

Company No: 92647-H

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
30 JUNE 2015

Company No: 92647-H

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

CORPORATE INFORMATION

Board of Directors

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

Company Secretary

- Ho Say Keng (MIA 3708)

Auditors

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

Country of Domicile

- Malaysia

Registered Office

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

Business Office

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

Company No: 92647-H

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

**REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015**

Contents

	Page(s)
Directors' Report	1 - 16
Statement by Directors	17
Statutory Declaration	17
Independent Auditors' Report	18-20
Income Statements	21
Statements of Comprehensive Income	22
Statements of Financial Position	23 - 25
Statements of Changes in Equity	26- 28
Statements of Cash Flows	29 - 32
Notes to the Financial Statements	33 - 213
Supplementary Information – Breakdown of Retained Earnings into Realised and Unrealised	214

Company No: 92647-H

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

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 2015.

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	<u>1,721,032</u>	<u>1,646,083</u>
Attributable to :-		
Owners of the parent	1,017,645	1,646,083
Non-controlling interests	<u>703,387</u>	<u>-</u>
	<u>1,721,032</u>	<u>1,646,083</u>

DIVIDENDS

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

	RM'000
In respect of the financial year ended 30 June 2014:-	
A third interim single tier dividend of 95% or 9.5 sen per ordinary share of 10 sen each paid on 14 November 2014	<u>984,541</u>

The Board of Directors does not recommend the payment of a final dividend for the financial year ended 30 June 2015.

On 20 August 2015, 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 2015. The book closure and payment dates in respect of the aforesaid dividend are 7 October 2015 and 23 October 2015, respectively.

RESERVES AND PROVISIONS

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

Company No: 92647-H

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

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 25 November 2014. 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	Financial Year
	1.4.2011	30.6.2015
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 Director	Number of share options			
	<----- over ordinary shares of RM0.10 each ----->			
	Balance at 1.7.2014	Granted	Exercised	Balance at 30.6.2015
Dato' (Dr) Yahya Bin Ismail	1,000,000	-	-	1,000,000
Dato' Chong Keap Thai @ Cheong Keap Tai	1,000,000	-	-	1,000,000
Eu Peng Meng @ Leslie Eu	1,000,000	-	-	1,000,000

Company No: 92647-H

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

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

DIRECTORS' INTERESTS

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

The Company

	<----- Number of ordinary shares of RM0.10 each ----->			
	Balance at 1.7.2014	Acquired	Disposed	Balance at 30.6.2015
<i>Direct interests</i>				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	90,561,164	-	-	90,561,164
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	133,001,216	-	-	133,001,216
Dato' Yeoh Seok Kian	55,481,889	-	-	55,481,889
Dato' (Dr) Yahya Bin Ismail	480,000	-	(82,000)	398,000
Dato' Yeoh Soo Min	51,797,932	-	-	51,797,932
Dato' Yeoh Seok Hong	44,535,079	-	-	44,535,079
Dato' Sri Michael Yeoh Sock Siong	53,652,534	-	-	53,652,534
Dato' Yeoh Soo Keng	53,916,634	-	-	53,916,634
Dato' Mark Yeoh Seok Kah	20,081,152	-	-	20,081,152
Syed Abdullah Bin Syed Abd. Kadir	9,304,133	-	-	9,304,133

Company No: 92647-H

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT - (Continued)

The Company

	<----- Number of ordinary shares of RM0.10 each ----->			
	Balance at 1.7.2014	Acquired	Disposed	Balance at 30.6.2015
<i>Deemed interests</i>				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	5,087,101,282 ⁽¹⁾⁽²⁾	93,105,949	-	5,180,207,231 ⁽¹⁾⁽²⁾
Dato' Yeoh Seok Kian	7,844,248 ⁽¹⁾	600,000	-	8,444,248 ⁽¹⁾
Dato' (Dr) Yahya Bin Ismail	517,418 ⁽¹⁾	-	(35,000)	482,418 ⁽¹⁾
Dato' Yeoh Soo Min	1,525,605 ⁽¹⁾⁽⁵⁾	-	-	1,525,605 ⁽¹⁾⁽⁵⁾
Dato' Yeoh Seok Hong	23,549,759 ⁽¹⁾	-	-	23,549,759 ⁽¹⁾
Dato' Sri Michael Yeoh Sock Siong	19,332,622 ⁽¹⁾	-	-	19,332,622 ⁽¹⁾
Dato' Yeoh Soo Keng	758,214 ⁽¹⁾	-	-	758,214 ⁽¹⁾
Dato' Mark Yeoh Seok Kah	4,005,597 ⁽¹⁾	-	-	4,005,597 ⁽¹⁾
Syed Abdullah Bin Syed Abd. Kadir	19,642 ⁽¹⁾	-	-	19,642 ⁽¹⁾

The Company

	Number of share options <----- over ordinary shares of RM0.10 each ----->			
	Balance at 1.7.2014	Granted	Exercised	Balance at 30.6.2015
<i>Direct interests</i>				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	7,000,000	-	-	7,000,000
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	7,000,000	-	-	7,000,000
Dato' Yeoh Seok Kian	5,000,000	-	-	5,000,000
Dato' (Dr) Yahya Bin Ismail	1,000,000	-	-	1,000,000

Company No: 92647-H

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT - (Continued)

The Company

	Number of share options			
	<----- over ordinary shares of RM0.10 each ----->			
	Balance at 1.7.2014	Granted	Exercised	Balance at 30.6.2015
<i>Direct interests</i>				
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
<i>Deemed interests</i>				
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⁾

Company No: 92647-H

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT - (Continued)

Holding company

- *Yeoh Tiong Lay & Sons Holdings Sdn. Bhd.*

	<----- Number of ordinary shares of RM1.00 each ----->			
	Balance at 1.7.2014	Acquired	Disposed	Balance at 30.6.2015
<i>Direct interests</i>				
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⁾
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Subsidiaries

- *YTL Cement Berhad*

	<----- Number of ordinary shares of RM0.50 each ----->			
	Balance at 1.7.2014	Acquired	Disposed	Balance at 30.6.2015
<i>Deemed interests</i>				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	737,620,570 ⁽³⁾	40,703	-	737,661,273 ⁽³⁾

Company No: 92647-H

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT - (Continued)

Subsidiaries

- YTL Cement Berhad

	Number of Irredeemable Convertible			
	<----- Unsecured Loan Stocks 2005/2015 ----->			
	Balance at 1.7.2014	Acquired	Converted/ Disposed	Balance at 30.6.2015
<i>Deemed interests</i>				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	10,000 ⁽⁷⁾	6,240	(16,240)	-

Subsidiaries

- YTL Power International Berhad

	<----- Number of ordinary shares of RM0.50 each ----->			
	Balance at 1.7.2014	Acquired	Disposed	Balance at 30.6.2015
<i>Direct interests</i>				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	21,399,262	-	-	21,399,262
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	992,291	13,726,922	-	14,719,213
Dato' Yeoh Seok Kian	6,706,098	3,698,792	-	10,404,890
Dato' (Dr) Yahya Bin Ismail	283,500	-	-	283,500

Company No: 92647-H

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT - (Continued)

Subsidiaries

- YTL Power International Berhad

	<----- Number of ordinary shares of RM0.50 each ----->			
	Balance at 1.7.2014	Acquired	Disposed	Balance at 30.6.2015
<i>Direct interests</i>				
Dato' Yeoh Soo Min	13,408,430	3,454,000	-	16,862,430
Dato' Yeoh Seok Hong	28,885,780	11,959,436	-	40,845,216
Dato' Sri Michael Yeoh Sock Siong	7,981,831	6,073,302	-	14,055,133
Dato' Yeoh Soo Keng	8,485,865	5,180,386	-	13,666,251
Dato' Mark Yeoh Seok Kah	8,049,216	1,338,743	-	9,387,959
Syed Abdullah Bin Syed Abd. Kadir	2,381,613	-	-	2,381,613
<i>Deemed interests</i>				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	4,214,556,386 ⁽¹⁾⁽⁴⁾	69,825,000	(22,000)	4,284,359,386 ⁽¹⁾⁽⁴⁾
Dato' Yeoh Seok Kian	2,037,210 ⁽¹⁾	1,182,949	-	3,220,159 ⁽¹⁾
Dato' (Dr) Yahya Bin Ismail	40,540 ⁽¹⁾	-	-	40,540 ⁽¹⁾
Dato' Yeoh Soo Min	3,447,595 ⁽¹⁾⁽⁵⁾	306,893	-	3,754,488 ⁽¹⁾⁽⁵⁾
Dato' Yeoh Seok Hong	3,445,237 ⁽¹⁾	1,571,981	(2,000)	5,015,218 ⁽¹⁾
Dato' Sri Michael Yeoh Sock Siong	1,070,255 ⁽¹⁾	1,587,797	-	2,658,052 ⁽¹⁾
Dato' Yeoh Soo Keng	140,175 ⁽¹⁾	-	-	140,175 ⁽¹⁾
Dato' Mark Yeoh Seok Kah	1,148,281 ⁽¹⁾	267,039	-	1,415,320 ⁽¹⁾
Syed Abdullah Bin Syed Abd. Kadir	550 ⁽¹⁾	-	-	550 ⁽¹⁾

Company No: 92647-H

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT - (Continued)

Subsidiaries

- YTL Power International Berhad

	<----- Number of Warrants 2008/2018 ----->			
	Balance at 1.7.2014	Acquired	Exercised/ Disposed	Balance at 30.6.2015
<i>Direct interests</i>				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	6,037,432	-	(6,037,432)	-
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	13,726,922	-	(13,726,922)	-
Dato' Yeoh Seok Kian	3,698,792	-	(3,698,792)	-
Dato' Yeoh Soo Min	3,454,000	-	(3,454,000)	-
Dato' Yeoh Seok Hong	2,969,004	-	(2,969,004)	-
Dato' Sri Michael Yeoh Sock Siong	6,073,302	-	(6,073,302)	-
Dato' Yeoh Soo Keng	5,180,386	-	(5,180,386)	-
Dato' Mark Yeoh Seok Kah	1,338,743	-	(1,338,743)	-
<i>Deemed interests</i>				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	519,265,210 ⁽¹⁾⁽⁶⁾	69,707,061	(2,953,000)	586,019,271 ⁽⁶⁾
Dato' Yeoh Seok Kian	282,949 ⁽¹⁾	-	(282,949)	-
Dato' Yeoh Soo Min	308,893 ⁽¹⁾⁽⁵⁾	-	(306,893)	2,000 ⁽¹⁾
Dato' Yeoh Seok Hong	1,569,981 ⁽¹⁾	-	(1,569,981)	-
Dato' Sri Michael Yeoh Sock Siong	1,587,797 ⁽¹⁾	-	(1,587,797)	-
Dato' Yeoh Soo Keng	87,054 ⁽¹⁾	-	-	87,054 ⁽¹⁾
Dato' Mark Yeoh Seok Kah	267,039 ⁽¹⁾	-	(267,039)	-

Company No: 92647-H

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT - (Continued)

Subsidiaries

- YTL Power International Berhad

	Number of share options <----- over ordinary shares of RM0.50 each ----->			Balance at 30.6.2015
	Balance at 1.7.2014	Granted	Exercised	
<i>Direct interests</i>				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	7,000,000	-	-	7,000,000
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	7,000,000	-	-	7,000,000
Dato' Yeoh Seok Kian	5,000,000	-	-	5,000,000
Dato' (Dr) Yahya Bin Ismail	1,000,000	-	-	1,000,000
Dato' Yeoh Soo Min	3,000,000	-	-	3,000,000
Dato' Yeoh Seok Hong	5,000,000	-	-	5,000,000
Dato' Sri Michael Yeoh Sock Siong	5,000,000	-	-	5,000,000
Dato' Yeoh Soo Keng	3,000,000	-	-	3,000,000
Dato' Mark Yeoh Seok Kah	5,000,000	-	-	5,000,000
Syed Abdullah Bin Syed Abd. Kadir	3,000,000	-	-	3,000,000
<i>Deemed interests</i>				
Dato' Yeoh Seok Hong	500,000 ⁽¹⁾	-	-	500,000 ⁽¹⁾

Subsidiaries

- YTL Land & Development Berhad

	Number of ordinary shares of RM0.50 each ----->			Balance at 30.6.2015
	Balance at 1.7.2014	Acquired	Disposed	
<i>Direct interests</i>				
Dato' Yeoh Seok Kian	61,538	-	-	61,538
Dato' Yeoh Soo Keng	100,000	-	-	100,000
<i>Deemed interests</i>				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	497,846,293 ⁽⁶⁾	61,130,241	-	558,976,534 ⁽⁶⁾
Dato' Yeoh Soo Min	625,582 ⁽⁵⁾	-	-	625,582 ⁽⁵⁾

Company No: 92647-H

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT - (Continued)

Subsidiaries

- YTL Land & Development Berhad

	Number of Irredeemable Convertible			
	<-- Unsecured Loan Stocks 2011/2021 of RM0.50 each -->			
	Balance at 1.7.2014	Acquired	Converted/ Disposed	Balance at 30.6.2015
<i>Direct interests</i>				
Dato' Yeoh Seok Kian	37,000	-	-	37,000
Dato' Yeoh Soo Keng	60,000	-	-	60,000
<i>Deemed interests</i>				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	793,717,049 ⁽⁶⁾	-	-	793,717,049 ⁽⁶⁾

Subsidiaries

- YTL e-Solutions Berhad

	<----- Number of ordinary shares of RM0.10 each ----->			
	Balance at 1.7.2014	Acquired	Disposed	Balance at 30.6.2015
<i>Direct interests</i>				
Dato' Yeoh Soo Keng	500,000	-	-	500,000
Syed Abdullah Bin Syed Abd. Kadir	300,000	-	-	300,000
<i>Deemed interests</i>				
Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	999,172,000 ⁽⁶⁾	-	-	999,172,000 ⁽⁶⁾
Dato' Yeoh Soo Min	1,053,800 ⁽⁵⁾	-	-	1,053,800 ⁽⁵⁾
Dato' Sri Michael Yeoh Sock Siong	1,905,500 ⁽¹⁾	-	-	1,905,500 ⁽¹⁾

Company No: 92647-H

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT - (Continued)

Subsidiaries

*- YTL Corporation (UK) PLC**

<----- Number of ordinary shares of £0.25 each ----->

Balance at 1.7.2014	Acquired	Disposed	Balance at 30.6.2015
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Direct interests

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

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

<----- Number of ordinary shares of RM1.00 each ----->

Balance at 1.7.2014	Acquired	Disposed	Balance at 30.6.2015
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Direct interests

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

Subsidiaries

- YTL Construction (Thailand) Limited⁺

<----- Number of ordinary shares of THB100 each ----->

Balance at 1.7.2014	Acquired	Disposed	Balance at 30.6.2015
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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

Company No: 92647-H

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT - (Continued)

- *Samui Hotel 2 Co., Ltd* ⁺

	<----- Number of ordinary shares of THB10 each ----->			
	Balance at 1.7.2014	Acquired	Disposed	Balance at 30.6.2015
<i>Direct interests</i>				
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	1	-	-	1
Dato' Mark Yeoh Seok Kah	1	-	-	1

⁺*Incorporated in Thailand*

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

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

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

Company No: 92647-H

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT - (Continued)

DIRECTORS' BENEFITS

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

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

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

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

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

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

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

Company No: 92647-H

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT - (Continued)

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

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

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

OTHER STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

The Directors state that:-

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

In their opinion,

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

HOLDING COMPANY

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

Company No: 92647-H

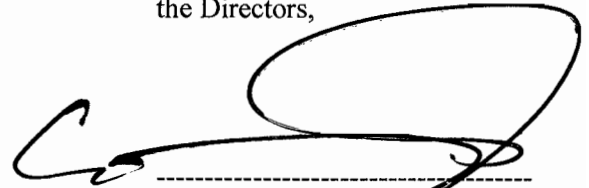
YTL CORPORATION BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT - (Continued)

AUDITORS

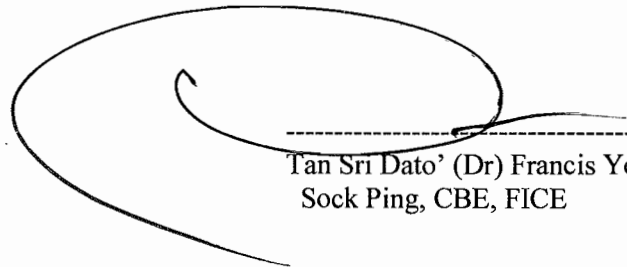
The auditors, Messrs. HLB Ler Lum, Chartered Accountants, have expressed their willingness to continue in office.

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



Tan Sri Dato' Seri (Dr) Yeoh
Tiong Lay

Dated : 09 OCT 2015



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

Company No: 92647-H

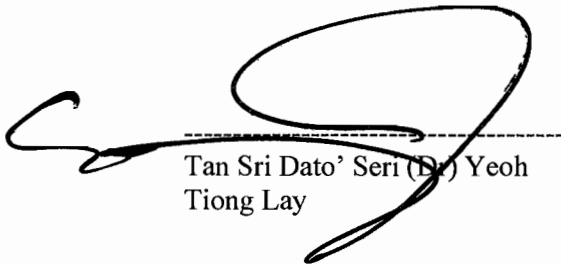
YTL CORPORATION BERHAD
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

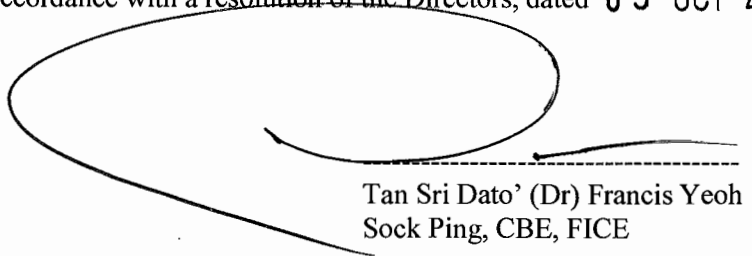
We, TAN SRI DATO' SERI (DR) YEOH TIONG LAY and TAN SRI DATO' (DR) FRANCIS YEOH SOCK PING, CBE, FICE, being two of the Directors of YTL CORPORATION BERHAD, do hereby state that, in the opinion of the Directors, the accompanying financial statements are drawn up in accordance with Financial Reporting Standards 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 2015 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 09 OCT 2015



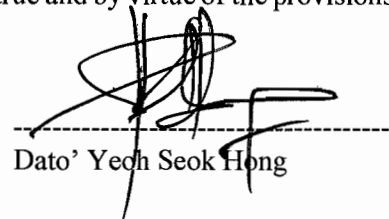
Tan Sri Dato' Seri (Dr) Yeoh
Tiong Lay



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

STATUTORY DECLARATION

I, DATO' YEOH SEOK HONG, 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.



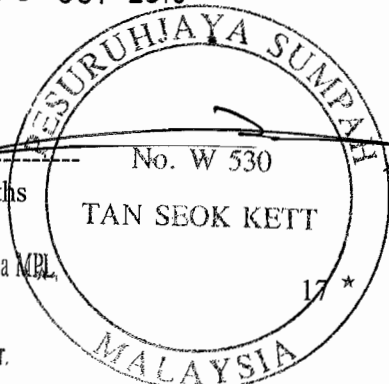
Dato' Yeoh Seok Hong

Subscribed and solemnly declared by the abovenamed
DATO' YEOH SEOK HONG
at Kuala Lumpur on 09 OCT 2015

Before me:

Commissioner for Oaths

Lot 350, 3rd Floor, Wisma MBL,
Jalan Raja Chulan,
50200 Kuala Lumpur.



Company No: 92647-H

**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 2015 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 21 to 213.

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 2015 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.

Company No: 92647-H

**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

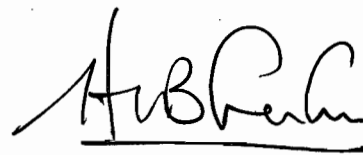
The supplementary information set out on page 214 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 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.

Company No: 92647-H

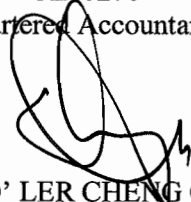
**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
YTL CORPORATION BERHAD - (Continued)**

Other Matters

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



HLB LER LUM
AF 0276
Chartered Accountants



DATO' LER CHENG CHYE
871/3/17(J/PH)
Chartered Accountant

Dated : 9 October 2015
Kuala Lumpur

Company No: 92647-H

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

INCOME STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

		Group		Company	
		2015	2014	2015	2014
	Note	RM'000	RM'000	RM'000	RM'000
Revenue	3	16,754,726	19,269,237	1,851,194	288,376
Cost of sales	4	(12,186,243)	(14,424,659)	-	-
Gross profit		4,568,483	4,844,578	1,851,194	288,376
Other operating income		452,119	850,544	5,497	31,592
Selling and distribution costs		(353,163)	(342,977)	-	-
Administration expenses		(1,231,379)	(1,254,101)	(72,131)	(53,295)
Other operating expenses		(244,708)	(412,367)	-	-
Finance costs	5	(1,165,265)	(1,123,749)	(121,085)	(116,629)
Share of results of associated companies and joint ventures, net of tax		297,250	249,671	-	-
Profit before tax	6	2,323,337	2,811,599	1,663,475	150,044
Income tax expenses	7	(602,305)	(206,669)	(17,392)	(46,326)
Profit for the year		<u>1,721,032</u>	<u>2,604,930</u>	<u>1,646,083</u>	<u>103,718</u>
Attributable to :-					
Owners of the parent		1,017,645	1,554,980	1,646,083	103,718
Non-controlling interests		703,387	1,049,950	-	-
		<u>1,721,032</u>	<u>2,604,930</u>	<u>1,646,083</u>	<u>103,718</u>
Earnings per share (sen)					
Basic	8	<u>9.80</u>	<u>15.00</u>		
Diluted	8	<u>9.80</u>	<u>15.00</u>		
Dividend per ordinary shares (sen)	9	<u>9.50</u>	<u>2.50</u>		

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

Company No: 92647-H

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Profit for the year	1,721,032	2,604,930	1,646,083	103,718
Other comprehensive income/(loss):				
Items that may not be reclassified subsequently to income statement:				
- remeasurement of post-employment benefit obligations	(103,885)	51,679	-	-
Items that may be reclassified subsequently to income statement:				
- available-for-sale financial assets				
- fair value changes	(313)	3,338	826	29,099
- reclassification	-	-	(1,048)	(28,700)
- cash flow hedges	(344,103)	19,138	-	-
- foreign currency translation	1,459,448	696,561	-	-
Other comprehensive income/(loss) for the year, net of tax	1,011,147	770,716	(222)	399
Total comprehensive income for the year	2,732,179	3,375,646	1,645,861	104,117
Total comprehensive income attributable to :-				
Owners of the parent	1,536,972	1,977,071	1,645,861	104,117
Non-controlling interests	1,195,207	1,398,575	-	-
	2,732,179	3,375,646	1,645,861	104,117

