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

Notes to the Financial Statements

(continued)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

(i) Fair value hedge

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

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

(ii) Cash flow hedge

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

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

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

(iii) Embedded derivatives in exchangeable bonds

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

Notes to the Financial Statements

(continued)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(w) Bonds and borrowings

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

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

Upon issuance of exchangeable bonds, the proceeds are allocated between the derivative financial instrument component arising from the conversion option, and the liability component of the bond. The derivative financial instrument component is recognised at its fair value using the method mentioned in Note 2(v)(iii). The liability component is recognised as the difference between total proceeds and the fair value of the derivative financial instrument component. The liability component is subsequently carried at amortised cost until the liability is extinguished on conversion or redemption. When a conversion option is exercised, the carrying amounts of the liability component and the derivative financial instrument component are derecognised with a corresponding recognition of share capital.

(x) Grants and contributions

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

(y) Deferred income

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

(z) Provisions

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

(aa) Share capital

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

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

Notes to the Financial Statements

(continued)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(bb) Treasury shares

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

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

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

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

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

(dd) Borrowing costs

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

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

(ee) Employee benefits

(i) Short term employee benefits

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

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

Notes to the Financial Statements

(continued)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ee) Employee benefits (continued)

(ii) *Post-employment benefits*

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

Defined contribution plan

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

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

Defined benefit plan

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

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

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

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

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

(iii) *Share-based compensation*

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

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

Notes to the Financial Statements

(continued)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ee) Employee benefits (continued)

(iii) Share-based compensation (continued)

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

(ff) Income tax and deferred tax

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

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

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

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

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

(gg) Revenue recognition

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

(i) Sale of goods and rendering of services

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

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

(ii) Sale of electricity

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

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

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

Notes to the Financial Statements

(continued)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(gg) Revenue recognition (continued)

(iv) *Sale of fuel oil*

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

(v) *Sale of steam*

Revenue is recognised upon delivery of steam.

(vi) *Property development projects*

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

(vii) *Construction contracts*

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

(viii) *Interest income*

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

(ix) *Dividend income*

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

(x) *Rental income*

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

(xi) *Hotel operations*

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

(xii) *Broadband and telecommunications revenue*

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

Revenue from the sale of device is recognised upon transfer of significant risk and rewards of ownership of the goods to the customer which generally coincides with delivery and acceptance of the goods sold.

Notes to the Financial Statements

(continued)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(hh) Foreign currencies

(i) Functional and presentation currency

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

(ii) Foreign currency transactions

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

(iii) Group companies

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

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

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

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

(ii) Segment reporting

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

(jj) Financial guarantee

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

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

Notes to the Financial Statements (continued)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(jj) Financial guarantee (continued)

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

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

(kk) Contingent liabilities and contingent assets

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

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

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

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

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

(ll) Offsetting financial instruments

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

Notes to the Financial Statements

(continued)

3. REVENUE

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

Notes to the Financial Statements

(continued)

4. COST OF SALES

Included in cost of sales are the following:-

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

5. FINANCE COSTS

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

Notes to the Financial Statements

(continued)

6. PROFIT BEFORE TAX

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

Notes to the Financial Statements

(continued)

6. PROFIT BEFORE TAX (CONTINUED)

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
And crediting (other than those disclosed in Note 3 to the Financial Statements):-				
Adjustment on fair value of investment properties (Note 11)	233,795	38,414	-	-
Amortisation of deferred income	4,277	4,142	-	-
Amortisation of grants and contributions (Note 34)	17,005	10,042	-	-
Bad debts recovered	171	185	-	-
Gain/(loss) on disposal of				
– investments – net	1,200	383	1,200	1,101
– investment properties	(208)	164	-	-
– land held for property development	359	-	-	-
– property, plant and equipment	23,919	29,798	-	(12)
Gain on foreign exchange – net				
– realised	7,519	14,124	1,168	1,638
– unrealised	73,331	38,994	-	-
Gross dividend from quoted investments				
– within Malaysia	677	573	-	-
Hiring income from plant, machinery and equipment	4,021	3,175	-	-
Interest income	135,964	78,441	-	-
Net deposits recognised	104,780	47,765	-	-
Net fair value gains on derivatives	-	71,122	-	-
Rental income				
– other properties	3,649	5,049	-	-
Write back of fuel cost	-	9,949	-	-
Write back of impairment loss on				
– property, plant and equipment (Note 10)	-	12,607	-	-
– receivables – net of reversal (Note 20)	61,953	-	-	-

Direct operating expenses from investment properties in respect of income and non-income generating properties of the Group during the financial year amounted to RM117,786,000 (2015: RM83,304,000) and RM73,000 (2015: RM84,000), respectively.

Notes to the Financial Statements

(continued)

6. PROFIT BEFORE TAX (CONTINUED)

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

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

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

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

Notes to the Financial Statements

(continued)

6. PROFIT BEFORE TAX (CONTINUED)

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

2016 Range of remuneration	Group No. of Directors		Company No. of Directors	
	Executive	Non-executive	Executive	Non-executive
RM1 – RM50,000	–	–	–	2
RM50,001 – RM100,000	–	–	9	3
RM100,001 – RM150,000	–	1	–	–
RM150,001 – RM200,000	–	1	–	–
RM200,001 – RM250,000	1	–	–	–
RM250,001 – RM300,000	–	2	–	–
RM550,001 – RM600,000	–	1	–	–
RM1,150,001 – RM1,200,000	1	–	–	–
RM9,850,001 – RM9,900,000	1	–	–	–
RM10,350,001 – RM10,400,000	1	–	–	–
RM11,500,001 – RM11,550,000	2	–	–	–
RM12,300,001 – RM12,350,000	1	–	–	–
RM12,350,001 – RM12,400,000	1	–	–	–
RM23,850,001 – RM23,900,000	1	–	–	–

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

Notes to the Financial Statements

(continued)

6. PROFIT BEFORE TAX (CONTINUED)

EMPLOYEE BENEFITS EXPENSE

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

7. INCOME TAX EXPENSE

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

Notes to the Financial Statements

(continued)

7. INCOME TAX EXPENSE (CONTINUED)

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

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

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

Notes to the Financial Statements

(continued)

8. EARNINGS PER SHARE ("EPS")

Basic/diluted EPS

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

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

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

9. DIVIDENDS

	Group and Company			
	2016		2015	
	Gross dividend per share (sen)	Amount of dividend net of tax RM'000	Gross dividend per share (sen)	Amount of dividend net of tax RM'000
Dividend paid in respect of:-				
Financial year ended 30 June 2015				
– Interim, single tier	9.5	989,771	–	–
Financial year ended 30 June 2014				
– Third interim, single tier	–	–	9.5	984,541
Dividend recognised as distribution to ordinary equity holders of the Company	9.5	989,771	9.5	984,541

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

Notes to the Financial Statements

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10. PROPERTY, PLANT AND EQUIPMENT

Group – 2016	Land & buildings* RM'000	Infrastructure & site facilities RM'000	Plant & machinery RM'000	Furniture, fixtures & equipment RM'000	Vehicles RM'000	Telecommunication equipment RM'000	Assets under construction RM'000	Total RM'000
Cost/Valuation								
At 1.7.2015	9,416,755	7,863,879	17,594,553	1,529,276	571,363	2,200,708	1,909,778	41,086,312
Acquisition of subsidiaries	4,794	-	-	-	-	-	48	4,842
Additions	205,071	268,066	351,999	37,341	68,743	4,638	1,309,862	2,245,720
Disposals	(1,964)	(3)	(30,658)	(5,492)	(10,344)	(272,138)	(295)	(320,894)
Written off	(4,334)	(9,324)	(219,275)	(10,848)	(1,214)	(3,765)	(207)	(248,967)
Impairment loss (Note 6)	(30,915)	-	-	-	-	-	-	(30,915)
Transfer on commissioning	242,477	177,747	1,050,695	36,254	52	311,838	(1,819,063)	-
Transfer to project development expenditures (Note 12)	(142)	-	-	-	-	-	-	(142)
Currency translation differences	(266,631)	(789,559)	(435,806)	(78,212)	(1,312)	-	(91,977)	(1,663,497)
At 30.6.2016	9,565,111	7,510,806	18,311,508	1,508,319	627,288	2,241,281	1,308,146	41,072,459
Accumulated depreciation and impairment								
At 1.7.2015	2,540,285	505,189	9,040,369	675,399	307,413	404,586	43,326	13,516,567
Charge for the financial year	222,481	68,360	997,042	96,663	72,982	143,486	-	1,601,014
Disposals	(856)	(2)	(23,216)	(2,885)	(7,427)	(34,643)	-	(69,029)
Written off	(665)	(88)	(217,491)	(9,796)	(978)	(1,001)	-	(230,019)
Impairment loss (Note 6)	-	-	-	4	-	3	-	7
Transfer on commissioning	-	-	528	(528)	-	-	-	-
Transfer to project development expenditures (Note 12)	(101)	-	-	-	-	-	-	(101)
Currency translation differences	(81,945)	(53,468)	(218,401)	(29,890)	458	-	-	(383,246)
At 30.6.2016	2,679,199	519,991	9,578,831	728,967	372,448	512,431	43,326	14,435,193
Net Book Value								
At 30.6.2016	6,885,912	6,990,815	8,732,677	779,352	254,840	1,728,850	1,264,820	26,637,266

Notes to the Financial Statements

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10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

Notes to the Financial Statements

(continued)

10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

Group - 2016	Freehold land RM'000	Long term leasehold land RM'000	Short term leasehold land RM'000	Freehold oil palm plantation RM'000	Building on freehold land RM'000	Building on long term leasehold land RM'000	Building on short term leasehold land RM'000	Factory & other buildings RM'000	Total RM'000
Cost/Valuation									
At 1.7.2015									
At cost	775,287	432,982	175,649	-	6,615,891	1,069,202	336,160	2,635	9,407,806
At valuation	4,271	200	-	2,000	2,478	-	-	-	8,949
	779,558	433,182	175,649	2,000	6,618,369	1,069,202	336,160	2,635	9,416,755
Acquisition of subsidiaries	4,794	-	-	-	-	-	-	-	4,794
Additions	101,254	25,643	-	-	46,015	2,004	30,155	-	205,071
Disposal	(464)	-	-	-	(1,500)	-	-	-	(1,964)
Written off	-	-	-	-	(4,334)	-	-	-	(4,334)
Write back/(impairment)	9,734	-	-	-	(40,649)	-	-	-	(30,915)
Transfers	81	(142)	956	-	231,075	2,097	8,268	-	242,335
Currency translation differences	2,338	(547)	9,485	-	(317,625)	237	39,481	-	(266,631)
At 30.6.2016	897,295	458,136	186,090	2,000	6,531,351	1,073,540	414,064	2,635	9,565,111
Representing:-									
At cost	893,024	457,936	186,090	-	6,528,873	1,073,540	414,064	2,635	9,556,162
At valuation	4,271	200	-	2,000	2,478	-	-	-	8,949
At 30.6.2016	897,295	458,136	186,090	2,000	6,531,351	1,073,540	414,064	2,635	9,565,111
Accumulated depreciation and impairment									
At 1.7.2015									
At cost	-	37,547	43,182	-	2,068,591	307,455	81,286	1,997	2,540,058
At valuation	-	24	-	-	203	-	-	-	227
	-	37,571	43,182	-	2,068,794	307,455	81,286	1,997	2,540,285
Charge for the financial year	-	5,947	11,162	-	170,642	25,418	9,276	36	222,481
Disposal	-	-	-	-	(856)	-	-	-	(856)
Written off	-	-	-	-	(665)	-	-	-	(665)
Transfers	-	(101)	-	-	-	-	-	-	(101)
Currency translation differences	-	(29)	2,122	-	(88,743)	(619)	5,324	-	(81,945)
At 30.6.2016	-	43,388	56,466	-	2,149,172	332,254	95,886	2,033	2,679,199
Net Book Value:-									
At cost	893,024	414,574	129,624	-	4,380,304	741,286	318,178	602	6,877,592
At valuation	4,271	174	-	2,000	1,875	-	-	-	8,320
At 30.6.2016	897,295	414,748	129,624	2,000	4,382,179	741,286	318,178	602	6,885,912

Notes to the Financial Statements

(continued)

10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

Group – 2015	Freehold land RM'000	Long term leasehold land RM'000	Short term leasehold land RM'000	Freehold oil palm plantation RM'000	Building on freehold land RM'000	Building on long term leasehold land RM'000	Building on short term leasehold land RM'000	Factory & other buildings RM'000	Total RM'000
Cost/Valuation									
At 1.7.2014									
At cost	740,619	431,012	153,304	–	6,241,999	1,044,115	188,721	2,635	8,802,405
At valuation	4,271	200	–	2,000	2,478	–	–	–	8,949
	744,890	431,212	153,304	2,000	6,244,477	1,044,115	188,721	2,635	8,811,354
Acquisition of subsidiaries	–	–	4,640	–	1,840	–	44,504	–	50,984
Additions	10,712	21	–	–	26,079	2,351	2,018	–	41,181
Written off	–	–	–	–	(1,513)	(12)	(8,003)	–	(9,528)
Write back of impairment loss	–	–	–	–	12,607	–	–	–	12,607
Transfers	3,429	–	–	–	75,090	3,850	113,573	–	195,942
Currency translation differences	20,527	1,949	17,705	–	259,789	18,898	(4,653)	–	314,215
At 30.6.2015	779,558	433,182	175,649	2,000	6,618,369	1,069,202	336,160	2,635	9,416,755
Representing:-									
At cost	775,287	432,982	175,649	–	6,615,891	1,069,202	336,160	2,635	9,407,806
At valuation	4,271	200	–	2,000	2,478	–	–	–	8,949
At 30.6.2015	779,558	433,182	175,649	2,000	6,618,369	1,069,202	336,160	2,635	9,416,755
Accumulated depreciation and impairment									
At 1.7.2014									
At cost	–	31,835	30,430	–	1,769,421	276,787	49,659	1,923	2,160,055
At valuation	–	22	–	–	155	–	–	–	177
	–	31,857	30,430	–	1,769,576	276,787	49,659	1,923	2,160,232
Acquisition of subsidiaries	–	–	–	–	–	–	41,694	–	41,694
Charge for the financial year	–	5,343	9,642	–	223,038	24,481	9,504	74	272,082
Written off	–	–	–	–	(447)	–	(8,002)	–	(8,449)
Currency translation differences	–	371	3,110	–	76,627	6,187	(11,569)	–	74,726
At 30.6.2015	–	37,571	43,182	–	2,068,794	307,455	81,286	1,997	2,540,285
Net Book Value:-									
At cost	775,287	395,435	132,467	–	4,547,301	761,747	254,874	638	6,867,749
At valuation	4,271	176	–	2,000	2,274	–	–	–	8,721
At 30.6.2015	779,558	395,611	132,467	2,000	4,549,575	761,747	254,874	638	6,876,470

Notes to the Financial Statements
(continued)

10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company – 2016	Furniture, fittings & equipment RM'000	Vehicles RM'000	Total RM'000
Cost			
At 1.7.2015	6,168	5,220	11,388
Additions	615	1,588	2,203
At 30.6.2016	6,783	6,808	13,591
Accumulated Depreciation			
At 1.7.2015	5,115	3,067	8,182
Charge for the financial year	398	718	1,116
At 30.6.2016	5,513	3,785	9,298
Net Book Value			
At 30.6.2016	1,270	3,023	4,293

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

Notes to the Financial Statements

(continued)

10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

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

(b) Assets under finance lease

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

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

(c) Security

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

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

(d) Borrowing cost

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

Notes to the Financial Statements

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11. INVESTMENT PROPERTIES

	Freehold land & buildings RM'000	Long term leasehold land & buildings RM'000	Total RM'000
Group – 2016			
At beginning of the financial year	2,357,924	6,656,952	9,014,876
Additions	17,948	1,813	19,761
Currency translation differences	93,089	354,695	447,784
Change in fair value recognised in profit or loss (Note 6)	78,150	155,645	233,795
Disposal	(86,616)	–	(86,616)
Transfer from inventories	7,914	–	7,914
At end of the financial year	2,468,409	7,169,105	9,637,514
Group – 2015			
At beginning of the financial year	1,502,555	6,083,730	7,586,285
Additions	907,619	1,377	908,996
Currency translation differences	(36,221)	517,980	481,759
Change in fair value recognised in profit or loss (Note 6)	(16,029)	54,443	38,414
Disposal	–	(578)	(578)
At end of the financial year	2,357,924	6,656,952	9,014,876

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

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Group – 2016				
Recurring fair value measurements:				
Investment properties				
– Commercial properties	–	–	8,913,307	8,913,307
– Hotel properties	–	–	621,000	621,000
– Other properties	–	103,207	–	103,207
Total	–	103,207	9,534,307	9,637,514
Group – 2015				
Recurring fair value measurements:				
Investment properties				
– Commercial properties	–	–	8,325,665	8,325,665
– Hotel properties	–	–	611,000	611,000
– Other properties	–	78,211	–	78,211
Total	–	78,211	8,936,665	9,014,876

Notes to the Financial Statements

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11. INVESTMENT PROPERTIES (CONTINUED)

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

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

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

Fair value information

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

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

Valuation techniques used to derive Level 2 fair values

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

Fair value measurements using significant unobservable inputs (Level 3)

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

Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Discounted cash flow method is the total of discounted income stream and present value of the properties' anticipated sale value in arriving at the total present market value.	Discount rate of 3.70% to 8.50% (2015: 4.10% to 11.50%)	The higher the discount rate, the lower the fair value.
	Capitalisation rate of 3.90% to 8.25% (2015: 4.25% to 11.50%)	The higher the capitalisation rate, the lower the fair value.