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

Company No: 92647-H

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2015

		Group		Company	
		2015	2014	2015	2014
	Note	RM'000	RM'000	RM'000	RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	10	27,569,745	25,314,106	3,206	3,256
Investment properties	11	9,014,876	7,586,285	-	-
Development expenditures	12	825,026	940,529	-	-
Investment in subsidiaries	13	-	-	7,650,302	6,123,489
Investment in associated companies	14	1,862,200	1,649,437	205,241	205,241
Joint ventures	15	34,755	26,312	-	-
Investments	16	262,342	192,605	31,848	31,640
Intangible assets	18	5,560,416	5,013,992	-	-
Biological assets	19	1,798	1,798	-	-
Trade and other receivables	20	287,445	576,776	-	-
Other non-current assets	23	32,558	60,965	-	-
Derivative financial instruments	24	53,792	19,848	-	-
		<u>45,504,953</u>	<u>41,382,653</u>	<u>7,890,597</u>	<u>6,363,626</u>
Current assets					
Inventories	21	770,212	773,878	-	-
Property development costs	22	1,883,184	1,530,598	-	-
Trade and other receivables	20	3,420,880	2,966,771	15,475	17,953
Other current assets	23	224,425	485,059	178	392
Derivative financial instruments	24	85,243	30,590	-	-
Income tax assets		19,168	4,661	23,452	18,433
Amounts due from related parties	26	42,634	42,173	960,650	2,251,775
Short term investments	27	632,106	609,531	632,106	609,531
Fixed deposits	17	13,318,448	11,907,881	1,223,338	1,284,720
Cash and bank balances	17	798,158	1,308,615	3,154	228,839
		<u>21,194,458</u>	<u>19,659,757</u>	<u>2,858,353</u>	<u>4,411,643</u>
Total assets		<u>66,699,411</u>	<u>61,042,410</u>	<u>10,748,950</u>	<u>10,775,269</u>

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

Company No: 92647-H

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2015 - (Continued)

		Group		Company	
		2015	2014	2015	2014
	Note	RM'000	RM'000	RM'000	RM'000
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	28	1,079,399	1,073,893	1,079,399	1,073,893
Share premium	29	2,069,188	1,987,700	2,069,188	1,987,700
Other reserves	29	489,086	(111,478)	48,690	33,659
Retained earnings		11,591,646	12,033,219	5,157,833	4,496,291
Treasury shares, at cost	28	(596,574)	(596,570)	(596,574)	(596,570)
		<u>14,632,745</u>	<u>14,386,764</u>	<u>7,758,536</u>	<u>6,994,973</u>
Non-controlling interests		6,163,877	5,392,919	-	-
Total equity		<u>20,796,622</u>	<u>19,779,683</u>	<u>7,758,536</u>	<u>6,994,973</u>
Non-current liabilities					
Long term payables	30	845,610	644,071	-	-
Other non-current liabilities	31	67,696	67,696	-	-
Bonds	32	16,555,979	14,319,274	1,500,000	1,500,000
Borrowings	33	16,503,667	13,869,725	200,244	340
Grants and contributions	34	413,485	347,207	-	-
Deferred tax liabilities	35	2,403,899	2,275,723	100	100
Post-employment benefit obligations	36	743,365	553,780	-	-
Derivative financial instruments	24	136,223	10,754	-	-
Total non-current liabilities		<u>37,669,924</u>	<u>32,088,230</u>	<u>1,700,344</u>	<u>1,500,440</u>

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

Company No: 92647-H

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2015 - (Continued)

		Group		Company	
	Note	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Current liabilities					
Trade and other payables	37	3,165,615	3,253,302	12,490	12,469
Other current liabilities	38	14,687	91,938	-	-
Derivative financial instruments	24	304,311	77,831	-	-
Amounts due to related parties	26	10,132	6,559	9,911	999,716
Bonds	32	348,390	1,518,590	-	-
Borrowings	33	4,074,500	3,877,519	1,267,294	1,267,341
Provision for liabilities and charges	39	59,695	27,302	-	-
Post-employment benefit obligations	36	5,720	4,606	375	330
Income tax liabilities		249,815	316,850	-	-
Total current liabilities		<u>8,232,865</u>	<u>9,174,497</u>	<u>1,290,070</u>	<u>2,279,856</u>
Total liabilities		<u>45,902,789</u>	<u>41,262,727</u>	<u>2,990,414</u>	<u>3,780,296</u>
Total equity and liabilities		<u>66,699,411</u>	<u>61,042,410</u>	<u>10,748,950</u>	<u>10,775,269</u>

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

Group - 2015

Group - 2015	<----- Attributable to Owners of the Parent ----->						
	<----- Non-distributable ----->		<----- Distributable ----->			Non-	
	Share capital RM'000	Share premium RM'000	Other reserves RM'000	Retained earnings RM'000	Treasury shares RM'000	controlling interests RM'000	Total equity RM'000
At 1 July 2014	1,073,893	1,987,700	(111,478)	12,033,219	(596,570)	5,392,919	19,779,683
Profit for the year	-	-	-	1,017,645	-	703,387	1,721,032
Other comprehensive income/(loss) for the year	-	-	578,288	(58,961)	-	491,820	1,011,147
Total comprehensive income for the year	-	-	578,288	958,684	-	1,195,207	2,732,179
Changes in composition of the Group	-	-	-	(415,738)	-	273,405	(142,333)
Conversion of ICULS	-	-	(29)	-	-	-	(29)
Dividends paid	-	-	-	(984,541)	-	(697,654)	(1,682,195)
Issue of share capital	5,506	81,488	-	-	-	-	86,994
Share option lapsed	-	-	(22)	22	-	-	-
Share option expenses by subsidiary	-	-	7,074	-	-	-	7,074
Share option expenses	-	-	15,253	-	-	-	15,253
Treasury shares	-	-	-	-	(4)	-	(4)
At 30 June 2015	1,079,399	2,069,188	489,086	11,591,646	(596,574)	6,163,877	20,796,622

26

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015- (Continued)

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

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

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015- (Continued)

Company	Share capital RM'000	<- Non-distributable->		<---- Distributable ---->		Total RM'000
		Share premium RM'000	Other reserves RM'000	Retained earnings RM'000	Treasury shares RM'000	
Balance at 1 July 2013	1,073,893	1,987,700	17,560	4,651,693	(593,339)	7,137,507
Profit for the year	-	-	-	103,718	-	103,718
Other comprehensive income	-	-	399	-	-	399
Total comprehensive income	-	-	399	103,718	-	104,117
Dividends paid	-	-	-	(259,120)	-	(259,120)
Treasury shares	-	-	-	-	(3,231)	(3,231)
Share option expenses	-	-	15,700	-	-	15,700
Balance at 30 June 2014	1,073,893	1,987,700	33,659	4,496,291	(596,570)	6,994,973
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
Balance at 30 June 2015	1,079,399	2,069,188	48,690	5,157,833	(596,574)	7,758,536

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

Company No: 92647-H

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities				
Profit before tax	2,323,337	2,811,599	1,663,475	150,044
Adjustments for :-				
Adjustment on fair value of investment properties	(38,414)	(447,530)	-	-
Write back for fuel cost	(9,949)	(559)	-	-
Allowance/(write back) for inventories obsolescence	4,724	(1,180)	-	-
Amortisation of deferred income	(4,142)	(3,399)	-	-
Amortisation of grants and contributions	(10,042)	(9,757)	-	-
Amortisation of other intangible assets	72,448	47,776	-	-
Bad debts recovered	(185)	-	-	-
Bad debts written off	7,576	831	5,965	-
Depreciation	1,709,180	1,561,281	837	862
Dividend income	(1,488)	(2,089)	(1,764,040)	(204,258)
Fair value changes of derivatives	(71,122)	(55,459)	-	-
Gain on derecognition of financial assets	-	-	-	(28,054)
Gain on derecognition of associated companies	-	(61,580)	-	-
Gain on disposal of investments	(383)	(6,793)	(1,101)	(880)
Gain on disposal of investment properties	(164)	(999)	-	-
(Gain)/loss on disposal of property, plant and equipment	(29,798)	(6,402)	12	1
Gain on redemption of financial assets	-	(768)	-	-
Impairment losses	61,513	290,269	1,049	359
Ineffective portion on cash flow hedges	-	(2,290)	-	-
Interest expense	1,165,265	1,123,749	121,085	116,629
Interest income	(258,889)	(211,244)	(86,925)	(84,075)
Balance carried forward	4,919,467	5,025,456	(59,643)	(49,372)

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

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 - (Continued)

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Balance brought forward	4,919,467	5,025,456	(59,643)	(49,372)
Property, plant and equipment written off	15,275	13,366	-	-
Provision for post-employment benefit	66,780	61,197	-	-
Provision for liabilities and charges	31,113	24,064	-	-
Share option expenses	17,144	18,838	6,659	6,678
Share of results of associated companies and joint ventures	(297,250)	(249,671)	-	-
Unrealised loss/(gain) on foreign exchange - net	10,489	(25,720)	-	-
Operating profit/(loss) before changes in working capital	4,763,018	4,867,530	(52,984)	(42,694)
Changes in working capital:-				
Inventories	54,446	90,017	-	-
Property development costs	(218,229)	(101,222)	-	-
Receivables	122,454	588,381	2,239	468
Other assets	135,673	6,258	-	-
Other liabilities	(188,385)	100,071	-	-
Payables	(432,788)	(38,700)	65	(2,270)
Related parties balances	(3,112)	(27)	43,217	94,218
Cash generated from/(used in) operations	4,233,077	5,512,308	(7,463)	49,722
Dividends received	656,435	302,438	739,571	178,895
Interest paid	(1,141,606)	(1,030,076)	(121,085)	(116,629)
Interest received	219,361	190,382	64,350	65,260
Payment to a retirement benefits scheme	(99,251)	(98,663)	-	-
Income tax paid	(757,129)	(576,594)	(22,411)	(18,746)
Income tax refunded	9,246	6,485	-	-
Net cash from operating activities	3,120,133	4,306,280	652,962	158,502

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

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 - (Continued)

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Cash flows from investing activities				
Acquisition of additional shares in existing subsidiaries	(159,993)	(418)	(154,542)	(260)
Acquisition of new subsidiaries (net of cash acquired)	(119,102)	71,064	-	-
Additional investments accounted for using the equity method	(15,261)	(8,137)	-	-
Development expenditure incurred	(78,415)	(21,689)	-	-
Grants received in respect of infrastructure assets	41,900	33,766	-	-
Proceeds from disposal of investment properties	742	32,583	-	-
Proceeds from disposal of property, plant and equipment	89,995	73,380	46	791
Proceeds from disposal of investments	1,046	65,541	-	-
Purchase of intangible assets	(126,945)	(74,308)	-	-
Purchase of investment properties	(908,996)	(12,547)	-	-
Purchase of property, plant and equipment	(2,122,794)	(2,680,069)	(413)	(133)
Purchase of investments	(79,245)	(38,969)	-	-
Purchase of biological assets	-	(98)	-	-
Net cash (used in)/from investing activities	(3,477,068)	(2,559,901)	(154,909)	398

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

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015 - (Continued)

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Cash flows from financing activities				
Dividends paid	(984,541)	(259,120)	(984,541)	(259,120)
Dividends paid to non-controlling interests by subsidiaries	(697,654)	(330,885)	-	-
Repurchase of own shares by the company (at net)	(4)	(3,231)	(4)	(3,231)
Repurchase of subsidiaries' shares by subsidiaries	(6)	(1,332,167)	-	-
Proceeds from bonds	1,000,000	-	-	-
Proceeds from borrowings	5,590,123	2,382,943	200,000	-
Proceeds from disposal of interest in subsidiary to non-controlling interests	-	(2,240)	-	-
Proceeds from issue of shares in subsidiaries to non-controlling interests	278,618	108,247	-	-
Repayment of bonds	(863,250)	-	-	-
Repayment of borrowings	(3,932,658)	(3,263,137)	(575)	(137,438)
Net cash from/(used in) financing activities	390,628	(2,699,590)	(785,120)	(399,789)
Net changes in cash and cash equivalents	33,693	(953,211)	(287,067)	(240,889)
Effects of exchange rate changes	848,555	359,764	-	-
Cash and cash equivalents at beginning of the financial year	13,149,164	13,742,611	1,513,559	1,754,448
Cash and cash equivalents at the end of the financial year (Note 17)	14,031,412	13,149,164	1,226,492	1,513,559

NOTES TO THE STATEMENTS OF CASH FLOWS

Analysis of acquisition of property, plant and equipment:-

Cash	2,122,794	2,680,069	413	133
Finance lease arrangement	4,402	61,348	432	358
Provision of liabilities	-	25,000	-	-
Transfer of assets from customers	138,856	264,835	-	-
Transfer from prepayments	31,823	-	-	-
Payables	15,920	137,874	-	-
Receivables	259	16,965	-	-
	2,314,054	3,186,091	845	491

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

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

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.

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – (Continued)

(b) Changes in accounting policies

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

On 1 July 2014, the Group and the Company have adopted the following new and amendments to FRSs and IC Interpretation which are mandatory for annual financial year beginning on or after 1 January 2014.

Amendments to FRS 10: Consolidated Financial Statements - Investment Entities

Amendments to FRS 12: Disclosure of Interests in Other Entities – Investment Entities

Amendments to FRS 127: Separate Financial Statements - Investment Entities

Amendments to FRS 132: Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities

Amendments to FRS 136: Impairment of Assets – Recoverable Amount Disclosure for Non-Financial Assets

Amendments to FRS 139: Novation of Derivatives and Continuation of Hedge Accounting

IC Interpretation 21: Levies

Amendments to FRS 119 Defined Benefit Plans: Employee Contributions

Annual improvements to FRSs 2010 - 2012 cycle

Annual improvements to FRSs 2011 - 2013 cycle

Adoption of the above new and amendments to FRSs and IC Interpretation did not have any effect on the financial position and policy of the Group and the Company.

(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.

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – (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 – 33 $\frac{1}{3}$

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

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

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – (Continued)

(d) Impairment of non-financial assets

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

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

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

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

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – (Continued)

(e) Leases

(i) Finance leases - the Group as lessee

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

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

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

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

(ii) Operating leases - the Group as lessee

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

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

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

(iii) Operating leases - the Group as lessor

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

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – (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.

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – (Continued)

(h) Development expenditure

(i) Land held for property development

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

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

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

(ii) Project development expenditure

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

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

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

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – (Continued)

(i) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. 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.

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – (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.

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – (Continued)

(k) Investment in subsidiaries

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

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

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

(l) Investment in associated companies

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

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

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.

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – (Continued)

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

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

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

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

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

(m) Joint arrangements

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

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

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.

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – (Continued)

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

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

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

(n) Intangible assets

(i) Customer acquisition costs

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

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – (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.

(o) Inventories

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

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

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

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

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

(p) Construction contracts

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

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

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

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

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – (Continued)

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.

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – (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.

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – (Continued)

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

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

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

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

(s) Impairment of financial assets

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

(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.

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – (Continued)

(ii) Available-for-sale financial assets

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

(t) Cash and cash equivalents

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

(u) Financial liabilities

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

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

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

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

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

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – (Continued)

(ii) Other financial liabilities

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

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

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

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

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

(v) Derivatives financial instruments and hedging activities

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

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

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – (Continued)

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

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

(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'.

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – (Continued)

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.

(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.

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – (Continued)

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.

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – (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.

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – (Continued)

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.

(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.

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – (Continued)

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.

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.

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – (Continued)

(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.

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – (Continued)

(ii) Sale of electricity

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

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

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

(iv) Sale of fuel oil

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

(v) Sale of steam

Revenue is recognised upon delivery of steam.

(vi) Property development projects

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

(vii) Construction contracts

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

(viii) Interest income

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

(ix) Dividend income

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

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

(x) Rental income

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

(xi) Hotel operations

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

(xii) Broadband and telecommunications revenue

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

Revenue from the sale of 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.

(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.

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

(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.

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (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.

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

3. REVENUE

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Sale of electricity	7,194,729	9,391,057	-	-
Sale of clean water, treatment and disposal of waste water	3,043,780	2,896,355	-	-
Sale of goods	2,947,495	2,811,625	-	-
Sale of fuel oil	503,917	965,078	-	-
Property development projects	340,019	405,690	-	-
Hotel operations	692,950	669,730	-	-
Construction contracts revenue	85,061	102,685	-	-
Rendering of services	338,270	345,628	229	43
Sale of steam	192,397	191,833	-	-
Broadband and telecommunications revenue	687,195	817,215	-	-
Rental income				
- investment properties	536,385	518,934	-	-
- other properties	8,003	2,884	-	-
Interest income				
- loan stocks, in Malaysia, quoted	-	-	11,745	11,745
- others	183,610	149,599	75,180	72,330
Dividends				
- quoted investments				
- subsidiaries, in Malaysia	-	-	444,578	92,965
- subsidiaries, outside Malaysia	-	-	9,793	9,298
- other investments, in Malaysia	915	924	540	553
- unquoted investments				
- subsidiaries, in Malaysia	-	-	1,309,129	101,442
	<u>16,754,726</u>	<u>19,269,237</u>	<u>1,851,194</u>	<u>288,376</u>

Company No: 92647-H

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

4. COST OF SALES

Included in cost of sales are the following:-

	Group 2015 RM'000	2014 RM'000
Cost of inventories	2,157,316	2,156,563
Construction contracts costs	44,661	80,059
Energy costs	6,426,908	8,627,402
Property development costs	<u>194,027</u>	<u>258,312</u>

5. FINANCE COSTS

	Group 2015 RM'000	2014 RM'000	Company 2015 RM'000	2014 RM'000
Interest expense				
- Bonds	677,573	689,477	66,140	68,050
- Borrowings	559,627	491,552	54,945	48,579
	<u>1,237,200</u>	<u>1,181,029</u>	<u>121,085</u>	<u>116,629</u>
Less : Amount capitalised in				
- Development expenditure	(1,269)	(1,743)	-	-
- Property developments costs	(34,046)	(29,851)	-	-
- Construction contracts	(131)	(414)	-	-
- Property, plant and equipment	<u>(36,489)</u>	<u>(25,272)</u>	<u>-</u>	<u>-</u>
Interest expenses of financial liabilities carried at amortised cost	<u>1,165,265</u>	<u>1,123,749</u>	<u>121,085</u>	<u>116,629</u>

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

6. PROFIT BEFORE TAX

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Profit before tax is stated after charging (other than those disclosed in Note 4 & 5 to the Financial Statements):-				
Allowance/(write back) for inventories obsolescence	4,724	(1,180)	-	-
Amortisation of intangible assets	72,448	47,776	-	-
Auditors' remuneration				
- statutory audit				
- current financial year	7,393	6,237	230	222
- under-provision in prior financial year	23	54	8	17
- others	61	60	-	7
Bad debts written off				
- receivables	7,284	831	77	-
- subsidiaries	-	-	5,596	-
- associated companies	292	-	292	-
Depreciation (Note 10)	1,709,180	1,561,281	837	862
Directors' remuneration				
- emoluments	75,943	65,194	5,642	5,649
- fees	2,596	2,410	720	720
- benefits in kind	409	366	-	-
Net fair value loss on derivatives	-	13,350	-	-
Hiring of plant and machinery	24,338	28,172	-	25
Impairment losses on				
- Goodwill	-	27,696	-	-
- Receivables - net of reversal (Note 20)	72,547	139,013	-	-
- Investments	1,049	1,253	1,049	359
- Investment in associates	-	23,938	-	-
- Property, plant and equipment (Note 10)	524	98,369	-	-
Loss on foreign exchange - net				
- realised	7,951	22,363	-	154
- unrealised	49,483	82,441	-	6
Property, plant and equipment written off	15,275	13,366	-	-
Provision for liabilities and charges – net (Note 39)	31,113	24,064	-	-
Rental of land and buildings	126,365	122,986	800	789

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
And crediting (other than those disclosed in Note 3 to the Financial Statements):-				
Adjustment on fair value of investment properties (Note 11)	38,414	447,530	-	-
Amortisation of deferred income	4,142	3,399	-	-
Amortisation of grants and contributions (Note 34)	10,042	9,757	-	-
Bad debts recovered	185	-	-	-
Gain on derecognition of financial assets	-	768	-	28,054
Net fair value gains on derivatives	71,122	68,809	-	-
Gain/(loss) on disposal of				
- Investments - net	383	6,793	1,101	880
- Investment properties	164	999	-	-
- Property, plant and equipment	29,798	6,402	(12)	1
Gain on derecognition of associated companies	-	61,580	-	-
Gain on foreign exchange - net				
- realised	14,124	568	1,638	101
- unrealised	38,994	56,721	-	5
Gross dividend from quoted investments				
- within Malaysia	573	1,165	-	-
Hiring income from plant, machinery and equipment	3,175	2,473	-	-
Interest income	78,441	61,645	-	-
Ineffective portion of cash flow hedges	-	2,290	-	-
Rental income				
- investment properties	-	50	-	-
- other properties	5,049	5,351	-	-
Write back of fuel cost	9,949	559	-	-
Write back of impairment loss on property, plant and equipment (Note 10)	12,607	-	-	-

Direct operating expenses from investment properties in respect of income and non-income generating properties of the Group during the financial year amounted to RM83,304,000 (2014: RM84,188,000) and RM84,000 (2014 : RM423,000), respectively.

Company No: 92647-H

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (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- 2015					
Executive Directors	1,896	36,430	24,147	15,252	77,725
Non-Executive Directors	<u>700</u>	<u>-</u>	<u>-</u>	<u>523</u>	<u>1,223</u>

Company - 2015

	Fees RM'000	Salaries RM'000	Bonus RM'000	Others* RM'000	Total RM'000
Executive Directors	450	-	-	5,250	5,700
Non-Executive Directors	<u>270</u>	<u>-</u>	<u>-</u>	<u>392</u>	<u>662</u>

	Fees RM'000	Salaries RM'000	Bonus RM'000	Others* RM'000	Total RM'000
Group – 2014					
Executive Directors	1,730	31,351	19,367	14,302	66,750
Non-Executive Directors	<u>680</u>	<u>-</u>	<u>-</u>	<u>539</u>	<u>1,219</u>

Company - 2014

	Fees RM'000	Salaries RM'000	Bonus RM'000	Others* RM'000	Total RM'000
Executive Directors	450	-	-	5,250	5,700
Non-Executive Directors	<u>270</u>	<u>-</u>	<u>-</u>	<u>399</u>	<u>669</u>

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

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Defined contribution plan	6,682	5,510	-	-
Share option expenses	<u>8,579</u>	<u>8,850</u>	<u>5,600</u>	<u>5,600</u>

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

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

Range of remuneration	Group No. of Directors		Company No. of Directors	
	Executive	Non-Executive	Executive	Non-Executive
2015				
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	-	-	-
2014				
Range of remuneration	Executive	Non-Executive	Executive	Non-Executive
RM50,001 – RM100,000	-	1	-	1
RM150,001 – RM200,000	-	-	1	2
RM200,001 – RM250,000	-	-	-	1
RM300,001 – RM350,000	-	1	-	-
RM350,001 – RM400,000	-	1	-	-
RM400,001 – RM450,000	-	1	-	-
RM600,001 – RM650,000	-	-	6	-
RM850,001 – RM900,000	-	-	2	-
RM1,400,001 – RM1,450,000	1	-	-	-
RM1,450,001 – RM1,500,000	1	-	-	-
RM7,000,001 – RM7,050,000	1	-	-	-
RM7,200,001 – RM7,250,000	1	-	-	-
RM7,700,001 – RM7,750,000	1	-	-	-
RM8,000,001 – RM8,050,000	1	-	-	-
RM8,100,001 – RM8,150,000	1	-	-	-
RM8,750,001 – RM8,800,000	1	-	-	-
RM16,950,001 – RM17,000,000	1	-	-	-

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Employees compensation (excluding Directors' remuneration)				
Salaries, wages and bonus	1,006,386	947,968	14,398	12,292
Defined contribution plan	87,907	81,968	1,742	1,491
Defined benefit plan	66,780	61,197	-	-
Share option expenses	13,680	15,460	1,059	1,078
Other benefits	38,674	34,584	696	535
	<u>1,213,427</u>	<u>1,141,177</u>	<u>17,895</u>	<u>15,396</u>

7. INCOME TAX EXPENSE

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Current income tax				
- Malaysian income tax	446,213	392,858	17,392	46,326
- Foreign income tax	192,781	206,441	-	-
Deferred tax (Note 35)	(36,689)	(392,630)	-	-
	<u>602,305</u>	<u>206,669</u>	<u>17,392</u>	<u>46,326</u>
Current income tax				
- current financial year	644,259	714,687	23,220	42,648
- (Over)/under-provision in prior financial years	(5,265)	(115,388)	(5,828)	3,678
Deferred tax				
- Origination and reversal of temporary differences	(36,689)	(392,630)	-	-
	<u>602,305</u>	<u>206,669</u>	<u>17,392</u>	<u>46,326</u>

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (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	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Profit before tax	2,323,337	2,811,599	1,663,475	150,044
Income tax using Malaysian tax rate of 25% (2014: 25%)	580,834	702,900	415,869	37,511
Non-deductible expenses	286,807	313,242	40,380	25,721
Income not subject to tax	(89,179)	(158,715)	(433,029)	(20,584)
Different tax rates in other countries including remeasuring of deferred tax *	(96,879)	(272,928)	-	-
Double deductible expenses	(923)	(1,636)	-	-
(Over)/under provision in prior financial years **	(5,265)	(115,388)	(5,828)	3,678
Tax effect on share of profits of associated companies	(74,313)	(62,418)	-	-
Tax effect of under/(over) provision of deferred tax	60	(380)	-	-
Tax effect of unrecognised deferred tax assets	17,318	27,701	-	-
Adjustments in respect of prior year**	-	(165,787)	-	-
Utilisation of reinvestment allowances	(16,155)	(59,922)	-	-
	<u>602,305</u>	<u>206,669</u>	<u>17,392</u>	<u>46,326</u>

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

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

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

8. EARNINGS PER SHARE ("EPS")

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	
	2015	2014
	RM'000	RM'000
Profit for the financial year attributable to owners of the parent (RM'000)	1,017,645	1,554,980
Weighted average number of ordinary shares in issue for basic EPS ('000)	10,385,547	10,363,587
Basic EPS (sen)	9.80	15.00
Diluted EPS (sen)	9.80	15.00

135,635,000 (2014: 138,135,000) share options granted to employees under ESOS have not been included in the calculation of diluted earnings per share because they are anti-dilutive.

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

9. DIVIDENDS

	Group/Company			
	2015		2014	
	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 2014				
- First interim, single tier	-	-	1.5	155,484
- Second interim, single tier	-	-	1.0	103,636
- Third interim, single tier	9.5	984,541	-	-
Dividend recognised as distribution to ordinary equity holders of the Company	9.5	984,541	2.5	259,120

Subsequent to the financial year ended 30 June 2015, the Directors of the Company had on 20 August 2015 declared an interim single tier dividend of 95% or 9.5 sen per ordinary share of RM0.10 each, with the total amounting to approximately RM984,541,000 computed based on the total issued and paid-up share capital of 10,418,645,223 ordinary shares of RM0.10 each in the Company, excluding treasury shares, in respect of the financial year ended 30 June 2015. 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 2016. The Directors do not propose any final dividend in respect of the financial year ended 30 June 2015.

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

10. PROPERTY, PLANT AND EQUIPMENT

Group – 2015

	Land & buildings* RM'000	Infrastructure & site facilities RM'000	Plant & machinery RM'000	Furniture, fixtures & equipment RM'000	Vehicles RM'000	Telecom- munication equipment RM'000	Assets under construction RM'000	Total RM'000
<u>Cost/Valuation</u>								
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

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

	Land & buildings* RM'000	Infrastructure & site facilities RM'000	Plant & machinery RM'000	Furniture, fixtures & equipment RM'000	Vehicles RM'000	Telecom- munication equipment RM'000	Assets under construction RM'000	Total RM'000
<u>Accumulated depreciation and impairment</u>								
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

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

Group – 2014

	Land & buildings*	Infrastructure & site facilities	Plant & machinery	Furniture, fixtures & equipment	Vehicles	Telecommunication equipment	Assets under construction	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Cost/Valuation</u>								
At 1.7.2013	7,703,191	5,346,878	14,326,337	1,198,088	442,393	1,598,190	1,364,027	31,979,104
Acquisition of subsidiaries	55,015	311	-	15,022	-	-	-	70,348
Additions	633,198	585,376	580,587	71,005	81,439	2,445	1,232,041	3,186,091
Disposals	(6,168)	-	(17,248)	(11,585)	(15,431)	(71,214)	-	(121,646)
Written off	(2,611)	(9)	(235,437)	(4,972)	(1,801)	(344)	-	(245,174)
Impairment loss (Note 6)	(58,084)	-	-	-	-	-	-	(58,084)
Transfer on commissioning	51,748	75,017	440,958	25,916	14,544	176,221	(784,404)	-
Transfer from project development expenditures (Note 12)	6,143	-	-	-	-	-	916	7,059
Transfer from investment properties (Note 11)	4,000	-	-	-	-	-	-	4,000
Currency translation differences	424,922	691,149	781,830	87,090	4,967	-	77,558	2,067,516
At 30.6.2014	8,811,354	6,698,722	15,877,027	1,380,564	526,111	1,705,298	1,890,138	36,889,214

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

	Land & buildings* RM'000	Infrastructure & site facilities RM'000	Plant & machinery RM'000	Furniture, fixtures & equipment RM'000	Vehicles RM'000	Telecom- munication equipment RM'000	Assets under construction RM'000	Total RM'000
<u>Accumulated depreciation and impairment</u>								
At 1.7.2013	1,814,034	302,603	6,754,385	468,981	243,885	187,730	-	9,771,618
Acquisition of subsidiaries	4,404	311	-	8,154	-	-	-	12,869
Charge for the financial year	270,199	59,358	985,556	90,707	56,594	104,639	-	1,567,053
Disposals	(3,970)	-	(14,370)	(7,992)	(13,014)	(15,322)	-	(54,668)
Written off	(245)	(3)	(226,462)	(3,206)	(1,801)	(91)	-	(231,808)
Impairment loss (Note 6)	(14,411)	-	-	2	-	11,368	43,326	40,285
Currency translation differences	90,221	37,348	306,317	34,717	1,156	-	-	469,759
At 30.6.2014	2,160,232	399,617	7,805,426	591,363	286,820	288,324	43,326	11,575,108
<u>Net Book Value</u>								
At 30.6.2014	6,651,122	6,299,105	8,071,601	789,201	239,291	1,416,974	1,846,812	25,314,106

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

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

Group - 2015									
<u>Cost/Valuation</u>									
At 1.7.2014									
	Freehold land RM'000	Long term leasehold land RM'000	Short term leasehold land RM'000	Freehold oil palm plantation RM'000	Building on freehold land RM'000	Building on long term leasehold land RM'000	Building on short term leasehold land RM'000	Factory & other buildings RM'000	Total RM'000
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

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

	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
<u>Accumulated depreciation and impairment</u>									
At 1.7.2014	-	31,835	30,430	-	1,769,421	276,787	49,659	1,923	2,160,055
At cost	-	22	-	-	155	-	-	-	177
At valuation	-	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
<u>Net Book Value :-</u>									
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

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

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

	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
Group - 2014									
<u>Cost/Valuation</u>									
At 1.7.2013									
At cost	578,170	189,521	95,731	-	5,643,790	1,023,968	160,390	2,432	7,694,002
At valuation	4,511	200	-	2,000	2,478	-	-	-	9,189
	582,681	189,721	95,731	2,000	5,646,268	1,023,968	160,390	2,432	7,703,191
Acquisition of subsidiaries	17,406	10,982	-	-	-	-	26,627	-	55,015
Additions	127,310	197,886	59,346	-	227,507	19,626	1,320	203	633,198
Disposals	(774)	-	(2,788)	-	(1,998)	-	(608)	-	(6,168)
Written off	-	-	-	-	(2,611)	-	-	-	(2,611)
Impairment loss	(9,624)	-	-	-	(48,460)	-	-	-	(58,084)
Transfers	7,896	31,960	-	-	22,035	-	-	-	61,891
Currency translation differences	19,995	663	1,015	-	401,736	521	992	-	424,922
At 30.6.2014	744,890	431,212	153,304	2,000	6,244,477	1,044,115	188,721	2,635	8,811,354
Representing:-									
At cost	740,619	431,012	153,304	-	6,241,999	1,044,115	188,721	2,635	8,802,405
At valuation	4,271	200	-	2,000	2,478	-	-	-	8,949
At 30.6.2014	744,890	431,212	153,304	2,000	6,244,477	1,044,115	188,721	2,635	8,811,354

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

	Freehold land RM'000	Long term leasehold land RM'000	Short term leasehold land RM'000	Freehold oil palm plantation RM'000	Building on freehold land RM'000	Building on long term leasehold land RM'000	Building on short term leasehold land RM'000	Factory & other buildings RM'000	Total RM'000
Accumulated depreciation and impairment									
At 1.7.2013									
At cost	-	24,863	25,869	-	1,469,550	253,476	38,269	1,844	1,813,871
At valuation	-	20	-	-	143	-	-	-	163
	-	24,883	25,869	-	1,469,693	253,476	38,269	1,844	1,814,034
Acquisition of subsidiaries	-	142	-	-	-	-	4,262	-	4,404
Charge for the financial year	-	6,155	6,931	-	226,465	23,410	7,159	79	270,199
Disposals	-	-	(2,788)	-	(579)	-	(603)	-	(3,970)
Written off	-	-	-	-	(245)	-	-	-	(245)
Impairment loss	-	-	-	-	(14,411)	-	-	-	(14,411)
Currency translation differences	-	677	418	-	88,653	(99)	572	-	90,221
At 30.6.2014	-	31,857	30,430	-	1,769,576	276,787	49,659	1,923	2,160,232

Net Book Value :-

At cost	740,619	399,177	122,874	-	4,472,578	767,328	139,062	712	6,642,350
At valuation	4,271	178	-	2,000	2,323	-	-	-	8,772
At 30.6.2014	744,890	399,355	122,874	2,000	4,474,901	767,328	139,062	712	6,651,122

Company No: 92647-H

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

Company - 2015

	Building RM'000	Furniture, fittings & equipment RM'000	Vehicles RM'000	Total RM'000
<u>Cost</u>				
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
<u>Accumulated Depreciation</u>				
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
<u>Net Book Value</u>				
At 30.6.2015	-	1,053	2,153	3,206

Company - 2014

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

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

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

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Profit or loss (Note 6)	1,709,180	1,561,281	837	862
Amount due from contract customers	7,363	5,772	-	-
	<u>1,716,543</u>	<u>1,567,053</u>	<u>837</u>	<u>862</u>

(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	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Plant and machinery	157,424	260,686	-	-
Vehicles	10,964	12,673	1,374	1,366
	<u>168,388</u>	<u>273,359</u>	<u>1,374</u>	<u>1,366</u>

(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	
	2015	2014
	RM'000	RM'000
Buildings	<u>2,285,119</u>	<u>2,408,095</u>

(d) Borrowing cost

Borrowing costs of RM36,489,000 (2014: RM25,272,000) arising on financing specifically entered into for the construction of property, plant and equipment was capitalised during the financial year.

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

11. INVESTMENT PROPERTIES

	Freehold land & buildings RM'000	Long term leasehold land & buildings RM'000	Total RM'000
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	<u>2,357,924</u>	<u>6,656,952</u>	<u>9,014,876</u>
Group – 2014			
At beginning of the financial year	314,074	319,534	633,608
Acquisition of subsidiary	1,160,609	5,409,839	6,570,448
Additions	4,363	8,184	12,547
Currency translation differences	(25,809)	(16,455)	(42,264)
Change in fair value recognised in profit or loss (Note 6)	84,325	363,205	447,530
Disposal	(31,007)	(577)	(31,584)
Transfer to property, plant and equipment (Note 10)	(4,000)	-	(4,000)
At end of the financial year	<u>1,502,555</u>	<u>6,083,730</u>	<u>7,586,285</u>

Investment properties with carrying amount of RM2,500 million (2014 : RM1,633 million) are charged as security for a borrowing granted to the Group as disclosed in Note 32 and Note 33 to the Financial Statements.

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Group - 2015				
<u>Recurring fair value measurements:</u>				
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
Group - 2014				
<u>Recurring fair value measurements:</u>				
Investment properties				
- Commercial properties	-	-	6,913,734	6,913,734
- Hotel properties	-	-	600,000	600,000
- Other properties	-	72,551	-	72,551
Total	-	72,551	7,513,734	7,586,285

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

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.

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

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.

<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between significant unobservable inputs and fair value measurement</u>
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 4.10% to 11.50% (2014: 4.10% to 11.50%) Capitalisation rate of 4.25% to 11.50% (2014 : 4.25% to 11.50%)	The higher the discount rate, the lower the fair value. 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.

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

12. DEVELOPMENT EXPENDITURES

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

Group – 2015

	Freehold land RM'000	Leasehold land RM'000	Development costs RM'000	Total RM'000
(a) Land held for property development				
At beginning of the financial year	472,156	176,537	249,982	898,675
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	<u>453,560</u>	<u>105,486</u>	<u>250,729</u>	<u>809,775</u>
(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	(2,054)	-	(1,758)	(3,812)
At end of the financial year	<u>281</u>	<u>-</u>	<u>14,970</u>	<u>15,251</u>
Total	<u>453,841</u>	<u>105,486</u>	<u>265,699</u>	<u>825,026</u>

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

Group – 2014

	Freehold land RM'000	Leasehold land RM'000	Development costs RM'000	Total RM'000
(a) Land held for property development				
At beginning of the financial year	476,881	176,537	268,006	921,424
Additions	-	-	6,315	6,315
Transfer to property development costs	(4,725)	-	(24,339)	(29,064)
At end of the financial year	472,156	176,537	249,982	898,675
(b) Project development expenditure				
At beginning of the financial year	3,637	2,506	48,307	54,450
Additions	13,089	-	2,285	15,374
Charge to profit or loss	-	-	(20,573)	(20,573)
Transfer to property, plant and equipment (Note 10)	(3,637)	(2,506)	(916)	(7,059)
Currency translation difference	-	-	(338)	(338)
At end of the financial year	13,089	-	28,765	41,854
Total	485,245	176,537	278,747	940,529

Included in development expenditure of the Group is interest capitalised during the financial year amounting to RM1,269,000 (2014: RM1,743,000).

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

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

	Freehold land RM'000	Leasehold land RM'000	Development costs RM'000	Total RM'000
Group – 2015				
<u>Cost</u>				
Land held for property development	453,560	105,486	250,729	809,775
Project development expenditure	281	-	54,050	54,331
	<u>453,841</u>	<u>105,486</u>	<u>304,779</u>	<u>864,106</u>
<u>Accumulated amortisation</u>				
Project development expenditure	-	-	(3,877)	(3,877)
<u>Accumulated impairment losses</u>				
Project development expenditure	-	-	(35,203)	(35,203)
Net book value				
Land held for property development	453,560	105,486	250,729	809,775
Project development expenditure	281	-	14,970	15,251
	<u>453,841</u>	<u>105,486</u>	<u>265,699</u>	<u>825,026</u>
Group – 2014				
<u>Cost</u>				
Land held for property development	472,156	176,537	249,982	898,675
Project development expenditure	13,089	-	67,845	80,934
	<u>485,245</u>	<u>176,537</u>	<u>317,827</u>	<u>979,609</u>
<u>Accumulated amortisation</u>				
Project development expenditure	-	-	(3,877)	(3,877)
<u>Accumulated impairment losses</u>				
Project development expenditure	-	-	(35,203)	(35,203)
Net book value				
Land held for property development	472,156	176,537	249,982	898,675
Project development expenditure	13,089	-	28,765	41,854
	<u>485,245</u>	<u>176,537</u>	<u>278,747</u>	<u>940,529</u>

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

13. SUBSIDIARIES

(a) Investment in subsidiaries

	Company	
	2015	2014
	RM'000	RM'000
Quoted shares, at cost	3,657,353	3,523,801
Unquoted shares, at cost	3,568,133	2,195,720
# Quoted warrants, at cost	33,314	12,447
* Quoted ICULS, at cost	391,502	391,502
* Unquoted ICULS, at cost	-	19
	<u>7,650,302</u>	<u>6,123,489</u>
Market value		
- Quoted shares	7,510,796	6,946,725
- Quoted warrants	70,270	47,686
- Quoted ICULS	<u>344,521</u>	<u>340,606</u>
The number of warrants held in a subsidiary is as follows ('000):-		
YTL Power International Berhad		
- Warrant 2008/2018	<u>160,537</u>	<u>90,830</u>

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").

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

* ICULS

i) 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.

ii) Unquoted ICULS, at cost

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

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

Company No: 92647-H

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

Details of the subsidiaries are as follows:-

<u>Name of Company</u>	<u>Place of Incorporation</u>	<u>Principal Activities</u>	<u>Effective Equity Interest</u>	
			2015 %	2014 %
<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	Civil engineering works & construction	100.00	100.00
Intellectual Mission Sdn. Bhd.	Malaysia	Education & training using advanced technology	100.00	100.00
Prisma Tulin Sdn. Bhd.	Malaysia	Hotel operator	100.00	100.00
Spectacular Corner Sdn. Bhd.	Malaysia	Dormant	100.00	100.00
* Starhill Global Real Estate Investment Trust	Singapore	Investment in prime real estate	37.09	36.27
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
* YTL Cayman Limited	Cayman Islands	Investment holding, ownership & chartering of yachts & vessels	100.00	100.00
YTL Hospitality REIT	Malaysia	Real estate investment	58.99	59.03

Company No: 92647-H

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

<u>Name of Company</u>	<u>Place of Incorporation</u>	<u>Principal Activities</u>	<u>Effective Equity Interest</u>	
			2015 %	2014 %
<i>Held by the Company (Continued):</i>				
YTL Cement Berhad	Malaysia	Investment holding, management services & hiring of vehicles	98.09	98.13
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
YTL e-Solutions Berhad	Malaysia	Investment holding, provision of incubation services including developing & incubating technology companies, internet contents of all descriptions & non- internet related businesses & provision of consultancy & advisory services in relation to the business of electronic commerce or internet commerce solutions	74.12	74.12
YTL Eco Solutions Sdn. Bhd.	Malaysia	Consultancy services in relation to the promotion of the gasification of municipal solid waste for disposal in cement plant kilns	100.00	100.00

Company No: 92647-H

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

<u>Name of Company</u>	<u>Place of Incorporation</u>	<u>Principal Activities</u>	<u>Effective Equity Interest</u>	
			2015 %	2014 %
<i>Held by the Company (Continued):</i>				
YTL Energy Sdn. Bhd.	Malaysia	Investment holding	100.00	100.00
* YTL (Guernsey) Limited	Guernsey	Investment & property holding	100.00	100.00
* YTL Hotel Management Saint Tropez SARL	France	Hotel operator & management services	100.00	100.00
YTL Hotels & Properties Sdn. Bhd.	Malaysia	Investment holding & management services	100.00	100.00
YTL Industries Berhad	Malaysia	Investment holding, property development & property investment	100.00	100.00
YTL Land Sdn. Bhd.	Malaysia	Property investment & property management	100.00	100.00
* YTL Land & Development Berhad	Malaysia	Investment holding & the provision of financial, treasury & secretarial services	65.26	57.89
* YTL Power International Berhad (“YTL Power”)	Malaysia	Investment holding & provision of administrative & technical support services	56.76	57.77
* YTL Singapore Pte. Ltd.	Singapore	Property investment	100.00	100.00
YTL-SV Carbon Sdn. Bhd.	Malaysia	Providing consultancy services	75.00	75.00
YTL Vacation Club Berhad	Malaysia	In member’s voluntary liquidation	100.00	100.00

Company No: 92647-H

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

<u>Name of Company</u>	<u>Place of Incorporation</u>	<u>Principal Activities</u>	<u>Effective Equity Interest</u>	
			2015 %	2014 %
<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 painting, 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

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

<u>Name of Company</u>	<u>Place of Incorporation</u>	<u>Principal Activities</u>	<u>Effective Equity Interest</u>	
			2015 %	2014 %
<i>Held through Starhill Global Real Estate Investment Trust (“SGREIT”):</i>				
* Ara Bintang Berhad	Malaysia	Property investment	37.09	36.27
* Renhe Spring Department Store Co., Ltd.	The People’s Republic of China	Property investment	37.09	36.27
* SG REIT (M) Pte. Ltd.	Singapore	Investment holding	37.09	36.27
* SG REIT (WA) Pte. Ltd.	Singapore	Investment holding	37.09	36.27
* SG REIT (WA) Trust	Australia	Property investment	37.09	36.27
* SG REIT (WA) Sub-Trust1	Australia	Property investment	37.09	36.27
* SG REIT (WA) Sub-Trust2	Australia	Property investment	37.09	-
* Starhill Global REIT Japan SPC One Pte. Ltd.	Singapore	Investment holding	37.09	36.27
* Starhill Global REIT Japan SPC Two Pte. Ltd.	Singapore	Investment holding	37.09	36.27
* Starhill Global REIT MTN Pte. Ltd.	Singapore	Issuer of notes under the Medium Term Note Programme	37.09	36.27
* Starhill Global REIT One TMK	Japan	Property investment	37.09	36.27
* Starhill Global ML K.K.	Japan	Master lessee of Japan properties	37.09	36.27
* Top Sure Investment Limited	Hong Kong	Investment holding	37.09	36.27
<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

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

<u>Name of Company</u>	<u>Place of Incorporation</u>	<u>Principal Activities</u>	<u>Effective</u>	
			<u>Equity Interest</u>	
			2015	2014
			%	%
<i>Held through Syarikat Pembinaan Yeoh Tiong Lay Sdn. Bhd.(Continued):</i>				
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
Lay Seng Oil Palm Plantations Sdn. Bhd.	Malaysia	Cultivation of oil palms	100.00	100.00
Permai Property Management Sdn. Bhd.	Malaysia	Property management & related services	100.00	100.00
Suri Travel & Tours Sdn. Bhd.	Malaysia	Rental of motor vehicles, air ticketing & other related services	100.00	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	100.00
* YTL Construction (S) Pte. Ltd.	Singapore	Construction related activities & real estate developer	100.00	100.00

Company No: 92647-H

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

<u>Name of Company</u>	<u>Place of Incorporation</u>	<u>Principal Activities</u>	<u>Effective Equity Interest</u>	
			2015 %	2014 %
<i>Held through Syarikat Pembinaan Yeoh Tiong Lay Sdn. Bhd. (Continued):</i>				
YTL Development Sdn. Bhd.	Malaysia	Property development	70.00	70.00
YTL Civil Engineering Sdn. Bhd.	Malaysia	Civil engineering works & construction	90.00	90.00
YTL Project Management Services Sdn. Bhd.	Malaysia	Provision of management services for construction projects	100.00	100.00
YTL Technologies Sdn. Bhd.	Malaysia	Servicing & hiring of equipment	99.24	99.25
<i>Held through YTL Cayman Limited:</i>				
* Just Heritage Sdn. Bhd.	Malaysia	Property management & related services	100.00	100.00
* Starhill Global REIT Investments Limited	Cayman Islands	Investment holding	100.00	100.00
* Starhill Global REIT Management Limited	Cayman Islands	Investment holding	100.00	100.00
* YTL Construction International (Cayman) Ltd.	Cayman Islands	Investment holding in construction related activities	100.00	100.00
* YTL Construction (Thailand) Limited	Thailand	Construction activities	74.89	74.89
* YTL Power Services (Cayman) Ltd.	Cayman Islands	Investment holding & provision of operations & maintenance services of power plants	100.00	100.00
* YTL Property Investments Limited	Cayman Islands	Investment holding	100.00	100.00
* YTL Power Services (Leb) SARL	Lebanon	Operation & maintenance of power station	100.00	100.00