Key unobservable inputs correspond to:

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

Notes to the Financial Statements

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12. DEVELOPMENT EXPENDITURES

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

Group – 2016

(a) Land held for property development

	Freehold land RM'000	Leasehold land RM'000	Development costs RM'000	Total RM'000
Cost				
At beginning of the financial year (as previously stated)	453,560	105,486	250,729	809,775
Prior year adjustments	–	(3,715)	34,026	30,311
At beginning of the financial year (as restated)	453,560	101,771	284,755	840,086
Additions	760	3,725	25,415	29,900
Transfer to property development costs	(76,459)	(242)	(30,993)	(107,694)
Transfer from property, plant and equipment	–	41	–	41
Disposal of land	–	(52)	(1)	(53)
Reclassification	(783)	(350)	1,133	–
At end of the financial year	377,078	104,893	280,309	762,280
Accumulated impairment losses				
At beginning of the financial year (as previously stated)	–	–	–	–
Prior year adjustments	–	(21,066)	–	(21,066)
At beginning of the financial year (as restated)	–	(21,066)	–	(21,066)
Impairment losses	–	–	(2,274)	(2,274)
At end of the financial year	–	(21,066)	(2,274)	(23,340)
Total land held for property development	377,078	83,827	278,035	738,940
(b) Project development expenditure				
At beginning of the financial year	–	–	15,251	15,251
Additions	–	–	25,821	25,821
Charge to profit or loss	–	–	(12,436)	(12,436)
Currency translation difference	–	–	4,157	4,157
At end of the financial year	–	–	32,793	32,793
Total development expenditure	377,078	83,827	310,828	771,733

Notes to the Financial Statements

(continued)

12. DEVELOPMENT EXPENDITURES (CONTINUED)

Group – 2015

(a) Land held for property development

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

(b) Project development expenditure

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

Notes to the Financial Statements

(continued)

12. DEVELOPMENT EXPENDITURES (CONTINUED)

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

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

	Freehold land RM'000	Leasehold land RM'000	Development costs RM'000	Total RM'000
Group – 2016				
Cost				
Land held for property development	377,078	104,893	280,309	762,280
Project development expenditure	–	–	71,873	71,873
	377,078	104,893	352,182	834,153
Accumulated amortisation				
Project development expenditure	–	–	(3,877)	(3,877)
Accumulated impairment losses				
Land held for property development	–	(21,066)	(2,274)	(23,340)
Project development expenditure	–	–	(35,203)	(35,203)
	–	(21,066)	(37,477)	(58,543)
Net book value				
Land held for property development	377,078	83,827	278,035	738,940
Project development expenditure	–	–	32,793	32,793
	377,078	83,827	310,828	771,733
Group – 2015				
Cost				
Land held for property development	453,560	101,771	284,755	840,086
Project development expenditure	–	–	54,331	54,331
	453,560	101,771	339,086	894,417
Accumulated amortisation				
Project development expenditure	–	–	(3,877)	(3,877)
Accumulated impairment losses				
Land held for property development	–	(21,066)	–	(21,066)
Project development expenditure	–	–	(35,203)	(35,203)
	–	(21,066)	(35,203)	(56,269)
Net book value				
Land held for property development	453,560	80,705	284,755	819,020
Project development expenditure	–	–	15,251	15,251
	453,560	80,705	300,006	834,271

Notes to the Financial Statements

(continued)

13. SUBSIDIARIES

(a) Investment in subsidiaries

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

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

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

#Quoted warrants – Warrants 2008/2018

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

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

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

***Quoted ICULS, at cost**

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

The ICULS are quoted on Bursa Securities.

Notes to the Financial Statements

(continued)

13. SUBSIDIARIES (CONTINUED)

(a) Investment in subsidiaries

Details of the subsidiaries are as follows:-

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

Notes to the Financial Statements

(continued)

13. SUBSIDIARIES (CONTINUED)

(a) Investment in subsidiaries (continued)

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

Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest	
			2016 %	2015 %
Held by the Company: (continued)				
@YTL Eco Solutions Sdn. Bhd.	Malaysia	Dormant	–	100.00
YTL e-Solutions Berhad	Malaysia	Investment holding, provision of incubation services including developing & incubating technology companies, internet contents of all description & non-internet related businesses & provision of consultancy & advisory services in relation to the business of electronic commerce or internet commerce solutions	74.12	74.12
YTL Energy Sdn. Bhd.	Malaysia	Investment holding	100.00	100.00
*YTL (Guernsey) Limited	Guernsey	Investment & property holding	100.00	100.00
YTL Hospitality REIT (“YTL REIT”)	Malaysia	Real estate investment	58.90	58.99
*YTL Hotel Management Saint Tropez SARL	France	Hotel operator & management services	100.00	100.00
YTL Hotels & Properties Sdn. Bhd.	Malaysia	Investment holding & management services	100.00	100.00
YTL Industries Berhad	Malaysia	Investment holding, property development and property investment	100.00	100.00
YTL Land Sdn. Bhd.	Malaysia	Property investment and property management	100.00	100.00
*YTL Land & Development Berhad	Malaysia	Investment holding & provision of financial, treasury & secretarial services	65.26	65.26
*YTL Power International Berhad (“YTL Power”)	Malaysia	Investment holding & provision of administrative & technical support services	53.84	56.76
*YTL Singapore Pte. Ltd.	Singapore	Investment holding & management company	100.00	100.00
YTL-SV Carbon Sdn. Bhd.	Malaysia	Providing consultancy services	90.00	75.00
^YTL Vacation Club Berhad	Malaysia	Members’ voluntary liquidation	–	100.00

Notes to the Financial Statements (continued)

13. SUBSIDIARIES (CONTINUED)

(a) Investment in subsidiaries (continued)

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

Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest	
			2016 %	2015 %
<i>Held through Business & Budget Hotels Sdn. Bhd.:</i>				
Business & Budget Hotels (Penang) Sdn. Bhd.	Malaysia	Hotel & resort operator	51.00	51.00
Business & Budget Hotels (Seberang Jaya) Sdn. Bhd.	Malaysia	Inactive	51.00	51.00
<i>Held through Cane Creations Sdn. Bhd.:</i>				
Cane Creations (Marketing) Sdn. Bhd.	Malaysia	Trading in cane furniture, local handicrafts, accessories & related services	100.00	100.00
Natural Adventure Sdn. Bhd.	Malaysia	Retailing of merchandise furniture & cafe	100.00	100.00
Niche Retailing Sdn. Bhd.	Malaysia	Retailing business	100.00	100.00
Star Hill Living.Com Sdn. Bhd.	Malaysia	Project management services, trading of paintings, furniture, accessories & related services	100.00	100.00
Trendy Retailing Sdn. Bhd.	Malaysia	Retailing business	100.00	100.00
<i>Held through Divine View Sdn. Bhd.:</i>				
*SCI YTL Hotels Saint Tropez	France	Acquisition, management, renting & administration and/or resale of real estate	100.00	100.00
<i>Held through Starhill Global Real Estate Investment Trust ("SGREIT"):</i>				
*Ara Bintang Berhad	Malaysia	Property investment	36.46	36.46
*Renhe Spring Department Store Co., Ltd.	The People's Republic of China	Property investment	36.46	36.46
*SG REIT (M) Pte. Ltd.	Singapore	Investment holding	36.46	36.46

Notes to the Financial Statements

(continued)

13. SUBSIDIARIES (CONTINUED)

(a) Investment in subsidiaries (continued)

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

Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest	
			2016 %	2015 %
<i>Held through Starhill Global Real Estate Investment Trust ("SGREIT"):</i>				
<i>(continued)</i>				
* SG REIT (WA) Pte. Ltd.	Singapore	Investment holding	36.46	36.46
* SG REIT (WA) Trust	Australia	Property investment	36.46	36.46
* SG REIT (WA) Sub-Trust1	Australia	Property investment	36.46	36.46
* SG REIT (WA) Sub-Trust2	Australia	Property investment	36.46	36.46
* Starhill Global REIT Japan SPC One Pte. Ltd.	Singapore	Investment holding	36.46	36.46
* Starhill Global REIT Japan SPC Two Pte. Ltd.	Singapore	Investment holding	36.46	36.46
* Starhill Global REIT MTN Pte. Ltd.	Singapore	Issuer of notes under the Medium Term Note Programme	36.46	36.46
* Starhill Global REIT One TMK	Japan	Property investment	36.46	36.46
* Starhill Global ML K.K.	Japan	Master lessee of Japan properties	36.46	36.46
* Top Sure Investment Limited	Hong Kong	Investment holding	36.46	36.46
<i>Held through Syarikat Pembinaan Yeoh Tiong Lay Sdn. Bhd.:</i>				
* Austasia Metal Sdn. Bhd.	Malaysia	Inactive	100.00	100.00
Austasia Timbers Malaysia Sdn. Bhd.	Malaysia	Inactive	100.00	100.00
Builders Brickworks Sdn. Bhd.	Malaysia	Inactive	93.80	93.80
Construction Lease (M) Sdn. Bhd.	Malaysia	Leasing, hire purchase & credit	100.00	100.00
Dynamic Marketing Sdn. Bhd.	Malaysia	Trading of building & construction materials	100.00	100.00
Dynamic Property Management Sdn. Bhd.	Malaysia	Property development	100.00	100.00
First Commercial Development Sdn. Bhd.	Malaysia	Property investment	100.00	100.00
Kampung Tiong Development Sdn. Bhd.	Malaysia	Property development	70.00	70.00

Notes to the Financial Statements

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13. SUBSIDIARIES (CONTINUED)

(a) Investment in subsidiaries (continued)

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

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

Notes to the Financial Statements

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13. SUBSIDIARIES (CONTINUED)

(a) Investment in subsidiaries (continued)

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

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

Notes to the Financial Statements

(continued)

13. SUBSIDIARIES (CONTINUED)

(a) Investment in subsidiaries (continued)

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

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

Notes to the Financial Statements

(continued)

13. SUBSIDIARIES (CONTINUED)

(a) Investment in subsidiaries (continued)

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

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

Notes to the Financial Statements

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13. SUBSIDIARIES (CONTINUED)

(a) Investment in subsidiaries (continued)

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

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

Notes to the Financial Statements

(continued)

13. SUBSIDIARIES (CONTINUED)

(a) Investment in subsidiaries (continued)

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

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

Notes to the Financial Statements

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13. SUBSIDIARIES (CONTINUED)

(a) Investment in subsidiaries (continued)

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

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

Notes to the Financial Statements

(continued)

13. SUBSIDIARIES (CONTINUED)

(a) Investment in subsidiaries (continued)

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

Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest	
			2016 %	2015 %
<i>Held through YTL Hotels & Properties Sdn. Bhd.: (continued)</i>				
Cameron Highlands Resort Sdn. Bhd.	Malaysia	Hotel & resort operator	100.00	100.00
Diamond Recipe Sdn. Bhd.	Malaysia	Operator of food & beverage outlet	51.00	51.00
*Gainsborough Hotel (Bath) Limited	England & Wales	Hotel operations	100.00	100.00
Happy Steamboat Sdn. Bhd.	Malaysia	Inactive	100.00	100.00
Magna Boundary Sdn. Bhd.	Malaysia	Hotel & resort operator	90.00	90.00
Marble Valley Sdn. Bhd.	Malaysia	Management & investment holding	80.00	80.00
Marble Valley Two Sdn. Bhd.	Malaysia	Hotel operator	64.00	64.00
*M Hotel Management Pte. Ltd.	Singapore	Hotel management services	51.00	51.00
*Monkey Island Properties Limited	England & Wales	Investment & property holding	100.00	–
*New Architecture (Bray) Limited	England & Wales	Hotel operator	100.00	–
*Niseko Village K.K.	Japan	Owning, managing, maintaining and developing the Niseko Village Resort	100.00	100.00
*Niseko Village (S) Pte. Ltd.	Singapore	Investment holding	100.00	100.00
*N.V. Land G.K.	Japan	Construction, development, sale & purchase of real properties	100.00	–
*P.T. Jepun Bali	Indonesia	Managing & operating a hotel	100.00	100.00
Restoran Kisap Sdn. Bhd.	Malaysia	Inactive	100.00	100.00
*Samui Hotel 2 Co., Ltd.	Thailand	Hotel operator	100.00	100.00
Sentul Park Koi Centre Sdn. Bhd.	Malaysia	Breeders, wholesalers, retailers & distributors of koi fish	100.00	100.00
Star Hill Hotel Sdn. Bhd.	Malaysia	Hotel operator	100.00	100.00
*Thermae Development Company Limited	England & Wales	Licence to operate the Thermae Bath Spa complex	100.00	100.00
YTL Heritage Hotels Sdn. Bhd.	Malaysia	Dormant	100.00	100.00
*YTL Hotels B.V.	Netherlands	Investment holding	100.00	100.00
*YTL Hotels (Cayman) Limited	Cayman Islands	Hotel operator & hotel management services	100.00	100.00

Notes to the Financial Statements (continued)

13. SUBSIDIARIES (CONTINUED)

(a) Investment in subsidiaries (continued)