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

<u>Name of Company</u>	<u>Place of Incorporation</u>	<u>Principal Activities</u>	<u>Effective Equity Interest</u>	
			2015 %	2014 %
<i>Held through YTL Cayman Limited (Continued):</i>				
YTL Power Services Sdn. Bhd.	Malaysia	Operation & maintenance of power station	100.00	100.00
* YTL Power Services (S) Pte. Ltd.	Singapore	Operation & maintenance of power station	100.00	100.00
* YTL Starhill Global Property Management Pte. Ltd.	Singapore	Property management services	100.00	100.00
* 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	98.09	98.13
Batu Tiga Quarry (Sg. Buloh) Sdn. Bhd.	Malaysia	Quarry business & related services	98.09	98.13
Bentara Gemilang Industries Sdn. Bhd.	Malaysia	Manufacture & sale of ready-mixed concrete	49.05	49.06
Buildcon-Cimaco Concrete Sdn. Bhd.	Malaysia	Manufacture & sale of ready-mixed concrete	98.09	49.51
Buildcon Concrete Enterprise Sdn. Bhd.	Malaysia	Investment holding	98.09	98.13
Buildcon Concrete Sdn. Bhd.	Malaysia	Manufacture & sale of ready-mixed concrete	98.09	98.13
Buildcon Desa Sdn. Bhd.	Malaysia	Manufacture & sale of ready-mixed concrete	98.09	98.13

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

<u>Name of Company</u>	<u>Place of Incorporation</u>	<u>Principal Activities</u>	<u>Effective</u>	
			<u>Equity Interest</u>	
			2015 %	2014 %
<i>Held through YTL Cement Berhad (Continued):</i>				
C.I. Quarrying & Marketing Sdn. Bhd.	Malaysia	Granite quarrying	98.09	98.13
C.I. Readymix Sdn. Bhd.	Malaysia	Manufacture & sale of ready-mixed concrete	98.09	98.13
Competent Teamwork Sdn. Bhd.	Malaysia	Investment holding	98.09	98.13
* Concrete Industries Pte. Ltd.	Singapore	Dormant	98.09	98.13
Gemilang Pintar Sdn. Bhd.	Malaysia	Marketing & trading of quarry products	68.66	68.69
* Hopefield Enterprise Limited	Hong Kong	Dormant	98.09	-
* Industrial Procurement Limited	Cayman Islands	Dormant	98.09	98.13
Jaksa Quarry Sdn. Bhd.	Malaysia	Quarry operator, manufacture of granite blocks, aggregates, chippings & crusher runs	98.09	98.13
Kenneison Construction Materials Sdn. Bhd.	Malaysia	Inactive	98.09	98.13
Kenneison Northern Quarry Sdn. Bhd.	Malaysia	Manufacturing, selling & distribution of premix products, construction & building materials	98.09	98.13
* Linan Lu Hong Transport Co., Ltd.	The People's Republic of China	Road transport of goods, storage & associated services	98.09	98.13
Madah Seloka Sdn. Bhd.	Malaysia	Investment holding	98.09	98.13

Company No: 92647-H

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

<u>Name of Company</u>	<u>Place of Incorporation</u>	<u>Principal Activities</u>	<u>Effective Equity Interest</u>	
			2015 %	2014 %
<i>Held through YTL Cement Berhad (Continued):</i>				
Mini-Mix Sdn. Bhd.	Malaysia	Inactive	98.09	98.13
Mobijack Sea Sdn. Bhd.	Malaysia	Quarry business & related services	98.09	-
Mutual Prospect Sdn. Bhd.	Malaysia	Quarry business & related services	98.09	98.13
* Nanyang Cement Pte. Ltd. <i>(formerly known as Sin Heng Chan (Singapore) Pte. Ltd.)</i>	Malaysia	Manufacture & sale of ordinary portland cement, clinker & related products	98.09	-
Oasis Vision Sdn. Bhd.	Malaysia	Manufacturing, production, trading & delivery of building & construction materials & products to the building & construction industry	35.02	35.03
* Pahang Cement Sdn. Bhd.	Malaysia	Manufacture & sale of ordinary portland cement, clinker & related products	98.09	98.13
* Pahang Cement Marketing Sdn. Bhd.	Malaysia	Inactive	98.09	98.13
Permodalan Hitec Sdn. Bhd.	Malaysia	Dormant	98.09	98.13
Perak-Hanjoong Simen Sdn. Bhd.	Malaysia	Manufacture & sale of clinker, ordinary portland cement & blended cement	98.09	98.13
PHS Trading Sdn. Bhd.	Malaysia	Marketing of cement products	98.09	98.13

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

<u>Name of Company</u>	<u>Place of Incorporation</u>	<u>Principal Activities</u>	<u>Effective Equity Interest</u>	
			2015 %	2014 %
<i>Held through YTL Cement Berhad (Continued):</i>				
* P.T. YTL Simen Indonesia	Indonesia	Dormant	98.09	98.13
Slag Cement Sdn. Bhd.	Malaysia	Manufacture & sale of ordinary portland cement and blended cement	98.09	98.13
Slag Cement (Southern) Sdn. Bhd.	Malaysia	Manufacture & sale of ordinary portland cement and blended cement	98.09	98.13
SMC Mix Sdn. Bhd.	Malaysia	Inactive	98.09	98.13
Solaris Concept Sdn. Bhd.	Malaysia	Manufacturing, production, trading & delivery of building & construction materials & products to the building & construction industry	50.03	50.05
Straits Cement Sdn. Bhd.	Malaysia	Inactive	98.09	98.13
Tugas Sejahtera Sdn. Bhd.	Malaysia	Investment holding	98.09	98.13
* YTL Cement (Cambodia) Holdings Pte. Ltd.	Singapore	Dormant	98.09	-
YTL Cement Enterprise Sdn. Bhd.	Malaysia	Dormant	98.09	98.13
* YTL Cement (Hong Kong) Limited	Hong Kong	Investment holding	98.09	98.13
YTL Cement Marketing Sdn. Bhd.	Malaysia	Sale & marketing of cementitious products	98.09	98.13
* YTL Cement Marketing Singapore Pte. Ltd.	Singapore	Sale & marketing of cement, cementitious products & other related construction products	98.09	98.13

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

<u>Name of Company</u>	<u>Place of Incorporation</u>	<u>Principal Activities</u>	<u>Effective Equity Interest</u>	
			2015 %	2014 %
<i>Held through YTL Cement Berhad (Continued):</i>				
* YTL Cement Myanmar Company Limited	Myanmar	Dormant	98.09	-
* YTL Cement (Myanmar) Holdings Pte. Ltd. <i>(formerly known as YTL Cement (Myanmar) Pte. Ltd.)</i>	Singapore	Investment holding	98.09	98.13
* YTL Cement (Philliphines) Holdings Pte. Ltd.	Singapore	Dormant	98.09	-
YTL Cement (Sabah) Sdn. Bhd.	Malaysia	Dormant	98.09	98.13
* YTL Cement Singapore Pte. Ltd.	Singapore	Investment holding, sale & marketing of construction products	98.09	98.13
* YTL Cement Terminal Services Pte. Ltd.	Singapore	Operation of port terminal & specialise in handling of cementitious products	98.09	98.13
* YTL Cement (Vietnam) Pte. Ltd.	Singapore	Investment holding	98.09	98.13
* YTL Concrete (S) Pte. Ltd.	Singapore	Manufacture & sale of ready-mixed concrete & related products	98.09	98.13
YTL Premix Sdn. Bhd.	Malaysia	Trading of building materials & related services	98.09	98.13
YTL Quarry Sdn. Bhd.	Malaysia	Dormant	98.09	98.13

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

<u>Name of Company</u>	<u>Place of Incorporation</u>	<u>Principal Activities</u>	<u>Effective</u>	
			<u>Equity Interest</u>	
			2015	2014
			%	%
<i>Held through YTL Cement Berhad (Continued):</i>				
* Zhejiang Hangzhou Dama Cement Co., Ltd.	The People’s Republic of China	Manufacture & sale of cement & cementitious products	98.09	98.13
* Zhejiang YTL Cement Marketing Co., Ltd.	The People’s Republic of China	Sale & marketing of cement & cementitious products	98.09	98.13
<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

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

<u>Name of Company</u>	<u>Place of Incorporation</u>	<u>Principal Activities</u>	<u>Effective Equity Interest</u>	
			2015 %	2014 %
<i>Held through YTL e-Solutions Berhad(Continued):</i>				
Bizsurf MSC Sdn. Bhd.	Malaysia	Providing wireless network distribution equipment & services, broadband & internet services & other internet related services	44.47	44.47
* Infoscreen Networks Ltd	England & Wales	Investment holding	74.12	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

Company No: 92647-H

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

<u>Name of Company</u>	<u>Place of Incorporation</u>	<u>Principal Activities</u>	<u>Effective Equity Interest</u>	
			2015 %	2014 %
<i>Held through YTL Hospitality REIT (“YTL REIT”):</i>				
* Starhill Hospitality (Australia) Pty. Ltd.	Australia	Trustee company	58.99	59.03
* Starhill Hospitality REIT (Australia) Trust	Australia	Real estate investment	58.99	59.03
* Starhill Hospitality REIT (Brisbane) Trust	Australia	Real estate investment	58.99	59.03
* Starhill Hospitality REIT (Melbourne) Trust	Australia	Real estate investment	58.99	59.03
* Starhill Hospitality REIT (Sydney) Trust	Australia	Real estate investment	58.99	59.03
Starhill Hospitality REIT (Australia) Sdn. Bhd.	Malaysia	Investment holding	58.99	59.03
Starhill Hotel (Australia) Sdn. Bhd.	Malaysia	Investment holding	58.99	59.03
* Starhill Hotel (Brisbane) Pty. Ltd.	Australia	Hotel operator	58.99	59.03
* Starhill Hotel (Melbourne) Pty. Ltd.	Australia	Hotel operator	58.99	59.03
* Starhill Hotel (Sydney) Pty. Ltd.	Australia	Hotel operator	58.99	59.03
* Starhill REIT (Australia) Pty. Ltd.	Australia	Trustee company	58.99	59.03
* Starhill REIT Niseko G.K.	Japan	Purchase, possession, disposal, lease and management of real properties	58.99	59.03
YTL REIT MTN Sdn. Bhd.	Malaysia	To undertake the issuance of medium term notes	58.99	59.03

Company No: 92647-H

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

<u>Name of Company</u>	<u>Place of Incorporation</u>	<u>Principal Activities</u>	<u>Effective</u>	
			<u>Equity Interest</u>	
			2015 %	2014 %
<i>Held through YTL Hotels & Properties Sdn. Bhd.:</i>				
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
Cameron Highlands Resort Sdn. Bhd.	Malaysia	Hotel & resort operator	100.00	100.00
Diamond Recipe Sdn. Bhd.	Malaysia	Operator of food & beverage outlet	51.00	51.00
* Gainsborough Hotel (Bath) Limited	England & Wales	Hotel operations	100.00	100.00
Happy Steamboat Sdn. Bhd.	Malaysia	Operator of food & beverage outlet	100.00	100.00
Magna Boundary Sdn. Bhd.	Malaysia	Hotel & resort operator	90.00	90.00
Marble Valley Sdn. Bhd.	Malaysia	Management & investment holding	80.00	80.00
Marble Valley Two Sdn. Bhd.	Malaysia	Hotel & resort operator	64.00	64.00
* M Hotel Management Pte. Ltd.	Singapore	Hotel management services	51.00	51.00
* Niseko Village K.K.	Japan	Owning, managing, maintaining and developing the Niseko Village Resort	100.00	100.00

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

Name of Company	Place of Incorporation	Principal Activities	Effective	
			Equity Interest	
			2015	2014
			%	%
<i>Held through YTL Hotels & Properties Sdn. Bhd. (Continued):</i>				
* Niseko Village (S) Pte. Ltd.	Singapore	Investment holding	100.00	100.00
* P.T. Jepun Bali	Indonesia	Managing & operating a hotel	100.00	100.00
Restoran Kisap Sdn. Bhd.	Malaysia	Inactive	100.00	100.00
* Samui Hotel 2 Co., Ltd.	Thailand	Hotel operator	100.00	100.00
Sentul Park Koi Centre Sdn. Bhd.	Malaysia	Breeders, wholesalers, retailers & distributors of Koi fish	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
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

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

<u>Name of Company</u>	<u>Place of Incorporation</u>	<u>Principal Activities</u>	<u>Effective Equity Interest</u>	
			2015 %	2014 %
<i>Held through YTL Industries Berhad:</i>				
Yeoh Tiong Lay Brickworks Sdn. Bhd.	Malaysia	Inactive	100.00	100.00
Yeoh Tiong Lay Management Sdn. Bhd.	Malaysia	Dormant	100.00	100.00
<i>Held through YTL Land Sdn. Bhd.:</i>				
Katagreen Development Sdn. Bhd.	Malaysia	Property leasing management & related services	100.00	100.00
Pintar Projek Sdn. Bhd.	Malaysia	Management of real estate investment trust funds, licensing of trademarks & brand management	70.00	70.00
Puncak Serunding Sdn. Bhd.	Malaysia	Dormant	100.00	100.00
YTL Design Services Sdn. Bhd.	Malaysia	Dormant	100.00	100.00
YTL Majestic Hotel Sdn. Bhd.	Malaysia	Hotel operator	100.00	100.00
<i>Held through YTL Land & Development Berhad:</i>				
Amanresorts Sdn. Bhd.	Malaysia	Dormant	65.26	57.89
Bayumaju Development Sdn. Bhd.	Malaysia	Property development	65.26	57.89
*#Boom Time Strategies Sdn. Bhd.	Malaysia	Inactive	65.26	57.89
Budaya Bersatu Sdn. Bhd.	Malaysia	Property development	65.26	57.89

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

Name of Company	Place of Incorporation	Principal Activities	Effective	
			Equity Interest	
			2015	2014
			%	%
<i>Held through YTL Land & Development Berhad (Continued):</i>				
Emerald Hectares Sdn. Bhd.	Malaysia	Dormant	45.68	40.52
* Lakefront Pte. Ltd.	Singapore	Real estate development	65.26	57.89
* Lot Ten Security Sdn. Bhd.	Malaysia	Inactive	65.26	57.89
* Mayang Sari Sdn. Bhd.	Malaysia	Inactive	65.26	57.89
Noriwasa Sdn. Bhd.	Malaysia	Dormant	65.26	57.89
Pakatan Perakbina Sdn. Bhd.	Malaysia	Property development	65.26	57.89
Pinnacle Trend Sdn. Bhd.	Malaysia	Property development	65.26	57.89
PYP Sendirian Berhad	Malaysia	Property development	65.26	57.89
* Sandy Island Pte. Ltd.	Singapore	Real estate development	65.26	57.89
Satria Sewira Sdn. Bhd.	Malaysia	Dormant	65.26	57.89
* Sentul Raya Sdn. Bhd.	Malaysia	Property development & property investment	45.68	40.52
* Sentul Raya Golf Club Berhad	Malaysia	Inactive	45.68	40.52
* Sentul Raya City Sdn. Bhd.	Malaysia	Property development	45.68	40.52
* Sentul Park Management Sdn. Bhd.	Malaysia	Park management	45.68	40.52
* SR Property Management Sdn. Bhd.	Malaysia	Provision of property management services	65.26	57.89

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

<u>Name of Company</u>	<u>Place of Incorporation</u>	<u>Principal Activities</u>	<u>Effective Equity Interest</u>	
			2015 %	2014 %
<i>Held through YTL Land & Development Berhad (Continued):</i>				
Syarikat Kemajuan Perumahan Negara Sdn. Bhd.	Malaysia	Property development	65.26	57.89
Trend Acres Sdn. Bhd.	Malaysia	Property development	65.26	57.89
Udapakat Bina Sdn. Bhd.	Malaysia	Property development	65.26	57.89
* YTL Land & Development (MM2H) Sdn. Bhd.	Malaysia	Dormant	65.26	57.89
* YTL Land & Development Management Pte. Ltd.	Singapore	Provision of financial and management consultancy services	65.26	57.89
* YTL Westwood Properties Pte. Ltd.	Singapore	Real estate development	65.26	57.89
<i>Held through YTL Power International Berhad (“YTL Power”):</i>				
* Attarat Operation and Maintenance Company B.V.	Netherlands	Dormant	42.57	-
* Cellular Structures Sdn. Bhd.	Malaysia	Undertaking financing facilities for use by holding company	27.24	-
* Enterprise Laundry Services Limited	England & Wales	Provision of laundry services	56.76	57.77

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

<u>Name of Company</u>	<u>Place of Incorporation</u>	<u>Principal Activities</u>	<u>Effective</u>	
			<u>Equity Interest</u>	
			2015 %	2014 %
<i>Held through YTL Power International Berhad (Continued):</i>				
Extiva Communications Sdn. Bhd.	Malaysia	Developing & marketing of VoIP telephony & other advanced network media appliance for services provider & enterprise telephony markets	34.06	34.66
FrogAsia Sdn. Bhd.	Malaysia	Software licence reseller focusing on virtual education learning platforms	56.76	57.77
* Frog Education Limited <i>(formerly known as Frogtrade Limited)</i>	England & Wales	Sale into the education market and further development of the company's web environment products	32.68	33.26
* Frog Education Group Limited	England & Wales	Investment holding	32.68	-
* Geneco Limited	England & Wales	Dormant	56.76	57.77
* Geneco (South West) Limited <i>(formerly known as NES (South West) Limited)</i>	England & Wales	Dormant	56.76	-
* Granite Investments (Cayman Islands) Limited	Cayman Islands	Dormant	56.76	57.77
* I Education Limited	England & Wales	Providing internet services, development & provision of software	32.68	16.96
* Konsortium Jaringan Selangor Sdn. Bhd.	Malaysia	Planning, implementation and maintenance of telecommunication towers and telecommunication related services	27.25	-

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

<u>Name of Company</u>	<u>Place of Incorporation</u>	<u>Principal Activities</u>	<u>Effective Equity Interest</u>	
			2015	2014
			%	%
<i>Held through YTL Power International Berhad (Continued):</i>				
*^PowerSeraya Limited	Singapore	In voluntary liquidation	-	57.77
* PetroSeraya Pte. Limited	Singapore	Oil trading & oil tank leasing	56.76	57.77
* P.T. YTL Jawa Timur	Indonesia	Provision of construction management, consultancy services & power station operation services	56.76	57.77
* Seraya Energy & Investment Pte. Ltd.	Singapore	Investment holding	56.76	57.77
* Seraya Energy Pte. Ltd.	Singapore	Sale of electricity	56.76	57.77
* SC Technology Deutschland GmbH	Germany	Waste treatment processes	56.76	57.77
* SC Technology GmbH	Switzerland	Waste treatment processes	56.76	57.77
* SC Technology Nederlands B.V.	Netherlands	Waste treatment processes	56.76	57.77
SIPP Power Sdn. Bhd.	Malaysia	Develop, constructing, completing, maintaining & operating power plants	39.73	40.44
* Sword Bidco (Holdings) Limited	England & Wales	Investment holding	56.76	57.77
* Sword Bidco Limited	England & Wales	Investment holding	56.76	57.77
* Sword Holdings Limited	Cayman Islands	Investment holding	56.76	57.77
* Sword Midco Limited	England & Wales	Investment holding	56.76	57.77

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

<u>Name of Company</u>	<u>Place of Incorporation</u>	<u>Principal Activities</u>	<u>Effective Equity Interest</u>	
			2015 %	2014 %
<i>Held through YTL Power International Berhad (Continued):</i>				
* Water 2 Business Limited	England & Wales	Licenced water supplier, providing retail water services to business customers	56.76	57.77
* Wessex Electricity Utilities Limited	England & Wales	Dormant	56.76	57.77
* Wessex Engineering & Construction Services Ltd.	England & Wales	Engineering & construction services	56.76	57.77
* Wessex Logistics Limited	England & Wales	Dormant	56.76	57.77
* Wessex Promotions Limited	England & Wales	Entertainment promotion	56.76	57.77
* Wessex Property Services Limited	England & Wales	Dormant	56.76	57.77
* Wessex Spring Water Limited	England & Wales	Dormant	56.76	57.77
* Wessex Water Commercial Limited	England & Wales	Dormant	56.76	57.77
* Wessex Water Engineering Services Limited	England & Wales	Dormant	56.76	57.77
* Wessex Water Enterprises Limited	England & Wales	Water supply & waste water services	56.76	57.77
Wessex Water International Limited	Cayman Islands	Investment holding	56.76	57.77
* Wessex Water Limited	England & Wales	Investment holding	56.76	57.77
* Wessex Water Pension Scheme Trustee Limited	England & Wales	Management of Wessex Water Pension Scheme	56.76	57.77

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

<u>Name of Company</u>	<u>Place of Incorporation</u>	<u>Principal Activities</u>	<u>Effective Equity Interest</u>	
			2015 %	2014 %
<i>Held through YTL Power International Berhad (Continued):</i>				
* Wessex Water Services Finance Plc.	England & Wales	Issue of bonds	56.76	57.77
* Wessex Water Services Limited	England & Wales	Water supply & waste water services	56.76	57.77
* Wessex Water Trustee Company Limited	England & Wales	Dormant	56.76	57.77
* Wessex Water Utility Solutions Ltd.	England & Wales	Dormant	56.76	57.77
YTL Broadband Sdn. Bhd.	Malaysia	Provision of wired, line and wireless broadband access and other related services	27.24	-
* YTL Communications International Ltd.	Cayman Islands	Inactive	34.06	34.66
YTL Communications Sdn. Bhd.	Malaysia	Providing wired, line & wireless broadband access services	34.06	34.66
* YTL Communications (S) Pte. Ltd.	Singapore	Dormant	34.06	34.66
YTL Digital Sdn. Bhd.	Malaysia	Sale & marketing of telecommunication products	34.06	34.66
* YTL EcoGreen Pte. Ltd.	Singapore	Dormant	56.76	57.77
* YTL Education (UK) Limited	England & Wales	Investment holding	56.76	57.77
YTL Energy Holdings Sdn. Bhd.	Malaysia	Investment holding	56.76	57.77
* YTL Engineering Limited	England & Wales	Dormant	56.76	57.77

Company No: 92647-H

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

<u>Name of Company</u>	<u>Place of Incorporation</u>	<u>Principal Activities</u>	<u>Effective Equity Interest</u>	
			2015 %	2014 %
<i>Held through YTL Power International Berhad (Continued):</i>				
* YTL Events Limited	England & Wales	Providing public entertainment events & public relations services	56.76	57.77
* YTL Global Networks Limited	Cayman Islands	Dormant	34.06	34.66
* YTL Infrastructure Limited	Cayman Islands	Investment holding	56.76	57.77
* YTL Java Energy B.V.	Netherlands	Dormant	56.76	-
YTL Jawa O & M Holdings B.V.	Netherlands	Investment holding	56.76	57.77
YTL Jawa O & M Holdings Limited	Cyprus	Investment holding	56.76	57.77
YTL Jawa Power B.V.	Netherlands	Investment holding	32.43	33.01
YTL Jawa Power Finance Limited	Cayman Islands	Investment holding	56.76	57.77
YTL Jawa Power Holdings B.V.	Netherlands	Investment holding	32.43	33.01
YTL Jawa Power Holdings Limited	Cyprus	Investment holding	56.76	57.77
YTL Jawa Power Services B.V.	Netherlands	Investment holding	56.76	57.77
YTL Power Australia Limited	Cayman Islands	Investment holding	56.76	57.77
* YTL Power Finance (Cayman) Limited	Cayman Islands	Dormant	56.76	57.77