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

Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest	
			2016 %	2015 %
Held through YTL Hotels & Properties Sdn. Bhd.: (continued)				
YTL Hotels Central Services Sdn. Bhd.	Malaysia	Dormant	100.00	100.00
YTL Hotel Management Services Sdn. Bhd.	Malaysia	Providing professional & commercial education & training in hospitality	70.00	70.00
*YTL Hotels (Singapore) Pte. Ltd.	Singapore	Travel and hospitality related business	100.00	100.00
Held through YTL Industries Berhad:				
Yeoh Tiong Lay Brickworks Sdn. Bhd.	Malaysia	Inactive	100.00	100.00
Yeoh Tiong Lay Management Sdn. Bhd.	Malaysia	Dormant	100.00	100.00
Held through YTL Land Sdn. Bhd.:				
Katagreen Development Sdn. Bhd.	Malaysia	Property leasing management & related services	100.00	100.00
Pintar Projek Sdn. Bhd.	Malaysia	Management of real estate investment trust funds, licensing of trademarks & brand management	70.00	70.00
Puncak Serunding Sdn. Bhd.	Malaysia	Dormant	100.00	100.00
Starhill Events Sdn. Bhd.	Malaysia	Dormant	100.00	–
YTL Design Services Sdn. Bhd.	Malaysia	Dormant	100.00	100.00
YTL Majestic Hotel Sdn. Bhd.	Malaysia	Hotel operator	100.00	100.00
Held through YTL Land & Development Berhad:				
Amanresorts Sdn. Bhd.	Malaysia	Dormant	65.26	65.26
Bayumaju Development Sdn. Bhd.	Malaysia	Property development	65.26	65.26
**Boom Time Strategies Sdn. Bhd.	Malaysia	Inactive	65.26	65.26

Notes to the Financial Statements

(continued)

13. SUBSIDIARIES (CONTINUED)

(a) Investment in subsidiaries (continued)

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

Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest	
			2016 %	2015 %
<i>Held through YTL Land & Development Berhad: (continued)</i>				
Budaya Bersatu Sdn. Bhd.	Malaysia	Property development	65.26	65.26
Emerald Hectares Sdn. Bhd.	Malaysia	Dormant	45.68	45.68
* Lakefront Pte. Ltd.	Singapore	Real estate development	65.26	65.26
* Lot Ten Security Sdn. Bhd.	Malaysia	Inactive	65.26	65.26
* Mayang Sari Sdn. Bhd.	Malaysia	Inactive	65.26	65.26
Noriwasa Sdn. Bhd.	Malaysia	Dormant	65.26	65.26
Pakatan Perakbina Sdn. Bhd.	Malaysia	Property development	65.26	65.26
Pinnacle Trend Sdn. Bhd.	Malaysia	Property development	65.26	65.26
PYP Sendirian Berhad	Malaysia	Property development	65.26	65.26
* Sandy Island Pte. Ltd.	Singapore	Real estate development	65.26	65.26
Satria Sewira Sdn. Bhd.	Malaysia	Dormant	65.26	65.26
* Sentul Raya Sdn. Bhd.	Malaysia	Property development & property investment	45.68	45.68
* Sentul Raya Golf Club Berhad	Malaysia	Inactive	45.68	45.68
* Sentul Raya City Sdn. Bhd.	Malaysia	Property development	45.68	45.68
* Sentul Park Management Sdn. Bhd.	Malaysia	Park management	45.68	45.68
* SR Property Management Sdn. Bhd.	Malaysia	Provision of property management services	65.26	65.26
Syarikat Kemajuan Perumahan Negara Sdn. Bhd.	Malaysia	Property development	65.26	65.26
Trend Acres Sdn. Bhd.	Malaysia	Property development	65.26	65.26
Udapakat Bina Sdn. Bhd.	Malaysia	Property development	65.26	65.26
* YTL Land & Development (MM2H) Sdn. Bhd.	Malaysia	Dormant	65.26	65.26
* YTL Land & Development Management Pte. Ltd.	Singapore	Provision of financial and management consultancy services	65.26	65.26
* YTL Westwood Properties Pte. Ltd.	Singapore	Real estate development	65.26	65.26

Notes to the Financial Statements

(continued)

13. SUBSIDIARIES (CONTINUED)

(a) Investment in subsidiaries (continued)

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

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

Notes to the Financial Statements

(continued)

13. SUBSIDIARIES (CONTINUED)

(a) Investment in subsidiaries (continued)

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

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

Notes to the Financial Statements

(continued)

13. SUBSIDIARIES (CONTINUED)

(a) Investment in subsidiaries (continued)

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

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

Notes to the Financial Statements

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13. SUBSIDIARIES (CONTINUED)

(a) Investment in subsidiaries (continued)

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

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

Notes to the Financial Statements

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13. SUBSIDIARIES (CONTINUED)

(a) Investment in subsidiaries (continued)

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

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

Notes to the Financial Statements

(continued)

13. SUBSIDIARIES (CONTINUED)

(a) Investment in subsidiaries (continued)

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

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

* Subsidiaries not audited by HLB Ler Lum

^ Dissolved during the financial year

The subsidiary was servicing notice of strike off by the Registrar of Companies

@ Inter-group restructuring

(b) Subsidiaries' financial statements

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

Notes to the Financial Statements

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13. SUBSIDIARIES (CONTINUED)

(c) Summary of effect of acquisition of new subsidiaries

There is no significant effect of the newly acquired subsidiaries on the financial results for the current financial year.

If the acquisitions had occurred on 1 July 2015, there is no significant change for the Group's revenue and profit for the financial year.

(d) Non-controlling interests in subsidiaries

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

Group – 2016	YTL Power Group RM'000	SGREIT Group RM'000	YTL REIT Group RM'000	Other individually immaterial subsidiaries RM'000	Total RM'000
NCI effective equity interest	46.16%	63.54%	41.10%		
Carrying amount of NCI	2,344,438	3,797,443	530,130	736,587	7,408,598
Profit allocated to NCI	498,121	493,798	36,670	200,221	1,228,810

Summarised financial information before inter-company elimination

As at 30 June

Non-current assets	30,889,501	9,359,663	3,469,174
Current assets	12,356,090	247,528	152,744
Non-current liabilities	(27,943,139)	(3,419,907)	(1,623,536)
Current liabilities	(2,549,134)	(171,753)	(75,979)
Net assets	12,753,318	6,015,531	1,922,403

Year ended 30 June

Revenue	10,245,174	652,029	426,292
Profit/(loss) for the year	1,178,456	486,460	(5,775)
Total comprehensive income	1,261,843	780,038	244,352

Cash flows from operating activities	1,685,691	350,285	178,532
Cash flows (used in)/from investing activities	(884,967)	83,110	(13,841)
Cash flows used in financing activities	(710,419)	(364,445)	(177,622)

Net changes in cash and cash equivalents	90,305	68,950	(12,931)
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Dividend paid to NCI	356,259	208,066	43,125
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Notes to the Financial Statements

(continued)

13. SUBSIDIARIES (CONTINUED)

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

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

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

Notes to the Financial Statements (continued)

14. INVESTMENT IN ASSOCIATED COMPANIES

(a) Investment in associated companies

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

Details of the associated companies are as follows:-

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

Notes to the Financial Statements

(continued)

14. INVESTMENT IN ASSOCIATED COMPANIES (CONTINUED)

(a) Investment in associated companies (continued)

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

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

* Companies not audited by HLB Ler Lum

^ Companies with financial year end of 31 December

+ The Group's direct interest in ElectraNet Pty. Ltd. and P.T. Jawa Power are 33.5% and 35.0% respectively

Notes to the Financial Statements

(continued)

14. INVESTMENT IN ASSOCIATED COMPANIES (CONTINUED)

(a) Investment in associated companies (continued)

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

- (b) The summarised financial information of material associates adjusted for any differences in accounting policies between the Group and the associates and reconciliation to the carrying amount of the Group's interest in the associates are as follows:-

(i) Summarised financial information:

	P.T. Jawa Power		ElectraNet Pty. Ltd.	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Non-current assets	4,479,138	4,301,267	8,614,699	7,996,270
Current assets	953,602	996,416	346,529	125,273
Non-current liabilities	(536,661)	(1,243,842)	(6,298,997)	(5,498,498)
Current liabilities	(263,454)	(198,044)	(1,378,942)	(1,432,083)
Net assets	4,632,625	3,855,797	1,283,289	1,190,962
Profit for the financial year	1,607,299	709,069	195,698	112,683
Other comprehensive loss	-	-	(23,293)	(43)
Total comprehensive income	1,607,299	709,069	172,405	112,640
Included in the total comprehensive income is:				
Revenue	2,201,108	2,045,001	1,088,556	979,455
Other information:				
Dividends received from associate	370,180	265,678	38,259	24,792

Notes to the Financial Statements

(continued)

14. INVESTMENT IN ASSOCIATED COMPANIES (CONTINUED)

- (b) The summarised financial information of material associates adjusted for any differences in accounting policies between the Group and the associates and reconciliation to the carrying amount of the Group's interest in the associates are as follows:- (continued)

(ii) Reconciliation of net assets to carrying amount:

	P.T. Jawa Power		ElectraNet Pty. Ltd.		Total	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Opening net assets, 1 July	3,855,797	3,318,785	1,190,962	1,198,530	5,046,759	4,517,315
Profit for the financial year	1,607,299	709,069	195,698	112,683	1,802,997	821,752
Other comprehensive loss	–	–	(23,293)	(43)	(23,293)	(43)
Foreign exchange differences	227,185	587,023	34,127	(46,202)	261,312	540,821
Dividend paid	(1,057,656)	(759,080)	(114,205)	(74,006)	(1,171,861)	(833,086)
Closing net assets, 30 June	4,632,625	3,855,797	1,283,289	1,190,962	5,915,914	5,046,759
Interest in associates direct hold						
by subsidiary	35.0%	35.0%	33.5%	33.5%		
Carrying amount	1,621,419	1,349,529	429,902	398,972	2,051,321	1,748,501

Goodwill amounting to RM23,357,000 (2015: RM23,357,000) was included in the carrying amount of investment in associated companies.

The Group has not recognised its share of profit of an associated company amounting to RM5,974,000 (2015: share of losses of RM2,036,000) because the Group's cumulative share of losses exceeds its interest in that entity and the Group has no obligation in respect of those losses. The cumulative unrecognised losses amounted to RM272,521,000 (2015: RM278,495,000) at the reporting date.

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

15. JOINT VENTURES

(a) Investments in joint ventures

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

Notes to the Financial Statements

(continued)

15. JOINT VENTURES (CONTINUED)

(a) Investments in joint ventures (continued)

Details of the joint ventures are as follows:-

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

(b) The aggregate amounts of each of the current assets, non-current assets, current liabilities, income and expenses related to the Group's interests in the joint ventures are as follows:-

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

Notes to the Financial Statements

(continued)

16. INVESTMENTS

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

A loss arising from the changes in fair values of available-for-sale financial assets during the financial year of RM2,482,000 (2015: RM852,000) and RM1,069,000 (2015: RM222,000) was recognised as other comprehensive income in the Statements of Comprehensive Income of the Group and the Company, respectively.

During the financial year, the Group and the Company recognised an impairment loss of RM511,000 (2015: RM1,049,000) and RM511,000 (2015: RM1,049,000) against equity investments whose trade prices had been below cost for a prolonged period, respectively.

17. CASH AND CASH EQUIVALENTS

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

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

Notes to the Financial Statements

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17. CASH AND CASH EQUIVALENTS (CONTINUED)

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

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

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

Included in the deposits with licensed banks amounting to RM10,706,000 (2015: RM10,159,000) is pledged as a security for a borrowing as disclosed in Note 33.

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

18. INTANGIBLE ASSETS

The details of intangible assets are as follows:-

Group – 2016	Customer acquisition costs RM'000	Goodwill on consolidation RM'000	Others RM'000	Total RM'000
At cost				
At beginning of the financial year	227,102	5,458,676	56,213	5,741,991
Additions	72,145	–	18,692	90,837
Acquisition of new subsidiaries	–	7,301	112,165*	119,466
Reclassification from NCI	–	23,661	–	23,661
Currency translation differences	–	434,778	(5,340)	429,438
At end of the financial year	299,247	5,924,416	181,730	6,405,393
Accumulated amortisation and impairment				
At beginning of the financial year	(137,583)	(40,075)	(3,917)	(181,575)
Amortisation (Note 6)	(93,094)	–	(7,971)	(101,065)
Impairment loss (Note 6)	–	(57,765)	–	(57,765)
Currency translation differences	–	(441)	428	(13)
At end of the financial year	(230,677)	(98,281)	(11,460)	(340,418)
Net carrying amount At 30 June 2016	68,570	5,826,135	170,270	6,064,975

Notes to the Financial Statements

(continued)

18. INTANGIBLE ASSETS (CONTINUED)

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

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

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

* Arising from acquisition of P.T. Tanjung Jati Power Company.

For the purposes of impairment testing, goodwill is allocated to the Group's cash-generating units (CGUs) identified according to the following business segments:-

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

Notes to the Financial Statements

(continued)

18. INTANGIBLE ASSETS (CONTINUED)

Goodwill is tested for impairment on an annual basis by comparing the carrying amount with the recoverable amount of the CGUs.

The recoverable amount of these CGUs was determined based on value-in-use calculations. Cash flow projections used in these calculations were based on financial budgets approved by management covering a three-year period. Cash flows beyond the three-year period were extrapolated using the estimated growth rate. The growth rate did not exceed the long-term average growth rate for the segment business in which the CGUs operates.

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

The following assumption has been applied in the value-in-use calculation for the two of the major goodwill in utilities segment amounting to RM4.3 billion (2015: RM3.9 billion) ("A") and RM819 million (2015: RM819 million) ("B"), respectively, one of the major goodwill in management services ("C") and cement manufacturing & trading ("D") segment amounting to RM291 million (2015: RM274 million) and RM135 million (2015: RM158 million), respectively.

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

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

For CGU "A", cash flow projections used in the value-in-use calculation were based on financial budgets and forecasts approved by management covering a 7 year period, to conform with the remaining contract period of the gas supply agreements. Cash flows beyond the 7 year period were extrapolated using the estimated growth rates stated above. The growth rate did not exceed the long-term average growth rate in which the CGU operates. The revenue growth assumption is calculated using the Compound Annual Growth Rate method and applied on the current year's sales figures and the terminal growth rates indicate the expected growth of cash flows after the forecast period of 7 years. Management determined the growth rates based on a combination of past performance, its expectation of market developments and consistency with forecasts included in industry reports.

Notes to the Financial Statements

(continued)

18. INTANGIBLE ASSETS (CONTINUED)

(b) Sensitivity to change in key assumptions

Changing the assumptions selected by management, in particular the discount rate and growth rate assumptions used in the cash flow projections, could significantly affect the Group's results. The Group's review includes the key assumptions related to sensitivity in the cash flow projections.

The circumstances where a change in key assumptions will result in the recoverable amounts of goodwill on the CGUs to equal the corresponding carrying amounts assuming no change in the other variables are as follows:-

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

19. BIOLOGICAL ASSETS

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

Notes to the Financial Statements

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20. TRADE AND OTHER RECEIVABLES

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

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

Notes to the Financial Statements

(continued)

20. TRADE AND OTHER RECEIVABLES (CONTINUED)

[^] Receivables from associate comprise of three loan notes to an associate. The notes have been issued by an associate in accordance to a loan note facility agreement. These receivables will mature in October 2030. Contingent interests are receivable on loan notes to the extent that there is sufficient available cash. In the event that cash is insufficient, interest will be accrued.

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

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

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

** During the previous financial year, a foreign subsidiary of the Group has recognised other receivables, arising from liquidity damages for early termination of three electricity retail contracts based on the enforceable rights stipulated in the respective contracts. The amount recognised is based on legal advice and the judgement of management.

Legal proceedings are currently on-going to recover the monies owed from the two customers. Additional information is disclosed in Note 48 to the financial statements.

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

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

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

Notes to the Financial Statements

(continued)

20. TRADE AND OTHER RECEIVABLES (CONTINUED)

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM804,612,000 (2015: RM805,576,000) that are past due at the reporting date but not impaired. These include mainly trade receivables past due for technical or strategic reasons and there is no concern on the credit worthiness of the counter parties and the recoverability of these debts, and which management has assessed that there is no recent history of default.

Receivables that are impaired

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

	Trade receivables RM'000	Others RM'000	Total RM'000
Group – 2016			
At beginning of the financial year	361,366	153,135	514,501
Charge for the year	94,886	102	94,988
Reversal of impairment losses	(7,450)	(149,491)	(156,941)
Bad debts written off	(66,058)	–	(66,058)
Currency translation differences	(25,430)	17	(25,413)
At end of the financial year	357,314	3,763	361,077
Group – 2015			
At beginning of the financial year	313,591	151,093	464,684
Charge for the year	82,190	2,093	84,283
Reversal of impairment losses	(11,668)	(68)	(11,736)
Bad debts written off	(44,258)	–	(44,258)
Currency translation differences	21,511	17	21,528
At end of the financial year	361,366	153,135	514,501

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

The fair value of receivables approximates their carrying amounts.

Notes to the Financial Statements

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21. INVENTORIES

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

22. PROPERTY DEVELOPMENT COSTS

Group – 2016	Freehold land RM'000	Leasehold land RM'000	Development costs RM'000	Total RM'000
Cumulative property development costs:-				
At beginning of the financial year	1,302,536	134,462	645,547	2,082,545
Cost incurred during the financial year	414,690	–	396,646	811,336
Transfer from land held for property development	76,459	242	30,993	107,694
Reclassification	(172,649)	575	172,074	–
Impairment loss (Note 6)	(5,192)	–	–	(5,192)
Currency translation differences	26,874	–	27,713	54,587
At end of the financial year	1,642,718	135,279	1,272,973	3,050,970
Cumulative cost recognised in profit or loss:-				
At beginning of the financial year				(199,361)
Recognised during the financial year				(201,423)
At end of the financial year				(400,784)
Property development costs at end of the financial year				2,650,186

Notes to the Financial Statements

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22. PROPERTY DEVELOPMENT COSTS (CONTINUED)

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

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

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

23. OTHER ASSETS

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

Notes to the Financial Statements

(continued)

23. OTHER ASSETS (CONTINUED)

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

24. DERIVATIVE FINANCIAL INSTRUMENTS

	Assets RM'000	Liabilities RM'000	Total RM'000
Group – 2016			
At beginning of the financial year	139,035	(440,534)	(301,499)
Movement during the year	(51,436)	63,640	12,204
Currency translation differences	8,221	(26,577)	(18,356)
At end of the financial year	95,820	(403,471)	(307,651)
Group – 2015			
At beginning of the financial year	50,438	(88,585)	(38,147)
Movement during the year	79,363	(319,275)	(239,912)
Currency translation differences	9,234	(32,674)	(23,440)
At end of the financial year	139,035	(440,534)	(301,499)

Notes to the Financial Statements
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24. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

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

	Contract/ Notional amount RM'000	Fair value	
		Assets RM'000	Liabilities RM'000
Group – 2016			
Cash-flow hedges			
– fuel oil swaps	1,397,561	45,016	324,867
– currency forwards	1,677,797	37,244	26,569
– interest rate swaps	4,305,638	1,032	37,916
Fair value through profit or loss			
– fuel oil swaps	84,839	12,517	14,105
– currency forwards	3,549	11	14
		95,820	403,471
Current portion		64,965	248,330
Non-current portion		30,855	155,141
		95,820	403,471
Group – 2015			
Cash-flow hedges			
– fuel oil swaps	1,868,333	17,558	414,194
– currency forwards	2,049,678	102,669	5,595
– interest rate swaps	3,072,017	12,514	2,927
Fair value through profit or loss			
– fuel oil swaps	256,141	4,904	16,977
– currency forwards	168,403	1,390	841
		139,035	440,534
Current portion		85,243	304,311
Non-current portion		53,792	136,223
		139,035	440,534

Notes to the Financial Statements

(continued)

24. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

The changes in fair value that arose from fair value through profit or loss during the financial year that was recognised in the Income Statements amounted to a loss of RM17.9 million (2015: gain of RM71.1 million).

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

(a) Fuel oil swaps

Fuel oil swaps are entered into to hedge highly probable forecast fuel purchases that are expected to occur at various dates within 39 months (2015: 41 months) from financial year end. The fuel oil swaps have maturity dates that match the expected occurrence of these transactions. Gains and losses recognised in the hedging reserve prior to the occurrence of these transactions are transferred to the inventory of fuels upon acquisition or cost of sales upon consumption of natural gas. The gains and losses relating to fuel oil inventory are subsequently recognised in profit or loss upon consumption of the underlying fuels.

The fair values of fuel oil swaps are determined using the quoted market prices for similar instruments.

(b) Currency forwards

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

Gains and losses relating to highly probable forecast fuel payments are recognised in the hedging reserve prior to the occurrence of these transactions and are transferred to the inventory of fuels upon acquisition or cost of sales upon consumption of natural gas. The gains and losses relating to fuel oil inventory are subsequently transferred to profit or loss upon consumption of the underlying fuels.

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

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

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

(c) Interest rate swaps

The Group entered into interest rate swap contracts to manage its interest rate risk arising primarily from interest-bearing borrowings. Borrowings at floating rate expose the Group to fair value interest rates and the derivative financial instruments minimise the fluctuation of cash flow due to changes in the market interest rates. The derivative financial instruments are executed with credit-worthy financial institutions which are governed by appropriate policies and procedures with a view to limit the credit risk exposure of the Group.

The derivative financial instruments are stated at fair value based on banks' quotes. The fair value changes on the effective portion of the derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in income statement.

Notes to the Financial Statements (continued)

24. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

(d) 1.875% Exchangeable bonds

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

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

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

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

25. CONSTRUCTION CONTRACTS

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

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

Notes to the Financial Statements

(continued)

26. AMOUNTS DUE FROM/TO RELATED PARTIES

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

- (c) The amounts due from/to related parties pertain mainly to trade receivables/payables, advances and payments on behalf. The outstanding amounts are unsecured, interest free and payable on demand except for advances given to subsidiaries amounting RM48.4 million (2015: RM51.4 million) which bear interest rate of 4.7% per annum (2015: 4.6% per annum).

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

27. SHORT TERM INVESTMENTS

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

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

Notes to the Financial Statements

(continued)

28. SHARE CAPITAL

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

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

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share and rank equally with regard to the Company's residual assets.

(a) Treasury Shares

The shareholders of the Company granted a mandate to the Company to repurchase its own shares at the Annual General Meeting held on 24 November 2015. The Directors of the Company are committed to enhance the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interest of the Company and its shareholders.

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

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

Notes to the Financial Statements

(continued)

28. SHARE CAPITAL (CONTINUED)

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

On 1 April 2011, the Company implemented a new share issuance scheme known as the Employees Share Option Scheme which was approved by the shareholders of the Company at an Extraordinary General Meeting held on 30 November 2010, the ESOS is for eligible employees and directors of the Company and/or its subsidiaries who meet the criteria of eligibility for participation as set out in the by-laws of the ESOS ("By-Laws").

The salient terms of the ESOS are as follows:-

- (i) The ESOS shall be in force for a period of ten (10) years, effective from 1 April 2011.
- (ii) The maximum number of shares to be allotted and issued pursuant to the exercise of the options which may be granted under the ESOS shall not exceed fifteen per cent (15%) of the total issued and paid-up share capital of the Company at the point of time throughout the duration of the ESOS.
- (iii) Any employee (including the directors) of the Group shall be eligible to participate in the ESOS if, as at the date of offer of an option ("Offer Date"), the person:-
 - (a) has attained the age of eighteen (18) years;
 - (b) is a director or an employee employed by and on payroll of a company within the Group; and
 - (c) in the case of employees, has been in the employment of the Group for a period of at least one (1) year of continuous service prior to and up to the Offer Date, including service during the probation period, and is confirmed in service. The options committee may, at its discretion, nominate any employee (including directors) of the Group to be an eligible employee despite the eligibility criteria under Clause 3.1(iii) of the By-Laws not being met, at any time and from time to time.
- (iv) The subscription price for shares under the ESOS shall be determined by the Board upon recommendation of the options committee and shall be fixed based on the higher of the following:-
 - (a) the weighted average market price of shares, as quoted on Bursa Securities, for the five (5) market days immediately preceding the Offer Date of the options with a discount of not more than ten per cent (10%), if deemed appropriate, or such lower or higher limit in accordance with any prevailing guidelines issued by Bursa Securities or any other relevant authorities as amended from time to time; or
 - (b) the par value of the shares (or such other par value as may be permitted by the provisions of the Companies Act 1965).
- (v) Subject to Clause 13 of the By-Laws, the options committee may, at any time and from time to time, before or after an option is granted, limit the exercise of the option to a maximum number of new ordinary shares of the Company and/or such percentage of the total ordinary shares of the Company comprised in the options during such period(s) within the option period and impose any other terms and/or conditions deemed appropriate by the options committee in its sole discretion including amending/varying any terms and conditions imposed earlier. Notwithstanding the above, and subject to Clauses 10 and 11 of the By-Laws, the options can only be exercised by the grantee no earlier than three (3) years after the Offer Date or such other period as may be determined by the options committee at its absolute discretion, by notice in writing to the options committee, provided however that the options committee may at its discretion or upon the request in writing by the grantee allow the options to be exercised at any earlier or other period.

Notes to the Financial Statements

(continued)

28. SHARE CAPITAL (CONTINUED)

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

- (vi) A grantee shall be prohibited from disposing of the new ordinary shares of the Company allotted and issued to him for a period of one (1) year from the date on which the option is exercised or such other period as may be determined by the options committee at its absolute discretion.

As at the end of the financial year, no options have been granted under the ESOS.

The movements during the financial year in the number of share options of the Company are as follows:-

Financial year ended 30 June 2016

Grant date	Expiry date	Exercise price RM	Number of share options over ordinary shares of RM0.10 each			
			At beginning of financial year '000	Granted '000	Lapsed '000	At end of financial year '000
Scheme						
16.07.2012	31.03.2021	1.75	135,635	–	(3,485)	132,150
			135,635	–	(3,485)	132,150

Financial year ended 30 June 2015

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

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

Notes to the Financial Statements

(continued)

28. SHARE CAPITAL (CONTINUED)

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

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

Share options granted on 16.07.2012	
Valuation assumptions:-	
Expected volatility	23.6%
Expected dividend yield	4.5%
Expected option life	3 – 4 years
Risk-free interest rate per annum (based on Malaysian securities bonds)	3.1%

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome.

Value of employee services received for issue of share options:-

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

29. NON-DISTRIBUTABLE RESERVES

(a) Share premium

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

Notes to the Financial Statements

(continued)

29. NON-DISTRIBUTABLE RESERVES (CONTINUED)

(b) Other reserves

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

(b) Other reserves

	Capital reserve RM'000	Equity component of ICULS RM'000	Foreign currency translation reserve RM'000	Share options reserve RM'000	Statutory reserve ¹ RM'000	Available- for-sale reserve RM'000	Hedging reserve RM'000	Total other reserves RM'000
Group – 2016								
At beginning of the financial year	102,165	74,037	428,406	72,714	32,325	7,902	(228,463)	489,086
Changes in fair value	-	-	-	-	-	(2,482)	42,902	40,420
Exchange differences	-	-	299,363	-	-	-	-	299,363
Total comprehensive income/ (loss) for the year	-	-	299,363	-	-	(2,482)	42,902	339,783
Changes in composition of the group	-	-	(850)	-	-	-	-	(850)
Issue of ICULS/bonus issue	66	-	-	-	-	-	-	66
Conversion of ICULS	-	(191)	-	-	-	-	-	(191)
Share option lapsed	-	-	-	(1,467)	-	-	-	(1,467)
Share option expenses	-	-	-	660	-	-	-	660
Subsidiary's share option exercise	-	-	-	543	-	-	-	543
Currency translation differences	37	-	35,876	-	(13,834)	(2)	(22,077)	-
At end of the financial year	102,268	73,846	762,795	72,450	18,491	5,418	(207,638)	827,630

Notes to the Financial Statements

(continued)

29. NON-DISTRIBUTABLE RESERVES (CONTINUED)

(b) Other reserves (continued)

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

Note:

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

(b) Other reserves – Company

	Share options reserve RM'000	Available-for- sale reserve RM'000	Total other reserves RM'000
2016			
At beginning of the financial year	46,813	1,877	48,690
Changes in fair values	-	96	96
Disposal of available-for-sale investment securities	-	(1,165)	(1,165)
Share option expenses	(560)	-	(560)
At end of the financial year	46,253	808	47,061
2015			
At beginning of the financial year	31,560	2,099	33,659
Changes in fair values	-	826	826
Disposal of available-for-sale investment securities	-	(1,048)	(1,048)
Share option expenses	15,253	-	15,253
At end of the financial year	46,813	1,877	48,690

Notes to the Financial Statements

(continued)

30. LONG TERM PAYABLES

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

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

Deposits consist of deposits collected from retail customers in relation to the provision of electricity, deposits received from developers of housing development in relation to the provision of water and sewerage infrastructure and security deposits from property tenants.

31. OTHER NON-CURRENT LIABILITIES

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

This represents the balance of the total purchase consideration of not less than RM105,616,000 (2015: RM105,616,000) for the acquisition of the Sentul Raya Development Project Site from Keretapi Tanah Melayu Berhad ("KTMB"), which will be settled by way of phased development, construction and completion of the Railway Village by Sentul Raya Sdn. Bhd. ("SRSB"), a subsidiary of YTL Land & Development Berhad for KTMB at its sole cost and expense in accordance with the provisions of the Development Agreement dated 8 December 1993 between SRSB and KTMB as amended pursuant to the Supplementary Development Agreement dated 21 December 2000.

32. BONDS

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

Notes to the Financial Statements

(continued)

32. BONDS (CONTINUED)

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

The bonds are repayable:-

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Not later than 1 year	31,002	348,390	–	–
Later than 1 year but not later than 5 years	3,320,331	3,046,880	500,000	500,000
Later than 5 years	12,424,858	13,509,099	1,000,000	1,000,000
Total	15,776,191	16,904,369	1,500,000	1,500,000

The weighted average effective interest rates of the bonds of the Group and the Company as at the reporting date are as follows:-

	Group		Company	
	2016 %	2015 %	2016 %	2015 %
Medium Term Notes	1.82	2.19	4.42	4.42
Bonds	4.19	4.34	–	–

Notes to the Financial Statements

(continued)

32. BONDS (CONTINUED)

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

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

(A) MEDIUM TERM NOTES (“MTNs”)

(i) The MTNs of the Company were issued pursuant to:-

- (a) An MTNs issuance programme of up to RM500 million constituted by a Trust Deed and Programme Agreement, both dated 18 June 2004, and the First Supplemental MTNs Trust Deed dated 13 July 2004.;

A nominal value of RM500 million of MTNs was issued on 25 June 2014 to refinance the Company's existing RM500 million nominal value MTNs. The coupon rate of the MTNs is 4.47% (2015: 4.47%) per annum, payable semi-annually in arrears and the MTNs are redeemable on 25 June 2019 at nominal value.

- (b) An MTNs issuance programme of up to RM2.0 billion constituted by a Trust Deed and Programme Agreement, both dated 26 March 2013.

A nominal value of RM1,000,000,000 of MTNs was issued under the programme on 25 April 2013 at a coupon rate 4.38% (2015: 4.38%) per annum, payable semi-annually in arrears. The MTNs are redeemable on 25 April 2023 at nominal value.