Company No: 92647-H

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

<u>Name of Company</u>	<u>Place of Incorporation</u>	<u>Principal Activities</u>	<u>Effective Equity Interest</u>	
			2015 %	2014 %
<i>Held through YTL Power International Berhad (Continued):</i>				
* YTL Power Generation Sdn. Bhd.	Malaysia	Developing, constructing, completing, maintaining & operating power plants	56.76	57.77
YTL Power Investments Limited	Cayman Islands	Investment holding	56.76	57.77
YTL Power International Holdings Limited	Cayman Islands	Investment holding	56.76	57.77
* 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)	56.76	57.77
* YTL Power (Thailand) Limited	Cayman Islands	Investment holding	56.76	57.77
YTL Power Trading (Labuan) Limited	Malaysia	Dormant	56.76	57.77
YTL Seraya Limited	Cayman Islands	Investment holding	56.76	57.77
* YTL Services Limited	England & Wales	Dormant	56.76	57.77
YTL SIPP Power Holdings Sdn. Bhd.	Malaysia	Investment holding	39.73	40.44
YTL Utilities Limited	Cayman Islands	Investment holding	56.76	57.77

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

<u>Name of Company</u>	<u>Place of Incorporation</u>	<u>Principal Activities</u>	<u>Effective Equity Interest</u>	
			2015 %	2014 %
<i>Held through YTL Power International Berhad (Continued):</i>				
YTL Utilities Finance Limited	Cayman Islands	Investment holding	56.76	57.77
YTL Utilities Finance 2 Limited	Cayman Islands	Investment holding	56.76	57.77
YTL Utilities Finance 3 Limited	Cayman Islands	Investment holding	56.76	57.77
YTL Utilities Finance 4 Limited	Cayman Islands	Financial services	56.76	57.77
YTL Utilities Finance 5 Limited	Cayman Islands	Financial services	56.76	57.77
YTL Utilities Finance 6 Limited	Cayman Islands	Investment holding	56.76	57.77
YTL Utilities Finance 7 Limited	Cayman Islands	Financial services	56.76	57.77
YTL Utilities Holdings Limited	Cayman Islands	Investment holding	56.76	57.77
* YTL Utilities Holdings (S) Pte. Limited	Singapore	Investment holding	56.76	57.77
* YTL Utilities (S) Pte. Limited	Singapore	Investment holding	56.76	57.77
* YTL Utilities (UK) Limited	England & Wales	Investment holding	56.76	57.77

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

<u>Name of Company</u>	<u>Place of Incorporation</u>	<u>Principal Activities</u>	<u>Effective</u>	
			<u>Equity Interest</u>	
			2015	2014
			%	%
<i>Held through YTL Singapore Pte. Ltd.:</i>				
* 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

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

(b) Subsidiaries' financial statements

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

(c) Significant changes in group structure

- (i) On 1 August 2014, YTL Communications Sdn. Bhd., a 60%-owned subsidiary of YTL Power International Berhad completed the acquisition of 1,500,000 ordinary shares of RM1.00 each representing 60% of the issued and paid-up share capital of Konsortium Jaringan Selangor Sdn. Bhd. for an aggregate consideration of RM49,485,000 as adjusted in accordance with the terms of the Share Purchase Agreement dated 2 June 2014. The fair value of identifiable assets was determined to be RM20,966,130 and NCI at acquisition date amounted to RM32,990,000 giving rise to goodwill amounting to RM61,508,870. On 4th March 2015, YTL Communications Sdn. Bhd. purchased an additional 500,000 ordinary shares of RM1.00 each, representing 20% of the issued and paid-up share capital of Konsortium Jaringan Selangor Sdn. Bhd. for an aggregate consideration of RM16,600,000.
- (ii) On 3 December 2014, YTL Cement Singapore Pte. Ltd. ("YTL Cement Singapore"), a wholly-owned subsidiary of YTL Cement Berhad, acquired the entire issued and paid-up share capital of Nanyang Cement Pte. Ltd. (formerly known as Sin Heng Chan (Singapore) Pte. Ltd.) ("Nanyang Cement") comprising 30,000,000 ordinary shares for a total cash consideration of SGD24,734,274 (equivalent to RM64,969,518 based on Bank Negara Malaysia's published middle rate of 2.6267 RM/SGD as at close of business on 3 December 2014). As a result of the acquisition, Nanyang Cement became a wholly-owned subsidiary of YTL Cement Singapore and an indirect subsidiary of the Company. Nanyang Cement is principally involved in the business of cement terminal operation, bulk breaking activities and trading in cement.

(d) 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 2014, there is no significant change for the Group's revenue and profit for the financial year.

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

(e) Non-controlling interests in subsidiaries

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

	YTL Power Group RM'000	SGREIT Group RM'000	YTL REIT Group RM'000	Other individually immaterial subsidiaries RM'000	Total RM'000
Group - 2015					
<i>NCI effective equity interest</i>	43.24%	62.91%	41.01%		
Carrying amount of NCI	1,423,139	3,491,941	544,565	704,232	6,163,877
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	31,206,771	8,812,359	3,275,045
Current assets	12,427,718	159,800	155,582
Non-current liabilities	(27,485,838)	(2,880,369)	(1,566,865)
Current liabilities	(4,519,956)	(520,942)	(81,166)
Net assets	11,628,695	5,570,848	1,782,596

Year ended 30 June

Revenue	11,858,093	519,182	417,669
Profit for the year	918,812	325,817	94,992
Total comprehensive income	1,372,998	686,194	47,721

Cash flows from operating activities	2,327,136	295,221	90,395
Cash flows used in investing activities	(1,781,172)	(915,767)	(4,535)
Cash flows (used in)/from financing activities	(585,362)	491,009	(107,720)
Net changes in cash and cash equivalents	(39,398)	(129,537)	(21,860)
Dividend paid to NCI	424,844	180,925	43,420

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

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

	YTL Power Group RM'000	SGREIT Group RM'000	YTL REIT Group RM'000	Other individually immaterial subsidiaries RM'000	Total RM'000
Group - 2014					
<i>NCI effective equity interest</i>	42.23%	63.73%	40.97%		
Carrying amount of NCI	1,168,765	3,306,288	570,459	347,407	5,392,919
Profit allocated to NCI	762,803	464,576	94,848	76,348	1,398,575

Summarised financial information before inter-company elimination

As at 30 June

Non-current assets	28,662,323	7,381,138	3,157,589
Current assets	11,422,782	234,114	168,045
Non-current liabilities	(24,806,283)	(1,996,980)	(1,578,770)
Current liabilities	(4,595,099)	(443,739)	(77,197)
Net assets	10,683,723	5,174,533	1,669,667

Year ended 30 June

Revenue	14,383,623	504,189	425,114
Profit for the year	1,202,413	617,202	195,094
Total comprehensive income	1,846,069	794,855	465,658

Cash flows from operating activities	2,474,532	259,411	116,038
Cash flows (used in)/from investing activities	(1,456,888)	181,934	(3,522)
Cash flows used in financing activities	(2,007,950)	(226,322)	(129,386)
Net changes in cash and cash equivalents	(990,306)	215,023	(16,870)
Dividend paid to NCI	57,292	167,272	45,180

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

14. INVESTMENT IN ASSOCIATED COMPANIES

(a) Investment in associated companies

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Unquoted shares, at cost	1,158,477	1,135,933	205,241	205,241
Share of post-acquisition reserves	732,261	542,042	-	-
Allowance for impairment	(28,538)	(28,538)	-	-
	<u>1,862,200</u>	<u>1,649,437</u>	<u>205,241</u>	<u>205,241</u>

Details of the associated companies are as follows:-

<u>Name of Company</u>	<u>Place of Incorporation</u>	<u>Principal Activities</u>	<u>Effective Equity Interest</u>	
			2015	2014
			%	%
<i>Held by the Company:</i>				
* Express Rail Link Sdn. Bhd.	Malaysia	Operation & maintenance of the ERL railway system between KLIA in Sepang & KL Sentral Station	50.00	50.00
Trans-Pacific Resorts Sdn. Bhd.	Malaysia	Inactive	50.00	50.00
<i>Held through Business & Budget Hotels Sdn. Bhd.:</i>				
Business & Budget Hotels (Kuantan) Sdn. Bhd.	Malaysia	Hotel operator	50.00	50.00
<i>Held through Syarikat Pembinaan Yeoh Tiong Lay Sdn. Bhd.:</i>				
North South Development Sdn. Bhd.	Malaysia	Realty, investment & management services	49.00	49.00
<i>Held through YTL Cayman Limited:</i>				
* YTL (Thailand) Limited	Thailand	Investment holding	49.90	49.90

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

<u>Name of Company</u>	<u>Place of Incorporation</u>	<u>Principal Activities</u>	<u>Effective Equity Interest</u>	
			2015 %	2014 %
<i>Held through YTL Cement Berhad:</i>				
^*Cementitious Products Pte. Ltd.	Singapore	General wholesale trade (including general importers and exporters)	49.05	-
Superb Aggregates Sdn. Bhd.	Malaysia	Extraction, removal, processing & sale of sand	49.05	49.07
<i>Held through YTL e-Solution Berhad:</i>				
^ Endless Momentum Sdn. Bhd.	Malaysia	Investment holding	22.24	22.24
<i>Held through YTL Hotels & Properties Sdn. Bhd.:</i>				
^*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
<i>Held through YTL Power International Berhad:</i>				
* Attarat Power Holding Company B.V.	Netherlands	Dormant	17.03	-
+*ElectraNet Pty. Ltd.	Australia	Trade as ElectraNet SA (operates & manages the electricity transmission network throughout South Australia)	19.01	19.35
* Enefit Jordan B.V.	Netherlands	Investment holding	17.03	17.33
^ Jimah Power Generation Sdn. Bhd.	Malaysia	Dormant	27.80	28.30

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

<u>Name of Company</u>	<u>Place of Incorporation</u>	<u>Principal Activities</u>	<u>Effective Equity Interest</u>	
			2015	2014
			%	%

Held through YTL Power International Berhad (continued):

⁺ *P.T. Jawa Power	Indonesia	To construct, commission & operate a coal-fired thermal power station	11.35	11.55
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* 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

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

- (b) The summarised financial information of 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:

	<u>P.T. Jawa Power</u>		<u>ElectraNet Pty. Ltd.</u>	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Non-current assets	4,301,267	3,757,213	7,996,270	7,638,353
Current assets	996,416	746,207	125,273	104,286
Non-current liabilities	(1,243,842)	(977,298)	(5,498,498)	(5,410,711)
Current liabilities	(198,044)	(207,337)	(1,432,083)	(1,133,398)
Net assets	<u>3,855,797</u>	<u>3,318,785</u>	<u>1,190,962</u>	<u>1,198,530</u>
Profit for the financial year	709,069	656,014	112,683	54,039
Other comprehensive loss	-	-	(43)	(71,904)
Total comprehensive income/(loss)	<u>709,069</u>	<u>656,014</u>	<u>112,640</u>	<u>(17,865)</u>
Included in the total comprehensive income is:				
Revenue	2,045,001	1,930,149	979,455	941,926
Other information:				
Dividends received from associate	<u>265,678</u>	<u>280,172</u>	<u>24,792</u>	<u>20,177</u>

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (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 below: (continued)

(ii) Reconciliation of net assets to carrying amount:

	P.T. Jawa Power		ElectraNet Pty. Ltd.		Total	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Opening net assets, 1 July	3,318,785	3,597,644	1,198,530	1,243,288	4,517,315	4,840,932
Profit for the financial year	709,069	656,014	112,683	54,039	821,752	710,053
Other comprehensive loss	-	-	(43)	(71,904)	(43)	(71,904)
Repayment of loan stock	-	(135,671)	-	-	-	(135,671)
Foreign exchange differences	587,023	1,289	(46,202)	33,338	540,821	34,627
Dividend paid	(759,080)	(800,491)	(74,006)	(60,231)	(833,086)	(860,722)
Closing net assets, 30 June	<u>3,855,797</u>	<u>3,318,785</u>	<u>1,190,962</u>	<u>1,198,530</u>	<u>5,046,759</u>	<u>4,517,315</u>
Interest in associates direct hold by subsidiary	35.0%	35.0%	33.5%	33.5%		
Carrying amount	<u>1,349,529</u>	<u>1,161,575</u>	<u>398,972</u>	<u>401,508</u>	<u>1,748,501</u>	<u>1,563,083</u>

Goodwill amounting to RM23,357,000 (2014: RM23,357,000) was included in the carrying amount of investment in associated companies.

The Group has not recognised its share of losses of an associated company amounting to RM2,036,000 (2014: RM15,235,000) 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 RM278,495,000 (2014: RM276,459,000) at the reporting date.

The individually immaterial associate's carrying amount is RM113,699,000 (2014: RM86,354,000) and the Group's share of profits, total comprehensive income is RM11,341,000 (2014: RM90,999,000).

Company No: 92647-H

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

15. JOINT VENTURES

Investments in joint ventures

	Group	
	2015	2014
	RM'000	RM'000
Unquoted investments, at cost	23,400	23,400
Share of post-acquisition reserves	11,355	2,912
	<u>34,755</u>	<u>26,312</u>

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

<u>Name of company</u>	<u>Place of incorporation</u>	<u>Principal activities</u>	<u>Effective equity interest</u>	
			2015	2014
			%	%
<i>Held through YTL Land & Development Berhad:</i>				
Shorefront Development Sdn. Bhd. (formerly known as PDC Heritage Hotel Sdn. Bhd.)	Malaysia	Property development	32.63	28.95
<i>Held through YTL Power International Berhad:</i>				
Attarat Mining Company B.V.	Netherland	Dormant	28.38	-
Bristol Wessex Billing Services Limited	England & Wales	Billing services	28.38	28.89
Xchanging Malaysia Sdn. Bhd.	Malaysia	Mobile internet & cloud-based technology solutions	17.03	17.33

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

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

	Group	
	2015	2014
	RM'000	RM'000
Non-current assets	127	324
Current assets	48,288	25,768
Current liabilities	(23,220)	(9,339)
Net assets	<u>25,195</u>	<u>16,753</u>
Total comprehensive income	<u>38,195</u>	<u>2,083</u>

16. INVESTMENTS

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Available-for-sale financial assets				
Quoted equity investments				
- Within Malaysia	15,664	16,313	5,080	4,436
- Outside Malaysia	13,182	12,432	7,285	7,721
Unquoted equity investments				
- Within Malaysia	20,431	19,533	19,483	19,483
- Outside Malaysia	213,065	144,327	-	-
	<u>262,342</u>	<u>192,605</u>	<u>31,848</u>	<u>31,640</u>

A loss arising from the changes in fair values of available-for-sale financial assets during the financial year of RM852,000 (2014: gain of RM3,453,000) and RM222,000 (2014: gain of RM1,045,000) 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 RM1,049,000 (2014: RM1,253,000) and RM1,049,000 (2014: RM359,000) against equity investments whose trade prices had been below cost for a prolonged period, respectively.

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

17. CASH AND CASH EQUIVALENTS

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Deposits with licensed banks	13,318,448	11,907,881	1,223,338	1,284,720
Cash and bank balances	798,158	1,308,615	3,154	228,839
Cash and cash equivalents	14,116,606	13,216,496	1,226,492	1,513,559
Bank overdrafts (Note 33)	(85,194)	(67,332)	-	-
Cash and cash equivalents as per statements of cash flows	<u>14,031,412</u>	<u>13,149,164</u>	<u>1,226,492</u>	<u>1,513,559</u>

Cash and bank balances of the Group included amounts totalling RM24,265,000 (2014: RM30,684,000) held pursuant to Section 7A of the Housing Developers (Control and Licensing) Act 1966. Those amounts were restricted from use in other operations.

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

	Group		Company	
	2015	2014	2015	2014
	%	%	%	%
Deposits with licensed banks	<u>0.01 – 4.10</u>	<u>0.01 – 3.50</u>	<u>2.95 - 4.00</u>	<u>2.95 - 3.40</u>

Deposits of the Group and of the Company have maturities ranging from 1 day to 365 days (2014: 1 day to 365 days). Bank balances are deposits held at call with banks.

Included in the deposits with licensed banks amounting to RM10,159,000 (2014: RM19,211,000) 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.

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

18. INTANGIBLE ASSETS

The details of intangible assets are as follows:-

	Customer acquisition costs RM'000	Goodwill on consolidation RM'000	Others RM'000	Total RM'000
Group - 2015				
<u>At cost</u>				
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
<u>Accumulated amortisation and impairment</u>				
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
Group - 2014				
<u>At cost</u>				
At beginning of the financial year	61,477	4,762,953	-	4,824,430
Additions	74,308	-	-	74,308
Acquisition of new subsidiaries	-	74,263	-	74,263
Currency translation differences	-	150,118	-	150,118
At end of the financial year	135,785	4,987,334	-	5,123,119
<u>Accumulated amortisation and impairment</u>				
At beginning of the financial year	(21,276)	(17,669)	-	(38,945)
Amortisation (Note 6)	(47,776)	-	-	(47,776)
Impairment losses (net of NCI)	-	(22,406)	-	(22,406)
At end of the financial year	(69,052)	(40,075)	-	(109,127)
Net carrying amount				
At 30 June 2014	66,733	4,947,259	-	5,013,992

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.

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

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

	Group 2015 RM'000	2014 RM'000
Utilities	4,797,042	4,379,016
Management services	274,418	251,080
Cement manufacturing & trading	157,585	102,883
Property investment & development	96,078	124,728
Hotel & restaurant operations	68,644	64,798
Others	24,834	24,754
	<u>5,418,601</u>	<u>4,947,259</u>

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 RM3.9 billion (2014: RM3.7 billion) ("A") and RM819 million (2014: RM670 million) ("B"), respectively, one of the major goodwill in management services ("C") and cement manufacturing & trading ("D") segment amounting to RM274 million (2014: RM251 million) and RM158 million (2014: RM103 million), respectively.

	2015				2014			
	A	B	C	D	A	B	C	D
	%	%	%	%	%	%	%	%
Pre-tax discounts	6.0	5.2	5.6	4.5	6.0	5.7	4.5	4.5
Terminal growth rate	2.0	(0.5)	6.5	6.5	2.0	0.1	6.5	6.5
Revenue growth	1.2	2.2	2.0	3.0	2.7	2.5	3.0	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	<u>2.0</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>2.0</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

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", 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 8 years.

(b) Sensitivity to change in key assumptions

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

The circumstances where a 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:-

	2015				2014	
	A	B	C	D	A	B
	%	%	%	%	%	%
Pre-tax discount	7.8	12.0	7.0	5.7	8.6	12.5
Terminal growth rate	(1.6)	(2.2)	7.2	7.2	(4.1)	(0.5)
Revenue growth	0.3	(5.0)	0.6	0.9	1.8	(4.4)
Electricity margin growth rate	(0.2)	N/A	N/A	N/A	(2.5)	N/A
Electricity volume growth rate	0.3	N/A	N/A	N/A	(1.5)	N/A

The management believes that no reasonable possible change in any of the above key assumptions would cause the carrying values of the units to materially differ from their recoverable amounts except the above mentioned CGU "A" and "B".

19. BIOLOGICAL ASSETS

	Group	
	2015	2014
	RM'000	RM'000
<u>Plantation development expenditure - at cost</u>		
At beginning of the financial year	1,798	1,700
Addition	-	98
At end of the financial year	<u>1,798</u>	<u>1,798</u>

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

20. TRADE AND OTHER RECEIVABLES

	Group	
	2015	2014
	RM'000	RM'000
<u>Non-current</u>		
Trade receivables	449	-
Amounts recoverable from supplier *	-	410,446
Less : Allowance for impairment	-	(149,390)
Amounts recoverable from supplier (net)	-	261,056
Other receivables	10,729	22,857
Less : Allowance for impairment	(100)	-
Other receivables (net)	10,629	22,857
Accrued income	435	895
Deposits	1,030	900
Receivables from associate company ^	274,902	291,068
	<u>287,445</u>	<u>576,776</u>

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
<u>Current</u>				
Trade receivables	2,528,223	2,511,045	-	-
Shareholder amounts held by solicitors	29,162	1,948	-	-
	2,557,385	2,512,993	-	-
Less : Allowance for impairment	(361,366)	(313,591)	-	-
Trade receivables (net)	2,196,019	2,199,402	-	-
Other receivables	416,689	297,928	15,085	12,661
Less : Allowance for impairment	(3,645)	(1,703)	-	-
Other receivables (net)	413,044	296,225	15,085	12,661
Amounts recoverable from supplier *	453,366	-	-	-
Less : Allowance for impairment	(149,390)	-	-	-
Amounts recoverable from supplier (net)	303,976	-	-	-
Retention sum	-	2,424	-	-
Accrued income	429,079	413,097	-	-
Deposits	78,762	55,623	390	5,292
	<u>3,420,880</u>	<u>2,966,771</u>	<u>15,475</u>	<u>17,953</u>

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

- ^ Receivables from associate comprises three loan notes issued by the associate. The notes have been issued by the associate in accordance to a loan note facility agreement. These receivables will mature in October 2030. Contingent interests are receivable on loan notes to the extent that there is sufficient available cash. In the event that cash is insufficient, interest will be accrued.
- * A subsidiary of the Group had entered into 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 is calculated by reference to a market price-related formula. However, since 1 May 1997, the Government of Malaysia has fixed the price of gas and accordingly, the market price-related formula applicable under the Agreement has not been used by the gas supplier. The gas supplier unilaterally withdrew a discount provided for under the market price-related formula and as a consequence, a dispute arose over whether the discount is, in the circumstances, applicable under the Agreement.

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

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. The hearing dates have yet to be fixed. The Directors have been advised that there is more than a reasonable prospect that the amount of RM304 million paid under protest would be recoverable.

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

	Group	
	2015	2014
	RM'000	RM'000
Neither past due nor impaired	1,390,443	1,638,360
1 to 90 days past due not impaired	420,966	263,831
91 to 120 days past due not impaired	31,014	26,865
More than 120 days past due not impaired	353,596	270,346
Total past due not impaired	805,576	561,042
Impaired	361,366	313,591
	<u>2,557,385</u>	<u>2,512,993</u>

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

Receivables amounting to RM94.2 million (2014: RM86.1 million) are secured by financial guarantees given by banks and RM14.3 million (2014: RM12.1 million) are secured by cash collateral.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM805,576,000 (2014: RM561,042,000) that are past due at the reporting date but not impaired. These include mainly trade receivables past due for technical or strategic reasons and there is no concern on the credit worthiness of the counter parties and the recoverability of these debts.

Receivables that are impaired

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

	Trade receivables RM'000	Others RM'000	Total RM'000
Group - 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	<u>361,366</u>	<u>153,135</u>	<u>514,501</u>
Group - 2014			
At beginning of the financial year	260,887	104,108	364,995
Acquisition of subsidiary	1,931	-	1,931
Charge for the year	94,351	46,985	141,336
Reversal of impairment losses	(2,323)	-	(2,323)
Bad debts written off	(64,374)	-	(64,374)
Currency translation differences	23,119	-	23,119
At end of the financial year	<u>313,591</u>	<u>151,093</u>	<u>464,684</u>

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.