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

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

Notes to the Financial Statements

(continued)

32. BONDS (CONTINUED)

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

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

(a) *Singapore MTNs (Series 001 Notes)*

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

(b) *Singapore MTNs (Series 002 Notes)*

The Group issued SGD100 million unsecured seven-year Singapore MTNs comprised in Series 002 (the "Series 002 Notes") in February 2014 (maturing in February 2021) under its SGD2 billion Multicurrency MTNs Programme. The Series 002 Notes bear a fixed rate interest of 3.5% per annum payable semi-annually in arrears and have a rating of "BBB+" by Standard & Poor's Rating Services.

(c) *Singapore MTNs (Series 003 Notes)*

The Group issued SGD125 million unsecured eight-year Singapore MTNs comprised in Series 003 (the "Series 003 Notes") in May 2015 (maturing in May 2023) under its SGD2 billion Multicurrency MTNs Programme. The Series 003 Notes bear a fixed rate interest of 3.4% per annum payable semi-annually in arrears and have a rating of "BBB+" by Standard & Poor's Rating Services.

(d) *Malaysia MTNs*

The Group acquired the Malaysia Properties through an asset-backed securitisation structure in June 2010. Under the structure, the properties were acquired by Ara Bintang Berhad, a subsidiary of the Group (a bankruptcy-remote special purpose vehicle) which issued five-year fixed-rate RM330 million Senior MTN ("First Senior MTN") to partially fund the acquisition of the Malaysia Properties. A refinancing was undertaken in September 2014 by buying back and cancelling the First Senior MTN and issuing new five-year fixed-rate senior MTN of a nominal value of RM330 million (SGD110 million) ("Second Senior MTN") at a discounted cash consideration of approximately RM325 million. The Second Senior MTN have a carrying amount of approximately RM327 million (SGD109 million) [2015: RM326 million (SGD116 million)] as at 30 June 2016. The Second Senior MTN have an expected maturity in September 2019 and legal maturity in March 2021, and are secured, inter alia, by a fixed and floating charge over all the assets of Ara Bintang Berhad.

(B) 3.52% RETAIL PRICE INDEX GUARANTEED BONDS ("RPIG Bonds")

The RPIG Bonds of Wessex Waters Services Finance Plc, a subsidiary of the Group, bear interest semi-annually on 30 January and 30 July at an interest rate of 3.52% initially, indexed up by the inflation rate every year. The effective interest rate as at 30 June 2016 is 4.57% (2015: 5.50%) per annum. The RPIG Bonds will be redeemed in full by Issuer on 30 July 2023 at their indexed value together with all accrued interest.

Notes to the Financial Statements

(continued)

32. BONDS (CONTINUED)

(C) 5.75% Guaranteed Unsecured Bonds

On 15 October 2003, Wessex Water Services Finance Plc ("Issuer"), a subsidiary of the Group, issued GBP350,000,000 nominal value of 5.75% Guaranteed Unsecured Bonds due 2033 ("5.75% GU Bonds") unconditionally and irrevocably guaranteed by Wessex Water Services Limited ("Guarantor"), a subsidiary of the Group. The 5.75% GU Bonds are constituted under a Trust Deed dated 15 October 2003. The nominal value of 5.75% GU Bonds issued amounted to GBP350,000,000 and as at 30 June 2016 GBP346,917,275 (2015: GBP346,689,488) remained outstanding, net of amortised fees and discount. The net proceeds of the 5.75% GU Bonds were used for refinancing of existing financial indebtedness and for general corporate purposes.

The 5.75% GU Bonds bear interest at 5.75% per annum, payable annually on 14 October of each year. The 5.75% GU Bonds will be redeemed in full by the Issuer on 14 October 2033 at their nominal value together with all accrued interest.

(D) 5.375% 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 GBP198,750,971 (2015: GBP198,677,077) remained outstanding as at 30 June 2016, net of amortised fees and discount. The net proceeds of the 5.375% GU Bonds were used for refinancing of existing financial indebtedness and for general corporate purposes.

The 5.375% GU Bonds bear interest at 5.375% per annum, payable annually on 10 March of each year. The 5.375% GU bonds will be redeemed in full by the Issuer on 10 March 2028 at their nominal value together with all accrued interest.

(E) 1.75% INDEX LINKED GUARANTEED BONDS

On 31 July 2006, Wessex Water Services Finance Plc ("Issuer"), a subsidiary of the Group, issued two (2) tranches of GBP75,000,000 nominal value of 1.75% Index Linked Guaranteed Bonds ("ILG Bonds 1") unconditionally and irrevocably guaranteed by Wessex Water Services Limited ("Guarantor"), a subsidiary of the Group. The ILG Bonds 1 were each constituted under a Trust Deed dated 31 July 2006 and are unsecured.

The ILG Bonds 1 bear interest semi-annually on 31 January and 31 July at an interest rate of 1.75% initially, indexed up by the inflation rate every year. The effective interest rate as at 30 June 2016 is 2.80% (2015: 3.73%) per annum. The ILG Bonds 1 will be redeemed in full by the Issuer on 31 July 2046 for one tranche, and 31 July 2051 for the other tranche, at their indexed value together with all accrued interest.

Notes to the Financial Statements

(continued)

32. BONDS (CONTINUED)

(F) 1.369% AND 1.374% INDEX LINKED GUARANTEED BONDS

On 31 January 2007, Wessex Water Services Finance Plc ("Issuer"), a subsidiary of the Group, issued GBP75,000,000 nominal value of 1.369% Index Linked Guaranteed Bonds and GBP75,000,000 nominal value of 1.374% Index Linked Guaranteed Bonds, both due 2057 ("ILG Bonds 2") unconditionally and irrevocably guaranteed by Wessex Water Services Limited ("Guarantor"), a subsidiary of the Group. The ILG Bonds 2 were each constituted under a Trust Deed dated 31 January 2007 and are unsecured.

The ILG Bonds 2 bear interest semi-annually on 31 January and 31 July at an interest rate of 1.369% and 1.374% initially, indexed up by the inflation rate every year. The effective interest rate as at 30 June 2016 is 2.42% (2015: 3.35%) per annum. The ILG Bonds 2 will be redeemed in full by the Issuer on 31 July 2057 at their indexed value together with all accrued interest.

(G) 1.489%, 1.495% AND 1.499% INDEX LINKED GUARANTEED BONDS

On 28 September 2007, Wessex Water Services Finance Plc ("Issuer"), a subsidiary of the Group, issued GBP50,000,000 nominal value of 1.489% Index Linked Guaranteed Bonds, GBP50,000,000 nominal value of 1.495% Index Linked Guaranteed Bonds and GBP50,000,000 nominal value of 1.499% Index Linked Guaranteed Bonds, all due 2058 ("ILG Bonds 3") unconditionally and irrevocably guaranteed by Wessex Water Services Limited ("Guarantor"), a subsidiary of the Group. The ILG Bonds 3 were each constituted under a Trust Deed dated 28 September 2007 and are unsecured.

The ILG Bonds 3 bear interest semi-annually on 29 November and 29 May at an interest rate of 1.489%, 1.495% and 1.499% initially, indexed up by the inflation rate every year. The effective interest rate as at 30 June 2016 is 2.54% (2015: 2.39%) per annum. The ILG Bonds 3 will be redeemed in full by the Issuer on 29 November 2058 at their indexed value together with all accrued interest.

(H) 2.186% INDEX LINKED GUARANTEED BONDS

On 7 September 2009, Wessex Water Services Finance Plc ("Issuer") issued GBP50,000,000 nominal value 2.186% Index Linked Guaranteed Bonds due 2039 ("ILG Bonds 4") unconditionally and irrevocably guaranteed by Wessex Water Services Limited ("Guarantor"). The ILG Bonds 4 were constituted under a Trust Deed dated 7 September 2009 and are unsecured.

The ILG Bonds 4 bear interest semi-annually on 1 December and 1 June at an interest rate of 2.186% initially, indexed up by the inflation rate every half year. The effective interest rate as at 30 June 2016 is 2.76% (2015: 1.99%) per annum. The ILG Bonds 4 will be redeemed in full by the Issuer on 1 June 2039 at their indexed value together with all accrued interest.

(I) 4.0% GUARANTEED UNSECURED BONDS

On 24 January 2012, Wessex Water Services Finance Plc ("Issuer"), a subsidiary of the Group, issued GBP200,000,000 nominal value 4.0% Guaranteed Unsecured Bonds due 2021 ("4.0% GU Bonds") unconditionally and irrevocably guaranteed by Wessex Water Services Limited ("Guarantor"), a subsidiary of the Group. The 4.0% GU Bonds are constituted under a Trust Deed dated 24 January 2012. The nominal value of 4.0% GU Bonds issued amounted to GBP200,000,000, of which GBP198,602,052 (2015: GBP198,335,776) remained outstanding as at 30 June 2016, net of amortised fees and discount. The net proceeds of the 4.0% GU Bonds were used for refinancing of existing financial indebtedness and for general corporate purposes.

Notes to the Financial Statements

(continued)

32. BONDS (CONTINUED)

(I) 4.0% GUARANTEED UNSECURED BONDS (continued)

On 30 August 2012, Wessex Water Services Finance Plc (“Issuer”), a subsidiary of the Group, issued GBP100,000,000 nominal value 4.0% Guaranteed Unsecured Bonds due 2021 (“4.0% GU Bonds”) unconditionally and irrevocably guaranteed by Wessex Water Services Limited (“Guarantor”), a subsidiary of the Group. The 4.0% GU Bonds are constituted under a Trust Deed dated 30 August 2012. The nominal value of 4.0% GU Bonds issued amounted to GBP100,000,000 of which GBP104,830,259 (2015: GBP105,765,148) remained outstanding as at 30 June 2016, net of amortised fees and discount. The net proceeds of the 4.0% GU Bonds were used for refinancing of existing financial indebtedness and for general corporate purposes.

The 4.0% GU Bonds bear interest at 4.00% per annum, payable annually on 24 September of each year. The 4.0% GU Bonds will be redeemed in full by the Issuer on 24 September 2021 at their nominal value together with all accrued interest.

The 4.0% GU Bonds GBP100,000,000 due 24 September 2021 were consolidated to form a single series with the 4.0% GU Bonds GBP200,000,000 which was issued on 24 January 2012.

(J) JAPAN BONDS

Starhill Global REIT One TMK (“SGREIT One TMK”), a subsidiary of the Group, has JPY0.8 billion (SGD10.5 million) [2015: JPY1.2 billion (SGD13.7 million)] of Japan bonds outstanding as at 30 June 2016, maturing in November 2016. The interest rate for the Japan bond was hedged via interest rate cap. Whilst no security has been pledged, the bondholders of the Japan bond have a statutory preferred right, under the Japan Asset Liquidation Law, to receive payment of all obligations under the Japan bond prior to other creditors out of the assets of the issuer (SGREIT One TMK). In August 2016, SGREIT One TMK has completed the refinancing of the above Japan bond.

33. BORROWINGS

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

Notes to the Financial Statements

(continued)

33. BORROWINGS (CONTINUED)

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

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

Group	Not later than 1 year RM'000	Later than 1 year but not later than 5 years RM'000	Later than 5 years RM'000	Total RM'000
At 30 June 2016				
Bankers' acceptances	9,977	–	–	9,977
Bank overdrafts	66,407	–	–	66,407
Finance lease liabilities	132,400	168,180	–	300,580
ICULS	13,942	16,947	–	30,889
Revolving credit	2,030,798	2,079,357	–	4,110,155
Term loans	806,056	14,061,003	1,900,934	16,767,993
	3,059,580	16,325,487	1,900,934	21,286,001

Notes to the Financial Statements

(continued)

33. BORROWINGS (CONTINUED)

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

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

Company	Not later than 1 year RM'000	Later than 1 year but not later than 5 years RM'000	Later than 5 years RM'000	Total RM'000
At 30 June 2016				
Finance lease liabilities	665	705	–	1,370
Revolving credit	1,266,855	–	–	1,266,855
Term loan	–	200,000	–	200,000
	1,267,520	200,705	–	1,468,225

At 30 June 2015				
Finance lease liabilities	439	244	–	683
Revolving credit	1,266,855	–	–	1,266,855
Term loan	–	200,000	–	200,000
	1,267,294	200,244	–	1,467,538

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

Notes to the Financial Statements

(continued)

33. BORROWINGS (CONTINUED)

The weighted average effective interest rates of the borrowings of the Group and the Company as at the reporting date are as follows:-

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

(A) Bankers' acceptances

All the bankers' acceptances are unsecured and repayable on demand.

(B) Bank overdrafts

All the bank overdraft facilities are unsecured and repayable on demand.

(C) Committed bank loans

All committed bank loans are unsecured and repayable in full on demand.

(D) Finance lease liabilities

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

Notes to the Financial Statements

(continued)

33. BORROWINGS (CONTINUED)

(E) Irredeemable convertible unsecured loan stocks ("ICULS")

ICULS 2011/2021

On 31 October 2011, YTL Land & Development Berhad ("YTL Land"), a subsidiary of the Group issued 992,378,023 ten (10) years 3% stepping up to 6% ICULS at a nominal value of RM0.50 each, maturing 31 October 2021 ("Maturity Date").

The salient terms of the ICULS 2011/2021 are as follows:-

- (i) The ICULS 2011/2021 bear a coupon rate of 3.0% per annum from date of issue ("Issue Date") up to fourth anniversary of the Issue Date and 4.5% per annum from the date after the fourth anniversary of the Issue Date up to the seventh anniversary of the Issue Date. Thereafter, the ICULS 2011/2021 bear a coupon rate of 6.0% per annum up to the maturity date. The interest is payable semi-annually in arrears.
- (ii) The ICULS 2011/2021 are convertible at any time on or after its issuance date into new ordinary shares of YTL Land at the conversion price, which is fixed on a step-down basis, as follows:-
 - For conversion at any time from the date of issue up to the fourth anniversary, conversion price is RM1.32;
 - For conversion at any time after fourth anniversary of issue up to the seventh anniversary, conversion price is RM0.99; and
 - For conversion at any time after seventh anniversary of issue up to the maturity date, conversion price is RM0.66
- (iii) The ICULS 2011/2021 are not redeemable and any ICULS 2011/2021 remaining immediately after the maturity date shall be mandatorily converted into ordinary shares at the conversion price.
- (iv) The new ordinary shares issued from the conversion of ICULS 2011/2021 will be deemed fully paid-up and rank pari passu in all respects with all existing ordinary shares of YTL Land.

A certain amount of the ICULS 2011/2021 are held by the Company (refer Note 13(a) to the Financial Statements). The relevant amounts have been eliminated in the Statements of Financial Position.

(F) Revolving credit

(i) Revolving credit denominated in Ringgit Malaysia

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

(ii) Revolving credit denominated in SG Dollar

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

Notes to the Financial Statements

(continued)

33. BORROWINGS (CONTINUED)

(G) Term loans

(i) Term loans denominated in Great Britain Pounds

- (a) The term loans of RM404,325,000 [GBP75,000,000] (2015: RM446,452,500 [GBP75,000,000]) are unsecured loans of Wessex Water Services Limited and are guaranteed by Wessex Water Limited. The loans bear interest rates ranging from 1.16% to 1.23% (2015: 1.09% to 1.19%) per annum and are repayable on 22 July 2021.
- (b) The term loans of RM754,740,000 [GBP140,000,000] (2015: RM833,378,000 [GBP140,000,000]) are unsecured loans of Wessex Water Services Limited and are guaranteed by Wessex Water Limited. The loans bear interest rates ranging from 0.85% to 0.87% (2015: 0.84% to 0.85%) per annum and are repayable in full on 15 December 2018.
- (c) The term loans of RM1,078,200,000 [GBP200,000,000] (2015: RM892,905,000 [GBP150,000,000]) are unsecured loans of Wessex Water Services Limited and are guaranteed by Wessex Water Limited. The first loan of GBP50,000,000 was withdrawn on 30 January 2015 bears an interest rate of 2.16% (2015: 2.16%) per annum, the second loan of GBP50,000,000 was withdrawn on 9 March 2015 bears an interest rate of LIBOR plus 0.45% (2015: LIBOR plus 0.45%) per annum and the third loan of GBP50,000,000 was withdrawn on 9 April 2015 bears an interest rate of 1.99% (2015: 1.99%) per annum and the fourth loan of GBP50,000,000 was withdrawn on 25 May 2016 bears an interest rate of LIBOR plus 0.76%. All the loans are repayable in full between 30 January and 25 May 2025.