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

21. INVENTORIES

	Group 2015 RM'000	2014 RM'000
<u>At cost</u>		
Consumable stores	15,219	16,958
Finished goods	89,458	108,143
Fuel	216,811	227,228
Properties held for sale	71,045	67,248
Raw materials	142,991	126,309
Spare parts	183,748	168,632
Work-in-progress	50,940	41,645
<u>At fair value less cost to sell</u>		
Fuel	-	17,715
	<u>770,212</u>	<u>773,878</u>

22. PROPERTY DEVELOPMENT COSTS

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	<u>1,302,536</u>	<u>134,462</u>	<u>645,547</u>	<u>2,082,545</u>
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				<u>(199,361)</u>
Property development costs at end of the financial year				<u>1,883,184</u>

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

Group - 2014

	Freehold land RM'000	Leasehold land RM'000	Development costs RM'000	Total RM'000
Cumulative property development costs :-				
At beginning of the financial year	1,155,192	66,577	473,398	1,695,167
Cost incurred during the financial year	-	5,171	354,069	359,240
Transfer from land held for property development	4,725	-	24,339	29,064
Reversal of completed projects	-	(18,415)	(114,609)	(133,024)
Currency translation differences	24,926	-	4,799	29,725
At end of the financial year	<u>1,184,843</u>	<u>53,333</u>	<u>741,996</u>	<u>1,980,172</u>
Cumulative cost recognised in profit or loss:-				
At beginning of the financial year				(324,286)
Recognised during the financial year				(258,312)
Reversal of completed projects				133,024
At end of the financial year				<u>(449,574)</u>
Property development costs at end of the financial year				<u>1,530,598</u>

Included in property development costs of the Group is interest capitalised during the financial year amounting to RM34,046,000 (2014: RM29,851,000).

Included in property development costs of the Group is a freehold land under development with carrying value of RM1,661,000,000 (2014: RM1,429,000,000) pledged as security for a borrowing granted to the Group as disclosed in Note 33 to the Financial Statements.

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

23. OTHER ASSETS

	Group			
	2015	2014		
	RM'000	RM'000		
<u>Non-current</u>				
Prepayments	32,558	60,965		
	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
<u>Current</u>				
Prepayments	214,354	383,051	178	392
Accrued billings in respect of property development costs	7,298	87,619	-	-
Amount due from contract customers (Note 25)	2,773	14,389	-	-
	<u>224,425</u>	<u>485,059</u>	<u>178</u>	<u>392</u>

24. DERIVATIVE FINANCIAL INSTRUMENTS

	Assets	Liabilities	Total
	RM'000	RM'000	RM'000
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	<u>139,035</u>	<u>(440,534)</u>	<u>(301,499)</u>
	Assets	Liabilities	Total
	RM'000	RM'000	RM'000
Group - 2014			
At beginning of the financial year	45,504	(201,614)	(156,110)
Acquisition of subsidiary	11,431	(2,383)	9,048
Movement during the year	(7,857)	119,577	111,720
Currency translation differences	1,360	(4,165)	(2,805)
At end of the financial year	<u>50,438</u>	<u>(88,585)</u>	<u>(38,147)</u>

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

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

	Contract/ notional amount RM'000	Fair values	
		Assets RM'000	Liabilities RM'000
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
		<u>139,035</u>	<u>440,534</u>
Current portion		85,243	304,311
Non-current portion		<u>53,792</u>	<u>136,223</u>
		<u>139,035</u>	<u>440,534</u>
	Contract/ notional amount RM'000	Fair values	
		Assets RM'000	Liabilities RM'000
Group - 2014			
Cash-flow hedges			
- fuel oil swaps	1,785,786	33,534	6,473
- currency forwards	2,055,391	5,472	16,249
- interest rate swaps	1,897,347	2,533	5,433
Fair value through profit or loss			
- fuel oil swaps	315,843	8,515	835
- currency forwards	324,841	384	2,176
- 1.875% exchangeable bonds		-	57,419
		<u>50,438</u>	<u>88,585</u>
Current portion		30,590	77,831
Non-current portion		<u>19,848</u>	<u>10,754</u>
		<u>50,438</u>	<u>88,585</u>

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (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 gain of RM71.1 million (2014: RM55.5 million), while there is no gain or loss (2014: gain of RM2.3 million) was recognised in Income Statements on the ineffective portion of cash flows hedge.

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 41 months (2014: 50 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 43 months (2014: 52 months) from financial year end. The currency forwards have maturity dates that match the expected occurrence of these transactions.

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

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

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

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

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

(c) Interest rate swaps

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

The fair values of interest rate swaps are calculated using the present value of the estimated future cash flows.

(d) 1.875% Exchangeable bonds

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

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

	Group	
	2015	2014
	RM'000	RM'000
YTL Corp Share price (RM)	1.62	1.62
Exchange price (RM)	1.67	1.67
Expected volatility (%)	22.40	21.60
Expected life of exchange feature (years)	-	0.72
Risk free rate per annum (%)	1.48	1.48

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

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

25. CONSTRUCTION CONTRACTS

	Group 2015 RM'000	2014 RM'000
Aggregate costs incurred to date	766,272	945,707
Recognised profits less recognised losses	(23,639)	18,275
	<u>742,633</u>	<u>963,982</u>
Less : Progress billings	(743,624)	(956,077)
Total	<u>(991)</u>	<u>7,905</u>
Representing:		
Amount due to contract customers (Note 38)	(3,764)	(6,484)
Amount due from contract customers (Note 23)	2,773	14,389
Total	<u>(991)</u>	<u>7,905</u>

Included in aggregate costs incurred to date of the Group are depreciation and interest capitalised during the financial year amounting to RM7,363,000 (2014: RM5,772,000) and RM131,000 (2014: RM414,000), respectively.

26. AMOUNTS DUE FROM/TO RELATED PARTIES

	Group 2015 RM'000	2014 RM'000	Company 2015 RM'000	2014 RM'000
(a) Amounts due from related parties				
Amounts due from:-				
- Holding company	856	-	-	-
- Subsidiaries	-	-	959,039	2,250,051
- Related companies	18,155	14,029	1,558	1,384
- Associated companies	4,955	13,078	53	340
- Joint ventures	18,668	15,066	-	-
	<u>42,634</u>	<u>42,173</u>	<u>960,650</u>	<u>2,251,775</u>

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
(b) Amounts due to related parties				
Amounts due to:-				
- Holding company	12	845	-	-
- Subsidiaries	-	-	9,907	999,602
- Related companies	5,256	4,148	4	114
- Associated companies	1,664	1,566	-	-
- Joint ventures	3,200	-	-	-
	<u>10,132</u>	<u>6,559</u>	<u>9,911</u>	<u>999,716</u>

- (c) The amounts due from/to related parties pertain mainly to trade receivables/payables, advances and payments on behalf. The outstanding amounts are unsecured, interest free and payable on demand except for advances given to a subsidiary amounting RM51.4 million (2014: RM38.7 million) which bear interest rate of 4.6% per annum (2014: 4.4% 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	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Available-for-sale financial assets				
Unquoted unit trusts in Malaysia				
- at cost	<u>632,106</u>	<u>609,531</u>	<u>632,106</u>	<u>609,531</u>

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.

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

28. SHARE CAPITAL

	Group/Company	
	2015	2014
	RM'000	RM'000
Authorised :-		
At beginning and end of the financial year		
- 15,000,000,000 ordinary shares of RM0.10 each	<u>1,500,000</u>	<u>1,500,000</u>
Issued and fully paid :-		
At beginning of the financial year		
- 10,738,931,473 (2014: 10,738,931,473) ordinary shares of RM0.10 each	1,073,893	1,073,893
Conversion of exchangeable bonds		
- 55,059,789 (2014: Nil) ordinary shares of RM0.10 each	<u>5,506</u>	<u>-</u>
At end of the financial year		
- 10,793,991,262 (2014: 10,738,931,473) ordinary shares of RM0.10 each	<u>1,079,399</u>	<u>1,073,893</u>

Out of a total of 10,793,991,262 (2014: 10,738,931,473) ordinary shares of RM0.10 issued and fully paid-up ordinary shares, the Company holds 375,346,039 (2014: 375,344,039) ordinary shares of RM0.10 as treasury shares. As at 30 June 2015, the number of ordinary shares in issue and fully paid net of treasury shares are 10,418,645,223 (2014: 10,363,587,434).

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.

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

a) Treasury Shares

The shareholders of the Company granted a mandate to the Company to repurchase its own shares at the Annual General Meeting held on 25 November 2014. The Directors of the Company are committed to enhance the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interest of the Company and its shareholders.

During the financial year, the Company repurchased 2,000 ordinary shares of RM0.10 each (2014: 2,000,100) ordinary shares of RM0.10 each of its issued share capital from the open market. The average price paid for the shares repurchased was RM1.73 (2014: RM1.62) 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 2015, the Company held as treasury shares a total of 375,346,039 (2014: 375,344,039) of its 10,793,991,262 (2014: 10,738,931,473) issued ordinary shares. Such treasury shares are held at a carrying amount of RM596,573,469 (2014: RM596,570,004).

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:-

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

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

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

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

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

Financial year ended 30 June 2015

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	138,135	-	(2,500)	135,635
			<u>138,135</u>	<u>-</u>	<u>(2,500)</u>	<u>135,635</u>

Financial year ended 30 June 2014

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	141,075	-	(2,940)	138,135
			<u>141,075</u>	<u>-</u>	<u>(2,940)</u>	<u>138,135</u>

None of the 135,635,000 (2014: 138,135,000) outstanding options are exercisable.

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

Share options granted on 16.07.2012

Valuation assumptions :-

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

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

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

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

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Share option expenses				
by the Company	15,253	15,700	15,253	15,700
by the subsidiary	7,074	8,610	-	-
Allocation to subsidiaries	-	-	(8,594)	(9,022)
Total share option expenses	<u>22,327</u>	<u>24,310</u>	<u>6,659</u>	<u>6,678</u>

29. NON-DISTRIBUTABLE RESERVES

(a) Share premium

	Group/Company	
	2015	2014
	RM'000	RM'000
At beginning of the financial year	1,987,700	1,987,700
Conversion of exchangeable bonds	81,488	-
At end of the financial year	<u>2,069,188</u>	<u>1,987,700</u>

(b) Other reserves

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Capital reserve	102,165	102,000	-	-
Equity component of				
Irredeemable Convertible				
Unsecured Loan Stocks	74,037	74,066	-	-
Foreign currency				
translation reserve	428,406	(359,761)	-	-
Share options reserve	72,714	50,409	46,813	31,560
Statutory reserve	32,325	27,415	-	-
Available-for-sale reserve	7,902	8,754	1,877	2,099
Hedging reserve	(228,463)	(14,361)	-	-
	<u>489,086</u>	<u>(111,478)</u>	<u>48,690</u>	<u>33,659</u>

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

(b) Other reserves - Group

	Capital reserve RM'000	Equity component of ICULS RM'000	Foreign currency translation reserve RM'000	Share options reserve RM'000	Statutory reserve ¹ RM'000	Available- for-sale reserve RM'000	Hedging reserve RM'000	Total other reserves RM'000
2015								
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

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

(b) Other reserves - Group

2014	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	101,991	74,066	(739,135)	26,601	27,141	5,299	(23,483)	(527,520)
Changes in fair values gain	-	-	-	-	-	3,453	11,057	14,510
Exchange differences	-	-	377,724	-	-	-	-	377,724
Total comprehensive income for the year	-	-	377,724	-	-	3,453	11,057	392,234
Share option expenses	-	-	-	15,700	-	-	-	15,700
Share option expenses by subsidiary	-	-	-	8,610	-	-	-	8,610
Share option forfeiture	-	-	-	(502)	-	-	-	(502)
Currency translation differences	9	-	1,650	-	274	2	(1,935)	-
At end of the financial year	102,000	74,066	(359,761)	50,409	27,415	8,754	(14,361)	(111,478)

Note:

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

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

(b) Other reserves – Company

	Share options reserve RM'000	Available-for- sale reserve RM'000	Total other reserves RM'000
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	<u>46,813</u>	<u>1,877</u>	<u>48,690</u>
2014			
At beginning of the financial year	15,860	1,700	17,560
Changes in fair values	-	29,099	29,099
Disposal of available-for-sale investment securities	-	(646)	(646)
Gain on derecognition of financial assets	-	(28,054)	(28,054)
Share option expenses	15,700	-	15,700
At end of the financial year	<u>31,560</u>	<u>2,099</u>	<u>33,659</u>

30. LONG TERM PAYABLES

	Group	
	2015 RM'000	2014 RM'000
Deferred income	635,637	449,230
Deposits	168,750	132,969
Other payables	41,223	61,872
	<u>845,610</u>	<u>644,071</u>

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

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

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	
	2015	2014
	RM'000	RM'000
Amount due to contract customer	<u>67,696</u>	<u>67,696</u>

This represents the balance of the total purchase consideration of not less than RM105,616,000 (2014: RM105,616,000) for the acquisition of the Sentul Raya Development Project Site from Keretapi Tanah Melayu Berhad ("KTMB"), which will be settled by way of phased development, construction and completion of the Railway Village by Sentul Raya Sdn. Bhd. ("SRSB"), a subsidiary of YTL Land & Development Berhad for KTMB at its sole cost and expense in accordance with the provisions of the Development Agreement dated 8 December 1993 between SRSB and KTMB as amended pursuant to the Supplementary Development Agreement dated 21 December 2000.

32. BONDS

		Group		Company	
	Note	2015	2014	2015	2014
		RM'000	RM'000	RM'000	RM'000
<u>Current:-</u>					
Medium Term Notes	32(A)	348,390	628,988	-	-
1.875% Guaranteed					
Exchangeable Bonds					
Due 2015	32(I)	-	889,602	-	-
		<u>348,390</u>	<u>1,518,590</u>	<u>-</u>	<u>-</u>

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

	Note	Group 2015 RM'000	2014 RM'000	Company 2015 RM'000	2014 RM'000
<u>Non-current:-</u>					
Medium Term Notes	32(A)	7,209,363	5,821,545	1,500,000	1,500,000
3.52% Retail Price Index Guaranteed Bonds	32(B)	435,794	391,000	-	-
5.75% Guaranteed Unsecured Bonds	32(C)	2,063,739	1,889,545	-	-
5.375% Guaranteed Unsecured Bonds	32(D)	1,182,665	1,083,603	-	-
1.75% Index Linked Guaranteed Bonds	32(E)	1,172,322	1,051,822	-	-
1.369% and 1.374% Index Linked Guaranteed Bonds	32(F)	1,172,322	1,051,822	-	-
1.489%, 1.495% and 1.499% Index Linked Guaranteed Bonds	32(G)	1,113,911	999,857	-	-
2.186% Index Linked Guaranteed Bonds Due 2039	32(H)	357,436	325,135	-	-
4.0% Guaranteed Unsecured Bonds Due 2021	32(J)	1,810,222	1,666,236	-	-
Japan bonds	32(K)	38,205	38,709	-	-
		<u>16,555,979</u>	<u>14,319,274</u>	<u>1,500,000</u>	<u>1,500,000</u>
Total		<u>16,904,369</u>	<u>15,837,864</u>	<u>1,500,000</u>	<u>1,500,000</u>

The bonds are repayable:-

	Group 2015 RM'000	2014 RM'000	Company 2015 RM'000	2014 RM'000
Not later than 1 year	348,390	1,518,590	-	-
Later than 1 year but not later than 5 years	3,046,880	2,534,071	500,000	500,000
Later than 5 years	13,509,099	11,785,203	1,000,000	1,000,000
Total	<u>16,904,369</u>	<u>15,837,864</u>	<u>1,500,000</u>	<u>1,500,000</u>

Company No: 92647-H

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

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

	Group		Company	
	2015	2014	2015	2014
	%	%	%	%
Medium Term Notes	2.19	2.25	4.42	4.42
Bonds	4.34	4.66	-	-

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

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
3.52% Retail Price Index Guaranteed Bonds	302,463	301,106	-	-
5.75% Guaranteed Unsecured Bonds	2,599,306	2,273,931	-	-
5.375% Guaranteed Unsecured Bonds	1,405,313	1,237,774	-	-
1.75% Index Linked Guaranteed Bonds	1,402,249	1,473,790	-	-
1.369% and 1.374% Index Linked Guaranteed Bonds	1,462,953	1,361,222	-	-
1.489%, 1.495% and 1.499% Index Linked Guaranteed Bonds	1,490,517	1,353,949	-	-
2.186% Index Linked Guaranteed Bonds Due 2039	400,232	312,811	-	-
1.875% Guaranteed Exchangeable Bonds Due 2015	-	886,300	-	-
4.0% Guaranteed Unsecured Bonds Due 2021	1,903,316	1,701,863	-	-
Medium Term Notes	6,283,362	6,109,509	1,491,234	1,491,279
Japan Bonds	38,612	39,559	-	-
Total	17,288,323	17,051,814	1,491,234	1,491,279

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

(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% (2014: 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% (2014: 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) a Commercial Paper and/or Medium Term Notes issuance programme of up to RM2.0 billion ("CP/MTNs Programme") constituted by a Trust Deed and CP/MTN Programme Agreement, both dated 24 May 2007; and

- (b) A MTNs issuance programme of up to RM5.0 billion constituted by a Trust Deed and MTNs Agreement, both dated 11 August 2011.

During the financial year, YTLPI issued RM700 million and RM300 million of MTNs bearing interest payable semi-annually. The facility bears interest rates ranging from 4.35% to 4.95% (2014: 4.35% to 4.62%) per annum. No MTNs repaid during the financial year. A MTNs of RM550,000,000 has been repaid during the last financial year.

The MTN of YTL Power Generation Sdn. Bhd., a subsidiary of the Group, was issued pursuant to a MTNs issuance programme of up to RM1,300,000,000 constituted by a Trust Deed and Facility Agreement, both dated 9 July 2003. Interest is payable semi-annually. The facility bears interest rate at 4.05% (2014: 4.05%) per annum. MTN of RM300,000,000 (2014: RM300,000,000) has been repaid during the financial year.

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (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.

(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 SGD128.3 million of Malaysia MTNs to partially fund the acquisition of the Malaysia Properties. The Malaysia MTNs have an expected maturity date of 5 years and legal maturity date of 6.5 years from the issuance date, and are secured, inter alia, by a fixed and floating charge over all the assets of Ara Bintang Berhad, a subsidiary of the Group.

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

The RPIG Bonds of Wessex Waters Services Finance Plc, a subsidiary of the Group, bear interest semi-annually on 30 January and 30 July at an interest rate of 3.52% initially, indexed up by the inflation rate every year. The effective interest rate as at 30 June 2015 is 5.50% (2014: 6.17%) 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.

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (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 2015 GBP346,689,488 (2014: GBP345,614,692) 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 GBP198,677,077 (2014: GBP198,200,754) remained outstanding as at 30 June 2015, 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 2015 is 3.73% (2014: 4.40%) 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.

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (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 2015 is 3.35% (2014: 4.02%) 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 2015 is 2.39% (2014: 3.94%) 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 2015 is 1.99% (2014: 3.34%) per annum. The ILG Bonds 4 are redeemed in full by the Issuer on 1 June 2039 at their indexed value together with all accrued interest.

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

(I) 1.875% GUARANTEED EXCHANGEABLE BONDS DUE 2015

On 18 March 2010, YTL Corp Finance (Labuan) Limited ("YTLCF"), a subsidiary of the Group, issued USD350 million in aggregate principal amount of 1.875% Guaranteed Exchangeable Bonds due 2015 (subject to an upside option ("Upsize Option") of up to USD50 million ("Option Bonds")) (the "Bonds") which were listed on the Singapore Exchange Securities Trading Limited on 19 March 2010.

The Upsize Option was exercised in full on 16 April 2010, bringing the total issue size of the Bonds to USD400 million. The Option Bonds were issued on 23 April 2010 and listed on the Singapore Exchange Securities Trading Limited on 26 April 2010. The Bonds were listed on the Labuan International Financial Exchange Inc. on 27 April 2010.

Each Bond entitles its registered holder to exchange for fully paid ordinary shares of the Company, with a par value of RM0.50 each at an initial exchange price of RM8.976 per share at a fixed exchange rate of USD1.00 = RM3.3204. The initial exchange price is also subject to adjustments in accordance with the terms and conditions of the Bonds as set out in the Trust Deed dated 18 March 2010. The exchange price was adjusted to RM1.80 with effect from 29 April 2011 as a result of the subdivision of every 1 existing ordinary share of RM0.50 each of the Company into 5 ordinary shares of RM0.10 each. Subsequently, the exchange price was adjusted to RM1.67.

The Bonds bear interest at the rate of 1.875% per annum calculated semi-annually and payable in arrears on 18 March and 18 September each year. Unless previously purchased and cancelled, redeemed or exchanged, the Bonds will be redeemed on 18 March 2015 at 100% of their principal amount together with accrued but unpaid interest. During the financial year, the bonds has been fully redeemed or converted to the Company's shares.

(J) 4.0% GUARANTEED UNSECURED BONDS DUE 2021

On 24 January 2012, Wessex Water Services Finance Plc ("Issuer"), a subsidiary of the Group, issued GBP200,000,000 nominal value 4.0% 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 GBP198,335,776 (2014: GBP198,069,500) remained outstanding as at 30 June 2015, 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.

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (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 GBP105,765,148 (2014: GBP106,700,037) remained outstanding as at 30 June 2015, 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.

(K) JAPAN BONDS

Starhill Global REIT One TMK, a subsidiary of the Group, has JPY1.2 billion (SGD13.7 million) of Japan bonds outstanding as at 30 June 2015, maturing in November 2016 ("Series 2 Bonds"). The bondholders of Series 2 Bonds have a statutory preferred right, under the Japan Asset Liquidation Law, to receive payment of all obligations under the bonds prior to other creditors out of the assets of Starhill Global REIT One TMK.