(ii) Term loans denominated in US Dollars

- (a) Term loan of RM756,153,625 [USD199,750,000] (2015: RM756,153,625 [USD199,750,000]) are unsecured and guaranteed by YTL Power International Berhad. The loan bear interest rate ranging from 1.33% to 1.36% (2015: 1.30% to 1.84%) per annum. The term loan was fully repaid on 17 December 2015.
- (b) Term loan of RM804,500,000 [USD200,000,000] (2015: RM757,100,000 [USD200,000,000]) was drawn by YTL Power International Berhad on 28 May 2015. The loan is repayable on 28 May 2020. The loan bear interest rate of 1.39% (2015: 1.39%) per annum up to 31 May 2016 and LIBOR plus 1.35% subsequently for every half year. The effective interest rate as at 30 June 2016 is 2.33% (2015: 1.39%) per annum.
- (c) Term loan of RM804,500,000 [USD200,000,000] was drawn by YTL Power International Berhad on 17 December 2015 and repayable on 17 December 2020. The loan bear interest rate of 1.10% per annum up to 19 December 2016 and LIBOR plus 1.20% subsequently for every half year.
- (d) Term loan of RM1,096,131,000 [USD272,500,000] (2015: RM1,059,940,000 [USD280,000,000]) was drawn by YTL Corp. Finance (Cayman) Limited guaranteed by the Company and repayable by 8 semi-annual instalments of USD7.5 million, commencing on 16 March 2016 and a final instalment of USD220 million on 16 March 2020. The loan bears net rate of 1.73% (2015: 1.48%) per annum.

(iii) Term loans denominated in Ringgit Malaysia

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

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

Notes to the Financial Statements

(continued)

33. BORROWINGS (CONTINUED)

(G) Term loans (continued)

(iv) Term loans denominated in Singapore Dollars

Included in the term loan are:-

- (a) Term loan of RM2,257,587,246 [SGD757,173,077] (2015: RM2,123,082,874 [SGD755,653,073]) is unsecured loan of YTL PowerSeraya Pte. Limited. The borrowing bears interest rates ranging from 1.72% to 2.72% (2015: 1.24% to 2.01%) per annum and is repayable in full on 14 September 2017.
- (b) Term loan of RM2,245,794,109 [SGD753,217,772] (2015: RM2,111,848,067 [SGD751,654,352]) is unsecured loan of YTL PowerSeraya Pte. Limited. The borrowing bears interest rates ranging from 1.82% to 2.82% (2015: 1.34% to 2.11%) per annum and is repayable in full on 14 September 2019.
- (c) Term loan of RM1,095,085,000 [SGD367,281,000] (2015: RM964,467,000 [SGD343,275,000]) is a secured loan of YTL Westwood Properties Pte. Ltd. ("YTLW"). This term loan bears interest rates ranging from 2.47% to 3.52% (2015: 2.11% to 2.93%) per annum and is secured by legal mortgage of the property of YTLW.

(v) Term loans denominated in Australian Dollars

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

(H) Trade loans

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

34. GRANTS AND CONTRIBUTIONS

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

This represents government grants in foreign subsidiaries in respect of specific qualifying expenditure on infrastructure assets, non-infrastructure assets and a cogeneration plant.

Notes to the Financial Statements

(continued)

35. DEFERRED TAX LIABILITIES

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

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

Notes to the Financial Statements

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35. DEFERRED TAX LIABILITIES (CONTINUED)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off income tax assets against income tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts determined after appropriate offsetting are shown in the Statements of Financial Position:-

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

Notes to the Financial Statements

(continued)

35. DEFERRED TAX LIABILITIES (CONTINUED)

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

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

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

36. POST-EMPLOYMENT BENEFIT OBLIGATIONS

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

(a) Defined contribution plan

Group companies incorporated in Malaysia contribute to the Employees Provident Fund, the national defined contribution plan. Once the contributions have been paid, the Group has no further payment obligations.

Notes to the Financial Statements

(continued)

36. POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONTINUED)

(b) Defined contribution plan – United Kingdom

A subsidiary of the Group operates final salary defined benefit plans for its employees in the United Kingdom, the assets of which are held in separate trustee-administered funds. The latest actuarial valuation of the plan was undertaken by a qualified actuary as at 30 September 2013. This valuation was updated as at 30 June 2016 using revised assumptions.

(i) Profile of the scheme

The defined benefit obligations include benefits for current employees, former employees and current pensioners. Broadly, about 38% of the liabilities are attributable to current employees, 16% to former employees and 46% to current pensioners. The scheme duration is an indicator of the weighted-average time until benefit payments are made. For the scheme as a whole, the duration is around 18 years reflecting the approximate split of the defined benefit obligation between current employees (duration of 25 years), deferred members (duration of 25 years) and current pensioners (duration of 12 years).

(ii) Funding requirements

UK legislation requires that pension schemes are funded prudently. The last funding valuation report, 30 September 2013 showed a deficit of GBP94.6 million (RM510.0 million). The subsidiary is paying deficit contributions of:

- GBP8.6 million (RM46.4 million) by 31 March 2014 and 31 March 2015;
- GBP7.6 million (RM41.0 million) by each 31 March, from 31 March 2016 to 31 March 2020 inclusive;
- GBP10.2 million (RM55.0 million) by each 31 March, from 31 March 2021 to 31 March 2024 inclusive;

which, along with investment returns from return-seeking assets, is expected to make good this shortfall by 31 March 2024.

The next funding valuation is due no later than 30 September 2016 at which progress towards full-funding will be reviewed.

The subsidiary also pays contributions of 18.2% of pensionable salaries in respect of current accrual and non-investment related expenses, with active members paying a further 7.3% of pensionable salaries on average. A contribution of GBP7.6 million (RM41.0 million) is expected to be paid by the subsidiary during the year ending on 30 June 2017.

(iii) Risks associated with the scheme

Asset volatility – The liabilities are calculated using a discount rate set with reference to corporate bond yields; if assets underperform this yield, this will create a deficit. The scheme holds a significant proportion of growth assets (equities, diversified growth fund and global absolute return fund) which, though expected to outperform corporate bonds in the long-term, create volatility and risk in the short-term. The allocation to growth assets is monitored to ensure it remains appropriate given the scheme's long term objectives.

Changes in bond yields – A decrease in corporate bond yields will increase the value placed on the scheme's liabilities for accounting purposes, although this will be partially offset by an increase in the value of the scheme's bond holdings.

Notes to the Financial Statements

(continued)

36. POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONTINUED)

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

(iii) Risks associated with the scheme (continued)

Inflation risk – The majority of the scheme’s benefit obligations are linked to inflation and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect against extreme inflation). The majority of the assets are either unaffected by or only loosely correlated with inflation, meaning that an increase in inflation will also increase the deficit.

Life expectancy – The majority of the scheme’s obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the liabilities.

The trustees insure certain benefits payable on death before retirement.

A contingent liability exists in relation to the equalisation of Guaranteed Minimum Pension (“GMP”). The UK Government intends to implement legislation which could result in an increase in the value of GMP for males. This would increase the defined benefit obligation of the plan. At this stage, it is not possible to quantify the impact of this change.

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

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

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

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

Notes to the Financial Statements

(continued)

36. POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONTINUED)**(b) Defined contribution plan – United Kingdom (continued)**

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

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

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

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

Notes to the Financial Statements

(continued)

36. POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONTINUED)

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

The pension cost recognised is analysed as follows:-

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

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

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

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

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

The mortality assumptions are based upon the recent actual mortality experience of scheme members, and allow for expected future improvements in mortality rates. The assumptions are that a member currently aged 60 will live, on average, for a further 27.0 years (2015: 27.2 years) if they are male, and for a further 29.3 years (2015: 29.5 years) if they are female. For a member who retires in 2036 at age 60 the assumptions are that they will live, on average, for a further 28.4 years (2015: 28.8 years) after retirement if they are male, and a further 30.9 years (2015: 31.1 years) after retirement if they are female.

Notes to the Financial Statements

(continued)

36. POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONTINUED)

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

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

Sensitivity analysis:

The key assumptions used for FRS 119 are: discount rate, inflation and mortality. If different assumptions are used, this could have a material effect on the results disclosed. The sensitivity of the results to these assumptions are set out below. For the purposes of these sensitivities it has been assumed that the change in the discount rate and inflation has no impact on the value of scheme assets.

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

The plan assets are comprised as follow:-

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

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

Notes to the Financial Statements

(continued)

36. POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONTINUED)

(c) Defined benefit plan – Indonesia

Summary of obligations relating to employee benefits due under prevailing law and regulations as well as under the Indonesia subsidiary's regulations are as presented below:-

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

A subsidiary of the Group has a defined contribution pension fund program for its permanent national employees. The subsidiary's contribution is 6% of employee basic salary, while the employees' contributions range from 3% to 14%.

The contributions made to the defined contribution plan are acceptable for funding the post-employment benefits under the labour regulations.

The obligations for post-employment and other long term employee benefits were recognised with reference to actuarial reports prepared by an independent actuary. The latest actuarial report was dated 30 June 2016.

(i) Post-employment benefits obligations

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

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

Notes to the Financial Statements (continued)

36. POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONTINUED)

(c) Defined benefit plan – Indonesia (continued)

(i) Post-employment benefits obligations (continued)

The obligations relating to post-employment benefits recognised in the Statements of Financial Position are as follows:-

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

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

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

The pension cost recognised can be analysed as follows:-

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

Notes to the Financial Statements

(continued)

36. POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONTINUED)

(c) Defined benefit plan – Indonesia (continued)

(ii) Other long term employee benefits obligations

The obligations relating to other long term employee benefits (i.e. long leave service benefits) recognised in the Statements of Financial Position are as follows:-

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

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

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

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

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

Notes to the Financial Statements (continued)

36. POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONTINUED)

(c) Defined benefit plan – Indonesia (continued)

(ii) Other long term employee benefits obligations (continued)

The amounts relating to other long term employee benefits obligation recognised in the Income Statements are as follows:-

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

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

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

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

Sensitivity analysis:

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

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

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

Notes to the Financial Statements

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37. TRADE AND OTHER PAYABLES

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

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

38. OTHER CURRENT LIABILITIES

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

39. PROVISION FOR LIABILITIES AND CHARGES

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

Notes to the Financial Statements (continued)

39. PROVISION FOR LIABILITIES AND CHARGES (CONTINUED)

Movements in the provision are as follows:-

	Restructuring RM'000	Damages claims RM'000	Housing RM'000	Total RM'000
Group – 2016				
At beginning of the financial year (as previously stated)	40,617	19,078	–	59,695
Prior year adjustments	–	–	40,331	40,331
At beginning of the financial year (as restated)	40,617	19,078	40,331	100,026
Currency translation differences	148	5,679	–	5,827
Charged to profit or loss (Note 6)	4,600	67,161	–	71,761
Payments	(9,288)	(206)	–	(9,494)
At end of the financial year	36,077	91,712	40,331	168,120
Group – 2015				
At beginning of the financial year (as previously stated)	27,265	37	–	27,302
Prior year adjustments	–	–	40,331	40,331
At beginning of the financial year (as restated)	27,265	37	40,331	67,633
Currency translation differences	865	–	–	865
Acquisition of subsidiary	5,448	–	–	5,448
Charged to profit or loss (Note 6)	12,049	19,064	–	31,113
Payments	(5,010)	(23)	–	(5,033)
At end of the financial year	40,617	19,078	40,331	100,026

(a) Provision for affordable housing

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

(b) Restructuring

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

(c) Damages claims

The provision of damages claims relate to projects undertaken by subsidiaries and are recognised for expected damages claims based on the term of the applicable agreements.

Notes to the Financial Statements

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40. FINANCIAL RISK MANAGEMENT

The Group's and the Company's operations are subject to foreign currency exchange risk, interest rate risk, price risk, credit risk and liquidity risk.

The Group's and the Company's financial risk management policy seeks to ensure that adequate resources are available to manage the above risks and to create value for its shareholders. It is not the Group's and the Company's policy to engage in speculative transactions.

The Board of Directors reviews and agrees policies and procedures for managing each of these risks and they are summarised below:-

(a) Foreign currency exchange risk

Foreign currency exchange risk is the risk that the fair values or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to risks arising from various currency exposures primarily with respect to the Great Britain Pounds ("GBP") and Singapore Dollars ("SGD"). The Group has investments in foreign operations whose net assets are exposed to foreign currency translation risk. Such exposures are mitigated through borrowings denominated in the respective functional currencies.

Where necessary, the Group enters into forward foreign currency exchange contracts to limit its exposure on foreign currency receivables and payables, and on cash flows generated from anticipated transactions denominated in foreign currencies.

The following table illustrates the effects on the Group's net assets resulting from currency sensitivities (on the basis all other remains other variables remain constant).

	Increase/Decrease in Net assets	
	2016 RM'000	2015 RM'000
Group		
5% changes on GBP exchange rate	170,059	192,464
5% changes on SGD exchange rate	570,173	480,363

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

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and of the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arise primarily from their floating rate bonds and borrowings, which is partially offset by the deposits and short term investments held at variable rates. The Group and the Company manage their cash flow interest rate risk by using a mix of fixed and variable rate debts. Derivative financial instruments are used, where appropriate, to generate the desired interest rate profile.

Notes to the Financial Statements (continued)

40. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Interest rate risk (continued)

The interest rate profile of the Group's and of the Company's significant interest-bearing financial instruments, based on their carrying amounts as at the reporting date, were:

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

At the reporting date, if the interest rates had been 50 basis points lower/higher, with all other variables held constant, the Group's and the Company's profit after tax would be higher/lower by approximately RM97.5 million (2015: RM94.1 million) and RM6.3 million (2015: RM6.3 million), respectively, as a result of lower/higher interest expense on borrowings.

The Group and the Company do not account for any fixed rate instruments at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect their profit after tax.

The excess funds of the Group and of the Company are invested in bank deposits and other short term instruments. The Group and the Company manage their liquidity risks by placing such excess funds on short term maturities to match its cash flow needs. If interest deposit rates increased/decreased by 10 basis points, interest income of the Group and of the Company for the financial year would increase/decrease by RM13.4 million (2015: RM14.0 million) and RM1.3 million (2015: RM1.9 million), respectively.

(c) Price risk

Equity price risk

The Group's and the Company's exposure to equity price risk arise primarily from their investments in quoted securities.

To manage their price risk arising from investments in equity securities, the Group and the Company diversify their portfolio.

At the reporting date, the Group's and the Company's exposure to quoted equity investments at fair value are RM33,154,000 (2015: RM28,846,000) and RM9,856,000 (2015: RM12,365,000), respectively.

Notes to the Financial Statements

(continued)

40. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Price risk (continued)

Equity price risk (continued)

The following table demonstrates the indicative effects on the Group's and the Company's equity applying reasonably foreseeable market movements in the quoted market prices at the reporting date, assuming all other variables remain constant.