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

33. BORROWINGS

		Group		Company	
	Note	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Current					
Bankers' acceptances	33(A)	23,458	33,841	-	-
Bank overdrafts	33(B)	85,194	67,332	-	-
Committed bank loans	33(C)	5,065	16,192	-	-
Finance lease liabilities	33(D)	52,094	69,820	439	486
Irredeemable					
Convertible Unsecured					
Loan Stocks	33(E)	9,447	5,329	-	-
Revolving credit	33(F)	2,809,210	2,580,977	1,266,855	1,266,855
Term loans	33(G)	1,005,610	1,031,334	-	-
Trade loans	33(H)	84,422	72,694	-	-
		<u>4,074,500</u>	<u>3,877,519</u>	<u>1,267,294</u>	<u>1,267,341</u>
Non-current					
Finance lease liabilities	33(D)	93,106	225,486	244	340
Irredeemable					
Convertible Unsecured					
Loan Stocks	33(E)	22,464	27,708	-	-
Revolving credit	33(F)	1,955,471	1,784,421	-	-
Term loans	33(G)	14,432,626	11,832,110	200,000	-
		<u>16,503,667</u>	<u>13,869,725</u>	<u>200,244</u>	<u>340</u>
Total					
Bankers' acceptances	33(A)	23,458	33,841	-	-
Bank overdrafts	33(B)	85,194	67,332	-	-
Committed bank loans	33(C)	5,065	16,192	-	-
Finance lease liabilities	33(D)	145,200	295,306	683	826
Irredeemable					
Convertible Unsecured					
Loan Stocks	33(E)	31,911	33,037	-	-
Revolving credit	33(F)	4,764,681	4,365,398	1,266,855	1,266,855
Term loans	33(G)	15,438,236	12,863,444	200,000	-
Trade loans	33(H)	84,422	72,694	-	-
		<u>20,578,167</u>	<u>17,747,244</u>	<u>1,467,538</u>	<u>1,267,681</u>

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

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

Group

	Not later than 1 year RM'000	Later than 1 year but not later than 5 years RM'000	Later than 5 years RM'000	Total RM'000
At 30 June 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
Irredeemable Convertible Unsecured Loan Stocks	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
	<u>4,074,500</u>	<u>15,144,309</u>	<u>1,359,358</u>	<u>20,578,167</u>
At 30 June 2014				
Bankers' acceptances	33,841	-	-	33,841
Bank overdrafts	67,332	-	-	67,332
Committed bank loans	16,192	-	-	16,192
Finance lease liabilities	69,820	225,486	-	295,306
Irredeemable Convertible Unsecured Loan Stocks	5,329	-	27,708	33,037
Revolving credit	2,580,977	1,784,421	-	4,365,398
Term loans	1,031,334	9,019,867	2,812,243	12,863,444
Trade loans	72,694	-	-	72,694
	<u>3,877,519</u>	<u>11,029,774</u>	<u>2,839,951</u>	<u>17,747,244</u>

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

Company

	Not later than 1 year	Later than 1 year but not later than 5 years	Later than 5 years	Total
	RM'000	RM'000	RM'000	RM'000
At 30 June 2015				
Finance lease liabilities	439	244	-	683
Revolving credit	1,266,855	-	-	1,266,855
Term loan	-	200,000	-	200,000
	<u>1,267,294</u>	<u>200,244</u>	<u>-</u>	<u>1,467,538</u>

At 30 June 2014

Finance lease liabilities	486	340	-	826
Revolving credit	1,266,855	-	-	1,266,855
	<u>1,267,341</u>	<u>340</u>	<u>-</u>	<u>1,267,681</u>

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

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

	Group		Company	
	2015	2014	2015	2014
	%	%	%	%
Term loans	2.32	1.91	4.55	-
Trade loans	2.03	1.68	-	-
Revolving credit	2.99	2.77	3.99	3.74
Committed bank loans	1.05	1.10	-	-
Irredeemable convertible unsecured loan stocks	7.49	7.49	-	-
Bankers' acceptances	4.58	3.94	-	-
Bank overdrafts	1.51	2.25	-	-
Finance lease liabilities	<u>1.54</u>	<u>1.02</u>	<u>2.41</u>	<u>2.38</u>

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

Group		Securities
2015 RM'000	2014 RM'000	
5,515,106	3,080,199	- Clean
9,993,779	11,107,510	- Corporate guarantee by the subsidiaries
1,564,898	1,576,899	- A first fixed charge over the properties of subsidiaries - An assignment of insurance proceeds of subsidiaries - A charge over the fixed deposit account of subsidiary
103,884	78,161	- A first party first fixed charge over the land of a subsidiary - A debenture creating a first fixed and floating charge over a subsidiary's present and future assets - Charge over the shares of a subsidiary
964,468	834,162	- Corporate guarantee by a subsidiary - A fixed charge over the freehold land under development - An assignment of insurance proceeds of a subsidiary
1,661,698	509,035	- Corporate guarantee by the Company
145,200	295,306	- A fixed charge over the respective vehicles, plant and machinery of the Group
28,096	77,109	- A charge over quoted shares of the subsidiaries
601,038	188,863	- A charge over the investment properties of the subsidiary
<u>20,578,167</u>	<u>17,747,244</u>	

Company		Securities
2015 RM'000	2014 RM'000	
1,466,855	1,266,855	- Clean
683	826	- A fixed charge over the respective vehicles of the Company
<u>1,467,538</u>	<u>1,267,681</u>	

Company No: 92647-H

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

(A) Bankers' acceptances

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

(B) Bank overdrafts

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

(C) Committed bank loans

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

(D) Finance lease liabilities

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Minimum lease payments :-				
Payable not later than 1 year	57,630	82,224	460	513
Payable later than 1 year and not later than 5 years	99,165	245,883	251	348
	156,795	328,107	711	861
Less : Finance charges	(11,595)	(32,801)	(28)	(35)
Present value of finance lease liabilities	145,200	295,306	683	826

Finance lease of RM134,310,672 (2014: RM285,147,010) is repayable in instalments until 30 June 2019. This finance lease bears an interest rate ranging from 1.40% to 3.85% (2014 : 0.91% to 3.62%) per annum.

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (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 up to fourth anniversary and 4.5% per annum from the date after the fourth anniversary up to the seventh anniversary. Thereafter, the ICULS 2011/2021 bear 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

Included in the revolving credit is unsecured facility of YTL PowerSeraya Pte Limited of RM1,955,471,075 [SGD695,996,254] (2014: RM1,784,421,126 [SGD694,246,246]). The borrowing bears interest rate ranging from 1.24% to 2.01% (2014: 1.24% to 1.29%) per annum and is repayable in full on 14 September 2017.

All the revolving credit facilities are unsecured and repayable on demand.

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

(G) Term loans

(i) Term loans denominated in Great Britain Pounds

The term loans of RM446,452,500 [GBP75,000,000] (2014: RM956,760,000 [GBP175,000,000]) are unsecured loans of Wessex Water Services Limited and are guaranteed by Wessex Water Limited. The loans bear interest rates ranging from 0.80% to 0.81% (2014: 0.76% to 0.81%) per annum on the GBP100,000,000 loan and 1.09% to 1.19% (2014: 1.06% to 1.13%) per annum on the GBP75,000,000 loan. The loans of GBP100 million and GBP75 million are repayable on 15 December 2015 and 22 July 2021 respectively. However, the loan of GBP100,000,000 was repaid early on 16 March 2015.

The term loans of RM833,378,000 [GBP140,000,000] (2014: RM765,408,000 [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 0.84% to 0.85% (2014: 0.78% to 0.80%) per annum and are repayable in full on 15 December 2018.

The term loans of 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% per annum, the second loan of GBP50,000,000 was withdrawn on 9 March 2015 bears an interest rate of LIBOR plus 0.45% and the third loan of GBP50,000,000 was withdrawn on 9 April 2015 bears an interest rate of 1.99%. All the loans are repayable in full between 30 January and 9 April 2024.

(ii) Term loans denominated in US Dollars

Term loans of RM756,153,625 [USD199,750,000] (2014: RM1,279,929,194 [USD398,669,738]) are unsecured and guaranteed by YTL Power International Berhad. A loan of USD200 million was repaid on 29 May 2015 and the remaining loan of USD200 million is repayable on 17 December 2015. These loans bear average interest rate ranging from 1.30% to 1.84% (2014: 1.30% to 1.84%) per annum.

Term loans of RM757,100,000 [USD200,000,000] was drawn by YTL Power International Berhad on 28 May 2015 and repayable on 28 May 2020. The loan bears interest rate of 1.39% per annum up to 31 May 2016 and LIBOR plus 1.35% subsequently for every half year.

During the financial year, term loans of RM1,059,940,000 [USD280,000,000] was drawn by YTL Corp. Finance (Cayman) Limited 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 1.48% per annum.

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

(iii) Term loans denominated in Ringgit Malaysia

Included in the term loan is the borrowing of YTL Hospitality REIT amounting to RM821,800,000 (2014: RM1,581,800,000) secured by first fixed charge over the properties of the subsidiary. The facility bears a weighted average interest rate of 4.81% (2014: 4.56%) per annum. The facility is repayable in full on 23 November 2017.

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

(iv) Term loans denominated in Singapore Dollars

Term loan of SGD380,000,000 is unsecured loan of YTL PowerSeraya Pte. Limited. The term loan was fully paid on 30 June 2015.

Term loan of RM2,123,082,874 [SGD755,653,073] (2014: RM1,937,371,503 [SGD753,753,065]) is unsecured loan of YTL PowerSeraya Pte. Limited. The borrowing bears interest rates ranging from 1.24% to 2.01% (2014: 1.24% to 1.29%) per annum and is repayable in full on 14 September 2017.

Term loan of RM2,111,848,067 [SGD751,654,352] (2014: RM1,926,981,998 [SGD749,710,928]) is unsecured loan of YTL PowerSeraya Pte. Limited. The borrowing bears interest rates ranging from 1.34% to 2.11% (2014: 1.34% to 1.39%) per annum and is repayable in full on 14 September 2019.

Term loan of RM964,467,000 [SGD343,275,000] (2014: RM834,162,000 [SGD324,439,000]) is a secured loan of YTL Westwood Properties Pte. Ltd. ("YTLW"). This term loan bears interest rates ranging from 2.11% to 2.93% (2014: 2.12% to 2.17%) per annum and is secured by legal mortgage of the property of YTLW.

Starhill Global Real Estate Investment Trust withdraw three year and five year unsecured loan facilities in September 2013 with a club of eight banks, at inception, which comprise SGD100 million three years loan (maturing in September 2016) and SGD250 million five years loan (maturing in September 2018). The interest rate on the unsecured loan facilities was largely hedged using a combination of interest rate swaps and caps.

(v) Term loans denominated in Australian Dollars

The term loans of RM762,912,000 [AUD262,538,860] was drawn by YTL Hospitality REIT and secured first fixed charge over the properties of the subsidiary. The facility bears a weighted average interest rate of 4.19% (2014: Nil) per annum and is repayable by bullet payment on 29 June 2020.

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

(H) Trade loans

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

34. GRANTS AND CONTRIBUTIONS

	Group	
	2015	2014
	RM'000	RM'000
At beginning of the financial year	347,207	295,774
Currency translation differences	34,420	27,424
Amortisation of grants and contributions (Note 6)	(10,042)	(9,757)
Received during the financial year	41,900	33,766
At end of the financial year	413,485	347,207

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

35. DEFERRED TAX LIABILITIES

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
At beginning of the financial year	2,275,723	2,403,546	100	100
Credited to profit or loss (Note 7)	(36,689)	(392,630)	-	-
Currency translation differences	182,301	190,744	-	-
Acquisition of subsidiary	10,137	49,113	-	-
(Credited)/charge to other comprehensive income *	(27,573)	24,950	-	-
At end of the financial year	2,403,899	2,275,723	100	100

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

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (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	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Deferred tax provided are in respect of :-				
<u>Deferred tax assets before offsetting</u>				
Unutilised capital allowances	(8,892)	(264)	-	-
Retirement benefits	(147,619)	(109,745)	-	-
Unabsorbed tax losses	(2,710)	(1,995)	-	-
Provisions	(3,848)	(10,399)	-	-
Others	(13,053)	(11,734)	-	-
	(176,122)	(134,137)	-	-
Offsetting	176,122	134,137	-	-
Deferred tax assets after offsetting	-	-	-	-

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
<u>Deferred tax liabilities before offsetting</u>				
Property, plant and equipment				
- capital allowances in excess of depreciation	2,513,570	2,342,436	100	100
Land held for property development	47,372	52,918	-	-
Others	19,079	14,506	-	-
	2,580,021	2,409,860	100	100
Offsetting	(176,122)	(134,137)	-	-
Deferred tax liabilities after offsetting	2,403,899	2,275,723	100	100

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

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

	Group	
	2015	2014
	RM'000	RM'000
Unabsorbed tax losses	1,184,746	1,055,321
Unutilised capital allowances	1,574,806	1,084,411
Unutilised investment tax allowance	40,657	40,537
Deductible temporary differences	90,627	101,124
Taxable temporary differences		
- property, plant and equipment	(1,065,469)	(810,072)
	<u>1,825,367</u>	<u>1,471,321</u>

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

36. POST-EMPLOYMENT BENEFIT OBLIGATIONS

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Defined contribution plan - Current				
Malaysia	<u>5,720</u>	<u>4,606</u>	<u>375</u>	<u>330</u>

	Group	
	2015	2014
	RM'000	RM'000
Defined contribution plan – Non-current		
Overseas		
- United Kingdom	734,028	546,654
- Indonesia	9,337	7,126
	<u>743,365</u>	<u>553,780</u>

(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.

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

(b) Defined benefit plan – United Kingdom

A subsidiary of the Group operates final salary defined benefit plans for its employees in the United Kingdom, the assets of which are held in separate trustee-administered funds. The latest actuarial valuation of the plan was undertaken at 30 September 2013. This valuation was updated as at 30 June 2015 using revised assumptions.

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

	Group	
	2015	2014
	RM'000	RM'000
At 1 July	546,654	558,734
Pension cost	88,792	87,525
Contributions and benefits paid	(99,008)	(98,261)
Currency translation differences	60,502	68,043
Remeasurement loss/(gain)	137,088	(69,387)
At end of the financial year	<u>734,028</u>	<u>546,654</u>

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

	Group	
	2015	2014
	RM'000	RM'000
Present value of funded obligations	3,806,216	3,105,038
Fair value of plan assets	(3,072,188)	(2,558,384)
Liability in the Statements of Financial Position	<u>734,028</u>	<u>546,654</u>

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued).

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

	Group	
	2015	2014
	RM'000	RM'000
At 1 July	3,105,038	2,607,480
Exchange differences	312,378	334,821
Interest cost	134,912	129,769
Current service cost	55,064	56,275
Contributions by scheme participants	1,088	1,059
Past service cost	6,528	1,059
Net benefits paid	(109,624)	(93,752)
Remeasurement loss/(gain) :		
- Actuarial loss arising from demographic assumptions	-	2,118
- Actuarial loss arising from financial assumptions	338,368	14,831
- Actuarial (gain)/loss arising from experience adjustments	(37,536)	51,378
Present value of defined benefit obligations, at 30 June	<u>3,806,216</u>	<u>3,105,038</u>

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

	Group	
	2015	2014
	RM'000	RM'000
At 1 July	2,558,384	2,048,746
Exchange differences	251,876	266,778
Interest income	111,520	102,226
Contributions by employer	99,008	98,261
Contributions by scheme participants	1,088	1,059
Net benefits paid	(109,624)	(93,752)
Administration expenses	(3,808)	(2,648)
Remeasurement gain:		
- Return on plan assets excluding interest income	163,744	137,714
Fair value of plan assets, at 30 June	<u>3,072,188</u>	<u>2,558,384</u>

Company No: 92647-H

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

The pension cost recognised is analysed as follows:-

	Group	
	2015	2014
	RM'000	RM'000
Current service cost	55,064	56,275
Interest cost	23,392	27,543
Past service cost	6,528	1,059
Administration expenses	3,808	2,648
Total charge to Income Statements	88,792	87,525

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

	Group	
	2015	2014
	RM'000	RM'000
Cost of sales	49,050	44,987
Administration expenses	16,350	14,995
Interest cost	23,392	27,543
Total charge to Income Statements	88,792	87,525

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

	Group	
	2015	2014
	%	%
Discount rate	3.80	4.40
Expected rate of increase in pension payment	2.20 – 3.10	2.10 – 3.10
Expected rate of salary increases	0.75 – 3.70	2.30 – 3.80
Price inflation	3.20	3.30

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

The plan assets are comprised as follow:-

	2015		2014	
	RM'000	%	RM'000	%
Equity instrument	1,554,845	50.6	1,320,876	51.6
Debt instrument	1,355,429	44.1	1,112,028	43.5
Property	160,723	5.2	119,731	4.7
Others	1,191	0.1	5,749	0.2
	<u>3,072,188</u>	<u>100.0</u>	<u>2,558,384</u>	<u>100.0</u>

	Group	
	2015	2014
	RM'000	RM'000
Actual return on plan assets	<u>275,264</u>	<u>239,940</u>

(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	
	2015	2014
	RM'000	RM'000
Obligation relating to post-employment benefits	7,351	5,598
Obligation relating to other long term employee benefits	<u>1,986</u>	<u>1,528</u>
Total	<u>9,337</u>	<u>7,126</u>

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

The obligations for post-employment and other long term employee benefits were recognised with reference to actuarial reports prepared by an independent actuary. The latest actuarial report was dated 30 June 2015.

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

(i) Post-employment benefits obligation

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

	Group	
	2015	2014
	RM'000	RM'000
At beginning of the financial year	5,598	6,025
Pension cost	924	866
Contributions and benefits paid	(148)	(286)
Currency translation differences	354	(1,041)
Remeasurement loss	623	34
At end of the financial year	<u>7,351</u>	<u>5,598</u>

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

	Group	
	2015	2014
	RM'000	RM'000
Present value of obligations	<u>7,351</u>	<u>5,598</u>

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

	Group	
	2015	2014
	RM'000	RM'000
At beginning of the financial year	5,598	6,025
Currency translation differences	354	(1,041)
Interest cost	482	406
Current service cost	463	460
Past services cost	(21)	-
Net benefits paid	(148)	(286)
Remeasurement loss:		
- Actuarial loss arising from experience adjustments	623	34
At end of the financial year	<u>7,351</u>	<u>5,598</u>

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

The pension cost recognised can be analysed as follows:-

	Group	
	2015	2014
	RM'000	RM'000
Current service cost	463	460
Interest cost	482	406
Past service cost	(21)	-
Total charge to Income Statements	<u>924</u>	<u>866</u>

(ii) Other long term employee benefits obligation

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	
	2015	2014
	RM'000	RM'000
Present value of obligations	<u>1,986</u>	<u>1,528</u>

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

	Group	
	2015	2014
	RM'000	RM'000
At beginning of the financial year	1,528	1,551
Pension cost	456	349
Contributions and benefits paid	(95)	(116)
Currency translation differences	97	(256)
At end of the financial year	<u>1,986</u>	<u>1,528</u>

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

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

	Group 2015 RM'000	2014 RM'000
At beginning of the financial year	1,528	1,551
Currency translation differences	97	(256)
Current service cost	456	349
Net benefits paid	(95)	(116)
At end of the financial year	<u>1,986</u>	<u>1,528</u>

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

	Group 2015 RM'000	2014 RM'000
Current service cost	<u>456</u>	<u>349</u>

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 2015 %	2014 %
Discount rate	8.0	8.5
Future salary increase	<u>8.0</u>	<u>8.0</u>

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

37. TRADE AND OTHER PAYABLES

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Trade payables	1,187,299	1,282,403	-	-
Other payables	482,160	436,662	1,813	1,617
Receipts in advance	311,766	285,828	-	-
Accruals	1,014,218	1,080,792	10,677	10,852
Deferred income	48,832	50,507	-	-
Security deposits	121,340	117,110	-	-
	<u>3,165,615</u>	<u>3,253,302</u>	<u>12,490</u>	<u>12,469</u>

The credit terms of trade payables granted to the Group vary from 30 days to 180 days (2014: 30 days to 180 days). Other credit terms are assessed and approved on a case-by-case basis.

38. OTHER CURRENT LIABILITIES

	Group	
	2015	2014
	RM'000	RM'000
Progress billings in respect of property development cost	-	79,016
Amount due to contract customers (Note 25)	3,764	6,484
Accrual for rectification works	10,923	6,438
	<u>14,687</u>	<u>91,938</u>

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

39. PROVISION FOR LIABILITIES AND CHARGES

	Group 2015 RM'000	2014 RM'000
Restructuring (Note a)	40,617	27,265
Damages claims (Note b)	19,078	37
	<u>59,695</u>	<u>27,302</u>

Movements in the provision are as follows:-

Group - 2015

	Restructuring RM'000	Damages claims RM'000	Total RM'000
At beginning of the financial year	27,265	37	27,302
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	<u>40,617</u>	<u>19,078</u>	<u>59,695</u>

Group - 2014

	Restructuring RM'000	Damages claims RM'000	Total RM'000
At beginning of the financial year	870	4,405	5,275
Currency translation differences	150	-	150
Charged/(credited) to profit or loss (Note 6)	27,542	(3,478)	24,064
Payments	(1,297)	(890)	(2,187)
At end of the financial year	<u>27,265</u>	<u>37</u>	<u>27,302</u>

(a) Restructuring

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

(b) 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.

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

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	
	2015	2014
	RM'000	RM'000
<u>Group</u>		
5% changes on GBP exchange rate	192,464	169,555
5% changes on SGD exchange rate	480,363	438,880

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

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

(b) Interest rate risk

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

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

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

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
<u>Fixed rate instruments</u>				
Financial liabilities	18,669,267	17,414,763	1,700,000	1,500,000
<u>Variable rate instruments</u>				
Financial assets	13,950,554	12,517,412	1,855,444	1,894,251
Financial liabilities	18,813,269	16,170,345	1,267,538	1,267,681
	<u>32,763,823</u>	<u>28,687,757</u>	<u>3,122,982</u>	<u>3,161,932</u>

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 RM94.1 million (2014: RM80.8 million) and RM6.3 million (2014: 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 RM14.0 million (2014: RM12.5 million) and RM1.9 million (2014: RM1.9 million), respectively.

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

(c) Price risk

Equity price risk

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

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

At the reporting date, the Group's and the Company's exposure to quoted equity investments at fair value are RM28,847,000 (2014: RM28,745,000) and RM12,365,000 (2014: RM12,157,000), respectively.

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

	Carrying amounts RM'000	Increase/Decrease in quoted market prices %	Effect on equity RM'000
<u>Group - 2015</u>			
Local equities	15,664	+/- 10	1,566
Foreign equities	13,183	+/- 10	1,318
<u>Group - 2014</u>			
Local equities	16,313	+/- 10	1,631
Foreign equities	12,432	+/- 10	1,243
<u>Company – 2015</u>			
Local equities	5,080	+/- 10	508
Foreign equities	7,285	+/- 10	729
<u>Company – 2014</u>			
Local equities	4,436	+/- 10	444
Foreign equities	7,721	+/- 10	772

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

Fuel commodity price risk

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

Exposure to price fluctuations arising from the purchase of fuel is managed via fuel oil swaps where the price of fuel is indexed to a benchmark fuel price index, for example 180 CST fuel oil. As at 30 June 2015, if the forward fuel oil price curve increased/decreased by 10% (2014: 5%), the profit before tax would be lower/higher by RM0.7 million (2014: RM1.8 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.

In the Group's Power Generation business in Malaysia, trade receivables are solely from its off taker, a national electricity utility company and the counter party risk is considered to be minimal. As for the Group's Power Generation business in Singapore, credit review are performed on all customers with established credit limits and supported by collateral in the form of guarantees. For the Group's Water and Sewerage business, the credit risk of receivables is mitigated through strict collection procedures. In addition, the Directors are of the view that credit risk arising from the Water and Disposal of Waste Water businesses is limited due to its large customer base.

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

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

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

At the reporting date, the maximum exposure to credit risk arising from receivables are represented by their carrying amounts in the Statements of Financial Position.

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

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 RM1,413,841,000 (2014: RM1,440,161,000) 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 2015, 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 2015, there was no indication that the advances extended to the subsidiaries are not recoverable.

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (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 - 2015				
<u>Non-derivative</u>				
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
	<u>8,922,902</u>	<u>19,844,328</u>	<u>25,738,675</u>	<u>54,505,905</u>
<u>Derivative</u>				
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
	<u>309,163</u>	<u>146,810</u>	<u>-</u>	<u>455,973</u>
Company - 2015				
<u>Non-derivative</u>				
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
	<u>1,412,217</u>	<u>961,032</u>	<u>1,131,160</u>	<u>3,504,409</u>

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

	On demand or within 1 year RM'000	1 to 5 years RM'000	Over 5 years RM'000	Total RM'000
Group - 2014				
<u>Non-derivative</u>				
Bonds and borrowings	6,290,573	15,542,043	27,730,273	49,562,889
Trade and other payables	3,202,795	194,841	-	3,397,636
Related parties	6,559	-	-	6,559
	<u>9,499,927</u>	<u>15,736,884</u>	<u>27,730,273</u>	<u>52,967,084</u>
<u>Derivative</u>				
Net - Interest rate swaps	3,625	1,808	-	5,433
Gross - fuel oil swaps	6,784	524	-	7,308
Gross - currency forwards	10,003	8,422	-	18,425
Exchangeable bonds	57,419	-	-	57,419
	<u>77,831</u>	<u>10,754</u>	<u>-</u>	<u>88,585</u>
Company - 2014				
<u>Non-derivative</u>				
Bonds and borrowings	1,270,082	612,048	1,386,160	3,268,290
Trade and other payables	12,469	-	-	12,469
Related parties	999,716	-	-	999,716
	<u>2,282,267</u>	<u>612,048</u>	<u>1,386,160</u>	<u>4,280,475</u>

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

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:-

		Financial Assets				
		Loans and receivables	Fair value through profit or loss	Derivatives used for hedging	Available- for- sale	Total
	Note	RM'000	RM'000	RM'000	RM'000	RM'000
Group - 2015						
<u>Non-current</u>						
Investments	16	-	-	-	262,342	262,342
Trade and other receivables	20	287,445	-	-	-	287,445
Derivative financial instruments	24	-	-	53,792	-	53,792
<u>Current</u>						
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

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

		Financial Assets				
		Loans and receivables	Fair value through profit or loss	Derivatives used for hedging	Available- for- sale	Total
	Note	RM'000	RM'000	RM'000	RM'000	RM'000
Group - 2014						
<u>Non-current</u>						
Investments	16	-	-	-	192,605	192,605
Trade and other receivables	20	576,776	-	-	-	576,776
Derivative financial instruments	24	-	-	19,848	-	19,848
<u>Current</u>						
Derivative financial instruments	24	-	8,899	21,691	-	30,590
Trade and other receivables	20	2,966,771	-	-	-	2,966,771
Amount due from related parties	26	42,173	-	-	-	42,173
Short term investments	27	609,531	-	-	-	609,531
Fixed deposits	17	11,907,881	-	-	-	11,907,881
Cash and bank balances	17	1,308,615	-	-	-	1,308,615
Total		17,411,747	8,899	41,539	192,605	17,654,790

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

		Financial Liabilities			
		Fair value through profit or loss RM'000	Derivatives used for hedging RM'000	Other financial liabilities at amortised cost RM'000	Total RM'000
Group - 2015					
<u>Non-current</u>					
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
<u>Current</u>					
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
Group - 2014					
<u>Non-current</u>					
Long term payables	30	-	-	194,841	194,841
Bonds	32	-	-	14,319,274	14,319,274
Borrowings	33	-	-	13,869,725	13,869,725
Derivative financial instruments	24	3,011	7,743	-	10,754
<u>Current</u>					
Trade and other payables	37	-	-	3,202,795	3,202,795
Derivative financial instruments	24	57,419	20,412	-	77,831
Amount due to related parties	26	-	-	6,559	6,559
Bonds	32	-	-	1,518,590	1,518,590
Borrowings	33	-	-	3,877,519	3,877,519
Total		60,430	28,155	36,989,303	37,077,888

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

		Financial Assets		
	Note	Loans and receivables RM'000	Available- for-sale RM'000	Total RM'000
Company - 2015				
<u>Non-current</u>				
Investments	16	-	31,848	31,848
<u>Current</u>				
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
Company - 2014				
<u>Non-current</u>				
Investments	16	-	31,640	31,640
<u>Current</u>				
Trade and other receivables	20	17,953	-	17,953
Amount due from related parties	26	2,251,775	-	2,251,775
Short term investments	27	609,531	-	609,531
Fixed deposits	17	1,284,720	-	1,284,720
Cash and bank balances	17	228,839	-	228,839
Total		4,392,818	31,640	4,424,458

Company No: 92647-H

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

		Financial Liabilities	
		Other financial liabilities at amortised cost	Total
	Note	RM'000	RM'000
Company - 2015			
<u>Non-current</u>			
Bonds	32	1,500,000	1,500,000
Borrowings	33	200,244	200,244
<u>Current</u>			
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		<u>2,989,939</u>	<u>2,989,939</u>
Company - 2014			
<u>Non-current</u>			
Bonds	32	1,500,000	1,500,000
Borrowings	33	340	340
<u>Current</u>			
Trade and other payables	37	12,469	12,469
Amount due to related parties	26	999,716	999,716
Borrowings	33	1,267,341	1,267,341
Total		<u>3,779,866</u>	<u>3,779,866</u>

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

(b) Fair value measurement

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

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

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

	Level 1 RM'000	Level 2 RM'000	Total RM'000
Group - 2015			
<u>Assets</u>			
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
<u>Liabilities</u>			
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

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

	Level 1 RM'000	Level 2 RM'000	Total RM'000
Group - 2014			
<u>Assets</u>			
Financial assets at fair value through profit and loss:			
- Trading derivatives	-	8,899	8,899
Derivative used for hedging	-	41,539	41,539
Available-for-sale financial assets	28,745	-	28,745
Total-	28,745	50,438	79,183
<u>Liabilities</u>			
Financial liabilities at fair value through profit and loss:			
- Trading derivatives	-	3,011	3,011
Derivative used for hedging	-	85,574	85,574
Total	-	88,585	88,585
	Level 1 RM'000	Level 2 RM'000	Total RM'000
Company - 2015			
<u>Assets</u>			
Available-for-sale financial assets	12,365	-	12,365
Total	12,365	-	12,365
Company - 2014			
<u>Assets</u>			
Available-for-sale financial assets	12,157	-	12,157
Total	12,157	-	12,157

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

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (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.

	Group		Company	
	Carrying amount	Fair value	Carrying amount	Fair value
	RM'000	RM'000	RM'000	RM'000
<u>2015</u>				
Financial assets:				
Unquoted equity investments				
- Within Malaysia	20,431	*	19,483	*
- Outside Malaysia	213,065	*	-	-
Financial liabilities:				
Bonds	16,904,369	^	1,500,000	^
<u>2014</u>				
Financial assets:				
Unquoted equity investments				
- Within Malaysia	19,533	*	19,483	*
- Outside Malaysia	144,327	*	-	-
Financial liabilities:				
Bonds	15,837,864	^	1,500,000	^

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

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

^ Bonds (Note 32)

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

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

(d) Determination of fair value

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

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

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

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

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

Financial guarantees

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

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

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

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.

<u>Entity</u>	<u>Relationship</u>	<u>Type of transactions</u>	Group	
			2015 <u>RM'000</u>	2014 <u>RM'000</u>
Business & Budget Hotels (Kuantan) Sdn. Bhd.	Associated company	Management fee, incentive fee and software maintenance cost	1,139	712
		Lease rental of investment property	6,000	6,000
Commercial Central Sdn. Bhd.	Subsidiary of holding company	Rental of office and car park	2,565	2,207
Corporate Promotions Sdn. Bhd.	Subsidiary of holding company	Advertising & promotion expenses	9,283	12,310
Express Rail Link Sdn. Bhd.	Associated company	Progress billings related to civil engineering & construction works	15,480	3,812
		Sale of computer equipment & services income	1,344	1,705
		Advertising & maintenance fees	900	1,350
East West Ventures Sdn. Bhd.	Subsidiary of holding company	Lease rental of investment property	19,250	19,250
		Hotel accommodation & lease rental of equipment	5,043	5,638
Oriental Place Sdn. Bhd.	Subsidiary of holding company	Rental of premises expenses	8,315	7,847
Shorefront Development Sdn. Bhd. (Formerly known as PDC Heritage Hotel Sdn. Bhd.)	Joint venture company	Progress billing relates to construction works	27,330	7,000

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

<u>Entity</u>	<u>Relationship</u>	<u>Type of transactions</u>	Group	
			2015 RM'000	2014 RM'000
Syarikat Pelancongan Pangkor Laut Sdn. Bhd.	Subsidiary of holding company	Lease rental of investment property	8,400	8,400
		Hotel accommodation	1,748	6,392
		Management fees & data processing fees & royalty income	2,335	2,534
Thunder Match Technology Sdn. Bhd.	Subsidiary of associated company	Commission, incentives and/or reimbursement of bundle device sold	15,584	10,310
Xchanging Malaysia Sdn. Bhd.	Joint venture company	IT Consultancy & related services expenses	32,450	34,456

<u>Entity</u>	<u>Relationship</u>	<u>Type of transactions</u>	Company	
			2015 RM'000	2014 RM'000
Construction Lease (M) Sdn. Bhd.	Subsidiary	Other interest income	1,278	1,702
YTL Corp Finance (Labuan) Ltd.	Subsidiary	Issue of shares for exchangeable bonds	81,488	-
YTL Land & Development Berhad	Subsidiary	ICULS interest income	11,745	11,745
YTL e-Solutions Berhad	Subsidiary	Computer equipment & services income	1,163	1,332
Suri Travel & Tours Sdn. Bhd.	Subsidiary	Travelling expenses	2,356	1,081

- 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	
	2015 RM'000	2014 RM'000
Progress billings related to purchase of properties	2,705	11,388

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.

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

(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	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Key management personnel and close family members				
- Progress billings related to sale of properties	1,398	1,960	-	-
- Deposit received	1,000	-	-	-
- Advance payment received	(5,251)	-	-	-
Disposal of investment				
- Cornerstone Crest Sdn. Bhd.	-	-	384,190	384,190

43. COMMITMENTS AND OPERATING LEASE ARRANGEMENTS

(a) Capital commitments:-

	Group	
	2015	2014
	RM'000	RM'000
Authorised but not contracted for	384,663	389,120
Contracted but not provided for	2,222,927	1,988,464

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

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Capital commitments in relation to addition investment	34,099	89,029	310,000	310,000

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

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

(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	
	2015	2014
	RM'000	RM'000
Not later than 1 year	116,270	103,359
Later than 1 year and not later than 5 years	306,556	263,966
Later than 5 years	311,597	148,240
	<u>734,423</u>	<u>515,565</u>

(ii) The Group as lessor

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

	Group	
	2015	2014
	RM'000	RM'000
Not later than 1 year	615,874	489,473
Later than 1 year and not later than 5 years	1,287,285	1,129,930
Later than 5 years	1,485,098	1,274,983
	<u>3,388,257</u>	<u>2,894,386</u>

Except for one long term lease and master lease arrangement in certain retail properties, the Group's leases for its retail properties generally range from one to five years. The future minimum lease payments receivable relating to retail properties from non-related parties are approximately RM2.7 billion (2014: RM2.2 billion). The Group leases out its hotel properties under operating leases for the lease term of fifteen years and twenty five years. All lease arrangements are provided with a step-up rate of 5% every five years and an option to grant the respective lessees to renew the lease for a further term similar to the original lease agreements. The future minimum lease payments receivable relating to hotel properties from non-related parties are approximately RM493 million (2014: RM531 million).

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

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

	Group	
	2015	2014
	RM'000	RM'000
Not later than 1 year	67,175	445,283
Later than 1 year but not later than 5 years	-	117,007
	67,175	562,290

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

44. SEGMENTAL INFORMATION

The Group has seven reportable segments as described below:-

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

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

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

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

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

	Construction RM'000	Information technology & e-commerce related business RM'000	Hotel operations RM'000	Cement manufacturing & trading RM'000	Management services & others RM'000	Property investment & development RM'000	Utilities RM'000	Total RM'000
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

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

	Construction RM'000	Information technology & e-commerce related business RM'000	Hotel operations RM'000	Cement manufacturing & trading RM'000	Management services & others RM'000	Property investment & development RM'000	Utilities RM'000	Total RM'000
2015								
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	14,778,133	29,951,036	64,802,456
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	422,632	6,549,541	8,420,253
Other segment information								
Capital expenditure	20,611	451	137,665	454,120	10,136	951,420	1,727,062	3,301,465
Impairment losses	-	27	(12,798)	3,726	1,048	117	69,393	61,513
Depreciation and amortisation	10,625	622	87,278	198,586	12,032	28,777	1,451,071	1,788,991

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

	Construction RM'000	Information technology & e- commerce related business RM'000	Hotel operations RM'000	Cement manufacturing & trading RM'000	Management services & others RM'000	Property investment & development RM'000	Utilities RM'000	Total RM'000
2014								
Total revenue	436,178	86,834	716,451	2,695,960	815,050	1,239,016	14,312,822	20,302,311
Inter-segment revenue	(333,111)	(81,542)	(15,169)	(48,340)	(349,440)	(198,813)	(6,659)	(1,033,074)
External revenue	103,067	5,292	701,282	2,647,620	465,610	1,040,203	14,306,163	19,269,237
Results								
Interest income	1,673	4,153	859	17,750	5,631	7,005	24,574	61,645
Finance costs	(9)	(12)	(12,764)	(19,478)	(351,955)	(153,495)	(586,036)	(1,123,749)
Share of results of associated companies and joint ventures	-	-	(765)	(49)	16	(10)	250,479	249,671
Segment profit before tax	(20,708)	2,204	4,312	664,012	(141,343)	888,782	1,414,340	2,811,599

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

	Construction RM'000	Information technology & e- commerce related business RM'000	Hotel operations RM'000	Cement manufacturing & trading RM'000	Management services & others RM'000	Property investment & development RM'000	Utilities RM'000	Total RM'000
2014								
Segment assets								
Investment in associated companies and joint ventures	-	-	30,944	901	11,220	24,864	1,607,820	1,675,749
Other segment assets	720,479	143,672	1,014,639	4,838,483	11,378,296	13,388,668	27,882,424	59,366,661
Segment liabilities								
Bonds and Borrowings	16,794	190	573,657	603,377	9,297,919	5,127,666	17,965,505	33,585,108
Other segment liabilities	267,466	3,859	196,777	785,071	314,376	451,463	5,658,607	7,677,619
Other segment information								
Capital expenditure	17,785	80	116,143	685,973	28,656	506,678	1,865,012	3,220,327
Impairment losses	-	110	44,648	27,686	1,254	5,021	211,550	290,269
Depreciation and amortisation	8,979	610	78,945	168,420	10,442	35,205	1,312,228	1,614,829

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

(b) Geographical information

The Group's seven business segments operate in four main geographical areas:-

- (i) Malaysia
 - Construction
 - Information technology & e-commerce related business
 - Hotel operations
 - Cement manufacturing & trading
 - Management services & others
 - Property investment & development
 - Utilities
- (ii) United Kingdom - Utilities
- (iii) Singapore
 - Utilities
 - Cement trading
 - Property investment & development

	Revenue		Non-current assets	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Malaysia	5,237,021	5,414,954	7,964,762	8,243,849
United Kingdom	3,130,021	2,919,758	16,356,959	14,352,500
Singapore	7,558,579	10,108,952	16,425,478	13,980,979
Other countries	829,105	825,573	2,224,662	2,279,382
	<u>16,754,726</u>	<u>19,269,237</u>	<u>42,971,861</u>	<u>38,856,710</u>

Non-current assets information presented above consist of the followings items as presented in the Statements of Financial Position.

	Non-current assets	
	2015	2014
	RM'000	RM'000
Property, plant and equipment	27,569,745	25,314,106
Investment properties	9,014,876	7,586,285
Development expenditure	825,026	940,529
Intangible assets	5,560,416	5,013,992
Biological assets	1,798	1,798
	<u>42,971,861</u>	<u>38,856,710</u>

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (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
	2015 RM'000	2014 RM'000	
Energy Market Company	<u>3,409,331</u>	<u>4,351,541</u>	Utilities

45. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group and Company make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:-

(a) Estimated impairment of property, plant and equipment

Determining whether the property, plant and equipment are impaired requires an estimation of value in use of the property, plant and equipment. The value in use calculation requires the management to estimate the future cash flows and an appropriate discount rate in order to calculate the present value of future cash flows. The management has evaluated such estimates and is confident that no allowance for impairment is necessary.

The Group management follows its accounting policy set out in Note 2(d) in determining when property, plant and equipment are considered impaired.

Impairment is recognised when events and circumstances indicate that these assets may be impaired and the carrying amount of these assets exceeds the recoverable amounts. In determining the recoverable amount of these assets, certain estimates regarding the cash flows of these assets are made.

(b) Estimated residual value and useful life of property, plant and equipment

The residual value and the useful lives of the property, plant and equipment are reviewed at each financial year end. The review is based on factors such as business plans and strategies, expected level of usage and future regulatory changes. The estimation of the residual value and useful life involve significant judgement.

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

(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.

(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.

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

(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 37.09% (2014 : 36.27%) equity interest, while all other shareholders individually own less than 5% of its equity shares except a shareholder holds 8.39% (2014 : 9.05%.) There is no history of other shareholders forming a group to exercise their votes collectively.

(i) Recognition of financial asset

A subsidiary of the Group has recognised other receivables from early termination of three electricity retail contracts by two customers, based on the enforceable rights stipulated in the respective contracts and commenced legal proceedings to recover the monies owned from them. Additional information is disclosed in Note 48 to the financial statements. The amount recognised is based on legal advice and the judgement of management. The ultimate amounts which could be recovered will depend on the outcome of the judgement, and could be different from what was recognised.

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

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
FRS 14 Regulatory Deferral Accounts	1 January 2016
Amendments to FRS 10 and FRS 128 : Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	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 116 and FRS 141 : Agriculture : Bearer Plants	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 9: Financial Instruments	1 January 2018

The Group and the Company have started a preliminary assessment on the effects of the above standards, amendments to published standards and IC Interpretations and the impact is still being assessed.

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.

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.

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

Amendments to FRS 11 Joint Arrangements: Accounting for Acquisition of Interest in Joint Operations

The amendments to FRS 11 require that a joint operator which acquires an interest in a joint operations which constitute a business to apply the relevant FRS 3 Business Combinations principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to FRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

These amendments are to be applied prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. The Directors of the Company do not anticipate that the application of these amendments will have a material impact on the Group's consolidated financial statements.

FRS 9: Financial Instruments

In November 2014, MASB issued the final version of FRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces FRS 139 Financial Instruments: Recognition and Measurement and all previous versions of FRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. FRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The adoption of FRS 9 will have an effect on the classification and measurement of the Group's financial assets, but no impact on the classification and measurement of the Group's financial liabilities.

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.

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

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.

47. CORPORATE PROPOSALS

- (i) On 14 June 2013, Pintar Projek Sdn Bhd., a 70% subsidiary of the Company and the Manager for Starhill Real Estate Investment Trust, now known as YTL Hospitality REIT proposed to undertake the following proposals:-
 - (a) Placement of new units in YTL Hospitality REIT ("Placement Units"), at a price to be determined later, to raise gross proceeds of up to RM800 million to partially repay YTL Hospitality REIT's borrowings and reduce its gearing level ("Placement")
 - (b) Increase in the existing approved fund size of YTL Hospitality REIT from 1,324,388,889 units up to a maximum of 2,125,000,000 units to facilitate the issuance of the Placement Units pursuant to the Placement ("Increase in Fund Size"); and
 - (c) Increase in borrowing limit to 60% of total assets value of YTL Hospitality REIT and its subsidiaries, to provide YTL Hospitality REIT with the flexibility of funding larger acquisition opportunities through borrowings in the future. This flexibility will be essential in situations where potential acquisitions are made through bidding or tender process as raising finance through borrowings may be more expedient as compared to an equity fund raising via issuance of new units.

On 28 June 2013, the Company accepted the YTL Hospitality REIT's conditional invitation to subscribe for the Placement Units of up to RM310 million in value ("Subscription").

Unitholders of YTL Hospitality REIT approved the Placement and Subscription at the meeting of unitholders held on 11 February 2014.

- (ii) On 14 May 2014 and 28 May 2014, an application was submitted by the Manager of YTL Hospitality REIT to the Securities Commission Malaysia ("SC") and Bursa Malaysia Securities Berhad ("Bursa Securities") respectively, to seek an extension of time of six (6) months from 30 June 2014 until 29 December 2014 to complete the Placement and Increase in Fund Size ("Extension of Time"). SC and Bursa Securities had vide their letter dated 23 May 2014 and 12 June 2014 approved the Extension of Time.

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

On 21 November 2014 and 26 November 2014, a further application was submitted to the SC and Bursa Securities respectively, to seek a further extension of time of six (6) months from 30 December 2014 until 29 June 2015 to complete the Placement and Increase in Fund Size ("Second Extension of Time"). SC and Bursa Securities had vide their letter dated 2 December 2014, respectively approved the Second Extension of Time.

Further applications were submitted to the SC and Bursa Securities on 14 May 2015 to seek an extension of time of six (6) months from 30 June 2015 to 29 December 2015 to complete the Placement and Increase in Fund Size ("Further Extension of Time"). SC and Bursa Securities had vide their letter dated 21 May 2015 and 27 May 2015 approved the Further Extension of Time.

48. MATERIAL LITIGATIONS

- (i) 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. The hearing dates have yet to be fixed.

- (ii) During the financial year, a foreign subsidiary of the Group has commenced proceedings in court against two customers to recover monies due to the subsidiary under contract, following their termination of the electricity retail contracts. The customers have filed their defence and counterclaim, and the matter is now awaiting trial.

Based on the legal advice sought by the board, the subsidiary has strong prospects of succeeding in their claim and the customers are highly unlikely to succeed in their counter claim. Thus, no provision has been made for potential losses that may arise from the counterclaims.

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

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	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Bonds (Note 32)	16,904,369	15,837,864	1,500,000	1,500,000
Borrowings (Note 33)	20,578,167	17,747,244	1,467,538	1,267,681
Loans and borrowings	37,482,536	33,585,108	2,967,538	2,767,681
Less: Cash and cash equivalents (Note 17)	(14,116,606)	(13,216,496)	(1,226,492)	(1,513,559)
Net debt	23,365,930	20,368,612	1,741,046	1,254,122
Equity attributable to owners of the parent	14,632,745	14,386,764	7,758,536	6,994,973
Capital and net debt	37,998,675	34,755,376	9,499,582	8,249,095
Debt-to-equity ratio (%)	61	59	18	15

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.

Company No: 92647-H

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

50. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

The financial statements have been authorised for issue in accordance with a resolution of the Board of Directors on 9 October 2015

Lodged by : YTL Corporation Berhad (Company No: 92647-H)
Address : 11th Floor, Yeoh Tiong Lay Plaza
55 Jalan Bukit Bintang
55100 Kuala Lumpur
Tel. No. : 03-21426633

YTL CORPORATION BERHAD
(Incorporated in Malaysia)

**SUPPLEMENTARY INFORMATION – BREAKDOWN OF RETAINED
EARNINGS INTO REALISED AND UNREALISED**

**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 2015 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	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Retained earnings of the Company and its subsidiaries				
- Realised	16,973,824	16,791,495	5,157,933	4,496,392
- Unrealised	(740,211)	(467,772)	(100)	(101)
	<u>16,233,613</u>	<u>16,323,723</u>	<u>5,157,833</u>	<u>4,496,291</u>
Share of retained earnings from associated companies and joint ventures				
- Realised	1,695,101	1,323,531	-	-
- Unrealised	(238,502)	(145,205)	-	-
	<u>17,690,212</u>	<u>17,502,049</u>	<u>5,157,833</u>	<u>4,496,291</u>
Less: Consolidation adjustments	<u>(6,098,566)</u>	<u>(5,468,830)</u>	-	-
Total retained earnings	<u>11,591,646</u>	<u>12,033,219</u>	<u>5,157,833</u>	<u>4,496,291</u>