	Carrying amounts RM'000	Increase/ Decrease in quoted market prices %	Effect on equity RM'000
Group – 2016			
Local equities	13,425	+/- 10	1,343
Foreign equities	19,729	+/- 10	1,973
Group – 2015			
Local equities	15,664	+/- 10	1,566
Foreign equities	13,182	+/- 10	1,318
Company – 2016			
Local equities	4,001	+/- 10	400
Foreign equities	5,855	+/- 10	586
Company – 2015			
Local equities	5,080	+/- 10	508
Foreign equities	7,285	+/- 10	729

Fuel commodity price risk

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

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

(d) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations.

The Group's and the Company's exposure to credit risk arise primarily from trade and other receivables. For other financial assets (including investment securities, cash and cash equivalents and derivatives), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

Notes to the Financial Statements

(continued)

40. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Credit risk (continued)

As for the Group's Power Generation business in Singapore, credit review are performed on all customers with established credit limits and supported by collateral in the form of guarantees. For the Group's Water and Sewerage business, the credit risk of receivables is mitigated through strict collection procedures. In addition, the Directors are of the view that credit risk arising from the Water and Disposal of Waste Water businesses is limited due to its large customer base.

Transactions involving derivative financial instruments are allowed only with counterparties that are of high credit quality. As such, management does not expect any counterparties to fail to meet their obligations. The Group considers the risk of material loss in the event of non-performance by a financial counter party to be unlikely.

Receivable balances are monitored continually with the result that the Group's exposure to credit risk is minimised.

The ageing analysis, information regarding impairment, credit quality and significant concentration of credit risk of the Group and of the Company are disclosed in Note 20 to the Financial Statements.

At the reporting date, the maximum exposure to credit risk arising from receivables are represented by their carrying amounts in the Statements of Financial Position, except for trade receivables on electricity sales and physical fuel transactions where collaterals of RM79.4 million (2015: RM108.5 million) are held in the form of security deposits from customers and banker's guarantee.

Financial guarantees

The Company provides financial guarantees to financial institutions in respect of banking facilities granted to certain subsidiaries.

The Company monitors on an ongoing basis the financial results and repayments of the subsidiaries.

A nominal amount of RM1,750,764,000 (2015: RM1,413,841,000) relating to corporate guarantees provided by the Company to the banks is in respect of subsidiaries' banking facilities.

As at the reporting date, there was no indication that any subsidiary would default on repayment.

The financial guarantees have not been recognised as their fair values on initial recognition are insignificant.

Inter-company balances

The Company provides advances to subsidiaries and where necessary makes payments for expenses on behalf of its subsidiaries. The Company monitors the results of the subsidiaries regularly. As at 30 June 2016, the maximum exposure to credit risk is represented by their carrying amounts in the Statements of Financial Position.

Management has taken reasonable steps to ensure that intercompany receivables are stated at the realisable values. As at 30 June 2016, there was no indication that the advances extended to the subsidiaries are not recoverable.

Notes to the Financial Statements

(continued)

40. FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arise primarily from mismatches of the maturities of financial assets and liabilities.

The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the reporting date based on contractual undiscounted repayment obligations:-

	On demand or within 1 year RM'000	1 to 5 years RM'000	Over 5 years RM'000	Total RM'000
Group – 2016				
Non-derivative				
Bonds and borrowings	4,067,637	22,272,670	20,934,129	47,274,436
Trade and other payables	2,897,551	227,062	–	3,124,613
Related parties	9,203	–	–	9,203
	6,974,391	22,499,732	20,934,129	50,408,252
Derivative				
Net – Interest rate swaps	15,714	17,458	–	33,172
Gross – fuel oil swaps	230,234	108,738	–	338,972
Gross – currency forwards	18,130	8,527	–	26,657
	264,078	134,723	–	398,801
Company – 2016				
Non-derivative				
Bonds and borrowings	1,393,361	939,040	1,087,480	3,419,881
Trade and other payables	12,408	–	–	12,408
Related parties	57,090	–	–	57,090
	1,462,859	939,040	1,087,480	3,489,379

Notes to the Financial Statements

(continued)

40. FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Liquidity risk (continued)

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

Notes to the Financial Statements

(continued)

41. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

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

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

Notes to the Financial Statements

(continued)

41. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Categories of financial instruments (continued)

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

	Note	Financial Liabilities			Total RM'000
		Fair value through profit or loss RM'000	Derivatives used for hedging RM'000	Other financial liabilities at amortised cost RM'000	
Group – 2016					
Non-current					
Long term payables	30	–	–	227,062	227,062
Bonds	32	–	–	15,745,189	15,745,189
Borrowings	33	–	–	18,226,421	18,226,421
Derivative financial instruments	24	14,119	141,022	–	155,141
Current					
Trade and other payables	37	–	–	2,897,551	2,897,551
Derivative financial instruments	24	–	248,330	–	248,330
Amount due to related parties	26	–	–	9,203	9,203
Bonds	32	–	–	31,002	31,002
Borrowings	33	–	–	3,059,580	3,059,580
Total		14,119	389,352	40,196,008	40,599,479
Group – 2015					
Non-current					
Long term payables	30	–	–	209,973	209,973
Bonds	32	–	–	16,555,979	16,555,979
Borrowings	33	–	–	16,503,667	16,503,667
Derivative financial instruments	24	17,818	118,405	–	136,223
Current					
Trade and other payables	37	–	–	3,116,783	3,116,783
Derivative financial instruments	24	–	304,311	–	304,311
Amount due to related parties	26	–	–	10,132	10,132
Bonds	32	–	–	348,390	348,390
Borrowings	33	–	–	4,074,500	4,074,500
Total		17,818	422,716	40,819,424	41,259,958

Notes to the Financial Statements

(continued)

41. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Categories of financial instruments (continued)

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

	Note	Financial Assets		
		Loans and receivables RM'000	Available- for-sale RM'000	Total RM'000
Company – 2016				
Non-current				
Investments	16	–	29,089	29,089
Current				
Trade and other receivables	20	14,511	–	14,511
Amount due from related parties	26	1,001,553	–	1,001,553
Short term investments	27	708,127	–	708,127
Fixed deposits	17	614,087	–	614,087
Cash and bank balances	17	3,498	–	3,498
Total		2,341,776	29,089	2,370,865
Company – 2015				
Non-current				
Investments	16	–	31,848	31,848
Current				
Trade and other receivables	20	15,475	–	15,475
Amount due from related parties	26	960,650	–	960,650
Short term investments	27	632,106	–	632,106
Fixed deposits	17	1,223,338	–	1,223,338
Cash and bank balances	17	3,154	–	3,154
Total		2,834,723	31,848	2,866,571

Notes to the Financial Statements (continued)

41. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Categories of financial instruments (continued)

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

	Note	Financial Liabilities	
		Other financial liabilities at amortised cost RM'000	Total RM'000
Company – 2016			
Non-current			
Bonds	32	1,500,000	1,500,000
Borrowings	33	200,705	200,705
Current			
Trade and other payables	37	12,408	12,408
Amount due to related parties	26	57,090	57,090
Borrowings	33	1,267,520	1,267,520
Total		3,037,723	3,037,723
Company – 2015			
Non-current			
Bonds	32	1,500,000	1,500,000
Borrowings	33	200,244	200,244
Current			
Trade and other payables	37	12,490	12,490
Amount due to related parties	26	9,911	9,911
Borrowings	33	1,267,294	1,267,294
Total		2,989,939	2,989,939

(b) Fair value measurement

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:-

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Notes to the Financial Statements

(continued)

41. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Fair value measurement (continued)

At the reporting date, the Group and the Company held the following financial instruments carried at fair value on the Statements of Financial Position:-

	Level 1 RM'000	Level 2 RM'000	Total RM'000
Group – 2016			
Assets			
Financial assets at fair value through profit and loss:			
– Trading derivatives	–	12,528	12,528
Derivative used for hedging	–	83,292	83,292
Available-for-sale financial assets	33,154	–	33,154
Total	33,154	95,820	128,974
Liabilities			
Financial liabilities at fair value through profit and loss:			
– Trading derivatives	–	14,119	14,119
Derivative used for hedging	–	389,352	389,352
Total	–	403,471	403,471
Group – 2015			
Assets			
Financial assets at fair value through profit and loss:			
– Trading derivatives	–	6,294	6,294
Derivative used for hedging	–	132,741	132,741
Available-for-sale financial assets	28,846	–	28,846
Total	28,846	139,035	167,881
Liabilities			
Financial liabilities at fair value through profit and loss:			
– Trading derivatives	–	17,818	17,818
Derivative used for hedging	–	422,716	422,716
Total	–	440,534	440,534

Notes to the Financial Statements (continued)

41. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Fair value measurement (continued)

At the reporting date, the Group and the Company held the following financial instruments carried at fair value on the Statements of Financial Position:- (continued)

	Level 1 RM'000	Level 2 RM'000	Total RM'000
Company – 2016			
Assets			
Available-for-sale financial assets	9,856	–	9,856
Total	9,856	–	9,856
Company – 2015			
Assets			
Available-for-sale financial assets	12,365	–	12,365
Total	12,365	–	12,365

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

- (c) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair values.

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

Notes to the Financial Statements

(continued)

41. FINANCIAL INSTRUMENTS (CONTINUED)

- (c) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair values. (continued)

* **Unquoted equity and debt investments carried at cost (Note 16)**

Fair value information has not been disclosed for these unquoted equity and debt instruments as fair value cannot be measured reliably as these instruments are not quoted on any market and does not have any comparable industry peer that is listed. In addition, the variability in the range of reasonable fair value estimates derived from valuation techniques is significant.

^ **Bonds (Note 32)**

Fair value information regarding these bonds is as disclosed in the Note 32 to the Financial Statements. The fair values of these bonds are estimated using discounted cash flow analysis, based on current incremental lending rates for similar types of lending and borrowing arrangements and of the same remaining maturities.

(d) **Determination of fair value**

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair values:-

	Note
Other receivables (non-current)	20
Trade and other receivables (current)	20
Short term investments (current)	27
Fixed deposits (current)	17
Cash and bank balances (current)	17
Long term payables (non-current)	30
Trade and other payables (current)	37
Borrowings (current)	33

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The carrying amounts of the current portion of loans and borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

The fair values of current loans and borrowings are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

Financial guarantees

Fair value is determined based on probability weighted discounted cash flow method. The probability has been estimated and assigned for the following key assumptions:

- The likelihood of the guaranteed party defaulting within the guaranteed period;
- The exposure on the portion that is not expected to be recovered due to the-guaranteed party's default;
- The estimated loss exposure if the party guaranteed were to default.

Notes to the Financial Statements

(continued)

42. SIGNIFICANT RELATED PARTY TRANSACTIONS

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group.

(a) Significant related party transactions

- (i) In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions.

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

Notes to the Financial Statements

(continued)

42. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Significant related party transactions (continued)

- (i) In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions. (continued)

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

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

Notes to the Financial Statements (continued)

42. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Significant related party transactions (continued)

- (ii) The following significant transactions which have been transacted with close family members of key management personnel and entities controlled by key management personnel and close family members are as follows:-

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

The Directors are of the opinion that the above transactions have been entered into in the normal course of business and have been established on terms and conditions negotiated and agreed by the related parties.

(b) Key management personnel compensation

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

(c) Significant related party balances

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

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

43. COMMITMENTS AND OPERATING LEASE ARRANGEMENTS

(a) Capital commitments:-

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

Notes to the Financial Statements

(continued)

43. COMMITMENTS AND OPERATING LEASE ARRANGEMENTS (CONTINUED)

(a) Capital commitments:- (continued)

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

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

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

(b) Operating lease arrangements:-

(i) The Group as lessee

The Group leases land, offices and warehouses under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights. Except for a few long-term leases in land, the Group's leases generally range from one to five years. None of the leases included contingent rentals.

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

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

(ii) The Group as lessor

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

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

Notes to the Financial Statements (continued)

43. COMMITMENTS AND OPERATING LEASE ARRANGEMENTS (CONTINUED)

(b) Operating lease arrangements:-(continued)

(ii) The Group as lessor (continued)

Except for one long term lease, the Group's leases for its retail properties generally range from one to five years. The future minimum lease payments receivable relating to retail properties from non-related parties are approximately RM2.7 billion (2015: RM2.7 billion). The Group leases out its hotel properties under operating leases for the lease term of fifteen years. All lease arrangements are provided with a step-up rate of 5% every five years and an option to grant the respective lessees to renew the lease for a further term similar to the original lease agreements. The future minimum lease payments receivable relating to hotel properties from non-related parties are approximately RM451 million (2015: RM493 million).

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

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

The future minimum lease receivables are an estimate as they include minimum lease payments and other elements.

44. SEGMENTAL INFORMATION

The Group has seven reportable segments as described below:-

- (i) Construction
- (ii) Information technology & e-commerce related business
- (iii) Hotel operations
- (iv) Cement manufacturing & trading
- (v) Management services & others
- (vi) Property investment & development
- (vii) Utilities

Management has determined the operating segments based on the reports reviewed by the chief operating decision-maker ("CODM") that are used to make strategic decisions.

The CODM receives separate reports for power generation (contracted), Multi utilities business (merchant), water and sewerage and mobile broadband network, they have been aggregated into one reportable segments (Utilities) as they have similar economic characteristics and those detail segments information disclosed in YTL Power International Berhad's annual report which available for public use.

Although the construction and information technology & e-commerce related business segments do not meet the quantitative thresholds required by FRS 8 for reportable segments, management has concluded that those segments should be reported, as they are closely monitored by CODM as important segments.

Notes to the Financial Statements

(continued)

44. SEGMENTAL INFORMATION (CONTINUED)

The CODM considers the business from both a geographic and business segment perspective. Geographically, management manages and monitors the business in the three primary geographic areas: Malaysia, United Kingdom and Singapore. The details of the geographical segments are disclosed in the below note of the financial statements.

The segment information provided to the CODM for the reportable segments is as follows:-

	Construction RM'000	Information technology & e-commerce related business RM'000	Hotel operations RM'000	Cement manu- facturing & trading RM'000	Management services & others RM'000	Property investment & development RM'000	Utilities RM'000	Total RM'000
2016								
Total revenue	424,477	84,866	886,472	2,820,398	896,337	1,208,913	10,029,820	16,351,283
Inter-segment revenue	(312,066)	(81,395)	(13,499)	(32,134)	(320,984)	(199,486)	(14,214)	(973,778)
External revenue	112,411	3,471	872,973	2,788,264	575,353	1,009,427	10,015,606	15,377,505
Results								
Interest income	5,188	3,187	946	37,459	8,164	7,396	73,624	135,964
Finance costs	(11)	(1)	(18,722)	(47,011)	(393,138)	(209,220)	(649,794)	(1,317,897)
Share of results of associated companies and joint ventures	-	-	3,490	427	(821)	11,472	630,514	645,082
Segment profit before tax	16,989	1,572	2,197	544,806	225,995	440,081	1,030,891	2,262,531
Segment assets								
Investment in associated companies and joint ventures	-	-	33,866	3,133	12,721	43,328	2,127,867	2,220,915
Other segment assets	480,248	121,395	1,403,523	5,777,584	11,936,902	15,800,462	29,525,790	65,045,904
Segment liabilities								
Bonds and Borrowings	1,177	1	775,802	1,217,903	10,505,978	6,749,185	17,812,146	37,062,192
Other segment liabilities	236,254	1,489	212,492	727,256	500,805	471,881	6,042,373	8,192,550
Other segment information								
Capital expenditure	9,388	502	145,175	380,486	30,498	100,557	1,654,596	2,321,202
Impairment/(write back)	14,587	(23)	31,538	20,760	857	41,851	(74,859)	34,711
Depreciation and amortisation	9,857	573	29,828	234,247	17,476	96,826	1,313,272	1,702,079

Notes to the Financial Statements

(continued)

44. SEGMENTAL INFORMATION (CONTINUED)

The segment information provided to the CODM for the reportable segments is as follows:- (continued)

	Construction RM'000	Information technology & e-commerce related business RM'000	Hotel operations RM'000	Cement manu- facturing & trading RM'000	Management services & others RM'000	Property investment & development RM'000	Utilities RM'000	Total RM'000
2015								
Total revenue	296,156	87,532	769,660	2,888,444	838,850	1,100,272	11,689,395	17,670,309
Inter-segment revenue	(211,095)	(81,360)	(9,448)	(31,262)	(378,837)	(196,809)	(6,772)	(915,583)
External revenue	85,061	6,172	760,212	2,857,182	460,013	903,463	11,682,623	16,754,726
Results								
Interest income	4,043	4,553	2,852	25,822	7,174	5,866	28,131	78,441
Finance costs	(6)	(6)	(13,191)	(21,742)	(375,038)	(166,158)	(589,124)	(1,165,265)
Share of results of associated companies and joint ventures	–	–	3,109	12	(921)	6,981	288,069	297,250
Segment profit before tax	1,825	3,003	19,676	604,040	5,998	468,639	1,220,156	2,323,337
2015 – restated								
Segment assets								
Investment in associated companies and joint ventures	–	–	33,545	2,600	12,693	31,853	1,816,264	1,896,955
Other segment assets	615,753	149,191	1,208,477	5,629,809	12,470,057	14,787,378	29,951,036	64,811,701
Segment liabilities								
Bonds and Borrowings	85	62	620,466	1,133,918	10,395,110	6,271,038	19,061,857	37,482,536
Other segment liabilities	179,803	3,251	177,744	790,582	296,700	455,502	6,549,541	8,453,123
Other segment information								
Capital expenditure	20,611	451	137,665	454,120	10,136	951,420	1,727,062	3,301,465
Impairment/(write back)	–	27	(12,798)	3,726	1,048	117	69,393	61,513
Depreciation and amortisation	10,625	622	20,865	198,586	12,032	95,190	1,451,071	1,788,991

Notes to the Financial Statements

(continued)

44. SEGMENTAL INFORMATION (CONTINUED)

(b) Geographical information

The Group's seven business segments operate in four main geographical areas:-

- (i) Malaysia
 - Construction
 - Information technology & e-commerce related business
 - Hotel operations
 - Cement manufacturing & trading
 - Management services & others
 - Property investment & development
 - Utilities
- (ii) United Kingdom
 - Utilities
 - Hotel operations
- (iii) Singapore
 - Utilities
 - Cement trading
 - Property investment & development

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

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

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

Notes to the Financial Statements (continued)

44. SEGMENTAL INFORMATION (CONTINUED)

(c) Major customers

The following is the major customer with revenue equal or more than 10 per cent of the Group's revenue:-

	Revenue		Segment
	2016 RM'000	2015 RM'000	
Energy Market Company	2,564,496	3,409,331	Utilities

45. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group and Company make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:-

(a) Estimated impairment of property, plant and equipment

Determining whether the property, plant and equipment are impaired requires an estimation of value in use of the property, plant and equipment. The value in use calculation requires the management to estimate the future cash flows and an appropriate discount rate in order to calculate the present value of future cash flows. The management has evaluated such estimates and is confident that no allowance for impairment is necessary.

The Group management follows its accounting policy set out in Note 2(d) in determining when property, plant and equipment are considered impaired.

Impairment is recognised when events and circumstances indicate that these assets may be impaired and the carrying amount of these assets exceeds the recoverable amounts. In determining the recoverable amount of these assets, certain estimates regarding the cash flows of these assets are made.

(b) Estimated residual value, useful lives and capitalisation of property, plant and equipment

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

(c) Estimated assessment of goodwill

The Group tests goodwill for impairment annually, in accordance with its accounting policy. The recoverable amounts of cash generating units have been determined based on either value-in-use or fair value less costs to sell calculations. These calculations require the use of estimates as set out in Note 18 to the Financial Statements.

Notes to the Financial Statements

(continued)

45. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(d) Property development

The Group recognises property development revenue and expenses in the profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Significant judgement is required in determining the stage of completion, the extent of the property development costs incurred, the estimated total property development revenue and costs, as well as the recoverability of the development projects. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

(e) Construction contracts

The Group uses the percentage-of-completion method in accounting for its contract revenue where it is probable that contract costs are recoverable. The stage of completion is measured by reference to the proportion of contract costs incurred to date to the estimated total costs for the contract.

Significant judgement is required in determining the stage of completion, the extent of the contract costs incurred, the estimated total contract revenue and contract costs, as well as the recoverability of the contracts. Total contract revenue also includes an estimation of the variation works and claims that are recoverable from the customers. In making the judgement, the Group has relied on past experience and the work of specialists.

(f) Impairment of receivables

The Group and the Company assesses at each reporting date whether there is objective evidence that receivables have been impaired. Impairment loss is calculated based on a review of the current status of existing receivables and historical collections experience. Such provisions are adjusted periodically to reflect the actual and anticipated impairment. The carrying amount of the Group's receivables at the reporting date is disclosed in Note 20 to Financial Statements.

(g) Estimation of pension benefits

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

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

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

(h) Consolidation of entities in which the group holds less than 50%.

Management considers that the Group has de facto control of Starhill Global REIT even though it has less than 50% of the voting rights. The Group is the majority shareholder of Starhill Global REIT with a 36.46% (2015 : 36.46%) equity interest, while all other shareholders individually own less than 5% of its equity shares except a shareholder holds 8.26% (2015 : 8.39%). There is no history of other shareholders forming a group to exercise their votes collectively.

Notes to the Financial Statements

(continued)

45. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(i) Assessment of lower of cost and net realisable value for fuel oil inventory

Inventories of fuel and diesel oil are held as regulatory reserve for use in the generation of electricity. These are written down to the net realisable value if the total costs of generating the electricity (include the costs of fuel and diesel oil) exceeds the selling price of the electricity generated. The subsidiary plans its generation mix, including the option of powering the steam plants on fuel oil, according to expected economic return, based on information from both external and internal sources.

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

At the date of authorisation of these financial statements, the following new or revised FRSs, amendments to FRSs and IC Interpretation have been issued but are not yet effective and have not been adopted by the Group and the Company:-

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

The Group and the Company plan to adopt the above pronouncements when they become effective in the respective financial periods. These pronouncements are expected to have no significant impact to the financial statements of the Group and of the Company upon their initial application except for the following:

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

The amendments clarify that:

- gains and losses resulting from transactions involving assets that do not constitute a business, between investor and its associate or joint venture are recognised in the entity's financial statements only to the extent of unrelated investors' interests in the associate or joint venture; and
- gains and losses resulting from transactions involving the sale or contribution to an associate of a joint venture of assets that constitute a business is recognised in full.

Notes to the Financial Statements

(continued)

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

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

The amendments are to be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after 1 January 2016. Earlier application is permitted.

FRS 9: Financial Instruments: Classification and Measurement

FRS 9 replaces the multiple classification and measurement models in FRS 139 Financial instruments: Recognition and measurement with a single model that has initially only two classification categories: amortised cost and fair value.

Classification of debt assets will be driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. A debt instrument is measured at amortised cost if: (a) the objective of the business model is to hold the financial asset for the collection of the contractual cash flows, and (b) the contractual cash flows under the instrument solely represent payments of principal and interest.

All other debt and equity instruments, including investments in complex debt instruments and equity investments, must be recognised at fair value.

All fair value movements on financial assets are taken through the statement of profit or loss, except for equity investments that are not held for trading, which may be recorded in the statement of profit or loss or in reserves (without subsequent recycling to profit or loss).

For financial liabilities that are measured under the fair value option entities will need to recognise the part of the fair value change that is due to changes in their own credit risk in other comprehensive income rather than profit or loss.

The new hedge accounting rules (released in February 2014) align hedge accounting more closely with common risk management practices. As a general rule, it will be easier to apply hedge accounting going forward. The new standard also introduces expanded disclosure requirements and changes in presentation.

In November 2014, the MASB made further changes to the classification and measurement rules and also introduced a new impairment model. With these amendments, MFRS 9 is now complete. The changes introduce:

- a third measurement category (FVOCI) for certain financial assets that are debt instruments
- a new expected credit loss (ECL) model which involves a three-stage approach whereby financial assets move through the three stages as their credit quality changes. The stage dictates how an entity measures impairment losses and applies the effective interest rate method. A simplified approach is permitted for financial assets that do not have a significant financing component (eg trade receivables). On initial recognition, entities will record a day-1 loss equal to the 12 month ECL (or lifetime ECL for trade receivables), unless the assets are considered credit impaired.

The standard is effective for annual periods beginning on or after 1 January 2018. At this stage, the Group does not intend to adopt the standard before its effective date.

Notes to the Financial Statements (continued)

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

Malaysian Financial Reporting Standards ("MFRS") Framework

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the MFRS Framework.

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer (herein called 'Transitioning Entities'). Transitioning Entities are allowed to defer adoption of the MFRS Framework for an additional three years. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2018. Early application of MFRS is permitted.

The Group and the Company fall within the scope definition of Transitioning Entities and have opted to defer adoption of MFRS Framework. Accordingly, the Group and the Company will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the financial year ending 30 June 2019.

The Group and the Company are in the process of assessing the financial effects of the differences between the accounting standards under Financial Reporting Standards and under the MFRS Framework. Based on preliminary assessment, the initial application of the above are expected to have no significant impact on the financial statements of the Group and the Company in the period of initial application except for the following:

MFRS 15: Revenue from contracts with customers and associated amendments to various other standards

The MASB has issued a new standard for the recognition of revenue. This will replace FRS 118 which covers contracts for goods and services and FRS 111 which covers construction contracts.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards.

A new five-step process must be applied before revenue can be recognised:

- identify contracts with customers
- identify the separate performance obligation
- determine the transaction price of the contract
- allocate the transaction price to each of the separate performance obligations, and
- recognise the revenue as each performance obligation is satisfied.

Notes to the Financial Statements

(continued)

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

MFRS 15: Revenue from contracts with customers and associated amendments to various other standards (continued)

Key changes to current practice are:

- Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements.
- Revenue may be recognised earlier than under current standards if the consideration varies for any reasons (such as for incentives, rebates, performance fees, royalties, success of an outcome etc) – minimum amounts must be recognised if they are not at significant risk of reversal.
- The point at which revenue is able to be recognised may shift: some revenue which is currently recognised at a point in time at the end of a contract may have to be recognised over the contract term and vice versa.
- There are new specific rules on licenses, warranties, non-refundable upfront fees and, consignment arrangements, to name a few.
- As with any new standard, there are also increased disclosures.

These accounting changes may have flow-on effects on the entity's business practices regarding systems, processes and controls, compensation and bonus plans, contracts, tax planning and investor communications.

The standard is effective for annual periods beginning on or after 1 January 2018. At this stage, the Group does not intend to adopt the standard before its effective date.

MFRS 16: Leases

MFRS 16 was issued in 16 April 2016. It will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of RM900 million, see Note 43(b) of the Financial Statements. However, the Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Company's profit and classification of cash flows.

Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under MFRS 16.

The standard is effective for annual periods beginning on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date.

Notes to the Financial Statements

(continued)

47. CORPORATE PROPOSALS

- i. On 14 June 2013, Pintar Projek Sdn Bhd., as the Manager for YTL Hospitality REIT proposed to undertake the following proposals:-
 - (a) Placement of new units in YTL Hospitality REIT ("Placement Units"), at a price to be determined later, to raise gross proceeds of up to RM800 million to partially repay YTL Hospitality REIT's borrowings and reduce its gearing level ("Placement"); and
 - (b) Increase in the existing approved fund size of YTL Hospitality REIT from 1,324,388,889 units up to a maximum of 2,125,000,000 units to facilitate the issuance of the Placement Units pursuant to the Placement ("Increase in Fund Size"); and

On 28 June 2013, the Company accepted the YTL Hospitality REIT's conditional invitation to subscribe for the Placement Units of up to RM310 million in value ("Subscription").

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

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

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

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

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

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

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

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

Notes to the Financial Statements

(continued)

48. MATERIAL LITIGATIONS

- i. During the previous financial year, a foreign subsidiary of the Group commenced proceedings in court against two customers to recover monies due to the subsidiary under contract, following termination of their electricity retail contracts. The customers have filed their defence and counterclaims, and the matter is now awaiting trial.

Based on legal advice sought by the board, the subsidiary has strong prospects of succeeding in its claim and the customers are highly unlikely to succeed in their counterclaims. Thus, no provision has been made for potential losses that may arise from the counterclaims.

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

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

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

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

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

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

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

Notes to the Financial Statements

(continued)

49. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise its shareholders value.

The Group manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. There were no changes in the Group's approach to capital management during the year.

The Group monitors capital using a debt-to-equity ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, total borrowings less cash and cash equivalents. Capital includes equity attributable to the owners of the parent.

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

Under the requirement of Bursa Malaysia Securities Berhad Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity equal to or not less than the 25 percent of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less RM40 million. The Company has complied with this requirement.

Notes to the Financial Statements

(continued)

50. PRIOR YEAR ADJUSTMENTS

(a) Understatement of provision for liabilities and charges

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

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

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

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

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

51. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

The financial statements have been authorised for issue in accordance with a resolution of the Board of Directors on 22 September 2016.

Supplementary Information

Disclosed Pursuant To Bursa Malaysia Securities Berhad Listing Requirement

The breakdown of the retained earnings of the Group and of the Company as at 30 June 2016 into realised and unrealised profits/ (losses) is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Listing Requirements of Bursa Malaysia Securities Berhad, as issued by the Malaysian Institute of Accountants.

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

Form of Proxy

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

NRIC/Company No. (New) _____ (Old) _____

CDS Account No. (for nominee companies only) _____

of (full address) _____

being a member of **YTL Corporation Berhad** hereby appoint (full name as per NRIC in block letters) _____

NRIC No. (New) _____ (Old) _____

of (full address) _____

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the 33rd Annual General Meeting of the Company to be held at Majestic Ballroom, Level 2, The Majestic Hotel Kuala Lumpur, 5 Jalan Sultan Hishamuddin, 50000 Kuala Lumpur on Tuesday, 22 November 2016 at 12.45 p.m. and at any adjournment thereof.

My/Our proxy is to vote as indicated below:-

NO.	RESOLUTIONS	FOR	AGAINST
1.	Re-election of Dato' Yeoh Seok Kian		
2.	Re-election of Dato' Yeoh Soo Keng		
3.	Re-election of Dato' Mark Yeoh Seok Kah		
4.	Re-election of Dato' Ahmad Fuaad Bin Mohd Dahalan		
5.	Re-appointment of Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay		
6.	Re-appointment of Eu Peng Meng @ Leslie Eu		
7.	Approval of the payment of Directors' fees		
8.	Re-appointment of Messrs HLB Ler Lum as Company Auditors		
9.	Approval for Dato' Cheong Keap Tai to continue in office as Independent Non-Executive Director		
10.	Approval for Eu Peng Meng @ Leslie Eu to continue in office as Independent Non-Executive Director		
11.	Authorisation for Directors to Allot and Issue Shares		
12.	Proposed Renewal of Share Buy-Back Authority		
13.	Proposed Renewal of Shareholder Mandate for Existing Recurrent Related Party Transactions and Proposed New Shareholder Mandate for Additional Recurrent Related Party Transactions of a Revenue or Trading Nature		

Number of shares held

Signed this _____ day of _____ 2016

Signature _____

Fold this flap for sealing

Notes:-

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

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AFFIX
STAMP

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

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